INDEPENDENT SCHOOL DISTRICT NO. 283
6311 Wayzata Blvd
St. Louis Park, Minnesota
Tuesday, January 24, 2023 6:30 PM
St. Louis Park High School Room 350C
6425 W 33rd St
St Louis Park, Minnesota 55426

AGENDA

Construction Update

January 24, 2023
School Board Presentation

St. Louis Park
Public Schools

Purpose

To maintain **transparency** with the school board and community about the progress of construction projects in alignment with the Strategic Plan for Racial Equity.

1. Project overview (timeline, budget, equity & inclusion plan, communication plan)
2. Central Community Center
3. Solar Project
4. Next steps

Project Overview

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Project Overview: Communication

- New webpage dedicated to construction efforts
- Ongoing FAQs (feedback loop)
- SLP Communicator feature story (end of January)
- Partnership with Knutson for monthly newsletters
- Monthly updates in school newsletters

Project Overview: Timeline & Budget

- Timeline
- Budget

Project Overview: Equity & Inclusion

- Diversity Goals
  - 8% Contracting
  - 32% Minority / 20% Female
- Knutson Initiatives
  - Open House
  - Advertisements
  - Network
- AGC Award

Central Community Center

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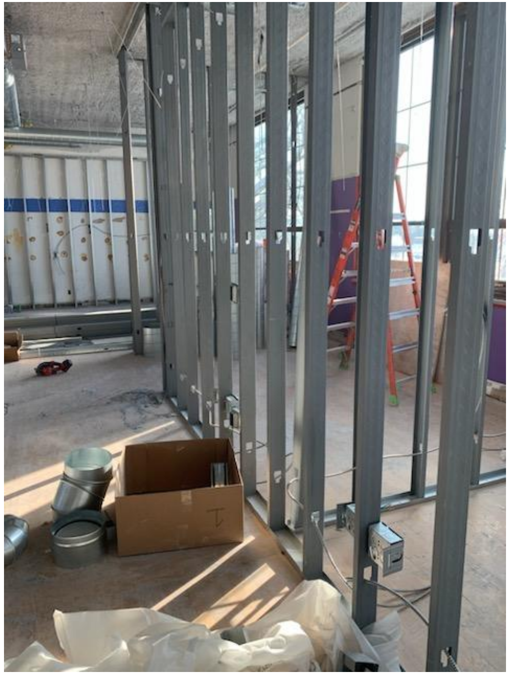
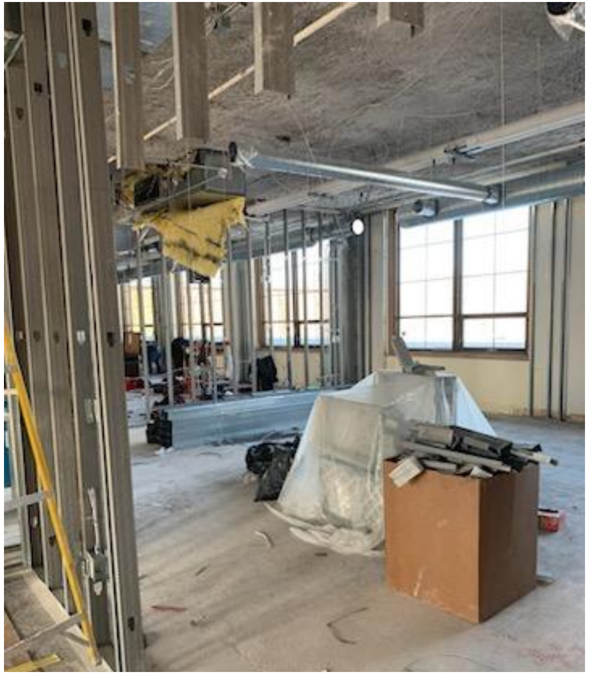
Central Community Center: Project Schedule

- November 10, 2022 - start construction and buildout
- March 16, 2023 - substantial completion and install furniture
- March 24, 2023 - start punch list items and obtain Certificate of Occupancy from City
- March 27, 2023 - occupy new space

