



Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2022

**South Washington County Schools
Independent School District No. 833**

Cottage Grove, Minnesota

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2022

South Washington County Schools

Independent School District No. 833

Cottage Grove, Minnesota

Prepared by the Department of Finance

Dan Pyan, Director of Finance and Operations

Kris Blackburn, Fiscal Services Director

Amber Schauer, Account Specialist

Gao Kue Vang, Account Specialist

Diana Moreno, Account Specialist

Patti Marks, Account Specialist

Aimee Tarman, Account Specialist

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

Table of Contents

	Page
SECTION I – INTRODUCTORY SECTION	
Letter of Transmittal	i–v
Organizational Chart	vi
School Board and Administration	vii
The Certificate of Excellence in Financial Reporting Award	viii
Map of School District	ix
SECTION II – FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1–4
MANAGEMENT’S DISCUSSION AND ANALYSIS	5–16
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Proprietary Funds	
Internal Service Funds	
Statement of Net Position	26
Statement of Revenue, Expenses, and Changes in Net Position	27
Statement of Cash Flows	28
Fiduciary Funds	
Statement of Fiduciary Net Position	29
Statement of Changes in Fiduciary Net Position	29
Notes to Basic Financial Statements	30–67

INDEPENDENT SCHOOL DISTRICT NO. 833

Table of Contents (continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Public Employees Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	68
Schedule of District Contributions	68
Teachers Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	69
Schedule of District Contributions	69
Pension Benefits Plan	
Schedule of Changes in the District's Total Pension Liability and Related Ratios	70
Other Post-Employment Benefits Plan	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	71
Schedule of Investment Returns	72
Notes to Required Supplementary Information	73–79
SUPPLEMENTAL INFORMATION	
Governmental Funds	
Nonmajor Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	81
General Fund	
Comparative Balance Sheet	82
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	83
Food Service Special Revenue Fund	
Comparative Balance Sheet	84
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	85
Community Service Special Revenue Fund	
Comparative Balance Sheet	86
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	87
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	88
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	89
Debt Service Fund	
Comparative Balance Sheet	90
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	91
Proprietary Funds	
Internal Service Funds	
Combining Statement of Net Position	92
Combining Statement of Revenue, Expenses, and Changes in Net Position	93
Combining Statement of Cash Flows	94

INDEPENDENT SCHOOL DISTRICT NO. 833

Table of Contents (continued)

	Page
SECTION III – STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	95–96
Changes in Net Position	97–98
Governmental Activities Tax Revenues by Source and Levy Type	99
Fund Balances of Governmental Funds	100–101
Changes in Fund Balances of Governmental Funds	102–103
General Governmental Tax Revenues by Source and Levy Type	104
Tax Capacities and Market Values	105–106
Property Tax Rates – Direct and Overlapping Governments	107–108
Principal Taxpayers	109
Property Tax Levies, Collections, and Receivables	110–111
Ratios of Outstanding Debt by Type	112
Ratio of Net General Obligation Bonded Debt to Market Value and Net General Obligation Bonded Debt per Capita	113
Direct and Overlapping Debt	114
Legal Debt Margin Information	115–116
Demographic and Economic Statistics	117
Principal Employers	118
Employees by Classification	119–120
Operating Indicators by Function – Standardized Testing Rates	121–122
School Facilities	123
Food Service – School Lunch Program Data	124–125
Expenditures per Student (Average Daily Membership)	126–127
Student Enrollment	128

THIS PAGE INTENTIONALLY LEFT BLANK

Section I

Introductory



SOUTH WASHINGTON COUNTY SCHOOLS
Independent School District 833
7362 East Point Douglas Rd S.
Cottage Grove, MN 55016
sowashco.org | 651-425-6300

December 21, 2022

To the School Board, Citizens, and Employees of South Washington County Schools:

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 833 (the District) is hereby submitted for the fiscal year ended June 30, 2022. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America. An independent firm of certified public accountants audits this report.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, an organizational chart, a list of School Board members and administration personnel, the Certificate of Excellence in Financial Reporting award, and a map of the District. The financial section includes the Independent Auditor's Report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and supplemental information, which includes the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.



REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic programs, special education programs, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with classes for lifelong learning experiences for children and adults.

In 1843, classes were held in a log cabin located in Cottage Grove, Minnesota. One hundred five years later, the District was officially named Independent School District No. 833. The District is located in Washington County and serves the cities of Cottage Grove, Newport, St. Paul Park, and portions of Woodbury, Afton, Denmark Township, and Grey Cloud Island. It encompasses 85 square miles, with a resident population of 107,926.

During the 2021–2022 school year, the District operated 26 buildings, including 3 high schools, 4 middle schools, 16 elementary schools, an alternative learning center/district program center, a district service center, and a transportation building. The average age of the District's buildings is approximately 33 years. Enrollment has climbed steadily over the previous 10 years and the District served 18,573 students for the 2021–2022 school year. The District is projecting an increase of about 120 students in the 2022–2023 school year.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District's population has grown from 77,263 in 2000 to about 107,926 in 2022, a 39.7 percent increase. In that same time period, the District's enrollment has grown from 15,134 in 2000 to 18,573, a 22.7 percent increase. According to the Metropolitan Council, the District can expect continuous growth through the year 2035.

The District currently holds an A2 bond rating. This rating is a sign that the tax base is favorably located within the Minneapolis – St. Paul Metropolitan Area, the District has a stable labor market and above average resident income levels.

The District's economic indicators continue to be ahead of state and national averages. As stated above, the District continues to see population growth, primarily in the northeast portion of the District's boundaries. The growth in population and corresponding increase in construction, has contributed to increases in property values for the past nine years, and subsequent increases are anticipated.

According to data from the U.S. Census Bureau, the median household income in 2022 in Washington County was \$103,194, as compared to \$77,706 for the state of Minnesota, and \$70,784 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Washington County continues to be lower than state and national rates. In September 2022, the unemployment rate for Washington County was 2.0 percent, as compared to 2.2 percent for the state of Minnesota and 3.6 percent for the United States.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District currently receives \$2,656 per pupil through voter-approved operating referenda and local optional revenue. In a recent election on November 2, 2021, voters in the school district approved revoking all existing referendum authorities and replacing those authorities with an additional \$350 per pupil. The new authority includes increases each year for inflation and will provide about \$39 million per year for 10 years in addition to local optional revenues of about \$15 million per year.

A long-term facilities committee was convened in 2013 and in June 2014 a recommendation was made to the School Board, which featured over \$120 million in new school buildings and improvements. In November 2015, voters approved a \$96.5 million bond to build a new middle school, and improve Cottage Grove Middle School, Woodbury Middle School, and Lake Middle School, and convert Oltman Middle School to be used as Nuevas Fronteras Elementary School. The new Oltman Middle School opened in the 2018–2019 school year.

With the anticipated growth from new housing in the District a new Long Range-Facilities Plan was presented to the School Board early in 2022. As a result, the District held a special election for approval of a \$463 million building bond issue in August 2022. The vote failed and District Administration is gathering community feedback and will present a new plan in early 2023.

Beginning in February 2016, a Strategic Plan Steering Committee met to begin a redesign of the District's expiring strategic plan. Since that time, the steering committee gathered input from hundreds of stakeholders, developed a drafted plan, and presented a final document to the School Board for approval.

The plan, "Together we are SoWashCo," considered the thoughts of a larger Strategic Planning Team, inclusive of parents, students, teachers, support staff, School Board, and district administration. While the mission remains the same for the District, being "committed to igniting a passion for lifelong learning," a refined focus will be on the enhancement of personalization for students, and climate and culture for both students and staff. Core values selected for the coming years are collaboration, continuous improvement, equity, integrity, and relationships.

The plan includes the mission, core values, and strategic objectives, with priority statements developed for the focus areas of personalization, climate and culture for students, and climate and culture for staff by action planning teams.

FINANCIAL AND BUDGETARY CONTROL

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

The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised twice during the fiscal year of its implementation.

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

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances.

Two of these policies include:

The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District. The policy includes language about diversification levels that go beyond state statutes. This diversification language makes certain that district investments are protected, while still earning a competitive rate of return.

The District's Post-Issuance Debt Compliance Policy creates procedures that ensure the District follows Internal Revenue Service guidelines and regulations in the recordkeeping of these transactions. This policy also establishes controls to verify that expenditures related to these funds are in accordance with related debt agreements, adding protection to the residents' investment in district assets.

One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

"To ensure the financial strength and stability of the District, the School Board will endeavor to maintain an unrestricted fund balance as of June 30th each year of 16.6 percent of the District's General Fund unrestricted operating expenditure budget.

The intent of this policy is that the unrestricted fund balance reach 16.6 percent by the end of fiscal year 2026."

This policy is attached to all current budget information and future budget projections and guides decision-making by the School Board.

CERTIFICATE OF EXCELLENCE

This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting.

In 2021–2022, the District received the Certificate of Excellence in Financial Reporting from ASBO International for excellence in the preparation and issuance of the District’s ACFR for 2021. It was the 16th consecutive year the District has received the award.

The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence Program.

ACKNOWLEDGEMENTS

The preparation of an ACFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. Pyan", is positioned above a horizontal line.

Dan Pyan, Executive Director of Finance and Operations

SCHOOL BOARD



INDEPENDENT SCHOOL DISTRICT NO. 833

School Board and Administration
Year Ended June 30, 2022

SCHOOL BOARD

	Position
Sharon Van Leer	Chairperson
Katie Schwartz	Vice Chairperson
Simi Patnaik	Treasurer
Melinda Dols	Clerk
Patricia Driscoll	Director
Louise Hinz	Director
Eric Tessmer	Director

ADMINISTRATION

Julie Nielsen	Superintendent
Tyrone Brookins	Assistant Superintendent
Kelly Jansen	Assistant Superintendent
Kristine Schaefer	Assistant Superintendent
Pepe Barton	Director of Communications
Robert Berkowitz	Director of Technology
Anna Braun	Director of Special Services
Tia Clasen	Director of Teaching and Learning Services – Secondary
Mao Jacobson	Director of Program Evaluation, Research and Assessment
Robert Lawrence	Director of Community Education
James Magee	Director of Diversity, Equity and Inclusion
Carrie Olson	Director of Transportation
Chuck Paulson	Director of Teaching and Learning – Elementary
Wendy Peterson	Director of Nutrition Services
Dan Pyan	Director of Finance and Operations
Kyle Uecker	Director of Facilities
Kevin Witherspoon	Director of Human Resources
Kris Blackburn	Fiscal Services Director
Dayna Pottratz	Executive Assistant – Superintendent



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District 833 -
South Washington County Schools**

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

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



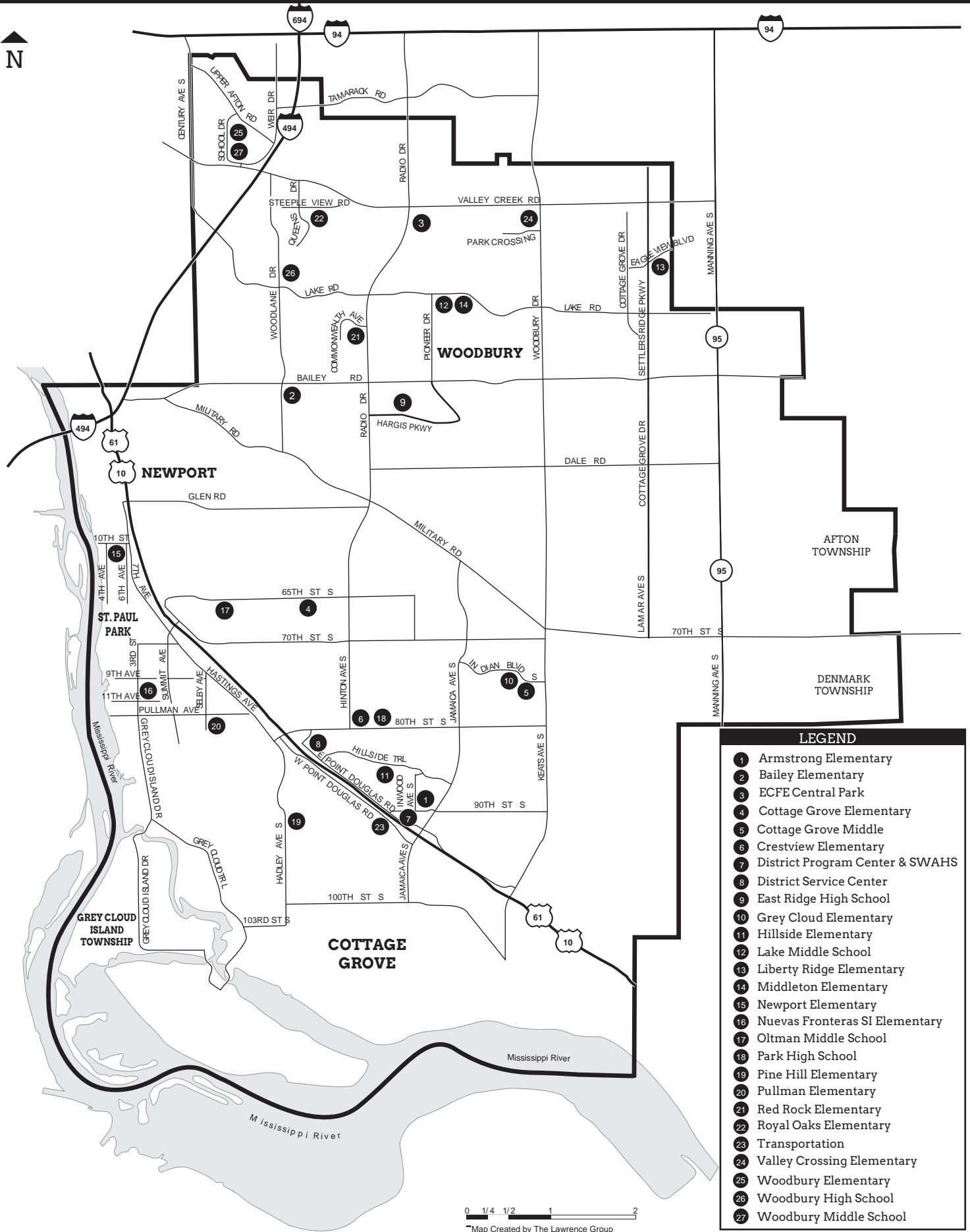
A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

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

David J. Lewis
Executive Director

N



THIS PAGE INTENTIONALLY LEFT BLANK

Section II

Financial



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. 833
Cottage Grove, Minnesota

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 833 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

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

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

Required Supplementary Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 30, 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 21, 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 21, 2022

INDEPENDENT SCHOOL DISTRICT NO. 833

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

This section of Independent School District No. 833's (the District) Annual Comprehensive Financial Report (ACFR) 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 ACFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2022 by \$38,542,524 (net position deficit). The District's total net position increased by \$37,295,852 during the fiscal year ended June 30, 2022.
- Government-wide revenues totaled \$329,731,497 and were \$37,295,852 more than expenses of \$292,435,645.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$9,468,622 from the prior year, compared to an increase of \$804,798 planned in the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information consisting of combining and individual fund statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or major funds, rather than the District as a whole. Funds (Food Service Special Revenue 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 can be found in the supplemental information section.

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. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for various post-employment benefit activities. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2022 and 2021		
	2022	2021
Assets		
Current and other assets	\$ 205,069,341	\$ 162,088,487
Capital assets, net of depreciation/amortization	475,096,203	464,832,947
Total assets	<u>\$ 680,165,544</u>	<u>\$ 626,921,434</u>
Deferred outflows of resources		
Pension plan deferments	\$ 75,373,547	\$ 86,859,959
OPEB plan deferments	478,848	344,297
Total deferred outflows of resources	<u>\$ 75,852,395</u>	<u>\$ 87,204,256</u>
Liabilities		
Current and other liabilities	\$ 31,018,142	\$ 25,995,031
Long-term liabilities, including due within one year	479,176,119	537,318,961
Total liabilities	<u>\$ 510,194,261</u>	<u>\$ 563,313,992</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 99,874,834	\$ 92,374,393
Pension plan deferments	180,471,844	133,435,079
OPEB plan deferments	4,019,524	840,602
Total deferred inflows of resources	<u>\$ 284,366,202</u>	<u>\$ 226,650,074</u>
Net position		
Net investment in capital assets	\$ 162,606,035	\$ 147,166,352
Restricted	14,238,103	9,195,650
Unrestricted	(215,386,662)	(232,200,378)
Total net position	<u>\$ (38,542,524)</u>	<u>\$ (75,838,376)</u>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation and amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position, as compared to fund balances are the liabilities for long-term severance, compensated absences, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's increase in net investment in capital assets is due, mostly to the relationship between the rate at which the District's capital assets are being added, depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in net position restricted for capital asset acquisition, debt service, food service, community service, and other state funding purposes contributed to the change in this portion of 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 summarized version of the District's Statement of Activities:

Table 2 Summary Statement of Activities for the Years Ended June 30, 2022 and 2021		
	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 12,758,301	\$ 6,489,526
Operating grants and contributions	78,518,389	63,951,797
General revenues		
Property taxes	96,610,487	93,005,410
General grants and aids	139,016,061	144,954,814
Other	2,828,259	2,197,791
Total revenues	<u>329,731,497</u>	<u>310,599,338</u>
Expenses		
Administration	9,359,689	9,747,835
District support services	9,213,547	10,219,913
Elementary and secondary regular instruction	112,502,257	125,296,178
Vocational education instruction	2,120,003	2,223,916
Special education instruction	48,371,201	50,704,044
Instructional support services	11,282,353	14,077,898
Pupil support services	27,115,059	24,694,288
Sites and buildings	30,080,823	33,719,382
Fiscal and other fixed cost programs	544,681	498,953
Food service	11,211,045	6,064,857
Community service	12,355,654	10,777,411
Depreciation/amortization not included in other functions	8,197,421	8,223,007
Interest and fiscal charges	10,081,912	9,657,351
Total expenses	<u>292,435,645</u>	<u>305,905,033</u>
Change in net position	37,295,852	4,694,305
Net position – beginning	<u>(75,838,376)</u>	<u>(80,532,681)</u>
Net position – ending	<u>\$ (38,542,524)</u>	<u>\$ (75,838,376)</u>

