INDEPENDENT SCHOOL DISTRICT NO. 273
EDINA, MINNESOTA

Financial Statements
and Supplementary Information

Year Ended
June 30, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 273

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 273

School Board and Administration
Year Ended June 30, 2022

SCHOOL BOARD

	Position
Erica Allenburg	Chair
Michael Birdman	Treasurer
Julie Greene	Clerk
Janie Shaw	Assistant Treasurer
Dan Arom	Assistant Clerk
Karen Gabler	Assistant Clerk

ADMINISTRATION

Dr. Stacie Stanley	Superintendent
Dr. Randy Smasal	Assistant Superintendent
Mert Woodard	Director of Business Services
Sonya Sailer	Director of Human Resources
Jody De St. Hubert	Director of Teaching and Learning
Jody Remsing	Director of Student Support
Natasha Monsaas-Daly	Director of District Media and Technology
Dr. Anne Marie Leland	Director of Community Education
Daphne Edwards	Director of Communications
Eric Hamilton	Director of Buildings and Grounds
Jason Stegeman, CPA	Assistant Director of Business Services

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FINANCIAL SECTION

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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. 273
Edina, Minnesota

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 273 (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.

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.

(continued)

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

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(continued)

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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. 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 supplementary information and the UFARS Compliance Table 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 section and other district information, as listed in the table of contents, 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 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 29, 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.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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
December 20, 2022

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This section of Independent School District No. 273, Edina, Minnesota's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2022 by $33,914,831 (net position deficit). The District's total net position increased by $11,018,936 during the fiscal year ended June 30, 2022.

- Government-wide revenues totaled $163,493,108 and were $11,018,936 more than expenses of $152,474,172.

- The General Fund's total fund balance (under the governmental fund presentation) increased $558,416 during the year, compared to a $857,956 decrease projected in the final budget, ending the year at $18,122,022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;

- Management's discussion and analysis;

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

- Required supplementary information; and

- Combining and individual fund statements and schedules, presented as supplementary information.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its self-insured employee dental program. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2022 and 2021

	2022	2021
Assets		
Current and other assets	$ 112,677,964	$ 105,579,559
Capital assets, net of depreciation	274,289,306	276,700,869
Total assets	$ 386,967,270	$ 382,280,428
Deferred outflows of resources	$ 37,713,366	$ 40,980,456
Liabilities		
Current and other liabilities	$ 19,963,734	$ 20,770,236
Long-term liabilities, including due within one year	290,770,616	325,345,734
Total liabilities	$ 310,734,350	$ 346,115,970
Deferred inflows of resources	$ 147,861,117	$ 122,078,681
Net position		
Net investment in capital assets	$ 79,307,413	$ 74,779,603
Restricted	13,096,826	10,673,134
Unrestricted	(126,319,070)	(130,386,504)
Total net position	$ (33,914,831)	$ (44,933,767)

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 amounts. A conservative versus liberal approach to depreciation estimates and capitalization policies, may produce a significant difference in the calculated amounts. Another major difference between net position and fund balances are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's total net position increased by $11,018,936 in fiscal 2022. The increase in net investment in capital assets is due to the relationship between the rate at which the capital assets are added and depreciated versus the rate at which the related debt is repaid, along with capital asset additions financed through a property tax levy, rather than a new debt issuance. Increases in resources restricted for capital asset acquisition, debt service, food service, and community service contributed to the increase in restricted net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

Table 2 presents a condensed version of the Statement of Activities of the District:

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

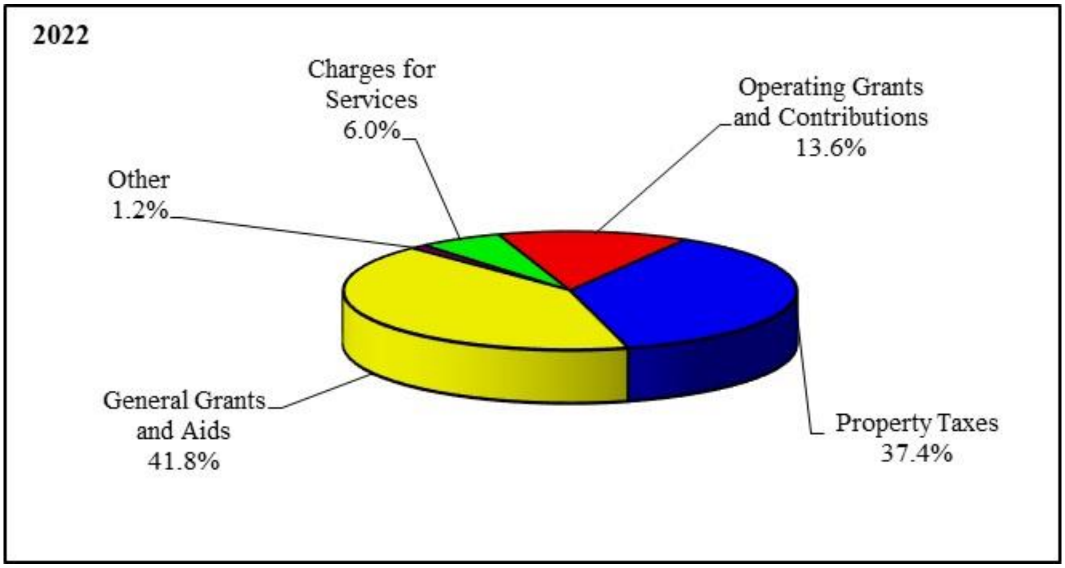
	2022	2021
Revenues		
Program revenues		
Charges for services	$ 9,741,502	$ 4,821,502
Operating grants and contributions	22,222,626	19,889,104
General revenues		
Property taxes	61,139,959	59,446,976
General grants and aids	68,403,930	68,134,313
All other	1,985,091	1,423,200
Total revenues	163,493,108	153,715,095
Expenses		
Administration	3,497,178	3,545,896
District support services	2,731,193	2,798,389
Elementary and secondary regular instruction	59,903,266	64,417,805
Vocational education instruction	497,732	435,878
Special education instruction	23,329,243	23,809,800
Instructional support services	12,507,297	9,134,634
Pupil support services	12,786,642	10,075,079
Sites and buildings	19,925,328	25,836,493
Fiscal and other fixed cost programs	504,272	451,186
Food service	3,743,658	1,432,491
Community service	7,784,122	5,239,236
Interest and fiscal charges	5,264,241	5,566,552
Total expenses	152,474,172	152,743,439
Change in net position	11,018,936	971,656
Net position – beginning	(44,933,767)	(45,905,423)
Net position – ending	$ (33,914,831)	$ (44,933,767)

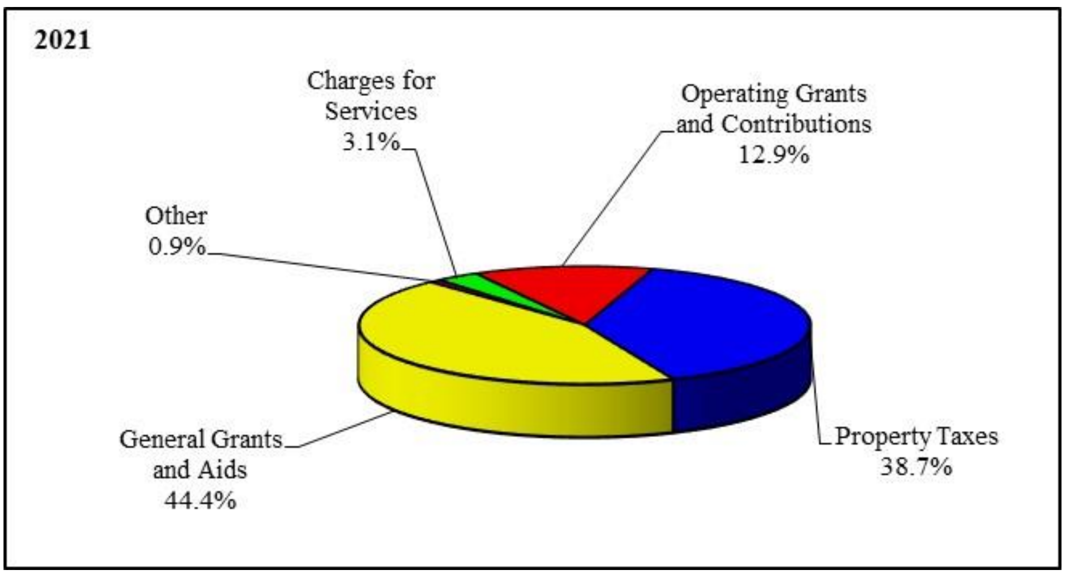
This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Total revenues for fiscal year 2022 were $9,778,013 greater than last year. Increases in property taxes, charges for services (activity fees, admissions, and community service program fees), state general education aid, and federal awards related to COVID-19 relief contributed to this increase. Expenses decreased $269,267, compared to fiscal year 2021 levels. Increases in costs for regular and special education instruction, instructional support, pupil support, food service, and community service, due to a return to in-person learning model, were offset by a reduction in pension expense related to the PERA and TRA pension plans mentioned earlier.

