

OSSEO AREA SCHOOLS

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ISD  279

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2022

## OUR MISSION

*is to inspire and prepare each and every scholar with the confidence,  
courage and competence to achieve their dreams; contribute to community;  
and engage in a lifetime of learning.*

2021 -22

**INDEPENDENT SCHOOL DISTRICT 279**

**OSSEO AREA SCHOOLS**

**Maple Grove, Minnesota**



ANNUAL COMPREHENSIVE FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2022

INDEPENDENT SCHOOL DISTRICT NO. 279  
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North  
Maple Grove, MN 55369

Prepared by:  
Business Services Department

Executive Director of Finance and Operations:  
John Morstad, SFO, CSRM

Director, Business Services:  
Kelly Benusa, CPA, RSBO, SFO

Coordinator, Business Services:  
Michael Hueller, CPA

Coordinator, Business Services:  
Michelle Larson

OSSEO AREA SCHOOLS

ISD  279

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OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.



# SECTION I

# INTRODUCTION

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

November 11, 2022

**FISCAL YEAR 2022**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

To: Independent School District No. 279 – Osseo Area Schools School Board Members and Citizens

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2022, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF THE DISTRICT

The District was incorporated in 1953. As Minnesota's fifth-largest school district, Osseo Area Schools serves all or parts of Brooklyn Center, Brooklyn Park, Corcoran, Dayton, Maple Grove, Osseo, Plymouth, and Rogers.

The District is governed by an elected six-member School Board. The seated School Board consists of six members who are elected at large in even-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

In Osseo Area Schools, we inspire and prepare each and every scholar with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning. Our scholars benefit from exceptional opportunities, support and partnerships that help them graduate with the confidence, courage, and competence to make their dreams a reality.

Our size is an advantage, allowing us to offer more academic and extracurricular opportunities for your child to thrive; greater access to technology to enhance learning; and more staff to support your student's individual learning needs.

ISD No. 279 students reflect our vibrant global community, coming from homes where more than 100 dialects or languages are spoken. Our schools are racially and culturally diverse, and students experience rich, real-life learning environments that prepare them for success in the 21st century workplace.

The District enrolled 20,398 students in fiscal year (FY) 2022 from a population of 156,387 citizens residing in a 66 square mile area. Students are served pre-kindergarten through Grade 12, in 17 elementary schools (PreK–5), four middle schools (6–8), three senior highs (9–12), an online learning school (K–12), an area learning center, two early childhood centers, two special program sites, and an adult education/enrollment center. Community education classes serve lifelong learners from birth through senior citizens.

A child's first years of school provide a foundation for lifelong learning. Prekindergarten programming—available at every elementary school—incorporates research-based early learning standards developed by the Minnesota Department of Education (MDE). Our teachers and staff work together to ensure the concepts and skills taught in prekindergarten lay the groundwork for those taught in kindergarten.

Elementary students are introduced to a range of subjects, from reading/language arts to math, science, social studies, art, music (vocal and instrumental) and physical education. Students in Grades 4 and 5 can audition for the Children's Chorus, a district-wide performing group that has served the community for more than 50 years. Services are also provided at each elementary school to support gifted learners and students with special needs.

In middle school, young minds thrive on active learning. Our middle school program keeps students engaged and challenged; helps them discover new interests; and supports their growth. While in middle school, your child may even take courses eligible for high school credit.

An interdisciplinary team of teachers focuses on your child's academic, social, and emotional needs. Students also have a regular advisory period that provides time for extra attention to academics, along with opportunities to build relationships with teachers and other students.

High school offers opportunities for students to explore, grow, and prepare for entering the workplace or college. In addition to choosing core subjects and a wide range of electives, your child can participate in sports, theater, arts, clubs, music, community service, and leadership opportunities. Students have several options for earning college credit while in high school, including Advanced Placement and International Baccalaureate courses, credit agreements with local community and technical colleges, and Post-Secondary Enrollment Options. Our robust career and technical education offerings can help your child gain career-connected knowledge, skills, and competencies that will help them succeed in life after high school. Students can even receive workplace-ready certifications in fields such as automotive technology, culinary arts, healthcare, and information technology.

As a large district, we are able to offer a wide range of programs and school choices, making it easier for you to find options that meet your child's needs:

- Science, Technology, Engineering, and Math (STEM) magnet program at Weaver Lake Elementary
- Arts magnet integrating fine arts, drama, dance, and music at Birch Grove Elementary School for the Arts
- Science, Technology, Engineering, Arts, and Math (STEAM) magnet programs at Zanewood Community School and Brooklyn Middle School
- International Baccalaureate Middle Years and Diploma Programs at Park Center Senior High
- Health Sciences magnet program at Osseo Senior High
- Nationally certified automotive maintenance and light repair program at Osseo Senior High
- Career certifications in several fields, including automotive technology, culinary arts, healthcare, and information technology
- Advanced Placement college-level courses at all high schools
- Gifted Education services
- All-day kindergarten at every elementary school
- Free or tuition-based prekindergarten at every elementary school

Some of our special honors

- Maple Grove Senior High and Osseo Senior High are two of the nation's Best High Schools, according to U.S. News & World Report
- Weaver Lake was named one of the nation's top three STEM schools in 2015
- Minnesota School of Excellence honors awarded to Elm Creek Elementary (2017) and Woodland Elementary (2011)
- National Merit students honored each year
- Advanced Placement (AP) Scholars, Gates Millennium Scholars, Wallin Education Partners Scholars
- Award-winning staff: Minnesota National Outstanding Assistant Principal, Minnesota Elementary School Counselor of the Year, Minnesota Educational Support Professional of the Year, Minnesota School Business Official of the Year, Minnesota Council on the Teaching of Languages and Cultures Teacher of the Year, and more
- Only Minnesota school district named one of nation's "Best Communities for Music Education" every year since 2009
- State and national award-winning magnet schools

- Recognized for excellence in financial reporting by the MDE and the Association of School Business Officials (ASBO) International
- All-conference musicians in band, orchestra, and choir
- State, section and conference champions in athletics
- Hennepin Theatre Trust Spotlight Award honorees, including state-wide Triple Threat winners

The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

The District is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1st. This annual budget serves as the foundation for the District's financial planning and control.

## **LOCAL ECONOMY**

The District had a budgeted enrollment of 20,410 adjusted average daily membership for FY 2022 and an actual enrollment of 20,398. The District's student enrollment for FY 2023 is projected to increase, with an estimated student enrollment of 20,675. An increase in enrollment is projected over the next four years.

The District's school buildings were built between 1952 and 2005. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of \$287 million for deferred maintenance and health and safety facility needs.

The District intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs due to increased inflationary costs and required mandates. For example, according to data provided by the MDE, had the general education formula increased by the rate of inflation each year since 2003, the 2023 allowance per ADM would be \$7,461 rather than \$6,863, a difference of \$598 per ADM, which would amount to more than \$13.5 million in 2023 for the District.

Minnesota's economic and budget outlook has stabilized and created a record surplus in the wake of the pandemic. According to the state budget and economic forecast released from the Minnesota Management and Budget (MMB) in February of 2022, the state is projecting a \$9.25 billion surplus. While 2022 is not a budget year for the State Legislature, there was a big push to allocate the surplus funds. However, the Legislature was not able to come to an agreement prior to the end of session.

In alignment with the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services
- Economic factors, such as unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education

- Compliance and implementation of governmental pronouncements
- Impact to local taxpayers for funding requests
- Increased competition for students from other public schools, as well as charter schools
- Housing development and growth
- Enrollment trends
- Health insurance cost increases
- Pension obligations, both local and state
- Management of federal grants and other special funded state programs

## **BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING**

The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Legal budgetary control is at the fund account level.

The budget planning steps began in October 2021, using the [Long-Range Financial Model \(LRFM\)](#) and [Annual Budget Framework](#) and the [FY 2023 Budget Planning Timeline](#). The District implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2023 budget adjustment process:

### **Outcomes for budget adjustment process –**

1. Create budget adjustment recommendations that align with our system’s Mission and Strategic Priorities.
2. Involve school and community stakeholders in determining how to provide a quality education using available resources.
3. Provide budget recommendations for School Board-approval that achieve a school district budget that maintains required fund balance.

### **Budget adjustment proposal process –**

1. The system has identified legally required and mandated essential services and programs. These will not be considered for adjustment.
2. The analysis of budget adjustments will be based on a review of the effectiveness of specific programs or services. Information will be used to determine which program or initiatives are not getting expected results and should be considered for budget adjustments.
3. The analysis will consider the basic requirements for providing the educational program at sites. This analysis will establish the base quality education level that the District does not want to go below, and the essential support services required to deliver the base.
4. The analysis will consider the impact on our work to ensure equitable student achievement.
5. School Board policies will be considered to determine if they exceed legally required and mandated essential services and programs or the basic requirements for providing the education program. Do School Board policies and regulations have financial implications? If so, which policies and/or regulations might be changed?
6. All proposed adjustments will be evaluated using the Program Efficiency Abandonment and Redirection (PEAR) process. The process considers the impact of the enhancement, reduction, elimination, or restructuring of services on the education programs.

7. Staff and citizen idea input will be solicited and shared with the School Board for consideration in the budget planning process, through LRFP Advisory and FISCAL. In addition, other formal district advisory groups, such as DPAC, Core Planning, APAC, and CEPAC, inform our work regarding district program priorities which impacts budget priorities.

The School Board reviewed FY 2023 budget proposals at a work session on February 15, 2022. These budget proposals followed School Board direction that was provided at the November 8, 2021 work session. Budget proposals were approved at the March 1, 2022 regular School Board meeting, and resulted in net adjustments of \$5,305,945. This amount is comprised of LRFP budget adjustments, including Learning Loss one-year and two-year only adjustments of \$2,399,313, strategic investments of \$1,149,817, and enrollment alignment of \$1,756,815 for the general budget.

## **MISSION, VISION STATEMENT, CORE VALUES, AND STRATEGIC DIRECTIONS**

The District's mission, core values, and strategic directions provide for the investment of human and financial resources across the system.

### **MISSION**

*Our mission is to inspire and prepare each and every scholar with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.*

### **VISION STATEMENT**

*Unleash and enhance the brilliance of our scholars to thrive and change the world.*

### **CORE VALUES**

#### **HONOR AND INTEGRITY**

Holding ourselves, each other, and our system to the highest standards to create the best conditions for learning.

#### **BELONGING**

Developing meaningful relationships that build trust, understanding, and community.

#### **INCLUSION**

Intentionally engaging diverse voices and perspectives equitably and respectfully.

#### **INNOVATION AND EXCELLENCE**

Cultivating creativity, ideas, confidence, and transformational growth.

#### **TRANSPARENCY**

Communicating, modeling, and making decisions clearly, equitably, and openly.

#### **INTRINSIC VALUE**

Each scholar, staff member, and family are valued and respected for their perspective, experience, and contributions.



## **STRATEGIC DIRECTION**

- Create safe, welcoming and inclusive learning environments that foster global curiosity, belonging, innovation, and engagement.
- Build and nurture a culture of achievement by providing content rich, rigorous, equitable, and individualized pathways.
- Promote inclusive participation of all of our communities and provide timely, relevant, and easily accessible communication.
- Create a system of operational innovation, excellence, accountability, and sustainability.
- Address, acknowledge and reduce systemic disparities, barriers, and inequities as we lead, develop, and align our district toward continuous improvement.

## **RELEVANT FINANCIAL POLICIES**

The District has adopted a comprehensive set of financial policies. The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

School Board Policy 730 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board endeavors to maintain an unassigned fund balance that will not fall below 5 percent of the District's General Fund operating expenditure budget, excluding operating capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81."

Unrestricted fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund Operating Account on June 30, 2022 was 30.9 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## AWARDS AND ACKNOWLEDGEMENTS

This report will be submitted to the ASBO International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990, and all subsequent submissions on an annual basis through FY 2021. To receive this award, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

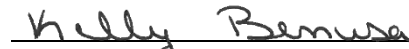
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business Services Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the School Board for its unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



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John Morstad, SFO, CSRM  
Executive Director of Finance & Operations



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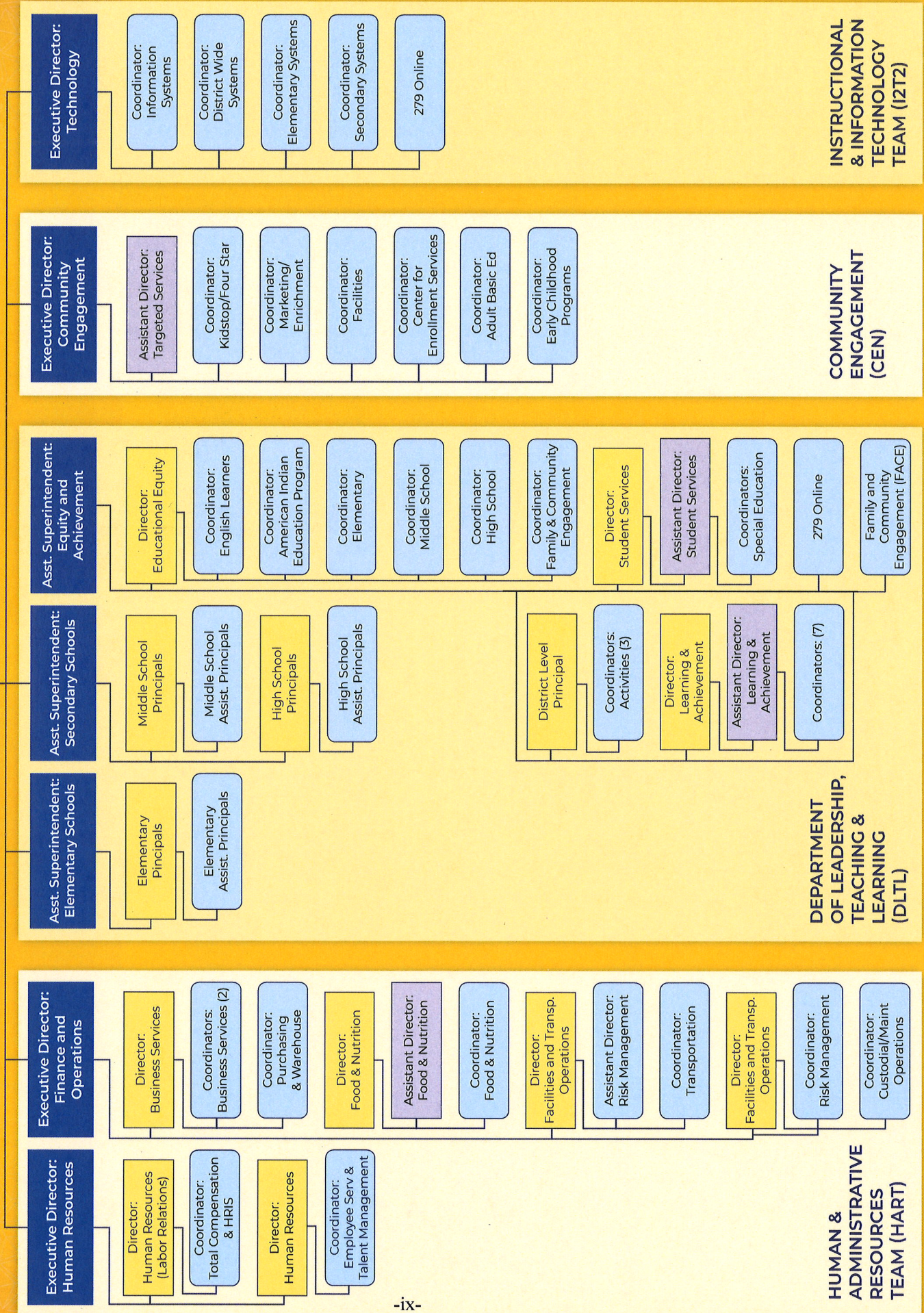
Kelly Benusa, CPA, RSBO, SFO  
Director, Business Services



**SCHOOL BOARD**  
**GENERAL COUNSEL**  
**SUPERINTENDENT**

**DIRECTOR: SCHOOL/COMMUNITY RELATIONS**

2022-23





# INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration  
as of June 30, 2022

## SCHOOL BOARD

	<u>Board Position</u>
Kelsey Dawson Walton	Chairperson
Jacqueline Mosqueda-Jones	Vice Chairperson
Tamara Grady	Clerk
Tanya Simons	Treasurer
Thomas Brooks	Director
Heather Douglass	Director

## ADMINISTRATION

### Cabinet

Cory McIntyre	Superintendent
Bryan Bass	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Stephen Flisk	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Kelli Parpart	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Brian Siverson-Hall	Executive Director, Community Engagement
John Morstad, SFO, CSRM	Executive Director, Finance and Operations
Laurel Anderson	Executive Director, Human Resources
Anthony Padnos	Chief Technology Officer
Timothy Palmatier	School District General Counsel
Kay Villella	Director, School/Community Relations

### Business Services

Kelly Benusa, CPA, RSBO, SFO	Director, Business Services
Michael Hueller, CPA	Coordinator, Business Services
Michelle Larson	Coordinator, Business Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Independent School District 279 - Osseo Area  
Schools**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'William A. Sutter'.

**William A. Sutter**  
**President**

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
**Executive Director**



# SECTION II

## FINANCIAL

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.





## 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. 279 – Osseo Area Schools  
Maple Grove, Minnesota

### **OPINIONS**

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. 279 – Osseo Area Schools (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above 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, 2022, 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.

### **BASIS FOR OPINIONS**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **EMPHASIS OF MATTER**

#### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

(continued)

## **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

(continued)

## **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 is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, 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.

## **Supplementary 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 accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Prior Year Comparative Information**

We have previously audited the District's 2021 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 November 4, 2021. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022 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 11, 2022

## INDEPENDENT SCHOOL DISTRICT NO. 279

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2022

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2022 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$113,665,325 (net position). The District's total net position increased by \$25,894,287, which includes a change in accounting principle of \$1,067,175 during the fiscal year ended June 30, 2022. This change is mostly related to investments in capital assets financed by general grants and aids and positive changes in net pension-related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans the District participates in. The change in accounting principle relates to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87 on leases. More information on this implementation can be found in the notes to the basic financial statements.
- The District's General Fund experienced a decrease in fund balance of \$1,363,662, which was \$6,497,778 higher than the \$7,861,440 deficit projected in the budget.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of five parts: independent auditor's report, MD&A (this section), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, which are presented as supplementary information. The basic financial statements include several kinds of statements, which present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide financial statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- The *proprietary fund financial statements* offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*.
- The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as *custodian* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A shows how the various parts of this ACFR are arranged and relate to one another:

**Figure A**  
**Organization of Annual Comprehensive Financial Report**

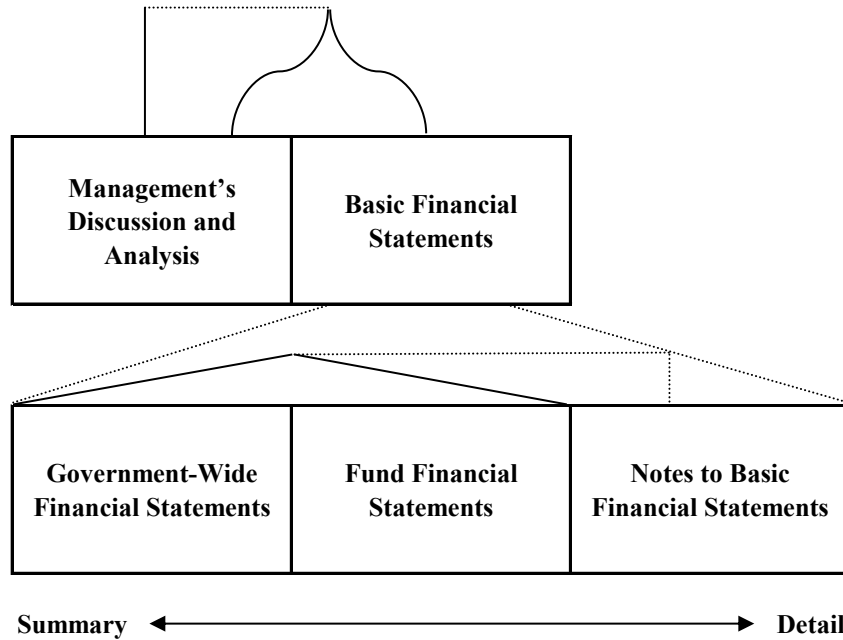


Figure B summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

<b>Figure B – Major Features of the Government-Wide and Fund Financial Statements</b>				
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities of the District that operate similar to businesses: Internal Service Fund	Instances in which the District administers resources on behalf of someone else
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenue, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets, deferred inflows of resources, liabilities, and deferred outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up, liabilities that come due during the year or soon thereafter, and deferred inflows of resources that become available; no capital assets or long-term liabilities are included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements 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 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 an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider 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 shown in one category:

- *Governmental Activities* – All of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

## 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. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on: (1) how *cash and other financial assets* 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 fewer 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 in the governmental fund financial statements that explains the relationship (or differences) between them.
- **Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.
- **Fiduciary Funds** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Local Collaborative Time Study and Northwest Family Service Center. 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

**Net Position** – The District’s *combined* net position was \$113,665,325 on June 30, 2022. This was an increase of 29.5 percent from the prior year.

<b>Table 1</b> <b>Summary Statement of Net Position – Governmental Activities</b> <b>as of June 30, 2022 and 2021</b>		
	2022	2021
Assets		
Current and other assets	\$ 275,142,472	\$ 289,567,013
Capital assets, net of depreciation/amortization	408,390,651	393,330,536
Total assets	<u>\$ 683,533,123</u>	<u>\$ 682,897,549</u>
Deferred outflows of resources		
OPEB plan deferments	\$ 4,847,647	\$ 5,071,861
Pension plan deferments – PERA and TRA	77,130,207	89,060,971
Total deferred outflows of resources	<u>\$ 81,977,854</u>	<u>\$ 94,132,832</u>
Liabilities		
Long-term liabilities	\$ 319,693,508	\$ 422,192,172
Other liabilities	19,867,430	16,875,121
Total liabilities	<u>\$ 339,560,938</u>	<u>\$ 439,067,293</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 97,169,185	\$ 94,866,569
OPEB plan deferments	2,136,859	2,609,342
Pension plan deferments – PERA and TRA	212,978,670	152,716,139
Total deferred inflows of resources	<u>\$ 312,284,714</u>	<u>\$ 250,192,050</u>
Net position		
Net investment in capital assets	\$ 251,841,254	\$ 240,761,946
Restricted	33,722,595	32,967,515
Unrestricted	(171,898,524)	(185,958,423)
Total net position	<u>\$ 113,665,325</u>	<u>\$ 87,771,038</u>

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 current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

Total net position increased by \$25,894,287, which primarily reflects investments in capital assets financed by general grants and aids and positive changes in net pension-related deferred inflows of resources, deferred outflows of resources, and long-term liabilities in the District’s share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans.