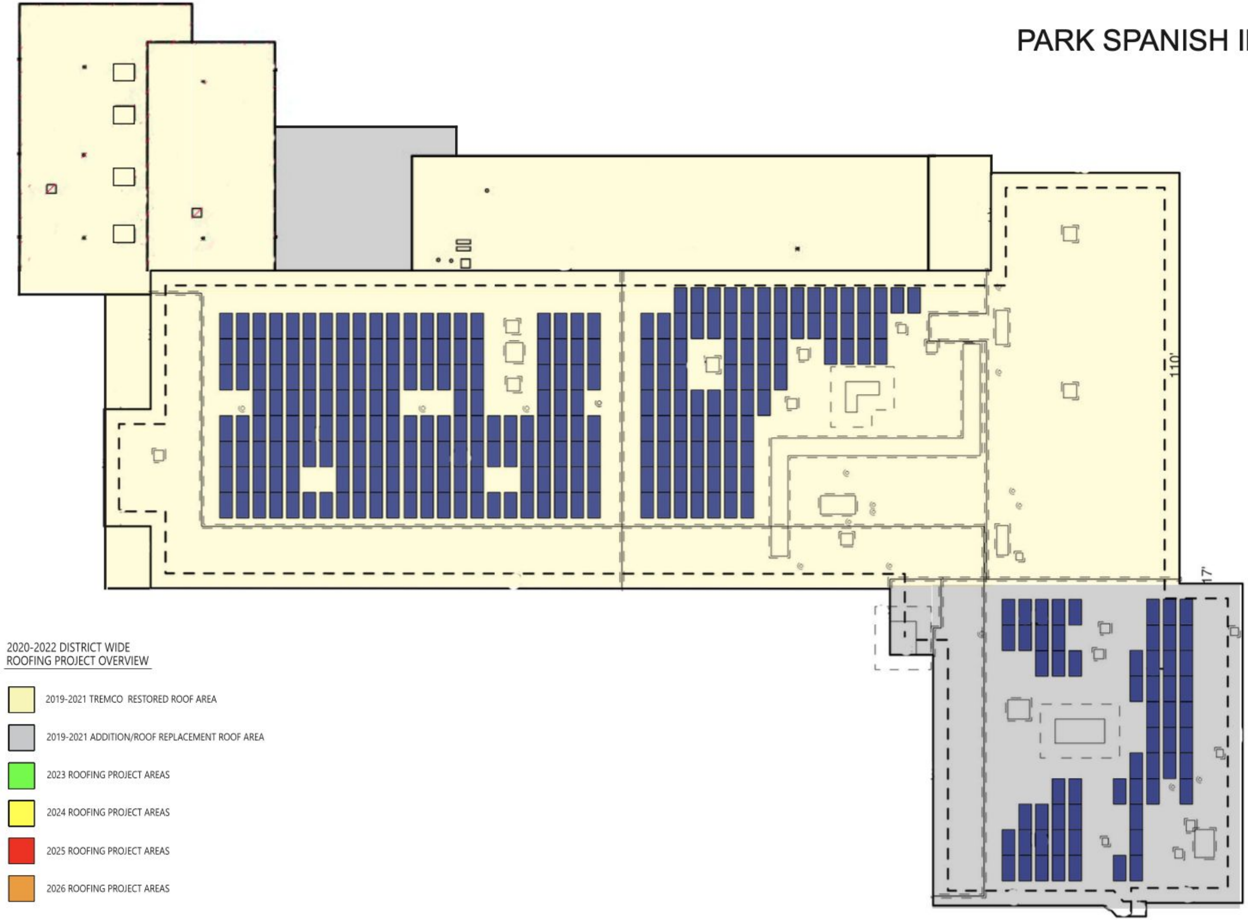
Construction Progress





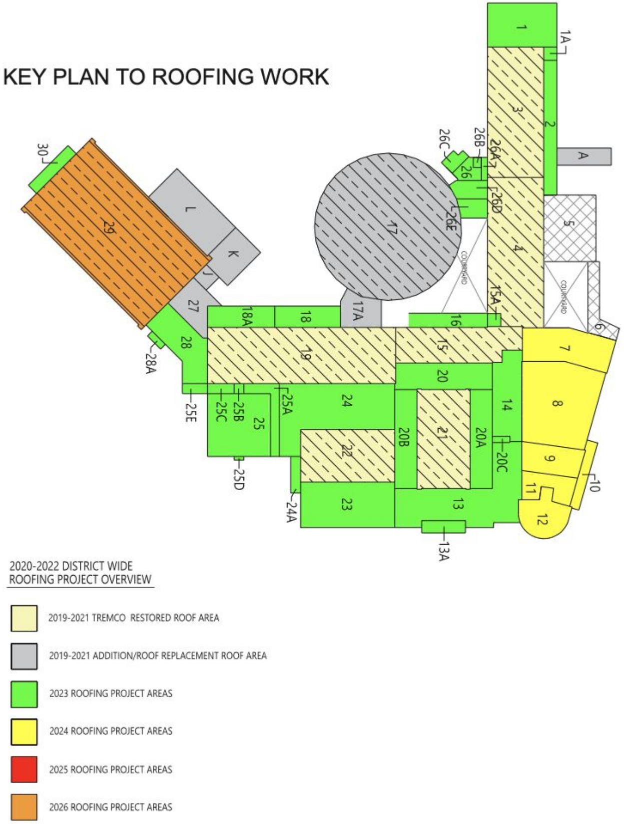
Solar Project

PARK SPANISH IMMERSION

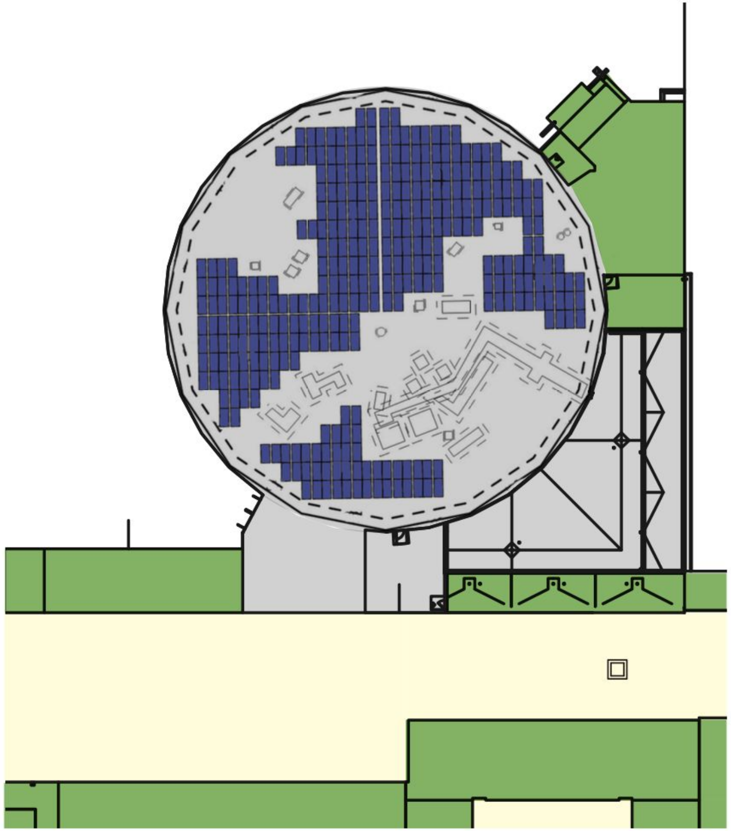


St. Louis Park
Public Schools