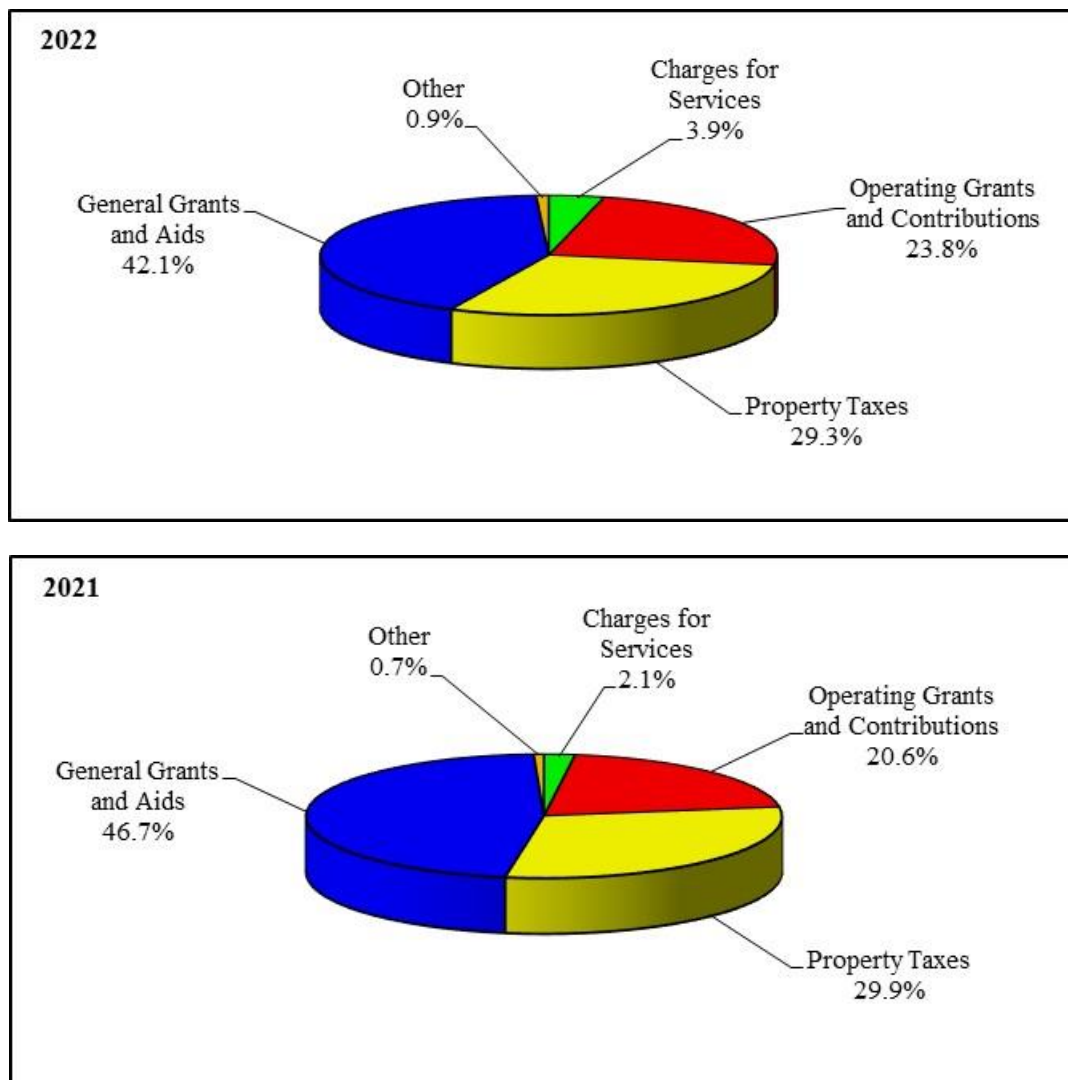
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$19,132,159 (6.2 percent) from the previous year, primarily attributed to increases in revenues from federal sources recognized through new pandemic-related grants, increased property tax levy, and charges for services, which increased due to loosening COVID-19 restrictions.

Governmental activities expenses were \$13,469,388 (4.4 percent) less than last year, due in part to changes in state-wide pension plans.

Figure A shows further analysis of these revenue sources:

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

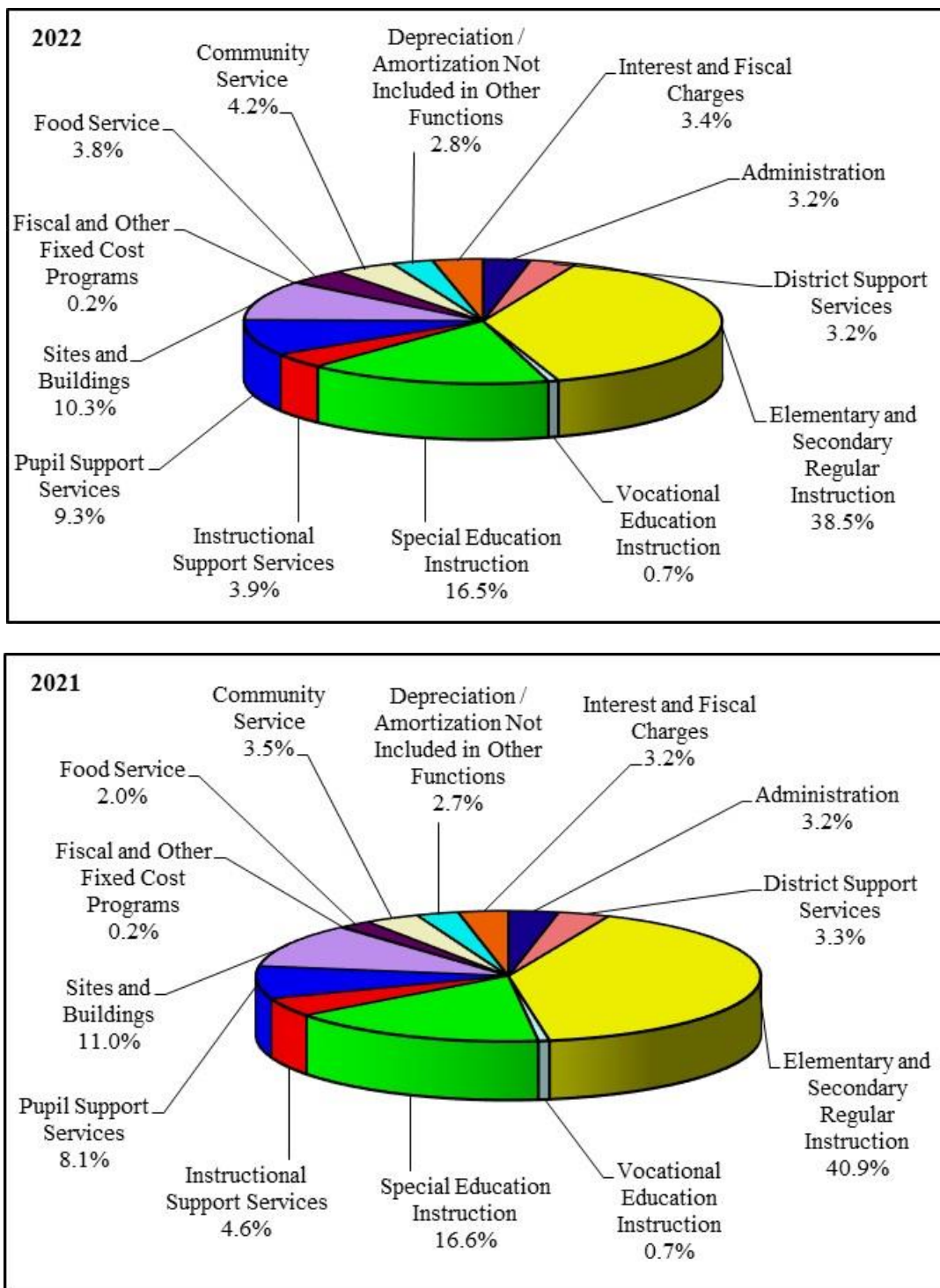


The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

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.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District 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	\$ 27,333,639	\$ 17,865,017	\$ 9,468,622
Capital Projects –			
Building Construction	36,899,248	18,777,990	18,121,258
Debt Service	6,718,407	5,912,705	805,702
Nonmajor funds			
Food Service Special Revenue	2,997,076	1,073,800	1,923,276
Community Service Special Revenue	963,114	158,291	804,823
Total governmental funds	<u>\$ 74,911,484</u>	<u>\$ 43,787,803</u>	<u>\$ 31,123,681</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2022, the District's governmental funds reported combined fund balances of \$74,911,484, an increase of \$31,123,681 in comparison with the prior year. Approximately 17.7 percent of this amount (\$13,277,957) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or committed to indicate that it is: 1) not in spendable form (\$3,957,223), 2) restricted for particular purposes (\$54,669,980), or 3) committed for particular purposes (\$3,006,324).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues	<u>\$ 262,231,861</u>	<u>\$ 269,412,106</u>	<u>\$ 7,180,245</u>	<u>2.7%</u>
Expenditures	<u>\$ 260,309,801</u>	<u>\$ 268,676,958</u>	<u>\$ 8,367,157</u>	<u>3.2%</u>
Other financing sources	<u>\$ 19,200</u>	<u>\$ 69,650</u>	<u>\$ 50,450</u>	<u>262.8%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2022 Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 271,757,711	\$ 2,345,605	0.9 %	\$ 8,123,570	3.1 %
Expenditures	<u>263,037,330</u>	<u>(5,639,628)</u>	(2.1) %	<u>(1,036,255)</u>	(0.4) %
Excess of revenue over expenditures	8,720,381	7,985,233		9,159,825	
Total other financing sources (uses)	<u>748,241</u>	<u>678,591</u>		<u>(1,542,983)</u>	
Net change in fund balances	<u>\$ 9,468,622</u>	<u>\$ 8,663,824</u>		<u>\$ 7,616,842</u>	

The fund balance of the General Fund increased \$9,468,622, compared to a budget increase of \$804,798 approved in the final budget.

General Fund revenues for 2022 increased \$8,123,570, or 3.1 percent, compared to the prior year and were \$2,345,605, or 0.9 percent, over budget. Increases in property taxes, state sources, and other local fees and charges contributed to the change from the prior year, consistent with the earlier discussion on the government-wide financial statements. Revenues were slightly over budget as noted in the previous table. Conservative budgeting for property taxes, federal sources, and other local fees and charges contributed to this favorable variance.

Total General Fund expenditures for 2022 were \$1,036,255, or 0.4 percent, less than the prior year. The decreases in expenditures were mainly in personnel costs with attrition and open positions, in the timing of supplies and materials, and capital expenditures that were less than the prior year. Expenditures were less than budget by \$5,639,628, with less spending for salaries and employee benefits, and capital expenditures than projected in the final budget. Efforts by all departments and budget managers to spend within their approved appropriations also contributed to the favorable expenditures variance to budget.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures, increasing fund balance by \$18,121,258 for the current year. The District has \$36,899,248 in resources remaining in this fund as of June 30, 2022 for future capital spending. The District issued facilities maintenance bonds in the current year increasing year-end fund balance.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The Debt Service Fund revenues and other financing sources exceeded expenditures and other financing uses by \$805,702 in the current year. The year-end fund balance of \$6,718,407 at June 30, 2022 is available for meeting future debt service obligations. The District issued refunding bonds in the current year to reduce future debt levies.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$1,923,276, compared to a projected fund balance increase of \$1,019,888.

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$804,823, compared to a projected fund balance increase of \$446,406.

Internal Service Funds

The internal service funds are used to account for, and monitor, certain retirement benefits provided to eligible employees of the District on a cost-reimbursement basis. Additional details related to the District's liabilities for severance and pension benefits are included in the notes to basic financial statements and as required supplementary information.

The net position balance for all internal service funds as of June 30, 2022, was a deficit of \$371,149, which represents a decrease of \$522,301 from current year operating results.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6 Capital Assets			
	2022	2021	Change
Land	\$ 14,848,229	\$ 14,846,429	\$ 1,800
Construction in progress	12,425,575	2,821,834	9,603,741
Land improvements	26,136,890	24,119,876	2,017,014
Buildings	580,420,515	573,719,748	6,700,767
Buildings – leased	1,589,073	–	1,589,073
Machinery and equipment	24,087,503	20,345,917	3,741,586
Machinery and equipment – leased	594,887	–	594,887
Licensed vehicles	15,724,812	14,815,131	909,681
Licensed vehicles – leased	1,693,477	–	1,693,477
Less accumulated depreciation/amortization	(202,424,758)	(185,835,988)	(16,588,770)
Total	<u>\$ 475,096,203</u>	<u>\$ 464,832,947</u>	<u>\$ 10,263,256</u>
Depreciation/amortization expense	<u>\$ 14,496,585</u>	<u>\$ 13,259,660</u>	<u>\$ 1,236,925</u>

By the end of 2022, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2022, consistent with the activity of the long-term facilities maintenance program in the General Fund and activity of the Capital Projects – Building Construction Fund, discussed on the previous page.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

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

Table 7 Outstanding Long-Term Liabilities			
	2022	2021	Change
General obligation bonds	\$ 305,800,000	\$ 291,600,000	\$ 14,200,000
Certificates of participation	13,795,000	15,005,000	(1,210,000)
Unamortized premium/discount	20,994,146	22,049,294	(1,055,148)
Financed purchases	6,035,565	8,503,021	(2,467,456)
Lease liabilities	3,125,491	—	3,125,491
Net pension liability – PERA and TRA	109,480,937	177,204,809	(67,723,872)
Total pension liability – District	1,825,507	1,908,252	(82,745)
Compensated absences	1,956,422	1,859,796	96,626
Severance benefits	2,335,082	2,178,364	156,718
Net OPEB liability	13,827,969	17,010,425	(3,182,456)
Total	<u>\$ 479,176,119</u>	<u>\$ 537,318,961</u>	<u>\$ (58,142,842)</u>

The changes in certificates of participation, financed purchases, and unamortized premium/discount in the table above, are primarily due to principal payments and amortization during fiscal year 2022, as planned in the approved repayment schedules. The District issued facilities maintenance and refunding bonds, as previously mentioned, that had the net effect of increasing general obligation bonds after making scheduled principal payments. The District implemented the requirements of a new lease standard in the current year, contributing to the change in leases liabilities in the previous table.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. Changes in actuarial assumptions and actual experience contributed to the change in net OPEB liability.

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

Table 8 Limitations on Debt	
District's market value	\$13,524,449,300
Limit rate	<u>15%</u>
Legal debt limit	<u>\$ 2,028,667,395</u>

Additional details of the District's long-term liabilities 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, 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 basic general education funding formula for fiscal year 2023.

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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this ACFR or need additional financial information, contact the Finance Department, Independent School District No. 833, District Service Center, 7362 East Point Douglas Road South, Cottage Grove, Minnesota 55016-3025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 129,903,137	\$ 82,012,482
Receivables		
Current taxes	49,968,816	51,988,592
Delinquent taxes	267,182	597,005
Accounts and interest	166,290	222,939
Due from other governmental units	20,288,778	21,833,314
Due from OPEB trust	240,934	—
Inventory	402,518	402,082
Prepaid items	3,554,705	3,946,629
Restricted assets – temporarily restricted		
Cash and investments for capital asset acquisition	276,981	1,085,444
Capital assets		
Not depreciated/amortized	27,273,804	17,668,263
Depreciated/amortized, net of accumulated depreciation/amortization	447,822,399	447,164,684
Total capital assets, net of accumulated depreciation/amortization	<u>475,096,203</u>	<u>464,832,947</u>
Total assets	680,165,544	626,921,434
Deferred outflows of resources		
Pension plan deferments	75,373,547	86,859,959
OPEB plan deferments	478,848	344,297
Total deferred outflows of resources	<u>75,852,395</u>	<u>87,204,256</u>
Total assets and deferred outflows of resources	<u>\$ 756,017,939</u>	<u>\$ 714,125,690</u>
Liabilities		
Salaries payable	\$ 11,640,420	\$ 11,338,858
Accounts and contracts payable	12,827,552	8,442,651
Accrued interest payable	4,286,308	4,292,989
Due to other governmental units	1,174,678	1,019,547
Unearned revenue	1,089,184	900,986
Long-term liabilities		
Due within one year	28,768,951	26,535,831
Due in more than one year	450,407,168	510,783,130
Total long-term liabilities	<u>479,176,119</u>	<u>537,318,961</u>
Total liabilities	510,194,261	563,313,992
Deferred inflows of resources		
Property taxes levied for subsequent year	99,874,834	92,374,393
Pension plan deferments	180,471,844	133,435,079
OPEB plan deferments	4,019,524	840,602
Total deferred inflows of resources	<u>284,366,202</u>	<u>226,650,074</u>
Net position		
Net investment in capital assets	162,606,035	147,166,352
Restricted for		
Capital asset acquisition	1,432,538	774,722
Debt service	2,773,515	1,982,282
Food service	2,997,076	1,073,800
Community service	3,467,178	2,350,374
Other purposes (state and other funding restrictions)	3,567,796	3,014,472
Unrestricted	(215,386,662)	(232,200,378)
Total net position	<u>(38,542,524)</u>	<u>(75,838,376)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 756,017,939</u>	<u>\$ 714,125,690</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Functions/Programs	2022			2021	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
				Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 9,359,689	\$ —	\$ 165,157	\$ (9,194,532)	\$ (9,444,720)
District support services	9,213,547	416	992,862	(8,220,269)	(10,219,197)
Elementary and secondary regular instruction	112,502,257	2,195,678	16,485,433	(93,821,146)	(110,768,973)
Vocational education instruction	2,120,003	—	744,150	(1,375,853)	(1,471,791)
Special education instruction	48,371,201	3,200	39,591,185	(8,776,816)	(15,048,804)
Instructional support services	11,282,353	15,685	2,716,288	(8,550,380)	(11,402,418)
Pupil support services	27,115,059	2,283	3,055,892	(24,056,884)	(22,377,171)
Sites and buildings	30,080,823	—	—	(30,080,823)	(33,714,382)
Fiscal and other fixed cost programs	544,681	—	—	(544,681)	(498,953)
Food service	11,211,045	1,487,213	11,722,495	1,998,663	161,278
Community service	12,355,654	9,053,826	3,044,927	(256,901)	(2,798,221)
Depreciation/amortization not included in other functions	8,197,421	—	—	(8,197,421)	(8,223,007)
Interest and fiscal charges	10,081,912	—	—	(10,081,912)	(9,657,351)
Total governmental activities	\$292,435,645	\$ 12,758,301	\$ 78,518,389	(201,158,955)	(235,463,710)
General revenues					
Taxes					
Property taxes levied for general purposes				65,486,551	63,064,700
Property taxes levied for community service				1,491,351	1,661,364
Property taxes levied for debt service				29,632,585	28,279,346
General grants and aids				139,016,061	144,954,814
Other general revenues				2,677,709	2,160,655
Investment earnings				150,550	37,136
Total general revenues				238,454,807	240,158,015
Change in net position				37,295,852	4,694,305
Net position – beginning				(75,838,376)	(80,532,681)
Net position – ending				\$ (38,542,524)	\$ (75,838,376)

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 57,387,487	\$ 41,178,439	\$ 22,285,521
Cash and investments held by trustee	267,910	9,071	–
Receivables			
Current taxes	34,206,716	–	14,900,569
Delinquent taxes	174,458	–	88,060
Accounts and interest	162,911	–	–
Due from other governmental units	19,300,054	342,539	141,890
Due from other funds	240,934	–	–
Inventory	252,714	–	–
Prepaid items	3,296,910	–	–
	<u>\$ 115,290,094</u>	<u>\$ 41,530,049</u>	<u>\$ 37,416,040</u>
Liabilities			
Salaries payable	\$ 11,202,057	\$ –	\$ –
Accounts and contracts payable	7,638,520	4,630,801	–
Due to other governmental units	1,159,313	–	–
Unearned revenue	298,393	–	–
Total liabilities	<u>20,298,283</u>	<u>4,630,801</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	174,458	–	88,060
Property taxes levied for subsequent year	67,483,714	–	30,609,573
Total deferred inflows of resources	<u>67,658,172</u>	<u>–</u>	<u>30,697,633</u>
Fund balances (deficit)			
Nonspendable	3,549,624	–	–
Restricted	5,000,334	36,899,248	6,718,407
Committed	3,006,324	–	–
Unassigned	15,777,357	–	–
Total fund balances	<u>27,333,639</u>	<u>36,899,248</u>	<u>6,718,407</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 115,290,094</u>	<u>\$ 41,530,049</u>	<u>\$ 37,416,040</u>