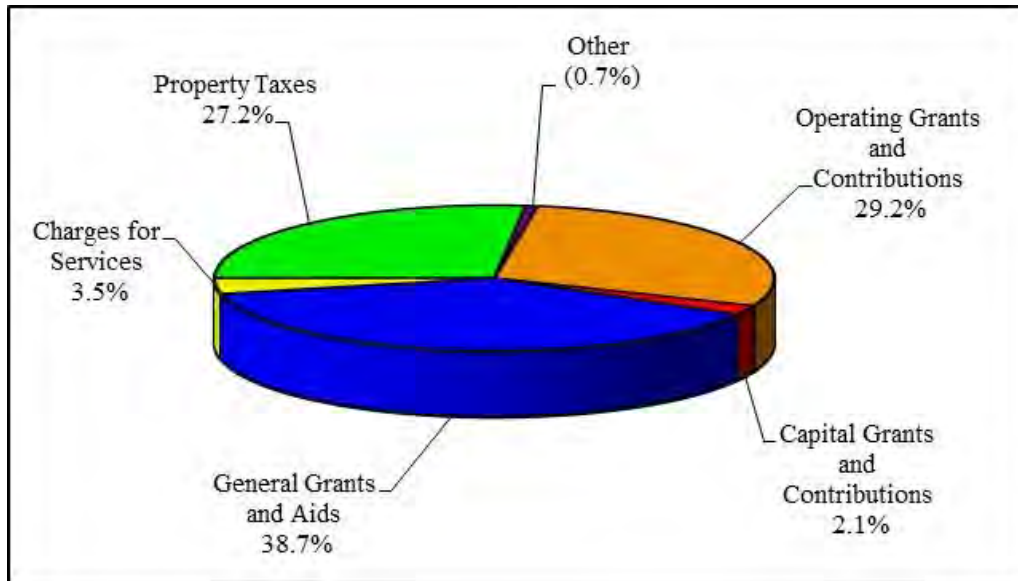
**Table 2**  
**Summary Statement of Activities**  
**for the Years Ended June 30, 2022 and 2021**

	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 12,978,032	\$ 5,901,177
Operating grants and contributions	107,415,958	105,334,938
Capital grants and contributions	7,778,430	7,183,646
General revenues		
Property taxes	100,332,051	101,500,996
General grants and aids	142,401,547	144,806,099
Other	(2,671,010)	4,483,203
Total revenues	368,235,008	369,210,059
Expenses		
Administration	13,265,447	12,618,772
District support services	9,665,973	9,774,932
Elementary and secondary regular instruction	132,679,526	150,649,757
Vocational education instruction	4,431,862	3,506,547
Special education instruction	56,663,872	59,143,900
Instructional support services	32,168,972	34,930,503
Pupil support services	29,065,764	25,441,090
Sites and buildings	21,801,400	24,052,035
Fiscal and other fixed cost programs	665,539	612,385
Food service	13,787,275	10,579,695
Community service	13,561,234	12,283,972
Unallocated depreciation and amortization expense	10,781,321	10,014,580
Interest and fiscal charges	4,869,711	3,781,858
Total expenses	343,407,896	357,390,026
Change in net position	24,827,112	11,820,033
Net position – beginning as previously reported	87,771,038	75,951,005
Change in accounting principle	1,067,175	–
Net position – beginning as restated	88,838,213	75,951,005
Net position – ending	\$ 113,665,325	\$ 87,771,038

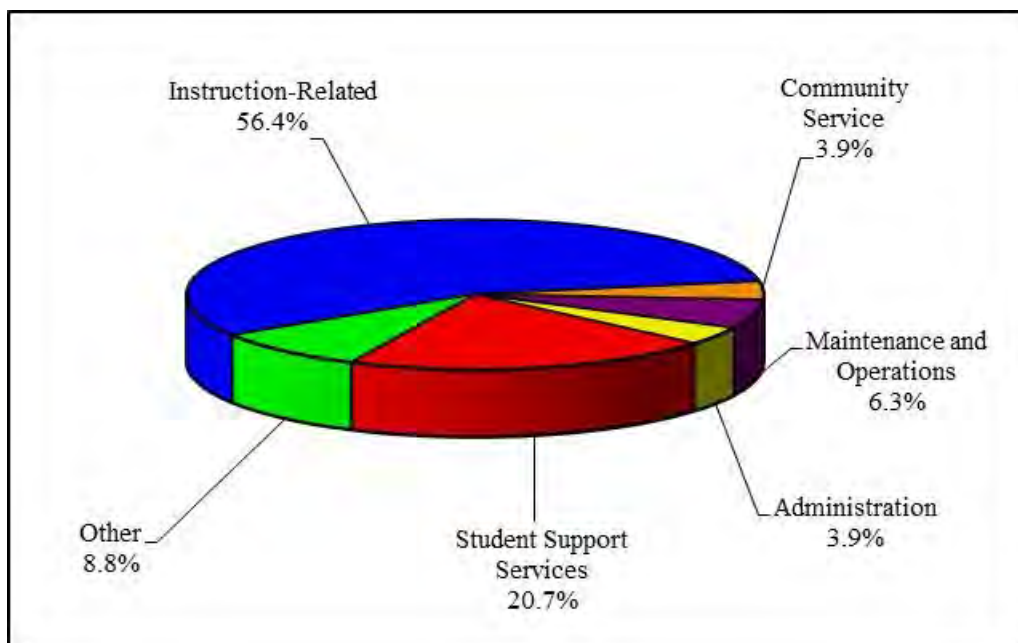
**Change in Net Position** – The District’s total revenues were \$368,235,008 for the year ended June 30, 2022. Property taxes and general grants and aids accounted for 65.9 percent (see Figure C) of total revenue for the year. Charges for services increased \$7,076,855 for the fiscal year ended June 30, 2022, from an increase in fees collected, due to the impact of COVID-19 in the prior year. Other general revenues decreased, mainly from unrealized losses on investment, due to market value changes at year-end.

The total cost of all programs and services was \$343,407,896. The District’s expenses are predominantly related to educating and caring for students (77.1 percent) (see Figure D). The administrative activities of the District accounted for 3.9 percent of total costs. Expenses for fiscal year 2022 decreased \$17,970,231 for elementary and secondary regular instruction, mainly due to open staff positions and reduced learning model changes related to the continued impact of COVID-19 on programs and services and the positive changes in net pension-related obligations previously mentioned.

**Figure C – Sources of Revenues for Fiscal Year 2022**



**Figure D – Expenses for Fiscal Year 2021**



- The cost of all *governmental* activities for fiscal year 2022 was \$343,407,896.
- Most of the District's costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling \$240,062,588. This portion of governmental activities was paid for with \$100,332,051 in property taxes and \$142,401,547 of primarily state aid based on the state-wide education aid formula.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$107,415,958 and \$7,778,430 of capital grants and contributions.
- Some of the cost, \$12,978,032, was paid by the users of the District's programs.

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Total Percent Change 2022–2021	Net Cost of Services		Total Percent Change 2022–2021
	2022	2021		2022	2021	
Administration	\$ 13,265,447	\$ 12,618,772	5.1%	\$ 13,032,324	\$ 12,391,527	5.2%
District support services	9,665,973	9,774,932	(1.1%)	8,928,616	9,645,103	(7.4%)
Elementary and secondary regular instruction	132,679,526	150,649,757	(11.9%)	103,245,528	111,708,542	(7.6%)
Vocational education instruction	4,431,862	3,506,547	26.4%	4,235,320	3,332,577	27.1%
Special education instruction	56,663,872	59,143,900	(4.2%)	14,161,948	21,118,162	(32.9%)
Instructional support services	32,168,972	34,930,503	(7.9%)	19,000,911	26,984,696	(29.6%)
Pupil support services	29,065,764	25,441,090	14.2%	25,601,170	22,487,189	13.8%
Sites and buildings	21,801,400	24,052,035	(9.4%)	13,863,335	16,761,929	(17.3%)
Fiscal and other fixed cost programs	665,539	612,385	8.7%	665,539	612,385	8.7%
Food service	13,787,275	10,579,695	30.3%	(3,045,043)	(2,366,262)	28.7%
Community service	13,561,234	12,283,972	10.4%	(105,204)	2,497,979	(104.2%)
Unallocated depreciation and amortization expense	10,781,321	10,014,580	7.7%	10,781,321	10,014,580	7.7%
Interest and fiscal charges	4,869,711	3,781,858	28.8%	4,869,711	3,781,858	28.8%
<b>Total</b>	<b>\$ 343,407,896</b>	<b>\$ 357,390,026</b>	<b>(3.9%)</b>	<b>\$ 215,235,476</b>	<b>\$ 238,970,265</b>	<b>(9.9%)</b>

The change in the net cost of services within special education instruction relates to increases in special education-related state aids received in the current year. The change in the net cost of services within instructional support services relates to increases in instructional support service-related federal grants and aids received in the current year.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

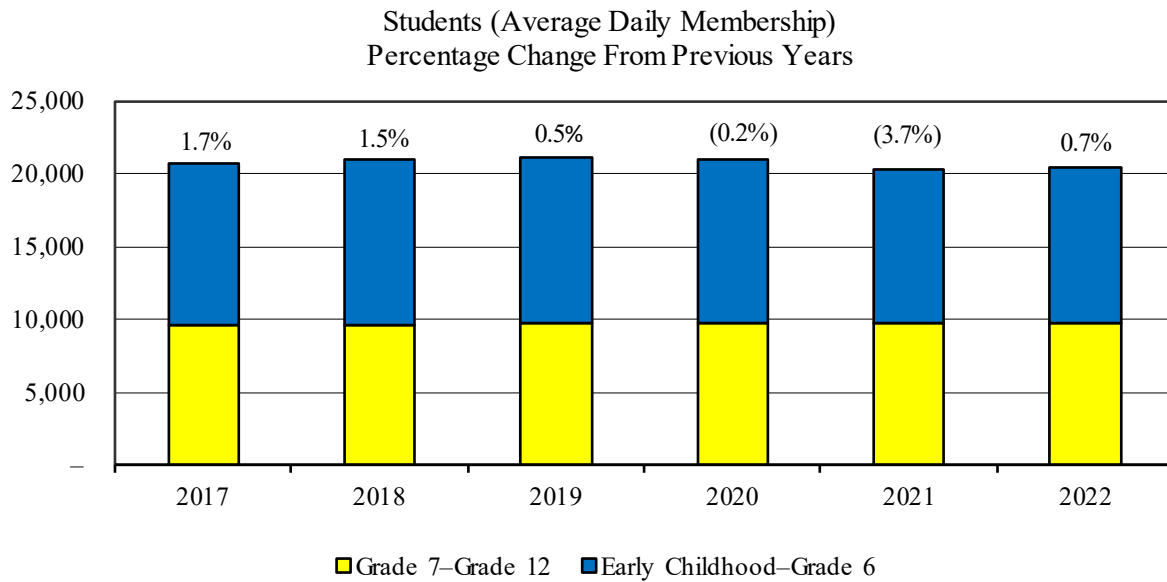
As the District completed the year, its governmental funds reported a *combined* fund balance of \$128,618,261, a decrease from last year's ending fund balance of \$141,893,918, or 9.4 percent.

Revenues for the District's governmental funds were \$373,363,039, while total expenditures were \$388,645,830. Total other financing sources were \$2,007,134, due to debt issued during the fiscal year 2022.

## GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through Grade 12, including pupil transportation activities and capital outlay projects.

The following graph shows the percentage change in the number of students over the last several years:



Over the last six years, the District has seen a 1.3 percent decrease in the number of students. Enrollment projections predict an increase in enrollment over the next five years, due to projected growth within the District. In the fall of 2020, student enrollment decreased from projections, due to the impact of COVID-19. This occurred in most Minnesota school districts and is being considered in future projections.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of	Percent
	2022	2021	Increase (Decrease)	Increase (Decrease)
Local sources				
Property taxes	\$ 81,485,810	\$ 75,583,434	\$ 5,902,376	7.8%
Investment earnings (losses)	(42,743)	405,348	(448,091)	(110.5%)
Other	5,540,516	4,080,860	1,459,656	35.8%
State sources	215,281,828	216,103,073	(821,245)	(0.4%)
Federal sources	20,855,275	19,421,504	1,433,771	7.4%
Total General Fund revenue	<u>\$ 323,120,686</u>	<u>\$ 315,594,219</u>	<u>\$ 7,526,467</u>	2.4%

Total General Fund revenue increased by \$7,526,467, or 2.4 percent, in fiscal year 2022, compared with fiscal year 2021. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year, without any net change in revenue.

Property taxes local source revenue increased, mainly in long-term facilities maintenance.

Other local sources increased in several areas: miscellaneous revenue, fees from patrons and admissions, and refunds, which are more closely aligned with pre-pandemic amounts.

Total federal sources increased, due to additional funding for COVID-19 being available in fiscal year 2022.

The following schedule presents a summary of General Fund expenditures:

	Year Ended June 30,		Amount of	Percent
	2022	2021	Increase (Decrease)	Increase (Decrease)
Salaries	\$ 189,510,617	\$ 181,132,414	\$ 8,378,203	4.6%
Employee benefits	68,158,360	67,651,684	506,676	0.7%
Purchased services	37,047,141	30,751,801	6,295,340	20.5%
Supplies, materials, and equipment	25,702,457	27,413,809	(1,711,352)	(6.2%)
Other expenditures	6,072,907	5,545,673	527,234	9.5%
Total expenditures	<u>\$ 326,491,482</u>	<u>\$ 312,495,381</u>	<u>\$ 13,996,101</u>	4.5%

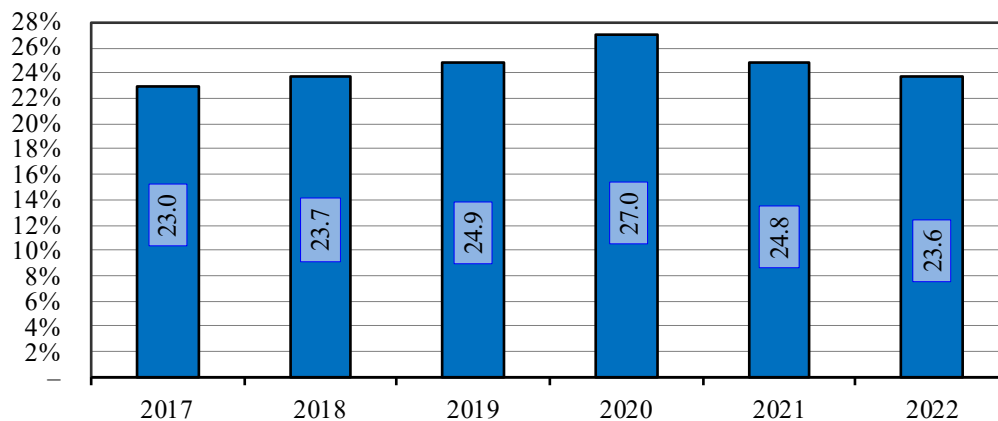
Total General Fund expenditures increased \$13,996,101, or 4.5 percent, from the previous year.

In fiscal year 2022, salaries increased 4.6 percent. The increase in salaries is attributed to employee contract improvements and a \$750 stipend for staff.

Purchased services increased by \$6,295,340. This increase was comprised of numerous areas. The largest area of increase was for contracted transportation services, due to changing the learning model for two weeks during fiscal year 2022, compared with changing learning models throughout the prior fiscal year. Other areas of increase included: utilities, consulting, repairs, and staff development.

Supplies, materials, and equipment decreased by \$1,711,352, or 6.2 percent, from the prior year. The decrease can mainly be attributed to cost containment of management and staff, and less personal protective equipment, ventilation, water filtration upgrades, and other various items purchased through Coronavirus Aid Relief and Economic Security (CARES) and Elementary and Secondary School Emergency Relief (ESSER) federal funds, due to the impact of COVID-19 in fiscal year 2021.

The following graph shows the General Fund unassigned fund balance (without including any restricted account deficits) as a percentage of expenditures:



In fiscal year 2022, General Fund revenue and other financing sources were less than expenditures by \$1,363,662. Therefore, total fund balance decreased to \$103,327,159 at June 30, 2022. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance decreased from \$77,400,156 at June 30, 2021 to \$77,005,186 at June 30, 2022.

The graph above is the single best measure of overall financial health. The unassigned fund balance of \$77,005,186 at June 30, 2022 represents 23.6 percent of annual expenditures, or 12.3 weeks of operations. The District closely monitors its fund balances.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

1. Implementing budgets for specially funded projects, which include both federal and state grants; reinstating prior year purchase orders being carried over; and budgeting for clearing, resale, and gifts.
2. Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by \$7,861,440, reducing fund balance, the actual results for the year show a decrease of \$1,363,662.

- Actual revenues were \$7,223,172 under budget, mainly due to federal sources being \$4,741,302 under budget, due to unspent and carried over funds to future fiscal years.
- Actual expenditures were \$11,713,816 under budget. Although the variance is comprised of numerous items, the main areas of savings were due to open staff positions and cost containment of management and staff.
- Net other financing sources were \$2,007,134 over budget, due to the issuance of debt in the current year.



## **CAPITAL PROJECTS AND DEBT SERVICE FUNDS**

The Capital Projects – Building Construction Fund expenditures exceeded revenues and other financing sources by \$15,794,939, resulting in a fund balance of \$9,273,212 at June 30, 2022. The decrease is due to the planned spend down in accordance with the long-term facilities maintenance plan.

The Debt Service Fund expenditures were \$424,907 less than revenue in fiscal year 2022. The remaining fund balance of \$4,304,441 at June 30, 2022 is available for meeting future debt service obligations.

## **NONMAJOR FUNDS**

Revenues exceeded expenditures in the nonmajor funds by \$4,307,851. The Food Service Special Revenue Fund had an increase in fund balance of \$1,869,825. This was more than budgeted, due to increased number of meals served and additional revenue received from the United States Department of Agriculture Supply Chain Assistance. This increase in revenue was partially offset by higher than projected expenditures for food, due to the increased number of meals served. The Community Service Special Revenue Fund had an increase in fund balance of \$2,438,026, due to open staff positions for Kidstop programs for childcare. From the standpoint of maintaining current operating expenditures within the range of annual revenue, these funds continue to operate on a sound financial basis and are monitored throughout the year.

## **INTERNAL SERVICE FUNDS**

During fiscal year 2022, the District operated a Dental Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured dental program. Net position in this fund decreased \$46,148, resulting in a net position of \$424,324 at June 30, 2022.

During fiscal year 2022, the District operated a Medical Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical program. Net position in this fund decreased \$216,376, resulting in a net position of \$945,583 at June 30, 2022.

The Retirement Incentive Pay Internal Service Fund change in net position decreased \$744,431, resulting in a net position of \$998,083 at June 30, 2022. This decrease is attributed to payments made for severance expenses.

Over the next several years, the District's annual obligation to pay post-employment benefits will gradually decrease from its current level because the number of eligible employees reaching retirement age will also decrease. Accordingly, the District established a Retirement Incentive Pay Internal Service Fund and adopted a plan to fund its early retirement incentive (severance) as the benefits are earned in accordance with governmental accounting standards. The Retirement Incentive Pay Internal Service Fund is used to finance the early retirement incentive benefits provided by all of the departments and funds of the District on a cost-reimbursement basis.

The Post-Employment Benefits Revocable Trust Internal Service Fund was established to fund OPEB. This revocable trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2022, this fund had a net position of \$8,362,828. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated February 22, 2022, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations, based on actuarial estimates. The District has been strategic by prefunding a portion of this post-employment benefit liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid the future reductions of regular programming that would have been necessary to pay for these post-employment benefits.

## CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

### Capital Assets

By the end of fiscal year 2022, the District had invested \$635 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The major increase in capital assets can be attributed to various long-term facilities maintenance projects occurring in fiscal year 2022. (More detailed information about capital assets can be found in Note 3 of the notes to basic financial statements.) Total depreciation and amortization expense for the year was \$13.3 million, as compared to a prior year depreciation and amortization expense of \$12.4 million.

	2022	2021	Total Percent Change 2022–2021
Land	\$ 8,973,417	\$ 8,973,417	—
Land improvements	37,176,812	40,328,214	(7.8%)
Buildings	562,770,022	540,626,000	4.1%
Furniture and equipment	15,816,586	12,731,843	24.2%
Construction in progress	10,156,191	10,357,558	(1.9%)
Less accumulated depreciation and amortization	<u>(226,502,377)</u>	<u>(219,686,496)</u>	3.1%
Total	<u>\$ 408,390,651</u>	<u>\$ 393,330,536</u>	3.8%

## Debt Administration

At June 30, 2022, the District had bonded debt of \$155,695,000. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation equal to 15.0 percent of the actual value of all taxable property within the District. The District is within its legal authority for bonded debt.

## Long-Term Liabilities

<b>Table 5</b>			
<b>Outstanding Long-Term Liabilities</b>			
	<u>2022</u>	<u>2021</u>	<u>Total Percent Change</u>
General obligation bonds and notes payable	\$ 139,030,000	\$ 150,885,000	(7.9%)
Certificates of participation	16,665,000	18,080,000	(7.8%)
Financed purchases	5,759,602	6,466,474	(10.9%)
Unamortized premiums (discounts) on debt issued	4,368,007	4,845,267	(9.9%)
Net pension liability	131,273,734	217,737,115	(39.7%)
Post-employment severance benefits payable	4,568,537	5,701,981	(19.9%)
Total OPEB obligation	<u>18,028,628</u>	<u>18,476,335</u>	(2.4%)
Total	<u>\$ 319,693,508</u>	<u>\$ 422,192,172</u>	(24.3%)

More detailed information about the District's long-term liabilities is presented in Note 4 of the notes to basic financial statements.

### **Bond Ratings**

The District's general obligation bonds carry a rating of Aa1.

### **Limitations on Debt**

The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding debt is significantly below this limit, which is currently \$3,068,083,391.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. For example, according to data provided by the Minnesota Department of Education had the general education formula increased by the rate of inflation each year since 2003, the 2023 allowance per ADM would be \$7,461 rather than \$6,863, a difference of \$598 per ADM, which would amount to more than \$13.5 million in 2023 for the District.

Minnesota's economic and budget outlook has stabilized and created a record surplus in the wake of the pandemic. According to the state budget and economic forecast released from the Minnesota Management and Budget in February of 2022, the state is projecting a \$9.25 billion surplus. While 2022 is not a budget year for the State Legislature, there was a big push to allocate the surplus funds. However, the Legislature was not able to come to an agreement prior to the end of session.

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 TEAM**

This ACFR is 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 this report or need additional financial information, contact the Business Services Department, Independent School District No. 279, Educational Service Center, 11200 – 93rd Avenue North, Maple Grove, Minnesota 55369-6605.

## BASIC FINANCIAL STATEMENTS

## INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position  
as of June 30, 2022  
(With Partial Comparative Information as of June 30, 2021)

	Governmental Activities	
	2022	2021
<b>Assets</b>		
Cash and temporary investments	\$ 166,141,237	\$ 185,813,896
Receivables		
Current taxes	50,342,062	49,759,910
Delinquent taxes	798,496	745,603
Accounts and interest	1,002,754	524,715
Due from other governmental units	31,314,847	22,970,854
Inventory	389,148	445,112
Prepaid items	192,245	—
Restricted assets – temporarily restricted		
Cash and investments for OPEB	24,801,181	29,052,608
Interest receivable for OPEB	160,502	254,315
Total restricted assets – temporarily restricted	24,961,683	29,306,923
Capital assets		
Not depreciated	19,129,608	19,330,975
Depreciated, net of accumulated depreciation/amortization	389,261,043	373,999,561
Total capital assets, net of accumulated depreciation/amortization	408,390,651	393,330,536
Total assets	683,533,123	682,897,549
Deferred outflows of resources		
OPEB plan deferments	4,847,647	5,071,861
Pension plan deferments – PERA and TRA	77,130,207	89,060,971
Total deferred outflows of resources	81,977,854	94,132,832
Total assets and deferred outflows of resources	\$ 765,510,977	\$ 777,030,381
<b>Liabilities</b>		
Salaries payable	\$ 4,819,778	\$ 2,362,313
Accounts and contracts payable	10,921,528	10,378,709
Due to other governmental units	1,553,756	1,249,949
Unearned revenue	534,785	435,260
Accrued interest payable	2,037,583	2,448,890
Long-term liabilities		
Due within one year	19,030,980	19,591,666
Due in more than one year	300,662,528	402,600,506
Total long-term liabilities	319,693,508	422,192,172
Total liabilities	339,560,938	439,067,293
Deferred inflows of resources		
Property taxes levied for subsequent year	97,169,185	94,866,569
OPEB plan deferments	2,136,859	2,609,342
Pension plan deferments – PERA and TRA	212,978,670	152,716,139
Total deferred inflows of resources	312,284,714	250,192,050
<b>Net position</b>		
Net investment in capital assets	251,841,254	240,761,946
Restricted for		
Capital asset acquisition	9,400,428	7,892,036
Debt service	2,435,777	2,435,008
Food service	6,567,975	4,698,150
Community service	5,172,636	2,728,342
Employee benefits	8,362,828	12,578,313
Other purposes (state funding restrictions)	1,782,951	2,635,666
Unrestricted	(171,898,524)	(185,958,423)
Total net position	113,665,325	87,771,038
Total liabilities, deferred inflows of resources, and net position	\$ 765,510,977	\$ 777,030,381

## INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Activities  
Year Ended June 30, 2022  
(With Partial Comparative Information for the Year Ended June 30, 2021)