KEY PLAN TO ROOFING WORK



ST. LOUIS PARK HIGH SCHOOL



St. Louis Park
Public Schools

PETER HOBART ELEMENTARY

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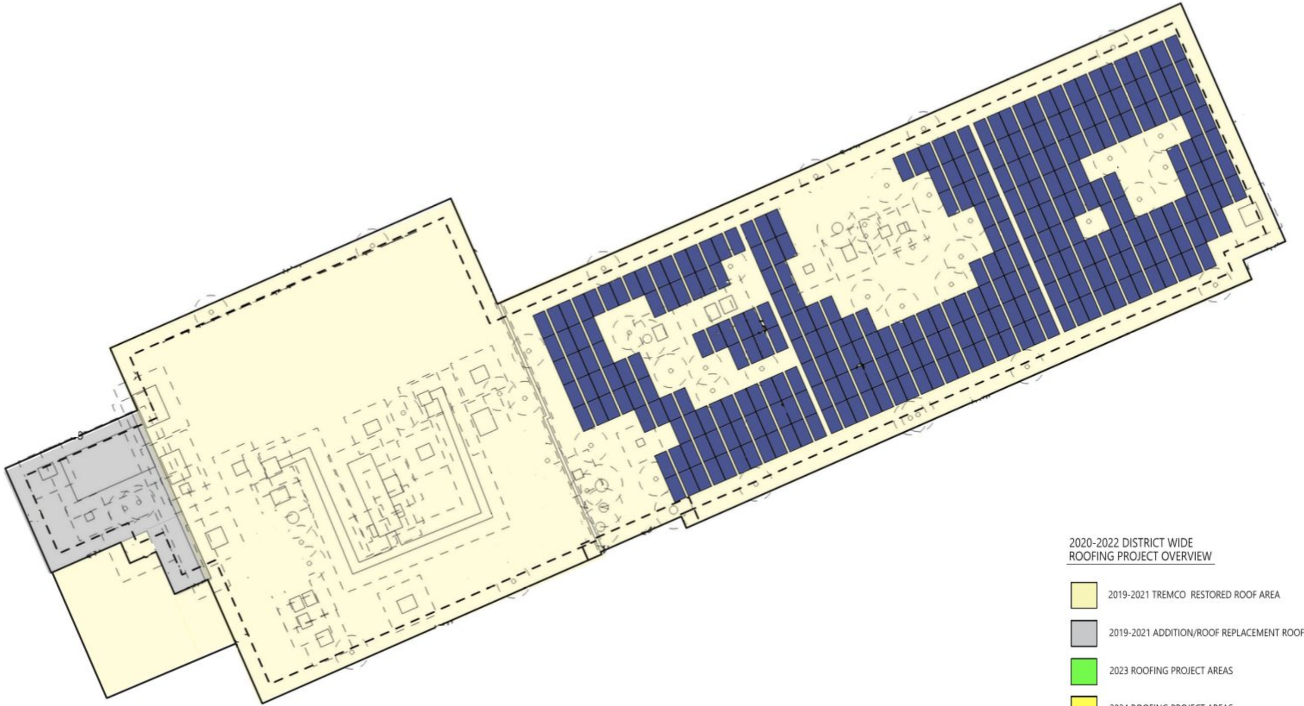
SUSAN LINDGREN ELEMENTARY