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

Figure A – Sources of Revenues for Fiscal Years 2022 and 2021



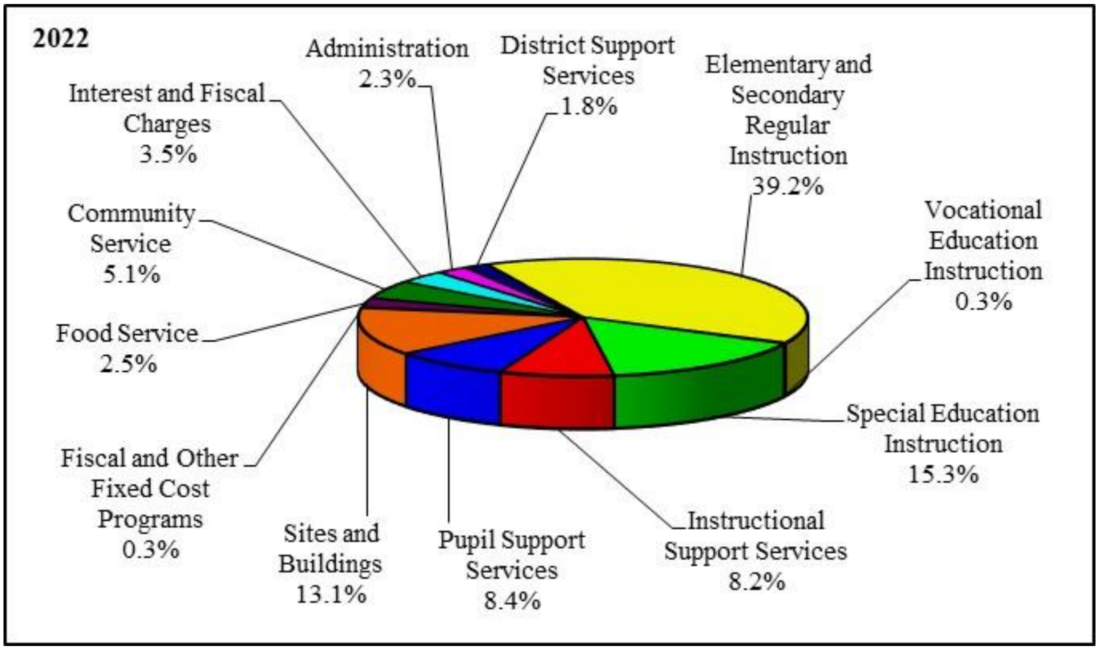


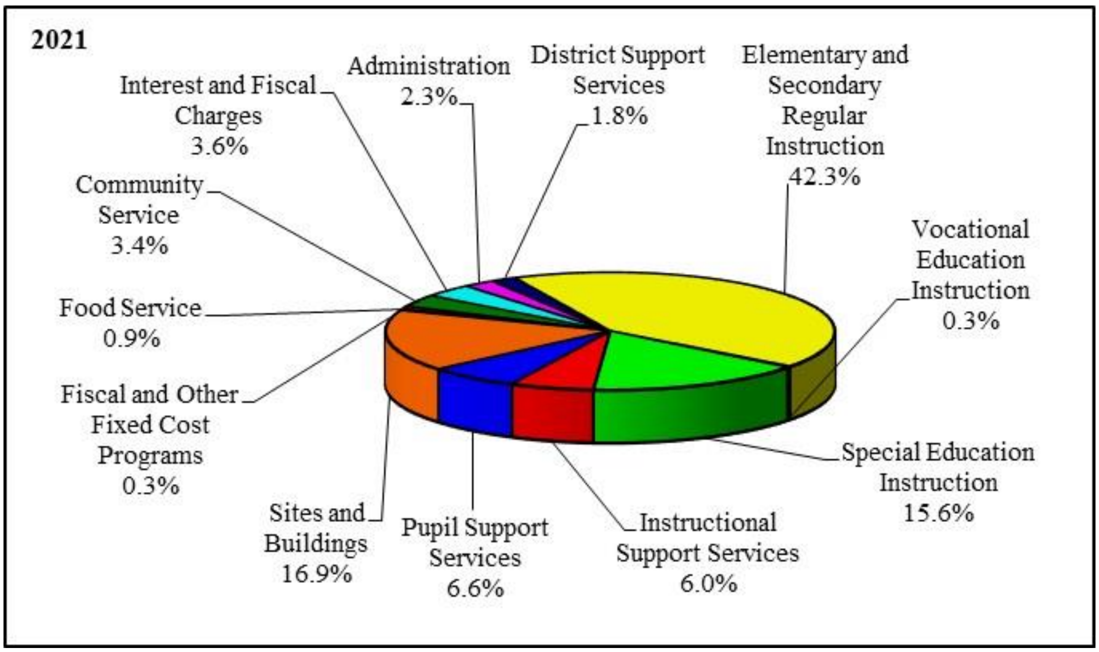
The largest share of the District's revenue is received from the state, including the aid formula and most of the operating grants.

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

Charges for services and operating grants and contributions both increased, mainly due the easing of COVID-19 restrictions and return to in-person learning, which resulted in higher activity fees and admissions, community service program fees, and federal meal reimbursement revenue for the District's child nutrition program.

Figure B – Expenses for Fiscal Years 2022 and 2021





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

The year-to-year changes in the percentage of expenses incurred in several program areas shown above were due to a combination of factors, including changes in the District's learning model in response to the COVID-19 pandemic, and changes in expenses related to the two state-wide pension plans.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2022 and 2021

	2022	2021	Change
Major funds			
General	$ 18,122,022	$ 17,563,606	$ 558,416
Capital Projects – Building Construction	11,413,906	7,392,643	4,021,263
Debt Service	3,451,305	3,314,963	136,342
Nonmajor funds			
Food Service Special Revenue	1,299,309	921,842	377,467
Community Service Special Revenue	1,612,330	688,972	923,358
Total governmental funds	$ 35,898,872	$ 29,882,026	$ 6,016,846

Nonspendable fund balances increased $13,152 in fiscal 2022, mainly for inventory in the Food Service Special Revenue Fund. Fund balances restricted for various purposes increased $6,871,620, with the largest increase in the Capital Projects – Building Construction Fund, due to the issuance of general obligation building bonds with a par value of $7,000,000 construction projects. Fund balances restricted for operating capital and long-term facilities maintenance in the General Fund, food service, and community service programs also increased from the previous year. Fund balances committed by School Board resolution for cash flow needs in the General Fund increased $24,353. Fund balances assigned for various purposes in the General Fund decreased $99,549. Unassigned fund balance in the General Fund decreased $792,730 during the year.

GENERAL FUND

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K–12 educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 128,973,851	$ 133,072,632	$ 4,098,781	3.2%
Expenditures	$ 127,263,206	$ 132,198,853	$ 4,935,647	3.9%
Other financing sources (uses)	$ (1,732,666)	$ (1,731,735)	$ 931	0.1%

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. In the fall and spring, the District amends the budget for known changes in circumstances, such as enrollment levels, legislative funding, staffing changes, employee contract settlements, and prior year carryover balances. Between the original and final budget, the District increased both the revenue and expenditure budgets for these factors.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2022 Actual	Amount	Percent	Amount	Percent
Revenue	$ 135,580,160	$ 2,507,528	1.9%	$ 8,743,927	6.9%
Expenditures	132,643,064	$ 444,211	0.3%	$ 14,174,495	12.0%
Other financing sources (uses)	(2,378,680)	$ (646,945)	37.4%	$ 3,319,472	58.3%
Net change in fund balances	$ 558,416				

General Fund revenues for fiscal year 2022 were 1.9 percent over budget. This variance was due to the District allocating its $5.1 million technology referendum property tax levy in the General Fund in the current year, which had been budgeted in the Capital Projects – Building Construction Fund based on prior year allocations. This was partially offset by state and federal grant revenues coming in under budget by a combined $2.6 million.

Increases in the property tax levy (including the change in the allocation of the technology referendum levy), state general education aid, student fees, admissions, and donations contributed to the 6.9 percent overall increase in General Fund revenue.

Expenditures were within 0.3 percent of budget in total.

The increase in expenditures, compared to the prior year was spread across virtually all program areas. Salaries and benefits were about $7.2 million higher than last year, due to higher instructional support service needs, due to the District returning to the in-person learning model, along with contractual salary increases and benefit cost growth consistent with regional inflationary trends. Purchased service costs increased by $4.0 million, mainly in special education, transportation, and facilities maintenance. Capital expenditures also increased $2.6 million.

The District transferred $3.0 million to the Capital Projects – Building Construction Fund for long-term facilities maintenance (LTFM) projects, compared to a budgeted transfer of $1.7 million.

Food Service Special Revenue Fund

Food Service Special Revenue Fund revenue for fiscal year 2022 totaled $4,125,876, and expenditures were $3,748,409. The June 30, 2022 fund balance was $1,299,309, an increase of $377,467, compared to a budgeted decrease of $43,556. Revenue was over budget by $1,102,560 and expenditures were over budget by $681,537, due to the District operating a child nutrition program that provided federally funded meals to most students. During the 2022 fiscal year, all students of the District received free breakfast and lunch through a one-time federal program.

Community Service Special Revenue Fund

Community Service Special Revenue Fund revenue for fiscal year 2022 totaled $9,000,853 and expenditures were $8,077,495. The June 30, 2022 fund balance is $1,612,330, an increase of $923,358, compared to a budgeted increase of $392,113. Revenue and expenditures were over budget by $622,781 and $91,536, respectively, due to pandemic-related uncertainties in program participation when preparing the budget, as well as COVID-19-related federal funding received that was not anticipated.

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund revenue for fiscal year 2022 totaled $30,999 and expenditures were $6,418,595. Revenue was $5,138,682 under budget, due to the change in the allocation of the technology referendum levy discussed previously. The fund also had other financing sources of $10.4 million in fiscal year 2022, including bond proceeds and transfer from the General Fund of $3.0 million as previously discussed. The June 30, 2022 fund balance is $11,413,906, an increase of $4,021,263, compared to a budgeted decrease of $3,872,571.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. Debt Service Fund revenue for fiscal year 2022 totaled $15,069,351, and expenditures were $14,933,009. The June 30, 2022 fund balance is $3,451,305, an increase of $136,342, compared to a $123,095 increase anticipated in the budget.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022, the District had invested $274,289,306 in a broad range of capital assets, including school buildings, athletic facilities, and technology and equipment (see Table 6). Total depreciation expense for this year was $13,021,000.

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2022 and 2021.

Table 6
Capital Assets

	2022	2021	Change
Land	$ 5,240,001	$ 5,240,001	$ –
Land improvements	26,335,782	26,335,782	–
Buildings	387,017,315	350,388,566	36,628,749
Furniture and equipment	23,953,238	21,853,716	2,099,522
Construction in progress	3,746,251	31,865,085	(28,118,834)
Less accumulated depreciation	(172,003,281)	(158,982,281)	(13,021,000)
Total	$ 274,289,306	$ 276,700,869	$ (2,411,563)
Depreciation expense	$ 13,021,000	$ 12,365,330	$ 655,670

The changes presented in the table above reflect the ongoing construction activity at various district sites during fiscal year 2022. The most significant change from last year was the completion of several large building improvement projects started in prior years, related to previously issued building bonds and the 10-year LTFM plan.

The District capitalizes furniture, equipment, and land improvements valued at $5,000 or more.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities, together with the change from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2022	2021	Change
General obligation bonds payable	$ 183,225,000	$ 183,765,000	$ (540,000)
Certificates of participation payable	625,000	735,000	(110,000)
Unamortized premiums	12,955,532	14,202,540	(1,247,008)
Financed purchases payable	1,671,766	1,492,912	178,854
Severance benefits payable	388,656	472,756	(84,100)
Net/total pension liabilities	69,641,166	103,195,273	(33,554,107)
Total OPEB liability	22,263,496	21,482,253	781,243
Total	$ 290,770,616	$ 325,345,734	$ (34,575,118)

The decreases in general obligation bonds payable, unamortized premiums, and finance purchases payable were due to scheduled principal repayments during fiscal year 2022. The differences in the net/total pension and OPEB liabilities reflect the changes in the District's proportionate share of the state-wide PERA and TRA pension plans, along with changes in the District's pension and OPEB plans.

The state limits the amount of general obligation debt the District can issue at 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

Table 8
Limitations on Debt

District's market value	$ 11,132,184,075
Limit rate	15.0%
Legal debt limit	$ 1,669,827,611

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum and other local property tax levies, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $135, or 2.00 percent, per pupil to the formula for fiscal year 2023.

Annually, the School Board approves a rolling 10-year LTFM plan. Goals of the plan are to support learning environment and initiatives for students, staff, and community; increase long-term facilities funding of annual deferred maintenance to meet ongoing needs; address backlog of deferred maintenance in buildings; improve energy efficiency; support strategic plan initiatives; and minimize impact to taxpayers. The District finances its LTFM plan through the combination of yearly property tax levy authority and general obligation debt. In conformance with this 10-year plan, the District issued in Spring 2021, $10,585,000 in general obligation bonds. The plan invests approximately $15.0 million biannually in the remaining years of the LTFM plan to improve mechanical systems, exterior envelope, and paving throughout the District. The District may issue additional general obligation debt in the Spring or Fall of 2023.