Nonmajor Funds	Total Governmental Funds	
	2022	2021
\$ 5,767,683	\$ 126,619,130	\$ 78,096,120
—	276,981	1,085,444
861,531	49,968,816	51,988,592
4,664	267,182	597,005
3,379	166,290	222,923
504,295	20,288,778	21,833,314
—	240,934	—
149,804	402,518	402,082
257,795	3,554,705	3,946,629
<u>\$ 7,549,151</u>	<u>\$ 201,785,334</u>	<u>\$ 158,172,109</u>
\$ 438,363	\$ 11,640,420	\$ 11,338,858
558,231	12,827,552	8,442,651
15,365	1,174,678	1,019,547
790,791	1,089,184	900,986
<u>1,802,750</u>	<u>26,731,834</u>	<u>21,702,042</u>
4,664	267,182	307,871
1,781,547	99,874,834	92,374,393
<u>1,786,211</u>	<u>100,142,016</u>	<u>92,682,264</u>
407,599	3,957,223	4,348,711
6,051,991	54,669,980	31,565,046
—	3,006,324	2,379,759
(2,499,400)	13,277,957	5,494,287
<u>3,960,190</u>	<u>74,911,484</u>	<u>43,787,803</u>
<u>\$ 7,549,151</u>	<u>\$ 201,785,334</u>	<u>\$ 158,172,109</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Total fund balances – governmental funds	\$ 74,911,484	\$ 43,787,803
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	677,520,961	650,668,935
Accumulated depreciation/amortization	(202,424,758)	(185,835,988)
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	(305,800,000)	(291,600,000)
Certificates of participation	(13,795,000)	(15,005,000)
Unamortized premium/discount	(20,994,146)	(22,049,294)
Financed purchases	(6,035,565)	(8,503,021)
Lease liabilities	(3,125,491)	–
Net pension liability – PERA and TRA pension plans	(109,480,937)	(177,204,809)
Compensated absences	(1,956,422)	(1,859,796)
Net OPEB liability	(13,827,969)	(17,010,425)
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 funds are included in the governmental activities in the Statement of Net Position.		
	(371,149)	151,152
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(4,286,308)	(4,292,989)
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 – PERA and TRA pension plan deferments	74,868,114	86,538,569
Deferred outflows of resources – OPEB plan deferments	478,848	344,297
Deferred inflows of resources – PERA and TRA pension plan deferments	(180,471,844)	(133,435,079)
Deferred inflows of resources – OPEB plan deferments	(4,019,524)	(840,602)
Deferred inflows of resources – unavailable revenue – delinquent taxes	267,182	307,871
Total net position – governmental activities	<u>\$ (38,542,524)</u>	<u>\$ (75,838,376)</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 65,519,753	\$ –	\$ 29,639,050
Investment earnings	86,394	48,577	3,998
Other	4,894,971	–	–
State sources	190,953,952	–	1,437,724
Federal sources	10,302,641	–	1,027,343
Total revenue	<u>271,757,711</u>	<u>48,577</u>	<u>32,108,115</u>
Expenditures			
Current			
Administration	9,752,369	–	–
District support services	9,353,221	–	–
Elementary and secondary regular instruction	116,374,060	–	–
Vocational education instruction	2,188,785	–	–
Special education instruction	50,289,436	–	–
Instructional support services	11,806,289	–	–
Pupil support services	27,079,559	–	–
Sites and buildings	30,270,023	–	–
Fiscal and other fixed cost programs	544,681	–	–
Food service	–	–	–
Community service	141,808	–	–
Capital outlay	–	17,093,687	–
Debt service			
Principal	4,429,403	–	20,530,000
Interest and fiscal charges	807,696	620,010	11,828,927
Total expenditures	<u>263,037,330</u>	<u>17,713,697</u>	<u>32,358,927</u>
Excess (deficiency) of revenue over expenditures	8,720,381	(17,665,120)	(250,812)
Other financing sources (uses)			
Debt issued	401,531	33,924,864	980,136
Refunding debt issued	–	–	4,300,000
Premium on debt issued	–	1,861,514	251,378
Payment on refunding bonds	–	–	(4,475,000)
Proceeds from sale of assets	264,243	–	–
Insurance recovery	82,467	–	–
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	<u>748,241</u>	<u>35,786,378</u>	<u>1,056,514</u>
Net change in fund balances	9,468,622	18,121,258	805,702
Fund balances			
Beginning of year	<u>17,865,017</u>	<u>18,777,990</u>	<u>5,912,705</u>
End of year	<u>\$ 27,333,639</u>	<u>\$ 36,899,248</u>	<u>\$ 6,718,407</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2022	2021
\$ 1,492,373	\$ 96,651,176	\$ 93,038,171
4,203	143,172	34,930
10,541,039	15,436,010	8,569,334
2,774,581	195,166,257	190,450,514
11,992,841	23,322,825	18,096,421
<u>26,805,037</u>	<u>330,719,440</u>	<u>310,189,370</u>
—	9,752,369	9,319,638
—	9,353,221	10,085,897
—	116,374,060	116,965,391
—	2,188,785	2,136,507
—	50,289,436	48,244,767
—	11,806,289	13,406,693
—	27,079,559	25,984,163
—	30,270,023	32,788,834
—	544,681	498,953
10,943,668	10,943,668	5,963,945
12,685,266	12,827,074	10,557,392
448,004	17,541,691	6,660,164
—	24,959,403	22,357,359
—	13,256,633	13,185,974
<u>24,076,938</u>	<u>337,186,892</u>	<u>318,155,677</u>
2,728,099	(6,467,452)	(7,966,307)
—	35,306,531	2,690,965
—	4,300,000	—
—	2,112,892	—
—	(4,475,000)	—
—	264,243	80,992
—	82,467	19,267
—	—	500,000
—	—	(500,000)
<u>—</u>	<u>37,591,133</u>	<u>2,791,224</u>
2,728,099	31,123,681	(5,175,083)
<u>1,232,091</u>	<u>43,787,803</u>	<u>48,962,886</u>
<u>\$ 3,960,190</u>	<u>\$ 74,911,484</u>	<u>\$ 43,787,803</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 31,123,681	\$ (5,175,083)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	21,790,601	11,951,330
Depreciation/amortization expense	(14,496,585)	(13,259,660)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(506,667)	(19,412)
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.		
	(522,301)	(301,668)
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.		
	(39,606,531)	(2,690,965)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	25,005,000	18,805,000
Certificates of participation	1,210,000	1,160,000
Financed purchases	2,467,456	2,392,359
Lease liabilities	751,947	–
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.		
	6,681	372,585
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability – PERA and TRA pension plans	67,723,872	(20,181,827)
Compensated absences	(96,626)	(181,650)
Net OPEB liability	3,182,456	(371,172)
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.		
	1,055,148	3,156,038
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 – PERA and TRA pension plan deferments	(11,670,455)	(51,395,634)
Deferred outflows of resources – OPEB plan deferments	134,551	110,455
Deferred inflows of resources – PERA and TRA pension plan deferments	(47,036,765)	60,857,446
Deferred inflows of resources – OPEB plan deferments	(3,178,922)	(501,076)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(40,689)	(32,761)
Change in net position – governmental activities	<u>\$ 37,295,852</u>	<u>\$ 4,694,305</u>

See notes to basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 65,166,680	\$ 65,155,444	\$ 65,519,753	\$ 364,309
Investment earnings	400,000	30,200	86,394	56,194
Other	3,158,838	2,864,956	4,894,971	2,030,015
State sources	188,660,808	191,390,560	190,953,952	(436,608)
Federal sources	4,845,535	9,970,946	10,302,641	331,695
Total revenue	262,231,861	269,412,106	271,757,711	2,345,605
Expenditures				
Current				
Administration	9,299,675	9,826,154	9,752,369	(73,785)
District support services	7,661,204	9,020,956	9,353,221	332,265
Elementary and secondary regular instruction	114,877,975	120,375,911	116,374,060	(4,001,851)
Vocational education instruction	2,306,285	2,321,339	2,188,785	(132,554)
Special education instruction	51,912,666	51,817,045	50,289,436	(1,527,609)
Community service	231,560	231,560	141,808	(89,752)
Instructional support services	12,474,320	12,431,395	11,806,289	(625,106)
Pupil support services	27,939,649	27,719,902	27,079,559	(640,343)
Sites and buildings	28,387,821	29,285,813	30,270,023	984,210
Fiscal and other fixed cost programs	538,000	538,000	544,681	6,681
Debt service				
Principal	3,941,106	4,369,343	4,429,403	60,060
Interest and fiscal charges	739,540	739,540	807,696	68,156
Total expenditures	260,309,801	268,676,958	263,037,330	(5,639,628)
Excess of revenue over expenditures	1,922,060	735,148	8,720,381	7,985,233
Other financing sources				
Debt issued	—	—	401,531	401,531
Proceeds from sale of assets	1,200	18,494	264,243	245,749
Insurance recovery	18,000	51,156	82,467	31,311
Total other financing sources	19,200	69,650	748,241	678,591
Net change in fund balances	\$ 1,941,260	\$ 804,798	9,468,622	\$ 8,663,824
Fund balances				
Beginning of year			17,865,017	
End of year			\$ 27,333,639	

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and temporary investments	\$ 3,284,007	\$ 3,916,362
Receivables		
Accounts and interest	<u>—</u>	<u>16</u>
Total current assets	3,284,007	3,916,378
Deferred outflows of resources		
Pension plan deferments	505,433	321,390
Liabilities		
Current liabilities		
Severance benefits	341,428	203,669
Total pension liability	<u>256,634</u>	<u>264,909</u>
Total current liabilities	<u>598,062</u>	<u>468,578</u>
Long-term liabilities		
Severance benefits	1,993,654	1,974,695
Total pension liability	<u>1,568,873</u>	<u>1,643,343</u>
Total long-term liabilities	<u>3,562,527</u>	<u>3,618,038</u>
Total liabilities	<u>4,160,589</u>	<u>4,086,616</u>
Net position		
Unrestricted	<u>\$ (371,149)</u>	<u>\$ 151,152</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Operating revenue		
Contributions from governmental funds	\$ —	\$ —
Operating expenses		
Severance benefits	326,127	164,414
Pension benefits	<u>203,552</u>	<u>139,460</u>
Total operating expenses	<u>529,679</u>	<u>303,874</u>
Operating income (loss)	(529,679)	(303,874)
Nonoperating revenue		
Investment earnings	<u>7,378</u>	<u>2,206</u>
Income (loss) before transfers	(522,301)	(301,668)
Transfers in	86,480	63,123
Transfers (out)	<u>(86,480)</u>	<u>(63,123)</u>
Change in net position	(522,301)	(301,668)
Net position		
Beginning of year	<u>151,152</u>	<u>452,820</u>
End of year	<u>\$ (371,149)</u>	<u>\$ 151,152</u>

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Severance benefit payments	\$ (169,409)	\$ (227,050)
Pension benefit payments	(470,340)	(282,397)
Net cash flows from operating activities	<u>(639,749)</u>	<u>(509,447)</u>
Cash flows from noncapital financing activities		
Transfer in	86,480	63,123
Transfer (out)	<u>(86,480)</u>	<u>(63,123)</u>
Net cash flows from noncapital financing activities	—	—
Cash flows from investing activities		
Interest on investments	<u>7,394</u>	<u>2,626</u>
Net change in cash and cash equivalents	(632,355)	(506,821)
Cash and cash equivalents		
Beginning of year	<u>3,916,362</u>	<u>4,423,183</u>
End of year	<u><u>\$ 3,284,007</u></u>	<u><u>\$ 3,916,362</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (529,679)	\$ (303,874)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows of resources		
Deferred outflows of resources	(184,043)	(33,321)
Severance benefits	156,718	(62,636)
Total pension liability	(82,745)	(82,414)
Deferred inflows of resources	<u>—</u>	<u>(27,202)</u>
Net cash flows from operating activities	<u><u>\$ (639,749)</u></u>	<u><u>\$ (509,447)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Fiduciary Net Position
as of June 30, 2022

	Scholarship Custodial Fund	Other Post-Employment Benefits Trust Fund
Assets		
Cash and temporary investments	\$ 45,727	\$ —
Investments held by trustee		
Mutual funds	—	3,366,097
Total assets	<u>45,727</u>	<u>3,366,097</u>
Liabilities		
Due to other funds	—	240,934
Net position		
Restricted for scholarships	45,727	—
Restricted for OPEB	—	3,125,163
Total net position	<u>\$ 45,727</u>	<u>\$ 3,125,163</u>

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

	Scholarship Custodial Fund	Other Post-Employment Benefits Trust Fund
Additions		
Contributions		
Private donations	\$ 17,145	\$ —
Investment earnings		
Investment earnings (charges)	—	(517,418)
Less investment expense	—	(14,597)
Net investment earnings	—	(532,015)
Total additions	<u>17,145</u>	<u>(532,015)</u>
Deductions		
Scholarships awarded	11,500	—
Payment for OPEB	—	240,934
Administrative and other expenses	—	5,000
Total deductions	<u>11,500</u>	<u>245,934</u>
Change in net position	5,645	(777,949)
Net position		
Beginning of year	<u>40,082</u>	<u>3,903,112</u>
End of year	<u>\$ 45,727</u>	<u>\$ 3,125,163</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Notes to Basic Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 833 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

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 revenues are recognized when all eligible requirements imposed by the provider have been met.

For capital assets that can be specifically identified with or allocated to functional areas, depreciation and amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation and amortization expense is reported as “Depreciation/amortization not included in other functions.” Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by 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 principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has one pension (and other employee benefit) trust fund and one custodial fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, 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, construction, or improvement of capital facilities authorized by debt issue and certain capital related levies.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District’s child nutrition program.

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

Proprietary Funds

Internal Service Funds – The internal service funds account 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 District’s internal service funds include financing for post-employment severance and pension benefits offered by the District to its employees.

Fiduciary Funds

Scholarship Custodial Fund – The Scholarship Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to other third parties for donor-directed purposes, such as to award scholarships to former students.

Other Post-Employment Benefits Trust Fund – The Other Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund post-employment insurance benefits for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 expenditure appropriations lapse at year-end.

Expenditures in the Community Service Special Revenue Fund were over budgeted appropriations by \$205,142 and expenditures in the Capital Projects – Building Construction Fund were over budgeted appropriations by \$3,058,671 for the year ended June 30, 2022. Revenues and other financing sources in excess of budget, along with available fund balance, covered 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. Debt proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund and Capital Projects – Building Construction Fund, the escrow accounts held by the trustee can be used only for certain capital asset acquisition costs as required by terms of the debt issue. In the Other Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the appropriate fund.

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 equivalent. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 receivable not expected to be fully collected within one year is property taxes receivable.

At year-end, the District reported the following receivables due from other governmental units:

Due from the MDE and others	\$ 19,882,862
Due from other Minnesota school districts	32,829
Due from Washington County and others	<u>373,087</u>
Total	<u><u>\$ 20,288,778</u></u>

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,744,924 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 recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes that 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus 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/amortization purposes. Useful lives vary, ranging from 20 to 50 years for land improvements and buildings and 5 to 15 years for machinery, equipment, and licensed vehicles. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Land and construction in progress are not depreciated.

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

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 as other financing sources or uses, respectively. The face amount of debt issued is reported as other financing sources.

M. Compensated Absences Payable

- 1. Vacation Pay** – Under the terms of union contracts, certain employees accrue vacation 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. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in the governmental fund financial statements only when used or matured, due to employee termination or similar circumstances.
- 2. Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of an employee's severance pay upon termination for certain collective bargaining units.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with the provisions of certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. Severance or retirement benefits are required to be paid out twice a year (June and January) following the effective date of retirement. Retirement benefits for certain employee groups are paid into a post-employment tax sheltered annuity account. For all other employees, severance benefits are paid out directly to the employee.

Severance pay based on convertible sick leave is recorded as a liability in the Internal Service Fund and in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.

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. Other Post-Employment Benefits (OPEB) Plan

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

Q. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports deferred outflows and inflows of resources related to pensions and OPEB plans 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, net collective the 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. Net Position

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

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

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

S. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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 the School Board's adopted fund balance policy, the District's superintendent is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

T. 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 year.
2. **Self-Insurance** – The District uses the General Fund to account for and finance its self-insured risk of loss for the employee dental insurance plan, which began on January 1, 2021. Under the plan, the General Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

The District tracks premium payments that include both employer and employee contributions on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus administrative service charges.

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

Changes in dental claim liabilities for the last two years were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	\$ –	\$ 848,766	\$ 789,614	\$ 59,152
2022	\$ 59,152	\$ 1,650,796	\$ 1,668,347	\$ 41,601

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 reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

V. Restricted Assets

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

W. Prior Period Comparative Financial Information/Reclassifications

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 prior year, 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.

X. Change in Accounting Principle

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. This statement included major changes in recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Certain amounts necessary to fully restate fiscal year 2021 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the District reporting a new capital asset category for leased assets and lease liabilities, but did not require a restatement of net position in the current year. See Note 3 and Note 4 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 170,006
Investments	133,389,419
Cash on hand	<u>32,517</u>
Total	<u><u>\$ 133,591,942</u></u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Statement of Net Position	
Cash and temporary investments	\$ 129,903,137
Restricted assets – temporarily restricted	
Cash and investments for capital asset acquisition	276,981
Statement of Fiduciary Net Position	
Scholarship Custodial Fund	
Cash and temporary investments	45,727
Other Post-Employment Benefits Trust Fund	
Investments held by trustee	
Mutual funds	<u>3,366,097</u>
Total	<u><u>\$ 133,591,942</u></u>

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District’s deposits and the balance on the bank records was \$170,006. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Credit Rating	Rating Agency		Less Than 1	1 to 5	
Investment pools/mutual funds						
MSDLAF – Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	\$ 63,519,137
MSDLAF – MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	60,838,817
Morgan Stanley Institutional Liquidity Funds	AAA	S&P	Amortized Cost	N/A	N/A	267,910
First American Government Obligations Funds	AAA	S&P	Level 1	N/A	N/A	240,337
U.S. Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	3,520,391
Wells Fargo Advantage Governmental Fund	AAA	S&P	Level 1	N/A	N/A	1,867,996
Mutual funds	N/R	N/R	Level 1	N/A	N/A	3,134,831
Total investments						<u>\$ 133,389,419</u>

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission. The District's investment in this pool is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the MSDLAF – Liquid Class. 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.