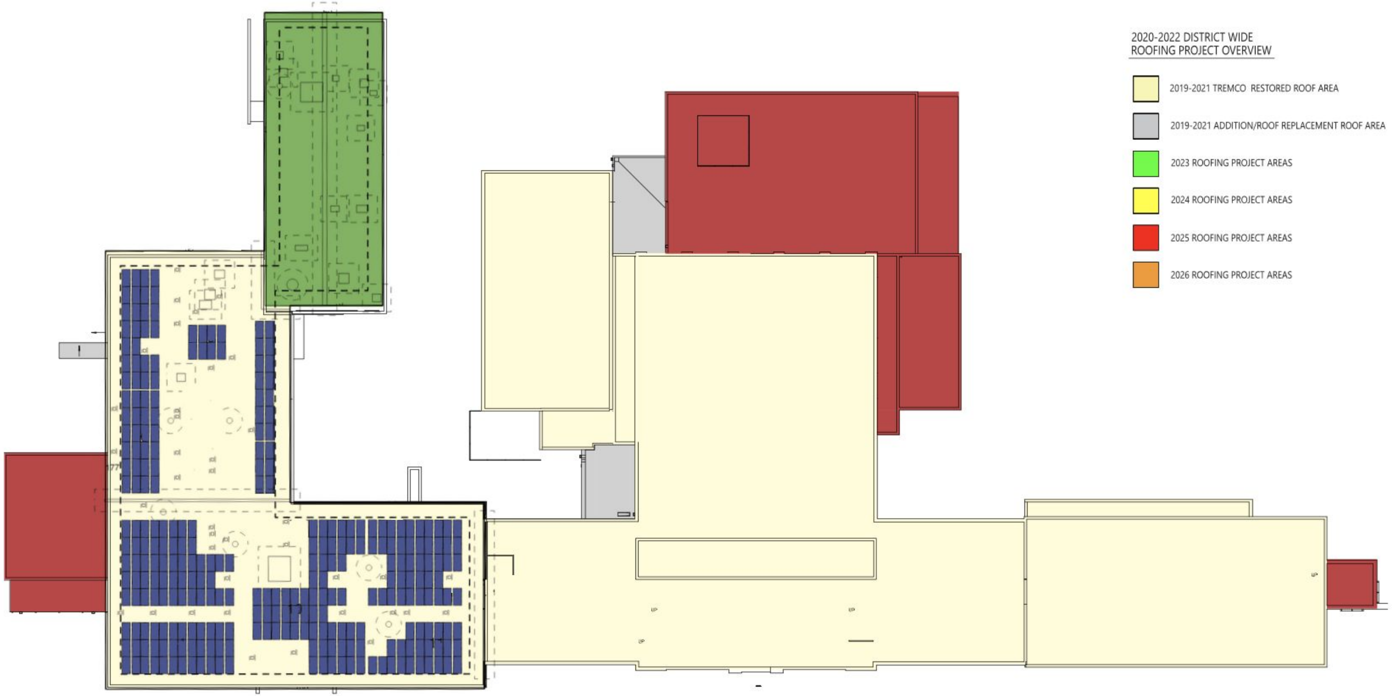


2020-2022 DISTRICT WIDE ROOFING PROJECT OVERVIEW

- 2019-2021 TREMCO RESTORED ROOF AREA
- 2019-2021 ADDITION/ROOF REPLACEMENT ROOF AREA
- 2023 ROOFING PROJECT AREAS
- 2024 ROOFING PROJECT AREAS
- 2025 ROOFING PROJECT AREAS
- 2026 ROOFING PROJECT AREAS

