INDEPENDENT SCHOOL DISTRICT NO. 283
ST. LOUIS PARK, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2021

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INDEPENDENT SCHOOL DISTRICT NO. 283

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 283

School Board and Superintendent's Cabinet
Year Ended June 30, 2021

SCHOOL BOARD

	Position
Mary Tomback	Chairperson
Anne Casey	Vice Chairperson
Kenneth Morrison	Treasurer
Karen Waters	Clerk
C. Colin Cox	Director
Laura McClendon	Director
Heather Wilsey	Director

SUPERINTENDENT'S CABINET

Astein Osei	Superintendent
Patricia Magnuson	Director of Business Services
Tami Reynolds	Director of Student Services
Richard Kreyer	Director of Human Resources
Dr. Patrick Duffy	Director of Curriculum and Instruction
Patrice Howard	Director of Community Education
Sara Thompson, APR	Director of Communications and Community Relations
Tom Marble, CETL	Director of Information Services
Andrew Ewald	Director of Athletics
Silvy Lafayette	Director of Assessment, Research, and Evaluation

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 283
St. Louis Park, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 283 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

(continued)

Prior Year Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 7, 2020. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements provided from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 19, 2021

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As management of Independent School District No. 283 (the District), we have provided readers of the District's financial statements with this narrative overview and analysis of the District's financial activities during the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 by $21,116,957 (deficit net position). Government-wide revenues totaled $92,277,313, and expenses were $95,481,686. As a result, the District's total net position decreased by $3,204,373 during the fiscal year ended June 30, 2021.

- The District's General Fund, its primary operating fund, ended the most recent fiscal year with a total fund balance of $16,279,101, a decrease of $3,390,424 from the prior year. The unrestricted portion of the year-end fund balance (assigned and unassigned) was $9,698,327, which represents 13.0 percent of annual General Fund expenditures based on fiscal 2021 expenditure levels. The unassigned fund balance, including assigned for subsequent year's budget, was 13.0 percent of General Fund noncategorized expenditures and is above the District's policy for year-end minimum amounts of unassigned fund balance of 6.0 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;

- Management's discussion and analysis;

- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;

- Required supplementary information; and

- Supplemental information consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Governmental funds (Food Service and Community Service Special Revenue Funds) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds are presented as supplemental information.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its self-insured dental plan, self-insured medical plan, and its other post-employment benefits (OPEB) obligations financed by a Revocable OPEB Trust. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

Table 1
Summary of Net Position
as of June 30, 2021 and 2020

	2021	2020
Assets		
Current and other assets	$ 79,881,823	$ 124,110,567
Capital assets, net of depreciation	160,560,811	132,269,288
Total assets	$ 240,442,634	$ 256,379,855
Deferred outflows of resources		
Pension plan deferments	$ 21,124,655	$ 34,886,446
Single-employer plan deferments	630,313	555,392
OPEB plan deferments	720,077	781,472
Total deferred outflows of resources	$ 22,475,045	$ 36,223,310
Liabilities		
Current and other liabilities	$ 15,213,686	$ 23,659,005
Long-term liabilities, including due within one year	200,373,034	201,874,673
Total liabilities	$ 215,586,720	$ 225,533,678
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 30,964,559	$ 30,571,526
Pension plan deferments	36,138,085	53,578,205
Single-employer plan deferments	186,612	175,908
OPEB plan deferments	1,158,660	656,432
Total deferred inflows of resources	$ 68,447,916	$ 84,982,071
Net position		
Net investment in capital assets	$ 37,444,587	$ 35,154,657
Restricted	6,785,321	7,650,048
Unrestricted	(65,346,865)	(60,717,289)
Total net position	$ (21,116,957)	$ (17,912,584)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as depreciation estimates and capitalization policies. Another major factor in determining net position is the inclusion of liabilities for long-term severance, OPEB, and pension benefits, which are not included in fund balances.

Total net position decreased by $3,204,373 in 2021. The decline in General Fund balance and the changes in the District's proportionate share of the state-wide pension plans contributed to the decrease in unrestricted net position, the changes in deferred inflows and outflows of resources, and the change in long-term liabilities. The increase in capital assets and current and other liabilities relates to the use of bond proceeds for building construction issued by the District in fiscal 2018, totaling $92,950,000, and bond proceeds for long-term facilities maintenance of $22,795,000, issued in fiscal 2020.

Table 2 presents a condensed version of the change in net position of the District:

Table 2
Change in Net Position
for the Years Ended June 30, 2021 and 2020

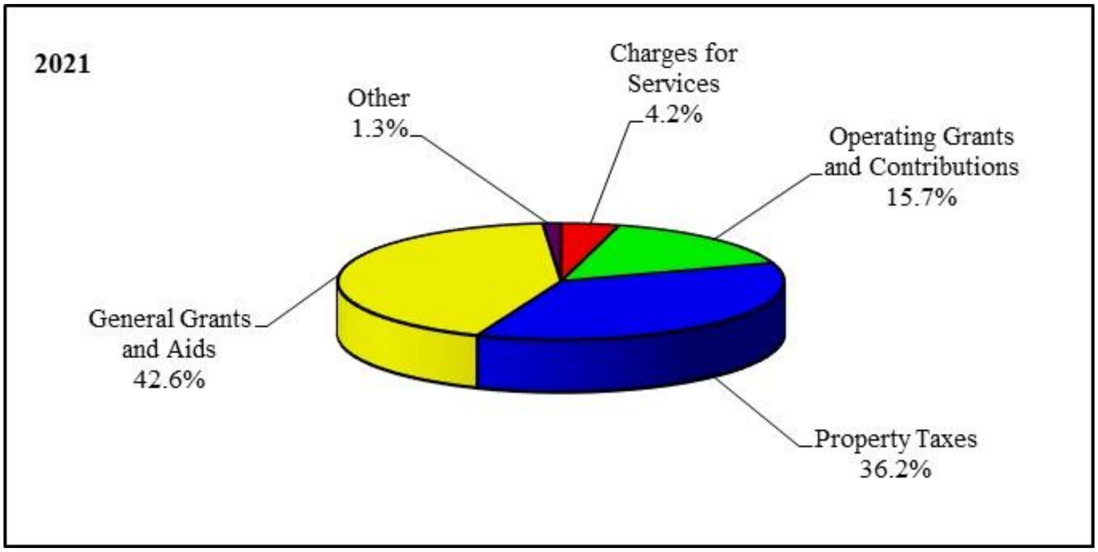
	2021	2020
Revenues		
Program revenues		
Charges for services	$ 3,833,064	$ 5,562,961
Operating grants and contributions	14,502,027	11,991,035
General revenues		
Property taxes	33,426,265	32,299,084
General grants and aids	39,320,242	37,841,249
Other	1,195,715	3,123,323
Total revenues	92,277,313	90,817,652
Expenses		
Administration	3,059,470	3,005,456
District support services	5,703,281	4,505,309
Elementary and secondary regular instruction	34,046,132	34,171,764
Vocational education instruction	754,089	658,411
Special education instruction	13,750,159	12,605,865
Instructional support services	4,665,263	4,691,071
Pupil support services	6,751,332	6,503,434
Sites and buildings	9,289,786	11,366,574
Fiscal and other fixed cost programs	459,560	276,349
Food service	1,573,535	2,027,320
Community service	6,989,372	7,735,384
Unallocated depreciation	3,880,283	3,594,073
Interest and fiscal charges	4,559,424	4,505,516
Total expenses	95,481,686	95,646,526
Change in net position	(3,204,373)	(4,828,874)
Net position – beginning	(17,912,584)	(13,083,710)
Net position – ending	$ (21,116,957)	$ (17,912,584)

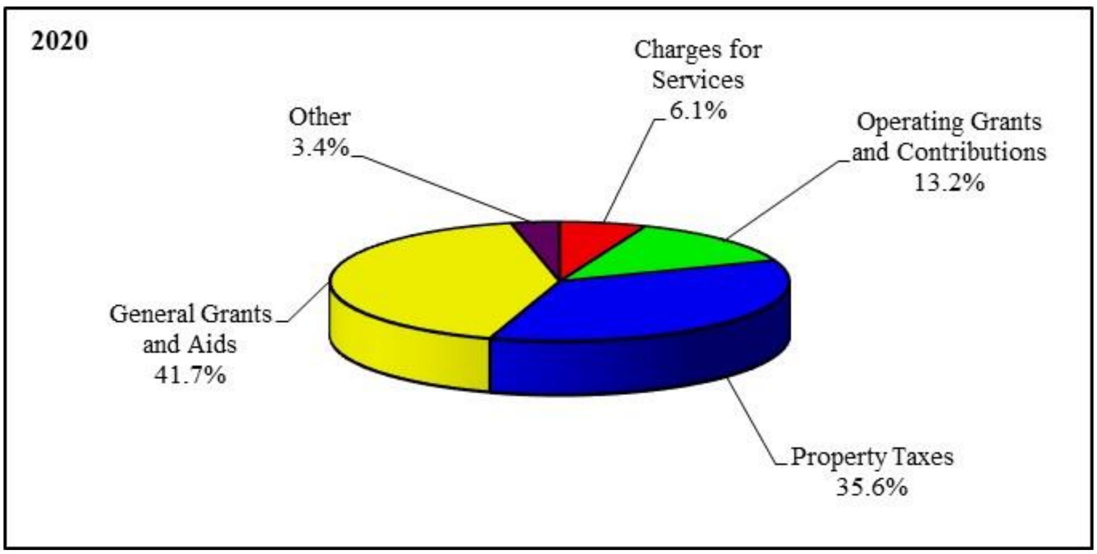
This table is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Total revenues for fiscal year 2021 were $1,459,661 higher than last year, mainly due to increases in federal sources. This increase is offset by declines in other revenue related to COVID-19 pandemic changes in operations and the related change to distance learning during the year. Total expenses decreased $164,840, compared to fiscal year 2020 levels, which primarily reflects increased costs in district support services related to COVID-19 stimulus-related grant spending, increases in special education related costs, offset by decreases in sites and buildings as facility upgrades slowed in the current year. Food service and community service costs also declined in the current year, due to operational changes related to the COVID-19 pandemic.

Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2021 and 2020

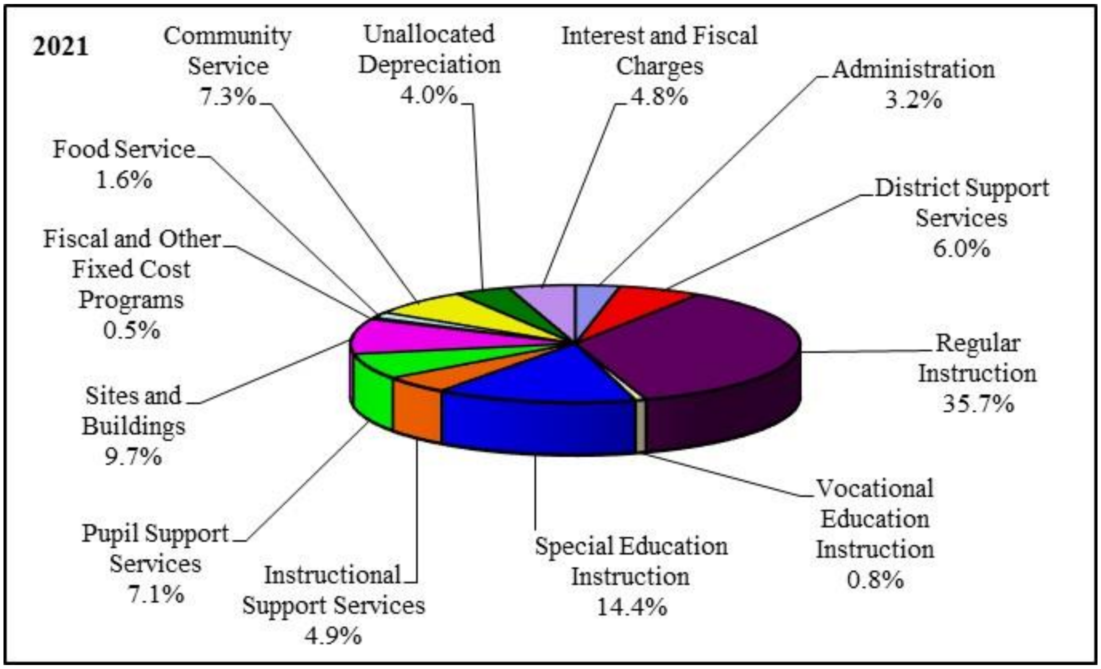


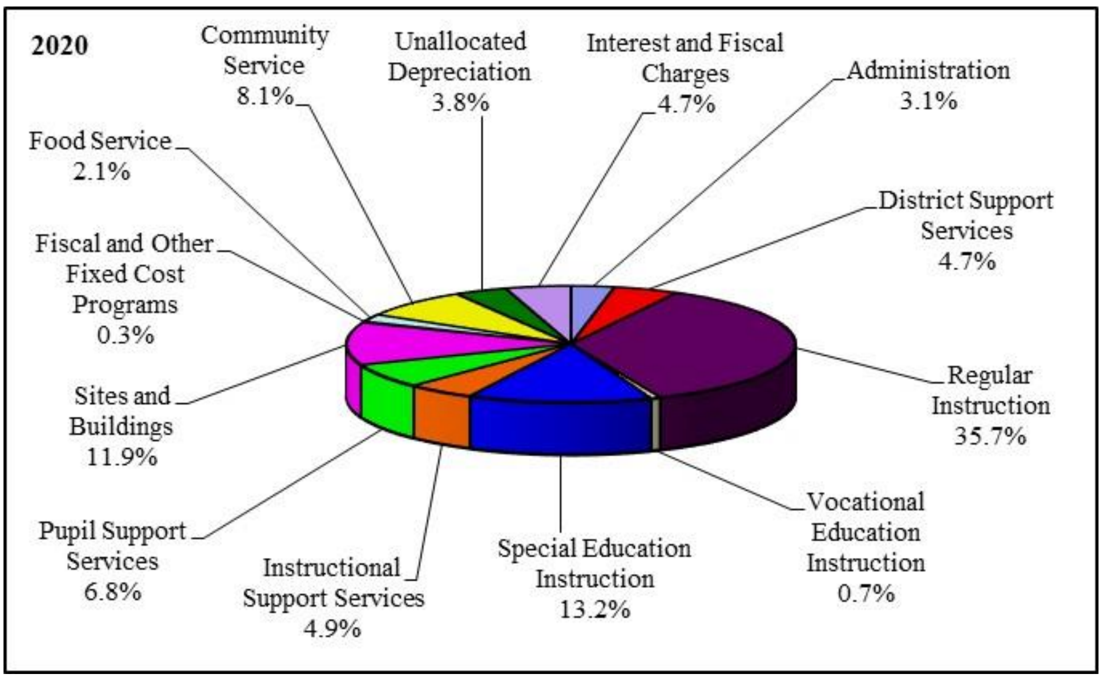


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed pressure on local school districts, as a result of limited funding increases in recent years.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B – Expenses for Fiscal Years 2021 and 2020





The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

Table 3
Governmental Fund Balances
as of June 30, 2021 and 2020

	2021	2020	Change
Major funds			
General	$ 16,279,101	$ 19,669,525	$ (3,390,424)
Capital Projects – Building Construction	13,291,266	46,856,218	(33,564,952)
Debt Service	1,751,679	1,695,401	56,278
Nonmajor funds			
Food Service Special Revenue	23,771	114,675	(90,904)
Community Service Special Revenue	2,110	15,320	(13,210)
Total governmental funds	$ 31,347,927	$ 68,351,139	$ (37,003,212)

In 2021, the General Fund balance decreased $3,390,424 from the prior year. This compares to a final budget that anticipated a decline in fund balance of $3,941,731. These better than projected results were mainly due to revenues exceeding budgeted amounts by $691,338.

The Capital Projects – Building Construction Fund decreased $33,564,952 from the prior year, due to the use of school building bonds that were issued during fiscal 2018, as well as the use of facilities maintenance bonds that were issued during fiscal 2020.

The Debt Service Fund increased $56,278, consistent with property tax levies and debt service payment schedules in this fund.

The decrease in the Food Service Special Revenue Fund of $90,904 was mainly due the costs of supplies, materials, and other expenditures exceeding budget projections.

The Community Service Special Revenue Fund experienced a fund balance decrease of $13,210.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 68,821,042	$ 70,484,117	$ 1,663,075	2.42 %
Expenditures	$ 72,366,391	$ 74,425,848	$ 2,059,457	2.85 %

The District was required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. It is the District's practice to amend the General Fund budget during the year for known significant changes in circumstances, such as: updated enrollment estimates, legislation changes, new or additional funding, staffing changes, employee contract settlements, adjustments to health insurance premiums, special education tuition changes, or utility rate changes.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2021 Actual	Amount	Percent	Amount	Percent
Revenue	$ 71,175,455	$ 691,338	1.0%	$ 1,604,800	2.3%
Expenditures	74,565,879	$ 140,031	0.2%	$ 4,187,998	6.0%
Other financing sources	–	$ –	–	$ (42,731)	100.0%
Net change in fund balances	$ (3,390,424)				

The increase in 2021 actual revenue was due to federal sources increasing $2,392,357, due to the District receiving COVID-19 pandemic-related stimulus grants and aids in the current year.

Expenditures increases were mainly in salaries, which increased $1,476,805, or 3.64 percent, mainly related to contract-related increases in the current year. Employee benefit expenditures increased $823,404, mainly due to the increased salary amounts and health insurance costs related to increased rates. Supplies and materials expenditures were higher than last year by $904,298, mainly related to federal stimulus grant-related spending.

General Fund revenues exceeded budgeted amounts by $691,338. Federal revenues were over budget by $499,149. The majority of this variance was due to higher than projected pandemic-related stimulus grants and aids received during the current year. Revenues from property taxes were $508,739 over budget, which is due to higher than projected nonlevy-related tax collections in the current year.

Expenditures were over budget by $140,031, or 0.2 percent.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains three internal service funds. These funds are used to account for the District's self-insured medical insurance, dental insurance, and OPEB revocable trust functions.

- **Medical Self-Insurance**

  Revenues for fiscal 2021 totaled $9,232,938, while expenses totaled $8,318,513. The net position as of June 30, 2021 was $1,310,952, which represents 15.8 percent of annual operating expenses of this fund.

- **Dental Self-Insurance**

  Revenues for fiscal 2021 totaled $656,830, while expenses totaled $634,793. The net position as of June 30, 2021 was $421,230, which represents 66.4 percent of annual operating expenses of this fund.

- **OPEB Fund**

  Revenues for fiscal 2021 totaled $159,864, while expenses totaled $384,326. The net position as of June 30, 2021 was a deficit $2,957,683.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2021 and 2020:

Table 6
Capital Assets

	2021	2020	Change
Land	$ 7,812,500	$ 7,812,500	$ –
Construction in process	22,694,727	36,685,222	(13,990,495)
Land improvements	264,344	264,344	–
Buildings and improvements	149,106,187	103,054,713	46,051,474
Furniture and equipment	60,858,849	60,647,275	211,574
Less accumulated depreciation	(80,175,796)	(76,194,766)	(3,981,030)
Total	$ 160,560,811	$ 132,269,288	$ 28,291,523
Depreciation expense	$ 3,981,030	$ 3,803,435	$ 177,595

The decrease in construction in progress is due to less projects ongoing at year-end. The increase in buildings and improvements is related to capital spending for various improvement projects at district sites from the issuance of debt in fiscal 2018 and 2020. The majority of the change can be attributed to various renovation projects at the elementary schools, high school, and early childhood center.

Long-Term Liabilities

Table 7 shows the components of the District's long-term liabilities and the change from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2021	2020	Change
General obligation bonds	$ 126,075,000	$ 132,725,000	$ (6,650,000)
Premiums	9,794,084	10,330,176	(536,092)
Capital leases	538,406	915,673	(377,267)
Net pension liability	50,672,545	44,242,270	6,430,275
Single-employer pension liability	4,048,730	4,180,586	(131,856)
Total OPEB liability	4,910,168	5,422,015	(511,847)
Compensated absences	796,596	739,784	56,812
Severance benefits	3,537,505	3,319,169	218,336
Total	$ 200,373,034	$ 201,874,673	$ (1,501,639)

The decrease in general obligation bonds and premiums, as shown in Table 7, is based on the planned repayment and amortization schedules. The change in capital leases is based on the planned repayment schedules and debt cancellation. The change in net pension liability is related to changes in the District's proportionate share of the state-wide pension plans.