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

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form; and, therefore, are not subject to custodial credit risk disclosures. 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.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 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 has an internal policy that limits investment choices and addresses these potential risks beyond the statutory limitations listed above. These limitations are discussed below:

- Investments in the various authorized instruments cannot exceed the following percentages of total funds:
 1. U.S. treasury obligations (bills, notes, and bonds) – 100 percent
 2. U.S. government agency securities and instrumentalities of government-sponsored corporations – 100 percent
 3. Bankers’ acceptances – 25 percent
 4. Commercial paper – 75 percent
 5. Repurchase agreements – 50 percent
 6. Certificates of deposit – commercial banks – 100 percent
 7. Local government investment pool – 100 percent
- Not more than 66 percent of the total nonconstruction portfolio shall be with any one depository.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the current year ended is as follows:

	Balance – Beginning of Year	Remeasurement*	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized						
Land	\$ 14,846,429	\$ –	\$ 1,800	\$ –	\$ –	\$ 14,848,229
Construction in progress	2,821,834	–	20,039,530	(470,775)	(9,965,014)	12,425,575
Total capital assets, not depreciated/amortized	17,668,263	–	20,041,330	(470,775)	(9,965,014)	27,273,804
Capital assets, depreciated/amortized						
Land improvements	24,119,876	82,754	62,010	(50,000)	1,922,250	26,136,890
Buildings	573,719,748	3,144	16,135	–	6,681,488	580,420,515
Buildings – leased	–	1,362,733	226,340	–	–	1,589,073
Machinery and equipment	20,345,917	2,231,217	1,269,596	(36,723)	277,496	24,087,503
Machinery and equipment – leased	–	419,697	175,190	–	–	594,887
Licensed vehicles	14,815,131	(125,488)	–	(48,611)	1,083,780	15,724,812
Licensed vehicles – leased	–	1,693,477	–	–	–	1,693,477
Total capital assets, depreciated/amortized	633,000,672	5,667,534	1,749,271	(135,334)	9,965,014	650,247,157
Less accumulated depreciation/amortization for						
Land improvements	(11,957,823)	(82,754)	(778,871)	50,000	–	(12,769,448)
Buildings	(148,538,213)	(3,144)	(11,408,953)	–	–	(159,950,310)
Buildings – leased	–	–	(312,864)	–	–	(312,864)
Machinery and equipment	(14,023,702)	(2,231,217)	(767,426)	18,757	–	(17,003,588)
Machinery and equipment – leased	–	–	(151,674)	–	–	(151,674)
Licensed vehicles	(11,316,250)	125,488	(738,102)	30,685	–	(11,898,179)
Licensed vehicles – leased	–	–	(338,695)	–	–	(338,695)
Total accumulated depreciation/amortization	(185,835,988)	(2,191,627)	(14,496,585)	99,442	–	(202,424,758)
Net capital assets, depreciated /amortized	447,164,684	3,475,907	(12,747,314)	(35,892)	9,965,014	447,822,399
Total capital assets, net	<u>\$ 464,832,947</u>	<u>\$ 3,475,907</u>	<u>\$ 7,294,016</u>	<u>\$ (506,667)</u>	<u>\$ –</u>	<u>\$ 475,096,203</u>

* The remeasurement adjustment was for new lease standard requirements in the current year. The District also made adjustments by classification with a net impact of zero with the District's review of its capital asset software.

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

District support services	\$ 334,245
Elementary and secondary regular instruction	115,848
Vocational education instruction	280
Special education	261,909
Instructional support services	219
Pupil services	1,039,001
Sites and buildings	4,384,119
Food service	156,576
Community service	6,967
Depreciation/amortization not included in other functions	<u>8,197,421</u>
Total depreciation/amortization expense	<u><u>\$ 14,496,585</u></u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds					
2010B Taxable Alternative Facility Bonds	06/10/2010	5.15%	\$ 4,365,000	06/01/2026	\$ 4,220,000
2010C Taxable Alternative Facility Bonds	06/10/2010	5.00%	\$ 19,565,000	06/01/2026	19,565,000
2014A Alternative Facility Bonds	05/20/2014	2.00–3.50%	\$ 14,840,000	02/01/2028	14,640,000
2014B Capital Facilities Bonds	05/20/2014	2.00–2.50%	\$ 5,670,000	02/01/2024	1,195,000
2016A Building Bonds	03/01/2016	3.50–5.00%	\$ 87,145,000	02/01/2035	85,945,000
2016B Refunding Bonds	05/12/2016	3.00–5.00%	\$ 73,460,000	02/01/2027	44,465,000
2016C Facilities Maintenance Bonds	05/12/2016	3.00–4.00%	\$ 14,470,000	02/01/2031	14,470,000
2016E Refunding Bonds	11/09/2016	3.00–5.00%	\$ 33,035,000	02/01/2027	22,115,000
2018A Facilities Maintenance Bonds	05/18/2018	3.00–5.00%	\$ 22,580,000	02/01/2033	22,580,000
2018B Refunding Bonds	11/06/2018	5.00%	\$ 25,790,000	02/01/2023	10,850,000
2020A Facilities Maintenance Bonds	05/14/2020	3.00–5.00%	\$ 26,550,000	02/01/2038	26,550,000
2021A Alternative Facilities Refunding Bonds	11/16/2021	2.00%	\$ 4,300,000	02/01/2027	4,300,000
2022A Facilities Maintenance Bonds	06/09/2022	4.00–5.00%	\$ 34,905,000	02/01/2036	34,905,000
Total general obligation bonds					<u>\$ 305,800,000</u>

These bonds were issued to finance acquisition, construction, and/or improvement of capital facilities, or to finance the retirement (refunding) of 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.

The District's Taxable Alternative Facility Bonds, Series 2010B were issued as Qualified Zone Academy Bonds – Direct Payment, for which the District receives a federal rebate equal to 100 percent of the interest payment on this debt issue. The District's Taxable Alternative Facility Bonds, Series 2010C were issued as Qualified School Construction Bonds – Direct Payment. Although the District has complied with all eligibility requirements for this credit, the District received notice from the Internal Revenue Service that interest payment credits were reduced from originally anticipated amounts.

In November 2021, the District issued \$4,300,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2021A. The proceeds of the refunding bonds were used to the call the remaining bond proceeds of the 2012A Alternative Facilities Bonds on February 1, 2022. This refunding will reduce the District's total future debt service payments by \$454,315 and will result in a present value savings of \$439,518.

B. Certificates of Participation

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Certificates of Participation					
2016D Certificates of Participation	06/16/2016	4.00–5.00%	\$ 13,200,000	04/01/2031	\$ 8,855,000
2017A Certificates of Participation	06/22/2017	3.00–3.25%	\$ 6,995,000	02/01/2032	4,940,000
Total certificates of participation					<u>\$ 13,795,000</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The District has issued certificates of participation under Minnesota Statutes § 123B.51 to finance the purchase of Valley Crossing Elementary School, and to finance an addition to the Woodbury Middle School. Scheduled future ad valorem 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.

The Certificates are valid and binding special, limited obligations of the District payable solely from and secured by a pledge of payments to be made to the Trustee by the District pursuant to the agreement. The Certificates do not constitute a general obligation of the District and are not a charge against the general credit of the District.

The debt payments under the terms of the agreement will be payable solely from District funds, which are normally budgeted and appropriated by the School Board and which may be terminated by action of the School Board. The District's obligation to make payments under the agreement is subject to its annual right to terminate the agreement at the end of any fiscal year by failure to appropriate the funds.

In the event the annual appropriation is not made, the Trustee is entitled to repossession and the right to re-lease the building and its interest in the land. The Trustee, on behalf of the owners of the Certificates, will attempt to sublease and operate the Facilities. There is no assurance that the Trustee will be able to re-lease the interest in the building and land, or to do so for amounts that would pay all interest and principal on the Certificates.

C. Financed Purchases

The District has acquired various assets through financed purchase agreements. Annual principal and interest on these agreements will be paid from the General Fund.

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
Financed purchases					
Liberty Ridge Site II	04/12/2012	2.99%	\$ 4,100,000	04/15/2027	\$ 1,570,606
Security equipment	04/23/2015	2.90%	\$ 2,268,000	04/01/2024	556,588
Elementary entrance projects	05/12/2016	2.06%	\$ 3,325,000	04/01/2024	880,984
Buses	07/15/2017	0.50%	\$ 653,759	07/15/2023	194,637
Buses	04/15/2018	0.50%	\$ 740,447	04/15/2024	221,470
Apple iPads	07/15/2019	1.19%	\$ 657,900	07/15/2022	165,436
Chromebooks	07/25/2019	5.45%	\$ 768,102	07/25/2022	195,350
Buses	07/15/2019	3.75%	\$ 992,600	08/15/2025	578,498
Buses	07/20/2020	2.85%	\$ 1,051,703	07/20/2026	752,382
Buses	06/15/2021	2.38%	\$ 1,083,780	07/15/2027	919,614
Total financed purchases					<u>\$ 6,035,565</u>

The agreements are secured by a ground lease and the equipment. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the debt, the debtor may: 1) declare all rental payments due or to become due, to be immediately due and payable, 2) take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 3) exclude the District from possession of the property and attempt to sell or again rent the property, holding the District responsible for the rent due under the agreement until the property is sold or rented again, or 4) take legal action to force performance under the terms of the agreement.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Lease Liability

The District has obtained the use of certain equipment and building space through lease financing agreements. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 3 to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default.

The District currently has the following lease liability obligations outstanding:

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
Lease liabilities					
City of Cottage Grove	09/01/2007	2.68%	\$ 433,114	10/15/2029	\$ 384,952
Next Step	10/01/2017	2.68%	\$ 929,618	09/06/2027	797,937
Pathways	11/01/2021	2.68%	\$ 226,341	10/01/2023	152,599
Buses	07/20/2020	2.68%	\$ 1,693,478	07/20/2025	1,339,122
Toshiba	07/01/2019	2.68%	\$ 174,420	07/01/2024	119,155
Toshiba	06/01/2020	2.68%	\$ 245,277	07/01/2025	187,246
Toshiba	08/01/2021	2.68%	\$ 175,190	07/25/2022	144,480
Total lease liabilities					<u>\$ 3,125,491</u>

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pensions, severance benefits, compensated absences, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established an Other Post-Employment Benefits Trust Fund to finance OPEB obligations.

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

Pension Plans	Total/Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 19,635,519	\$ 14,768,344	\$ 19,988,300	\$ (907,929)
TRA	89,845,418	60,099,770	160,483,544	4,528,714
District	1,825,507	505,433	—	203,552
Total	<u>\$ 111,306,444</u>	<u>\$ 75,373,547</u>	<u>\$ 180,471,844</u>	<u>\$ 3,824,337</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 22,185,000	\$ 11,672,895	\$ 1,260,000	\$ 512,794	\$ 1,994,889	\$ 160,773	\$ 774,578	\$ 78,478
2024	25,760,000	11,157,943	1,315,000	458,394	1,679,073	106,683	717,114	58,187
2025	25,160,000	9,885,068	1,360,000	410,244	762,743	64,917	642,172	40,286
2026	23,685,000	8,627,068	1,410,000	360,394	785,637	42,023	599,015	23,757
2027	23,750,000	7,636,488	1,465,000	308,694	650,805	18,422	215,071	8,146
2028–2032	106,025,000	26,892,613	6,985,000	694,938	162,418	3,869	177,541	5,736
2033–2037	75,875,000	6,834,700	–	–	–	–	–	–
2038	3,360,000	100,800	–	–	–	–	–	–
	<u>\$ 305,800,000</u>	<u>\$ 82,807,575</u>	<u>\$ 13,795,000</u>	<u>\$ 2,745,458</u>	<u>\$ 6,035,565</u>	<u>\$ 396,687</u>	<u>\$ 3,125,491</u>	<u>\$ 214,590</u>

G. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Remeasurement*	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 291,600,000	\$ –	\$ 39,205,000	\$ 25,005,000	\$ 305,800,000	\$ 22,185,000
Certificates of participation	15,005,000	–	–	1,210,000	13,795,000	1,260,000
Unamortized premium/discount	22,049,294	–	2,112,892	3,168,040	20,994,146	–
Financed purchases	8,503,021	–	–	2,467,456	6,035,565	1,994,889
Lease liabilities	–	3,475,907	401,531	751,947	3,125,491	774,578
Net pension liability – PERA and TRA	177,204,809	–	22,886,874	90,610,746	109,480,937	–
Total pension liability – District	1,908,252	–	199,652	282,397	1,825,507	256,634
Compensated absences	1,859,796	–	1,755,094	1,658,468	1,956,422	1,956,422
Severance benefits	2,178,364	–	326,127	169,409	2,335,082	341,428
Net OPEB liability	17,010,425	–	1,695,559	4,878,015	13,827,969	–
	<u>\$ 537,318,961</u>	<u>\$ 3,475,907</u>	<u>\$ 68,582,729</u>	<u>\$ 130,201,478</u>	<u>\$ 479,176,119</u>	<u>\$ 28,768,951</u>

* The remeasurement adjustment was for new lease standard requirements in the current year.

NOTE 5 – FUND BALANCES

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

A. Classifications

At year-end, a summary of the District's governmental fund balance classifications is as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 252,714	\$ –	\$ –	\$ 149,804	\$ 402,518
Prepaid items	3,296,910	–	–	257,795	3,554,705
Total nonspendable	3,549,624	–	–	407,599	3,957,223
Restricted					
Student activities	621,294	–	–	–	621,294
Scholarships	14,250	–	–	–	14,250
Staff development	1,487,060	–	–	–	1,487,060
Capital projects levy	216,907	–	–	–	216,907
Operating capital	549,994	–	–	–	549,994
State-approved alternative program	1,183,622	–	–	–	1,183,622
Safe schools levy	665,637	–	–	–	665,637
Basic skills extended time	230,887	–	–	–	230,887
Community arts center	30,683	–	–	–	30,683
Projects funded by certificates of participation	–	1,056,023	–	–	1,056,023
Long-term facilities maintenance	–	35,810,937	–	–	35,810,937
Building construction	–	32,288	–	–	32,288
Debt service	–	–	6,718,407	–	6,718,407
Food service	–	–	–	2,754,424	2,754,424
Community education programs	–	–	–	3,169,698	3,169,698
Adult basic education	–	–	–	127,869	127,869
Total restricted	5,000,334	36,899,248	6,718,407	6,051,991	54,669,980
Committed					
ATPPS	609,006	–	–	–	609,006
Donations/gifts	658,108	–	–	–	658,108
School budget carryover	1,739,210	–	–	–	1,739,210
Total committed	3,006,324	–	–	–	3,006,324
Unassigned					
Restricted account deficits					
Long-term facilities maintenance deficit	(1,158,769)	–	–	–	(1,158,769)
Early childhood family education programs deficit	–	–	–	(1,916)	(1,916)
School readiness deficit	–	–	–	(1,223,087)	(1,223,087)
Community service deficit	–	–	–	(1,274,397)	(1,274,397)
Unassigned	16,936,126	–	–	–	16,936,126
Total unassigned	15,777,357	–	–	(2,499,400)	13,277,957
	<u>\$ 27,333,639</u>	<u>\$ 36,899,248</u>	<u>\$ 6,718,407</u>	<u>\$ 3,960,190</u>	<u>\$ 74,911,484</u>

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to reach an unrestricted fund balance of 16.6 percent of the District's General Fund unrestricted operating expenditure budget by the end of fiscal year 2026. At June 30, 2022, the unrestricted fund balance of the General Fund, was 10.2 percent of unrestricted operating expenditures as calculated by the MDE.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups, 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 District administers a defined benefit Other Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Other Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage through the District. 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 until the retiree reaches Medicare eligibility, 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.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Other Post-Employment Benefits Trust Fund to finance these obligations.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

D. Membership

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

Retirees and beneficiaries receiving benefits	75
Active plan members	<u>2,331</u>
Total members	<u><u>2,406</u></u>

E. Net OPEB Liability of the District

The District's net OPEB liability was based on the actuarial valuation performed as of July 1, 2021, and was rolled forward to June 30, 2022, as allowed using generally accepted actuarial principles. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	\$ 16,953,132
Plan fiduciary net position	<u>(3,125,163)</u>
District's net OPEB liability	<u><u>\$ 13,827,969</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>18.4%</u></u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2021 and measurement date as of June 30, 2022, using the entry-age method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.90%
Expected long-term investment return	6.20%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% in 2021 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental trend rate	4.00%

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

Mortality rates were based on the rates used in recent tables developed and recommended by the Society of Actuaries. 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 District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

A single discount rate of 3.90 percent was used to measure the total OPEB liability. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	40.00 %	4.20 %
Domestic equity	39.00	7.60
International equity	21.00	7.40
Total	100.00 %	6.20 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was negative 13.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

A single discount rate of 3.90 percent was used to measure the total OPEB liability. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted, using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the Trust Fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 2.20 percent.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning balance	\$ 20,913,537	\$ 3,903,112	\$ 17,010,425
Changes for the year			
Service cost	1,215,740	—	1,215,740
Interest	474,819	—	474,819
Changes in actuarial assumptions	(1,293,110)	—	(1,293,110)
Contributions	—	858,218	(858,218)
Investment earnings	—	241,993	(241,993)
Differences between expected and actual experience	(3,258,702)	(774,008)	(2,484,694)
Benefit payments	(1,099,152)	(1,099,152)	—
Administrative expenses	—	(5,000)	5,000
Total net changes	<u>(3,960,405)</u>	<u>(777,949)</u>	<u>(3,182,456)</u>
Ending balance	<u>\$ 16,953,132</u>	<u>\$ 3,125,163</u>	<u>\$ 13,827,969</u>

There were no plan changes since the prior measurement date.

Assumption changes since the prior measurement date included:

- The healthcare trend rates, mortality rates, and withdrawal rates were updated.
- The salary increase rates for non-teachers was updated.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The expected long-term rate of return on assets was changed from 4.50 percent to 6.20 percent.
- The discount rate was changed from 2.20 percent to 3.90 percent.

J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the net OPEB liability of the District, as well as what the District's net 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	2.90%	3.90%	4.90%
Net OPEB liability	\$ 14,813,741	\$ 13,827,969	\$ 12,872,377

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The following presents the net OPEB liability of the District, as well as what the District's net 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
Healthcare trend rate	5.50% in 2021 grading to 4.00% over 6 years and then to 3.00% over the next 48 years	6.50% in 2021 grading to 5.00% over 6 years and then to 4.00% over the next 48 years	7.50% in 2021 grading to 6.00% over 6 years and then to 5.00% over the next 48 years
Dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	\$ 12,153,268	\$ 13,827,969	\$ 15,782,754

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

For the current year ended, the District recognized OPEB expense of \$720,133. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ —	\$ 2,856,730
Changes in actuarial assumptions	280,653	1,162,794
Net collective difference between projected and actual investment earnings on OPEB plan investments.	198,195	—
Total	<u>\$ 478,848</u>	<u>\$ 4,019,524</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2023	\$ (733,614)
2024	\$ (740,399)
2025	\$ (737,335)
2026	\$ (596,774)
2027	\$ (732,554)

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through the Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible teachers hired before July 1, 1991, the District pays a lump sum pension benefit up to \$22,500 based on years of service at retirement. The amount of any pension benefits due to an employee is reduced by the total matching contributions made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

Other Pension Benefits – The District offers pension benefits to several other employee groups. Eligible employees (contracts stipulate a minimum number of years of service and a minimum age) can earn a lump sum pension benefit that differs by bargaining unit. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

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. The District has established an internal service fund to account for these obligations.