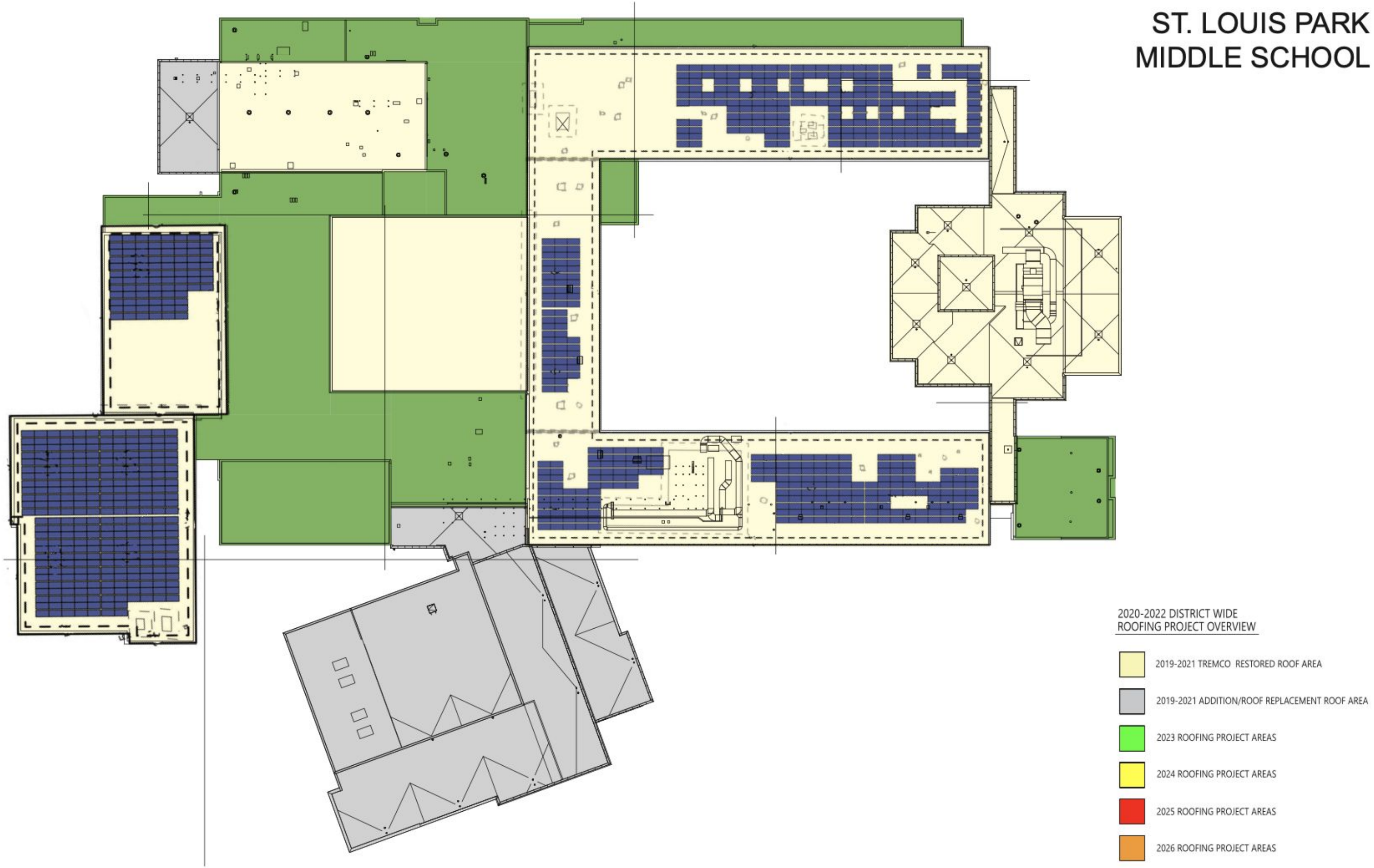
St. Louis Park Public Schools

CENTRAL COMMUNITY CENTER



St. Louis Park Public Schools

ST. LOUIS PARK MIDDLE SCHOOL



St. Louis Park Public Schools

Next Steps

Next Steps: Award Bids

Project	Pre-Bid Conference	Bid Deadline	Bid Award (School Board)
Middle School Locker Room	January 24, 2023 7:00 a.m.	February 7, 2023 2:00 p.m.	February 14, 2023
High School Track and Field Reconstruction	January 17, 2023 7:00 a.m.	February 1, 2023 2:00 p.m.	February 14, 2023
High School Classroom Renovations (Phase I)	February 1, 2023 7:00 a.m.	February 16, 2023 2:00 p.m.	February 28, 2023