On May 11, 2021, the voters of the Edina School District approved a renewal and increase of $500,000 annually to the Capital Projects Levy for the next 10 years. The voters also approved a $7,000,000 general obligation school building bond for expansion of the bus depot, parking lot, and lighting improvements at two elementary schools and one middle school.

In the fall of 2022, the District issued $14,200,000 in certificates of participation to finance an addition to one of the District's elementary schools. During the issuance process Moody's Investors Service, a leading global credit rating agency, reaffirmed its AAA rating of the District, the highest rating assigned by Moody's. The AAA rating allows the District to obtain the lowest interest rates available when borrowing money by issuing bonds and certificates. The District is one of three in the state to have the highest rating.

In November 2017, the District was successful in its request to renew and increase the existing operating levy scheduled to sunset in 2018–2019. The voters approved the increase in a two-step process, with an increase for taxes payable in 2018 of $445 per pupil unit, and an increase of $218 per pupil unit for taxes payable starting in 2020. The increase in the operating referendum has maintained the quality of programs and services offered by the District.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunities for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Services Department, Independent School District No. 273, 5701 Normandale Road, Edina, Minnesota 55424, or visit the District's website at www.edinaschools.org.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Governmental Activities	
	2022	2021
Assets		
Cash and temporary investments	$ 69,624,545	$ 63,202,126
Receivables		
Current taxes	31,132,945	30,429,785
Delinquent taxes	473,467	543,396
Accounts and interest	168,111	434,803
Due from other governmental units	11,254,313	10,958,018
Inventory	21,658	–
Prepaid items	2,925	11,431
Capital assets		
Not depreciated	8,986,252	37,105,086
Depreciated, net of accumulated depreciation	265,303,054	239,595,783
Total assets	386,967,270	382,280,428
Deferred outflows of resources		
Pension plan deferments	35,240,914	39,019,289
OPEB plan deferments	2,472,452	1,961,167
Total deferred outflows of resources	37,713,366	40,980,456
Total assets and deferred outflows of resources	$ 424,680,636	$ 423,260,884
Liabilities		
Salaries and benefits payable	$ 9,574,883	$ 11,315,657
Accounts and contracts payable	5,736,514	4,496,313
Accrued interest payable	3,037,065	3,090,463
Due to other governmental units	372,696	404,602
Unearned revenue	1,242,576	1,463,201
Long-term liabilities		
Due within one year	11,491,480	10,406,809
Due in more than one year	279,279,136	314,938,925
Total long-term liabilities	290,770,616	325,345,734
Total liabilities	310,734,350	346,115,970
Deferred inflows of resources		
Bond refunding deferments	1,212,133	1,884,295
Property taxes levied for subsequent year	58,960,384	57,065,831
Pension plan deferments	86,796,709	62,062,564
OPEB plan deferments	891,891	1,065,991
Total deferred inflows of resources	147,861,117	122,078,681
Net position		
Net investment in capital assets	79,307,413	74,779,603
Restricted for		
Capital asset acquisition	9,517,795	8,577,036
Debt service	515,837	311,374
Food service	1,299,309	921,842
Community service	1,617,915	637,052
Other state restrictions	145,970	225,830
Unrestricted	(126,319,070)	(130,386,504)
Total net position	(33,914,831)	(44,933,767)
Total liabilities, deferred inflows of resources, and net position	$ 424,680,636	$ 423,260,884

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022				2021
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 3,497,178	$ 54,134	$ –	$ (3,443,044)	$ (3,532,241)
District support services	2,731,193	–	–	(2,731,193)	(2,798,389)
Elementary and secondary regular instruction	59,903,266	1,469,646	440,329	(57,993,291)	(63,069,535)
Vocational education instruction	497,732	–	–	(497,732)	(435,878)
Special education instruction	23,329,243	18,568	16,018,440	(7,292,235)	(7,633,012)
Instructional support services	12,507,297	1,506	79,580	(12,426,211)	(9,133,988)
Pupil support services	12,786,642	61,126	1,232,787	(11,492,729)	(8,965,016)
Sites and buildings	19,925,328	584,826	–	(19,340,502)	(25,486,502)
Fiscal and other fixed cost programs	504,272	–	–	(504,272)	(451,186)
Food service	3,743,658	352,581	3,771,316	380,239	(9,722)
Community service	7,784,122	7,199,115	680,174	95,167	(950,812)
Interest and fiscal charges	5,264,241	–	–	(5,264,241)	(5,566,552)
Total governmental activities	$ 152,474,172	$ 9,741,502	$ 22,222,626	(120,510,044)	(128,032,833)
General revenues					
Taxes					
Property taxes, levied for general purposes				44,940,869	38,700,828
Property taxes, levied for community service				1,118,315	1,100,338
Property taxes, levied for capital projects				–	4,920,118
Property taxes, levied for debt service				15,080,775	14,725,692
General grants and aids				68,403,930	68,134,313
Other general revenues				1,899,993	1,333,919
Investment earnings				85,098	89,281
Total general revenues				131,528,980	129,004,489
Change in net position				11,018,936	971,656
Net position – beginning				(44,933,767)	(45,905,423)
Net position – ending				$ (33,914,831)	$ (44,933,767)

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 38,858,438	$ 14,372,498	$ 11,011,020
Receivables			
Current taxes	23,124,607	–	7,467,086
Delinquent taxes	343,380	–	121,017
Accounts and interest	136,620	17,914	–
Due from other governmental units	11,183,296	–	–
Inventory	–	–	–
Prepaid items	2,925	–	–
Total assets	$ 73,649,266	$ 14,390,412	$ 18,599,123
Liabilities			
Salaries and benefits payable	$ 9,484,009	$ 4,442	$ –
Accounts and contracts payable	2,564,886	2,972,064	–
Due to other governmental units	367,494	–	–
Unearned revenue	19,001	–	–
Total liabilities	12,435,390	2,976,506	–
Deferred inflows of resources			
Property taxes levied for subsequent year	42,823,515	–	15,046,221
Unavailable revenue – delinquent taxes	268,339	–	101,597
Total deferred inflows of resources	43,091,854	–	15,147,818
Fund balances			
Nonspendable	2,925	–	–
Restricted	2,833,640	11,413,906	3,451,305
Committed	1,098,955	–	–
Assigned	5,995,361	–	–
Unassigned	8,191,141	–	–
Total fund balances	18,122,022	11,413,906	3,451,305
Total liabilities, deferred inflows of resources, and fund balances	$ 73,649,266	$ 14,390,412	$ 18,599,123

See notes to basic financial statements

	Nonmajor Funds	Total Governmental Funds 2022	Total Governmental Funds 2021
	$ 4,826,328	$ 69,068,284	$ 62,599,458
	541,252	31,132,945	30,429,785
	9,070	473,467	543,396
	1,628	156,162	409,934
	71,017	11,254,313	10,958,018
	21,658	21,658	–
	–	2,925	11,431
	$ 5,470,953	$ 112,109,754	$ 104,952,022
	$ 86,432	$ 9,574,883	$ 11,315,657
	145,800	5,682,750	4,444,988
	5,202	372,696	404,602
	1,223,575	1,242,576	1,463,201
	1,461,009	16,872,905	17,628,448
	1,090,648	58,960,384	57,065,831
	7,657	377,593	375,717
	1,098,305	59,337,977	57,441,548
	21,658	24,583	11,431
	2,889,981	20,588,832	13,717,212
	–	1,098,955	1,074,602
	–	5,995,361	6,094,910
	–	8,191,141	8,983,871
	2,911,639	35,898,872	29,882,026
	$ 5,470,953	$ 112,109,754	$ 104,952,022

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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)

	2022	2021
Total fund balances – governmental funds	$ 35,898,872	$ 29,882,026
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	446,292,587	435,683,150
Accumulated depreciation	(172,003,281)	(158,982,281)
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 payable	(183,225,000)	(183,765,000)
Certificates of participation payable	(625,000)	(735,000)
Unamortized premiums	(12,955,532)	(14,202,540)
Financed purchases payable	(1,671,766)	(1,492,912)
Severance benefits payable	(388,656)	(472,756)
Net/total pension liabilities	(69,641,166)	(103,195,273)
Total OPEB liability	(22,263,496)	(21,482,253)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	514,446	576,212
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(3,037,065)	(3,090,463)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	35,240,914	39,019,289
Deferred outflows of resources – OPEB plan deferments	2,472,452	1,961,167
Deferred inflows of resources – bond refunding deferments	(1,212,133)	(1,884,295)
Deferred inflows of resources – pension plan deferments	(86,796,709)	(62,062,564)
Deferred inflows of resources – OPEB plan deferments	(891,891)	(1,065,991)
Deferred inflows of resources – unavailable revenue – delinquent taxes	377,593	375,717
Total net position – governmental activities	$ (33,914,831)	$ (44,933,767)

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 44,953,106	$ –	$ 15,066,052
Investment earnings	46,182	30,999	3,299
Other	3,948,410	–	–
State sources	82,445,205	–	–
Federal sources	4,187,257	–	–
Total revenue	135,580,160	30,999	15,069,351
Expenditures			
Current			
Administration	3,873,432	–	–
District support services	2,853,562	–	–
Elementary and secondary regular instruction	58,812,519	–	–
Vocational education instruction	418,857	–	–
Special education instruction	24,570,499	–	–
Instructional support services	12,959,940	–	–
Pupil support services	12,947,747	–	–
Sites and buildings	15,164,467	–	–
Fiscal and other fixed cost programs	504,272	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	6,292,628	–
Debt service			
Principal	462,883	–	7,540,000
Interest and fiscal charges	74,886	125,967	7,393,009
Total expenditures	132,643,064	6,418,595	14,933,009
Excess (deficiency) of revenue over expenditures	2,937,096	(6,387,596)	136,342
Other financing sources (uses)			
Sale of capital assets	–	–	–
Insurance recoveries	141,389	–	–
Financed purchases	531,737	–	–
Debt issued	–	7,000,000	–
Premium on debt issued	–	357,053	–
Payment on refunded debt	–	–	–
Transfers in	–	3,051,806	–
Transfers (out)	(3,051,806)	–	–
Total other financing sources (uses)	(2,378,680)	10,408,859	–
Net change in fund balances	558,416	4,021,263	136,342
Fund balances			
Beginning of year	17,563,606	7,392,643	3,314,963
End of year	$ 18,122,022	$ 11,413,906	$ 3,451,305

Nonmajor Funds	Total Governmental Funds 2022	Total Governmental Funds 2021
$ 1,118,925	$ 61,138,083	$ 59,466,560
4,618	85,098	88,447
7,551,696	11,500,106	6,136,020
646,048	83,091,253	81,366,601
3,805,442	7,992,699	6,481,911
13,126,729	163,807,239	153,539,539
–	3,873,432	3,342,784
–	2,853,562	2,714,576
–	58,812,519	56,763,928
–	418,857	347,713
–	24,570,499	22,568,276
–	12,959,940	8,891,998
–	12,947,747	9,321,573
–	15,164,467	13,571,083
–	504,272	451,186
3,732,088	3,732,088	1,321,720
8,021,126	8,021,126	5,202,701
72,690	6,365,318	27,541,508
–	8,002,883	7,461,830
–	7,593,862	7,915,046
11,825,904	165,820,572	167,415,922
1,300,825	(2,013,333)	(13,876,383)
–	–	5,185
–	141,389	14,216
–	531,737	317,611
–	7,000,000	19,670,000
–	357,053	2,391,224
–	–	(10,430,000)
–	3,051,806	–
–	(3,051,806)	–
–	8,030,179	11,968,236
1,300,825	6,016,846	(1,908,147)
1,610,814	29,882,026	31,790,173
$ 2,911,639	$ 35,898,872	$ 29,882,026