Functions/Programs	2022				2021	
	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 13,265,447	\$ 186,996	\$ 46,127	\$ –	\$ (13,032,324)	\$ (12,391,527)
District support services	9,665,973	20,562	716,795	–	(8,928,616)	(9,645,103)
Elementary and secondary regular instruction	132,679,526	3,108,007	26,325,991	–	(103,245,528)	(111,708,542)
Vocational education instruction	4,431,862	66,077	130,465	–	(4,235,320)	(3,332,577)
Special education instruction	56,663,872	5,600	42,496,324	–	(14,161,948)	(21,118,162)
Instructional support services	32,168,972	478,746	12,689,315	–	(19,000,911)	(26,984,696)
Pupil support services	29,065,764	144,126	3,320,468	–	(25,601,170)	(22,487,189)
Sites and buildings	21,801,400	27,561	132,074	7,778,430	(13,863,335)	(16,761,929)
Fiscal and other fixed cost programs	665,539	–	–	–	(665,539)	(612,385)
Food service	13,787,275	782,730	16,049,588	–	3,045,043	2,366,262
Community service	13,561,234	8,157,627	5,508,811	–	105,204	(2,497,979)
Unallocated depreciation and amortization expense (excludes amounts directly allocated)	10,781,321	–	–	–	(10,781,321)	(10,014,580)
Interest and fiscal charges	4,869,711	–	–	–	(4,869,711)	(3,781,858)
Total governmental activities	<u>\$ 343,407,896</u>	<u>\$ 12,978,032</u>	<u>\$ 107,415,958</u>	<u>\$ 7,778,430</u>	(215,235,476)	(238,970,265)
General revenues						
Taxes						
Property taxes, levied for general purposes					81,661,917	75,604,475
Property taxes, levied for community service					3,086,670	3,059,339
Property taxes, levied for debt service					15,583,464	22,837,182
General grants and aids					142,401,547	144,806,099
Other general revenues					1,496,502	730,287
Investment earnings (losses)					(4,167,512)	3,752,916
Total general revenues					<u>240,062,588</u>	<u>250,790,298</u>
Change in net position					24,827,112	11,820,033
Net position – beginning as previously reported					87,771,038	75,951,005
Change in accounting principle					<u>1,067,175</u>	<u>–</u>
Net position – beginning as restated					<u>88,838,213</u>	<u>75,951,005</u>
Net position – ending					<u>\$ 113,665,325</u>	<u>\$ 87,771,038</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Balance Sheet  
Governmental Funds  
as of June 30, 2022  
(With Partial Comparative Information as of June 30, 2021)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 123,397,857	\$ 12,721,147	\$ 11,744,143
Receivables			
Current taxes	41,457,305	–	7,344,253
Delinquent taxes	622,889	–	151,795
Accounts and interest	551,836	8,670	–
Due from other governmental units	28,037,918	–	134,225
Inventory	277,279	–	–
Prepaid items	192,245	–	–
Total assets	<u>\$ 194,537,329</u>	<u>\$ 12,729,817</u>	<u>\$ 19,374,416</u>
Liabilities			
Salaries payable	\$ 4,383,367	\$ –	\$ –
Accounts and contracts payable	6,516,442	3,456,605	–
Due to other governmental units	272,741	–	–
Unearned revenue	183,444	–	–
Total liabilities	<u>11,355,994</u>	<u>3,456,605</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	79,142,273	–	14,901,056
Unavailable revenue – delinquent taxes	711,903	–	168,919
Total deferred inflows of resources	<u>79,854,176</u>	<u>–</u>	<u>15,069,975</u>
Fund balances			
Nonspendable	469,524	–	–
Restricted	11,183,379	9,273,212	4,304,441
Assigned	14,669,070	–	–
Unassigned	77,005,186	–	–
Total fund balances	<u>103,327,159</u>	<u>9,273,212</u>	<u>4,304,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 194,537,329</u>	<u>\$ 12,729,817</u>	<u>\$ 19,374,416</u>



Nonmajor Funds	Total Governmental Funds	
	2022	2021
\$ 11,014,232	\$ 158,877,379	\$ 176,069,259
1,540,504	50,342,062	49,759,910
23,812	798,496	745,603
188,837	749,343	473,991
3,142,704	31,314,847	22,970,854
111,869	389,148	445,112
—	192,245	—
<u>\$ 16,021,958</u>	<u>\$ 242,663,520</u>	<u>\$ 250,464,729</u>
\$ 436,411	\$ 4,819,778	\$ 2,362,313
367,739	10,340,786	9,660,274
—	272,741	535,155
351,341	534,785	435,260
<u>1,155,491</u>	<u>15,968,090</u>	<u>12,993,002</u>
3,125,856	97,169,185	94,866,569
27,162	907,984	711,240
<u>3,153,018</u>	<u>98,077,169</u>	<u>95,577,809</u>
111,869	581,393	445,112
11,601,580	36,362,612	48,237,952
—	14,669,070	16,452,233
—	77,005,186	76,758,621
<u>11,713,449</u>	<u>128,618,261</u>	<u>141,893,918</u>
<u>\$ 16,021,958</u>	<u>\$ 242,663,520</u>	<u>\$ 250,464,729</u>

OSSEO AREA SCHOOLS

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## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2022  
(With Partial Comparative Information as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Total fund balances – governmental funds	\$ 128,618,261	\$ 141,893,918
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	634,893,028	613,017,032
Accumulated depreciation and amortization	(226,502,377)	(219,686,496)
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 as other financing sources and uses.		
General obligation bonds and notes	(139,030,000)	(150,885,000)
Certificates of participation	(16,665,000)	(18,080,000)
Financed purchases	(5,759,602)	(6,466,474)
Premium (discounts) on debt issued	(4,368,007)	(4,845,267)
Net pension liability – PERA	(29,393,493)	(44,108,577)
Net pension liability – TRA	(101,880,241)	(173,628,538)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,037,583)	(2,448,890)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, liabilities, and deferred outflows/inflows of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	10,730,818	15,953,258
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 plans	77,130,207	89,060,971
Deferred inflows of resources – pension plans	(212,978,670)	(152,716,139)
Deferred inflows of resources – delinquent property taxes	907,984	711,240
Total net position – governmental activities	<u>\$ 113,665,325</u>	<u>\$ 87,771,038</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2022  
 (With Partial Comparative Information for the Year Ended June 30, 2021)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 81,485,810	\$ –	\$ 15,569,095
Investment earnings (losses)	(42,743)	13,305	(3,501)
Other	5,540,516	–	–
State sources	215,281,828	–	1,021,114
Federal sources	20,855,275	–	–
Total revenue	323,120,686	13,305	16,586,708
Expenditures			
Current			
Administration	13,264,167	–	–
District support services	7,587,100	–	–
Elementary and secondary regular instruction	143,319,449	–	–
Vocational education instruction	4,439,304	–	–
Special education instruction	59,625,510	–	–
Instructional support services	32,329,578	–	–
Pupil support services	29,057,448	–	–
Sites and buildings	31,472,718	–	–
Fiscal and other fixed cost programs	665,539	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	15,808,244	–
Debt service			
Principal	4,129,006	–	11,855,000
Interest and fiscal charges	601,663	–	5,156,615
Total expenditures	326,491,482	15,808,244	17,011,615
Excess (deficiency) of revenue over expenditures	(3,370,796)	(15,794,939)	(424,907)
Other financing sources (uses)			
Debt issued	–	–	–
Refunding bonds issued	–	–	–
Premium on debt issued	–	–	–
Debt retirement from refunding bonds	–	–	–
Debt issued	2,007,134	–	–
Total other financing sources (uses)	2,007,134	–	–
Net change in fund balances	(1,363,662)	(15,794,939)	(424,907)
Fund balances			
Beginning of year	104,690,821	25,068,151	4,729,348
End of year	\$ 103,327,159	\$ 9,273,212	\$ 4,304,441

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2022	2021
\$ 3,080,402	\$ 100,135,307	\$ 101,462,806
(3,740)	(36,679)	533,341
9,035,489	14,576,005	9,469,507
4,894,251	221,197,193	221,574,472
16,635,938	37,491,213	32,488,639
<u>33,642,340</u>	<u>373,363,039</u>	<u>365,528,765</u>
—	13,264,167	12,630,825
—	7,587,100	7,717,054
—	143,319,449	140,547,910
—	4,439,304	3,509,057
—	59,625,510	56,677,434
—	32,329,578	34,912,873
—	29,057,448	25,510,887
—	31,472,718	26,146,167
—	665,539	612,385
14,414,867	14,414,867	11,023,452
14,202,554	14,202,554	12,342,444
717,068	16,525,312	20,858,804
—	15,984,006	21,103,066
—	5,758,278	5,941,062
<u>29,334,489</u>	<u>388,645,830</u>	<u>379,533,420</u>
4,307,851	(15,282,791)	(14,004,655)
—	—	30,775,000
—	—	14,405,000
—	—	1,086,458
—	—	(15,210,000)
—	2,007,134	5,000,010
<u>—</u>	<u>2,007,134</u>	<u>36,056,468</u>
4,307,851	(13,275,657)	22,051,813
<u>7,405,598</u>	<u>141,893,918</u>	<u>119,842,105</u>
<u>\$ 11,713,449</u>	<u>\$ 128,618,261</u>	<u>\$ 141,893,918</u>

OSSEO AREA SCHOOLS

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## Our Mission

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INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2022

(With Partial Comparative Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Total net change in fund balances – governmental funds	\$ (13,275,657)	\$ 22,051,813
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 and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	27,344,064	23,796,878
Depreciation and amortization expense	(13,260,637)	(12,439,527)
A (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(90,487)	(9,187)
The amount of debt issued is 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 payable	–	(36,465,000)
Certificates of participation	–	(8,715,000)
Financed purchases	(2,007,134)	(5,000,010)
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.		
	(5,222,440)	2,481,804
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	13,270,000	33,405,000
Financed purchases	2,714,006	2,908,066
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.		
	411,307	(79,625)
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 as other financing sources and uses.		
	477,260	702,295
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 – PERA	14,715,084	(3,461,015)
Net pension liability – TRA	71,748,297	(23,807,174)
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 plans	(11,930,764)	(57,421,756)
Deferred inflows of resources – pension plans	(60,262,531)	73,384,205
Deferred inflows of resources – deferred gain on refunding	–	450,076
Deferred inflows of resources – delinquent property taxes	196,744	38,190
Change in net position – governmental activities	<u>\$ 24,827,112</u>	<u>\$ 11,820,033</u>

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INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
General Fund  
Year Ended June 30, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	\$ 61,581,038	\$ 82,723,685	\$ 81,485,810	\$ (1,237,875)
Investment earnings (losses)	77,200	70,000	(42,743)	(112,743)
Other	2,387,030	4,924,655	5,540,516	615,861
State sources	204,476,767	217,028,941	215,281,828	(1,747,113)
Federal sources	—	25,596,577	20,855,275	(4,741,302)
Total revenue	268,522,035	330,343,858	323,120,686	(7,223,172)
Expenditures				
Current				
Administration	9,934,760	13,449,173	13,264,167	(185,006)
District support services	7,171,125	8,693,760	7,587,100	(1,106,660)
Elementary and secondary regular instruction	99,218,104	144,423,965	143,319,449	(1,104,516)
Vocational education instruction	3,021,686	4,498,222	4,439,304	(58,918)
Special education instruction	40,309,668	61,613,258	59,625,510	(1,987,748)
Instructional support services	15,491,444	35,350,638	32,329,578	(3,021,060)
Pupil support services	28,282,163	30,360,483	29,057,448	(1,303,035)
Sites and buildings	18,459,703	34,380,130	31,472,718	(2,907,412)
Fiscal and other fixed cost programs	59,229,376	705,000	665,539	(39,461)
Debt service				
Principal	3,944,650	4,129,006	4,129,006	—
Interest and fiscal charges	599,401	601,663	601,663	—
Total expenditures	285,662,080	338,205,298	326,491,482	(11,713,816)
Excess (deficiency) of revenue over expenditures	(17,140,045)	(7,861,440)	(3,370,796)	4,490,644
Other financing sources				
Debt issued	—	—	2,007,134	2,007,134
Net change in fund balances	\$ (17,140,045)	\$ (7,861,440)	(1,363,662)	\$ 6,497,778
Fund balances				
Beginning of year			104,690,821	
End of year			\$ 103,327,159	

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position  
 Governmental Activities  
 Internal Service Funds  
 as of June 30, 2022  
 (With Partial Comparative Information as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and temporary investments	\$ 7,263,858	\$ 9,744,637
Cash and investments held by trustee	24,801,181	29,052,608
Accounts and interest receivable	<u>413,913</u>	<u>305,039</u>
Total assets	32,478,952	39,102,284
Deferred outflows of resources		
OPEB plan deferments	4,847,647	5,071,861
Liabilities		
Current liabilities		
Accounts and contracts payable	580,742	718,435
Due to other governmental units	1,281,015	714,794
Post-employment severance benefits payable	1,020,594	1,320,719
OPEB obligation	2,023,969	2,286,941
Long-term liabilities		
Post-employment severance benefits payable	3,547,943	4,381,262
OPEB obligation	<u>16,004,659</u>	<u>16,189,394</u>
Total liabilities	24,458,922	25,611,545
Deferred inflows of resources		
OPEB plan deferments	<u>2,136,859</u>	<u>2,609,342</u>
Net position		
Restricted for employee benefits	8,362,828	12,578,313
Unrestricted	<u>2,367,990</u>	<u>3,374,945</u>
Total net position	<u><u>\$ 10,730,818</u></u>	<u><u>\$ 15,953,258</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenses, and Changes in Net Position  
 Governmental Activities  
 Internal Service Funds  
 Year Ended June 30, 2022  
 (With Comparative Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 8,238,673	\$ 8,382,528
Operating expenses		
Dental benefit claims	2,069,990	1,937,287
Medical benefit claims	6,433,038	5,778,813
Post-employment severance benefits	242,212	937,831
OPEB	585,040	466,368
Total operating expenses	<u>9,330,280</u>	<u>9,120,299</u>
Operating (loss)	(1,091,607)	(737,771)
Nonoperating revenue		
Investment earnings (losses)	<u>(4,130,833)</u>	<u>3,219,575</u>
Income (loss) before transfers	(5,222,440)	2,481,804
Transfers in	500,000	—
Transfers out	<u>(500,000)</u>	<u>—</u>
Change in net position	(5,222,440)	2,481,804
Net position		
Beginning of year	<u>15,953,258</u>	<u>13,471,454</u>
End of year	<u>\$ 10,730,818</u>	<u>\$ 15,953,258</u>

OSSEO AREA SCHOOLS

ISD  279

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INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Cash Flows  
Governmental Activities  
Internal Service Funds  
Year Ended June 30, 2022  
(With Partial Comparative Information for the Year Ended June 30, 2021)

	2022	2021
Cash flows from operating activities		
Contributions from governmental funds	\$ 8,035,986	\$ 8,378,803
Payments for dental claims	(2,057,683)	(1,897,839)
Payments for medical claims	(6,583,038)	(5,628,813)
Post-employment severance and OPEB benefit payments	(2,090,451)	(2,458,394)
Net cash flows from operating activities	(2,695,186)	(1,606,243)
Cash flows from noncapital financing activities		
Transfers from other funds	500,000	—
Transfers to other funds	(500,000)	—
Net cash flows from noncapital financing activities	—	—
Cash flows from investing activities		
Investment income (losses) received	(4,037,020)	3,190,217
Net change in cash and cash equivalents	(6,732,206)	1,583,974
Cash and cash equivalents		
Beginning of year	38,797,245	37,213,271
End of year	\$ 32,065,039	\$ 38,797,245
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating (loss)	\$ (1,091,607)	\$ (737,771)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(202,687)	(3,725)
Deferred outflows of resources	224,214	(3,972,013)
Accounts and contracts payable	(137,693)	189,448
Due to other governmental units	566,221	(123,430)
Post-employment severance benefits payable	(1,133,444)	(682,338)
Total OPEB obligation	(447,707)	4,303,134
Deferred inflows of resources	(472,483)	(579,548)
Net cash flows from operating activities	\$ (2,695,186)	\$ (1,606,243)
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 7,263,858	\$ 9,744,637
Cash and investments held by trustee	24,801,181	29,052,608
Total cash and cash equivalents	\$ 32,065,039	\$ 38,797,245

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
Custodial Funds  
Statement of Fiduciary Net Position  
as of June 30, 2022

Assets	
Cash and temporary investments	\$ 1,604,138
Receivables	
Accounts and interest	115,843
Total assets	<u>1,719,981</u>
Liabilities	
Salaries payable	1,838
Accounts and contracts payable	15,083
Total liabilities	<u>16,921</u>
Net position	
Restricted for Local Collaborative Time Study	1,153,331
Restricted for Northwest Family Service Center	549,729
Total net position	<u>\$ 1,703,060</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
Custodial Funds  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2022

Additions	
Investment earnings	\$ 2,317
Rents	224,169
Grants	455,417
Total additions	<u>681,903</u>
Deductions	
Elementary and secondary regular instruction	
Salaries	133,169
Employee benefits	36,270
Purchased services	315,095
Supplies and materials	2,072
Total elementary and secondary regular instruction	<u>486,606</u>
Sites and buildings	
Purchased services	<u>255,818</u>
Total deductions	<u>742,424</u>
Net change in fiduciary net position	(60,521)
Net position	
Beginning of year	<u>1,763,581</u>
End of year	<u><u>\$ 1,703,060</u></u>

OSSEO AREA SCHOOLS

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# INDEPENDENT SCHOOL DISTRICT NO. 279

## Notes to Basic Financial Statements June 30, 2022

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Organization**

Independent School District No. 279 – Osseo Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District 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. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of 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 as general revenues.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation and amortization 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 and amortization expense is reported as “unallocated depreciation and amortization expense.” Interest on 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. Fiduciary funds are presented in the fiduciary fund financial statements by type, including the District’s custodial funds. 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.

The internal service funds are presented in the proprietary fund financial statements. Because the principal user of the internal services are the District’s governmental activities, the financial statements of 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 for service. 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.

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, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items 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 (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, post-employment severance benefits, other post-employment health benefits, compensated absences, and net pension 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 within the applicable functional areas.

Internal service and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

### 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. The District’s General Fund maintains two accounts:

1. **Operating Account** – The Operating Account is used to account for the general operations of the District, including pupil transportation activities.
2. **Capital Expenditure Account** – The Capital Expenditure Account is used to account for the maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

**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 debt issue or levy issuance program.

**Debt Service Fund** – Debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bonds, interest, and related costs. The General Obligation Bonds Debt Service Account is used for the debt service on all general obligation bonds except for the 2018D Taxable Other Post-Employment Benefits (OPEB) Refunding Bond issue for which a separate OPEB Bonds Debt Service Account is established. This bond was fully paid in fiscal 2022. As a result, this Debt Service Account will be closed in fiscal 2023.

#### Nonmajor Governmental Funds

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is 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, pre-K–8 extended day programs, or other similar services.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Proprietary Funds**

**Internal Service Funds** – The 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. The District has four internal service funds. The District's internal service funds include financing for self-insurance of the employee health and dental insurance programs, retirement incentive pay, and post-employment benefits revocable trust activity.

### **Fiduciary Funds**

**Custodial Funds** – The custodial funds were established to account for cash and other assets held by the District as the agent for others. These funds are used to account for a local collaborative time study and the Northwest Family Service Center.

### **E. Budgeting**

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Food Service Special Revenue Fund by \$553,701. The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

### **F. Cash and 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 that are established for specific purposes. In the internal service funds, trust accounts are established to finance future OPEB obligations. Interest earned on these investments were allocated directly to those accounts.

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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

### **G. Receivables**

All receivables are shown, net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The 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 method. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

### **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 an expense or expenditure 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 \$4,972,877 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2022. The remaining portion of the taxes collectible in 2022 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. No allowance for uncollectible taxes is considered necessary.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **K. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. Leased capital assets are recorded based on the measurement of payments applicable to the lease term. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. 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 surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks or other land improvements are considered to be part of the cost of buildings or other improvable property.

### **L. Accounts and Contracts Payable**

At year end, accounts and contracts payable are \$7,769,268 and \$3,152,260, respectively, within the Statement of Net Position.

### **M. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

### **N. Vacation Pay**

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no vacation liabilities are recorded in the financial statements.

### **O. Sick Pay**

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of post-employment severance and health benefits for some employees upon termination.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **P. Post-Employment Severance Benefits**

The District provides post-employment severance benefits to certain eligible employees. The District finances these obligations with an Internal Service Fund.

The District maintains various early retirement incentive payment plans for its employee groups. The amount of the early retirement incentive payment is calculated using balances in accrued sick leave and also based on years of service. No employee can receive a payment exceeding one year's salary. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 95 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

### **Q. 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 Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into 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.

### **R. Risk Management**

**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 the District 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 the current year.

**Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District makes premium payments to these funds on behalf of program participants based on 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 of dental claim liabilities for the last two years were:

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2021	\$ 128,987	\$ 1,937,287	\$ 1,897,839	\$ 168,435
2022	\$ 168,435	\$ 2,069,990	\$ 2,057,683	\$ 180,742

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2021	\$ 400,000	\$ 5,778,813	\$ 5,628,813	\$ 550,000
2022	\$ 550,000	\$ 6,433,038	\$ 6,583,038	\$ 400,000

### S. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of financial resource (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and Proprietary Fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, changes in proportion, 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.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is 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.

### **T. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent. The cash and investments held by trustee in the Post-Employment Benefits Revocable Trust Internal Service Fund are also considered a cash equivalent.

### **U. Restricted Assets**

Restricted assets are cash and cash equivalents and the related interest receivable 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" and the interest receivable is included within "accounts and interest receivable."

### **V. Net Position**

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### W. 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.
- **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 nonspendable, restricted, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) nonspendable, 2) restricted, 3) assigned, and 4) unassigned.

### X. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2022, the unassigned fund balance of the General Fund – Operating Account was 25.9 percent of the fiscal 2022 General Fund – Operating Account expenditures.

### Y. 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, 2021, 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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Z. 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 reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

### AA. Change in Accounting Principle

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. This statement included major changes in recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Certain amounts necessary to fully restate fiscal year 2021 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of the new GASB statement in the current year resulted in the restatement of net position as of June 30, 2021. The details of the restatement are as follows:

	Governmental Activities
Net position – beginning, as previously reported	\$ 87,771,038
Change in accounting principle	
Reclassified financed purchased capital asset	<u>1,067,175</u>
Net position – beginning, as restated	<u><u>\$ 88,838,213</u></u>

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

Deposits	\$ 39,132,280
Investments	153,411,601
Cash on hand	<u>2,675</u>
Total	<u><u>\$ 192,546,556</u></u>

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Statement of Net Position	
Cash and temporary investments	\$ 166,141,237
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	24,801,181
Statement of Fiduciary Net Position – Custodial Funds	
Cash and temporary investments	<u>1,604,138</u>
Total	<u><u>\$ 192,546,556</u></u>

### 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 \$39,132,280, while the balance on the bank records was \$39,163,276. At June 30, 2022, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral 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		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
U.S. treasury securities	AA	S&P	Level 1	\$ 1,988,470	\$ –	\$ –	\$ –	\$ 1,988,470
U.S. government agencies	AA	S&P	Level 2	\$ 1,894,965	\$ 1,280,940	\$ 86,316	\$ 309,393	3,571,614
Municipal bonds	AAA	S&P	Level 2	\$ –	\$ 96,828	\$ 658,875	\$ 518,412	1,274,115
Municipal bonds	Aaa	Moody's	Level 2	\$ –	\$ 586,040	\$ –	\$ 176,042	762,082
Municipal bonds	AA	S&P	Level 2	\$ –	\$ –	\$ –	\$ 482,607	482,607
Municipal bonds	Aa	Moody's	Level 2	\$ –	\$ –	\$ 690,231	\$ 137,617	827,848
Municipal bonds	A	S&P	Level 2	\$ –	\$ 242,981	\$ –	\$ 256,802	499,783
Municipal bonds	A	Moody's	Level 2	\$ –	\$ –	\$ 888,713	\$ 227,311	1,116,024
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ –	\$ 235,440	235,440
Corporate obligations	AA	S&P	Level 1	\$ 199,536	\$ –	\$ –	\$ 850,238	1,049,774
Corporate obligations	A	S&P	Level 1	\$ 1,123,873	\$ 1,155,128	\$ 1,414,500	\$ 2,028,819	5,722,320
Corporate obligations	A	Moody's	Level 1	\$ –	\$ 488,347	\$ –	\$ 443,450	931,797
Corporate obligations	Baa	Moody's	Level 1	\$ –	\$ 240,248	\$ –	\$ 264,812	505,060
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 983,972	\$ 604,339	\$ 740,074	2,328,385
Exchange Traded Fund	N/A	N/A	Level 2	N/A	N/A	N/A	N/A	6,835,373
Negotiable certificates of deposit	N/A	N/A	Level 2	\$ 482,635	\$ –	\$ –	\$ –	482,635
Investment pools/mutual funds								
Minnesota School District								
Liquid Asset Fund (MSDLAF)	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	20,958,462
First American Government								
Obligation Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	1,867,490
MSDLAF Investment								
Term Series	AAA	Fitch	Amortized Cost	\$ 20,000,000	N/A	N/A	N/A	20,000,000
Goldman Sachs Financial Square								
Prime Obligations Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	53,927
MNTrust Investment								
Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	81,918,395
Total investments								<u>\$ 153,411,601</u>

N/A – Not Applicable

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio, Minnesota School District Liquid Asset Fund (MSDLAF), and MSDLAF Investment Term Series, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these funds 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 MNTrust accounts and MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class. Within MSDLAF, the redemption notice period is 14 days for the MAX Class and early redemption will likely cause a penalty. MSDLAF Investment Term Series has a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

**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.

The District has an internal investment policy that limits investment choices and addresses these potential risks beyond the statutory limitations described above. The District’s policy requires that investments be diversified to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. No more than 66 percent of the total portfolio can be placed with any one depository. The maximum percentage in which the portfolio can be invested in specific instruments is as follows:

U.S. treasury obligations	100%
U.S. government agency securities and instrumentalities	
of government sponsored corporations	75%
Repurchase agreements	25%
Certificates of deposit – FDIC-covered	100%
Certificates of deposit – savings and loans	75%
Local government investment pool	75%
Money market funds	75%

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

For assets held in the Post-Employment Benefits Revocable Trust Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. Minnesota Statutes authorize the Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investments.