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

Table 8
Limitations on Debt

District's market value	$ 7,813,656,650
Limit rate	15.0%
Legal debt limit	$ 1,172,048,498

Additional details of the District's capital assets and long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature has added $161, or 2.45 percent, and $135, or 2.00 percent, per pupil to the general education aid formula for fiscal years 2022 and 2023, respectively. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. Additionally, the effect of the COVID-19 pandemic on student enrollment and the state-wide economy will likely impact the financial condition of the District. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence Legislators to recommit to their financial support for public education.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Office, Independent School District No. 283, 6311 Wayzata Boulevard, St. Louis Park, Minnesota 55426.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Net Position
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	Governmental Activities	
	2021	2020
Assets		
Cash and temporary investments	$ 34,978,769	$ 39,204,478
Receivables		
Current taxes	17,073,578	17,189,609
Delinquent taxes	410,106	379,147
Accounts and interest	541,104	1,553,112
Due from other governmental units	8,302,869	5,149,886
Inventory	22,059	75,956
Prepaid items	196,545	209,734
Restricted assets – temporarily restricted		
Cash and investments for building construction	15,591,785	57,670,771
Cash and investments for OPEB	2,765,008	2,677,874
Capital assets		
Not depreciated	30,507,227	44,497,722
Depreciated, net of accumulated depreciation	130,053,584	87,771,566
Total capital assets, net of accumulated depreciation	160,560,811	132,269,288
Total assets	240,442,634	256,379,855
Deferred outflows of resources		
Pension plan deferments	21,124,655	34,886,446
Single-employer pension plan deferments	630,313	555,392
OPEB plan deferments	720,077	781,472
Total deferred outflows of resources	22,475,045	36,223,310
Total assets and deferred outflows of resources	$ 262,917,679	$ 292,603,165
Liabilities		
Salaries payable	$ 6,313,908	$ 5,828,865
Accounts and contracts payable	4,064,756	12,789,748
Accrued interest payable	2,071,051	2,141,427
Due to other governmental units	14,657	231,631
Severance payable	–	79,198
Unearned revenue	2,132,353	2,159,910
Claims incurred, but not reported	616,961	428,226
Long-term liabilities		
Due within one year	8,982,910	7,852,942
Due in more than one year	191,390,124	194,021,731
Total long-term liabilities	200,373,034	201,874,673
Total liabilities	215,586,720	225,533,678
Deferred inflows of resources		
Property taxes levied for subsequent year	30,964,559	30,571,526
Pension plan deferments	36,138,085	53,578,205
Single-employer pension plan deferments	186,612	175,908
OPEB plan deferments	1,158,660	656,432
Total deferred inflows of resources	68,447,916	84,982,071
Net position		
Net investment in capital assets	37,444,587	35,154,657
Restricted for		
Capital asset acquisition	4,796,405	3,440,251
Food service	23,771	114,675
Community service	377,321	768,552
Other purposes (state funding restrictions)	1,587,824	3,326,570
Unrestricted	(65,346,865)	(60,717,289)
Total net position	(21,116,957)	(17,912,584)
Total liabilities, deferred inflows of resources, and net position	$ 262,917,679	$ 292,603,165

See notes to basic financial statements

Statement of Activities
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021				2020
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 3,059,470	$ –	$ –	$ (3,059,470)	$ (3,005,456)
District support services	5,703,281	25	5,600	(5,697,656)	(4,493,023)
Elementary and secondary regular instruction	34,046,132	280,784	875,521	(32,889,827)	(33,084,822)
Vocational education instruction	754,089	–	–	(754,089)	(658,411)
Special education instruction	13,750,159	108,810	8,370,169	(5,271,180)	(4,762,568)
Instructional support services	4,665,263	–	–	(4,665,263)	(4,690,756)
Pupil support services	6,751,332	39,172	974,879	(5,737,281)	(5,646,725)
Sites and buildings	9,289,786	–	122,331	(9,167,455)	(11,232,682)
Fiscal and other fixed cost programs	459,560	–	–	(459,560)	(276,349)
Food service	1,573,535	10,505	1,527,195	(35,835)	(215,570)
Community service	6,989,372	3,393,768	2,626,332	(969,272)	(1,926,579)
Unallocated depreciation	3,880,283	–	–	(3,880,283)	(3,594,073)
Interest and fiscal charges	4,559,424	–	–	(4,559,424)	(4,505,516)
Total governmental activities	$ 95,481,686	$ 3,833,064	$ 14,502,027	(77,146,595)	(78,092,530)
General revenue					
Taxes					
Property taxes, levied for general purposes				20,641,070	20,804,298
Property taxes, levied for community service				980,306	949,049
Property taxes, levied for debt service				11,804,889	10,545,737
General grants and aids				39,320,242	37,841,249
Other general revenues				823,342	756,798
Investment earnings				372,373	2,366,525
Total general revenues				73,942,222	73,263,656
Change in net position				(3,204,373)	(4,828,874)
Net position – beginning				(17,912,584)	(13,083,710)
Net position – ending				$ (21,116,957)	$ (17,912,584)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

Balance Sheet
Governmental Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 23,332,548	$ –	$ 7,956,948
Cash and investments held by trustee	–	15,591,785	–
Receivables			
Current taxes	10,008,990	–	6,539,919
Delinquent taxes	264,762	–	132,161
Accounts and interest	139,276	147,758	–
Due from other governmental units	6,597,798	–	–
Due from other funds	1,291,288	–	–
Inventory	–	–	–
Prepaid items	196,545	–	–
Total assets	$ 41,831,207	$ 15,739,543	$ 14,629,028
Liabilities			
Salaries payable	$ 6,106,760	$ –	$ –
Accounts and contracts payable	1,398,625	2,448,277	–
Due to other governmental units	10,534	–	–
Due to other funds	–	–	–
Severance payable	–	–	–
Unearned revenue	681,099	–	–
Total liabilities	8,197,018	2,448,277	–
Deferred inflows of resources			
Property taxes levied for subsequent year	17,155,444	–	12,783,539
Unavailable revenue – delinquent taxes	199,644	–	93,810
Total deferred inflows of resources	17,355,088	–	12,877,349
Fund balances			
Nonspendable	196,545	–	–
Restricted	6,384,229	13,291,266	1,751,679
Assigned	2,763,949	–	–
Unassigned	6,934,378	–	–
Total fund balances	16,279,101	13,291,266	1,751,679
Total liabilities, deferred inflow of resources, and fund balances	$ 41,831,207	$ 15,739,543	$ 14,629,028

	Total Governmental Funds	
Nonmajor Funds	2021	2020
$ –	$ 31,289,496	$ 36,677,013
–	15,591,785	57,670,771
524,669	17,073,578	17,189,609
13,183	410,106	379,147
240,660	527,694	1,493,142
1,705,071	8,302,869	5,149,886
–	1,291,288	280,165
22,059	22,059	75,956
–	196,545	209,734
$ 2,505,642	$ 74,705,420	$ 119,125,423
$ 207,148	$ 6,313,908	$ 5,828,865
89,687	3,936,589	12,692,917
780	11,314	231,631
903,938	903,938	117,020
–	–	79,198
242,634	923,733	942,277
1,444,187	12,089,482	19,891,908
1,025,576	30,964,559	30,571,526
9,998	303,452	310,850
1,035,574	31,268,011	30,882,376
22,059	218,604	285,690
369,035	21,796,209	56,115,329
–	2,763,949	4,239,796
(365,213)	6,569,165	7,710,324
25,881	31,347,927	68,351,139
$ 2,505,642	$ 74,705,420	$ 119,125,423

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INDEPENDENT SCHOOL DISTRICT NO. 283

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Total fund balances – governmental funds	$ 31,347,927	$ 68,351,139
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	240,736,607	208,464,054
Accumulated depreciation	(80,175,796)	(76,194,766)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds	(126,075,000)	(132,725,000)
Unamortized premium	(9,794,084)	(10,330,176)
Capital leases	(538,406)	(915,673)
Compensated absences	(796,596)	(739,784)
Severance benefits	(3,537,505)	(3,319,169)
Net pension liability	(50,672,545)	(44,242,270)
Single-employer pension liability	(4,048,730)	(4,180,586)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	21,124,655	34,886,446
Deferred outflows of resources – single-employer pension plan deferments	630,313	555,392
Deferred inflows of resources – pension plan deferments	(36,138,085)	(53,578,205)
Deferred inflows of resources – single-employer pension plan deferments	(186,612)	(175,908)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the Statement of Net Position.	(1,225,501)	(1,937,501)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,071,051)	(2,141,427)
Certain revenues (including delinquent property taxes) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	303,452	310,850
Total net position – governmental activities	$ (21,116,957)	$ (17,912,584)

INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 20,648,739	$ –	$ 11,804,234
Investment earnings	103,063	221,895	20,185
Other	904,775	50,436	–
State sources	45,054,510	–	–
Federal sources	4,464,368	122,331	27,533
Total revenue	71,175,455	394,662	11,851,952
Expenditures			
Current			
Administration	2,970,384	–	–
District support services	5,751,164	–	–
Elementary and secondary regular instruction	32,469,154	–	–
Vocational education instruction	709,217	–	–
Special education instruction	13,190,356	–	–
Instructional support services	4,596,550	–	–
Pupil support services	6,663,418	–	–
Sites and buildings	7,558,196	–	–
Fiscal and other fixed cost programs	459,560	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	33,959,614	–
Debt service			
Principal	177,662	–	6,650,000
Interest and fiscal charges	20,218	–	5,145,674
Total expenditures	74,565,879	33,959,614	11,795,674
Excess (deficiency) of revenue over expenditures	(3,390,424)	(33,564,952)	56,278
Other financing sources			
Capital lease issued	–	–	–
Debt issued	–	–	–
Premium on debt issued	–	–	–
Proceeds from sale of assets	–	–	–
Total other financing sources	–	–	–
Net change in fund balances	(3,390,424)	(33,564,952)	56,278
Fund balances			
Beginning of year	19,669,525	46,856,218	1,695,401
End of year	$ 16,279,101	$ 13,291,266	$ 1,751,679

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
$ 980,690	$ 33,433,663	$ 32,342,488
505	345,648	2,291,354
3,404,273	4,359,484	6,303,351
1,323,768	46,378,278	46,513,610
2,829,759	7,443,991	3,318,674
8,538,995	91,961,064	90,769,477
–	2,970,384	2,773,649
–	5,751,164	4,475,982
–	32,469,154	31,996,647
–	709,217	615,702
–	13,190,356	11,936,163
–	4,596,550	4,515,915
–	6,663,418	6,320,400
–	7,558,196	7,009,165
–	459,560	276,349
1,597,330	1,597,330	2,016,624
7,012,752	7,012,752	7,576,472
33,027	33,992,641	48,185,799
–	6,827,662	6,615,690
–	5,165,892	4,896,561
8,643,109	128,964,276	139,211,118
(104,114)	(37,003,212)	(48,441,641)
–	–	42,731
–	–	23,099,442
–	–	2,641,233
–	–	575
–	–	25,783,981
(104,114)	(37,003,212)	(22,657,660)
129,995	68,351,139	91,008,799
$ 25,881	$ 31,347,927	$ 68,351,139

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INDEPENDENT SCHOOL DISTRICT NO. 283

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Total net change in fund balances – governmental funds	$ (37,003,212)	$ (22,657,660)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase. A gain or loss on disposal of capital assets is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
Capital outlays	32,272,553	43,832,838
Depreciation expense	(3,981,030)	(3,803,435)
The amount of debt issued including the related premiums/discounts are reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds	–	(22,795,000)
Unamortized premium	–	(2,945,675)
Capital leases	–	(42,731)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	712,000	356,407
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance.		
General obligation bonds	6,650,000	6,190,000
Unamortized premium	536,092	654,682
Capital leases	377,267	425,690
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(6,430,275)	38,131
Single-employer pension liability	131,856	(58,513)
Compensated absences	(56,812)	5,996
Severance benefits	(218,336)	(191,120)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	70,376	(331,222)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(13,761,791)	(16,447,410)
Deferred outflows of resources – single-employer pension plan deferments	74,921	170,382
Deferred outflows of resources – gain on bond refunding	–	67,585
Deferred inflows of resources – pension plan deferments	17,440,120	12,717,040
Deferred inflows of resources – single-employer pension plan deferments	(10,704)	28,545
Deferred inflows of resources – unavailable revenue – delinquent taxes	(7,398)	(43,404)
Change in net position – governmental activities	$ (3,204,373)	$ (4,828,874)