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INDEPENDENT SCHOOL DISTRICT NO. 273

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)

	2022	2021
Total net change in fund balances – governmental funds	$ 6,016,846	$ (1,908,147)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	10,609,437	23,415,293
Depreciation expense	(13,021,000)	(12,365,330)
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.	(61,766)	(24,993)
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	(7,000,000)	(19,670,000)
Financed purchases payable	(531,737)	(317,611)
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	7,650,000	17,590,000
Capital leases payable	352,883	301,830
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.	53,398	205,456
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.	1,247,008	(920,349)
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.		
Severance benefits payable	84,100	153,911
Net/total pension liabilities	33,554,107	(12,349,009)
Total OPEB liability	(781,243)	(878,409)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(3,778,375)	(22,845,446)
Deferred outflows of resources – OPEB plan deferments	511,285	417,842
Deferred inflows of resources – bond refunding deferments	672,162	672,163
Deferred inflows of resources – pension plan deferments	(24,734,145)	29,436,252
Deferred inflows of resources – OPEB plan deferments	174,100	77,787
Deferred inflows of resources – unavailable revenue – delinquent taxes	1,876	(19,584)
Change in net position – governmental activities	$ 11,018,936	$ 971,656

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 38,819,211	$ 39,796,208	$ 44,953,106	$ 5,156,898
Investment earnings	50,000	50,000	46,182	(3,818)
Other	3,531,145	4,039,567	3,948,410	(91,157)
State sources	83,293,123	83,447,170	82,445,205	(1,001,965)
Federal sources	3,280,372	5,739,687	4,187,257	(1,552,430)
Total revenue	128,973,851	133,072,632	135,580,160	2,507,528
Expenditures				
Current				
Administration	3,312,056	3,890,330	3,873,432	(16,898)
District support services	2,680,227	2,760,792	2,853,562	92,770
Elementary and secondary regular instruction	57,947,708	60,990,765	58,812,519	(2,178,246)
Vocational education instruction	200	311,538	418,857	107,319
Special education instruction	24,605,281	24,883,964	24,570,499	(313,465)
Instructional support services	9,309,657	8,118,958	12,959,940	4,840,982
Pupil support services	10,495,303	10,778,998	12,947,747	2,168,749
Sites and buildings	18,083,183	19,561,199	15,164,467	(4,396,732)
Fiscal and other fixed cost programs	501,914	504,272	504,272	–
Debt service				
Principal	257,636	327,996	462,883	134,887
Interest and fiscal charges	70,041	70,041	74,886	4,845
Total expenditures	127,263,206	132,198,853	132,643,064	444,211
Excess (deficiency) of revenue over expenditures	1,710,645	873,779	2,937,096	2,063,317
Other financing sources (uses)				
Insurance recoveries	–	–	141,389	141,389
Financed purchases	–	–	531,737	531,737
Transfers (out)	(1,732,666)	(1,731,735)	(3,051,806)	(1,320,071)
Total other financing sources (uses)	(1,732,666)	(1,731,735)	(2,378,680)	(646,945)
Net change in fund balances	$ (22,021)	$ (857,956)	558,416	$ 1,416,372
Fund balances				
Beginning of year			17,563,606	
End of year			$ 18,122,022	

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022	2021
Assets		
Current assets		
Cash and temporary investments	$ 556,261	$ 602,668
Accounts receivable	11,949	24,869
Total assets	568,210	627,537
Liabilities		
Current liabilities		
Accounts and contracts payable	53,764	51,325
Net position		
Unrestricted	$ 514,446	$ 576,212

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022	2021
Operating revenue		
Charges for services	$ 842,240	$ 870,451
Operating expenses		
Dental claims and expenses	904,006	896,278
Operating income (loss)	(61,766)	(25,827)
Nonoperating revenue		
Investment earnings	–	834
Change in net position	(61,766)	(24,993)
Net position		
Beginning of year	576,212	601,205
End of year	$ 514,446	$ 576,212

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Cash Flows
Proprietary Fund
Internal Service Fund
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	$ 855,160	$ 870,538
Dental claims and other expense payments	(901,567)	(885,590)
Net cash flows from operating activities	(46,407)	(15,052)
Cash flows from investing activities		
Investment income received	–	834
Net change in cash and cash equivalents	(46,407)	(14,218)
Cash and temporary investments		
Beginning of year	602,668	616,886
End of year	$ 556,261	$ 602,668
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (61,766)	$ (25,827)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	12,920	87
Accounts and contracts payable	2,439	10,688
Net cash flows from operating activities	$ (46,407)	$ (15,052)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Organization

Independent School District No. 273, Edina, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District serves pre-kindergarten through 12th grade students attending the District either as a resident of the District or through an open enrollment option election. It is governed by a School Board elected by voters of the District to four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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

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.

Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. 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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

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

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

Internal service funds are presented in proprietary fund financial statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. An internal service fund accounts for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The principal operating revenue of the District's Internal Service Fund is charges to other district funds for service. Operating expenses for the Internal Service Fund include the costs of providing services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue, capital project levies, or the Long-Term Facilities Maintenance (LTFM) Program.

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Fund – The District's Internal Service Fund is used to account for dental insurance offered by the District to its employees as a self-insured plan.

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Actual expenditures for the year ended June 30, 2022 exceeded budgeted appropriations by $444,211 in the General Fund, by $681,537 in the Food Service Special Revenue Fund, and by $91,536 in the Community Service Special Revenue Fund. Revenues and other financing sources in excess of budget, along with available fund balances, financed these variances.

F. Cash and Temporary Investments

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (internal service) fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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

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

G. Receivables

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

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food or surplus commodities received from the federal government. Purchased food inventory is recorded at cost on a first-in, first-out basis. 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. Prepaid items are reported as expenses/expenditures 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 then allocated between property taxes and state aids by the Legislature based on education funding priorities.

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.

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 $3,772,561 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2021–2022. The remaining portion of the taxes collectible in 2022 is reported as a deferred inflow of resources (property taxes levied for subsequent year).

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess material amounts of infrastructure capital assets. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets are reported in the government-wide financial statements, but not in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for furniture and equipment. Land and construction in progress are not depreciated.

L. Long-Term Obligations

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

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

M. Compensated Absences

Under the terms of union contracts, certain employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Compensated absences, if material, are accrued when earned in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Severance Benefits

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

Severance benefits payable are recorded as a liability in the government-wide financial statements as they are earned and it becomes probable they will vest at some point in the future, and are accrued in the governmental fund financial statements as the liability matures, due to employee termination.

O. State-Wide Pension Plans

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and 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.

P. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which 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 fiscal year.

2. **Self-Insurance** – The District established an Internal Service Fund to account for and finance its uninsured risk of loss for its employee dental plan. Under this plan, the District provides coverage to participating employees and their dependents for various dental costs as described in the plan.

   The District makes premium payments to the Internal Service Fund on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the balance of dental claim liabilities were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ 40,637	$ 896,278	$ 885,590	$ 51,325
2022	$ 51,325	$ 904,006	$ 901,567	$ 53,764

Q. Deferred Outflows/Inflows of Resources

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

The District reports a deferred inflow of resources related to bond refunding deferments in the government-wide Statement of Net Position. A bond refunding deferment results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District reports deferred outflows and inflows of resources related to pensions and other post-employment benefit plans (OPEB) reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

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

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

R. Interfund Transfers

The General Fund transferred $3,051,806 to the Capital Projects – Building Construction Fund to allocate revenue that will be expended by the Capital Projects – Building Construction Fund for LTFM projects. Such interfund transfers are reported in the fund financial statements but are eliminated in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

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

- **Restricted Net Position** – Consists of net position restricted related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

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

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

T. Fund Balance Classifications

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 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 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	1,523,783
Investments		68,100,762
Cash and temporary investments	$	69,624,545

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.

The year-end bank balances of the District's deposits totaled $1,523,688, which were fully covered by federal deposit insurance or collateral held by the District's agent in the District's name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Rating	Rating Agency	Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years		Total
				Less Than 1 Year	1 to 5	
Negotiable certificates of deposits	Not Rated		Level 2	$ –	$ 241,328	$ 241,328
U.S. treasuries	AA	S&P	Level 2	$ 3,978,522	$ –	3,978,522
Investment pools						
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	No Maturity Date		22,589,968
MSDLAF MAX Class	AAA	S&P	Amortized Cost	No Maturity Date		319,330
MNTrust Investment Shares Portfolio	AA	S&P	Amortized Cost	No Maturity Date		19,950,475
MNTrust Full Flex	Not Rated		Amortized Cost	No Maturity Date		15,021,139
MNTrust Term Series	Not Rated		Amortized Cost	$ 6,000,000	$ –	6,000,000
Total investments						$ 68,100,762

The District's investments include external investment pools managed by Minnesota Trust (MNTrust) and the Minnesota School District Liquid Asset Fund (MSDLAF), which are regulated by Minnesota Statutes and not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MNTrust Full Flex investments can be withdrawn weekly with one day advance notice. MNTrust Term Series Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses or other costs associated with the early redemption of the investments therein.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk – 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's investment policy also requires that commercial paper be of corporations organized in the United States; having at least $1 billion of outstanding corporate paper obligations; rated at the highest classification by Standard and Poor's (A-1) or Moody's Investors Service (P-1); and not be on credit watch for potential downgrades. No more than 50 percent of the District's investments can be in commercial paper on any given day. District policy does not allow investments in derivatives.

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 policies limit the investment on any given day, in any given corporation, to $1 million.