**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 policy does not further address concentration risk.

**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, the District considers such things as interest rates and cash flow needs when purchasing investments.

## NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation and amortization activity for the current year is as follows:

	Balance – Beginning of Year, as Previously Reported	Change in Accounting Principle	Balance – Beginning of Year, as Restated	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated							
Land	\$ 8,973,417	\$ –	\$ 8,973,417	\$ –	\$ –	\$ –	\$ 8,973,417
Construction in progress	10,357,558	–	10,357,558	21,318,443	–	(21,519,810)	10,156,191
Total capital assets, not depreciated	19,330,975	–	19,330,975	21,318,443	–	(21,519,810)	19,129,608
Capital assets, depreciated and amortized							
Land improvements	40,328,214	–	40,328,214	884,204	(6,494,728)	2,459,122	37,176,812
Buildings	540,626,000	–	540,626,000	3,524,440	(14,185)	18,633,767	562,770,022
Furniture and equipment	12,731,843	1,209,001	13,940,844	1,616,977	(168,156)	426,921	15,816,586
Total capital assets, depreciated and amortized	593,686,057	1,209,001	594,895,058	6,025,621	(6,677,069)	21,519,810	615,763,420
Less accumulated depreciation and amortization for							
Land improvements	(23,245,406)	–	(23,245,406)	(1,429,571)	6,492,397	–	(18,182,580)
Buildings	(188,464,582)	–	(188,464,582)	(10,907,888)	9,078	–	(199,363,392)
Furniture and equipment	(7,976,508)	(141,826)	(8,118,334)	(923,178)	85,107	–	(8,956,405)
Total accumulated depreciation and amortization	(219,686,496)	(141,826)	(219,828,322)	(13,260,637)	6,586,582	–	(226,502,377)
Net capital assets, depreciated and amortized	373,999,561	1,067,175	375,066,736	(7,235,016)	(90,487)	21,519,810	389,261,043
Total capital assets, net	\$ 393,330,536	\$ 1,067,175	\$ 394,397,711	\$ 14,083,427	\$ (90,487)	\$ –	\$ 408,390,651

### NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense for the year was charged to the following governmental functions:

Administration	\$ 1,280
District support services	2,078,873
Elementary and secondary regular instruction	34,405
Vocational education instruction	11,007
Special education instruction	12,185
Community service	41,716
Instructional support services	69,394
Pupil support services	8,316
Food service	222,140
Unallocated depreciation and amortization expense	<u>10,781,321</u>
Total depreciation and amortization expense	<u><u>\$ 13,260,637</u></u>

### NOTE 4 – LONG-TERM LIABILITIES

#### A. General Obligation Bonds and Notes

The District currently has the following general obligation bonds and notes payable outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds and notes, including refunding bonds					
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	\$ 5,770,000	02/01/2029	\$ 2,990,000
2015A Alternative Facilities Bonds	05/06/2015	2.00%–3.00%	\$ 9,355,000	02/01/2025	9,355,000
2015B Capital Notes	05/06/2015	2.00%–3.00%	\$ 1,475,000	02/01/2025	465,000
2016A Facilities Maintenance Bonds	11/16/2016	2.75%–4.00%	\$ 50,745,000	02/01/2032	50,745,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	\$ 43,340,000	02/01/2037	43,340,000
2020A G.O. Facilities Maintenance and Refunding Bonds	11/12/2020	1.50%–2.00%	\$ 36,465,000	02/01/2038	<u>32,135,000</u>
Total general obligation bonds and notes					<u><u>\$ 139,030,000</u></u>

#### B. Certificates of Participation

The District currently has the following certificates of participation outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
2014B Certificates of Participation	11/18/2014	2.00%–4.00%	\$ 14,085,000	02/01/2030	\$ 8,480,000
2021A Certificates of Participation	02/18/2021	1.00%–3.00%	\$ 8,715,000	04/01/2036	<u>8,185,000</u>
Total Certificates of Participation					<u><u>\$ 16,665,000</u></u>



## NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

### C. Financed Purchases Payable

The District currently has the following financed purchases payable outstanding:

Financed Purchases Description	Issue Date	Interest Rates	Final Maturity	Principal Outstanding
Information technology equipment	05/15/2020	1.65%	07/15/2022	\$ 434,341
Various equipment	05/26/2021	1.33%	07/14/2023	2,876,544
Vehicles and equipment	07/15/2020	1.65%	07/15/2022	441,583
Various equipment	03/30/2022	1.77%	07/15/2022	2,007,134
Total financed purchases payable				<u>\$ 5,759,602</u>

### D. Description of Long-Term Liabilities

**General Obligation Bonds and Notes** – These obligations were issued to finance acquisition and/or construction of capital facilities, finance OPEB, or to refinance (refund) previous bond issues. Assets of the debt service funds, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future 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.

**Certificates of Participation** – In November 2014 and February 2021, the District sold \$14,085,000 and \$8,715,000, respectively, of certificates of participation to finance construction at various District sites. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

**Financed Purchases Payable** – The District entered into financed purchase agreements to finance equipment purchases, which call for monthly principal and interest payments. These debt agreements are paid by the General Fund. Amortization of the equipment required to be capitalized is included in depreciation and amortization expense.

Failure by the District to pay any payments under these agreements, or upon the occurrence of an 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) 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) may repossess the assets by giving the District written notice to surrender the assets and; 3) will thereafter use its best efforts to sell or lease its interest in the assets, 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.

**Post-Employment Severance Benefits Payable** – Post-employment severance benefits payable consist of early retirement incentive pay (based on convertible sick leave) payable to employees upon retirement. Post-employment severance benefits are paid by the Retirement Incentive Pay Internal Service Fund.

**Net Pension Liability and Total OPEB Obligation** – The details of these liabilities are discussed elsewhere in these notes. Such benefits are financed by the governmental funds and the Post-Employment Benefits Revocable Trust Fund, respectively.

## NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2022:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 29,393,493	\$ 22,162,942	\$ 29,375,997	\$ (1,112,905)
State-wide, multiple-employer – TRA	101,880,241	54,967,265	183,602,673	2,598,034
Total	<u>\$ 131,273,734</u>	<u>\$ 77,130,207</u>	<u>\$ 212,978,670</u>	<u>\$ 1,485,129</u>

### E. Minimum Debt Payments

Minimum annual principal and interest payments required to retire general obligation bonds and notes, certificates of participation, and financed purchases:

Year Ending June 30,	General Obligation Bonds and Notes		Certificates of Participation		Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 11,815,000	\$ 4,468,238	\$ 1,415,000	\$ 488,988	\$ 2,756,417	\$ 61,648
2024	7,360,000	4,064,013	1,470,000	437,338	2,330,755	45,802
2025	6,490,000	3,843,212	1,520,000	383,638	672,430	11,902
2026	7,515,000	3,615,313	1,575,000	328,088	—	—
2027	8,320,000	3,285,013	1,635,000	270,488	—	—
2028–2032	45,620,000	12,352,213	6,495,000	541,418	—	—
2033–2037	48,705,000	5,169,744	2,555,000	90,100	—	—
2038	3,205,000	64,100	—	—	—	—
	<u>\$ 139,030,000</u>	<u>\$ 36,861,846</u>	<u>\$ 16,665,000</u>	<u>\$ 2,540,056</u>	<u>\$ 5,759,602</u>	<u>\$ 119,352</u>

### F. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
General obligation bonds and notes	\$ 150,885,000	\$ —	\$ 11,855,000	\$ 139,030,000	\$ 11,815,000
Certificates of participation	18,080,000	—	1,415,000	16,665,000	1,415,000
Financed purchases	6,466,474	2,007,134	2,714,006	5,759,602	2,756,417
Unamortized premiums (discounts) on debt issued	4,845,267	—	477,260	4,368,007	—
Net pension liability	217,737,115	27,624,802	114,088,183	131,273,734	—
Post-employment severance benefits payable	5,701,981	—	1,133,444	4,568,537	1,020,594
Total OPEB obligation	<u>18,476,335</u>	<u>585,040</u>	<u>1,032,747</u>	<u>18,028,628</u>	<u>2,023,969</u>
	<u>\$ 422,192,172</u>	<u>\$ 30,216,976</u>	<u>\$ 132,715,640</u>	<u>\$ 319,693,508</u>	<u>\$ 19,030,980</u>

## NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. Any such restrictions, which have an accumulated deficit rather than positive 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 future resources for such deficits.

### Classifications

At June 30, 2022, 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
<b>Nonspendable</b>					
Inventory	\$ 277,279	\$ –	\$ –	\$ 111,869	\$ 389,148
Prepaid items	192,245	–	–	–	192,245
Total nonspendable	469,524	–	–	111,869	581,393
<b>Restricted</b>					
Operating capital	9,400,428	–	–	–	9,400,428
Student activities	296,863	–	–	–	296,863
Gifted and talented	210,054	–	–	–	210,054
Achievement and integration	20,103	–	–	–	20,103
Safe schools crime levy	184,517	–	–	–	184,517
Medical Assistance	953,339	–	–	–	953,339
Certificates of participation	–	1,416,834	–	–	1,416,834
Long-term facilities maintenance	118,075	7,856,378	–	–	7,974,453
Food service	–	–	–	6,456,106	6,456,106
Community education	–	–	–	3,194,466	3,194,466
Early childhood family education programs	–	–	–	1,438,240	1,438,240
School readiness	–	–	–	482,680	482,680
Adult basic education	–	–	–	30,088	30,088
General debt service	–	–	3,690,389	–	3,690,389
Debt service	–	–	614,052	–	614,052
Total restricted	11,183,379	9,273,212	4,304,441	11,601,580	36,362,612
<b>Assigned</b>					
Subsequent year budget	14,169,070	–	–	–	14,169,070
Strategic priorities	500,000	–	–	–	500,000
Total assigned	14,669,070	–	–	–	14,669,070
<b>Unassigned</b>	77,005,186	–	–	–	77,005,186
<b>Total</b>	<u>\$ 103,327,159</u>	<u>\$ 9,273,212</u>	<u>\$ 4,304,441</u>	<u>\$ 11,713,449</u>	<u>\$ 128,618,261</u>

## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

### A. Plan Description

The District provides post-employment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare plan administered by the District. The plan does not issue a publicly available financial report. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. These benefits are summarized as follows:

**Others' Post-Employment Medical Plan** – All retirees of the District have the option to continue their medical coverage into retirement. Retirees must pay the full district premium rate for their coverage and dependent coverage. Coverage in the District's plan ends at age 65.

**Teachers' Post-Employment Medical Plan** – Teachers with 15 continuous years of service are eligible to receive a contribution towards the teacher's health insurance after retirement from age 55 to 65. The amount will be determined by multiplying the teacher's daily rate of pay at the time of retirement times the number of the teacher's accumulated sick leave days in excess of 123 days as of the date of retirement. However, the total amount will not exceed \$37,800. The monthly district contribution toward the premium will be determined using the cumulative total amount earned divided by the number of months until the teacher qualifies for Medicare. The benefit amount will not exceed 100 percent of the premium of the insurance plan selected by the teacher. If the teacher's full-time equivalent (FTE) status is not full-time at the time of retirement, the benefit will be prorated according to the teacher's current FTE.

**Administrators' Post-Employment Medical Plan** – The District pays for full medical plan coverage after retirement for certain administrators and their spouses and dependents up to age 65.

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

### B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled \$781,016 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

### C. Membership

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

Retirees and beneficiaries receiving benefits	199
Active plan members	<u>2,802</u>
Total members	<u><u>3,001</u></u>

### D. Total OPEB Liability of the District

The District's total OPEB liability of \$18,028,628 at year-end was measured as of June 30, 2022, and was determined by an actuarial valuation date of June 30, 2020.

## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

### E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	1.92%
20-year municipal bond yield	1.92%
Inflation rate	2.25%
Healthcare cost trend rate	6.70% grading to 3.80% over 55 years

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 for consistency with the other economic assumptions.

### F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 18,476,335
Changes for the year	
Service cost	980,932
Interest	450,174
Differences between expected and actual experience	(122,810)
Changes of assumptions	409,614
Benefit payments	<u>(2,165,617)</u>
Total net changes	<u>(447,707)</u>
Ending balance	<u>\$ 18,028,628</u>

Assumption changes and changes in benefit terms since the prior measurement date include the following:

- The discount rate was changed from 2.45 percent to 1.92 percent.

**NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)****G. Total OPEB Liability Sensitivity to Discount and Healthcare 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:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	0.92%	1.92%	2.92%
Total OPEB liability	\$ 18,798,774	\$ 18,028,628	\$ 17,256,358

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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.70% decreasing to 2.80% over 55 years	6.70% decreasing to 3.80% over 55 years	7.70% decreasing to 4.80% over 55 years
Total OPEB liability	\$ 16,664,146	\$ 18,028,628	\$ 19,592,575

**NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)****H. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources**

For the current year ended, the District recognized OPEB expense of \$585,040. 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	\$ 2,785,007	\$ 643,684
Change of assumptions	1,281,624	1,493,175
District's contributions to the OPEB subsequent to the measurement date	<u>781,016</u>	<u>—</u>
Total	<u><u>\$ 4,847,647</u></u>	<u><u>\$ 2,136,859</u></u>

A total of \$781,016 reported as deferred outflows of resources related to district contributions for OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

Remaining 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
2023	\$ 104,756
2024	104,756
2025	130,682
2026	367,228
2027	669,702
Thereafter	<u>552,648</u>
	<u><u>\$ 1,929,772</u></u>

## **NOTE 7 – 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.

#### **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.

Certain full-time and 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 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.



## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment 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
<b>Basic Plan</b>	
First 10 years of service	2.2 %
All years after	2.7 %
<b>Coordinated Plan</b>	
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 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).

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### 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 2022 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, 2022, were \$4,009,173. 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,					
	2020		2021		2022	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	11.92 %	11.00 %	12.13 %	11.00 %	12.34 %
<b>Coordinated Plan</b>	7.50 %	7.92 %	7.50 %	8.13 %	7.50 %	8.34 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2022, were \$11,764,475. The District's contributions were equal to the required contributions for each year as set by state statutes.

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	<i>in thousands</i>
Employer contributions reported in the TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 448,829
Add employer contributions not related to future contribution efforts	379
Deduct the TRA's contributions not included in allocation	<u>(538)</u>
Total employer contributions	448,670
Total nonemployer contributions	<u>37,840</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u><u>\$ 486,510</u></u>

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, 2022, the District reported a liability of \$29,393,493 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 \$897,592. The net pension liability was measured as of June 30, 2021, 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 the PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.6883 percent at the end of the measurement period and 0.7357 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 29,393,493
State's proportionate share of the net pension liability associated with the District	<u>897,592</u>
Total	<u><u>\$ 30,291,085</u></u>

For the year ended June 30, 2022, the District recognized a negative pension expense of (\$1,185,326) for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$72,421 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

At June 30, 2022, 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	\$ 192,890	\$ 906,691
Changes in actuarial assumptions	17,947,057	694,829
Net collective difference between projected and actual investment earnings	–	25,322,719
Changes in proportion	13,822	2,451,758
District's contributions to the GERF subsequent to the measurement date	4,009,173	–
Total	<u>\$ 22,162,942</u>	<u>\$ 29,375,997</u>

The \$4,009,173 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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
2023	\$ (2,317,321)
2024	\$ (1,090,962)
2025	\$ (870,761)
2026	\$ (6,943,184)

**2. TRA Pension Costs**

At June 30, 2022, the District reported a liability of \$101,880,241 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2021, 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 Minneapolis School District. The District's proportionate share was 2.3280 percent at the end of the measurement period and 2.3501 percent for the beginning of the period.

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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	\$ 101,880,241
State's proportionate share of the net pension liability associated with the District	<u>8,592,317</u>
Total	<u><u>\$ 110,472,558</u></u>

For the year ended June 30, 2022, the District recognized pension expense of \$2,694,241. It also recognized \$96,207 as a decrease to pension expense for the support provided by direct aid.

At June 30, 2022, 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	\$ 2,785,564	\$ 2,905,431
Changes in actuarial assumptions	37,336,255	92,827,137
Net collective difference between projected and actual investment earnings on pension plan investments	–	85,347,982
Changes in proportion	3,080,971	2,522,123
District's contributions to the TRA subsequent to the measurement date	<u>11,764,475</u>	<u>–</u>
Total	<u><u>\$ 54,967,265</u></u>	<u><u>\$ 183,602,673</u></u>

A total of \$11,764,475 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, 2023. 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
2023	\$ (66,392,812)
2024	\$ (52,682,114)
2025	\$ (12,520,122)
2026	\$ (15,724,094)
2027	\$ 6,919,259

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)****E. Long-Term Expected Return on Investment**

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
	GERF	TRA	
Domestic equity	33.50 %	35.50 %	5.10 %
International equity	16.50	17.50	5.30 %
Private markets	25.00	25.00	5.90 %
Fixed income	25.00	20.00	0.75 %
Unallocated cash	—	2.00	— %
Total	100.00 %	100.00 %	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021 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	6.50%	7.00%

## **NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **1. GERF**

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 29 years of service, and 6.00 percent per year thereafter.

Mortality rates for the GERF Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit the PERA's experience.

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for 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.

### **2. TRA**

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

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. 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 occurred in 2021:

#### **1. GERF**

##### **CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

#### **2. TRA**

##### **CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### G. Discount Rate

#### 1. GERF

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The discount rate used to measure the total pension liability at the prior measurement date 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 7.00 percent. The discount rate used to measure the total pension liability at the prior measurement date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 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.

### H. 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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	\$ 59,947,723	\$ 29,393,493	\$ 4,321,884
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 205,803,045	\$ 101,880,241	\$ 16,655,257



## **NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **I. Pension Plan Fiduciary Net Position**

Detailed information about the 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 internet at [www.mnpera.org](http://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](http://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 8 – COMMITMENTS AND CONTINGENCIES**

### **A. Federal and State Revenue**

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.

### **B. Contingencies**

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

### **C. Construction Contracts**

At June 30, 2022, the District had commitments totaling \$11,093,905 under various construction contracts for which the work was not yet completed.

### **D. Guaranteed Energy Savings Commitment**

The District has entered into guaranteed energy savings agreements under Minnesota Statutes, Section 471.345, Subd. 13, not to exceed 20 years. These agreements are for the purpose of utility cost-savings measures to improve energy efficiency of district facilities. As of June 30, 2022, the District has recorded \$2,127,000 of intangible assets related to these energy savings contracts. The District is also required to purchase energy generated by the solar panels that are installed on various buildings of the District.

## **NOTE 9 – SUBSEQUENT EVENT**

In September 2022, the District issued \$11,505,000 of General Obligation Facilities Maintenance Bonds. These bonds require principal and interest payments semi-annually with interest rates ranging from 3.25 to 5.00 percent and mature on February 1, 2034.

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2022

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	0.7950%	\$ 37,345,117	\$ —	\$ 37,345,117	\$ 41,705,669	89.54%	78.70%
06/30/2016	06/30/2015	0.7414%	\$ 38,423,195	\$ —	\$ 38,423,195	\$ 42,823,653	89.72%	78.20%
06/30/2017	06/30/2016	0.7462%	\$ 60,587,736	\$ 791,251	\$ 61,378,987	\$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	\$ 48,505,128	\$ 609,916	\$ 49,115,044	\$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	\$ 42,067,376	\$ 1,379,755	\$ 43,447,131	\$ 50,835,205	82.75%	79.50%
06/30/2020	06/30/2019	0.7352%	\$ 40,647,562	\$ 1,263,278	\$ 41,910,840	\$ 52,027,292	78.13%	80.20%
06/30/2021	06/30/2020	0.7357%	\$ 44,108,575	\$ 1,360,176	\$ 45,468,753	\$ 52,432,906	84.12%	79.10%
06/30/2022	06/30/2021	0.6883%	\$ 29,393,493	\$ 897,592	\$ 30,291,085	\$ 49,455,038	59.43%	87.00%

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2022

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	\$ 3,211,774	\$ 3,211,774	\$ —	\$ 42,823,653	7.50%
06/30/2016	\$ 3,460,530	\$ 3,460,530	\$ —	\$ 46,140,396	7.50%
06/30/2017	\$ 3,667,745	\$ 3,667,745	\$ —	\$ 48,899,109	7.50%
06/30/2018	\$ 3,813,782	\$ 3,813,782	\$ —	\$ 50,835,205	7.50%
06/30/2019	\$ 3,902,412	\$ 3,902,412	\$ —	\$ 52,027,292	7.50%
06/30/2020	\$ 3,932,259	\$ 3,932,259	\$ —	\$ 52,432,906	7.50%
06/30/2021	\$ 3,709,133	\$ 3,709,133	\$ —	\$ 49,455,038	7.50%
06/30/2022	\$ 4,009,173	\$ 4,009,173	\$ —	\$ 53,450,989	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. 279

Teachers Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2022

District Fiscal Year-End	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	2.4605%	\$113,378,068	\$ 7,976,017	\$121,354,085	\$112,313,831	101.00%	81.50%
06/30/2016	06/30/2015	2.2895%	\$141,628,218	\$ 17,371,855	\$159,000,073	\$116,202,693	121.88%	76.80%
06/30/2017	06/30/2016	2.2898%	\$546,171,934	\$ 54,820,624	\$600,992,558	\$119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	\$472,256,596	\$ 45,651,630	\$517,908,226	\$127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	\$147,514,063	\$ 13,859,624	\$161,373,687	\$129,737,193	113.70%	78.07%
06/30/2020	06/30/2019	2.3505%	\$149,821,364	\$ 13,258,675	\$163,080,039	\$133,428,902	112.29%	78.21%
06/30/2021	06/30/2020	2.3501%	\$173,628,538	\$ 14,550,315	\$188,178,853	\$136,565,103	127.14%	75.48%
06/30/2022	06/30/2021	2.3280%	\$101,880,241	\$ 8,592,317	\$110,472,558	\$139,314,570	73.13%	86.63%

Teachers Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2022

District Fiscal Year-End	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	\$ 8,713,050	\$ 8,713,050	\$ —	\$116,202,693	7.50%
06/30/2016	\$ 8,933,896	\$ 8,933,896	\$ —	\$119,107,808	7.50%
06/30/2017	\$ 9,552,598	\$ 9,552,598	\$ —	\$127,198,277	7.51%
06/30/2018	\$ 9,734,349	\$ 9,734,349	\$ —	\$129,737,193	7.50%
06/30/2019	\$ 10,294,789	\$ 10,294,789	\$ —	\$133,428,902	7.72%
06/30/2020	\$ 10,815,614	\$ 10,815,614	\$ —	\$136,565,103	7.92%
06/30/2021	\$ 11,324,179	\$ 11,324,179	\$ —	\$139,314,570	8.13%
06/30/2022	\$ 11,764,475	\$ 11,764,475	\$ —	\$141,095,721	8.34%

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. 279

Other Post-Employment Benefits Plan  
Schedule of Changes in the District's Total  
OPEB Liability and Related Ratios  
Year Ended June 30, 2022

	District Fiscal Year-End Date				
	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 1,361,945	\$ 1,207,403	\$ 701,553	\$ 792,980	\$ 980,932
Interest	558,450	662,144	518,383	438,714	450,174
Differences between expected and actual experience	—	(1,127,935)	—	3,745,353	(122,810)
Changes of assumptions	(584,138)	(2,712,171)	301,086	997,623	409,614
Changes of benefit terms	—	—	—	227,952	—
Benefit payments	(2,047,574)	(1,990,043)	(1,932,465)	(1,899,488)	(2,165,617)
Net change in total OPEB liability	(711,317)	(3,960,602)	(411,443)	4,303,134	(447,707)
Total OPEB liability – beginning of year	19,256,563	18,545,246	14,584,644	14,173,201	18,476,335
Total OPEB liability – end of year	<u>\$ 18,545,246</u>	<u>\$ 14,584,644</u>	<u>\$ 14,173,201</u>	<u>\$ 18,476,335</u>	<u>\$ 18,028,628</u>
Covered-employee payroll	<u>\$ 130,286,782</u>	<u>\$ 158,757,096</u>	<u>\$ 167,369,946</u>	<u>\$ 173,754,599</u>	<u>\$ 183,575,354</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>14.23%</u>	<u>9.19%</u>	<u>8.47%</u>	<u>10.63%</u>	<u>9.82%</u>

Note: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information  
June 30, 2022

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**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.