C. Membership

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

Retirees and beneficiaries receiving benefits	18
Active plan members	<u>1,368</u>
Total members	<u><u>1,386</u></u>

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

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2021 and a measurement date as of July 1, 2021, as allowed using generally accepted actuarial principles, using the entry-age, level percentage of pay 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	2.00%
Salary increases	Service graded table

Mortality rates were based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 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.

E. Discount Rate

The discount rate used to measure the total pension liability was 2.10 percent. The District discount rate used in the prior measurement date was 2.40 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance	\$ 1,908,252
Changes for the year	
Service cost	62,431
Interest	43,928
Changes in actuarial assumptions	10,462
Differences between expected and actual economic experience	82,831
Benefit payments	(282,397)
Total net changes	<u>(82,745)</u>
Ending balance	<u>\$ 1,825,507</u>

Assumption changes since the prior measurement date included:

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The salary increase rates for non-teachers was updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	1.10%	2.10%	3.10%
Total pension liability	\$ 1,866,059	\$ 1,825,507	\$ 1,783,591

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

For the current year ended, the District reported a total pension expense of \$203,552. As of year-end, the District reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 35,093	\$ —
District's contributions to the plan subsequent to the measurement date	<u>470,340</u>	<u>—</u>
Total	<u>\$ 505,433</u>	<u>\$ —</u>

A total of \$470,340 reported as deferred outflows of resources related to pensions resulting from district contributions to the plan 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 inflows of resources related to the District pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2023	\$ 3,900
2024	\$ 3,900
2025	\$ 3,900
2026	\$ 3,900
2027	\$ 3,900
Thereafter	\$ 15,593

NOTE 8 – 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.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

2. TRA Benefits

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

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

Tier I Benefits

Step-Rate Formula	Percentage per Year
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 July 1, 2006 or after	1.9 %

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) Three percent per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2022, were \$2,647,700. 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 \$10,029,026. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2022, the District reported a liability of \$19,635,519 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 \$599,576. 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 0.4598 percent at the end of the measurement period and 0.4997 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 19,635,519
State's proportionate share of the net pension liability associated with the District	\$ 599,576

For the year ended June 30, 2022, the District recognized negative pension expense of \$956,305 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$48,376 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2022, the District reported its proportionate share of the GERS'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	\$ 131,601	\$ 606,936
Changes in actuarial assumptions	11,989,043	472,611
Net collective difference between projected and actual investment earnings	–	16,887,340
Changes in proportion	–	2,021,413
District's contributions to the GERS subsequent to the measurement date	2,647,700	–
Total	<u>\$ 14,768,344</u>	<u>\$ 19,988,300</u>

The \$2,647,700 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	\$ (1,662,732)
2024	\$ (873,522)
2025	\$ (693,201)
2026	\$ (4,638,201)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of \$89,845,418 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 2.0530 percent at the end of the measurement period and 1.9930 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	\$ 89,845,418
State's proportionate share of the net pension liability associated with the District	\$ 7,577,292

For the year ended June 30, 2022, the District recognized pension expense of \$4,613,556. It also recognized \$84,842 as a decrease to pension expense for the support provided by direct aid.

NOTE 8 – 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	\$ 2,362,295	\$ 2,518,645
Changes in actuarial assumptions	32,922,293	77,679,728
Net collective difference between projected and actual investment earnings on pension plan investments	–	75,493,857
Changes in proportion	14,786,156	4,791,314
District’s contributions to the TRA subsequent to the measurement date	10,029,026	–
Total	<u>\$ 60,099,770</u>	<u>\$ 160,483,544</u>

A total of \$10,029,026 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	\$ (49,773,899)
2024	\$ (44,558,331)
2025	\$ (9,876,659)
2026	\$ (13,284,613)
2027	\$ 7,080,702

E. Long-Term Expected Return on Investment

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

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return
	GERF	TRA	
Domestic equity	33.50 %	35.50 %	5.10 %
International equity	16.50	17.50	5.30 %
Private markets	25.00	25.00	5.90 %
Fixed income	25.00	20.00	0.75 %
Unallocated cash	–	2.00	– %
Total	<u>100.00 %</u>	<u>100.00 %</u>	

NOTE 8 – 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.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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 8 – 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	\$ 40,046,437	\$ 19,635,519	\$ 2,887,116
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 181,492,119	\$ 89,845,418	\$ 14,687,819

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 9 – FLEXIBLE BENEFIT PLAN

The District has established the Flexible Spending Plan (the Plan). The Plan is a "cafeteria 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 health insurance, healthcare, and dependent care benefits.

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. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies.

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependent care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are included in the financial statements in the General Fund and special revenue funds.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors 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 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

As of June 30, 2022, the General Fund recorded a receivable of \$240,934 from the Other Post-Employment Benefits Trust Fund for the reimbursement of claims paid on behalf of the Other Post-Employment Benefits Trust Fund.

B. Transfers

During fiscal 2022, the Pension Benefits Internal Service Fund transferred \$86,480 to the Severance Benefits Internal Service Fund to finance regular program costs and support operations.

Such interfund transactions are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY

At June 30, 2022, the District's Severance Benefits Internal Service Fund and Pension Benefits Internal Service Fund reported deficit net positions of \$185,574 and \$185,575, respectively.

The District is currently considering options for future reporting and to finance these deficits with future contributions from the governmental fund type operating funds.

NOTE 12 – 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.

C. Construction Contracts

At June 30, 2022, the District had commitments totaling \$8,010,488 under various construction contracts for which the work was not yet completed.

NOTE 13 – SUBSEQUENT EVENTS

The District entered into a financing agreement for technology devices totaling \$1,863,100, commencing July 2022. The debt will be paid through the General Fund. The agreement requires annual payments of \$477,768.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

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	0.5346%	\$ 25,112,830	\$ —	\$ 25,112,830	\$ 28,092,359	89.39%	78.70%
06/30/2016	06/30/2015	0.5003%	\$ 25,928,143	\$ —	\$ 25,928,143	\$ 29,415,673	88.14%	78.20%
06/30/2017	06/30/2016	0.4933%	\$ 40,053,517	\$ 523,069	\$ 40,576,586	\$ 30,782,743	130.12%	68.90%
06/30/2018	06/30/2017	0.5165%	\$ 32,973,022	\$ 414,616	\$ 33,387,638	\$ 33,279,230	99.08%	75.90%
06/30/2019	06/30/2018	0.5142%	\$ 28,525,709	\$ 935,577	\$ 29,461,286	\$ 34,513,997	82.65%	79.50%
06/30/2020	06/30/2019	0.5016%	\$ 27,732,340	\$ 861,963	\$ 28,594,303	\$ 35,502,746	78.11%	80.20%
06/30/2021	06/30/2020	0.4997%	\$ 29,959,298	\$ 923,822	\$ 30,883,120	\$ 35,621,166	84.11%	79.10%
06/30/2022	06/30/2021	0.4598%	\$ 19,635,519	\$ 599,576	\$ 20,235,095	\$ 33,089,386	59.34%	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	\$ 2,167,373	\$ 2,167,373	\$ —	\$ 29,415,673	7.37%
06/30/2016	\$ 2,296,584	\$ 2,296,584	\$ —	\$ 30,782,743	7.46%
06/30/2017	\$ 2,495,606	\$ 2,495,606	\$ —	\$ 33,279,230	7.50%
06/30/2018	\$ 2,588,589	\$ 2,588,589	\$ —	\$ 34,513,997	7.50%
06/30/2019	\$ 2,662,629	\$ 2,662,629	\$ —	\$ 35,502,746	7.50%
06/30/2020	\$ 2,671,115	\$ 2,671,115	\$ —	\$ 35,621,166	7.50%
06/30/2021	\$ 2,480,959	\$ 2,480,959	\$ —	\$ 33,089,386	7.50%
06/30/2022	\$ 2,647,700	\$ 2,647,700	\$ —	\$ 35,307,236	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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	1.9987%	\$ 92,098,657	\$ 6,479,000	\$ 98,577,657	\$ 91,237,229	100.94%	81.50%
06/30/2016	06/30/2015	1.8359%	\$ 113,568,572	\$ 13,930,331	\$ 127,498,903	\$ 92,802,751	122.38%	76.80%
06/30/2017	06/30/2016	1.7845%	\$ 425,645,829	\$ 42,723,360	\$ 468,369,189	\$ 92,469,962	460.31%	44.88%
06/30/2018	06/30/2017	2.0098%	\$ 401,192,539	\$ 38,782,331	\$ 439,974,870	\$ 108,203,544	370.78%	51.57%
06/30/2019	06/30/2018	1.9604%	\$ 123,131,469	\$ 11,568,657	\$ 134,700,126	\$ 108,308,303	113.69%	78.07%
06/30/2020	06/30/2019	2.0284%	\$ 129,290,642	\$ 11,441,794	\$ 140,732,436	\$ 115,187,988	112.24%	78.21%
06/30/2021	06/30/2020	1.9930%	\$ 147,245,511	\$ 12,339,490	\$ 159,585,001	\$ 115,813,902	127.14%	75.48%
06/30/2022	06/30/2021	2.0530%	\$ 89,845,418	\$ 7,577,292	\$ 97,422,710	\$ 122,856,228	73.13%	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	\$ 6,983,156	\$ 6,983,156	\$ —	\$ 92,802,751	7.52%
06/30/2016	\$ 6,961,699	\$ 6,961,699	\$ —	\$ 92,469,962	7.53%
06/30/2017	\$ 8,114,210	\$ 8,114,210	\$ —	\$ 108,203,544	7.50%
06/30/2018	\$ 8,123,097	\$ 8,123,097	\$ —	\$ 108,308,303	7.50%
06/30/2019	\$ 8,878,634	\$ 8,878,634	\$ —	\$ 115,187,988	7.71%
06/30/2020	\$ 9,172,662	\$ 9,172,662	\$ —	\$ 115,813,902	7.92%
06/30/2021	\$ 9,988,203	\$ 9,988,203	\$ —	\$ 122,856,228	8.13%
06/30/2022	\$ 10,029,026	\$ 10,029,026	\$ —	\$ 120,433,496	8.33%

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. 833

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

	District Fiscal Year-End Date					
	2017	2018	2019	2020	2021	2022
Total pension liability						
Service cost	\$ 134,534	\$ 68,872	\$ 70,938	\$ 66,899	\$ 76,661	\$ 62,431
Interest	126,185	101,615	83,006	78,320	60,316	43,928
Changes in actuarial assumptions	58,493	(41,423)	—	(34,684)	25,785	10,462
Plan changes	—	(396,856)	—	—	—	—
Differences between expected and actual economic experience	—	(373,520)	250,876	(19,721)	—	82,831
Benefit payments	(274,805)	(435,686)	(411,363)	(667,973)	(245,176)	(282,397)
Net change in total pension liability	44,407	(1,076,998)	(6,543)	(577,159)	(82,414)	(82,745)
Total pension liability – beginning of year	3,606,959	3,651,366	2,574,368	2,567,825	1,990,666	1,908,252
Total pension liability – end of year	<u>\$ 3,651,366</u>	<u>\$ 2,574,368</u>	<u>\$ 2,567,825</u>	<u>\$ 1,990,666</u>	<u>\$ 1,908,252</u>	<u>\$ 1,825,507</u>
Covered-employee payroll	<u>\$ 82,208,486</u>	<u>\$ 86,224,567</u>	<u>\$ 88,811,304</u>	<u>\$ 99,534,669</u>	<u>\$102,520,709</u>	<u>\$102,823,850</u>
Total pension liability as a percentage of covered-employee payroll	<u>4.44%</u>	<u>2.99%</u>	<u>2.89%</u>	<u>2.00%</u>	<u>1.86%</u>	<u>1.78%</u>

Note: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	District Fiscal Year-End Date				
	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 1,236,066	\$ 1,333,395	\$ 1,622,478	\$ 1,715,560	\$ 1,215,740
Interest	592,549	625,359	616,829	499,922	474,819
Assumption changes	—	300,487	(149,109)	182,576	(1,293,110)
Plan changes	—	—	132,770	—	—
Differences between expected and actual experience	—	—	(247,006)	—	(3,258,702)
Benefit payments	(902,303)	(1,013,163)	(1,081,042)	(1,191,062)	(1,099,152)
Net change in total OPEB liability	926,312	1,246,078	894,920	1,206,996	(3,960,405)
Total OPEB liability – beginning of year	16,639,231	17,565,543	18,811,621	19,706,541	20,913,537
Total OPEB liability – end of year	17,565,543	18,811,621	19,706,541	20,913,537	16,953,132
Plan fiduciary net position					
Contributions	4,000,000	1,013,163	790,000	1,191,062	858,218
Investment earnings	1,479	118,217	144,173	138,028	241,993
Differences between expected and actual experience	—	—	15,312	702,796	(774,008)
Benefit payments	(902,303)	(1,013,163)	(1,081,042)	(1,191,062)	(1,099,152)
Administrative expense	(895)	(12,653)	(5,000)	(5,000)	(5,000)
Net change in plan fiduciary net position	3,098,281	105,564	(136,557)	835,824	(777,949)
Plan fiduciary net position – beginning of year	—	3,098,281	3,203,845	3,067,288	3,903,112
Plan fiduciary net position – end of year	3,098,281	3,203,845	3,067,288	3,903,112	3,125,163
Net OPEB liability	<u>\$ 14,467,262</u>	<u>\$ 15,607,776</u>	<u>\$ 16,639,253</u>	<u>\$ 17,010,425</u>	<u>\$ 13,827,969</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>17.64%</u>	<u>17.03%</u>	<u>15.56%</u>	<u>18.66%</u>	<u>18.43%</u>
Covered-employee payroll	<u>\$ 123,806,902</u>	<u>\$ 127,521,109</u>	<u>\$ 141,896,848</u>	<u>\$ 146,153,753</u>	<u>\$ 146,624,120</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>11.69%</u>	<u>12.24%</u>	<u>11.73%</u>	<u>11.64%</u>	<u>9.43%</u>

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018, when the District established the OPEB Trust. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2022

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2018	1.80 %
2019	3.40 %
2020	5.00 %
2021	27.40 %
2022	(13.60) %

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

Notes to Required Supplementary Information
June 30, 2022

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

PENSION BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 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 3.40 percent to 3.10 percent.

2017 CHANGES IN PLAN PROVISIONS

- The matching contribution for teachers hired after July 1, 1991 increased. The matching contribution is an offset to the Governmental Accounting Standards Board (GASB) Statement No. 73 benefit. Due to the amount of the increase, the number of teachers with zero liability (i.e., they are assumed to have accumulated \$22,500 in matching contributions before reaching benefit eligibility) increased from 67 to 615.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 2.90 percent to 3.40 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- Retirement rates now begin at age 55, even if the years of service requirement to receive a GASB Statement No. 73 benefit has not been met.
- The discount rate was changed from 3.50 percent to 2.90 percent.

INDEPENDENT SCHOOL DISTRICT NO. 833

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality rates, and withdrawal rates were updated.
- The salary increase rates for non-teachers were updated.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The expected long-term rate of return on assets was changed from 4.50 percent to 6.20 percent.
- The discount rate was changed from 2.20 percent to 3.90 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.20 percent.

2020 CHANGES IN PLAN PROVISIONS

- A post-employment medical subsidy was added for Tier 1 employees.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were updated.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 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 3.40 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- The Tier 1 post-retirement subsidy was removed for future retirees.
- The subsidized benefit eligibility for principals was changed from age 55 with 10 years of service, to age 55 with no service requirement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were updated.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 3.50 percent to 3.40 percent.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 3,542,025	\$ 2,225,658	\$ 5,767,683
Receivables			
Current taxes	—	861,531	861,531
Delinquent taxes	—	4,664	4,664
Accounts and interest	—	3,379	3,379
Due from other governmental units	110,455	393,840	504,295
Inventory	149,804	—	149,804
Prepaid items	92,848	164,947	257,795
Total assets	<u>\$ 3,895,132</u>	<u>\$ 3,654,019</u>	<u>\$ 7,549,151</u>
Liabilities			
Salaries payable	\$ 12,649	\$ 425,714	\$ 438,363
Accounts and contracts payable	222,375	335,856	558,231
Due to other governmental units	—	15,365	15,365
Unearned revenue	663,032	127,759	790,791
Total liabilities	<u>898,056</u>	<u>904,694</u>	<u>1,802,750</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	4,664	4,664
Property taxes levied for subsequent year	—	1,781,547	1,781,547
Total deferred inflows of resources	<u>—</u>	<u>1,786,211</u>	<u>1,786,211</u>
Fund balances (deficit)			
Nonspendable	242,652	164,947	407,599
Restricted	2,754,424	3,297,567	6,051,991
Unassigned	—	(2,499,400)	(2,499,400)
Total fund balances	<u>2,997,076</u>	<u>963,114</u>	<u>3,960,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,895,132</u>	<u>\$ 3,654,019</u>	<u>\$ 7,549,151</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ —	\$ 1,492,373	\$ 1,492,373
Investment earnings	3,030	1,173	4,203
Other	1,487,213	9,053,826	10,541,039
State sources	337,744	2,436,837	2,774,581
Federal sources	11,384,751	608,090	11,992,841
Total revenue	13,212,738	13,592,299	26,805,037
Expenditures			
Current			
Food service	10,943,668	—	10,943,668
Community service	—	12,685,266	12,685,266
Capital outlay	345,794	102,210	448,004
Total expenditures	11,289,462	12,787,476	24,076,938
Net change in fund balances	1,923,276	804,823	2,728,099
Fund balances			
Beginning of year	1,073,800	158,291	1,232,091
End of year	\$ 2,997,076	\$ 963,114	\$ 3,960,190