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INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2021

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 20,140,000	$ 20,140,000	$ 20,648,739	$ 508,739
Investment earnings	280,000	280,000	103,063	(176,937)
Other	1,204,080	1,063,505	904,775	(158,730)
State sources	45,317,000	45,035,393	45,054,510	19,117
Federal sources	1,879,962	3,965,219	4,464,368	499,149
Total revenue	68,821,042	70,484,117	71,175,455	691,338
Expenditures				
Current				
Administration	3,496,720	2,888,540	2,970,384	81,844
District support services	4,489,600	5,858,691	5,751,164	(107,527)
Elementary and secondary regular instruction	32,939,739	33,522,983	32,469,154	(1,053,829)
Vocational education instruction	624,040	553,109	709,217	156,108
Special education instruction	11,658,119	12,337,898	13,190,356	852,458
Instructional support services	4,645,755	4,378,621	4,596,550	217,929
Pupil support services	6,762,536	6,653,805	6,663,418	9,613
Sites and buildings	6,596,405	7,444,724	7,558,196	113,472
Fiscal and other fixed cost programs	470,000	470,000	459,560	(10,440)
Debt service				
Principal	653,256	293,256	177,662	(115,594)
Interest and fiscal charges	30,221	24,221	20,218	(4,003)
Total expenditures	72,366,391	74,425,848	74,565,879	140,031
Net change in fund balances	$ (3,545,349)	$ (3,941,731)	(3,390,424)	$ 551,307
Fund balances				
Beginning of year			19,669,525	
End of year			$ 16,279,101	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Net Position
Proprietary Funds
Internal Service Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Assets		
Current assets		
Cash and temporary investments	$ 3,689,273	$ 2,527,465
Cash and investments – held by trustee	2,765,008	2,677,874
Accounts and interest receivable	13,410	59,970
Total current assets	6,467,691	5,265,309
Deferred outflows of resources		
OPEB plan deferments	720,077	781,472
Liabilities		
Current liabilities		
Claims payable	128,167	96,831
Unearned revenue	1,208,620	1,217,633
Claims incurred, but not reported	616,961	428,226
Due to other governmental units	3,343	–
Due to other funds	387,350	163,145
Total OPEB liability – due within one year	332,301	–
Total current liabilities	2,676,742	1,905,835
Long-term liabilities		
Total OPEB liability – due in more than one year	4,577,867	5,422,015
Total liabilities	7,254,609	7,327,850
Deferred inflows of resources		
OPEB plan deferments	1,158,660	656,432
Net position		
Unrestricted	$ (1,225,501)	$ (1,937,501)

INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Operating revenue		
Contributions from governmental funds	$ 10,022,907	$ 8,450,093
Operating expenses		
Dental benefit claims	634,793	516,208
Medical benefit claims	8,318,513	7,223,081
OPEB	384,326	429,568
Total operating expenses	9,337,632	8,168,857
Operating income	685,275	281,236
Nonoperating revenue		
Investment earnings	26,725	75,171
Change in net position	712,000	356,407
Net position		
Beginning of year	(1,937,501)	(2,293,908)
End of year	$ (1,225,501)	$ (1,937,501)

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INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Cash Flows
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities		
Contributions from governmental funds	$ 10,013,894	$ 9,590,844
Payments for dental claims	(623,774)	(521,249)
Payments for medical claims	(8,106,118)	(6,727,505)
Payments for OPEB	(332,550)	(330,327)
Net cash flows from operating activities	951,452	2,011,763
Cash flows from noncapital financing activities		
Payments from other funds	224,205	163,145
Cash flows from investing activities		
Investment income received	73,285	80,554
Net change in cash and cash equivalents	1,248,942	2,255,462
Cash and cash equivalents		
Beginning of year	5,205,339	2,949,877
End of year	$ 6,454,281	$ 5,205,339
Presented on Statement of Net Position as follows:		
Cash and temporary investments	$ 3,689,273	$ 2,527,465
Cash and investments – held by trustee	2,765,008	2,677,874
Total cash and cash equivalents	$ 6,454,281	$ 5,205,339
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 685,275	$ 281,236
Adjustments to reconcile operating income to cash provided by operating activities		
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources		
Deferred outflows of resources	61,395	2,270
Total OPEB liability	(511,847)	195,554
Claims payable	31,336	79,984
Unearned revenue	(9,013)	1,140,751
Deferred inflows of resources	502,228	(98,583)
Claims incurred, but not reported	188,735	410,551
Due to other governmental units	3,343	–
Net cash flows from operating activities	$ 951,452	$ 2,011,763

See notes to basic financial statements

Statement of Fiduciary Net Position
Fiduciary Fund
as of June 30, 2021

	Scholarship and Other Custodial Fund
Assets	
Cash and temporary investments	$ 140,253
Liabilities	
	933
Net position	
Restricted for scholarships and other custodial purposes	$ 139,320

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2021

	Scholarship and Other Custodial Fund
Additions	
Contributions	
Private donations	$ 350
Investment earnings	643
Total additions	993
Deductions	
Scholarships and other deductions	7,613
Change in net position	(6,620)
Net position	
Beginning of year	145,940
End of year	$ 139,320

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 283 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a seven-member School Board elected by the voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory tax shift described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as "unallocated depreciation." Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service funds are charges to customers (other district funds) for services. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are presented in the fiduciary fund financial statements by type. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

Proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or the long-term facilities maintenance program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Proprietary Funds

Internal Service Funds – The District has established internal service funds to account for dental and medical benefits provided to employees as self-insured plans and OPEB Revocable Trust Fund activities.

Fiduciary Fund

Scholarship and Other Custodial Funds – The Scholarship and Other Custodial Funds is used to account for resources held in trust to be used by various other third parties to award scholarships to former students of the District and donations made for specific purposes.

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund by $140,031, $144,077, and $450,506, respectively. Revenues in excess of budget and available fund balance covered the variances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts established for specific purposes. In the Capital Projects – Building Construction Fund these assets represent amounts held for future capital projects related to previous bond issues. In the Post-Employment Benefits Trust Fund, these assets represent amounts contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Earnings from all trust fund investments are allocated directly to the respective funds.

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

For purposes of the Statement of Cash Flows, all highly liquid debt instruments with an original maturity from the time of purchase of three months or less are considered to be cash equivalents. The proprietary fund's equity in the government-wide cash and investments pool is considered to be cash equivalent.

G. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

J. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Minnesota Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $2,409,018 of the property tax levy collectible in 2021 as revenue to the District in fiscal year 2020–2021. The remaining portion of the taxes collectible in 2021 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Generally, the District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 40 years for land improvements, buildings, and building improvements and 5 to 15 years for furniture and equipment. Land and construction in progress are not depreciated.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

M. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused accrued vacation upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts, calculated by converting a portion of an eligible employee's unused accumulated sick leave. Eligibility for these benefits is based on years of service and/or minimum age requirements. No individual can receive severance benefits that exceed one year's salary.

Severance pay based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements as the liability matures prior to year-end.

O. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Q. Risk Management

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which it carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2021.

2. **Self-Insurance** – The District has established internal service funds to account for and finance its uninsured risk of loss for its employee medical and dental insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various medical and dental costs as described in the plan. The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss insurance premium costs and administrative service charges.

   District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

   Changes in the balance for dental insurance claim liabilities for the last two years were:

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2020	$ 17,675	$ 516,208	$ 520,001	$ 13,882
2021	$ 13,882	$ 634,793	$ 639,494	$ 9,181

   Changes in the balance for medical insurance claim liabilities for the last year were:

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2020	$ –	$ 7,223,081	$ 6,808,737	$ 414,344
2021	$ 414,344	$ 8,318,513	$ 8,125,077	$ 607,780

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB Plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

S. Net Position

In the government-wide, proprietary, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent or the superintendent's designee is authorized to establish assignments of fund balance.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

U. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

W. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements, these assets have been reported as "cash and investments held by trustee."

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	$	7,500,688
Investments		45,973,627
Cash on hand		1,500
Total	$	53,475,815

Cash and investments are presented in the financial statements as follows:

Government-Wide Statement of Net Position		
Cash and temporary investments	$	34,978,769
Restricted assets – temporarily restricted		
Cash and investments for building construction		15,591,785
Cash and investments for OPEB		2,765,008
Statement of Fiduciary Net Position		
Cash and temporary investments		140,253
Total	$	53,475,815

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District's deposits was $7,500,688, while the balance on the bank records was $10,406,031. At June 30, 2021, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Investment Risk – Maturity Duration in Years: Less Than 1	1 to 5	6 to 10	Total
General obligation bonds							
State and local bonds	AAA	S&P	Level 2	$ 2,710,852	$ 249,878	$ –	$ 2,960,730
State and local bonds	Aaa	Moody's	Level 2	$ –	$ –	$ 196,329	196,329
State and local bonds	AA	S&P	Level 2	$ 3,334,506	$ –	$ –	3,334,506
Negotiable certificates of deposit	N/R	N/A	Level 2	$ 2,982,666	$ –	$ –	2,982,666
U.S. treasuries	AA	S&P	Level 2	$ 501,620	$ –	$ –	501,620
Investment pools/mutual funds							
MNTrust Term Series	N/R	N/A	Amortized Cost	$ 1,000,000	$ –	$ –	1,000,000
MNTrust Limited Term Duration Series	N/R	N/A	Amortized Cost	N/A	N/A	N/A	8,333,281
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	26,664,495
Total investments							$ 45,973,627

N/A – Not Applicable
N/R – Not Rated

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Limited Term Duration Series, and the MNTrust Term Series are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these pools is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For these investment pools there are no restriction or limitations on withdrawals, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice. MNTrust Term Series Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust Term Series Portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein. Investments in the MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	$ 7,812,500	$ –	$ –	$ –	$ 7,812,500
Construction in progress	36,685,222	15,805,074	–	(29,795,569)	22,694,727
Total capital assets, not depreciated	44,497,722	15,805,074	–	(29,795,569)	30,507,227
Capital assets, depreciated					
Land improvements	264,344	–	–	–	264,344
Buildings and improvements	103,054,713	16,255,905	–	29,795,569	149,106,187
Furniture and equipment	60,647,275	211,574	–	–	60,858,849
Total capital assets, depreciated	163,966,332	16,467,479	–	29,795,569	210,229,380
Less accumulated depreciation for					
Land improvements	(159,200)	(9,320)	–	–	(168,520)
Buildings and improvements	(22,531,262)	(2,999,137)	–	–	(25,530,399)
Furniture and equipment	(53,504,304)	(972,573)	–	–	(54,476,877)
Total accumulated depreciation	(76,194,766)	(3,981,030)	–	–	(80,175,796)
Net capital assets, depreciated	87,771,566	12,486,449	–	29,795,569	130,053,584
Total capital assets, net	$ 132,269,288	$ 28,291,523	$ –	$ –	$ 160,560,811

Depreciation expense was charged to the following governmental functions:

Administration	$ 11,083
Elementary and secondary regular instruction	30,222
Special education instruction	3,327
Instructional support services	22,795
Pupil support services	20,177
Community service	13,143
Unallocated depreciation	3,880,283
Total depreciation expense	$ 3,981,030

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Facilities bonds					
2010A Capital Facilities Bonds	07/15/2010	1.75–5.30%	$ 885,000	02/01/2025	$ 260,000
2015A Alterative Facilities Bonds	05/27/2015	2.00%	$ 2,195,000	02/01/2023	1,500,000
2019A Facilities Maintenance Bonds	07/18/2019	3.00–5.00%	$ 22,795,000	02/01/2036	22,300,000
School building bonds					
2014A School Building Bonds	02/19/2014	1.00–3.00%	$ 14,900,000	02/01/2023	9,705,000
2018A School Building Bonds	02/15/2018	3.13–5.00%	$ 92,950,000	02/01/2038	92,310,000
Total general obligation bonds					$ 126,075,000

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

These bonds were issued to finance the acquisition or construction of capital facilities or to finance the retirement (refunding) of prior general obligation bond issues. Assets of the Debt Service Fund, together with future ad valorem tax levies, are dedicated for the retirement of these bonds. Future annual debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Capital Leases

The District has entered into a capital lease for the purchase of capital assets. At the end of each agreement, the District owns the assets or has the right to purchase them for $1. If the values of the individual assets acquired through the lease agreements exceed the District's capitalization threshold, the assets are reported in equipment at the values noted below, and the amortization of the lease cost is included in depreciation.