**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.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)  
June 30, 2022

**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.



INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)  
June 30, 2022

**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.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)  
June 30, 2022

**TEACHERS RETIREMENT ASSOCIATION (TRA)**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

**2018 CHANGES IN PLAN PROVISIONS**

- 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 (age 65 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.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)  
June 30, 2022

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

**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.

**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.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)  
June 30, 2022

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.45 percent to 1.92 percent based on updated 20-year municipal bond rates.

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.13 percent to 2.45 percent based on updated 20-year municipal bond rates.
- Healthcare cost trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

**2021 CHANGES IN BENEFIT TERMS**

- The teacher explicit subsidy contribution was revised based on updated contract information.

**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.
- The 20-year municipal bond yield changed from 3.53 percent to 3.62 percent.
- The inflation rate changed from 2.75 percent to 2.50 percent.
- The healthcare cost trend rate changed from 6.80 percent grading to 4.40 percent over 58 years, to 6.90 percent grading to 4.00 percent over 58 years.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

SUPPLEMENTARY INFORMATION

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

NONMAJOR GOVERNMENTAL FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds  
Combining Balance Sheet  
as of June 30, 2022

(With Partial Comparative Information as of June 30, 2021)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2022	2021
Assets				
Cash and temporary investments	\$ 4,673,245	\$ 6,340,987	\$ 11,014,232	\$ 7,475,261
Receivables				
Current taxes	—	1,540,504	1,540,504	1,518,147
Delinquent taxes	—	23,812	23,812	21,921
Accounts and interest	347	188,490	188,837	169,935
Due from other governmental units	2,369,279	773,425	3,142,704	2,567,467
Inventory	111,869	—	111,869	134,382
Total assets	<u>\$ 7,154,740</u>	<u>\$ 8,867,218</u>	<u>\$ 16,021,958</u>	<u>\$ 11,887,113</u>
Liabilities				
Salaries payable	\$ 27,612	\$ 408,799	\$ 436,411	\$ 544,383
Accounts and contracts payable	240,386	127,353	367,739	550,627
Unearned revenue	318,767	32,574	351,341	297,410
Total liabilities	<u>586,765</u>	<u>568,726</u>	<u>1,155,491</u>	<u>1,392,420</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	—	3,125,856	3,125,856	3,068,201
Unavailable revenue – delinquent taxes	—	27,162	27,162	20,894
Total deferred inflows of resources	<u>—</u>	<u>3,153,018</u>	<u>3,153,018</u>	<u>3,089,095</u>
Fund balances				
Nonspendable for inventory	111,869	—	111,869	134,382
Restricted	6,456,106	5,145,474	11,601,580	7,271,216
Total fund balances	<u>6,567,975</u>	<u>5,145,474</u>	<u>11,713,449</u>	<u>7,405,598</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,154,740</u>	<u>\$ 8,867,218</u>	<u>\$ 16,021,958</u>	<u>\$ 11,887,113</u>



INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2022  
(With Partial Comparative Information for the Year Ended June 30, 2021)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2022	2021
Revenue				
Local sources				
Property taxes	\$ —	\$ 3,080,402	\$ 3,080,402	\$ 3,057,662
Investment earnings (losses)	(1,702)	(2,038)	(3,740)	19,876
Other	812,396	8,223,093	9,035,489	5,388,647
State sources	483,684	4,410,567	4,894,251	4,460,101
Federal sources	15,536,138	1,099,800	16,635,938	13,067,135
Total revenue	16,830,516	16,811,824	33,642,340	25,993,421
Expenditures				
Current				
Food service	14,414,867	—	14,414,867	11,023,452
Community service	—	14,202,554	14,202,554	12,342,444
Capital outlay	545,824	171,244	717,068	753,566
Total expenditures	14,960,691	14,373,798	29,334,489	24,119,462
Net change in fund balances	1,869,825	2,438,026	4,307,851	1,873,959
Fund balances				
Beginning of year	4,698,150	2,707,448	7,405,598	5,531,639
End of year	\$ 6,567,975	\$ 5,145,474	\$ 11,713,449	\$ 7,405,598

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

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INDIVIDUAL FUND SCHEDULES

## INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 4,673,245	\$ 2,907,164
Receivables		
Accounts and interest	347	—
Due from other governmental units	2,369,279	2,254,458
Inventory	<u>111,869</u>	<u>134,382</u>
Total assets	<u>\$ 7,154,740</u>	<u>\$ 5,296,004</u>
Liabilities		
Salaries payable	\$ 27,612	\$ 49,317
Accounts and contracts payable	240,386	337,527
Unearned revenue	<u>318,767</u>	<u>211,010</u>
Total liabilities	586,765	597,854
Fund balances		
Nonspendable for inventory	111,869	134,382
Restricted	<u>6,456,106</u>	<u>4,563,768</u>
Total fund balances	<u>6,567,975</u>	<u>4,698,150</u>
Total liabilities and fund balances	<u>\$ 7,154,740</u>	<u>\$ 5,296,004</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings (losses)	\$ 1,500	\$ (1,702)	\$ (3,202)	\$ 8,753
Other – primarily meal sales	570,115	812,396	242,281	360,744
State sources	478,390	483,684	5,294	85,561
Federal sources	14,709,958	15,536,138	826,180	12,499,653
Total revenue	15,759,963	16,830,516	1,070,553	12,954,711
Expenditures				
Current				
Salaries	4,506,640	4,581,296	74,656	4,293,608
Employee benefits	1,488,001	1,440,331	(47,670)	1,366,055
Purchased services	713,779	825,362	111,583	580,175
Supplies and materials	6,917,000	7,278,931	361,931	4,707,459
Other expenditures	273,500	288,947	15,447	76,155
Capital outlay	508,070	545,824	37,754	632,406
Total expenditures	14,406,990	14,960,691	553,701	11,655,858
Net change in fund balances	\$ 1,352,973	1,869,825	\$ 516,852	1,298,853
Fund balances				
Beginning of year		4,698,150		3,399,297
End of year		\$ 6,567,975		\$ 4,698,150

## INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 6,340,987	\$ 4,568,097
Receivables		
Current taxes	1,540,504	1,518,147
Delinquent taxes	23,812	21,921
Accounts and interest	188,490	169,935
Due from other governmental units	<u>773,425</u>	<u>313,009</u>
Total assets	<u><u>\$ 8,867,218</u></u>	<u><u>\$ 6,591,109</u></u>
Liabilities		
Salaries payable	\$ 408,799	\$ 495,066
Accounts and contracts payable	127,353	213,100
Unearned revenue	<u>32,574</u>	<u>86,400</u>
Total liabilities	568,726	794,566
Deferred inflows of resources		
Property taxes levied for subsequent year	3,125,856	3,068,201
Unavailable revenue – delinquent taxes	<u>27,162</u>	<u>20,894</u>
Total deferred inflows of resources	3,153,018	3,089,095
Fund balances		
Restricted for community education programs	3,194,466	835,665
Restricted for early childhood family education programs	1,438,240	1,354,159
Restricted for school readiness	482,680	513,003
Restricted for adult basic education	<u>30,088</u>	<u>4,621</u>
Total fund balances	<u><u>5,145,474</u></u>	<u><u>2,707,448</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 8,867,218</u></u>	<u><u>\$ 6,591,109</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 3,091,429	\$ 3,080,402	\$ (11,027)	\$ 3,057,662
Investment earnings (losses)	2,000	(2,038)	(4,038)	11,123
Other – primarily tuition and fees	8,055,563	8,223,093	167,530	5,027,903
State sources	4,498,909	4,410,567	(88,342)	4,374,540
Federal sources	1,163,942	1,099,800	(64,142)	567,482
Total revenue	16,811,843	16,811,824	(19)	13,038,710
Expenditures				
Current				
Salaries	9,278,073	8,726,333	(551,740)	7,511,977
Employee benefits	3,100,322	2,753,622	(346,700)	2,575,001
Purchased services	2,077,573	2,068,457	(9,116)	1,797,032
Supplies and materials	685,006	601,318	(83,688)	422,665
Other expenditures	60,883	52,824	(8,059)	35,769
Capital outlay	189,378	171,244	(18,134)	121,160
Total expenditures	15,391,235	14,373,798	(1,017,437)	12,463,604
Net change in fund balances	\$ 1,420,608	2,438,026	\$ 1,017,418	575,106
Fund balances				
Beginning of year		2,707,448		2,132,342
End of year		\$ 5,145,474		\$ 2,707,448

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
Comparative Balance Sheet  
as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 123,397,857	\$ 126,176,434
Receivables		
Current taxes	41,457,305	40,455,524
Delinquent taxes	622,889	561,277
Accounts and interest	551,836	303,715
Due from other governmental units	28,037,918	20,302,258
Inventory	277,279	310,730
Prepaid items	<u>192,245</u>	<u>—</u>
Total assets	<u><u>\$ 194,537,329</u></u>	<u><u>\$ 188,109,938</u></u>
Liabilities		
Salaries payable	\$ 4,383,367	\$ 1,817,930
Accounts and contracts payable	6,516,442	4,329,278
Due to other governmental units	272,741	535,155
Unearned revenue	<u>183,444</u>	<u>137,850</u>
Total liabilities	11,355,994	6,820,213
Deferred inflows of resources		
Property taxes levied for subsequent year	79,142,273	76,063,108
Unavailable revenue – delinquent taxes	<u>711,903</u>	<u>535,796</u>
Total deferred inflows of resources	79,854,176	76,598,904
Fund balances (deficits)		
Nonspendable for inventory	277,279	310,730
Nonspendable for prepaid items	192,245	—
Restricted for operating capital	9,400,428	8,533,571
Restricted for student activities	296,863	292,122
Restricted for gifted and talented	210,054	190,031
Restricted for achievement and integration	20,103	244,689
Restricted for safe schools crime levy	184,517	296,374
Restricted for basic skills extended time programs	—	762,509
Restricted for Medical Assistance	953,339	849,941
Restricted for long-term facilities maintenance	118,075	—
Assigned for subsequent year budget	14,169,070	16,452,233
Assigned for strategic priorities	500,000	—
Unassigned – long-term facilities maintenance restricted account deficit	—	(641,535)
Unassigned	<u>77,005,186</u>	<u>77,400,156</u>
Total fund balances	<u><u>103,327,159</u></u>	<u><u>104,690,821</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 194,537,329</u></u>	<u><u>\$ 188,109,938</u></u>



## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 82,723,685	\$ 81,485,810	\$ (1,237,875)	\$ 75,583,434
Investment earnings (losses)	70,000	(42,743)	(112,743)	405,348
Other	4,924,655	5,540,516	615,861	4,080,860
State sources	217,028,941	215,281,828	(1,747,113)	216,103,073
Federal sources	25,596,577	20,855,275	(4,741,302)	19,421,504
Total revenue	330,343,858	323,120,686	(7,223,172)	315,594,219
Expenditures				
Current				
Administration				
Salaries	9,704,389	9,772,678	68,289	9,204,109
Employee benefits	3,074,942	3,089,904	14,962	3,032,984
Purchased services	259,013	191,959	(67,054)	227,602
Supplies and materials	91,329	104,945	13,616	54,194
Capital expenditures	—	—	—	13,684
Other expenditures	319,500	104,681	(214,819)	98,252
Total administration	13,449,173	13,264,167	(185,006)	12,630,825
District support services				
Salaries	5,709,085	5,479,189	(229,896)	5,345,762
Employee benefits	1,944,951	1,913,848	(31,103)	1,861,028
Purchased services	267,816	(280,680)	(548,496)	(595,244)
Supplies and materials	1,383,247	1,266,321	(116,926)	1,247,147
Capital expenditures	53,998	9,084	(44,914)	46,102
Other expenditures	(665,337)	(800,662)	(135,325)	(187,741)
Total district support services	8,693,760	7,587,100	(1,106,660)	7,717,054
Elementary and secondary regular instruction				
Salaries	97,501,331	97,815,341	314,010	95,806,971
Employee benefits	35,012,183	34,523,000	(489,183)	35,507,306
Purchased services	4,831,348	4,551,890	(279,458)	3,319,152
Supplies and materials	4,946,756	4,065,446	(881,310)	4,177,804
Capital expenditures	942,741	1,078,368	135,627	718,599
Other expenditures	1,189,606	1,285,404	95,798	1,018,078
Total elementary and secondary regular instruction	144,423,965	143,319,449	(1,104,516)	140,547,910

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,731,259	2,777,729	46,470	2,181,984
Employee benefits	1,063,820	1,077,367	13,547	853,319
Purchased services	348,475	335,525	(12,950)	321,135
Supplies and materials	316,968	202,100	(114,868)	140,495
Capital expenditures	37,500	46,543	9,043	12,124
Other expenditures	200	40	(160)	—
Total vocational education instruction	4,498,222	4,439,304	(58,918)	3,509,057
Special education instruction				
Salaries	38,786,590	38,538,139	(248,451)	35,952,880
Employee benefits	14,231,059	14,270,642	39,583	13,832,357
Purchased services	7,305,313	5,760,908	(1,544,405)	6,223,073
Supplies and materials	585,613	495,024	(90,589)	375,057
Capital expenditures	233,962	222,356	(11,606)	28,370
Other expenditures	470,721	338,441	(132,280)	265,697
Total special education instruction	61,613,258	59,625,510	(1,987,748)	56,677,434
Instructional support services				
Salaries	22,181,567	18,967,023	(3,214,544)	16,839,197
Employee benefits	6,771,277	6,638,957	(132,320)	5,826,849
Purchased services	1,714,642	1,524,317	(190,325)	1,166,960
Supplies and materials	3,849,743	2,988,786	(860,957)	6,702,118
Capital expenditures	151,364	1,899,257	1,747,893	4,314,489
Other expenditures	682,045	311,238	(370,807)	63,260
Total instructional support services	35,350,638	32,329,578	(3,021,060)	34,912,873
Pupil support services				
Salaries	7,751,931	7,749,988	(1,943)	7,211,236
Employee benefits	2,951,831	2,899,413	(52,418)	2,811,376
Purchased services	18,945,501	17,768,818	(1,176,683)	15,257,391
Supplies and materials	440,568	391,784	(48,784)	99,281
Capital expenditures	268,452	180,066	(88,386)	129,025
Other expenditures	2,200	67,379	65,179	2,578
Total pupil support services	30,360,483	29,057,448	(1,303,035)	25,510,887

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	8,000,989	8,410,530	409,541	8,590,275
Employee benefits	3,502,577	3,745,229	242,652	3,926,465
Purchased services	6,666,462	6,529,513	(136,949)	4,226,347
Supplies and materials	1,696,980	1,348,546	(348,434)	4,095,568
Capital expenditures	14,419,488	11,403,831	(3,015,657)	5,259,752
Other expenditures	93,634	35,069	(58,565)	47,760
Total sites and buildings	34,380,130	31,472,718	(2,907,412)	26,146,167
Fiscal and other fixed cost programs				
Purchased services	700,000	664,891	(35,109)	605,385
Other expenditures	5,000	648	(4,352)	7,000
Total fiscal and other fixed cost programs	705,000	665,539	(39,461)	612,385
Debt service				
Principal	4,129,006	4,129,006	—	3,768,066
Interest and fiscal charges	601,663	601,663	—	462,723
Total debt service	4,730,669	4,730,669	—	4,230,789
Total expenditures	338,205,298	326,491,482	(11,713,816)	312,495,381
Excess (deficiency) of revenue over expenditures	(7,861,440)	(3,370,796)	4,490,644	3,098,838
Other financing sources				
Debt issued	—	2,007,134	2,007,134	5,000,010
Net change in fund balances	<u>\$ (7,861,440)</u>	(1,363,662)	<u>\$ 6,497,778</u>	8,098,848
Fund balances				
Beginning of year		104,690,821		96,591,973
End of year		<u>\$ 103,327,159</u>		<u>\$ 104,690,821</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account  
Comparative Balance Sheet  
as of June 30, 2022 and 2021

	2022	2021
Assets		
Cash and temporary investments	\$ 113,451,918	\$ 117,591,792
Receivables		
Current taxes	41,457,305	40,455,524
Delinquent taxes	622,889	561,277
Accounts and interest	499,160	303,101
Due from other governmental units	28,037,918	20,249,671
Inventory	247,986	217,512
Prepaid items	192,245	—
Total assets	<u>\$ 184,509,421</u>	<u>\$ 179,378,877</u>
Liabilities		
Salaries payable	\$ 4,377,092	\$ 1,774,598
Accounts and contracts payable	6,109,452	3,636,854
Due to other governmental units	205,894	525,104
Unearned revenue	183,444	137,850
Total liabilities	<u>10,875,882</u>	<u>6,074,406</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	79,142,273	76,063,108
Unavailable revenue – delinquent taxes	711,903	535,796
Total deferred inflows of resources	<u>79,854,176</u>	<u>76,598,904</u>
Fund balances		
Nonspendable for inventory	247,986	217,512
Nonspendable for prepaid items	192,245	—
Restricted for student activities	296,863	292,122
Restricted for gifted and talented	210,054	190,031
Restricted for achievement and integration	20,103	244,689
Restricted for safe schools crime levy	184,517	296,374
Restricted for basic skills extended day program	—	762,509
Restricted for Medical Assistance	953,339	849,941
Assigned for subsequent year budget	14,169,070	15,952,233
Assigned for strategic priorities	500,000	500,000
Unassigned	77,005,186	77,400,156
Total fund balances	<u>93,779,363</u>	<u>96,705,567</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 184,509,421</u>	<u>\$ 179,378,877</u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under)	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 61,851,268	\$ 61,454,434	\$ (396,834)	\$ 64,689,741
Investment earnings (losses)	70,000	(42,469)	(112,469)	405,325
Other	4,487,401	4,305,348	(182,053)	3,608,344
State sources	209,263,124	207,533,303	(1,729,821)	208,973,905
Federal sources	25,596,577	20,855,275	(4,741,302)	19,421,504
Total revenue	301,268,370	294,105,891	(7,162,479)	297,098,819
Expenditures				
Current				
Administration				
Salaries	9,704,389	9,772,678	68,289	9,204,109
Employee benefits	3,074,942	3,089,904	14,962	3,032,984
Purchased services	259,013	191,959	(67,054)	227,602
Supplies and materials	91,329	104,945	13,616	54,194
Capital expenditures	–	–	–	13,684
Other expenditures	319,500	104,681	(214,819)	98,252
Total administration	13,449,173	13,264,167	(185,006)	12,630,825
District support services				
Salaries	5,709,085	5,479,189	(229,896)	5,345,762
Employee benefits	1,944,951	1,913,848	(31,103)	1,861,028
Purchased services	246,716	(280,680)	(527,396)	(595,244)
Supplies and materials	367,570	248,869	(118,701)	259,351
Capital expenditures	28,051	2,500	(25,551)	19,535
Other expenditures	(665,337)	(800,662)	(135,325)	(187,741)
Total district support services	7,631,036	6,563,064	(1,067,972)	6,702,691
Elementary and secondary regular instruction				
Salaries	97,501,331	97,815,341	314,010	95,806,971
Employee benefits	35,012,183	34,523,000	(489,183)	35,507,306
Purchased services	4,831,348	4,551,890	(279,458)	3,319,152
Supplies and materials	3,093,339	2,670,093	(423,246)	2,676,383
Capital expenditures	173,526	207,801	34,275	113,037
Other expenditures	1,189,606	1,285,404	95,798	1,018,078
Total elementary and secondary regular instruction	141,801,333	141,053,529	(747,804)	138,440,927

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,731,259	2,777,729	46,470	2,181,984
Employee benefits	1,063,820	1,077,367	13,547	853,319
Purchased services	348,475	335,525	(12,950)	321,135
Supplies and materials	149,968	117,671	(32,297)	79,551
Capital expenditures	12,500	12,500	–	12,124
Other expenditures	200	40	(160)	–
Total vocational education instruction	4,306,222	4,320,832	14,610	3,448,113
Special education instruction				
Salaries	38,786,590	38,538,139	(248,451)	35,952,880
Employee benefits	14,231,059	14,270,642	39,583	13,832,357
Purchased services	7,305,313	5,760,908	(1,544,405)	6,223,073
Supplies and materials	585,613	487,774	(97,839)	375,057
Capital expenditures	202,767	191,193	(11,574)	26,366
Other expenditures	470,721	338,441	(132,280)	265,697
Total special education instruction	61,582,063	59,587,097	(1,994,966)	56,675,430
Instructional support services				
Salaries	20,149,696	16,951,898	(3,197,798)	15,109,038
Employee benefits	5,894,830	5,789,897	(104,933)	5,235,770
Purchased services	1,682,142	1,437,299	(244,843)	1,160,510
Supplies and materials	1,145,156	775,117	(370,039)	4,458,513
Capital expenditures	10,405	38,673	28,268	3,227
Other expenditures	682,045	311,238	(370,807)	63,260
Total instructional support services	29,564,274	25,304,122	(4,260,152)	26,030,318
Pupil support services				
Salaries	7,751,931	7,749,988	(1,943)	7,211,236
Employee benefits	2,951,831	2,899,413	(52,418)	2,811,376
Purchased services	18,945,501	17,768,818	(1,176,683)	15,257,391
Supplies and materials	440,568	391,784	(48,784)	99,281
Capital expenditures	238,374	149,542	(88,832)	129,025
Other expenditures	2,200	67,379	65,179	2,578
Total pupil support services	30,330,405	29,026,924	(1,303,481)	25,510,887

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	8,000,989	7,730,383	(270,606)	7,850,939
Employee benefits	3,502,577	3,460,102	(42,475)	3,606,496
Purchased services	5,184,837	4,801,659	(383,178)	2,679,624
Supplies and materials	1,521,980	1,145,015	(376,965)	3,805,772
Capital expenditures	166,632	108,421	(58,211)	1,016,794
Other expenditures	600	1,241	641	320
Total sites and buildings	18,377,615	17,246,821	(1,130,794)	18,959,945
Fiscal and other fixed cost programs				
Purchased services	700,000	664,891	(35,109)	605,385
Other expenditures	5,000	648	(4,352)	7,000
Total fiscal and other fixed cost programs	705,000	665,539	(39,461)	612,385
Total expenditures	307,747,121	297,032,095	(10,715,026)	289,011,521
Net change in fund balances	<u>\$ (6,478,751)</u>	(2,926,204)	<u>\$ 3,552,547</u>	8,087,298
Fund balances				
Beginning of year		96,705,567		88,618,269
End of year		<u>\$ 93,779,363</u>		<u>\$ 96,705,567</u>

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.



## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account  
Comparative Balance Sheet  
as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 9,945,939	\$ 8,584,642
Receivables		
Accounts and interest	52,676	614
Due from other governmental units	–	52,587
Inventory	<u>29,293</u>	<u>93,218</u>
Total assets	<u>\$ 10,027,908</u>	<u>\$ 8,731,061</u>
Liabilities		
Salaries payable	\$ 6,275	\$ 43,332
Accounts and contracts payable	406,990	692,424
Due to other governmental units	<u>66,847</u>	<u>10,051</u>
Total liabilities	480,112	745,807
Fund balances (deficits)		
Nonspendable for inventory	29,293	93,218
Restricted for operating capital	9,400,428	8,533,571
Restricted for long-term facilities maintenance	118,075	–
Unassigned – long-term facilities maintenance restricted account deficit	<u>–</u>	<u>(641,535)</u>
Total fund balances	<u>9,547,796</u>	<u>7,985,254</u>
Total liabilities and fund balances	<u>\$ 10,027,908</u>	<u>\$ 8,731,061</u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 20,872,417	\$ 20,031,376	\$ (841,041)	\$ 10,893,693
Investment earnings (losses)	–	(274)	(274)	23
Other	437,254	1,235,168	797,914	472,516
State sources	7,765,817	7,748,525	(17,292)	7,129,168
Total revenue	29,075,488	29,014,795	(60,693)	18,495,400
Expenditures				
Current				
District support services				
Purchased services	21,100	–	(21,100)	–
Supplies and materials	1,015,677	1,017,452	1,775	987,796
Capital expenditures	25,947	6,584	(19,363)	26,567
Total district support services	1,062,724	1,024,036	(38,688)	1,014,363
Elementary and secondary regular instruction				
Supplies and materials	1,853,417	1,395,353	(458,064)	1,501,421
Capital expenditures	769,215	870,567	101,352	605,562
Total elementary and secondary regular instruction	2,622,632	2,265,920	(356,712)	2,106,983
Vocational education instruction				
Supplies and materials	167,000	84,429	(82,571)	60,944
Capital expenditures	25,000	34,043	9,043	–
Total vocational education services	192,000	118,472	(73,528)	60,944
Special education instruction				
Supplies and materials	–	7,250	7,250	–
Capital expenditures	31,195	31,163	(32)	2,004
Total special education instruction	31,195	38,413	7,218	2,004
Instructional support services				
Salaries	2,031,871	2,015,125	(16,746)	1,730,159
Employee benefits	876,447	849,060	(27,387)	591,079
Purchased services	32,500	87,018	54,518	6,450
Supplies and materials	2,704,587	2,213,669	(490,918)	2,243,605
Capital expenditures	140,959	1,860,584	1,719,625	4,311,262
Total instructional support services	5,786,364	7,025,456	1,239,092	8,882,555

## INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Pupil support services				
Capital expenditures	30,078	30,524	446	—
Sites and buildings				
Salaries	—	680,147	680,147	739,336
Employee benefits	—	285,127	285,127	319,969
Purchased services	1,481,625	1,727,854	246,229	1,546,723
Supplies and materials	175,000	203,531	28,531	289,796
Capital expenditures	14,252,856	11,295,410	(2,957,446)	4,242,958
Other expenditures	93,034	33,828	(59,206)	47,440
Total sites and buildings	16,002,515	14,225,897	(1,776,618)	7,186,222
Debt service				
Principal	4,129,006	4,129,006	—	3,768,066
Interest and fiscal charges	601,663	601,663	—	462,723
Total debt service	4,730,669	4,730,669	—	4,230,789
Total expenditures	30,458,177	29,459,387	(998,790)	23,483,860
Excess (deficiency) of revenue over expenditures	(1,382,689)	(444,592)	938,097	(4,988,460)
Other financing sources				
Debt issued	—	2,007,134	2,007,134	5,000,010
Net change in fund balances	<u>\$ (1,382,689)</u>	1,562,542	<u>\$ 2,945,231</u>	11,550
Fund balances				
Beginning of year		7,985,254		7,973,704
End of year		<u>\$ 9,547,796</u>		<u>\$ 7,985,254</u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund  
 Comparative Balance Sheet  
 as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 12,721,147	\$ 29,848,179
Receivables		
Accounts and interest	<u>8,670</u>	<u>341</u>
Total assets	<u><u>\$ 12,729,817</u></u>	<u><u>\$ 29,848,520</u></u>
Liabilities		
Accounts and contracts payable	\$ 3,456,605	\$ 4,780,369
Fund balances		
Restricted for building projects funded by certificates of participation	1,416,834	7,202,253
Restricted for long-term facilities maintenance	7,856,378	17,854,577
Restricted for building projects funded by capital notes	<u>—</u>	<u>11,321</u>
Total fund balances	<u><u>9,273,212</u></u>	<u><u>25,068,151</u></u>
Total liabilities and fund balances	<u><u>\$ 12,729,817</u></u>	<u><u>\$ 29,848,520</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund  
 Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue		
Local sources		
Investment earnings	\$ 13,305	\$ 59,446
Expenditures		
Capital outlay		
Purchased services	256,220	830,191
Capital expenditures	<u>15,552,024</u>	<u>19,275,047</u>
Total capital outlay	<u>15,808,244</u>	<u>20,105,238</u>
Debt service		
Interest and fiscal charges	<u>—</u>	<u>95,023</u>
Total expenditures	<u>15,808,244</u>	<u>20,200,261</u>
Excess (deficiency) of revenue over expenditures	(15,794,939)	(20,140,815)
Other financing sources		
Debt issued	—	30,775,000
Premium on debt issued	<u>—</u>	<u>224,840</u>
Total other financing sources	<u>—</u>	<u>30,999,840</u>
Net change in fund balances	(15,794,939)	10,859,025
Fund balances		
Beginning of year	<u>25,068,151</u>	<u>14,209,126</u>
End of year	<u><u>\$ 9,273,212</u></u>	<u><u>\$ 25,068,151</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund  
Balance Sheet by Account  
as of June 30, 2022  
(With Comparative Totals as of June 30, 2021)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Totals	
			2022	2021
Assets				
Cash and temporary investments	\$ 11,127,099	\$ 617,044	\$ 11,744,143	\$ 12,569,385
Receivables				
Current taxes	7,344,253	—	7,344,253	7,786,239
Delinquent taxes	128,669	23,126	151,795	162,405
Due from other governmental units	134,217	8	134,225	101,129
Total assets	<u>\$ 18,734,238</u>	<u>\$ 640,178</u>	<u>\$ 19,374,416</u>	<u>\$ 20,619,158</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 14,901,056	\$ —	\$ 14,901,056	\$ 15,735,260
Unavailable revenue – delinquent taxes	142,793	26,126	168,919	154,550
Total deferred inflows of resources	<u>15,043,849</u>	<u>26,126</u>	<u>15,069,975</u>	<u>15,889,810</u>
Fund balances				
Restricted for general debt service	3,690,389	—	3,690,389	4,123,272
Restricted for debt service	—	614,052	614,052	606,076
Total fund balances	<u>3,690,389</u>	<u>614,052</u>	<u>4,304,441</u>	<u>4,729,348</u>
Total deferred inflows of resources and fund balances	<u>\$ 18,734,238</u>	<u>\$ 640,178</u>	<u>\$ 19,374,416</u>	<u>\$ 20,619,158</u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Total	
			2022	2021
Revenue				
Local sources				
Property taxes	\$ 12,839,613	\$ 2,729,482	\$ 15,569,095	\$ 22,821,710
Investment earnings (losses)	(2,905)	(596)	(3,501)	48,671
State sources	1,021,029	85	1,021,114	1,011,298
Total revenue	13,857,737	2,728,971	16,586,708	23,881,679
Expenditures				
Debt service				
Principal	9,215,000	2,640,000	11,855,000	17,335,000
Interest and fiscal charges	5,075,620	80,995	5,156,615	5,383,316
Total expenditures	14,290,620	2,720,995	17,011,615	22,718,316
Excess (deficiency) of revenue over expenditures	(432,883)	7,976	(424,907)	1,163,363
Other financing sources (uses)				
Refunding bonds issued	—	—	—	14,405,000
Premium on debt issued	—	—	—	861,618
Debt retirement from refunding bonds	—	—	—	(15,210,000)
Total other financing sources (uses)	—	—	—	56,618
Net change in fund balances	(432,883)	7,976	(424,907)	1,219,981
Fund balances				
Beginning of year	4,123,272	606,076	4,729,348	3,509,367
End of year	\$ 3,690,389	\$ 614,052	\$ 4,304,441	\$ 4,729,348

INDEPENDENT SCHOOL DISTRICT NO. 279

General Obligation Bonds Debt Service Account  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2022  
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 12,868,017	\$ 12,839,613	\$ (28,404)	\$ 20,207,164
Investment earnings (losses)	7,500	(2,905)	(10,405)	42,842
State sources	985,286	1,021,029	35,743	1,011,205
Total revenue	13,860,803	13,857,737	(3,066)	21,261,211
Expenditures				
Debt service				
Principal	9,215,000	9,215,000	—	14,865,000
Interest and fiscal charges	5,198,604	5,075,620	(122,984)	5,229,456
Total expenditures	14,413,604	14,290,620	(122,984)	20,094,456
Excess (deficiency) of revenue over expenditures	(552,801)	(432,883)	119,918	1,166,755
Other financing sources (uses)				
Refunding bonds issued	—	—	—	14,405,000
Premium on bonds issued	—	—	—	861,618
Payments on bond refunding	—	—	—	(15,210,000)
Total other financing sources (uses)	—	—	—	56,618
Net change in fund balances	\$ (552,801)	(432,883)	\$ 119,918	1,223,373
Fund balances				
Beginning of year		4,123,272		2,899,899
End of year		\$ 3,690,389		\$ 4,123,272



INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Bonds Debt Service Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		2021	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,730,666	\$ 2,729,482	\$ (1,184)	\$ 2,614,546
Investment earnings (losses)	1,000	(596)	(1,596)	5,829
State sources	85	85	—	93
Total revenue	<u>2,731,751</u>	<u>2,728,971</u>	<u>(2,780)</u>	<u>2,620,468</u>
Expenditures				
Debt service				
Principal	2,640,000	2,640,000	—	2,470,000
Interest and fiscal charges	<u>81,520</u>	<u>80,995</u>	<u>(525)</u>	<u>153,860</u>
Total expenditures	<u>2,721,520</u>	<u>2,720,995</u>	<u>(525)</u>	<u>2,623,860</u>
Net change in fund balances	<u>\$ 10,231</u>	7,976	<u>\$ (2,255)</u>	(3,392)
Fund balances				
Beginning of year		<u>606,076</u>		<u>609,468</u>
End of year		<u>\$ 614,052</u>		<u>\$ 606,076</u>

OSSEO AREA SCHOOLS

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## Our Mission

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INTERNAL SERVICE FUNDS

## INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds  
Combining Statement of Net Position  
as of June 30, 2022  
(With Comparative Totals as of June 30, 2021)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Retirement Incentive Pay</u>
Assets			
Current assets			
Cash and temporary investments	\$ 574,501	\$ 1,122,737	\$ 5,566,620
Cash and investments held by trustee	—	—	—
Accounts and interest receivable	30,565	222,846	—
Total assets	<u>605,066</u>	<u>1,345,583</u>	<u>5,566,620</u>
Deferred outflow of resources			
OPEB plan deferments	—	—	—
Liabilities			
Current liabilities			
Accounts and contracts payable	180,742	400,000	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	1,020,594
OPEB obligation	—	—	—
Long-term liabilities			
Post-employment severance benefits payable	—	—	3,547,943
OPEB obligation	—	—	—
Total liabilities	<u>180,742</u>	<u>400,000</u>	<u>4,568,537</u>
Deferred inflows of resources			
OPEB plan deferments	<u>—</u>	<u>—</u>	<u>—</u>
Net position			
Restricted for employee benefits	—	—	—
Unrestricted	<u>424,324</u>	<u>945,583</u>	<u>998,083</u>
Total net position	<u><u>\$ 424,324</u></u>	<u><u>\$ 945,583</u></u>	<u><u>\$ 998,083</u></u>

Post-Employment Benefits Revocable Trust	Totals	
	2022	2021
\$ —	\$ 7,263,858	\$ 9,744,637
24,801,181	24,801,181	29,052,608
160,502	413,913	305,039
<u>24,961,683</u>	<u>32,478,952</u>	<u>39,102,284</u>
4,847,647	4,847,647	5,071,861
—	580,742	718,435
1,281,015	1,281,015	714,794
—	1,020,594	1,320,719
2,023,969	2,023,969	2,286,941
—	3,547,943	4,381,262
16,004,659	16,004,659	16,189,394
<u>19,309,643</u>	<u>24,458,922</u>	<u>25,611,545</u>
<u>2,136,859</u>	<u>2,136,859</u>	<u>2,609,342</u>
8,362,828	8,362,828	12,578,313
<u>—</u>	<u>2,367,990</u>	<u>3,374,945</u>
<u>\$ 8,362,828</u>	<u>\$ 10,730,818</u>	<u>\$ 15,953,258</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds  
Combining Statement of Revenue, Expenses, and Changes in Net Position  
Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Operating revenue			
Contributions from governmental funds	\$ 2,023,240	\$ 6,215,433	\$ —
Operating expenses			
Dental benefit claims	2,069,990	—	—
Medical benefit claims	—	6,433,038	—
Post-employment severance benefits	—	—	242,212
OPEB	—	—	—
Total operating expenses	<u>2,069,990</u>	<u>6,433,038</u>	<u>242,212</u>
Operating income (loss)	(46,750)	(217,605)	(242,212)
Nonoperating revenue			
Investment earnings (losses)	<u>602</u>	<u>1,229</u>	<u>(2,219)</u>
Income (loss) before transfers	(46,148)	(216,376)	(244,431)
Transfers in	—	—	—
Transfers out	<u>—</u>	<u>—</u>	<u>(500,000)</u>
Change in net position	(46,148)	(216,376)	(744,431)
Net position			
Beginning of year	<u>470,472</u>	<u>1,161,959</u>	<u>1,742,514</u>
End of year	<u>\$ 424,324</u>	<u>\$ 945,583</u>	<u>\$ 998,083</u>

Post-Employment Benefits Revocable Trust	Totals	
	2022	2021
\$ —	\$ 8,238,673	\$ 8,382,528
—	2,069,990	1,937,287
—	6,433,038	5,778,813
—	242,212	937,831
585,040	585,040	466,368
585,040	9,330,280	9,120,299
(585,040)	(1,091,607)	(737,771)
(4,130,445)	(4,130,833)	3,219,575
(4,715,485)	(5,222,440)	2,481,804
500,000	500,000	—
—	(500,000)	—
(4,215,485)	(5,222,440)	2,481,804
12,578,313	15,953,258	13,471,454
\$ 8,362,828	\$ 10,730,818	\$ 15,953,258

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	\$ 2,028,062	\$ 6,007,924	\$ —
Payments for dental claims	(2,057,683)	—	—
Payments for medical claims	—	(6,583,038)	—
Post-employment severance and OPEB benefit payments	—	—	(1,375,656)
Net cash flows from operating activities	(29,621)	(575,114)	(1,375,656)
Cash flows from noncapital financing activities			
Transfers from other funds	—	—	—
Transfers to other funds	—	—	(500,000)
Net cash flows from noncapital financing activities	—	—	(500,000)
Cash flows from investing activities			
Investment earnings (losses)	602	1,229	(2,219)
Net change in cash and cash equivalents	(29,019)	(573,885)	(1,877,875)
Cash and cash equivalents			
Beginning of year	603,520	1,696,622	7,444,495
End of year	\$ 574,501	\$ 1,122,737	\$ 5,566,620
Reconciliation of operating (loss) to net cash flows from operating activities			
Operating (loss)	\$ (46,750)	\$ (217,605)	\$ (242,212)
Adjustments to reconcile operating (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts receivable	4,822	(207,509)	—
Deferred outflow of resources	—	—	—
Accounts and contracts payable	12,307	(150,000)	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	(1,133,444)
Total OPEB obligation	—	—	—
Deferred inflows of resources	—	—	—
Net cash flows from operating activities	\$ (29,621)	\$ (575,114)	\$ (1,375,656)
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	\$ 574,501	\$ 1,122,737	\$ 5,566,620
Cash and investments held by trustee	—	—	—
Total cash and cash equivalents	\$ 574,501	\$ 1,122,737	\$ 5,566,620



Post-Employment Benefits Revocable Trust	Totals	
	2022	2021
\$ —	\$ 8,035,986	\$ 8,378,803
—	(2,057,683)	(1,897,839)
—	(6,583,038)	(5,628,813)
(714,795)	(2,090,451)	(2,458,394)
(714,795)	(2,695,186)	(1,606,243)
500,000	500,000	—
—	(500,000)	—
500,000	—	—
(4,036,632)	(4,037,020)	3,190,217
(4,251,427)	(6,732,206)	1,583,974
29,052,608	38,797,245	37,213,271
\$ 24,801,181	\$ 32,065,039	\$ 38,797,245
\$ (585,040)	\$ (1,091,607)	\$ (737,771)
—	(202,687)	(3,725)
224,214	224,214	(3,972,013)
—	(137,693)	189,448
566,221	566,221	(123,430)
—	(1,133,444)	(682,338)
(447,707)	(447,707)	4,303,134
(472,483)	(472,483)	(579,548)
\$ (714,795)	\$ (2,695,186)	\$ (1,606,243)
\$ —	\$ 7,263,858	\$ 9,744,637
24,801,181	24,801,181	29,052,608
\$ 24,801,181	\$ 32,065,039	\$ 38,797,245

OSSEO AREA SCHOOLS

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FIDUCIARY FUNDS

## INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
Custodial Funds  
Combining Statement of Fiduciary Net Position  
as of June 30, 2022

	Northwest Family Service Center	Local Collaborative Time Study	Total
Assets			
Cash and temporary investments	\$ 549,729	\$ 1,054,409	\$ 1,604,138
Receivables			
Accounts and interest	—	115,843	115,843
Total assets	<u>549,729</u>	<u>1,170,252</u>	<u>1,719,981</u>
Liabilities			
Salaries payable	—	1,838	1,838
Accounts and contracts payable	—	15,083	15,083
Total liabilities	<u>—</u>	<u>16,921</u>	<u>16,921</u>
Net position			
Restricted for local collaborative time study	—	1,153,331	1,153,331
Restricted for Northwest Family Service Center	<u>549,729</u>	<u>—</u>	<u>549,729</u>
Total net position	<u><u>\$ 549,729</u></u>	<u><u>\$ 1,153,331</u></u>	<u><u>\$ 1,703,060</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
Custodial Funds  
Combining Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2022

	Northwest Family Service Center	Local Collaborative Time Study	Total
Additions			
Investment earnings	\$ —	\$ 2,317	\$ 2,317
Rents	224,169	—	224,169
Grants	—	455,417	455,417
Total additions	224,169	457,734	681,903
Deductions			
Elementary and secondary regular instruction			
Salaries	—	133,169	133,169
Employee benefits	—	36,270	36,270
Purchased services	—	315,095	315,095
Supplies and materials	—	2,072	2,072
Total elementary and secondary regular instruction	—	486,606	486,606
Sites and buildings			
Purchased services	255,818	—	255,818
Total deductions	255,818	486,606	742,424
Net change in fiduciary net position	(31,649)	(28,872)	(60,521)
Net position			
Beginning of year	581,378	1,182,203	1,763,581
End of year	\$ 549,729	\$ 1,153,331	\$ 1,703,060

OSSEO AREA SCHOOLS

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# SECTION III

## STATISTICAL

OSSEO AREA SCHOOLS

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## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 279 – Osseo Area Schools’ (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the District’s most significant local revenue source, property taxes.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.

#### **Operating Indicators**

These schedules contain service and infrastructure data to help the reader understand how the information in the District’s ACFR relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District’s ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 279

Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 178,183,551	\$ 188,480,399	\$ 188,563,705	\$ 193,342,167
Restricted	11,675,297	13,284,014	15,826,198	15,552,674
Unrestricted	39,882,941	45,000,285	(112,847,413)	(99,033,629)
Total governmental activities net position	<u>\$ 229,741,789</u>	<u>\$ 246,764,698</u>	<u>\$ 91,542,490</u>	<u>\$ 109,861,212</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$175.4 million.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$8.8 million.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by \$424,121.

Note 4: The District implemented GASB Statement No. 87 in fiscal 2022. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by \$1,067,175.

2017	2018	2019	2020	2021	2022
\$ 201,669,570	\$ 209,642,657	\$ 217,683,814	\$ 233,739,330	\$ 240,761,946	\$ 251,841,254
19,153,181	19,443,331	21,207,005	17,275,589	32,967,515	33,722,595
(169,293,406)	(246,677,152)	(172,104,081)	(175,063,914)	(185,958,423)	(171,898,524)
<u>\$ 51,529,345</u>	<u>\$ (17,591,164)</u>	<u>\$ 66,786,738</u>	<u>\$ 75,951,005</u>	<u>\$ 87,771,038</u>	<u>\$ 113,665,325</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
Administration	\$ 9,302,245	\$ 9,575,101	\$ 10,381,868	\$ 10,818,228
District support services	7,707,269	7,526,010	7,703,891	8,179,156
Elementary and secondary regular instruction	120,150,495	116,638,392	129,757,253	132,739,729
Vocational education instruction	2,224,938	3,141,382	2,577,175	3,382,640
Special education instruction	46,747,032	46,401,292	44,261,176	47,918,552
Instructional support services	12,485,545	15,078,139	18,218,530	19,542,885
Pupil support services	21,507,907	21,381,700	21,213,677	20,057,132
Sites and buildings	16,097,883	16,537,008	17,371,714	18,587,008
Fiscal and other fixed cost programs	515,881	531,895	607,963	529,352
Food service	10,891,333	11,330,855	11,239,240	12,207,490
Community service	14,903,788	15,230,093	14,421,741	16,419,921
Unallocated depreciation/amortization expense (excluding amounts directly allocated)	7,908,028	7,141,723	7,290,078	7,814,428
Interest and fiscal charges on debt	5,197,263	5,198,234	5,557,629	4,063,175
Total governmental activities expenses	275,639,607	275,711,824	290,601,935	302,259,696
Program revenues				
Governmental activities				
Charges for services				
Food service	4,694,700	4,681,620	4,554,115	5,018,871
Community service	8,504,086	9,559,310	8,675,018	9,518,778
All other	2,382,531	2,084,530	2,357,602	2,101,396
Operating grants and contributions	61,361,045	66,776,775	67,178,824	69,859,744
Capital grants and contributions	8,016,685	8,295,544	8,343,272	8,831,507
Total governmental activities program revenues	84,959,047	91,397,779	91,108,831	95,330,296
Net (expense) revenue	(190,680,560)	(184,314,045)	(199,493,104)	(206,929,400)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	48,214,311	48,483,768	58,867,528	61,342,344
Property taxes, levied for community service	1,888,383	1,922,267	1,917,363	1,998,320
Property taxes, levied for debt service	20,440,190	20,463,285	17,940,548	17,810,240
Property taxes, levied for capital projects	2,572,515	2,631,084	2,622,943	2,622,943
General grants and aids	122,691,081	125,732,058	136,917,820	138,867,011
Other general revenues	383,238	895,594	968,988	1,302,473
Gain on sale of capital assets	491,389	733,095	—	—
Investment earnings	183,771	475,803	465,137	1,304,791
Total governmental activities	196,864,878	201,336,954	219,700,327	225,248,122
Change in net position	\$ 6,184,318	\$ 17,022,909	\$ 20,207,223	\$ 18,318,722

2017	2018	2019	2020	2021	2022
\$ 11,001,338	\$ 11,514,189	\$ 11,579,014	\$ 12,045,309	\$ 12,618,772	\$ 13,265,447
8,567,156	9,685,524	9,161,865	9,664,778	9,774,932	9,665,973
199,497,344	201,729,524	96,467,422	156,972,364	150,649,757	132,679,526
3,512,275	3,877,502	3,896,875	3,816,686	3,506,547	4,431,862
63,245,199	63,405,079	37,278,468	58,331,647	59,143,900	56,663,872
19,301,766	19,776,626	20,153,137	21,783,939	34,930,503	32,168,972
21,774,370	23,150,650	24,378,844	25,046,915	25,441,090	29,065,764
20,886,238	24,049,266	26,923,739	21,518,505	24,052,035	21,801,400
501,639	437,569	478,592	578,794	612,385	665,539
12,579,723	12,641,891	11,725,300	11,787,601	10,579,695	13,787,275
19,965,214	20,570,178	17,988,019	18,797,900	12,283,972	13,561,234
8,015,144	8,217,000	8,572,041	9,336,423	10,014,580	10,781,321
4,456,962	4,678,075	4,273,134	3,931,328	3,781,858	4,869,711
393,304,368	403,733,073	272,876,450	353,612,189	357,390,026	343,407,896
5,324,443	5,426,342	5,311,834	3,778,743	246,038	782,730
9,954,275	10,433,494	10,655,483	8,177,105	4,227,651	8,157,627
2,240,416	2,173,310	1,885,473	1,522,171	1,427,488	4,037,675
70,475,866	71,983,248	94,288,399	89,989,964	105,334,938	107,415,958
8,419,910	8,401,701	9,709,050	9,463,840	7,183,646	7,778,430
96,414,910	98,418,095	121,850,239	112,931,823	118,419,761	128,172,420
(296,889,458)	(305,314,978)	(151,026,211)	(240,680,366)	(238,970,265)	(215,235,476)
64,372,997	69,614,963	70,139,704	77,069,829	75,604,475	81,661,917
2,435,152	2,584,830	2,751,535	2,964,636	3,059,339	3,086,670
17,843,905	18,036,264	19,383,439	20,009,035	22,837,182	15,583,464
—	—	—	—	—	—
150,549,947	150,314,612	135,755,407	143,538,316	144,806,099	142,401,547
1,212,290	1,837,047	1,097,917	694,465	730,287	1,496,502
—	—	199,685	—	—	—
2,143,300	2,669,993	6,076,426	5,144,231	3,752,916	(4,167,512)
238,557,591	245,057,709	235,404,113	249,420,512	250,790,298	240,062,588
<u>\$ (58,331,867)</u>	<u>\$ (60,257,269)</u>	<u>\$ 84,377,902</u>	<u>\$ 8,740,146</u>	<u>\$ 11,820,033</u>	<u>\$ 24,827,112</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable				
Operating Account	\$ 333,685	\$ 397,467	\$ 349,941	\$ 347,972
Capital Expenditure Account	20,751	14,354	10,794	41,908
Restricted				
Operating Account	102,612	131,241	183,529	141,786
Capital Expenditure Account	7,094,538	8,386,025	9,054,720	8,890,846
Assigned	1,865,912	—	—	3,628,175
Unassigned				
Operating Account	38,579,402	43,436,563	55,738,741	63,161,707
Capital Expenditure Account	(765,889)	(590,612)	(482,773)	(433,430)
Total General Fund	<u>\$ 47,231,011</u>	<u>\$ 51,775,038</u>	<u>\$ 64,854,952</u>	<u>\$ 75,778,964</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ 437,871	\$ 16,823	\$ 12,779	\$ 8,553
Restricted				
Special revenue funds	4,785,089	4,919,497	5,269,738	5,594,482
Capital Projects – Building Construction Fund	7,575,525	3,648,964	15,393,620	4,952,256
Debt Service Fund	3,847,570	3,813,947	51,033,469	2,951,458
Unassigned, reported in				
Special revenue funds	(2,795)	—	—	—
Total all other governmental funds	<u>\$ 16,643,260</u>	<u>\$ 12,399,231</u>	<u>\$ 71,709,606</u>	<u>\$ 13,506,749</u>
Unassigned – Operating Account as a percentage of General Fund Operating Account expenditures	<u>16.7%</u>	<u>18.9%</u>	<u>23.5%</u>	<u>25.8%</u>

Note: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased the General Fund Unassigned – Operating Account fund balance by \$424,121.