Next Steps:

- Review bids
- Issue Contracts
- Staff Preparation
  - Safety
- Sustainability

Questions?

MMKR CERTIFIED PUBLIC ACCOUNTANTS

MALLOY MONTAGUE KARNOWSKI RADOSEVICH & CO., P.A.

website: www.mmkr.com

Independent School District No. 283

St. Louis Park Schools

Audit Report

Year Ended June 30, 2022

Auditor’s Role

- Opinion on Financial Statements
  - District Audit
- Internal Controls and Compliance
  - Financial Statement Audits
  - State Laws and Regulations

Audit Results

- Clean Opinion on Basic Financial Statements
  - Unmodified Opinion
  - Emphasis of a Matter – Implementation of GASB Statement #87 on Leases
- Internal Control and Compliance Report
  - No Findings

Audit Results

Minnesota Legal Compliance Audit

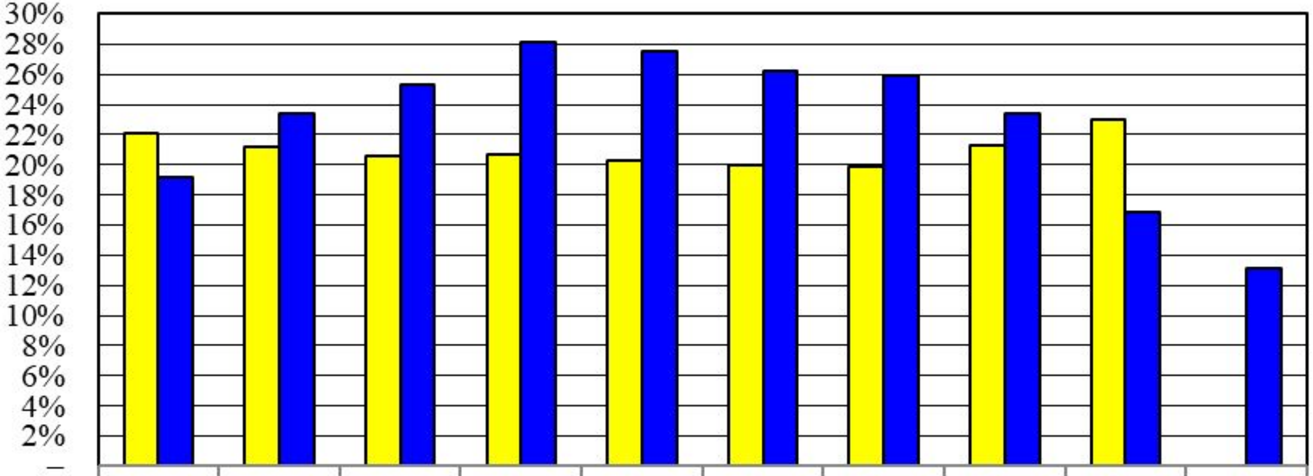
- Unclaimed Property Report
- Prompt Payment of Bills

General Education Aid—Basic Formula Allowance

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2013	$ 5,224	1.00 %
2014	$ 5,302	1.50 %
2015	$ 5,831	2.00 %
2016	$ 5,948	2.00 %
2017	$ 6,067	2.00 %
2018	$ 6,188	2.00 %
2019	$ 6,312	2.00 %
2020	$ 6,438	2.00 %
2021	$ 6,567	2.00 %
2022	$ 6,728	2.45 %
2023	$ 6,863	2.00 %

State-Wide Fund Balances

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State-Wide	22.1%	21.2%	20.6%	20.7%	20.3%	20.0%	19.9%	21.3%	23.0%	–
ISD No. 283	19.2%	23.4%	25.3%	28.1%	27.6%	26.2%	25.9%	23.4%	16.9%	13.2%