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 investment maturities; however, the District considers such things as interest rates and cash flow needs when purchasing investments.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	$ 5,240,001	$ –	$ –	$ –	$ 5,240,001
Construction in progress	31,865,085	8,345,382	–	(36,464,216)	3,746,251
Total capital assets, not depreciated/amortized	37,105,086	8,345,382	–	(36,464,216)	8,986,252
Capital assets, depreciated					
Land improvements	26,335,782	–	–	–	26,335,782
Buildings	350,388,566	164,533	–	36,464,216	387,017,315
Furniture and equipment	21,853,716	2,099,522	–	–	23,953,238
Total capital assets, depreciated/amortized	398,578,064	2,264,055	–	36,464,216	437,306,335
Less accumulated depreciation for					
Land improvements	(7,840,650)	(1,225,500)	–	–	(9,066,150)
Buildings	(135,408,528)	(10,583,790)	–	–	(145,992,318)
Furniture and equipment	(15,733,103)	(1,211,710)	–	–	(16,944,813)
Total accumulated depreciation/amortization	(158,982,281)	(13,021,000)	–	–	(172,003,281)
Net capital assets, depreciated/amortized	239,595,783	(10,756,945)	–	36,464,216	265,303,054
Total capital assets, net	$ 276,700,869	$ (2,411,563)	$ –	$ –	$ 274,289,306

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

Administration	$ 49,307
Elementary and secondary regular instruction	3,067,004
Vocational education instruction	88,165
Special education instruction	1,329
Instructional support services	15,464
Pupil support services	731,131
Sites and buildings	9,055,005
Community service	13,595
Total depreciation expense	$ 13,021,000

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Alternative facilities bonds	12/30/2014	3.00–3.50%	$ 6,050,000	02/01/2035	$ 6,050,000
School building bonds	07/22/2015	4.00–5.00%	$ 113,385,000	02/01/2037	99,685,000
Facilities maintenance and building bonds	04/13/2017	2.50–4.00%	$ 16,350,000	02/01/2031	16,350,000
Facilities maintenance bonds	05/02/2019	3.00–5.00%	$ 24,075,000	02/01/2036	24,075,000
School building refunding bonds	11/14/2019	5.00%	$ 19,890,000	02/01/2024	10,640,000
Alternative facilities refunding bonds	11/05/2020	3.00–4.00%	$ 9,085,000	02/01/2026	8,840,000
Facilities maintenance bonds	05/27/2021	2.00–3.00%	$ 10,585,000	02/01/2031	10,585,000
School building bonds	09/30/2021	2.00–3.00%	$ 7,000,000	02/01/2035	7,000,000
Total general obligation bonds payable					$ 183,225,000

These bonds were issued to finance acquisition and/or construction of capital facilities or to finance (refund) prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. 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.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2011C Certificates of Participation	11/17/2011	2.00–3.75%	$ 1,615,000	04/01/2027	$ 625,000

The District sold certificates of participation under Minnesota Statutes § 123B.51 to finance the construction of an addition to South View Middle School. 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.

C. Financed Purchases Payable

Assets Financed	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Building addition	07/15/2014	3.43%	$ 2,233,000	01/15/2029	$ 1,186,795
Apple iPads	05/27/2020	0.00%	$ 328,950	05/27/2023	80,224
Apple iPads	02/05/2022	1.50%	$ 65,790	02/05/2024	43,533
School buses	10/25/2021	2.00%	$ 206,619	11/25/2023	136,599
School buses	08/15/2021	2.40%	$ 259,328	09/15/2028	224,615
Total financed purchases payable					$ 1,671,766

The District has entered into various agreements to finance a building addition and purchases of equipment and vehicles. Annual principal and interest on these agreements are being paid from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, and financed purchases are as follows:

Year Ending	General Obligation Bonds		Certificates of Participation		Financed Purchases	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 8,015,000	$ 7,202,577	$ 115,000	$ 22,088	$ 352,050	$ 50,198
2024	7,625,000	6,772,763	120,000	18,350	279,494	40,516
2025	7,780,000	6,394,913	125,000	14,150	194,793	32,599
2026	10,510,000	6,073,063	130,000	9,775	201,201	26,192
2027	12,495,000	5,674,188	135,000	5,063	207,822	19,570
2028–2032	73,235,000	19,739,538	–	–	436,406	18,375
2033–2037	63,565,000	6,724,525	–	–	–	–
	$183,225,000	$ 58,581,567	$ 625,000	$ 69,426	$ 1,671,766	$ 187,450

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pension, OPEB, and severance benefits for eligible employees based on unused sick leave, as further described elsewhere in these notes. Such benefits are paid primarily from the General Fund.

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans, and a single-employer plan administered by the District. The following is a summary of the net/total 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/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 11,701,028	$ 8,922,629	$ 11,355,440	$ (202,947)
State-wide, multiple-employer – TRA	42,734,560	23,933,563	75,131,790	1,523,954
Single-employer – District	15,205,578	2,384,722	309,479	1,532,527
Total	$ 69,641,166	$ 35,240,914	$ 86,796,709	$ 2,853,534

F. Changes in Long-Term Liabilities

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
General obligation bonds payable	$ 183,765,000	$ 7,000,000	$ 7,540,000	$ 183,225,000	$ 8,015,000
Certificates of participation payable	735,000	–	110,000	625,000	115,000
Unamortized premiums	14,202,540	357,053	1,604,061	12,955,532	–
Financed purchases payable	1,492,912	531,737	352,883	1,671,766	352,050
Severance benefits payable	472,756	94,294	178,394	388,656	116,811
Net/total pension liabilities	103,195,273	13,412,267	46,966,374	69,641,166	1,112,883
Total OPEB liability	21,482,253	1,875,594	1,094,351	22,263,496	1,779,736
	$ 325,345,734	$ 23,270,945	$ 57,846,063	$ 290,770,616	$ 11,491,480

NOTE 5 – FUND BALANCES

The table below presents a breakdown of governmental fund equity components as defined earlier in these notes. State mandated restrictions that have an accumulated deficit at June 30, if any, 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 any deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. 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
Nonspendable					
Inventory	$ –	$ –	$ –	$ 21,658	$ 21,658
Prepaid items	2,925	–	–	–	2,925
Total nonspendable	2,925	–	–	21,658	24,583
Restricted					
Student activities	26,404	–	–	–	26,404
Staff development	119,566	–	–	–	119,566
Operating capital	2,308,787	–	–	–	2,308,787
LTFM	378,883	6,830,125	–	–	7,209,008
Building construction	–	4,583,781	–	–	4,583,781
Debt service	–	–	3,451,305	–	3,451,305
Food service	–	–	–	1,277,651	1,277,651
Community education	–	–	–	1,217,494	1,217,494
ECFE	–	–	–	299,864	299,864
School readiness	–	–	–	46,105	46,105
Community service	–	–	–	48,867	48,867
Total restricted	2,833,640	11,413,906	3,451,305	2,889,981	20,588,832
Committed					
Cash flow	1,098,955	–	–	–	1,098,955
Assigned					
Separation/retirement benefits	3,818,111	–	–	–	3,818,111
Carryover	588,432	–	–	–	588,432
Literacy and virtual programming	1,044,193	–	–	–	1,044,193
Subsequent year's budget	544,625	–	–	–	544,625
Total assigned	5,995,361	–	–	–	5,995,361
Unassigned	8,191,141	–	–	–	8,191,141
Total	$ 18,122,022	$ 11,413,906	$ 3,451,305	$ 2,911,639	$ 35,898,872

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned General Fund balance goal of 6.0 percent of budgeted unassigned General Fund expenditures. At June 30, 2022, the unassigned fund balance of the General Fund was 7.4 percent of budgeted unassigned expenditures for fiscal 2023.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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.

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
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 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 $1,626,519. 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
Basic Plan	11.00 %	11.92 %	11.00 %	12.13 %	11.00 %	12.34 %
Coordinated Plan	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 $5,166,345. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

The following is a reconciliation of employer contributions in the TRA's 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:

	in thousands
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	(538)
Total employer contributions	448,670
Total nonemployer contributions	37,840
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$ 486,510

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 $11,701,028 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 $357,366. 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 0.2740 percent at the end of the measurement period and 0.2860 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 11,701,028
State's proportionate share of the net pension liability associated with the District	$ 357,366

For the year ended June 30, 2022, the District recognized negative pension expense of $231,781 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $28,834 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

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	$ 74,301	$ 359,899
Changes in actuarial assumptions	7,144,406	269,328
Net collective difference between projected and actual investment earnings	–	10,097,860
Changes in proportion	77,403	628,353
District's contributions to the GERF subsequent to the measurement date	1,626,519	–
Total	$ 8,922,629	$ 11,355,440

The $1,626,519 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	$ (738,301)
2024	$ (303,445)
2025	$ (253,626)
2026	$ (2,763,958)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of $42,734,560 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 0.9765 percent at the end of the measurement period and 0.9701 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 42,734,560
State's proportionate share of the net pension liability associated with the District	$ 3,604,328

For the year ended June 30, 2022, the District recognized pension expense of $1,564,311. It also recognized $40,357 as a decrease to pension expense for the support provided by direct aid.

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

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	$ 1,149,856	$ 1,199,757
Changes in actuarial assumptions	15,660,324	38,039,866
Net collective difference between projected and actual investment earnings on pension plan investments	–	35,849,674
Changes in proportion	1,957,038	42,493
District's contributions to the TRA subsequent to the measurement date	5,166,345	–
Total	$ 23,933,563	$ 75,131,790

A total of $5,166,345 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	$ (27,284,800)
2024	$ (20,709,046)
2025	$ (5,049,711)
2026	$ (6,416,314)
2027	$ 3,095,299

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 GERF	Target Allocation TRA	Long-Term Expected Real Rate of Return
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 %	

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

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%

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.

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.

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

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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	$ 23,864,123	$ 11,701,028	$ 1,720,465
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 86,325,891	$ 42,734,560	$ 6,986,193

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.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. The following employee groups receive the benefit: Superintendent, Superintendent's Advisory Council, Administrators (Edina Administrative Council), Controller, Director of Buildings and Grounds, Teachers, Classified Supervisors, and Edina Professional Association of Support Staff. All pension benefits are based on contractual agreements with these employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. The benefits are calculated using a predetermined number of days depending on the employee group, multiplied by the employee's daily base pay, or in certain cases, a fixed amount per year of service. Payments are made in either a lump sum or installments to a 403(b) plan or in a lump sum directly to the employee. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

B. Contributions and Funding Policy

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

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

C. Membership

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

Retirees and beneficiaries receiving benefits	50
Active plan members	754
Total members	804

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2020 and measurement date as of July 1, 2021, using the entry-age method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.10%
20-year municipal bond yield	2.10%
Inflation rate	2.50%
Salary increases	Service graded table

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

E. Discount Rate

The discount rate used to measure the total pension liability was 2.10 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate. The District's discount rate used in the prior measurement date was 2.40 percent.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance	$ 14,375,977
Changes for the year	
Service cost	1,064,687
Interest	360,618
Assumption changes	239,059
Benefit payments	(834,763)
Total net changes	829,601
Ending balance	$ 15,205,578

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	1.10%	2.10%	3.10%
Total pension liability	$ 16,182,076	$ 15,205,578	$ 14,257,485

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

The District recognized pension expense of $1,532,527 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 683,224	$ –
Changes in actuarial assumptions	588,615	309,479
District's contributions subsequent to the measurement date	1,112,883	–
Total	$ 2,384,722	$ 309,479

A total of $1,112,883 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 total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2023	$ 107,222
2024	$ 107,222
2025	$ 107,222
2026	$ 107,222
2027	$ 107,222
Thereafter	$ 426,250

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

A. Plan Description and Benefits Provided

The District provides post-employment benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups, with benefit eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

All retirees of the District have the option under state law to continue their health insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

B. Funding Policy

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

C. Membership

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

Retirees and beneficiaries receiving benefits	87
Active plan members	1,123
Total members	1,210

D. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2020 and measurement date as of July 1, 2021, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.10%
20-year municipal bond yield	2.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% grading to 5.00% over 5 years, and then to 4.00% over the next 48 years
Dental trend rate	4.00%

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers), with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

Future retirees electing coverage is assumed to be 100 percent when a pre-age 65 subsidy is available, and 50 percent when a pre-age 65 subsidy is not available. Married future retirees electing spouse coverage is assumed to be 100 percent when a pre-age 65 subsidy is available, and 25 percent when a pre-age 65 subsidy is not available.