2017	2018	2019	2020	2021	2022
\$ 257,014 40,940	\$ 292,548 84,682	\$ 295,095 131,966	\$ 413,056 110,522	\$ 217,512 93,218	\$ 440,231 29,293
1,587,675	1,177,620	1,379,098	2,582,371	2,635,666	1,664,876
9,051,446	10,237,338	9,521,802	8,157,746	8,533,571	9,518,503
4,258,291	3,634,947	825,755	3,926,582	16,452,233	14,669,070
63,266,128 (35,548)	67,945,278 (137,035)	75,714,545 (695,873)	81,696,260 (294,564)	77,400,156 (641,535)	77,005,186 —
<u>\$ 78,425,946</u>	<u>\$ 83,235,378</u>	<u>\$ 87,172,388</u>	<u>\$ 96,591,973</u>	<u>\$ 104,690,821</u>	<u>\$ 103,327,159</u>
\$ 2,575	\$ 1,934	\$ 131,065	\$ 184,505	\$ 134,382	\$ 111,869
6,745,866	7,320,744	7,943,920	5,347,134	7,271,216	11,601,580
43,249,779	12,985,125	38,626,107	14,209,126	25,068,151	9,273,212
4,105,000	16,589,246	5,842,002	3,509,367	4,729,348	4,304,441
—	—	—	—	—	—
<u>\$ 54,103,220</u>	<u>\$ 36,897,049</u>	<u>\$ 52,543,094</u>	<u>\$ 23,250,132</u>	<u>\$ 37,203,097</u>	<u>\$ 25,291,102</u>
<u>24.7%</u>	<u>25.7%</u>	<u>27.8%</u>	<u>29.3%</u>	<u>26.8%</u>	<u>25.9%</u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Local sources				
Taxes	\$ 73,229,773	\$ 52,139,640	\$ 81,224,509	\$ 83,812,427
Investment earnings (losses)	79,081	122,297	169,450	348,164
Other	19,433,552	20,774,516	20,092,851	21,359,596
State sources	173,713,412	203,939,595	193,878,147	198,912,577
Federal sources	14,886,402	15,145,733	14,660,370	15,210,620
Total revenues	<u>281,342,220</u>	<u>292,121,781</u>	<u>310,025,327</u>	<u>319,643,384</u>
Expenditures				
Current				
Administration	9,302,245	9,575,101	10,381,868	10,818,228
District support services	5,628,062	5,437,320	5,622,720	6,172,803
Elementary and secondary regular instruction	121,609,632	118,710,180	130,841,833	133,079,885
Vocational education instruction	2,222,082	3,138,526	2,573,885	3,380,229
Special education instruction	46,755,363	46,402,897	46,296,441	48,125,942
Instructional support services	12,502,018	15,006,315	18,270,519	19,590,144
Pupil support services	21,507,907	21,381,700	21,259,449	20,059,076
Sites and buildings	19,041,698	18,914,056	17,581,741	19,359,537
Fiscal and other fixed cost programs	515,881	531,895	607,963	529,352
Food service	10,634,472	11,127,023	11,232,077	12,021,733
Community service	14,742,075	15,201,013	14,465,450	16,420,852
Capital outlay	7,123,098	6,886,511	22,990,007	13,341,882
Debt service				
Principal	14,626,680	15,289,675	13,293,208	16,895,743
Interest and fiscal charges	6,881,284	6,343,571	6,032,813	6,478,143
Total expenditures	<u>293,092,497</u>	<u>293,945,783</u>	<u>321,449,974</u>	<u>326,273,549</u>
Excess (deficiency) of revenues over expenditures	(11,750,277)	(1,824,002)	(11,424,647)	(6,630,165)
Other financing sources (uses)				
Refunding bonds issued	—	—	42,075,000	—
Debt issued	6,625,000	—	30,685,000	—
Premium (discount) on debt issued	7,155	—	6,295,789	—
Proceeds from sale of assets	2,838,854	2,124,000	—	—
Debt retirement from refunding bonds	—	—	—	(46,930,000)
Capital leases issued	—	—	4,759,147	6,281,320
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Total other financing sources (uses)	<u>9,471,009</u>	<u>2,124,000</u>	<u>83,814,936</u>	<u>(40,648,680)</u>
Net change in fund balances	<u>\$ (2,279,268)</u>	<u>\$ 299,998</u>	<u>\$ 72,390,289</u>	<u>\$ (47,278,845)</u>
Debt service as a percentage of noncapital expenditures	<u>7.5%</u>	<u>7.5%</u>	<u>6.5%</u>	<u>7.5%</u>



2017	2018	2019	2020	2021	2022
\$ 84,767,898	\$ 90,260,977	\$ 91,750,858	\$ 100,328,694	\$ 101,462,806	\$ 100,135,307
974,405	1,604,857	3,652,156	2,833,396	533,341	(36,679)
22,410,973	22,858,261	23,739,973	17,114,579	9,469,507	14,576,005
202,174,527	209,621,427	218,164,915	224,158,572	221,574,472	221,197,193
16,625,266	17,198,842	16,798,675	15,891,453	32,488,639	37,491,213
326,953,069	341,544,364	354,106,577	360,326,694	365,528,765	373,363,039
11,001,338	11,514,189	11,579,014	12,045,309	12,630,825	13,264,167
6,460,730	6,903,161	7,122,254	7,631,179	7,717,054	7,587,100
136,536,746	141,017,874	144,692,508	143,989,921	140,547,910	143,319,449
3,509,419	3,874,646	3,907,331	3,888,466	3,509,057	4,439,304
48,194,816	49,252,014	51,507,841	55,159,242	56,677,434	59,625,510
19,265,127	19,713,175	26,200,345	23,051,707	34,912,873	32,329,578
21,774,370	23,150,650	24,378,844	25,060,178	25,510,887	29,057,448
23,465,235	26,295,190	30,083,755	27,088,116	26,146,167	31,472,718
501,639	437,569	478,592	578,794	612,385	665,539
12,142,784	12,369,060	11,900,447	11,756,680	11,023,452	14,414,867
17,937,598	18,835,328	19,669,050	18,413,160	12,342,444	14,202,554
14,429,416	30,922,886	18,468,568	25,628,871	20,858,804	16,525,312
16,908,235	17,825,824	17,802,872	20,491,339	21,103,066	15,984,006
5,519,548	6,692,091	5,942,637	7,140,795	5,941,062	5,758,278
337,647,001	368,803,657	373,734,058	381,923,757	379,533,420	388,645,830
(10,693,932)	(27,259,293)	(19,627,481)	(21,597,063)	(14,004,655)	(15,282,791)
—	—	16,070,000	—	14,405,000	—
50,745,000	12,900,000	43,340,000	—	30,775,000	2,007,134
2,232,510	687,685	2,300,316	—	1,086,458	—
—	473,993	199,685	—	—	—
—	—	(30,165,000)	—	(15,210,000)	—
959,875	800,876	7,465,535	1,299,565	5,000,010	—
—	—	—	1,050,000	—	—
—	—	—	(1,050,000)	—	—
53,937,385	14,862,554	39,210,536	1,299,565	36,056,468	2,007,134
\$ 43,243,453	\$ (12,396,739)	\$ 19,583,055	\$ (20,297,498)	\$ 22,051,813	\$ (13,275,657)
6.9%	7.3%	6.7%	7.8%	7.5%	5.8%

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Expenditures by Program  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2013	\$ 9,281,897 4.0%	\$ 5,449,851 2.4%	\$ 119,645,813 52.0%	\$ 2,172,192 0.9%	\$ 46,746,603 20.3%
2014	9,560,101 4.1%	4,824,781 2.1%	116,517,752 50.6%	3,110,026 1.4%	46,398,074 20.2%
2015	10,379,805 4.4%	4,938,420 2.1%	122,827,042 51.8%	2,529,300 1.1%	46,277,695 19.5%
2016	10,815,433 4.4%	5,521,493 2.3%	129,193,844 52.8%	3,124,154 1.3%	48,120,113 19.6%
2017	10,999,162 4.3%	5,703,811 2.2%	134,282,353 52.4%	3,426,012 1.3%	48,191,475 18.9%
2018	11,498,367 4.4%	5,971,996 2.3%	139,495,530 52.7%	3,762,033 1.4%	49,249,189 18.6%
2019	11,579,014 4.2%	6,026,917 2.2%	142,641,191 52.3%	3,798,501 1.4%	51,504,863 18.9%
2020	12,045,309 4.3%	6,383,173 2.3%	142,608,851 51.2%	3,775,218 1.4%	55,149,141 19.8%
2021	12,630,825 4.4%	6,702,691 2.3%	138,440,927 47.9%	3,448,113 1.2%	56,675,430 19.6%
2022	13,264,167 4.5%	6,563,064 2.2%	141,053,529 47.5%	4,320,832 1.4%	59,587,097 20.1%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Fiscal and Other Fixed Cost Programs</u>	<u>Total</u>	<u>Percent Increase (Decrease) From Prior Year</u>
\$ 11,342,939 4.9%	\$ 21,506,904 9.3%	\$ 13,696,405 6.0%	\$ 515,881 0.2%	\$ 230,358,485 100.0%	2.4%
13,867,690 6.0%	21,381,700 9.3%	13,956,139 6.1%	531,895 0.2%	230,148,158 100.0%	(0.1%)
14,139,992 6.0%	21,247,802 9.0%	13,898,296 5.9%	607,963 0.2%	236,846,315 100.0%	2.9%
13,472,009 5.5%	20,033,798 8.2%	14,018,585 5.7%	529,352 0.2%	244,828,781 100.0%	3.4%
16,108,984 6.3%	21,749,139 8.5%	15,245,250 5.9%	501,639 0.2%	256,207,825 100.0%	4.7%
15,474,392 5.9%	23,141,045 8.8%	15,536,238 5.8%	437,569 0.1%	264,566,359 100.0%	3.3%
16,338,832 6.0%	24,364,201 8.9%	16,119,074 5.9%	478,592 0.2%	272,851,185 100.0%	3.1%
17,114,996 6.1%	25,030,855 9.0%	15,760,903 5.7%	578,794 0.2%	278,447,240 100.0%	2.1%
26,030,318 9.0%	25,510,887 8.8%	18,959,945 6.6%	612,385 0.2%	289,011,521 100.0%	3.8%
25,304,122 8.5%	29,026,924 9.8%	17,246,821 5.8%	665,539 0.2%	297,032,095 100.0%	2.8%

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue by Source  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2013	\$ 48,294,901 21%	\$ 162,587,636 73%	\$ 8,630,373 4%	\$ 4,383,922 2%	\$ 223,896,832 100%
2014	27,849,067 12%	191,674,840 82%	8,805,345 4%	4,902,566 2%	233,231,818 100%
2015	53,770,557 22%	181,828,908 73%	7,987,321 3%	5,566,469 2%	249,153,255 100%
2016	56,353,162 22%	185,858,768 73%	8,184,157 3%	5,440,123 2%	255,836,210 100%
2017	54,872,791 21%	188,741,825 73%	9,076,514 4%	5,950,070 2%	258,641,200 100%
2018	56,258,480 21%	196,073,146 73%	9,800,950 4%	6,115,068 2%	268,247,644 100%
2019	57,035,680 21%	204,292,523 73%	9,408,631 3%	7,278,451 3%	278,015,285 100%
2020	64,852,735 22%	209,126,204 72%	9,630,449 3%	5,867,507 2%	289,476,895 100%
2021	64,689,741 22%	208,973,905 70%	19,421,504 7%	4,013,669 1%	297,098,819 100%
2022	61,454,434 21%	207,533,303 71%	20,855,275 7%	4,262,879 1%	294,105,891 100%

- (1) Basic general education revenue in the General Fund is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The state periodically changes the mix of property tax and state aid revenue with no net effect on total revenue.

INDEPENDENT SCHOOL DISTRICT NO. 279

Revenue and Expenditures –  
General Fund, Special Revenue Funds, General Obligation Bonds, and  
Other Post-Employment Benefits Bonds – Debt Service Accounts  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

				Fiscal Year
	2013	2014	2015	2016
Revenue				
General Fund				
Operating Account	\$ 223,896,832	\$ 233,231,818	\$ 249,153,255	\$ 255,836,210
Capital Expenditure Account	9,042,349	9,267,986	13,903,601	14,294,742
Special revenue funds				
Food Service	11,008,927	11,079,495	11,346,564	12,189,464
Community Service	14,334,020	15,289,169	15,056,548	16,828,669
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,503,802	19,639,753	15,637,131	15,564,377
Debt Service Account – Other				
Post-Employment Benefits Bonds	980,645	978,083	2,293,296	2,284,434
Total revenue	<u>\$ 278,766,575</u>	<u>\$ 289,486,304</u>	<u>\$ 307,390,395</u>	<u>\$ 316,997,896</u>
Expenditures				
General Fund				
Operating Account	\$ 230,358,485	\$ 230,148,158	\$ 236,846,315	\$ 244,828,781
Capital Expenditure Account	9,708,191	9,931,619	17,889,774	20,659,479
Special revenue funds				
Food Service	10,749,330	11,318,737	11,461,024	12,140,458
Community Service	14,912,640	15,333,772	14,595,891	16,557,157
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,524,714	19,691,009	15,751,468	16,813,272
Debt Service Account – Other				
Post-Employment Benefits Bonds	960,450	960,450	2,175,450	2,187,550
Total expenditures	<u>\$ 286,213,810</u>	<u>\$ 287,383,745</u>	<u>\$ 298,719,922</u>	<u>\$ 313,186,697</u>

2017	2018	2019	2020	2021	2022
\$ 258,641,200	\$ 268,247,644	\$ 278,015,285	\$ 289,476,895	\$ 297,098,819	\$ 294,105,891
18,373,136	22,321,138	22,504,811	22,088,625	18,495,400	29,014,795
12,949,410	13,106,250	12,875,401	10,441,940	12,954,711	16,830,516
18,535,705	18,977,219	19,779,910	16,685,896	13,038,710	16,811,824
15,955,955	15,555,583	17,208,540	18,097,433	21,261,211	13,857,737
2,278,253	2,983,142	2,907,629	2,875,357	2,620,468	2,728,971
<u>\$ 326,733,659</u>	<u>\$ 341,190,976</u>	<u>\$ 353,291,576</u>	<u>\$ 359,666,146</u>	<u>\$ 365,469,319</u>	<u>\$ 373,349,734</u>
\$ 256,207,825	\$ 264,566,359	\$ 272,851,185	\$ 278,447,240	\$ 289,011,521	\$ 297,032,095
19,119,404	22,467,860	31,397,121	24,372,381	23,483,860	29,459,387
12,243,200	12,510,312	12,165,405	12,116,579	11,655,858	14,960,691
18,096,509	18,998,920	19,737,599	18,604,603	12,463,604	14,373,798
15,471,116	16,756,014	16,403,794	20,460,477	20,094,456	14,290,620
2,199,550	2,886,150	2,909,601	2,844,948	2,623,860	2,720,995
<u>\$ 323,337,604</u>	<u>\$ 338,185,615</u>	<u>\$ 355,464,705</u>	<u>\$ 356,846,228</u>	<u>\$ 359,333,159</u>	<u>\$ 372,837,586</u>

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.



INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student  
Year Ended June 30, 2022  
(Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
General education formula revenue per pupil unit (1)		
General education (includes transportation)	\$ 6,728	\$ 6,728
Local optional	724	724
Referendum	1,607	1,579
Gifted and talented, extended, and basic skills	643	568
Operating capital	232	229
Equity, transition, pension, and other	199	169
General education formula revenue per pupil unit (property tax and state aid)	\$ 10,133	\$ 9,997
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		\$ 12,157
Less Capital Expenditure Account		(1,363)
General education formula revenue per student – General Fund – Operating Account		10,794
State categorical revenue (special education, secondary vocational, cooperation, and other)		2,393
Total property tax and state aid revenue		13,187
Federal revenue (special education, Title I, and other)		1,022
Other local revenue – interest, participation fees, and other		209
Total General Fund – Operating Account revenue per student		\$ 14,418

(1) Pupil units or adjusted pupil units consist of differential weighting of students by grade level for funding purposes.

(2) Average daily membership is a measure of student attendance.

Source: General education formula revenue per pupil unit is from the Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 279

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>
2013	\$ 11,073,727,012	\$ 116,771,700	\$ 11,190,498,712
2014	11,124,552,594	120,485,200	11,245,037,794
2015	12,260,171,126	126,039,300	12,386,210,426
2016	13,072,587,948	131,212,400	13,203,800,348
2017	13,963,187,839	135,759,200	14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964
2020	17,692,514,721	156,621,500	17,849,136,221
2021	18,865,866,104	167,949,700	19,033,815,804
2022	20,144,504,101	92,566,900	20,237,071,001

Source: Hennepin County Department of Property Tax and Public Records

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 11,981,778,000	93.4 %
12,032,929,900	93.5
13,117,972,200	94.4
13,913,604,700	94.9
14,790,857,500	95.3
15,935,351,000	96.0
17,052,240,800	96.4
18,425,248,550	96.9
19,577,944,400	97.2
20,739,057,200	97.6

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

Governmental Fund Tax Revenues by Source and Levy Type  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax					Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund		
2013	\$ 48,294,901	\$ 1,890,869	\$ 2,572,515	\$ 20,471,488	\$ 73,229,773	
2014	27,849,067	1,053,994	2,631,084	20,605,495	52,139,640	
2015	58,770,557	1,914,828	2,622,943	17,916,181	81,224,509	
2016	61,356,156	1,999,515	2,622,943	17,833,813	83,812,427	
2017	64,453,408	2,437,044	–	17,877,446	84,767,898	
2018	69,621,125	2,585,454	–	18,054,398	90,260,977	
2019	69,741,962	2,735,653	–	19,273,243	91,750,858	
2020	77,283,444	2,972,809	–	20,072,441	100,328,694	
2021	75,583,434	3,057,662	–	22,821,710	101,462,806	
2022	81,485,810	3,080,402	–	15,569,095	100,135,307	

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	Property Classification	City	2022			
			Property Valuation		Percentage of Tax Capacity	
			Tax Capacity	Rank	Value	Market Value
Target Corporation	Commercial	Brooklyn Park	\$ 1,848,776	1	0.8 %	\$ 92,476,300
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	1,477,082	2	0.6	73,891,600
Skye at Arbor Lakes LLLP	Apartment	Maple Grove	1,252,416	3	0.5	100,193,300
Weidner Property Management	Residential	Plymouth	943,800	4	0.4	75,504,000
The Connor Group	Apartment	Plymouth	810,000	5	0.3	64,800,000
Doran MGRB I, LLC	Apartment	Maple Grove	801,261	6	0.3	64,100,900
Fairview Hospital	Commercial	Maple Grove	736,888	7	0.3	36,881,900
KIMCO Realty Corporation	Commercial	Maple Grove	671,400	8	0.3	33,607,500
BPP, LLC	Industrial	Brooklyn Park	644,238	9	0.3	32,249,400
KIR Maple Grove, LP	Commercial	Maple Grove	586,840	10	0.2	29,379,500
Boston Scientific SciMed, Inc.	Industrial	Maple Grove	—	—	—	—
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	—	—	—	—
Thomson Reuters Prop Tx Services	Apartment	Plymouth	—	—	—	—
Excel Energy	Utility	Maple Grove	—	—	—	—
Total for 10 largest principal taxpayers			<u>\$ 9,772,701</u>		<u>4.0 %</u>	<u>\$ 603,084,400</u>

Note: Minnesota's tax capacity system includes class rates whereby commercial, industrial, and utility properties pay taxes based on a higher percentage of market value than homeowners.

Source: Hennepin County Department of Property Tax and Public Records

2013				
Property Valuation				
Tax Capacity	Rank	Percentage of Tax Capacity Value		Market Value
\$ 996,135	2	0.9 %	\$	50,775,100
1,202,348	1	1.0		60,154,900
—	—	—		—
—	—	—		—
—	—	—		—
—	—	—		—
575,250	7	0.5		28,800,000
640,802	5	0.6		32,077,600
439,060	10	0.4		21,990,500
944,228	3	0.8		47,248,900
882,652	4	0.8		44,170,100
601,044	6	0.5		30,089,700
520,425	8	0.4		41,634,000
474,432	9	0.4		23,721,600
<u>\$ 7,276,376</u>		<u>6.3 %</u>	<u>\$</u>	<u>380,662,400</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

School Tax Levies and Tax Rates by Fund  
Last Ten Fiscal Years

	<u>Year Collectible</u>	<u>General Fund</u>	<u>Community Service Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Levy All Funds</u>
<b>Levies</b>					
	2013	\$ 51,110,640	\$ 1,810,052	\$ 20,705,227	\$ 73,625,919
	2014	61,625,634	1,836,956	18,197,021	81,659,611
	2015	64,037,957	1,960,560	18,050,797	84,049,314
	2016	64,021,060	2,375,031	17,945,293	84,341,384
	2017	69,353,231	2,523,098	18,139,842	90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
	2020	74,247,689	2,993,322	22,893,430	100,134,441
	2021	81,756,449	3,068,201	15,735,260	100,559,910
	2022	84,115,150	3,125,856	14,901,056	102,142,062
<b>Net tax rates</b>					
Tax capacity rate					
	2013	11.044 %	1.361 %	15.568 %	27.973 %
	2014	14.823	1.375	13.621	29.819
	2015	13.693	1.319	12.144	27.156
	2016	13.348	1.510	11.409	26.267
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
	2020	9.944	1.395	10.669	22.008
	2021	13.807	1.357	6.959	22.123
	2022	14.396	1.307	6.230	21.933
Market value rate					
	2013	0.268 %	— %	— %	0.268 %
	2014	0.309	—	—	0.309
	2015	0.294	—	—	0.294
	2016	0.278	—	—	0.278
	2017	0.275	—	—	0.275
	2018	0.266	—	—	0.266
	2019	0.275	—	—	0.275
	2020	0.256	—	—	0.256
	2021	0.232	—	—	0.232
	2022	0.215	—	—	0.215

- (1) A portion of the total spread levy is paid through various property tax credits for residential homestead properties, which are paid through state aids.

Source: Hennepin County Department of Property Tax and Public Records



Less Homestead and Agricultural Credit Aid (HACA) and Fiscal Disparities	Net Levy	Less Referendum Spread on Market Value	Remaining Amount Spread on Tax Capacity Value
\$ (9,538,081)	\$ 64,087,838	\$ (31,703,793)	\$ 32,384,045
(9,799,243)	71,860,368	(36,803,819)	35,056,549
(10,726,997)	73,322,317	(38,109,021)	35,213,296
(9,941,590)	74,399,794	(37,953,980)	36,445,814
(10,497,320)	79,518,851	(39,956,973)	39,561,878
(11,070,502)	81,712,423	(41,651,739)	40,060,684
(11,010,109)	88,560,738	(46,196,821)	42,363,917
(11,984,393)	88,150,048	(46,577,113)	41,572,935
(11,456,838)	89,103,072	(44,778,983)	44,324,089
(11,825,135)	90,316,927	(43,930,863)	46,386,064

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	Municipalities			
		Brooklyn Center	Brooklyn Park	Corcoran	Dayton
Tax capacity rate	2013	71.074%	61.311%	46.111%	64.169%
Market value rate	2013	0.04702%	0.02791%	—	—
Tax capacity rate	2014	74.133%	60.469%	49.743%	65.600%
Market value rate	2014	—	0.02847%	—	—
Tax capacity rate	2015	70.026%	56.136%	45.311%	57.029%
Market value rate	2015	—	0.02589%	—	—
Tax capacity rate	2016	71.775%	55.251%	45.691%	57.150%
Market value rate	2016	—	0.02399%	—	—
Tax capacity rate	2017	70.498%	54.365%	45.994%	55.467%
Market value rate	2017	—	0.02464%	—	—
Tax capacity rate	2018	67.067%	51.159%	45.357%	55.664%
Market value rate	2018	—	0.01584%	—	—
Tax capacity rate	2019	70.400%	51.869%	45.160%	55.212%
Market value rate	2019	—	0.01110%	—	—
Tax capacity rate	2020	65.233%	48.862%	45.013%	54.139%
Market value rate	2020	—	0.01427%	—	—
Tax capacity rate	2021	64.740%	46.396%	43.522%	51.378%
Market value rate	2021	—	0.01340%	—	—
Tax capacity rate	2022	55.864%	47.523%	43.192%	47.733%
Market value rate	2022	—	0.02760%	—	—

- (1) The miscellaneous other levy includes AVTI, mosquito control, park/museum, Metro Transit, other metro services, county parks bonds, and interest. These miscellaneous levies vary slightly between municipalities.