All lease agreements are being paid by the General Fund. Capital lease agreements outstanding at year-end are as follows:

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Peter Hobart Elementary School remodeling	$ 964,000	3.15 %	07/24/2013	08/01/2028	$ 538,406

Failure by the District to pay any payments under these agreements, or upon the occurrence of and continuation of an event of default, the lender, without any further demand or notice, may take one or any combination of the following steps: 1) the lender, with or without terminating the agreement, may declare all payments due, or become due, during the fiscal year in effect when the default occurs; 2) the lender may repossess the facility or equipment by giving the District written notice to surrender the facility or equipment to the lender and; 3) the lender will thereafter use its best efforts to sell or lease its interest in the facility or equipment, or any portion thereof, in a commercially reasonable manner, in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in these agreements.

C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, compensated absences, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid from the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Other Post-Employment Benefits Internal Service Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. The following is a summary of the pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2021:

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 10,761,845	$ 1,245,909	$ 619,987	$ 351,393
State-wide, multiple-employer – TRA	39,910,700	19,878,746	35,518,098	6,099,840
Single-employer – District	4,048,730	630,313	186,612	238,380
Total	$ 54,721,275	$ 21,754,968	$ 36,324,697	$ 6,689,613

D. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds and capital leases are as follows:

Year Ending	General Obligation Bonds		Capital Leases	
June 30,	Principal	Interest	Principal	Interest
2022	$ 7,180,000	$ 4,970,521	$ 64,727	$ 16,459
2023	7,635,000	4,729,471	66,781	14,404
2024	5,735,000	4,468,806	68,902	12,284
2025	5,930,000	4,181,926	71,089	10,096
2026	6,160,000	3,885,232	73,346	7,839
2027–2031	35,715,000	14,504,006	193,561	9,248
2032–2036	42,585,000	6,785,713	–	–
2037–2038	15,135,000	799,050	–	–
	$ 126,075,000	$ 44,324,725	$ 538,406	$ 70,330

E. Changes in Long-Term Liabilities

	June 30, 2020	Additions	Retirements	Debt Cancellation	June 30, 2021	Due Within One Year
General obligation bonds	$ 132,725,000	$ –	$ 6,650,000	$ –	$ 126,075,000	$ 7,180,000
Premiums	10,330,176	–	536,092	–	9,794,084	–
Capital leases	915,673	–	177,662	199,605	538,406	64,727
Net pension liability	44,242,270	10,157,892	3,727,617	–	50,672,545	–
Single-employer pension liability	4,180,586	238,380	370,236	–	4,048,730	373,704
Total OPEB liability	5,422,015	384,077	895,924	–	4,910,168	332,301
Compensated absences	739,784	893,983	837,171	–	796,596	796,596
Severance benefits	3,319,169	624,376	406,040	–	3,537,505	235,582
	$ 201,874,673	$ 12,298,708	$ 13,600,742	$ 199,605	$ 200,373,034	$ 8,982,910

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds defined earlier in this report. Any such restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to use future resources for such deficits.

A. Classifications

At June 30, 2021, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ –	$ –	$ –	$ 22,059	$ 22,059
Prepaid items	196,545	–	–	–	196,545
Total nonspendable	196,545	–	–	22,059	218,604
Restricted					
Student activities	193,043	–	–	–	193,043
Operating capital	3,454,974	–	–	–	3,454,974
Technology levy	1,279,596	–	–	–	1,279,596
Food service	–	–	–	1,712	1,712
Community service	–	–	–	367,323	367,323
Long-term facilities maintenance	1,341,431	7,863,812	–	–	9,205,243
Capital projects	–	5,427,454	–	–	5,427,454
Medical Assistance	115,185	–	–	–	115,185
Debt service	–	–	1,751,679	–	1,751,679
Total restricted	6,384,229	13,291,266	1,751,679	369,035	21,796,209
Assigned					
Subsequent year's budget	1,107,029	–	–	–	1,107,029
Severance payments	1,656,920	–	–	–	1,656,920
Total assigned	2,763,949	–	–	–	2,763,949
Unassigned					
General Fund	6,934,378	–	–	–	6,934,378
Community education restricted account deficit	–	–	–	(365,213)	(365,213)
Total unassigned	6,934,378	–	–	(365,213)	6,569,165
Total	$ 16,279,101	$ 13,291,266	$ 1,751,679	$ 25,881	$ 31,347,927

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy that establishes a desired unassigned General Fund. The policy states the District establishes a year-end minimum unassigned fund balance of 6.0 percent of current year's General Fund noncategorical expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

All full-time and certain part-time employees of the District other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by Minnesota State.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

The TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits, but not yet receiving them, are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2021, were $956,639. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2019		2020		2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.71 %	11.00 %	11.92 %	11.00 %	12.13 %
Coordinated Plan	7.50 %	7.71 %	7.50 %	7.92 %	7.50 %	8.13 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were $2,614,040. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	$ 425,223
Add employer contributions not related to future contribution efforts	(56)
Deduct the TRA's contributions not included in allocation	(508)
Total employer contributions	424,659
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 460,246

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations, due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2021, the District reported a liability of $10,761,845 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $331,973. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1795 percent at the end of the measurement period and 0.1787 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 10,761,845
State's proportionate share of the net pension liability associated with the District	$ 331,973

For the year ended June 30, 2021, the District recognized pension expense of $322,517 for its proportionate share of the GERF's pension expense. In addition, the District recognized $28,876 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2021, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 97,747	$ 40,718
Changes in actuarial assumptions	–	399,878
Net collective difference between projected and actual investment earnings	158,350	–
Changes in proportion	33,173	179,391
District's contributions to the GERF subsequent to the measurement date	956,639	–
Total	$ 1,245,909	$ 619,987

The $956,639 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ (764,629)
2023	$ (41,693)
2024	$ 215,595
2025	$ 260,010

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of $39,910,700 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.5402 percent at the end of the measurement period and 0.5391 percent for the beginning of the period.

The pension liability amount reflected a reduction, due to direct aid provided to the TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 39,910,700
State's proportionate share of the net pension liability associated with the District	$ 3,344,802

For the year ended June 30, 2021, the District recognized pension expense of $5,793,434. It also recognized $306,406 as an increase to pension expense for the support provided by direct aid.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 800,371	$ 611,789
Changes in actuarial assumptions	14,155,982	33,867,555
Net difference between projected and actual investment earnings on pension plan investments	573,422	–
Changes in proportion	1,734,931	1,038,754
District's contributions to the TRA subsequent to the measurement date	2,614,040	–
Total	$ 19,878,746	$ 35,518,098

A total of $2,614,040 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ 1,073,478
2023	$ (11,758,740)
2024	$ (8,598,133)
2025	$ 852,235
2026	$ 177,768

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality Table for the GERF Plan and RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Actuarial assumptions used in the June 30, 2020 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Employer contribution rate increased from 7.92 percent to 8.13 percent in July 2020.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30 %
Cash equivalents	2.00	– %
Total	100.00 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

G. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	$ 17,247,505	$ 10,761,845	$ 5,411,697
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 61,102,859	$ 39,910,700	$ 22,449,432

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org.

Detailed information about the plan's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups, with eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are available to the following groups: building operations supervisors, clerical/secretarial association, community education coordinators, custodial/maintenance personnel, director of assessment, director of information services, director of special services, principal and assistant principals, professional personnel, school nutrition personnel, support personnel, student data coordinator, supervisors/managers, and teachers.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

C. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Active plan members	140
Retirees and beneficiaries receiving benefits	1
Total	141

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of June 30, 2020 and a measurement date as of June 30, 2020, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.45%
20-year municipal bond yield	2.45%
Inflation rate	2.25%

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on MP-2015 Generational Improvement Scale for teachers and the Pub-2010 General Mortality Tables with projected mortality improvements based on MP-2019 Generational Improvement Scale for nonteachers.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies. Annual salary increases are based on the most recently disclosed assumption for the pension plan in which the employee participates.

E. Discount Rate

The discount rate used to measure the pension liability was 2.45 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance – July 1, 2020	$ 4,180,586
Changes for the year	
Service cost	172,090
Interest	128,622
Differences between expected and actual experience	(44,888)
Assumption changes	102,616
Changes of benefit terms	(3,622)
Benefit payments – employer-financed	(486,674)
Total net changes	(131,856)
Ending balance – June 30, 2021	$ 4,048,730

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.13 percent to 2.45 percent.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

Plan provision changes since the prior measurement date include the following:

- Severance benefits were removed from several individual director and coordinator contracts.

G. Total Pension Liability Sensitivity to Discount Rate Changes

The following presents the total pension liability of the District, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Pension discount rate	1.45%	2.45%	3.45%
Total pension liability	$ 4,193,101	$ 4,048,730	$ 3,898,038

H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

For the current year ended, the District recognized a pension expense of $238,380, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 46,454	$ 39,249
Changes in actuarial assumptions	149,406	147,363
District contributions subsequent to the measurement date	434,453	–
Total	$ 630,313	$ 186,612

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

A total of $434,453 reported as deferred outflows of resources related to contributions to the single-employer plan subsequent to the measurement date will be recognized as a reduction of total pension liability in the year ending June 30, 2022. These amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount	
2022	$	(4,290)
2023	$	(4,290)
2024	$	(4,290)
2025	$	(4,290)
2026	$	1,393
Thereafter	$	25,015

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical, dental, and/or life insurance, for some period after retirement. The length of the benefits to be paid by the District differ by bargaining unit.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	16
Active plan members	740
Total members	756

E. Total OPEB Liability of the District

The District's total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of June 30, 2020 and measurement date as of June 30, 2020, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.45%
20-year municipal bond yield	2.45%
Inflation rate	2.25%
Medical trend rate	6.70%, grading to 3.80% over 55 years

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on MP-2015 Generational Improvement Scale for teachers and Pub-2010 General Mortality Tables with projected mortality improvements based on MP-2019 Generational Improvement Scale for nonteachers.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as consistency with other economic assumptions. Annual salary increases are based on the most recently disclosed assumption for the pension plan in which the employee participates.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance – July 1, 2020	$ 5,422,015
Changes for the year	
Service cost	309,654
Interest	174,232
Differences between expected and actual experience	(629,621)
Assumption changes	(49,830)
Changes in benefit terms	14,045
Benefit payments	(330,327)
Total net changes	(511,847)
Ending balance – June 30, 2021	$ 4,910,168

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.13 percent to 2.45 percent.
- Healthcare trend medical and dental rates were reset to reflect updated cost increase expectations. Medical trend updates include the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

Plan provision changes since the prior measurement date include the following:

- Severance benefits were removed from several individual director, coordinator, and technical personnel contracts.