The municipal bond rate assumption was set by considering published rate information for 20-year high-quality, tax-exempt, general obligation municipal bonds as of the measurement date.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 2.10 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate. The District discount rate used in the prior measurement date was 2.40 percent.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 21,482,253
Changes for the year	
Service cost	1,416,201
Interest	531,817
Assumption changes	320,867
Benefit payments	(1,487,642)
Total net changes	781,243
Ending balance	$ 22,263,496

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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	1.10%	2.10%	3.10%
Total OPEB liability	$ 23,546,811	$ 22,263,496	$ 20,993,863

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

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

	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical trend rate	5.25% grading to 4.00%, then 3.00%	6.25% grading to 5.00%, then 4.00%	7.25% grading to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	$ 20,361,414	$ 22,263,496	$ 24,476,671

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

The District recognized OPEB expense of $1,875,594 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ –	$ 891,891
Changes in actuarial assumptions	692,716	–
District's contributions subsequent to the measurement date	1,779,736	–
Total	$ 2,472,452	$ 891,891

A total of $1,779,736 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Pension Expense
2023	$ (72,424)
2024	$ (72,424)
2025	$ (72,424)
2026	$ (72,424)
2027	$ (72,422)
Thereafter	$ 162,943

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. The Plan is administered by an outside administrator and is accounted for in the District’s General Fund. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 11 – SUBSEQUENT EVENTS

In November 2022, the District issued $14,200,000 of Certificates of Participation, Series 2022A. The certificates bear a true interest cost of 3.85 percent and have a final maturity date of April 1, 2038.

REQUIRED SUPPLEMENTARY INFORMATION

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	0.2999%	$ 14,087,800	$ –	$ 14,087,800	$ 15,747,600	89.46%	78.70%
06/30/2016	06/30/2015	0.2742%	$ 14,210,468	$ –	$ 14,210,468	$ 16,108,678	88.22%	78.20%
06/30/2017	06/30/2016	0.2774%	$ 22,523,504	$ 294,246	$ 22,817,750	$ 17,218,936	130.81%	68.90%
06/30/2018	06/30/2017	0.2894%	$ 18,475,105	$ 232,340	$ 18,707,445	$ 18,646,353	99.08%	75.90%
06/30/2019	06/30/2018	0.2896%	$ 16,065,821	$ 526,989	$ 16,592,810	$ 18,550,623	86.61%	79.50%
06/30/2020	06/30/2019	0.2832%	$ 15,657,494	$ 486,646	$ 16,144,140	$ 20,000,631	78.29%	80.20%
06/30/2021	06/30/2020	0.2860%	$ 17,147,008	$ 528,718	$ 17,675,726	$ 20,329,984	84.34%	79.10%
06/30/2022	06/30/2021	0.2740%	$ 11,701,028	$ 357,366	$ 12,058,394	$ 19,693,058	59.42%	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	$ 1,195,515	$ 1,195,515	$ –	$ 16,108,678	7.42%
06/30/2016	$ 1,291,318	$ 1,291,318	$ –	$ 17,218,936	7.50%
06/30/2017	$ 1,398,478	$ 1,398,478	$ –	$ 18,646,353	7.50%
06/30/2018	$ 1,391,159	$ 1,391,159	$ –	$ 18,550,623	7.50%
06/30/2019	$ 1,492,966	$ 1,492,966	$ –	$ 20,000,631	7.46%
06/30/2020	$ 1,527,748	$ 1,527,748	$ –	$ 20,329,984	7.51%
06/30/2021	$ 1,476,311	$ 1,476,311	$ –	$ 19,693,058	7.50%
06/30/2022	$ 1,626,519	$ 1,626,519	$ –	$ 21,643,669	7.51%

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. 273

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 Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.9949%	$ 45,844,276	$ 3,225,114	$ 49,069,390	$ 45,414,080	100.95%	81.50%
06/30/2016	06/30/2015	0.9238%	$ 57,146,166	$ 7,009,435	$ 64,155,601	$ 46,887,773	121.88%	76.80%
06/30/2017	06/30/2016	0.9434%	$225,023,410	$ 22,586,637	$247,610,047	$ 48,890,860	460.26%	44.88%
06/30/2018	06/30/2017	0.9473%	$189,098,264	$ 18,280,007	$207,378,271	$ 50,958,882	371.08%	51.57%
06/30/2019	06/30/2018	0.9661%	$ 60,680,123	$ 5,701,256	$ 66,381,379	$ 53,228,684	114.00%	78.07%
06/30/2020	06/30/2019	0.9711%	$ 61,898,118	$ 5,477,592	$ 67,375,710	$ 52,764,016	117.31%	78.21%
06/30/2021	06/30/2020	0.9701%	$ 71,672,288	$ 6,006,361	$ 77,678,649	$ 56,562,354	126.71%	75.48%
06/30/2022	06/30/2021	0.9765%	$ 42,734,560	$ 3,604,328	$ 46,338,888	$ 58,442,263	73.12%	86.63%

Teachers 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	$ 3,516,583	$ 3,516,583	$ –	$ 46,887,773	7.50%
06/30/2016	$ 3,680,210	$ 3,680,210	$ –	$ 48,890,860	7.53%
06/30/2017	$ 3,820,933	$ 3,820,933	$ –	$ 50,958,882	7.50%
06/30/2018	$ 3,990,842	$ 3,990,842	$ –	$ 53,228,684	7.50%
06/30/2019	$ 4,071,634	$ 4,071,634	$ –	$ 52,764,016	7.72%
06/30/2020	$ 4,470,670	$ 4,470,670	$ –	$ 56,562,354	7.90%
06/30/2021	$ 4,751,341	$ 4,751,341	$ –	$ 58,442,263	8.13%
06/30/2022	$ 5,166,345	$ 5,166,345	$ –	$ 61,966,812	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. 273

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2022

	District Fiscal Year Ended June 30,					
	2017	2018	2019	2020	2021	2022
Total pension liability						
Service cost	$ 706,737	$ 669,633	$ 712,907	$ 784,741	$ 987,492	$ 1,064,687
Interest	326,649	332,966	390,691	448,042	431,916	360,618
Assumption changes	–	(370,946)	(121,816)	334,570	147,110	239,059
Plan changes	–	–	74,470	–	(3,674)	–
Differences between expected and actual experience	–	–	756,667	–	218,511	–
Benefit payments	(794,118)	(762,623)	(567,874)	(581,302)	(696,030)	(834,763)
Net change in total pension liability	239,268	(130,970)	1,245,045	986,051	1,085,325	829,601
Total pension liability – beginning of year	10,951,258	11,190,526	11,059,556	12,304,601	13,290,652	14,375,977
Total pension liability – end of year	$ 11,190,526	$ 11,059,556	$ 12,304,601	$ 13,290,652	$ 14,375,977	$ 15,205,578
Covered-employee payroll	$ 48,516,585	$ 49,972,083	$ 57,844,851	$ 59,580,197	$ 57,275,903	$ 58,997,180
Total pension liability as a percentage of covered-employee payroll	23.07%	22.13%	21.27%	22.31%	25.10%	25.77%

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

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

INDEPENDENT SCHOOL DISTRICT NO. 273

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 Ended June 30,				
	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	$ 1,168,447	$ 1,082,683	$ 1,187,453	$ 1,316,083	$ 1,416,201
Interest	670,515	697,232	697,658	662,415	531,817
Assumption changes	–	5,718	480,367	108,111	320,867
Differences between expected and actual experience	–	(1,470,574)	–	(96,313)	–
Benefit payments	(953,365)	(981,707)	(1,005,875)	(1,111,887)	(1,487,642)
Net change in total OPEB liability	885,597	(666,648)	1,359,603	878,409	781,243
Total OPEB liability					
Beginning of year	19,025,292	19,910,889	19,244,241	20,603,844	21,482,253
End of year	$ 19,910,889	$ 19,244,241	$ 20,603,844	$ 21,482,253	$ 22,263,496
Covered-employee payroll	$ 62,990,740	$ 69,887,838	$ 71,984,473	$ 67,776,263	$ 69,809,551
Total OPEB liability as a percentage of covered-employee payroll	31.61%	27.54%	28.62%	31.70%	31.89%

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

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.

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.

PENSION BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN PLAN PROVISIONS

- The Community Education Service Coordinators are no longer eligible for this benefit.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- Severance benefits are now available for the Edina Professional Association of Support Staff and the Superintendent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and retirement tables for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collateral Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 1,525,154	$ 3,301,174	$ 4,826,328
Receivables			
Current taxes	–	541,252	541,252
Delinquent taxes	–	9,070	9,070
Accounts and interest	–	1,628	1,628
Due from other governmental units	31,759	39,258	71,017
Inventory	21,658	–	21,658
Total assets	$ 1,578,571	$ 3,892,382	$ 5,470,953
Liabilities			
Salaries and benefits payable	$ 13	$ 86,419	$ 86,432
Accounts and contracts payable	33,201	112,599	145,800
Due to other governmental units	–	5,202	5,202
Unearned revenue	246,048	977,527	1,223,575
Total liabilities	279,262	1,181,747	1,461,009
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,090,648	1,090,648
Deferred revenue – delinquent taxes	–	7,657	7,657
Total deferred inflows of resources	–	1,098,305	1,098,305
Fund balances			
Nonspendable	21,658	–	21,658
Restricted	1,277,651	1,612,330	2,889,981
Total fund balances	1,299,309	1,612,330	2,911,639
Total liabilities, deferred inflows of resources, and fund balances	$ 1,578,571	$ 3,892,382	$ 5,470,953

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2022

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,118,925	$ 1,118,925
Investment earnings	1,979	2,639	4,618
Other	352,581	7,199,115	7,551,696
State sources	74,774	571,274	646,048
Federal sources	3,696,542	108,900	3,805,442
Total revenue	4,125,876	9,000,853	13,126,729
Expenditures			
Current			
Food service	3,732,088	–	3,732,088
Community service	–	8,021,126	8,021,126
Capital outlay	16,321	56,369	72,690
Total expenditures	3,748,409	8,077,495	11,825,904
Net change in fund balances	377,467	923,358	1,300,825
Fund balances			
Beginning of year	921,842	688,972	1,610,814
End of year	$ 1,299,309	$ 1,612,330	$ 2,911,639