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 57,387,487	\$ 38,569,636
Cash and investments held by trustee	267,910	493,256
Receivables		
Current taxes	34,206,716	35,011,302
Delinquent taxes	174,458	385,575
Accounts and interest	162,911	220,686
Due from other governmental units	19,300,054	20,010,431
Due from other funds	240,934	—
Inventory	252,714	244,470
Prepaid items	<u>3,296,910</u>	<u>3,770,910</u>
Total assets	<u><u>\$ 115,290,094</u></u>	<u><u>\$ 98,706,266</u></u>
Liabilities		
Salaries payable	\$ 11,202,057	\$ 10,952,924
Accounts and contracts payable	7,638,520	7,306,800
Due to other governmental units	1,159,313	996,165
Unearned revenue	<u>298,393</u>	<u>426,911</u>
Total liabilities	<u>20,298,283</u>	<u>19,682,800</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	174,458	207,660
Property taxes levied for subsequent year	<u>67,483,714</u>	<u>60,950,789</u>
Total deferred inflows of resources	<u>67,658,172</u>	<u>61,158,449</u>
Fund balances (deficit)		
Nonspendable for inventory	252,714	244,470
Nonspendable for prepaid items	3,296,910	3,770,910
Restricted for student activities	621,294	582,168
Restricted for scholarships	14,250	4,750
Restricted for staff development	1,487,060	1,354,016
Restricted for capital projects levy	216,907	258,618
Restricted for operating capital	549,994	126,815
Restricted for state-approved alternative program	1,183,622	808,017
Restricted for safe schools levy	665,637	389,289
Restricted for basic skills extended time	230,887	234,838
Restricted for community arts center	30,683	30,683
Committed for ATPPS	609,006	195,613
Committed for donations/gifts	658,108	588,893
Committed for school budget carryover	1,739,210	1,595,253
Unassigned – long-term facilities maintenance		
restricted account deficit	(1,158,769)	(331,039)
Unassigned	<u>16,936,126</u>	<u>8,011,723</u>
Total fund balances	<u><u>27,333,639</u></u>	<u><u>17,865,017</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 115,290,094</u></u>	<u><u>\$ 98,706,266</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 65,155,444	\$ 65,519,753	\$ 364,309	\$ 63,074,915
Investment earnings	30,200	86,394	56,194	20,709
Other	2,864,956	4,894,971	2,030,015	3,259,798
State sources	191,390,560	190,953,952	(436,608)	186,783,809
Federal sources	9,970,946	10,302,641	331,695	10,494,910
Total revenue	269,412,106	271,757,711	2,345,605	263,634,141
Expenditures				
Current				
Administration	9,826,154	9,752,369	(73,785)	9,319,638
District support services	9,020,956	9,353,221	332,265	10,085,897
Elementary and secondary regular instruction	120,375,911	116,374,060	(4,001,851)	116,965,391
Vocational education instruction	2,321,339	2,188,785	(132,554)	2,136,507
Special education instruction	51,817,045	50,289,436	(1,527,609)	48,244,767
Community service	231,560	141,808	(89,752)	256,754
Instructional support services	12,431,395	11,806,289	(625,106)	13,406,693
Pupil support services	27,719,902	27,079,559	(640,343)	25,984,163
Sites and buildings	29,285,813	30,270,023	984,210	32,788,834
Fiscal and other fixed cost programs	538,000	544,681	6,681	498,953
Debt service				
Principal	4,369,343	4,429,403	60,060	3,552,359
Interest and fiscal charges	739,540	807,696	68,156	833,629
Total expenditures	268,676,958	263,037,330	(5,639,628)	264,073,585
Excess (deficiency) of revenue over expenditures	735,148	8,720,381	7,985,233	(439,444)
Other financing sources (uses)				
Debt issued	—	401,531	401,531	2,690,965
Proceeds from sale of assets	18,494	264,243	245,749	80,992
Insurance recovery	51,156	82,467	31,311	19,267
Transfers (out)	—	—	—	(500,000)
Total other financing sources (uses)	69,650	748,241	678,591	2,291,224
Net change in fund balances	\$ 804,798	9,468,622	\$ 8,663,824	1,851,780
Fund balances				
Beginning of year		17,865,017		16,013,237
End of year		\$ 27,333,639		\$ 17,865,017

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 3,542,025	\$ 417,471
Receivables		
Accounts and interest	—	34
Due from other governmental units	110,455	1,001,839
Inventory	149,804	157,612
Prepaid items	<u>92,848</u>	<u>83,940</u>
Total assets	<u><u>\$ 3,895,132</u></u>	<u><u>\$ 1,660,896</u></u>
Liabilities		
Salaries payable	\$ 12,649	\$ 24,355
Accounts and contracts payable	222,375	131,777
Unearned revenue	<u>663,032</u>	<u>430,964</u>
Total liabilities	898,056	587,096
Fund balances		
Nonspendable for inventory	149,804	157,612
Nonspendable for prepaid items	92,848	83,940
Restricted for food service	<u>2,754,424</u>	<u>832,248</u>
Total fund balances	<u><u>2,997,076</u></u>	<u><u>1,073,800</u></u>
Total liabilities and fund balances	<u><u>\$ 3,895,132</u></u>	<u><u>\$ 1,660,896</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 1,000	\$ 3,030	\$ 2,030	\$ 192
Other – primarily meal sales	1,402,447	1,487,213	84,766	457,280
State sources	240,000	337,744	97,744	–
Federal sources	10,921,311	11,384,751	463,440	5,768,855
Total revenue	<u>12,564,758</u>	<u>13,212,738</u>	<u>647,980</u>	<u>6,226,327</u>
Expenditures				
Current				
Salaries	3,657,931	3,448,726	(209,205)	2,166,694
Employee benefits	1,230,041	1,264,219	34,178	1,144,419
Purchased services	272,830	242,080	(30,750)	197,641
Supplies and materials	4,906,510	5,143,562	237,052	2,442,210
Other expenditures	877,558	845,081	(32,477)	12,981
Capital outlay	600,000	345,794	(254,206)	209
Total expenditures	<u>11,544,870</u>	<u>11,289,462</u>	<u>(255,408)</u>	<u>5,964,154</u>
Net change in fund balances	<u>\$ 1,019,888</u>	<u>1,923,276</u>	<u>\$ 903,388</u>	<u>262,173</u>
Fund balances				
Beginning of year		<u>1,073,800</u>		<u>811,627</u>
End of year		<u>\$ 2,997,076</u>		<u>\$ 1,073,800</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	2022	2021
Assets		
Cash and temporary investments	\$ 2,225,658	\$ 1,101,081
Receivables		
Current taxes	861,531	805,814
Delinquent taxes	4,664	11,286
Accounts and interest	3,379	2,186
Due from other governmental units	393,840	360,505
Prepaid items	164,947	91,779
Total assets	<u>\$ 3,654,019</u>	<u>\$ 2,372,651</u>
Liabilities		
Salaries payable	\$ 425,714	\$ 361,579
Accounts and contracts payable	335,856	281,969
Due to other governmental units	15,365	23,382
Unearned revenue	127,759	43,111
Total liabilities	<u>904,694</u>	<u>710,041</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	4,664	5,686
Property taxes levied for subsequent year	1,781,547	1,498,633
Total deferred inflows of resources	<u>1,786,211</u>	<u>1,504,319</u>
Fund balances (deficit)		
Nonspendable for prepaid items	164,947	91,779
Restricted for community education programs	3,169,698	1,784,670
Restricted for early childhood family education programs	–	290,538
Restricted for adult basic education	127,869	177,701
Unassigned – early childhood family education programs restricted account deficit	(1,916)	–
Unassigned – school readiness restricted account deficit	(1,223,087)	(1,274,893)
Unassigned – community service restricted account deficit	(1,274,397)	(911,504)
Total fund balances	<u>963,114</u>	<u>158,291</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,654,019</u>	<u>\$ 2,372,651</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 1,652,382	\$ 1,492,373	\$ (160,009)	\$ 1,662,473
Investment earnings	—	1,173	1,173	4
Other – primarily tuition and fees	8,509,589	9,053,826	544,237	4,787,256
State sources	2,507,441	2,436,837	(70,604)	2,486,710
Federal sources	359,328	608,090	248,762	705,224
Total revenue	13,028,740	13,592,299	563,559	9,641,667
Expenditures				
Current				
Salaries	7,970,851	7,981,877	11,026	6,720,184
Employee benefits	2,474,082	2,413,211	(60,871)	2,218,277
Purchased services	1,444,338	1,669,653	225,315	984,331
Supplies and materials	519,582	613,880	94,298	373,337
Other expenditures	6,865	6,645	(220)	4,509
Capital outlay	166,616	102,210	(64,406)	20,687
Total expenditures	12,582,334	12,787,476	205,142	10,321,325
Excess (deficiency) of revenue over expenditures	446,406	804,823	358,417	(679,658)
Other financing sources				
Transfers in	—	—	—	500,000
Net change in fund balances	\$ 446,406	804,823	\$ 358,417	(179,658)
Fund balances				
Beginning of year		158,291		337,949
End of year		\$ 963,114		\$ 158,291

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 41,178,439	\$ 18,565,068
Cash and investments held by trustee	9,071	592,188
Receivables		
Due from other governmental units	<u>342,539</u>	<u>342,539</u>
Total assets	<u>\$ 41,530,049</u>	<u>\$ 19,499,795</u>
Liabilities		
Accounts and contracts payable	\$ 4,630,801	\$ 721,805
Fund balances		
Restricted for projects funded by certificates of participation	1,056,023	1,056,023
Restricted for long-term facilities maintenance	35,810,937	17,691,713
Restricted for building construction	<u>32,288</u>	<u>30,254</u>
Total fund balances	<u>36,899,248</u>	<u>18,777,990</u>
Total liabilities and fund balances	<u>\$ 41,530,049</u>	<u>\$ 19,499,795</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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				
Investment earnings	\$ 30,000	\$ 48,577	\$ 18,577	\$ 11,646
Other	5,000	–	(5,000)	65,000
Total revenue	35,000	48,577	13,577	76,646
Expenditures				
Capital outlay				
Salaries	–	29,843	29,843	1,705
Employee benefits	26	4,730	4,704	255
Purchased services	14,505,000	17,059,114	2,554,114	6,480,031
Capital expenditures	–	–	–	157,277
Debt service				
Fiscal charges and other	150,000	620,010	470,010	–
Total expenditures	14,655,026	17,713,697	3,058,671	6,639,268
Excess (deficiency) of revenue over expenditures	(14,620,026)	(17,665,120)	(3,045,094)	(6,562,622)
Other financing sources				
Debt issued	34,370,000	33,924,864	(445,136)	–
Premium on debt issued	–	1,861,514	1,861,514	–
Total other financing sources	34,370,000	35,786,378	1,416,378	–
Net change in fund balances	\$ 19,749,974	18,121,258	\$ (1,628,716)	(6,562,622)
Fund balances				
Beginning of year		18,777,990		25,340,612
End of year		\$ 36,899,248		\$ 18,777,990

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 22,285,521	\$ 19,442,864
Receivables		
Current taxes	14,900,569	16,171,476
Delinquent taxes	88,060	200,144
Accounts and interest	—	17
Due from other governmental units	<u>141,890</u>	<u>118,000</u>
Total assets	<u><u>\$ 37,416,040</u></u>	<u><u>\$ 35,932,501</u></u>
Liabilities		
Accounts and contracts payable	\$ —	\$ 300
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	88,060	94,525
Property taxes levied for subsequent year	<u>30,609,573</u>	<u>29,924,971</u>
Total deferred inflows of resources	<u>30,697,633</u>	<u>30,019,496</u>
Fund balances		
Restricted for debt service	<u>6,718,407</u>	<u>5,912,705</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 37,416,040</u></u>	<u><u>\$ 35,932,501</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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	\$ 29,915,973	\$ 29,639,050	\$ (276,923)
Investment earnings	5,000	3,998	(1,002)
State sources	1,180,876	1,437,724	256,848
Federal sources	1,125,000	1,027,343	(97,657)
Total revenue	<u>32,226,849</u>	<u>32,108,115</u>	<u>(118,734)</u>
Expenditures			
Debt service			
Principal	20,530,000	20,530,000	—
Interest	11,717,555	11,717,555	—
Fiscal charges and other	131,334	111,372	(19,962)
Total expenditures	<u>32,378,889</u>	<u>32,358,927</u>	<u>(19,962)</u>
Excess (deficiency) of revenue over expenditures	(152,040)	(250,812)	(98,772)
Other financing sources			
Debt issued	—	980,136	980,136
Refunding debt issued	4,300,000	4,300,000	—
Premium on debt issued	251,378	251,378	—
Payment on refunding bond	—	(4,475,000)	(4,475,000)
Total other financing sources (uses)	<u>4,551,378</u>	<u>1,056,514</u>	<u>(3,494,864)</u>
Net change in fund balances	<u>\$ 4,399,338</u>	<u>805,702</u>	<u>\$ (3,593,636)</u>
Fund balances			
Beginning of year		<u>5,912,705</u>	<u>6,459,461</u>
End of year		<u>\$ 6,718,407</u>	<u>\$ 5,912,705</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Severance Benefits	Pension Benefits	Totals	
			2022	2021
Assets				
Current assets				
Cash and temporary investments	\$ 2,149,508	\$ 1,134,499	\$ 3,284,007	\$ 3,916,362
Receivables				
Accounts and interest	—	—	—	16
Total current assets	2,149,508	1,134,499	3,284,007	3,916,378
Deferred outflows of resources				
Pension plan deferments	—	505,433	505,433	321,390
Liabilities				
Current liabilities				
Severance benefits	341,428	—	341,428	203,669
Total pension liability	—	256,634	256,634	264,909
Total current liabilities	341,428	256,634	598,062	468,578
Long-term liabilities				
Severance benefits	1,993,654	—	1,993,654	1,974,695
Total pension liability	—	1,568,873	1,568,873	1,643,343
Total long-term liabilities	1,993,654	1,568,873	3,562,527	3,618,038
Total liabilities	2,335,082	1,825,507	4,160,589	4,086,616
Net position				
Unrestricted	\$ (185,574)	\$ (185,575)	\$ (371,149)	\$ 151,152

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Severance Benefits	Pension Benefits	Totals	
			2022	2021
Operating revenue				
Contributions from governmental funds	\$ —	\$ —	\$ —	\$ —
Operating expenses				
Severance benefits	326,127	—	326,127	164,414
Pension benefits	—	203,552	203,552	139,460
Total operating expenses	<u>326,127</u>	<u>203,552</u>	<u>529,679</u>	<u>303,874</u>
Operating income (loss)	(326,127)	(203,552)	(529,679)	(303,874)
Nonoperating revenue				
Investment earnings	<u>3,689</u>	<u>3,689</u>	<u>7,378</u>	<u>2,206</u>
Income (loss) before transfers	(322,438)	(199,863)	(522,301)	(301,668)
Transfers in	86,480	—	86,480	63,123
Transfers (out)	<u>—</u>	<u>(86,480)</u>	<u>(86,480)</u>	<u>(63,123)</u>
Change in net position	(235,958)	(286,343)	(522,301)	(301,668)
Net position				
Beginning of year	<u>50,384</u>	<u>100,768</u>	<u>151,152</u>	<u>452,820</u>
End of year	<u>\$ (185,574)</u>	<u>\$ (185,575)</u>	<u>\$ (371,149)</u>	<u>\$ 151,152</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Severance Benefits	Pension Benefits	Totals	
			2022	2021
Cash flows from operating activities				
Severance benefit payments	\$ (169,409)	\$ –	\$ (169,409)	\$ (227,050)
Pension benefit payments	–	(470,340)	(470,340)	(282,397)
Net cash flows from operating activities	(169,409)	(470,340)	(639,749)	(509,447)
Cash flows from noncapital financial activities				
Transfer in	86,480	–	86,480	63,123
Transfer (out)	–	(86,480)	(86,480)	(63,123)
Net cash flows from noncapital financing activities	86,480	(86,480)	–	–
Cash flows from investing activities				
Interest on investments	3,695	3,699	7,394	2,626
Net change in cash and cash equivalents	(79,234)	(553,121)	(632,355)	(506,821)
Cash and cash equivalents				
Beginning of year	2,228,742	1,687,620	3,916,362	4,423,183
End of year	<u>\$ 2,149,508</u>	<u>\$ 1,134,499</u>	<u>\$ 3,284,007</u>	<u>\$ 3,916,362</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (326,127)	\$ (203,552)	\$ (529,679)	\$ (303,874)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets, liabilities, and deferred outflows/inflows of resources				
Deferred outflows of resources	–	(184,043)	(184,043)	(33,321)
Severance benefits	156,718	–	156,718	(62,636)
Total pension liability	–	(82,745)	(82,745)	(82,414)
Deferred inflows of resources	–	–	–	(27,202)
Net cash flows from operating activities	<u>\$ (169,409)</u>	<u>\$ (470,340)</u>	<u>\$ (639,749)</u>	<u>\$ (509,447)</u>

Section III

Statistical

STATISTICAL SECTION

(UNAUDITED)

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 833's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 55,788,399	\$ 62,066,067	\$ 67,105,680	\$ 85,486,603
Restricted	7,969,499	6,717,236	5,307,406	7,985,002
Unrestricted	33,224,612	21,345,431	(116,559,725)	(123,762,639)
Total governmental activities net position	\$ 96,982,510	\$ 90,128,734	\$ (44,146,639)	\$ (30,291,034)

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by \$133,694,258.

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by \$3,250,849.

Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by \$13,473,303.

Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased net position by \$588,951.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 97,078,662	\$ 105,081,336	\$ 116,655,557	\$ 132,577,651	\$ 147,166,352	\$ 162,606,035
8,559,909	10,386,276	10,961,643	9,414,319	9,195,650	14,238,103
<u>(190,064,192)</u>	<u>(265,309,406)</u>	<u>(207,236,646)</u>	<u>(222,524,651)</u>	<u>(232,200,378)</u>	<u>(215,386,662)</u>
<u>\$ (84,425,621)</u>	<u>\$ (149,841,794)</u>	<u>\$ (79,619,446)</u>	<u>\$ (80,532,681)</u>	<u>\$ (75,838,376)</u>	<u>\$ (38,542,524)</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Expenses				
Administration	\$ 7,050,311	\$ 7,360,847	\$ 7,532,409	\$ 8,060,524
District support services	4,018,082	3,740,490	5,376,819	6,414,735
Elementary and secondary				
regular instruction	92,521,117	95,372,479	98,375,195	100,748,199
Vocational education instruction	1,740,819	2,177,553	2,205,777	2,313,645
Special education instruction	25,962,043	29,637,200	31,977,796	34,696,192
Instructional support services	9,113,915	9,413,500	9,562,822	9,842,037
Pupil support services	18,413,745	19,096,318	20,109,824	19,090,739
Sites and buildings	19,778,272	22,213,724	22,005,923	20,099,373
Fiscal and other fixed cost programs	431,469	475,441	575,898	318,258
Food service	7,806,312	8,490,573	9,163,254	8,651,331
Community service	12,430,058	12,999,994	12,359,513	13,312,337
Depreciation not included in other functions	9,231,034	9,329,886	9,217,946	8,997,829
Interest and fiscal charges	11,796,212	11,590,377	11,615,626	10,964,797
Total governmental activities expenses	220,293,389	231,898,382	240,078,802	243,509,996
Program revenues				
Charges for services				
Food service	5,140,646	5,317,906	5,362,540	5,929,451
Community service	9,547,111	9,616,643	8,969,973	10,012,263
All other	1,119,080	1,242,491	1,206,308	1,608,938
Operating grants and contributions	39,448,027	39,081,056	46,117,949	46,131,521
Total governmental activities				
program revenues	55,254,864	55,258,096	61,656,770	63,682,173
Net (expense) revenue	(165,038,525)	(176,640,286)	(178,422,032)	(179,827,823)
General revenues and other				
changes in net position				
Taxes				
Property taxes levied for general purposes	27,046,036	17,273,471	28,675,307	28,665,427
Property taxes levied for community service	1,312,685	675,875	1,337,276	1,327,464
Property taxes levied for capital projects	1,306,697	1,063,625	434,612	2,089,950
Property taxes levied for debt service	24,174,245	24,935,744	25,859,959	26,834,502
General grants and aids	106,799,031	123,100,301	118,753,997	122,563,945
Other general revenues	1,956,699	2,582,363	2,598,100	2,267,072
Investment earnings	2,906	155,131	181,666	580,418
Special item – joint school proceeds	–	–	–	9,354,650
Total general revenues and other				
changes in net position	162,598,299	169,786,510	177,840,917	193,683,428
Change in net position	\$ (2,440,226)	\$ (6,853,776)	\$ (581,115)	\$ 13,855,605