H. Total OPEB Liability Sensitivity to Discount and Medical Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	1.45%	2.45%	3.45%
Total OPEB liability	$ 5,139,379	$ 4,910,168	$ 4,676,630

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current medical cost trend rates:

	1% Decrease in Medical Cost Trend Rate	Medical Cost Trend Rate	1% Increase in Medical Cost Trend Rate
OPEB medical cost trend rate	5.70%, decreasing to 3.80% over 55 years	6.70%, decreasing to 3.80% over 55 years	7.70%, decreasing to 3.80% over 55 years
Total OPEB liability	$ 4,493,056	$ 4,910,168	$ 5,389,137

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of $384,077. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	$ 287,648	$ 556,748
Changes in actuarial assumptions	100,128	601,912
District contributions subsequent to the measurement date	332,301	–
Total	$ 720,077	$ 1,158,660

A total of $332,301 reported as deferred outflows of resources related to contributions to the OPEB Plan subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2022	$ (113,854)
2023	$ (113,854)
2024	$ (113,854)
2025	$ (113,854)
2026	$ (108,397)
Thereafter	$ (207,071)

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has established the St. Louis Park Employees' Flex-Benefits Plan (the Plan). The Plan is a flexible benefit plan classified as a "cafeteria plan" under § 125 of the IRC. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual medical expense contributions to the Plan, whether or not such contributions have been made.

The employee portion of insurance premiums (health, dental, and disability) are withheld and paid by the District directly to the designated insurance companies. The dependent care and medical expense reimbursement portions of the Plan are administered by an independent contract administrator. All plan activity is accounted for in the General Fund and special revenue funds. All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose.

B. Federal and State Receivables

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

C. Construction Contracts

At June 30, 2021, the District had commitments totaling $9,471,101 under construction contracts for which the work was not yet completed.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Operating Leases

The District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights and, therefore, the results of the lease agreements are not reflected as a liability in the District's financial statements. Total expenditures for these leases for the year totaled $238,764. Annual minimum lease payments for the operating leases are as follows:

Year Ending June 30,	Amount
2022	$ 196,011
2023	199,931
2024	203,930
2025	208,008
2026	212,169
2027–2028	437,152
	$ 1,457,201

Failure by the District to pay any payments under these agreements, or upon the occurrence of and continuation of an event of default, the lender, without any further demand or notice, may take one or any combination of the following steps: 1) the lender, with or without terminating the agreement, may declare all payments due, or become due, during the fiscal year in effect when the default occurs; 2) the lender may no longer provide access to the facility by giving the District written notice to surrender the facility or and; 3) the lender will thereafter use its best efforts to sell or lease its interest in the facility or equipment, or any portion thereof, in a commercially reasonable manner, in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in these agreements.

E. COVID-19

The COVID-19 pandemic has caused numerous financial and operation challenges for districts in fiscal 2021, and is expected to have a significant impact for fiscal 2022 and possibly beyond. Any potential effects it may have on the District's future operations and financial condition cannot be determined at this time and have not been reflected in these financial statements.

F. Solar Power Purchase Commitment

During fiscal year 2021, the District entered into nine solar subscription agreements with an outside company for each of the District buildings. The District is committed to purchasing 100 percent of the annual delivered energy from the solar systems for a period of 25 years from the commercial operation date to receive bill credits associated with the energy production.

NOTE 11 – INTERFUND BALANCE

The District's General Fund has a receivable of $1,291,288 at year-end, due from the Post-Employment Benefits Internal Service Fund of $387,350 related to reimbursements of OPEB costs, $129,783 from the Food Service Special Revenue Fund for cash flow purposes, and $774,155 from the Community Service Special Revenue Fund for cash flow purposes. Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

NOTE 12 – DEFICIT NET POSITION

At June 30, 2021, the District's Other Post-Employment Benefits Internal Service Fund reported a deficit net position of $2,957,683.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 283

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1889%	$ 8,873,576	$ –	$ 8,873,576	$ 11,746,254	75.54%	78.70%
06/30/2016	06/30/2015	0.1838%	$ 9,525,470	$ –	$ 9,525,470	$ 12,107,860	78.67%	78.20%
06/30/2017	06/30/2016	0.1856%	$ 15,069,799	$ 196,897	$ 15,266,696	$ 13,223,419	113.96%	68.90%
06/30/2018	06/30/2017	0.1878%	$ 11,989,028	$ 150,271	$ 12,139,299	$ 13,404,414	89.44%	75.90%
06/30/2019	06/30/2018	0.1816%	$ 10,074,423	$ 330,535	$ 10,404,958	$ 13,732,693	73.36%	79.50%
06/30/2020	06/30/2019	0.1787%	$ 9,879,923	$ 307,153	$ 10,187,076	$ 12,518,036	78.93%	80.20%
06/30/2021	06/30/2020	0.1795%	$ 10,761,845	$ 331,973	$ 11,093,818	$ 12,747,970	84.42%	79.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 798,857	$ 798,857	$ –	$ 12,107,860	6.60%
06/30/2016	$ 860,304	$ 860,304	$ –	$ 13,223,419	6.51%
06/30/2017	$ 909,358	$ 909,358	$ –	$ 13,404,414	6.78%
06/30/2018	$ 915,421	$ 915,421	$ –	$ 13,732,693	6.67%
06/30/2019	$ 939,245	$ 939,245	$ –	$ 12,518,036	7.50%
06/30/2020	$ 955,918	$ 955,918	$ –	$ 12,747,970	7.50%
06/30/2021	$ 956,639	$ 956,639	$ –	$ 12,757,568	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 283

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5456%	$ 25,140,855	$ 1,768,679	$ 26,909,534	$ 24,907,042	100.94%	81.50%
06/30/2016	06/30/2015	0.5156%	$ 31,894,959	$ 3,911,929	$ 35,806,888	$ 26,167,840	121.89%	76.80%
06/30/2017	06/30/2016	0.5340%	$ 127,371,741	$ 12,784,807	$ 140,156,548	$ 27,779,987	458.50%	44.88%
06/30/2018	06/30/2017	0.5527%	$ 110,328,946	$ 10,664,657	$ 120,993,603	$ 29,998,018	367.79%	51.57%
06/30/2019	06/30/2018	0.5446%	$ 34,205,978	$ 3,213,935	$ 37,419,913	$ 30,255,612	113.06%	78.07%
06/30/2020	06/30/2019	0.5391%	$ 34,362,347	$ 3,040,919	$ 37,403,266	$ 30,530,140	112.55%	78.21%
06/30/2021	06/30/2020	0.5402%	$ 39,910,700	$ 3,344,802	$ 43,255,502	$ 31,353,181	127.29%	75.48%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,880,413	$ 1,880,413	$ –	$ 26,167,840	7.19%
06/30/2016	$ 2,159,961	$ 2,159,961	$ –	$ 27,779,987	7.78%
06/30/2017	$ 2,239,979	$ 2,239,979	$ –	$ 29,998,018	7.47%
06/30/2018	$ 2,268,034	$ 2,268,034	$ –	$ 30,255,612	7.50%
06/30/2019	$ 2,356,658	$ 2,356,658	$ –	$ 30,530,140	7.72%
06/30/2020	$ 2,485,617	$ 2,485,617	$ –	$ 31,353,181	7.93%
06/30/2021	$ 2,614,040	$ 2,614,040	$ –	$ 32,130,320	8.14%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10–year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 283

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2021

	District Fiscal Year-End Date				
	2017	2018	2019	2020	2021
Total pension liability					
Service cost	$ 191,808	$ 198,521	$ 186,488	$ 154,407	$ 172,090
Interest	121,139	119,344	144,153	148,975	128,622
Differences between expected and actual experience	–	–	70,820	–	(44,888)
Assumption changes	–	(122,198)	(125,009)	77,443	102,616
Change of benefit terms	–	–	–	–	(3,622)
Benefit payments	(293,415)	(471,857)	(103,099)	(322,312)	(486,674)
Net change in total pension liability	19,532	(276,190)	173,353	58,513	(131,856)
Total pension liability – beginning of year	4,205,378	4,224,910	3,948,720	4,122,073	4,180,586
Total pension liability – end of year	$ 4,224,910	$ 3,948,720	$ 4,122,073	$ 4,180,586	$ 4,048,730
Covered-employee payroll	$ 12,064,057	$ 12,564,715	$ 11,789,415	$ 12,153,286	$ 10,602,032
Total pension liability as a percentage of covered-employee payroll	35.02%	31.43%	34.96%	34.40%	38.19%

Note 1: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 283

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2021

	District Fiscal Year-End Date			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	$ 298,346	$ 283,062	$ 272,916	$ 309,654
Interest	159,816	194,344	191,866	174,232
Differences between expected and actual experience	–	434,159	–	(629,621)
Changes in assumptions	(169,944)	(703,143)	129,192	(49,830)
Changes in benefit terms	–	–	–	14,045
Benefit payments	(341,220)	(408,795)	(398,420)	(330,327)
Net change in total OPEB liability	(53,002)	(200,373)	195,554	(511,847)
Total OPEB liability – beginning of year	5,479,836	5,426,834	5,226,461	5,422,015
Total OPEB liability – end of year	$ 5,426,834	$ 5,226,461	$ 5,422,015	$ 4,910,168
Covered-employee payroll	$ 42,960,575	$ 41,333,803	$ 41,888,500	$ 41,927,677
Total OPEB liability as a percentage of covered-employee payroll	12.63%	12.64%	12.94%	11.71%

Note: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21.0 million to $31.0 million in calendar years 2019 to 2031. The state's contribution changed from $16.0 million to $6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost-of-living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

PENSION BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

2021 CHANGES IN PLAN PROVISIONS

- Severance benefits were removed from several individual director and coordinator contracts.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2015 PERA General Employees Retirement Plan and July 1, 2015 TRA valuations to the rates used in the July 1, 2018 valuations.
- The inflation assumption was changes from 2.72 percent to 2.50 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent based on updated 20-year municipal bond rates.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent.
- Healthcare trend medical and dental rates were reset to reflect updated cost increase expectations. Medical trend updates include the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

2021 CHANGES IN PLAN PROVISIONS

- Severance benefits were removed from several individual director, coordinator, and technical personnel contracts.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent based on updated 20-year municipal bond rates.
- Medical trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated to RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale for teachers and with an MP-2017 Generational Scale for nonteachers to the rates used in the July 1, 2018 valuations.
- The inflation assumption was changed from 2.75 percent to 2.50 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent.