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022	2021
Assets		
Cash and temporary investments	$ 38,858,438	$ 38,310,611
Receivables		
Current taxes	23,124,607	22,339,585
Delinquent taxes	343,380	403,361
Accounts and interest	136,620	357,062
Due from other governmental units	11,183,296	10,464,280
Prepaid items	2,925	–
Total assets	$ 73,649,266	$ 71,874,899
Liabilities		
Salaries and benefits payable	$ 9,484,009	$ 11,136,020
Accounts and contracts payable	2,564,886	1,224,750
Due to other governmental units	367,494	370,717
Unearned revenue	19,001	432,491
Total liabilities	12,435,390	13,163,978
Deferred inflows of resources		
Property taxes levied for subsequent year	42,823,515	40,866,739
Unavailable revenue – delinquent taxes	268,339	280,576
Total deferred inflows of resources	43,091,854	41,147,315
Fund balances		
Nonspendable for prepaids	2,925	–
Restricted for student activities	26,404	25,830
Restricted for staff development	119,566	200,000
Restricted for operating capital	2,308,787	1,107,204
Restricted for long-term facilities maintenance	378,883	–
Committed for cash flow	1,098,955	1,074,602
Assigned for separation/retirement benefits	3,818,111	3,518,111
Assigned for carryover	588,432	573,023
Assigned for literacy and virtual programming	1,044,193	1,738,818
Assigned for alternative compensation	–	264,958
Assigned for subsequent year's budget	544,625	–
Unassigned	8,191,141	9,061,060
Total fund balances	18,122,022	17,563,606
Total liabilities, deferred inflows of resources, and fund balances	$ 73,649,266	$ 71,874,899

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 39,796,208	$ 44,953,106	$ 5,156,898	$ 38,708,163
Investment earnings	50,000	46,182	(3,818)	70,969
Other	4,039,567	3,948,410	(91,157)	2,577,476
State sources	83,447,170	82,445,205	(1,001,965)	80,834,800
Federal sources	5,739,687	4,187,257	(1,552,430)	4,644,825
Total revenue	133,072,632	135,580,160	2,507,528	126,836,233
Expenditures				
Current				
Administration	3,890,330	3,873,432	(16,898)	3,342,784
District support services	2,760,792	2,853,562	92,770	2,714,576
Elementary and secondary regular instruction	60,990,765	58,812,519	(2,178,246)	56,763,928
Vocational education instruction	311,538	418,857	107,319	347,713
Special education instruction	24,883,964	24,570,499	(313,465)	22,568,276
Instructional support services	8,118,958	12,959,940	4,840,982	8,891,998
Pupil support services	10,778,998	12,947,747	2,168,749	9,321,573
Sites and buildings	19,561,199	15,164,467	(4,396,732)	13,571,083
Fiscal and other fixed cost programs	504,272	504,272	–	451,186
Debt service				
Principal	327,996	462,883	134,887	411,830
Interest and fiscal charges	70,041	74,886	4,845	83,622
Total expenditures	132,198,853	132,643,064	444,211	118,468,569
Excess of revenue over expenditures	873,779	2,937,096	2,063,317	8,367,664
Other financing sources (uses)				
Sale of capital assets	–	–	–	5,185
Insurance recoveries	–	141,389	141,389	14,216
Financed purchases	–	531,737	531,737	317,611
Transfers (out)	(1,731,735)	(3,051,806)	(1,320,071)	(6,035,164)
Total other financing sources (uses)	(1,731,735)	(2,378,680)	(646,945)	(5,698,152)
Net change in fund balances	$ (857,956)	558,416	$ 1,416,372	2,669,512
Fund balances				
Beginning of year		17,563,606		14,894,094
End of year		$ 18,122,022		$ 17,563,606

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022	2021
Assets		
Cash and temporary investments	$ 1,525,154	$ 982,743
Receivables		
Due from other governmental units	31,759	359,692
Inventory	21,658	–
Total assets	$ 1,578,571	$ 1,342,435
Liabilities		
Salaries and benefits payable	$ 13	$ 4,930
Accounts and contracts payable	33,201	64,119
Unearned revenue	246,048	351,544
Total liabilities	279,262	420,593
Fund balances		
Nonspendable for inventory	21,658	–
Restricted for food service	1,277,651	921,842
Total fund balances	1,299,309	921,842
Total liabilities and fund balances	$ 1,578,571	$ 1,342,435

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 17,500	$ 1,979	$ (15,521)	$ 1,668
Other – primarily meal sales	2,239,666	352,581	(1,887,085)	31,490
State sources	117,311	74,774	(42,537)	–
Federal sources	648,839	3,696,542	3,047,703	1,391,279
Total revenue	3,023,316	4,125,876	1,102,560	1,424,437
Expenditures				
Current				
Salaries	295,653	272,243	(23,410)	60,349
Employee benefits	83,941	138,286	54,345	89,390
Purchased services	2,408,287	2,903,922	495,635	1,064,334
Supplies and materials	178,377	407,862	229,485	98,012
Other expenditures	25,614	9,775	(15,839)	9,635
Capital outlay	75,000	16,321	(58,679)	108,000
Total expenditures	3,066,872	3,748,409	681,537	1,429,720
Net change in fund balances	$ (43,556)	377,467	$ 421,023	(5,283)
Fund balances				
Beginning of year		921,842		927,125
End of year		$ 1,299,309		$ 921,842

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022	2021
Assets		
Cash and temporary investments	$ 3,301,174	$ 2,042,523
Receivables		
Current taxes	541,252	558,507
Delinquent taxes	9,070	11,395
Accounts and interest	1,628	47,805
Due from other governmental units	39,258	134,046
Total assets	$ 3,892,382	$ 2,794,276
Liabilities		
Salaries and benefits payable	$ 86,419	$ 164,045
Accounts and contracts payable	112,599	101,624
Due to other governmental units	5,202	33,885
Unearned revenue	977,527	679,166
Total liabilities	1,181,747	978,720
Deferred inflows of resources		
Property taxes levied for subsequent year	1,090,648	1,118,317
Unavailable revenue – delinquent taxes	7,657	8,267
Total deferred inflows of resources	1,098,305	1,126,584
Fund balances		
Restricted for community education programs	1,217,494	492,617
Restricted for early childhood family education programs	299,864	76,232
Restricted for school readiness	46,105	68,726
Restricted for community service	48,867	51,397
Total fund balances	1,612,330	688,972
Total liabilities, deferred inflows of resources, and fund balances	$ 3,892,382	$ 2,794,276

INDEPENDENT SCHOOL DISTRICT NO. 273

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	$ 1,106,416	$ 1,118,925	$ 12,509	$ 1,101,182
Investment earnings	29,000	2,639	(26,361)	1,668
Other – primarily tuition and fees	6,713,095	7,199,115	486,020	3,310,816
State sources	529,561	571,274	41,713	531,801
Federal sources	–	108,900	108,900	445,807
Total revenue	8,378,072	9,000,853	622,781	5,391,274
Expenditures				
Current				
Salaries	4,676,976	4,547,334	(129,642)	3,144,219
Employee benefits	1,085,689	963,931	(121,758)	730,911
Purchased services	1,564,737	1,834,270	269,533	968,706
Supplies and materials	419,357	550,108	130,751	260,516
Other expenditures	136,000	125,483	(10,517)	98,349
Capital outlay	103,200	56,369	(46,831)	27,656
Total expenditures	7,985,959	8,077,495	91,536	5,230,357
Net change in fund balances	$ 392,113	923,358	$ 531,245	160,917
Fund balances				
Beginning of year		688,972		528,055
End of year		$ 1,612,330		$ 688,972

INDEPENDENT SCHOOL DISTRICT NO. 273

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

	2022	2021
Assets		
Cash and temporary investments	$ 14,372,498	$ 10,441,302
Receivables		
Accounts and interest	17,914	5,067
Prepaid items	–	11,431
Total assets	$ 14,390,412	$ 10,457,800
Liabilities		
Salaries and benefits payable	$ 4,442	$ 10,662
Accounts and contracts payable	2,972,064	3,054,495
Total liabilities	2,976,506	3,065,157
Fund balances (deficit)		
Nonspendable for prepaid items	–	11,431
Restricted for capital projects levy	–	659,275
Restricted for long-term facilities maintenance	6,830,125	6,799,126
Restricted for capital projects	4,583,781	–
Unassigned	–	(77,189)
Total fund balances	11,413,906	7,392,643
Total liabilities and fund balances	$ 14,390,412	$ 10,457,800

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction 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	$ 5,099,681	$ –	$ (5,099,681)	$ 4,920,118
Investment earnings	20,000	30,999	10,999	9,138
Other	50,000	–	(50,000)	216,238
Total revenue	5,169,681	30,999	(5,138,682)	5,145,494
Expenditures				
Capital outlay				
Salaries	3,098,733	–	(3,098,733)	2,601,312
Employee benefits	–	–	–	754,098
Purchased services	4,597,046	1,739,767	(2,857,279)	1,951,348
Supplies and materials	927,594	–	(927,594)	–
Capital expenditures	9,507,667	4,552,861	(4,954,806)	22,099,094
Debt service				
Interest and fiscal charges	–	125,967	125,967	151,943
Total expenditures	18,131,040	6,418,595	(11,712,445)	27,557,795
Excess (deficiency) of revenue over expenditures	(12,961,359)	(6,387,596)	6,573,763	(22,412,301)
Other financing sources				
Debt issued	7,000,000	7,000,000	–	10,411,556
Premium on debt issued	357,053	357,053	–	944,285
Transfers in	1,731,735	3,051,806	1,320,071	6,035,164
Total other financing sources	9,088,788	10,408,859	1,320,071	17,391,005
Net change in fund balances	$ (3,872,571)	4,021,263	$ 7,893,834	(5,021,296)
Fund balances				
Beginning of year		7,392,643		12,413,939
End of year		$ 11,413,906		$ 7,392,643

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

	2022	2021
Assets		
Cash and temporary investments	$ 11,011,020	$ 10,822,279
Receivables		
Current taxes	7,467,086	7,531,693
Delinquent taxes	121,017	128,640
Total assets	$ 18,599,123	$ 18,482,612
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 15,046,221	$ 15,080,775
Unavailable revenue – delinquent taxes	101,597	86,874
Total deferred inflows of resources	15,147,818	15,167,649
Fund balances		
Restricted for debt service	3,451,305	3,314,963
Total deferred inflows of resources and fund balances	$ 18,599,123	$ 18,482,612

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service 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	$ 15,079,339	$ 15,066,052	$ (13,287)	$ 14,737,097
Investment earnings	50,000	3,299	(46,701)	5,004
Total revenue	15,129,339	15,069,351	(59,988)	14,742,101
Expenditures				
Debt service				
Principal	7,540,000	7,540,000	–	7,050,000
Interest	7,456,244	7,385,884	(70,360)	7,570,538
Fiscal charges and other	10,000	7,125	(2,875)	108,943
Total expenditures	15,006,244	14,933,009	(73,235)	14,729,481
Excess of revenue over expenditures	123,095	136,342	13,247	12,620
Other financing sources (uses)				
Debt issued	–	–	–	9,258,444
Premium on debt issued	–	–	–	1,446,939
Payment on refunded debt	–	–	–	(10,430,000)
Total other financing sources (uses)	–	–	–	275,383
Net change in fund balances	$ 123,095	136,342	$ 13,247	288,003
Fund balances				
Beginning of year		3,314,963		3,026,960
End of year		$ 3,451,305		$ 3,314,963