2017	2018	2019	2020	2021	2022
\$ 10,381,871	\$ 10,744,172	\$ 7,032,372	\$ 9,883,818	\$ 9,747,835	\$ 9,359,689
6,596,898	7,273,325	6,983,278	9,395,684	10,219,913	9,213,547
148,539,553	151,918,411	74,877,601	125,366,665	125,296,178	112,502,257
2,685,595	2,734,373	1,819,974	2,408,899	2,223,916	2,120,003
50,522,278	53,186,820	31,196,045	49,287,686	50,704,044	48,371,201
13,144,802	13,571,859	7,976,321	12,418,831	14,077,898	11,282,353
24,295,235	23,436,936	21,297,476	26,083,455	24,694,288	27,115,059
23,711,287	25,062,057	26,674,277	28,701,498	33,719,382	30,080,823
493,785	494,905	528,945	296,593	498,953	544,681
9,508,533	9,453,626	9,758,244	8,287,370	6,064,857	11,211,045
16,767,322	16,319,158	13,480,226	14,692,539	10,777,411	12,355,654
8,894,001	8,820,668	8,735,469	8,417,009	8,223,007	8,197,421
15,903,275	10,897,334	9,337,121	9,416,042	9,657,351	10,081,912
331,444,435	333,913,644	219,697,349	304,656,089	305,905,033	292,435,645
6,265,612	6,204,513	6,267,966	4,365,424	457,280	1,487,213
10,587,395	10,704,967	11,387,865	8,956,677	4,787,256	9,053,826
3,840,898	1,935,558	1,911,827	1,772,190	1,244,990	2,217,262
51,670,670	54,861,148	57,205,946	59,338,676	63,951,797	78,518,389
72,364,575	73,706,186	76,773,604	74,432,967	70,441,323	91,276,690
(259,079,860)	(260,207,458)	(142,923,745)	(230,223,122)	(235,463,710)	(201,158,955)
43,123,208	43,556,419	54,158,534	58,304,158	63,064,700	65,486,551
1,376,364	1,441,912	1,440,413	1,735,026	1,661,364	1,491,351
—	—	—	—	—	—
28,683,471	28,089,094	26,940,397	28,792,534	28,279,346	29,632,585
130,278,195	130,718,982	125,508,579	136,490,880	144,954,814	139,016,061
3,365,486	2,748,456	3,092,200	2,354,738	2,160,655	2,677,709
1,369,398	1,709,725	2,005,970	1,043,600	37,136	150,550
—	—	—	—	—	—
208,196,122	208,264,588	213,146,093	228,720,936	240,158,015	238,454,807
\$ (50,883,738)	\$ (51,942,870)	\$ 70,222,348	\$ (1,502,186)	\$ 4,694,305	\$ 37,295,852

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Fiscal Year	Property Tax					Total
	General Purposes	Community Service	Capital Projects	Debt Service		
2013	\$ 27,046,036	\$ 1,312,685	\$ 1,306,697	\$ 24,174,245	\$ 53,839,663	
2014	17,273,471	675,875	1,063,625	24,935,744	43,948,715	
2015	28,675,307	1,337,276	434,612	25,859,959	56,307,154	
2016	28,665,427	1,327,464	2,089,950	26,834,502	58,917,343	
2017	43,123,208	1,376,364	—	28,683,471	73,183,043	
2018	43,556,419	1,441,912	—	28,089,094	73,087,425	
2019	54,158,534	1,440,413	—	26,940,397	82,539,344	
2020	58,304,158	1,735,026	—	28,792,534	88,831,718	
2021	63,064,700	1,661,364	—	28,279,346	93,005,410	
2022	65,486,551	1,491,351	—	29,632,585	96,610,487	

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 1,105,277	\$ 1,135,917	\$ 2,949,314	\$ 3,139,510
Restricted	2,886,060	1,155,136	3,250,381	5,232,246
Committed	3,899,880	3,531,073	1,611,060	2,848,063
Assigned	2,598,614	1,068,692	2,506,731	—
Unassigned	3,393,447	2,594,734	—	(3,916,752)
Total General Fund	<u>\$ 13,883,278</u>	<u>\$ 9,485,552</u>	<u>\$ 10,317,486</u>	<u>\$ 7,303,067</u>
All other governmental funds				
Nonspendable	\$ 319,142	\$ 322,357	\$ 311,391	\$ 282,171
Restricted	11,824,838	30,934,103	53,227,317	206,999,874
Unassigned – special revenue funds and capital projects fund	<u>(391,720)</u>	<u>(902,741)</u>	<u>(1,326,400)</u>	<u>(1,640,601)</u>
Total all other governmental funds	<u>\$ 11,752,260</u>	<u>\$ 30,353,719</u>	<u>\$ 52,212,308</u>	<u>\$ 205,641,444</u>
Total all governmental funds	<u>\$ 25,635,538</u>	<u>\$ 39,839,271</u>	<u>\$ 62,529,794</u>	<u>\$ 212,944,511</u>

2017	2018	2019	2020	2021	2022
\$ 3,257,797	\$ 1,396,426	\$ 1,952,300	\$ 1,791,502	\$ 4,015,380	\$ 3,549,624
5,647,049	6,340,938	7,209,146	4,122,621	3,789,194	5,000,334
2,349,140	2,698,868	2,384,590	2,557,546	2,379,759	3,006,324
—	—	1,147,687	6,819,346	—	—
(3,836,289)	(2,023,983)	3,274,893	722,222	7,680,684	15,777,357
<u>\$ 7,417,697</u>	<u>\$ 8,412,249</u>	<u>\$ 15,968,616</u>	<u>\$ 16,013,237</u>	<u>\$ 17,865,017</u>	<u>\$ 27,333,639</u>
\$ 342,224	\$ 170,050	\$ 153,456	\$ 187,872	\$ 333,331	\$ 407,599
222,113,714	67,870,978	27,972,661	34,708,087	27,775,852	49,669,646
(2,055,699)	(2,023,454)	(1,983,892)	(1,946,310)	(2,186,397)	(2,499,400)
<u>\$ 220,400,239</u>	<u>\$ 66,017,574</u>	<u>\$ 26,142,225</u>	<u>\$ 32,949,649</u>	<u>\$ 25,922,786</u>	<u>\$ 47,577,845</u>
<u>\$ 227,817,936</u>	<u>\$ 74,429,823</u>	<u>\$ 42,110,841</u>	<u>\$ 48,962,886</u>	<u>\$ 43,787,803</u>	<u>\$ 74,911,484</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Local sources				
Property taxes	\$ 54,114,344	\$ 44,086,418	\$ 56,771,747	\$ 58,998,316
Investment earnings	33,466	76,020	86,803	566,696
Other	17,763,536	18,759,403	18,136,921	19,629,349
State sources	138,316,987	154,160,144	156,896,497	160,752,665
Federal sources	7,930,071	8,021,213	7,692,816	7,942,801
Total revenues	218,158,404	225,103,198	239,584,784	247,889,827
Expenditures				
Current				
Administration	6,885,574	7,279,625	7,527,157	7,892,778
District support services	4,126,221	3,723,231	5,405,748	6,523,030
Elementary and secondary regular instruction	91,084,361	92,903,232	97,894,964	98,789,970
Vocational education instruction	1,740,819	2,177,553	2,219,972	2,317,450
Special education instruction	25,956,261	29,648,664	32,318,511	34,778,587
Instructional support services	9,121,267	9,429,549	9,624,579	9,845,835
Pupil support services	18,382,511	18,964,817	19,998,559	19,897,703
Sites and buildings	18,770,018	21,214,467	19,235,624	30,054,434
Fiscal and other fixed cost programs	431,469	475,441	575,898	318,258
Food service	7,534,746	7,905,963	8,733,963	8,442,308
Community service	12,204,906	12,761,208	12,199,272	13,046,284
Capital outlay	7,168,443	3,625,881	12,365,749	26,906,115
Debt service				
Principal	14,187,625	15,901,988	19,522,458	16,895,781
Interest and fiscal charges	12,632,458	12,433,570	12,295,560	12,855,423
Total expenditures	230,226,679	238,445,189	259,918,014	288,563,956
Excess (deficiency) of revenues over expenditures	(12,068,275)	(13,341,991)	(20,333,230)	(40,674,129)
Other financing sources (uses)				
Debt issued	1,264,788	23,116,382	2,268,000	119,578,734
Refunding debt issued	—	—	32,695,000	73,460,000
Premium on debt issued	—	429,342	4,001,004	24,942,087
Payment to refunded bond escrow agent	—	—	—	(36,435,000)
Proceeds from sale of assets	—	—	59,749	188,375
Insurance recovery	—	—	—	—
Transfers in	—	4,144,517	4,000,000	—
Transfers out	—	(144,517)	—	—
Total other financing sources (uses)	1,264,788	27,545,724	43,023,753	181,734,196
Net change in fund balances before special item	(10,803,487)	14,203,733	22,690,523	141,060,067
Special item – joint school proceeds	—	—	—	9,354,650
Net change in fund balances	\$ (10,803,487)	\$ 14,203,733	\$ 22,690,523	\$ 150,414,717
Debt service as a percentage of noncapital expenditures	12.0%	12.0%	12.7%	11.9%

2017	2018	2019	2020	2021	2022
\$ 73,186,254	\$ 73,078,706	\$ 82,457,714	\$ 88,869,159	\$ 93,038,171	\$ 96,651,176
1,304,737	1,613,056	1,902,342	972,097	34,930	143,172
23,623,131	21,593,494	22,568,511	17,268,132	8,569,334	15,436,010
167,784,753	177,134,941	183,285,828	186,442,015	190,450,514	195,166,257
8,771,312	8,505,160	8,132,815	9,321,763	18,096,421	23,322,825
274,670,187	281,925,357	298,347,210	302,873,166	310,189,370	330,719,440
8,197,267	8,391,487	8,871,322	9,111,780	9,319,638	9,752,369
6,307,421	6,104,486	7,250,605	8,615,747	10,085,897	9,353,221
107,854,344	108,625,608	112,913,156	114,653,882	116,965,391	116,374,060
2,206,298	2,278,393	2,230,094	2,293,993	2,136,507	2,188,785
39,392,782	41,742,679	42,977,635	45,976,533	48,244,767	50,289,436
10,306,731	10,573,054	10,871,937	11,519,455	13,406,693	11,806,289
21,088,490	21,729,157	23,155,824	25,621,566	25,984,163	27,079,559
23,601,889	22,792,237	22,303,436	26,701,248	32,788,834	30,270,023
493,785	494,905	528,945	296,593	498,953	544,681
8,942,896	9,100,783	9,414,128	7,915,287	5,963,945	10,943,668
14,775,151	14,243,337	14,888,937	13,908,291	10,557,392	12,827,074
29,648,166	58,549,709	41,314,572	25,983,600	6,660,164	17,541,691
18,886,010	19,367,531	20,011,552	21,235,918	22,357,359	24,959,403
17,241,055	18,004,042	14,043,337	13,867,244	13,185,974	13,256,633
308,942,285	341,997,408	330,775,480	327,701,137	318,155,677	337,186,892
(34,272,098)	(60,072,051)	(32,428,270)	(24,827,971)	(7,966,307)	(6,467,452)
10,179,710	24,464,165	—	28,968,602	2,690,965	35,306,531
33,035,000	—	25,790,000	—	—	4,300,000
5,494,553	1,069,773	2,307,941	1,941,566	—	2,112,892
—	(118,850,000)	(28,080,000)	—	—	(4,475,000)
436,260	—	91,347	180,897	80,992	264,243
—	—	—	—	19,267	82,467
—	354,611	—	3,891,647	500,000	—
—	(354,611)	—	(3,891,647)	(500,000)	—
49,145,523	(93,316,062)	109,288	31,091,065	2,791,224	37,591,133
14,873,425	(153,388,113)	(32,318,982)	6,263,094	(5,175,083)	31,123,681
—	—	—	—	—	—
\$ 14,873,425	\$(153,388,113)	\$ (32,318,982)	\$ 6,263,094	\$ (5,175,083)	\$ 31,123,681
13.0%	13.2%	11.6%	11.6%	11.6%	12.1%

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Fiscal Year	Property Tax				
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
2013	\$ 27,207,656	\$ 1,320,051	\$ 1,306,697	\$ 24,279,940	\$ 54,114,344
2014	17,356,331	679,486	1,063,625	24,986,976	44,086,418
2015	28,926,672	1,349,064	434,612	26,061,399	56,771,747
2016	28,704,114	1,329,610	2,089,950	26,874,642	58,998,316
2017	43,100,551	1,378,067	–	28,707,636	73,186,254
2018	43,551,656	1,441,341	–	28,085,709	73,078,706
2019	54,091,396	1,439,395	–	26,926,923	82,457,714
2020	58,331,931	1,734,924	–	28,802,304	88,869,159
2021	63,074,915	1,662,473	–	28,300,783	93,038,171
2022	65,519,753	1,492,373	–	29,639,050	96,651,176

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation					
	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment	
			Contribution	Distribution		
2013	\$ 1,416,082	\$ 80,294,632	\$ (6,400,832)	\$ 11,605,924	\$ (1,218,416)	
2014	1,520,718	84,069,276	(6,110,679)	11,530,736	(850,053)	
2015	1,631,755	96,283,039	(6,110,745)	11,589,664	(729,809)	
2016	1,525,489	99,519,527	(6,241,320)	11,611,979	(807,459)	
2017	1,598,306	103,036,166	(6,595,331)	12,705,153	(858,726)	
2018	1,683,634	111,257,338	(7,009,757)	13,530,896	(819,974)	
2019	1,602,386	120,117,908	(7,540,244)	14,579,885	(1,138,803)	
2020	1,545,494	130,567,600	(7,927,755)	15,911,949	(1,475,247)	
2021	1,680,060	139,639,744	(8,462,769)	16,551,972	(1,591,577)	
2022	1,649,813	147,486,169	(9,151,001)	17,604,313	(1,935,791)	

Source: State of Minnesota School Tax Report

Total Taxable		Total Direct Tax Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value
\$	85,697,390	41.286 %	\$ 7,626,898,000	1.12 %
	90,159,998	39.169	7,978,967,600	1.13
	102,663,904	35.675	9,098,596,000	1.13
	105,608,216	36.812	9,372,785,100	1.13
	109,885,568	34.309	9,652,063,700	1.14
	118,642,137	33.303	10,371,491,600	1.14
	127,621,132	34.926	11,147,246,400	1.14
	138,622,041	33.904	12,067,393,650	1.15
	147,817,430	34.181	12,833,321,500	1.15
	155,653,503	33.739	13,524,449,300	1.15

INDEPENDENT SCHOOL DISTRICT NO. 833

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	ISD No. 833	Overlapping Rates Municipalities (1)			
			Cottage Grove	Woodbury	Newport	St. Paul Park
Tax capacity rate	2013	41.286%	45.046%	39.440%	70.803%	57.471%
Market value rate	2013	0.21905%	–	0.02700%	–	–
Tax capacity rate	2014	39.169%	43.812%	38.076%	72.054%	48.754%
Market value rate	2014	0.22287%	–	0.02594%	–	–
Tax capacity rate	2015	35.675%	41.591%	34.657%	69.973%	45.677%
Market value rate	2015	0.20996%	–	0.01308%	–	–
Tax capacity rate	2016	36.812%	43.140%	35.287%	61.660%	45.560%
Market value rate	2016	0.33988%	–	0.01216%	–	–
Tax capacity rate	2017	34.309%	43.012%	35.219%	60.304%	43.919%
Market value rate	2017	0.31281%	–	0.01187%	–	–
Tax capacity rate	2018	33.303%	40.583%	33.670%	58.736%	42.591%
Market value rate	2018	0.37066%	–	0.01111%	–	–
Tax capacity rate	2019	34.926%	38.959%	33.177%	57.383%	43.475%
Market value rate	2019	0.34919%	–	0.00664%	–	–
Tax capacity rate	2020	33.904%	39.182%	32.489%	54.335%	38.689%
Market value rate	2020	0.32620%	–	0.00615%	–	–
Tax capacity rate	2021	34.181%	37.351%	32.298%	54.007%	39.112%
Market value rate	2021	0.31580%	–	0.00584%	–	–
Tax capacity rate	2022	33.739%	37.251%	32.217%	55.852%	39.726%
Market value rate	2022	0.33683%	–	0.00551%	–	–

(1) Municipalities listed include those with district learning sites.

(2) The miscellaneous other levy includes Northeast Metropolitan Intermediate School District No. 916, Metropolitan Council, Metropolitan Mosquito Control District, Transit District 509, Transit Area, Washington Co. HRA 187, Woodbury EDA, Woodbury HRA 316, Ramsey-Washington Metro Watershed District, Valley Branch Watershed District, South Washington Watershed District, and Regional Rail Authority.

(3) The City of Cottage Grove was used as the municipality for purposes of the total district residents.