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 283

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2021

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ –	$ –	$ –
Receivables			
Current taxes	–	524,669	524,669
Delinquent taxes	–	13,183	13,183
Accounts and interest	122,265	118,395	240,660
Due from other governmental units	174,959	1,530,112	1,705,071
Inventory	22,059	–	22,059
Total assets	$ 319,283	$ 2,186,359	$ 2,505,642
Liabilities			
Salaries payable	$ 49,460	$ 157,688	$ 207,148
Accounts and contracts payable	14,375	75,312	89,687
Due to other governmental units	–	780	780
Due to other funds	129,783	774,155	903,938
Unearned revenue	101,894	140,740	242,634
Total liabilities	295,512	1,148,675	1,444,187
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,025,576	1,025,576
Unavailable revenue – delinquent taxes	–	9,998	9,998
Total deferred inflows of resources	–	1,035,574	1,035,574
Fund balances (deficits)			
Nonspendable for inventory	22,059	–	22,059
Restricted	1,712	367,323	369,035
Unassigned	–	(365,213)	(365,213)
Total fund balances	23,771	2,110	25,881
Total liabilities, deferred inflows of resources, and fund balances	$ 319,283	$ 2,186,359	$ 2,505,642

INDEPENDENT SCHOOL DISTRICT NO. 283

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2021

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 980,690	$ 980,690
Investment earnings	–	505	505
Other	10,505	3,393,768	3,404,273
State sources	–	1,323,768	1,323,768
Federal sources	1,527,195	1,302,564	2,829,759
Total revenue	1,537,700	7,001,295	8,538,995
Expenditures			
Current			
Food service	1,597,330	–	1,597,330
Community service	–	7,012,752	7,012,752
Capital outlay	31,274	1,753	33,027
Total expenditures	1,628,604	7,014,505	8,643,109
Net change in fund balances	(90,904)	(13,210)	(104,114)
Fund balances			
Beginning of year	114,675	15,320	129,995
End of year	$ 23,771	$ 2,110	$ 25,881

INDEPENDENT SCHOOL DISTRICT NO. 283

General Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ 23,332,548	$ 28,984,325
Receivables		
Current taxes	10,008,990	10,495,201
Delinquent taxes	264,762	251,127
Accounts and interest	139,276	247,878
Due from other governmental units	6,597,798	4,485,953
Due from other funds	1,291,288	280,165
Prepaid items	196,545	209,734
Total assets	$ 41,831,207	$ 44,954,383
Liabilities		
Salaries payable	$ 6,106,760	$ 5,623,079
Accounts and contracts payable	1,398,625	696,937
Due to other governmental units	10,534	231,051
Severance payable	–	79,198
Unearned revenue	681,099	723,402
Total liabilities	8,197,018	7,353,667
Deferred inflows of resources		
Property taxes levied for subsequent year	17,155,444	17,723,878
Unavailable revenue – delinquent taxes	199,644	207,313
Total deferred inflows of resources	17,355,088	17,931,191
Fund balances		
Nonspendable for prepaid items	196,545	209,734
Restricted for student activities	193,043	179,038
Restricted for staff development	–	95,489
Restricted for operating capital	3,454,974	3,440,251
Restricted for basic skills	–	823,835
Restricted for technology levy	1,279,596	1,074,205
Restricted for long-term facilities maintenance	1,341,431	1,101,684
Restricted for Medical Assistance	115,185	52,319
Assigned for subsequent year’s budget	1,107,029	2,385,192
Assigned for severance payments	1,656,920	1,854,604
Unassigned	6,934,378	8,453,174
Total fund balances	16,279,101	19,669,525
Total liabilities, deferred inflows of resources, and fund balances	$ 41,831,207	$ 44,954,383

INDEPENDENT SCHOOL DISTRICT NO. 283

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 20,140,000	$ 20,648,739	$ 508,739	$ 20,833,568
Investment earnings	280,000	103,063	(176,937)	516,543
Other	1,063,505	904,775	(158,730)	1,078,629
State sources	45,035,393	45,054,510	19,117	45,069,904
Federal sources	3,965,219	4,464,368	499,149	2,072,011
Total revenue	70,484,117	71,175,455	691,338	69,570,655
Expenditures				
Current				
Administration				
Salaries	1,865,626	2,102,804	237,178	1,856,959
Employee benefits	709,904	723,336	13,432	721,690
Purchased services	78,525	80,295	1,770	108,486
Supplies and materials	21,900	9,155	(12,745)	26,549
Capital expenditures	165,760	248	(165,512)	6,622
Other expenditures	46,825	54,546	7,721	53,343
Total administration	2,888,540	2,970,384	81,844	2,773,649
District support services				
Salaries	2,090,426	2,177,578	87,152	2,072,937
Employee benefits	813,514	838,904	25,390	790,109
Purchased services	447,550	567,239	119,689	466,865
Supplies and materials	1,312,814	1,100,038	(212,776)	362,177
Capital expenditures	1,186,687	1,094,227	(92,460)	802,870
Other expenditures	7,700	(26,822)	(34,522)	(18,976)
Total district support services	5,858,691	5,751,164	(107,527)	4,475,982
Elementary and secondary regular instruction				
Salaries	22,510,409	22,100,728	(409,681)	21,606,955
Employee benefits	8,132,460	7,956,581	(175,879)	7,524,038
Purchased services	1,467,461	1,493,178	25,717	1,856,868
Supplies and materials	895,496	548,930	(346,566)	659,563
Capital expenditures	451,617	150,320	(301,297)	145,123
Other expenditures	65,540	219,417	153,877	204,100
Total elementary and secondary regular instruction	33,522,983	32,469,154	(1,053,829)	31,996,647

(continued)

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	401,448	508,734	107,286	435,849
Employee benefits	116,961	158,463	41,502	133,766
Purchased services	16,100	10,928	(5,172)	15,582
Supplies and materials	18,000	25,985	7,985	26,519
Capital expenditures	–	–	–	463
Other expenditures	600	5,107	4,507	3,523
Total vocational education instruction	553,109	709,217	156,108	615,702
Special education instruction				
Salaries	7,729,736	7,831,313	101,577	7,780,262
Employee benefits	2,858,365	2,961,073	102,708	2,959,158
Purchased services	1,607,580	1,490,298	(117,282)	1,078,807
Supplies and materials	142,217	42,268	(99,949)	67,887
Capital expenditures	–	3,228	3,228	3,720
Other expenditures	–	862,176	862,176	46,329
Total special education instruction	12,337,898	13,190,356	852,458	11,936,163
Instructional support services				
Salaries	2,613,521	2,880,900	267,379	2,632,385
Employee benefits	1,003,758	1,089,219	85,461	1,005,856
Purchased services	394,380	350,039	(44,341)	537,013
Supplies and materials	183,862	181,833	(2,029)	215,060
Capital expenditures	177,800	75,133	(102,667)	110,281
Other expenditures	5,300	19,426	14,126	15,320
Total instructional support services	4,378,621	4,596,550	217,929	4,515,915
Pupil support services				
Salaries	2,084,091	2,137,712	53,621	1,969,114
Employee benefits	748,879	804,856	55,977	720,795
Purchased services	3,261,261	3,366,900	105,639	3,324,887
Supplies and materials	203,824	181,453	(22,371)	223,144
Capital expenditures	355,000	125,546	(229,454)	71,060
Other expenditures	750	46,951	46,201	11,400
Total pupil support services	6,653,805	6,663,418	9,613	6,320,400

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 283

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,347,201	2,267,081	(80,120)	2,175,584
Employee benefits	829,432	884,885	55,453	738,501
Purchased services	2,257,397	2,466,647	209,250	2,457,201
Supplies and materials	879,606	1,104,045	224,439	708,510
Capital expenditures	1,058,588	947,965	(110,623)	1,042,919
Other expenditures	72,500	(112,427)	(184,927)	(113,550)
Total sites and buildings	7,444,724	7,558,196	113,472	7,009,165
Fiscal and other fixed cost programs				
Purchased services	470,000	459,560	(10,440)	276,349
Debt service				
Principal	293,256	177,662	(115,594)	425,690
Interest and fiscal charges	24,221	20,218	(4,003)	32,219
Total debt service	317,477	197,880	(119,597)	457,909
Total expenditures	74,425,848	74,565,879	140,031	70,377,881
Excess (deficiency) of revenue over expenditures	(3,941,731)	(3,390,424)	551,307	(807,226)
Other financing sources				
Capital lease issued	–	–	–	42,731
Net change in fund balances	$ (3,941,731)	(3,390,424)	$ 551,307	(764,495)
Fund balances				
Beginning of year		19,669,525		20,434,020
End of year		$ 16,279,101		$ 19,669,525

INDEPENDENT SCHOOL DISTRICT NO. 283

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Receivables		
Accounts and interest	$ 122,265	$ 145,562
Due from other governmental units	174,959	189,800
Inventory	22,059	75,956
Total assets	$ 319,283	$ 411,318
Liabilities		
Salaries payable	$ 49,460	$ 67,231
Accounts and contracts payable	14,375	29,191
Due to other governmental units	–	280
Due to other funds	129,783	117,020
Unearned revenue	101,894	82,921
Total liabilities	295,512	296,643
Fund balances		
Nonspendable for inventory	22,059	75,956
Restricted for food service	1,712	38,719
Total fund balances	23,771	114,675
Total liabilities and fund balances	$ 319,283	$ 411,318

INDEPENDENT SCHOOL DISTRICT NO. 283

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 3,000	$ –	$ (3,000)	$ 3,731
Other – primarily meal sales	–	10,505	10,505	613,884
State sources	–	–	–	103,385
Federal sources	1,481,527	1,527,195	45,668	1,094,481
Total revenue	1,484,527	1,537,700	53,173	1,815,481
Expenditures				
Current				
Salaries	726,085	638,379	(87,706)	744,840
Employee benefits	325,541	300,910	(24,631)	318,535
Purchased services	160,800	7,632	(153,168)	29,465
Supplies and materials	262,601	444,693	182,092	751,633
Other expenditures	9,500	205,716	196,216	172,151
Capital outlay	–	31,274	31,274	4,608
Total expenditures	1,484,527	1,628,604	144,077	2,021,232
Excess (deficiency) of revenue over expenditures	–	(90,904)	(90,904)	(205,751)
Other financing sources				
Sale of assets	–	–	–	575
Net change in fund balances	$ –	(90,904)	$ (90,904)	(205,176)
Fund balances				
Beginning of year		114,675		319,851
End of year		$ 23,771		$ 114,675