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OTHER DISTRICT INFORMATION

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INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	Other Local and County Revenues	State Revenue	Federal Revenue	Total
2013	$ 27,237,931	$ 2,487,574	$ 62,296,085	$ 1,683,183	$ 93,704,773
	29%	3%	66%	2%	100%
2014	10,666,213	2,593,867	76,710,991	1,809,161	91,780,232
	12%	3%	83%	2%	100%
2015	22,950,814	2,794,515	68,608,136	1,488,368	95,841,833
	24%	3%	71%	2%	100%
2016	23,596,521	4,100,426	71,873,064	1,871,244	101,441,255
	23%	4%	71%	2%	100%
2017	30,769,055	3,788,108	71,970,881	1,795,959	108,324,003
	28%	3%	67%	2%	100%
2018	30,235,863	5,029,098	73,752,106	1,832,821	110,849,888
	27%	5%	66%	2%	100%
2019	33,058,228	5,062,879	76,567,326	2,410,766	117,099,199
	28%	5%	65%	2%	100%
2020	33,473,446	4,539,089	78,527,670	1,813,875	118,354,080
	28%	4%	66%	2%	100%
2021	38,708,163	2,648,445	80,834,800	4,644,825	126,836,233
	30%	2%	64%	4%	100%
2022	44,953,106	3,994,592	82,445,205	4,187,257	135,580,160
	33%	3%	61%	3%	100%

Note: Legislative changes in the “tax shift” impacted the amount of tax revenue recognized in fiscal year 2014. These changes were offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Instruction	Instructional Support Services	Pupil Support Services
2013	$ 3,057,055	$ 2,517,407	$ 60,574,774	$ 5,105,226	$ 7,608,727
	3%	3%	66%	6%	8%
2014	3,100,900	2,969,022	62,272,584	4,916,476	7,544,789
	4%	3%	69%	5%	8%
2015	3,124,572	3,063,669	64,083,923	5,063,892	7,745,956
	3%	3%	70%	5%	8%
2016	3,281,563	3,093,531	71,523,452	5,508,758	7,922,598
	3%	3%	71%	5%	8%
2017	3,542,398	3,097,417	72,401,269	5,382,317	8,118,389
	3%	3%	69%	5%	8%
2018	3,165,048	3,252,865	75,366,526	5,826,639	10,026,345
	3%	3%	70%	5%	9%
2019	3,301,695	2,918,207	77,513,713	5,720,643	10,536,840
	3%	3%	68%	5%	9%
2020	3,009,563	2,800,341	79,580,262	5,600,116	10,138,725
	3%	2%	68%	5%	9%
2021	3,342,784	2,714,576	79,679,917	8,891,998	9,321,573
	3%	2%	67%	8%	8%
2022	3,873,432	2,853,562	83,801,875	12,959,940	12,947,747
	3%	2%	63%	10%	10%

Note: Instruction includes regular, vocational, and special education instruction.

Sites and Buildings	Other Programs	Total
$ 13,393,834	$ 469,478	$ 92,726,501
14%	–%	100%
9,691,920	362,556	90,858,247
11%	–%	100%
9,006,454	543,004	92,631,470
10%	1%	100%
8,954,875	579,502	100,864,279
9%	1%	100%
11,733,576	652,731	104,928,097
11%	1%	100%
9,665,421	636,414	107,939,258
9%	1%	100%
12,863,141	584,993	113,439,232
11%	1%	100%
15,903,909	634,585	117,667,501
13%	<1%	100%
13,571,083	946,638	118,468,569
11%	1%	100%
15,164,467	1,042,041	132,643,064
11%	1%	100%

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INDEPENDENT SCHOOL DISTRICT NO. 273

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

	Year Collectible	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total All Funds
Levies						
	2013	$ 26,641,579	$ 1,093,196	$ 4,383,529	$ 7,194,307	$ 39,312,611
	2014	27,084,132	1,142,821	4,640,567	7,094,461	39,961,981
	2015	28,429,772	1,129,162	6,921,752	6,488,222	42,968,908
	2016	35,838,469	1,190,018	–	14,164,398	51,192,885
	2017	35,477,140	1,119,670	–	15,398,423	51,995,233
	2018	38,556,680	1,074,335	–	15,089,798	54,720,813
	2019	39,451,014	1,116,918	–	15,895,731	56,463,663
	2020	43,484,864	1,100,338	–	14,725,692	59,310,894
	2021	44,730,693	1,118,317	–	15,080,775	60,929,785
	2022	46,596,076	1,090,648	–	15,046,221	62,732,945
Tax rates						
Tax capacity rates						
	2013	17.649	1.334	–	8.779	27.762
	2014	17.566	1.386	–	8.604	27.556
	2015	18.979	1.240	–	7.125	27.344
	2016	18.873	1.242	–	14.783	34.898
	2017	18.216	1.124	–	15.458	34.798
	2018	15.776	1.010	–	14.186	30.972
	2019	15.525	0.989	–	14.075	30.589
	2020	17.026	0.943	–	12.620	30.589
	2021	17.887	0.938	–	12.649	31.474
	2022	17.103	0.870	–	12.002	29.975
Market value rates						
	2013	0.217	–	–	–	0.217
	2014	0.223	–	–	–	0.223
	2015	0.215	–	–	–	0.215
	2016	0.201	–	–	–	0.201
	2017	0.188	–	–	–	0.188
	2018	0.222	–	–	–	0.222
	2019	0.210	–	–	–	0.210
	2020	0.219	–	–	–	0.219
	2021	0.211	–	–	–	0.211
	2022	0.219	–	–	–	0.219

Note 1: A tax rate based on market value is used for the District’s referendum, equity, and transition levies.

Note 2: The levy for the Capital Projects – Building Construction Fund is a capital projects levy, which is included as a component of the general referendum levy based on net tax capacity. The tax capacity for this levy is included in the General Fund.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 273

Property Tax Levies and Receivables
Last Ten Years

For Taxes Collectible	Original Levy		
	Local Spread	Fiscal Disparities	Total Spread
2013	$ 38,221,083	$ 1,091,528	$ 39,312,611
2014	38,892,673	1,069,308	39,961,981
2015	41,891,155	1,077,753	42,968,908
2016	50,099,457	1,093,428	51,192,885
2017	50,638,605	1,356,628	51,995,233
2018	53,267,718	1,453,095	54,720,813
2019	54,928,392	1,535,271	56,463,663
2020	57,725,395	1,585,499	59,310,894
2021	59,174,919	1,754,866	60,929,785
2022	60,785,197	1,947,748	62,732,945

Note: Delinquent taxes receivable are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2022			
Delinquent		Current	
Amount	Percent	Amount	Percent
$ –	– %	$ –	– %
–	–	–	–
–	–	–	–
55,927	0.11	–	–
2,990	0.01	–	–
25,346	0.05	–	–
37,989	0.07	–	–
57,254	0.10	–	–
293,961	0.48	–	–
–	–	31,132,945	49.63
$ 473,467		$ 31,132,945	

Student Enrollment
Last Ten Fiscal Years

	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					
Year Ended June 30,	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2013	78.84	502.78	3,807.72	3,979.41	8,368.75	9,710.33
2014	61.97	537.17	3,814.26	4,017.20	8,430.60	9,770.48
2015	79.79	518.55	3,827.59	4,030.07	8,456.00	9,261.99
2016	66.76	504.56	3,812.42	4,045.60	8,429.34	9,238.47
2017	61.94	558.16	3,783.81	4,075.40	8,479.31	9,294.37
2018	66.96	528.85	3,801.31	4,066.43	8,463.55	9,276.82
2019	114.71	506.53	3,761.88	4,029.08	8,412.20	9,218.13
2020	115.12	520.09	3,759.05	3,971.16	8,365.42	9,159.63
2021	121.18	518.57	3,641.70	3,960.34	8,241.79	9,033.83
2022	136.79	537.18	3,738.75	3,945.77	8,358.49	9,147.65

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

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

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6	Secondary
Fiscal 2013 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2022	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

OTHER REQUIRED REPORTS

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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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Independent School District No. 273
Edina, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 273, Edina, Minnesota (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, and have issued our report thereon dated December 20, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified one deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2022-001, that we consider to be a material weakness.

(continued)

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REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

DISTRICT'S RESPONSE TO FINDING

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 20, 2022

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 273
Edina, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 273 (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, and have issued our report thereon dated December 20, 2022.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 20, 2022

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Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 MATERIAL AUDIT ADJUSTMENT

Criteria – Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – During our audit, we proposed audit adjustments necessary to record additional contracts payable and correct construction in progress capitalized by Independent School District No. 273 (the District) that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit procedures detecting the misstatements. Auditing standards consider the identification by the auditor of a potentially material misstatement in the financial statements to be a material weakness in the related internal controls.

Questioned Costs – Not applicable.

Context – Our audit testing identified material amounts of contracts payable that had not been identified and recorded as liabilities and capital assets affecting several opinion units.

Repeat Finding – This is a current year finding.

Cause – This condition was primarily caused by significant turnover in the District's business services department.

Effect – This condition could have resulted in material misstatements to the District's financial statements for the 2022 fiscal year.

Recommendation – We recommend that the District ensure that its personnel are adequately trained to accurately identify and record all contracts payable and capital asset additions, including construction in progress, in its internal accounting records and accurately report them in its external financial statements in the future.

View of Responsible Official and Planned Corrective Actions – There is no disagreement with the audit finding. District management will continue to review its internal control procedures and training to ensure that all contracts payable and related capital asset additions are appropriately identified and recorded in its internal accounting records, and accurately reported in its external financial statements going forward. The District has separately issued a Corrective Action Plan related to this finding.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT SCHOOL DISTRICT NO. 273

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2022

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 135,580,160	$ 135,580,160	$ –
Total expenditures		$ 132,643,064	$ 132,643,063	$ 1
Nonspendable				
460	Nonspendable fund balance	$ 2,925	$ 2,925	$ –
Restricted				
401	Student activities	$ 26,404	$ 26,404	$ –
402	Scholarships	$ –	$ –	$ –
403	Staff development	$ 119,566	$ 119,566	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
424	Operating capital	$ 2,308,787	$ 2,308,787	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 378,883	$ 378,883	$ –
472	Medical Assistance	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – Impact Aid	$ –	$ –	$ –
476	Payment in lieu of taxes	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ 1,098,955	$ 1,098,955	$ –
Assigned				
462	Assigned fund balance	$ 5,995,361	$ 5,995,361	$ –
Unassigned				
422	Unassigned fund balance	$ 8,191,141	$ 8,191,141	$ –
Food Service				
Total revenue		$ 4,125,876	$ 4,125,875	$ 1
Total expenditures		$ 3,748,409	$ 3,748,409	$ –
Nonspendable				
460	Nonspendable fund balance	$ 21,658	$ 21,658	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 1,277,651	$ 1,277,651	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 9,000,853	$ 9,000,854	$ (1)
Total expenditures		$ 8,077,495	$ 8,077,495	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ 1,217,494	$ 1,217,494	$ –
432	ECFE	$ 299,864	$ 299,864	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 46,105	$ 46,105	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 48,867	$ 48,867	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2022

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 30,999	$ 30,999	$ –
Total expenditures		$ 6,418,595	$ 6,418,596	$ (1)
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 6,830,125	$ 6,830,125	$ –
464	Restricted fund balance	$ 4,583,781	$ 4,583,780	$ 1
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 15,069,351	$ 15,069,351	$ –
Total expenditures		$ 14,933,009	$ 14,933,009	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 3,451,305	$ 3,451,305	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 842,240	$ 842,240	$ –
Total expenditures		$ 904,006	$ 904,006	$ –
422	Net position	$ 514,446	$ 514,446	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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