Revenue Per ADM Served

Governmental Funds Revenue per Student (ADM) Served

	State-Wide		Metro Area		ISD No. 283 – St. Louis Park		
	2020	2021	2020	2021	2020	2021	2022
General Fund							
Property taxes	$ 2,345	$ 2,576	$ 3,100	$ 3,411	$ 4,486	$ 4,603	$ 4,432
Other local sources	538	438	417	323	343	225	210
State	10,144	10,514	10,127	10,517	9,705	10,043	10,350
Federal	480	992	499	956	446	995	1,662
Total General Fund	13,507	14,520	14,143	15,207	14,980	15,866	16,654
Special revenue funds							
Food Service	554	576	539	568	391	343	646
Community Service	632	612	732	684	1,458	1,561	1,661
Debt Service Fund	1,322	1,512	1,385	1,549	2,133	2,642	2,817
Total revenue	$ 16,015	$ 17,220	$ 16,799	$ 18,008	$ 18,962	$ 20,412	$ 21,778
ADM served per MDE School District Profiles Report (current year estimated)					4,644	4,486	4,493

Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.

Source of state-wide and metro area data: School District Profiles Report published by the MDE

Expenditures Per ADM Served

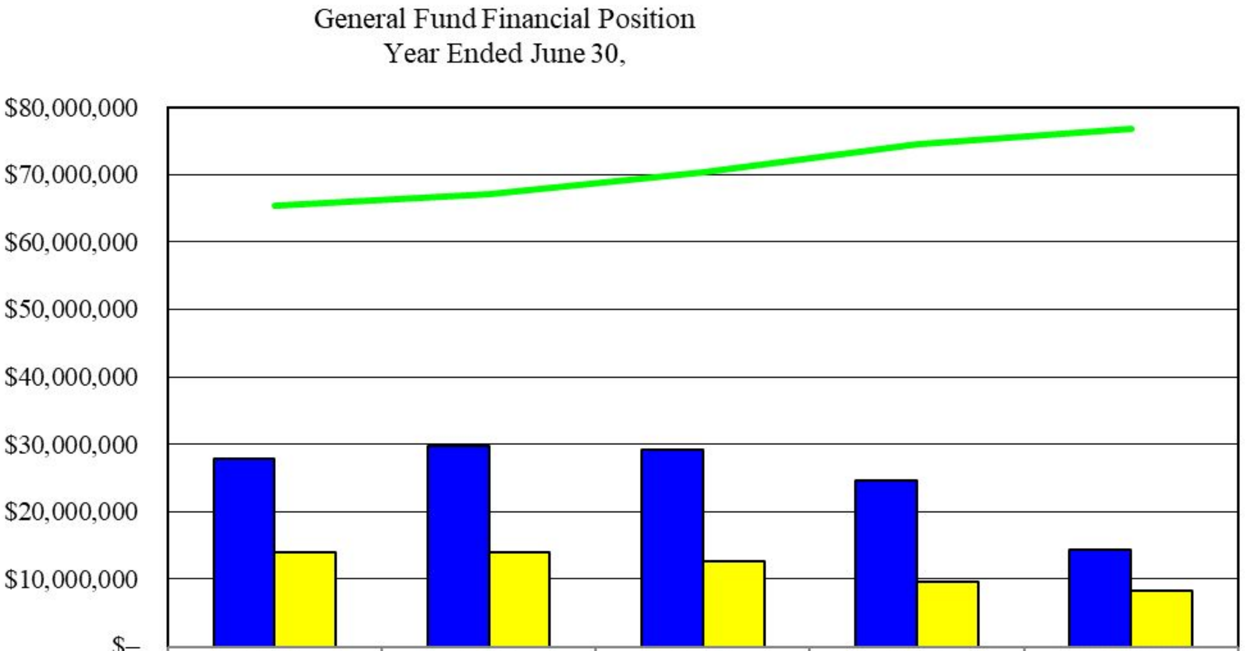
Governmental Funds Expenditures per Student (ADM) Served