INDEPENDENT SCHOOL DISTRICT NO. 283

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ –	$ 338,318
Receivables		
Current taxes	524,669	513,286
Delinquent taxes	13,183	12,403
Accounts and interest	118,395	1,186
Due from other governmental units	1,530,112	474,133
Total assets	$ 2,186,359	$ 1,339,326
Liabilities		
Salaries payable	$ 157,688	$ 138,555
Accounts and contracts payable	75,312	53,720
Due to other governmental units	780	300
Due to other funds	774,155	–
Unearned revenue	140,740	135,954
Total liabilities	1,148,675	328,529
Deferred inflows of resources		
Property taxes levied for subsequent year	1,025,576	985,095
Unavailable revenue – delinquent taxes	9,998	10,382
Total deferred inflows of resources	1,035,574	995,477
Fund balances (deficits)		
Restricted for early childhood family education programs	–	444,342
Restricted for community service	367,323	313,828
Unassigned – community education programs restricted account deficit	(365,213)	(742,850)
Total fund balances	2,110	15,320
Total liabilities, deferred inflows of resources, and fund balances	$ 2,186,359	$ 1,339,326

INDEPENDENT SCHOOL DISTRICT NO. 283

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 985,000	$ 980,690	$ (4,310)	$ 950,623
Investment earnings	5,000	505	(4,495)	12,348
Other – primarily tuition and fees	3,032,633	3,393,768	361,135	4,468,484
State sources	1,348,021	1,323,768	(24,253)	1,340,321
Federal sources	1,193,345	1,302,564	109,219	–
Total revenue	6,563,999	7,001,295	437,296	6,771,776
Expenditures				
Current				
Salaries	3,877,812	4,244,018	366,206	4,500,798
Employee benefits	1,515,551	1,594,088	78,537	1,668,763
Purchased services	849,660	852,467	2,807	1,017,846
Supplies and materials	301,001	279,484	(21,517)	351,549
Other expenditures	9,125	42,695	33,570	37,516
Capital outlay	10,850	1,753	(9,097)	11,357
Total expenditures	6,563,999	7,014,505	450,506	7,587,829
Net change in fund balances	$ –	(13,210)	$ (13,210)	(816,053)
Fund balances				
Beginning of year		15,320		831,373
End of year		$ 2,110		$ 15,320

INDEPENDENT SCHOOL DISTRICT NO. 283

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments – held by trustee	$ 15,591,785	$ 57,670,771
Accounts and interest receivable	147,758	1,098,516
Total assets	$ 15,739,543	$ 58,769,287
Liabilities		
Accounts and contracts payable	$ 2,448,277	$ 11,913,069
Fund balances		
Restricted for capital projects	5,427,454	26,670,894
Restricted for long-term facilities maintenance	7,863,812	20,185,324
Total fund balances	13,291,266	46,856,218
Total liabilities and fund balances	$ 15,739,543	$ 58,769,287

INDEPENDENT SCHOOL DISTRICT NO. 283

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 625,000	$ 221,895	$ (403,105)	$ 1,682,325
Other	–	50,436	50,436	142,354
Federal sources	–	122,331	122,331	133,892
Total revenue	625,000	394,662	(230,338)	1,958,571
Expenditures				
Capital outlay				
Salaries	–	5,019	5,019	–
Employee benefits	–	1,489	1,489	–
Purchased services	10,135,900	2,510,232	(7,625,668)	6,582,084
Capital expenditures	31,900,000	31,442,874	(457,126)	41,472,129
Debt service				
Fiscal charges and other	–	–	–	115,621
Total expenditures	42,035,900	33,959,614	(8,076,286)	48,169,834
Excess (deficiency) of revenue over expenditures	(41,410,900)	(33,564,952)	7,845,948	(46,211,263)
Other financing sources				
Debt issued	–	–	–	22,795,000
Premium on debt issued	–	–	–	2,641,233
Total other financing sources	–	–	–	25,436,233
Net change in fund balances	$ (41,410,900)	(33,564,952)	$ 7,845,948	(20,775,030)
Fund balances				
Beginning of year		46,856,218		67,631,248
End of year		$ 13,291,266		$ 46,856,218

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Debt Service Fund
Balance Sheet by Account
as of June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Regular Debt Service Account	OPEB Debt Service Account	Totals 2021	Totals 2020
Assets				
Cash and temporary investments	$ 7,807,335	$ 149,613	$ 7,956,948	$ 7,354,370
Receivables				
Current taxes	6,539,919	–	6,539,919	6,181,122
Delinquent taxes	125,154	7,007	132,161	115,617
Total assets	$ 14,472,408	$ 156,620	$ 14,629,028	$ 13,651,109
Deferred inflows of resources				
Property taxes levied for subsequent year	$ 12,783,539	$ –	$ 12,783,539	$ 11,862,553
Unavailable revenue – delinquent taxes	86,803	7,007	93,810	93,155
Total deferred inflows of resources	12,870,342	7,007	12,877,349	11,955,708
Fund balances				
Restricted for debt service	1,602,066	149,613	1,751,679	1,695,401
Total deferred inflows of resources and fund balances	$ 14,472,408	$ 156,620	$ 14,629,028	$ 13,651,109

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		
		Actual	
	Budget	Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	$ 11,862,000	$ 11,802,422	$ 1,812
Investment earnings	–	20,185	–
Federal sources	–	27,533	–
Total revenue	11,862,000	11,850,140	1,812
Expenditures			
Debt service			
Principal	6,650,000	6,650,000	–
Interest	5,139,424	5,139,424	–
Fiscal charges and other	10,950	6,250	–
Total expenditures	11,800,374	11,795,674	–
Excess (deficiency) of revenue over expenditures	61,626	54,466	1,812
Other financing sources			
Premium on debt issued	–	–	–
Net change in fund balances	$ 61,626	54,466	1,812
Fund balances			
Beginning of year		1,547,600	147,801
End of year		$ 1,602,066	$ 149,613

		2020
Total	Over (Under) Budget	Actual
$ 11,804,234	$ (57,766)	$ 10,558,297
20,185	20,185	76,407
27,533	27,533	18,290
11,851,952	(10,048)	10,652,994
6,650,000	–	6,190,000
5,139,424	–	4,853,154
6,250	(4,700)	11,188
11,795,674	(4,700)	11,054,342
56,278	(5,348)	(401,348)
–	–	304,442
56,278	$ (5,348)	(96,906)
1,695,401		1,792,307
$ 1,751,679		$ 1,695,401

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Assets			
Current assets			
Cash and temporary investments	$ 536,646	$ 3,152,627	$ –
Cash and investments – held by trustee	–	–	2,765,008
Accounts and interest receivable	–	–	13,410
Total current assets	536,646	3,152,627	2,778,418
Deferred outflows of resources			
OPEB plan deferments	–	–	720,077
Liabilities			
Current liabilities			
Claims payable	31,319	96,848	–
Unearned revenue	74,916	1,133,704	–
Claims incurred, but not reported	9,181	607,780	–
Due to other governmental units	–	3,343	–
Due to other funds	–	–	387,350
Total OPEB liability – due within one year	–	–	332,301
Total current liabilities	115,416	1,841,675	719,651
Long-term liabilities			
Total OPEB liability – due in more than one year	–	–	4,577,867
Total liabilities	115,416	1,841,675	5,297,518
Deferred inflows of resources			
OPEB plan deferments	–	–	1,158,660
Net position			
Unrestricted	$ 421,230	$ 1,310,952	$ (2,957,683)

Totals			
2021		2020	
$	3,689,273	$	2,527,465
	2,765,008		2,677,874
	13,410		59,970
	6,467,691		5,265,309
	720,077		781,472
	128,167		96,831
	1,208,620		1,217,633
	616,961		428,226
	3,343		–
	387,350		163,145
	332,301		–
	2,676,742		1,905,835
	4,577,867		5,422,015
	7,254,609		7,327,850
	1,158,660		656,432
$	(1,225,501)	$	(1,937,501)

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Operating revenue			
Contributions from governmental funds	$ 654,806	$ 9,223,150	$ 144,951
Operating expenses			
Dental benefit claims	634,793	–	–
Medical benefit claims	–	8,318,513	–
OPEB	–	–	384,326
Total operating expenses	634,793	8,318,513	384,326
Operating income (loss)	20,013	904,637	(239,375)
Nonoperating revenue			
Investment earnings	2,024	9,788	14,913
Change in net position	22,037	914,425	(224,462)
Net position			
Beginning of year	399,193	396,527	(2,733,221)
End of year	$ 421,230	$ 1,310,952	$ (2,957,683)

Totals			
2021		2020	
$	10,022,907	$	8,450,093
	634,793		516,208
	8,318,513		7,223,081
	384,326		429,568
	9,337,632		8,168,857
	685,275		281,236
	26,725		75,171
	712,000		356,407
	(1,937,501)		(2,293,908)
$	(1,225,501)	$	(1,937,501)

INDEPENDENT SCHOOL DISTRICT NO. 283

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Cash flows from operating activities			
Contributions from governmental funds	$ 652,985	$ 9,215,958	$ 144,951
Payments for dental claims	(623,774)	–	–
Payments for medical claims	–	(8,106,118)	–
Payments for OPEB	–	–	(332,550)
Net cash flows from operating activities	29,211	1,109,840	(187,599)
Cash flows from noncapital financing activities			
Payments from due to other funds	–	–	224,205
Cash flows from investing activities			
Investment income received	8,531	14,226	50,528
Net change in cash and cash equivalents	37,742	1,124,066	87,134
Cash and cash equivalents			
Beginning of year	498,904	2,028,561	2,677,874
End of year	$ 536,646	$ 3,152,627	$ 2,765,008
Presented on statement of net position as follows:			
Cash and temporary investments	$ 536,646	$ 3,152,627	$ –
Cash and investments – held by trustee	–	–	2,765,008
Total cash and cash equivalents	$ 536,646	$ 3,152,627	$ 2,765,008
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	$ 20,013	$ 904,637	$ (239,375)
Adjustments to reconcile operating income (loss) to cash flows from operating activities			
Changes in assets and liabilities			
Deferred outflows of resources	–	–	61,395
Total OPEB liability	–	–	(511,847)
Claims payable	15,720	15,616	–
Unearned revenue	(1,821)	(7,192)	–
Deferred inflows of resources	–	–	502,228
Claims incurred, but not reported	(4,701)	193,436	–
Due to other governmental units	–	3,343	–
Net cash flows from operating activities	$ 29,211	$ 1,109,840	$ (187,599)

Totals	
2021	2020
$ 10,013,894	$ 9,590,844
(623,774)	(521,249)
(8,106,118)	(6,727,505)
(332,550)	(330,327)
951,452	2,011,763
224,205	163,145
73,285	80,554
1,248,942	2,255,462
5,205,339	2,949,877
$ 6,454,281	$ 5,205,339
$ 3,689,273	$ 2,527,465
2,765,008	2,677,874
$ 6,454,281	$ 5,205,339
$ 685,275	$ 281,236
61,395	2,270
(511,847)	195,554
31,336	79,984
(9,013)	1,140,751
502,228	(98,583)
188,735	410,551
3,343	–
$ 951,452	$ 2,011,763

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