Source: Washington County

Denmark Township	Grey Cloud Island	Afton	Washington County	Miscellaneous Other (2)	Total ISD No. 833 Resident (3)
13.678%	25.691%	30.059%	34.225%	12.854%	133.411%
—	—	—	0.00191%	—	0.22096%
13.135%	26.196%	30.092%	32.811%	12.843%	128.635%
—	—	—	0.00449%	—	0.22736%
12.490%	23.580%	27.737%	30.186%	11.365%	118.817%
—	—	—	0.00400%	—	0.21396%
11.236%	23.481%	29.373%	30.564%	11.831%	122.347%
—	—	—	0.00390%	—	0.34378%
11.264%	22.455%	32.300%	30.448%	11.413%	119.181%
—	—	—	0.00378%	—	0.31659%
11.063%	21.834%	32.255%	29.983%	11.450%	115.319%
—	—	—	0.00353%	—	0.37418%
13.600%	20.238%	32.983%	29.682%	12.575%	116.142%
—	—	—	0.00330%	—	0.35249%
15.919%	23.494%	30.795%	28.944%	11.436%	113.467%
—	—	—	0.00342%	—	0.32961%
15.892%	20.852%	32.025%	27.435%	11.827%	110.795%
—	—	—	0.00325%	—	0.31905%
14.650%	21.214%	32.007%	27.532%	11.061%	109.582%
—	—	—	0.30830%	—	0.64512%

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2022			2013		
		Tax Capacity	Rank	Percent of Total Tax Capacity	Tax Capacity	Rank	Percent of Total Tax Capacity
Xcel Energy	Utility	\$ 1,713,466	1	1.10 %	\$ 1,728,464	1	2.02 %
Grand Forest Owner, LLC	Residential	1,212,990	2	0.78	565,464	4	0.66
Invest Woodbury I SPE, LLC	Residential	898,776	3	0.58	—	—	—
G&I X Valley Creek, LLC	Residential	839,990	4	0.54	—	—	—
3M Company	Commercial	807,413	5	0.52	700,871	2	0.82
Woodbury Village Shopping	Commercial	768,313	6	0.49	661,756	3	0.77
Mars II, Inc.	Commercial	573,430	7	0.37	—	—	—
Allina Health System	Commercial	555,666	8	0.36	381,760	7	0.45
St. Paul Park Refining Co., LLC	Commercial	512,345	9	0.33	385,314	6	0.45
MSP/Woodbury Medical, LLC	Commercial	501,904	10	0.32	—	—	—
TMF I Valley, LLC	Residential	—	—	—	411,944	5	0.48
Healtheast Properties, LLC	Commercial	—	—	—	309,494	8	0.36
TMT Woodbury Apartments, Inc.	Residential	—	—	—	298,376	9	0.35
ML Casa II, LP	Commercial	—	—	—	248,901	10	0.29
Total		<u>\$ 8,384,293</u>		<u>5.39 %</u>	<u>\$ 5,692,344</u>		<u>6.65 %</u>

Note: The most recent data available is used for 2022.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized	Percentage of Levy
2013	\$ 47,348,831	\$ 6,764,319	\$ 11,047	\$ 54,124,197	\$ 53,735,190	99.3 %
2014	48,596,750	7,360,609	11,559	55,968,918	55,629,431	99.4
2015	51,600,611	7,160,639	17,920	58,779,170	58,588,601	99.7
2016	66,435,278	6,578,305	18,900	73,032,483	72,672,119	99.5
2017	63,551,494	8,982,988	16,488	72,550,970	72,226,591	99.6
2018	73,282,732	8,846,232	151,891	82,280,855	81,900,871	99.5
2019	78,308,098	10,187,875	144,936	88,640,909	88,337,709	99.7
2020	80,850,634	11,036,527	152,170	92,039,331	91,680,176	99.6
2021	85,250,525	10,921,374	174,536	96,346,435	96,246,162	99.9
2022	91,988,025	11,452,750	178,983	103,619,758	53,650,942	51.8

Note 1: A portion of the total spread levy is paid through various property tax credits, which are paid through state aids and have been included in collections.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

			Uncollected Taxes Receivable as of June 30, 2022			
Received in Subsequent Years	Total to Date		Delinquent		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ 389,007	\$ 54,124,197	100.0 %	\$ —	— %	\$ —	— %
339,487	55,968,918	100.0	—	—	—	—
190,569	58,779,170	100.0	—	—	—	—
310,478	72,982,597	99.9	49,886	0.1	—	—
314,644	72,541,235	100.0	9,735	—	—	—
363,650	82,264,521	100.0	16,334	—	—	—
272,654	88,610,363	100.0	30,546	—	—	—
298,747	91,978,923	99.9	60,408	0.1	—	—
—	96,246,162	99.9	100,273	0.1	—	—
—	53,650,942	51.8	—	—	49,968,816	48.2
			<u>\$ 267,182</u>		<u>\$ 49,968,816</u>	

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Financed Purchases and Leases	Total Primary Government		
2013	\$269,700,000	\$ 6,214,757	\$ —	\$ 6,705,060	\$282,619,817	2.20 %	\$ 2,994
2014	276,850,000	5,941,951	—	6,769,454	289,561,405	2.22	3,030
2015	292,440,000	9,239,371	—	6,619,996	308,299,367	2.19	3,140
2016	415,810,000	31,115,494	13,200,000	9,757,949	469,883,443	3.07	4,786
2017	432,570,000	33,222,354	19,450,000	11,076,649	496,319,003	3.19	5,055
2018	320,235,000	29,775,773	18,345,000	10,763,283	379,119,056	2.23	3,861
2019	301,210,000	27,092,196	17,275,000	8,556,731	354,133,927	1.90	3,607
2020	310,405,000	25,205,332	16,165,000	8,204,415	359,979,747	1.88	3,666
2021	291,600,000	22,049,294	15,005,000	8,503,021	337,157,315	1.68	3,124
2022	305,800,000	20,994,146	13,795,000	9,161,056	349,750,202	N/A	3,241

N/A – Not Available

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percentage of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2013	\$ 275,914,757	\$ 5,634,352	\$ 270,280,405	\$ 7,626,898,000	3.54 %	94,399	\$ 2,863
2014	282,791,951	6,464,953	276,326,998	7,978,967,600	3.46	95,556	2,892
2015	301,679,371	40,357,373	261,321,998	9,098,596,000	2.87	98,185	2,662
2016	446,925,494	89,987,868	356,937,626	9,372,785,100	3.81	98,185	3,635
2017	465,792,354	126,746,536	339,045,818	9,652,063,700	3.51	98,185	3,453
2018	350,010,773	5,379,219	344,631,554	10,371,491,600	3.32	98,185	3,510
2019	328,302,196	4,745,861	323,556,335	11,147,246,400	2.90	98,185	3,295
2020	335,610,332	6,459,461	329,150,871	12,067,393,650	2.73	98,185	3,352
2021	313,649,294	5,912,705	307,736,589	12,833,321,500	2.40	107,926	2,851
2022	326,794,146	6,718,407	320,075,739	13,524,449,300	2.37	107,926	2,966

Source: Annual school district census and U.S. Census

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

Direct and Overlapping Debt
as of June 30, 2022

Governmental Unit	Gross Bonded Debt	Percent Allocable to ISD No. 833	Portion Allocable to ISD No. 833
Independent School District No. 833	\$ 326,794,146	100.00%	\$ 326,794,146
Overlapping debt			
Washington County	\$ 101,020,000	40.84%	41,253,335
City of Afton	\$ 3,765,000	5.24%	197,188
City of Cottage Grove	\$ 37,190,000	98.74%	36,720,327
City of Newport	\$ 13,220,000	100.00%	13,220,000
City of St. Paul Park	\$ 3,105,000	100.00%	3,105,000
City of Woodbury	\$ 50,855,000	73.57%	37,411,938
Metropolitan Council	\$ 166,860,000	2.99%	4,997,290
Ramsey-Washington Metro Watershed District	\$ 3,149,000	53.40%	1,681,597
South Washington Watershed District	\$ 2,445,000	75.25%	1,839,777
Valley Branch Watershed	\$ 6,925,000	0.31%	21,474
Total overlapping debt			<u>140,447,926</u>
Total direct and overlapping debt			<u>\$ 467,242,072</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 1,144,034,700	\$ 1,196,845,140	\$ 1,364,789,400	\$ 1,405,917,765
Total net debt applicable to the limit	264,065,648	270,385,047	252,082,627	325,822,132
Legal debt margin	<u>\$ 879,969,052</u>	<u>\$ 926,460,093</u>	<u>\$ 1,112,706,773</u>	<u>\$ 1,080,095,633</u>
Total net debt applicable to the limit as a percentage of debt limit	23.08%	22.59%	18.47%	23.18%

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

Source: District finance department.

2017	2018	2019	2020	2021	2022
\$ 1,447,809,555	\$ 1,555,723,740	\$ 1,672,086,960	\$ 1,810,109,048	\$ 1,924,998,225	\$ 2,028,667,395
305,823,464	314,855,781	296,464,139	303,945,539	285,687,295	299,081,593
<u>\$ 1,141,986,091</u>	<u>\$ 1,240,867,959</u>	<u>\$ 1,375,622,821</u>	<u>\$ 1,506,163,509</u>	<u>\$ 1,639,310,930</u>	<u>\$ 1,729,585,802</u>
21.12%	20.24%	17.73%	16.79%	14.84%	14.74%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	\$ 13,524,449,300
Debt limit (15% of market value)	2,028,667,395
Debt applicable to limit	
General obligation bonds	305,800,000
Less amount set aside for repayment of general obligation debt	<u>(6,718,407)</u>
Total net debt applicable to the limit	<u>299,081,593</u>
Legal debt margin	<u>\$ 1,729,585,802</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Washington County			Total ISD No. 833 Population (2)	School Enrollment (3)	Unemployment Rate (3)
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)			
2013	248,095	\$ 12,838,180,000	\$ 51,747	94,399	17,649	4.4 %
2014	252,877	13,034,092,000	51,543	95,556	17,719	3.6
2015	250,123	14,056,242,000	56,197	98,185	17,773	3.2
2016	252,921	15,299,947,000	60,493	98,185	17,794	3.3
2017	253,128	15,579,589,000	61,548	98,185	18,178	3.0
2018	256,905	17,013,335,000	66,224	98,185	18,567	2.5
2019	261,512	18,590,419,000	71,088	98,185	18,545	2.9
2020	265,476	19,186,846,000	72,273	98,185	18,754	5.3
2021	272,256	20,128,302,000	73,932	107,926	18,502	2.9
2022	N/A	N/A	N/A	107,926	18,573	2.0

N/A – Not Available

Sources:

- (1) 2020 Annual Comprehensive Financial Report of Washington County, Minnesota
- (2) Annual school district census and U.S. Census
- (3) ISD No. 833 and the Bureau of Economic Analysis

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Independent School District No. 833	2,540	1	27.99 %	2,929	1	36.83 %
Renewal by Anderson	1,500	2	16.53	450	5	5.66
HealthEast Woodwinds Hospital	1,331	3	14.67	1,070	2	13.46
Bailey Nurseries, Inc.	800	4	8.81	800	3	10.06
3M Company – Cottage Grove	720	5	7.93	730	4	9.18
Hy-Vee	700	6	7.71	–	–	–
Woodbury Senior Living	450	7	4.96	450	5	5.66
Marathon Petroleum	400	8	4.41	302	10	3.80
Walmart Supercenter	335	9	3.69	–	–	–
Up North Plastics	300	10	3.31	–	–	–
Ecowater Systems	–	–	–	440	7	5.53
Target	–	–	–	430	8	5.41
YMCA	–	–	–	351	9	4.41
Total	<u>9,076</u>		<u>100.00 %</u>	<u>7,952</u>		<u>100.00 %</u>

Note: The statistic for total cities' employment is not available; therefore, the percentage represents the percentage of the top 10 listed.

Source: Reference USA, written and telephone survey, and the Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 833

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2013	2014	2015	2016
District directors/superintendent	14	14	14	13
Principals	41	43	43	43
Teachers, nurses, and counselors	1,280	1,350	1,373	1,373
Coordinators, supervisors, specialists, and technical support	240	237	244	247
Paraprofessionals	348	374	396	422
Food service (2)	148	142	129	134
Custodians	121	116	113	119
Bus drivers and mechanics	206	194	178	175
Community education leads and assistants	20	23	23	23
Total	2,418	2,493	2,513	2,549

(1) This schedule is a headcount based on contract group.

(2) Due to the COVID-19 pandemic, a significant number of food service employees were furloughed in 2020; many of these furloughs continued through 2021.

2017	2018	2019	2020	2021	2022
11	13	12	13	14	10
45	47	48	47	47	47
1,402	1,406	1,419	1,433	1,446	1,369
256	256	275	268	257	261
449	465	466	480	413	412
130	125	129	38	81	130
123	127	125	126	120	122
164	188	158	161	139	146
25	26	23	28	23	25
2,605	2,653	2,655	2,594	2,540	2,522

INDEPENDENT SCHOOL DISTRICT NO. 833

Operating Indicators by Function

Standardized Testing Rates
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Standardized tests				
MCA Reading (1)				
Grade 3	65 %	65 %	67 %	67 %
Grade 4	60	64	67	71
Grade 5	71	72	79	79
Grade 6	65	67	68	73
Grade 7	64	64	66	65
Grade 8	68	69	69	73
Grade 10	74	71	71	71
MCA Math (1)				
Grade 3	81	82	81	79
Grade 4	83	77	77	78
Grade 5	72	67	68	67
Grade 6	65	69	64	65
Grade 7	68	68	67	64
Grade 8	73	72	69	73
Grade 11	68	60	58	58
ACT				
Average composite score	23.5	24.1	24.1	22.3

(1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

(2) Due to the COVID-19 pandemic, no 2020 summarized assessment data for MCA tests is available and the ACT test was postponed to Fall 2020.

2017	2018	2019	2020 (2)	2021	2022
65 %	66 %	62 %	— %	53 %	53 %
66	65	67	—	58	56
77	77	74	—	67	67
71	70	68	—	64	57
67	68	65	—	58	53
68	70	69	—	59	52
73	76	68	—	70	59
77	77	74	—	65	67
75	73	74	—	65	67
63	65	60	—	48	52
65	61	62	—	42	46
66	67	60	—	42	45
65	68	64	—	43	40
61	64	59	—	53	38
22.7	22.4	22.4	—	21.9	21.1

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 833

School Facilities
as of June 30, 2022

Facility	Use	Constructed	Acres	Classrooms	Square Footage	Functional Capacity (1)	Enrollment (2)
Armstrong Elementary	School	1969/1987/2001 2012	12.00	31	76,211	506	319
Cottage Grove Elementary	School	2002/2016	35.00	36	100,480	632	418
Crestview Elementary	School	1963/1970/1990 1999/2001	35.00	36	81,840	607	365
Gordon Bailey Elementary	School	1991/1992/2000 2015	30.00	45	115,609	683	615
Grey Cloud Elementary	School	1991/1992/2001 2009/2015	41.00	45	119,320	759	729
Hillside Elementary	School	1963/1970/1990 2001	16.00	32	75,864	556	414
Liberty Ridge Elementary	School	2003/2006/2016	25.00	56	136,968	910	714
Middleton Elementary	School	1991/1992/1999 2015	30.00	45	115,980	784	617
Newport Elementary	School	1955/1970/1990	9.00	21	79,286	379	256
Nuevas Fronteras Elementary	School	1951/1960/1965 1973/1974/1995 2002	20.00	37	146,155	556	481
Pine Hill Elementary	School	1960/1967/1970 2001	12.00	28	73,631	506	481
Pullman Elementary	School	1960/1970/2001	16.00	29	70,842	481	366
Red Rock Elementary	School	2002/2016	31.00	36	100,401	683	634
Royal Oaks Elementary	School	1966/1970/1990 2001	7.00	32	75,859	582	478
Valley Crossing Elementary	School	1996	34.35	33	133,665	733	891
Woodbury Elementary	School	1960/1963/1970 1989/1990/1999 2001	10.00	40	95,567	632	421
Cottage Grove Middle School	School	1995/2003/2005 2008/2018	72.00	56	200,229	1,208	920
Lake Middle School	School	1995/2000	67.00	54	188,996	1,188	1,157
Oltman Middle School	School	2018	60.00	47	243,898	990	969
Woodbury Middle School	School	1969/1989/2002 2018	16.00	44	205,139	1,188	1,156
East Ridge High School	School	2009/2013	58.00	70	382,264	1,712	1,980
Park Senior High School	School	1964/1971/1973 1994/2002/2003 2008/2009	51.00	86	403,981	2,059	1,965
Woodbury Senior High School	School	1974/2002/2003 2007/2008/2009	45.00	80	366,599	1,925	1,953
District Service Center	Office/ warehouse	1972	7.00	N/A	51,312	N/A	–
District Program Center	School/ office	1980	7.00	9	56,045	N/A	101
District Transportation Center	Office/garage/ maintenance	1971/1977/2002	10.00	N/A	44,864	N/A	–

N/A – Not Available

(1) Functional capacity is based on building usage and student-to-staff ratios in effect for fiscal year 2022.

(2) Enrollment data from October 1, 2021.

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2013	16,590	1,657,164	173	9,579	57.74 %
2014	16,656	1,670,058	168	9,941	59.68
2015	16,707	1,798,346	174	10,335	61.86
2016	16,726	1,814,033	174	10,425	62.33
2017	17,087	1,772,015	174	10,184	59.60
2018	17,453	1,754,196	172	10,199	58.44
2019	17,432	1,726,182	169	10,214	58.59
2020 (2)	17,629	1,206,589	115	10,492	59.52
2021 (3)	17,392	931,942	217	4,295	24.69
2022 (4)	17,459	1,953,999	170	11,494	65.84

(1) Based on State Food and Nutrition Department guidelines; attendance is deemed to be 94 percent of enrollment.

(2) Due to the COVID-19 pandemic, significantly fewer meals were served in the National School Lunch Program.

(3) Due to the ongoing COVID-19 pandemic and shifts in learning models throughout the year, significantly fewer lunches were served. Additionally, the program operated all year under the USDA Summer Food Service Program, under which all student meals were provided for free.

(4) The program operated all year under the USDA Seamless Summer Option Program, under which all student meals were provided for free.

Free Lunch		Reduced-Price Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
335,781	20.26 %	104,921	6.33 %
332,818	19.93	104,162	6.24
338,742	18.84	116,852	6.50
337,475	18.60	113,467	6.25
338,116	19.08	115,548	6.52
353,564	20.16	115,635	6.59
312,069	18.08	124,606	7.22
212,978	17.65	87,440	7.25
931,942	100.00	—	—
1,953,999	100.00	—	—

INDEPENDENT SCHOOL DISTRICT NO. 833

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Administration	\$ 390	\$ 411	\$ 424	\$ 444
District support services	234	210	304	367
Elementary and secondary regular instruction	5,161	5,243	5,508	5,552
Vocational education instruction	99	123	125	130
Special education instruction	1,471	1,673	1,818	1,955
Instructional support services	517	532	542	553
Pupil support services	1,042	1,070	1,125	1,118
Sites and buildings	1,064	1,197	1,082	1,689
Fiscal and other fixed cost programs	24	27	32	18
Food service	427	446	491	474
Community service	692	720	686	733
Capital outlay	406	205	696	1,512
Debt service	1,520	1,599	1,790	1,672
Total expenditures	<u>\$ 13,045</u>	<u>\$ 13,457</u>	<u>\$ 14,624</u>	<u>\$ 16,217</u>
Average daily membership	<u>17,649</u>	<u>17,719</u>	<u>17,773</u>	<u>17,794</u>

Note: Includes all governmental fund expenditures.

2017	2018	2019	2020	2021	2022
\$ 451	\$ 452	\$ 478	\$ 486	\$ 504	\$ 525
347	329	391	459	545	504
5,933	5,850	6,089	6,114	6,322	6,266
121	123	120	122	115	118
2,167	2,248	2,317	2,452	2,608	2,708
567	569	586	614	725	636
1,160	1,170	1,249	1,366	1,404	1,458
1,298	1,228	1,203	1,424	1,772	1,630
27	27	29	16	27	29
492	490	508	422	322	589
813	767	803	742	571	691
1,631	3,153	2,228	1,385	360	944
1,987	2,013	1,836	1,872	1,921	2,058
<u>\$ 16,995</u>	<u>\$ 18,420</u>	<u>\$ 17,836</u>	<u>\$ 17,474</u>	<u>\$ 17,196</u>	<u>\$ 18,155</u>
<u>18,178</u>	<u>18,567</u>	<u>18,545</u>	<u>18,754</u>	<u>18,502</u>	<u>18,573</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2013	259	1,042	8,156	8,192	17,649	20,465
2014	267	1,059	8,155	8,238	17,719	20,542
2015	354	1,111	8,159	8,149	17,773	19,397
2016	394	1,084	8,107	8,209	17,794	19,435
2017	428	1,120	8,374	8,256	18,178	19,826
2018	443	1,165	8,511	8,448	18,567	20,256
2019	499	1,137	8,376	8,533	18,545	20,252
2020	510	1,187	8,451	8,606	18,754	20,475
2021	465	1,044	8,207	8,786	18,502	20,259
2022	512	1,092	8,247	8,722	18,573	20,316

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