Source: Hennepin County Department of Property Tax and Public Records

Maple Grove	Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
42.142%	77.832%	29.243%	38.291%	27.973%	49.461%	10.383%	129.959%
—	—	0.00596%	—	0.26813%	—	—	0.268%
42.267%	76.941%	29.547%	40.541%	29.819%	49.959%	10.429%	132.474%
—	—	0.00585%	—	0.30947%	—	—	0.309%
39.651%	72.935%	27.847%	40.377%	27.156%	46.398%	9.651%	122.856%
—	—	0.00698%	—	0.29426%	—	—	0.294%
39.196%	70.645%	27.330%	37.879%	26.267%	45.356%	9.449%	120.268%
—	—	0.00531%	—	0.27820%	—	—	0.278%
38.245%	69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
—	—	0.00499%	—	0.27516%	—	—	0.275%
36.709%	63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
—	—	0.00475%	—	0.26582%	—	—	0.266%
34.746%	60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
—	—	0.00219%	—	0.27486%	—	—	0.275%
32.756%	57.740%	25.796%	35.859%	22.008%	41.084%	8.174%	104.022%
—	—	0.00209%	—	0.25606%	—	—	0.256%
31.911%	58.211%	26.119%	33.396%	22.123%	38.210%	7.878%	100.122%
—	—	0.00197%	—	0.23168%	—	—	0.232%
31.287%	57.689%	27.187%	34.762%	21.933%	38.535%	7.807%	99.562%
—	—	0.00185%	—	0.21478%	—	—	0.215%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Tax Collection Calendar Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>
2013	\$ 73,625,919	\$ 73,513,909	99.8 %	\$ 112,010
2014	81,659,611	81,494,375	99.8	173,397
2015	84,049,314	83,715,659	99.6	305,006
2016	84,341,384	83,868,531	99.4	427,910
2017	90,016,171	89,891,336	99.9	46,865
2018	92,782,925	92,467,545	99.7	103,894
2019	99,570,847	99,253,734	99.7	257,066
2020	100,134,441	99,756,651	99.6	253,674
2021	100,559,910	100,235,033	99.7	N/A
2022 (1)	102,142,062	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2021	\$ 100,235,033
Less tax shift allocation of the levy collectible in 2021 to fiscal year 2021 (2)	(5,693,341)
Add tax shift allocation of the referendum levy collectible in 2022 to fiscal year 2022 (2)	4,972,877
Property tax delinquencies, abatements, and county apportionment	<u>620,738</u>
Total local property tax revenue – fiscal year 2022	<u><u>\$ 100,135,307</u></u>

N/A – Not Available

(1) Only a portion of calendar year 2022 taxes are collectible by June 30, 2022. A total of \$51,800,000 of 2022 taxes were collected by June 30, 2022.

(2) The state of Minnesota calculates the tax shift allocation based on various portions of the total tax levy.

Source: Hennepin County Department of Property Tax and Public Records

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>June 30, 2022 Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$ 73,625,919	100.0 %	\$ —	— %
81,667,772	100.0	—	—
84,020,665	100.0	—	—
84,296,441	99.9	—	—
89,938,201	99.9	77,970	0.1
92,571,439	99.8	211,486	0.2
99,510,800	99.9	60,047	0.1
100,010,325	99.9	124,116	0.1
100,235,033	99.7	324,877	0.3
N/A	N/A	—	N/A
		<u>\$ 798,496</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds and Notes	Certificates of Participation	Unamortized Premiums (Discounts) on Debt Issued	Financed Purchases
2013	\$ 138,715,000	\$ —	\$ 6,172,040	\$ 1,070,108
2014	124,400,000	—	5,285,194	95,433
2015	171,080,000	14,085,000	10,602,876	3,556,372
2016	111,020,000	13,425,000	8,901,279	6,731,949
2017	148,925,000	12,655,000	9,350,798	4,393,589
2018	148,370,000	11,870,000	6,980,144	1,608,641
2019	163,665,000	11,060,000	7,455,402	6,031,304
2020	146,965,000	10,225,000	5,547,562	4,374,530
2021	150,885,000	18,080,000	4,845,267	6,466,474
2022	139,030,000	16,665,000	4,368,007	5,759,602

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

Total Government		Percentage of Personal Income (1)	Per Capita (1)	
\$	145,957,148	1.8 %	\$	1,052
	129,780,627	1.5		923
	199,324,248	2.3		1,402
	140,078,228	1.5		963
	175,324,387	1.8		1,184
	168,828,785	1.7		1,141
	188,211,706	1.8		1,258
	167,112,092	1.5		1,109
	180,276,741	N/A		1,175
	165,822,609	N/A		1,060

## INDEPENDENT SCHOOL DISTRICT NO. 279

Ratio of Net Bonded Debt to  
Tax Capacity and Legal Debt Margin  
Last Ten Fiscal Years

<u>June 30,</u>	<u>Outstanding Bonded Debt</u>	<u>Unamortized Premiums (Discounts)</u>	<u>Balance on Hand – Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Taxable Tax Capacity</u>
2013	\$ 138,715,000	\$ 6,172,040	\$ 3,847,570	\$ 141,039,470	\$ 115,768,941
2014	124,400,000	5,285,194	3,813,947	125,871,247	117,564,467
2015	185,165,000	10,602,876	51,033,469	144,734,407	129,670,410
2016	124,445,000	8,901,279	2,951,458	130,394,821	138,751,338
2017	161,580,000	9,350,798	4,105,000	166,825,798	148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139
2020	157,190,000	5,547,562	3,509,367	159,228,195	212,201,535
2021	168,965,000	4,845,267	4,729,348	169,080,919	224,913,697
2022	155,695,000	4,368,007	4,304,441	155,758,568	238,096,648

- (1) District population is based upon an annual school district census and U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.

Note: The legal debt limit for a school district in Minnesota is 15 percent of the actual value of all taxable property within the District. As of June 30, 2022, the legal debt limit was \$3,068,083,391. As of June 30, 2022, outstanding bonded debt was \$155,695,000, leaving a margin of \$2,912,388,391 applicable to the limit.

Source: Hennepin County Department of Property Tax and Public Records



Ratio of Net Debt to Tax Capacity Value	Estimated Population (1)	Net Debt per Capita
121.8 %	138,789	\$ 1,016
107.1	140,680	895
111.6	142,167	1,018
94.0	145,451	896
112.7	148,029	1,127
83.1	148,029	1,018
91.0	149,640	1,178
75.0	150,674	1,057
75.2	153,405	1,102
65.4	156,387	996

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt  
as of June 30, 2022

Taxing Unit	Tax Collection Calendar Year – 2021 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 279 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 279	\$ 238,096,648	\$ 155,695,000	100.00 %	\$ 155,695,000
Overlapping debt				
Hennepin County	2,139,107,659	1,053,595,000	9.89	104,200,546
Cities				
Brooklyn Center	27,339,183	15,010,000	31.01	4,654,601
Brooklyn Park	89,431,092	29,795,000	75.80	22,584,610
Corcoran	12,519,771	7,065,000	10.79	762,314
Dayton	12,255,199	5,285,000	24.86	1,313,851
Maple Grove	115,968,603	3,820,000	92.90	3,548,780
Osseo	2,708,364	1,760,000	100.00	1,760,000
Plymouth	150,098,166	63,770,000	13.28	8,468,656
Rogers	25,540,327	4,675,000	1.77	82,748
Other				
Hennepin Suburban Park District	1,504,374,911	52,890,000	14.06	7,436,334
Hennepin Regional RR Authority	2,139,107,659	90,580,000	9.89	8,958,362
Metropolitan Council	4,384,840,728	193,320,000	4.82	9,318,024
Total overlapping debt				<u>173,088,825</u>
Total direct and debt outstanding				<u>\$ 328,783,825</u>

(1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of Property Tax and Public Records

## INDEPENDENT SCHOOL DISTRICT NO. 279

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 1,773,605,673	\$ 1,783,879,819	\$ 1,942,619,831	\$ 2,046,404,386
Total net debt applicable to the limit	138,715,000	124,400,000	185,165,000	124,445,000
Legal debt margin	<u>\$ 1,634,890,673</u>	<u>\$ 1,659,479,819</u>	<u>\$ 1,757,454,831</u>	<u>\$ 1,921,959,386</u>
Total net debt applicable to the limit as a percentage of debt limit	7.82%	6.97%	9.53%	6.08%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Hennepin County Department of Property Tax and Public Records

2017	2018	2019	2020	2021	2022
\$ 2,178,203,956	\$ 2,350,372,780	\$ 2,521,110,069	\$ 2,728,488,229	\$ 2,899,191,746	\$ 3,068,083,391
161,580,000	150,305,000	167,045,000	152,080,000	166,325,000	155,695,000
<u>\$ 2,016,623,956</u>	<u>\$ 2,200,067,780</u>	<u>\$ 2,354,065,069</u>	<u>\$ 2,576,408,229</u>	<u>\$ 2,732,866,746</u>	<u>\$ 2,912,388,391</u>
7.42%	6.39%	6.63%	5.57%	5.74%	5.07%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	\$20,453,889,275
Debt limit (15% of market value)	3,068,083,391
Debt applicable to the limit	
General obligation bonds and notes payable	<u>155,695,000</u>
Legal debt margin	<u>\$ 2,912,388,391</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service  
as of June 30, 2022

<u>Tax Collection Calendar Year</u>	<u>Deferred Tax Levies</u>
2023	\$ 11,995,213
2024	10,849,873
2025	11,686,828
2026	12,185,263
2027	12,937,588
2028	10,796,481
2029	10,496,916
2030	13,619,104
2031	13,020,735
2032	11,781,250
2033	11,687,091
2034	11,423,449
2035	11,508,919
2036	10,167,773
2037	<u>3,432,555</u>
Total amount to be levied in future years	167,589,038
2022 Amount levied for collection in 2022 and included in property taxes levied for subsequent year at June 30, 2022	<u>14,901,056</u>
Total deferred tax levies for future bond debt service	<u><u>\$ 182,490,094</u></u>

Note: These levies are subject to reduction based on excess fund balance limitations in accordance with Minnesota Statutes § 475.61.

Source: Debt service levy schedules in the various bond issues of the District

INDEPENDENT SCHOOL DISTRICT NO. 279

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2013	138,789	\$ 8,304,578,604	\$ 59,836	37.2	20,549	5.1 %
2014	140,680	8,557,283,040	60,828	37.6	20,581	4.2
2015	142,167	8,742,133,164	61,492	37.7	20,373	3.7
2016	145,451	9,194,975,867	63,217	37.8	20,307	3.9
2017	148,029	9,725,357,271	65,699	37.9	20,659	3.4
2018	148,029	10,126,811,919	68,411	37.8	20,968	2.9
2019	149,640	10,670,229,840	71,306	37.8	21,073	3.2
2020	150,674	11,056,759,468	73,382	38.1	21,030	6.2
2021	153,405	N/A	N/A	N/A	20,254	3.4
2022	156,387	N/A	N/A	N/A	20,398	N/A

N/A – Not Available

Data sources:

- (1) District population is based upon an annual school district census and U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.
- (2) United States Census Bureau
- (3) United States Department of Agriculture/Economic Research Service

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers  
Current Year and Nine Years Ago

Employer	2022		2013	
	Employees	Rank	Employees	Rank
Target Corporation	4,000	1	1,500	3
Independent School District No. 279	3,054	2	2,832	1
Boston Scientific SciMed, Inc.	3,000	3	2,800	2
Teleflex	1,900	4	—	—
United Parcel Service	700	5	664	6
Caterpillar Paving Products	660	6	—	—
North Hennepin Community College	610	7	420	9
LSC Communications	540	8	—	—
Hy-Vee	500	9	—	—
Medtronic	420	10	416	10
Walmart	—	—	800	4
Fairview Hospital	—	—	716	5
Prudential Insurance Company	—	—	650	7
Data Recognition Company	—	—	530	8
Total	15,384		11,328	

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove



INDEPENDENT SCHOOL DISTRICT NO. 279

Building Permits Issued by Major Cities  
Last Ten Fiscal Years

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
<b>City of Brooklyn Park</b>				
2012	2,034	\$ 124,367,945	143	\$ 33,322,357
2013	1,772	114,821,218	168	36,561,609
2014	1,885	164,344,704	140	26,375,881
2015	2,036	149,524,929	142	35,840,775
2016	2,090	106,842,092	137	34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,229	86,228,879	124	24,245,774
2019	2,937	97,427,930	100	22,206,367
2020	3,576	46,806,577	54	14,649,647
2021	95	184,699,474	74	22,619,841
<b>City of Maple Grove</b>				
2012	2,136	\$ 120,446,202	231	\$ 77,225,361
2013	2,110	202,041,119	265	127,675,752
2014	2,252	193,572,052	278	106,325,973
2015	2,942	141,804,368	192	85,682,575
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747
2019	7,145	263,658,791	236	60,035,556
2020	8,253	221,898,151	171	45,459,106
2021	4,315	159,271,769	296	79,731,130

(1) Includes single-family, duplexes, quad homes, townhomes, multi-unit, and condominiums; excludes apartment buildings.

Note: The District includes portions of eight municipalities. The table above includes the two largest municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year basis.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Employees by Classification  
Last Ten Fiscal Years

Year Ended June 30,	Employees			
	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals
2013	132	1,487	108	780
2014	137	1,482	110	738
2015	149	1,510	109	811
2016	148	1,543	108	775
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
2020	167	1,571	108	797
2021	168	1,612	111	733
2022	170	1,601	112	687
Percent increase (decrease) over 10 years	28.8%	7.7%	3.7%	(11.9%)

- (1) Superintendent, school executives, principals, secondary school building assistant principals, principals on special assignment, directors, coordinators, managers, supervisors, secondary school building business managers, and student management specialist.
- (2) Confidential support specialist, equity staff, hourly technical staff, Kidstop instructors, registered nurses and licensed practical nurses, salaried professionals, and School Board members.

Note: Other employees include Kidstop instructors after fiscal 2019.

Source: The District's Human Resources Department

Food Service	Custodians	Other Employees (2)	Total Employees	Total Students (ADM)
166	142	124	2,939	20,549
161	142	125	2,895	20,581
156	147	130	3,012	20,373
161	162	128	3,025	20,307
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,073
139	158	208	3,148	21,030
117	159	196	3,096	20,254
110	161	213	3,054	20,398
(33.7%)	13.4%	71.8%	3.9%	100.0%

## INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function  
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Total population	138,789	140,680	142,167	145,451
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	76%	74%	73%	72%
ACT information				
Average ACT score	22.3	22.3	22.3	20.3
Percent of students taking ACT	63%	65%	73%	84%
National Merit Scholarship Program				
Commended	9	11	11	6
Finalists and semifinalists	4	2	1	2
AP Scholars	128	150	149	164

N/A – Not Available

Source: The District's Division of Leadership, Teaching, and Learning

2017	2018	2019	2020	2021	2022
148,029	148,029	149,640	150,674	153,405	156,387
100%	100%	100%	100%	100%	100%
72%	71%	71%	72%	77%	77%
20.3	19.9	19.9	20.0	19.7	19.5
92%	90%	87%	88%	70%	77%
—	6	4	N/A	5	N/A
5	3	7	7	4	3
165	201	152	199	213	135

## INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function  
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Capital assets				
Land	\$ 8,344,233	\$ 8,323,417	\$ 8,323,417	\$ 8,323,417
Land improvements	28,968,868	29,488,070	30,394,387	31,479,888
Buildings	395,241,051	398,977,319	406,467,020	428,532,037
Equipment	10,954,314	8,573,540	8,798,928	10,098,560
Construction in progress	1,026,401	2,513,199	17,292,480	6,655,427
Total capital assets	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>	<u>\$ 485,089,329</u>
Capital assets by function and activity				
Administration	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
District support services	112,323,903	111,389,026	111,399,374	111,381,071
Elementary and secondary regular instruction	908,265	983,647	983,647	1,155,256
Vocational education instruction	64,681	64,681	64,681	64,681
Special education instruction	288,451	297,094	297,094	297,094
Instructional support services	1,321,797	1,336,797	1,371,261	1,460,404
Pupil support services	59,647	59,647	59,647	59,647
Food service	5,211,253	5,256,134	5,462,112	5,485,642
Sites and buildings	323,220,971	327,331,102	350,463,871	364,010,989
Community service	1,116,804	1,138,322	1,155,450	1,155,450
Total capital assets by function and activity	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>	<u>\$ 485,089,329</u>

Source: The District's Business Services Department

2017	2018	2019	2020	2021	2022
\$ 8,323,417	\$ 8,323,417	\$ 8,973,417	\$ 8,973,417	\$ 8,973,417	\$ 8,973,417
32,672,400	30,897,771	31,988,651	36,093,707	40,328,214	37,176,812
443,751,224	456,522,719	493,392,348	523,127,725	540,626,000	562,770,022
10,744,070	9,658,055	10,605,589	11,271,723	12,731,843	15,816,586
6,699,868	22,797,439	11,214,268	9,853,572	10,357,558	10,156,191
<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>	<u>\$ 589,320,144</u>	<u>\$ 613,017,032</u>	<u>\$ 634,893,028</u>
\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 31,895	\$ 31,895
111,333,954	107,606,898	107,687,623	107,736,578	107,754,573	105,976,355
1,172,513	897,678	913,783	967,749	1,001,051	1,205,477
64,681	48,341	61,879	137,994	150,117	168,566
297,094	272,402	272,402	338,921	346,266	502,877
1,460,404	1,084,157	1,254,477	1,254,477	1,500,074	1,506,156
59,647	54,438	34,467	48,367	123,025	135,025
5,546,180	5,573,434	5,817,182	6,061,702	6,569,632	6,945,186
381,019,401	411,379,171	438,844,431	471,342,481	494,010,262	516,853,610
1,218,010	1,263,787	1,268,934	1,412,780	1,530,137	1,567,881
<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>	<u>\$ 589,320,144</u>	<u>\$ 613,017,032</u>	<u>\$ 634,893,028</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Average Class Size  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>ISD No. 279 Staffing Ratio</u>
2013	27.52
2014	27.63
2015	26.47
2016	26.30
2017	25.60
2018	25.46
2019	25.54
2020	25.69
2021	25.39
2022	26.45

Note: This is the government-wide teacher staffing ratio for regular instructional classrooms.

Source: The District's Division of Leadership, Teaching, and Learning



INDEPENDENT SCHOOL DISTRICT NO. 279

School Facilities  
as of June 30, 2022

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)	
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2)	182
Basswood Elementary	School	1995/2002	36.00	102,648		863
Birch Grove Elementary School for the Arts	School	1966/1991/2004	15.00	74,314		351
Cedar Island Elementary	School	1970	23.16	66,871		417
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208		265
Edinbrook Elementary	School	1988/2002	20.00	106,406		661
Elm Creek Elementary	School	1980	15.00	84,300		494
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129		338
Fernbrook Elementary	School	1988/2003	43.00	105,440		859
Garden City Elementary	School	1959/1994/2004	10.00	55,153		298
Oak View Elementary	School	1991	22.00	98,600		466
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463		453
Park Brook Elementary	School	1959/1994/2004	10.00	55,011		273
Rice Lake Elementary	School	1980/2022	15.42	103,597		609
Rush Creek Elementary	School	1995/2002	29.00	102,648		765
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600		637
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2)	–
Woodland Elementary	School	2002	19.00	101,555		625
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	81,843		344
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	School	1963/1969/1980/2003	28.57	176,104		1,016
Maple Grove Middle School	School	1990/2003	46.62	275,680		1,585
North View Middle School	School	1970/1986/2002/2007	26.04	186,448		464
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507		1,163
Maple Grove Senior High	School	1996/2002/2004/2015	110.00	351,718		2,261
Osseo Senior High	School	1952/1957/1960/1962/1964/ 1966/1975/1988/2002/2015	43.63	413,610		2,075
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/ 1988/2002/2003/2015	31.00	414,774		1,739
Osseo Area Learning Center	School	1973/2000	5.00	47,108		153
Educational Service Center/ warehouse/maintenance	Office/maintenance/ warehouse	1969/1975/1980/2005	17.76	121,100		–
New ice arena	Sports	1990/2005	3.62	32,640		–
Old ice arena	Sports	1974	–	34,840		–
Adult Education Center	Adult education	2005	–	25,538		–
Osseo Education Center	Special education	1954/1957/1987/2005	11.00	46,144		60
Timberland Properties	CBVAT	Leased	–	12,249		–
Total				<u>3,848,042</u>		<u>19,416</u>

(1) Enrollment is defined as the adjusted ADM served, excluding resident students tuitioned out to other Minnesota school districts.

(2) Beginning in fiscal year 2016, both of these sites have been combined on MARSS.

Source: The District's Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service  
School Lunch Program Data  
Last Ten Fiscal Years

Year Ended June 30,		Average Daily Attendance (1)	Total National School Lunch Program Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2013		19,919	2,464,510	170	14,497	72.8 %
2014		19,963	2,422,337	168	14,419	72.2
2015		19,759	2,510,507	171	14,681	74.3
2016		19,699	2,520,404	172	14,654	74.4
2017		20,020	2,483,812	172	14,441	72.1
2018		20,329	2,483,599	170	14,609	71.9
2019		20,441	2,388,829	166	14,391	70.4
2020	(2)	20,395	1,636,020	118	13,865	68.0
2021	(2)	19,653	N/A	N/A	N/A	N/A
2022	(3)	19,786	N/A	N/A	N/A	N/A

N/A – Not Available

- (1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 97 percent of enrollment.
- (2) Due to the COVID-19 pandemic, the School Lunch Program operated under the Summer Food Service Program for Children beginning in March of 2020.
- (3) Due to the COVID-19 pandemic, the School Lunch Program operated under the Seamless Summer Option for Children during fiscal year 2022.

Source: The District's Food and Nutrition Department

Free Lunch		Reduced-Priced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
970,729	39.4 %	211,094	8.6 %
964,628	39.8	230,208	9.5
1,002,132	39.9	261,655	10.4
1,011,298	40.1	253,216	10.0
1,017,620	41.0	260,112	10.5
994,992	40.1	271,193	10.9
882,352	36.9	291,159	12.2
573,898	35.1	204,719	12.5
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

## INDEPENDENT SCHOOL DISTRICT NO. 279

Students  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)					Percent Increase (Decrease)
	Early Childhood and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Total	
					Number	
2013	339	1,444	9,548	9,218	20,549	(0.2)
2014	342	1,523	9,495	9,221	20,581	0.2
2015	383	1,432	9,397	9,161	20,373	(1.0)
2016	366	1,400	9,307	9,234	20,307	(0.3)
2017	514	1,357	9,237	9,551	20,659	1.7
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,427	9,353	9,749	21,073	0.5
2020	548	1,409	9,343	9,730	21,030	(0.2)
2021	488	1,216	8,818	9,732	20,254	(3.7)
2022	523	1,316	8,832	9,727	20,398	0.7

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Early Childhood	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6
Fiscal 2013 through 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2022	1.000	1.000	1.000	1.000	1.000	1.000

Note 3: Beginning in fiscal year 2015, the District offered only all-day kindergarten programming; therefore, a 1.0 weighting factor applied to kindergarten students served per MDE guidance.

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
23,648	(0.3)
23,644	—
22,205	(6.1)
22,153	(0.2)
22,569	1.9
22,891	1.4
23,023	0.6
22,976	(0.2)
22,200	(3.4)
22,343	0.6

Secondary  
7–12

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1.300

1.000

OSSEO AREA SCHOOLS

ISD  279

## Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.