	State-Wide		Metro Area		ISD No. 283 – St. Louis Park		
	2020	2021	2020	2021	2020	2021	2022
General Fund							
Administration and district support	$ 1,093	$ 1,184	$ 1,100	$ 1,205	$ 1,387	$ 1,700	$ 1,593
Elementary and secondary regular instruction	5,881	6,198	6,231	6,527	6,859	7,204	7,556
Career and technical instruction	186	197	171	179	132	158	138
Special education instruction	2,481	2,626	2,626	2,792	2,569	2,940	2,766
Instructional support services	683	812	787	917	949	1,008	993
Pupil support services	1,203	1,228	1,316	1,285	1,346	1,457	1,913
Sites, buildings, and other	952	1,083	910	1,052	1,443	1,620	1,636
Total General Fund – noncapital	12,479	13,328	13,141	13,957	14,685	16,087	16,595
General Fund capital expenditures	748	793	717	815	470	534	474
Total General Fund	13,227	14,121	13,858	14,772	15,155	16,621	17,069
Special revenue funds							
Food Service	556	532	548	522	435	363	458
Community Service	661	610	774	682	1,634	1,564	1,658
Debt Service Fund	1,360	1,576	1,379	1,609	2,209	2,629	2,707
Total expenditures	$ 15,804	$ 16,839	$ 16,559	$ 17,585	$ 19,433	$ 21,177	$ 21,892
ADM served per MDE School District Profiles Report (current year estimated)					4,644	4,486	4,493

Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.

Source of state-wide and metro area data: School District Profiles Report published by the MDE

General Fund Financial Position



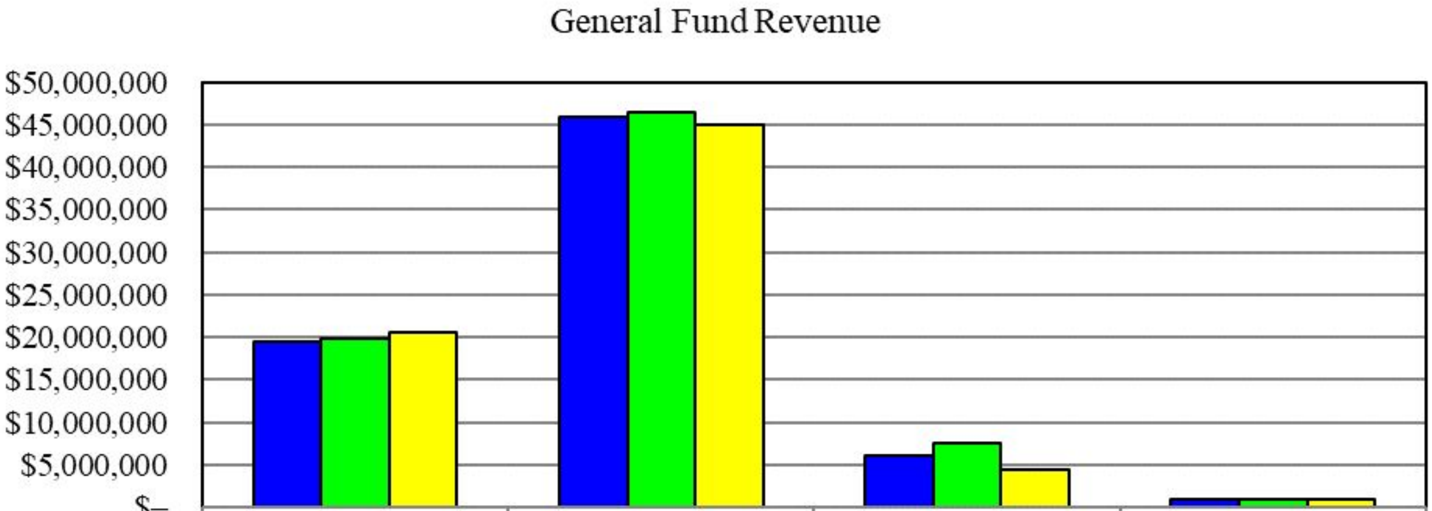
	2018	2019	2020	2021	2022
Cash and Inv. (net of borrowing)	$27,774,491	$29,787,327	$29,264,490	$24,623,836	$14,428,319
Unrestricted Fund Bal.	$14,069,560	$14,061,705	$12,692,970	$9,698,327	$8,232,819
Expenditures	$65,327,345	$67,071,026	$70,377,881	$74,565,879	$76,698,481

General Fund Financial Position (cont.)

	June 30,				
	2018	2019	2020	2021	2022
Nonspendable fund balances	$ 203,888	$ 160,802	$ 209,734	$ 196,545	$ 294,027
Restricted fund balances (1)	4,636,922	5,979,060	6,766,821	6,384,229	6,593,328
Unrestricted fund balances					
Assigned	3,489,241	3,422,803	4,239,796	2,763,949	3,853,266
Unassigned	10,580,319	10,638,902	8,453,174	6,934,378	4,379,553
Total fund balance	$ 18,910,370	$ 20,201,567	$ 19,669,525	$ 16,279,101	$ 15,120,174
Unrestricted fund balances as a percentage of expenditures	21.5%	21.0%	18.0%	13.0%	10.7%

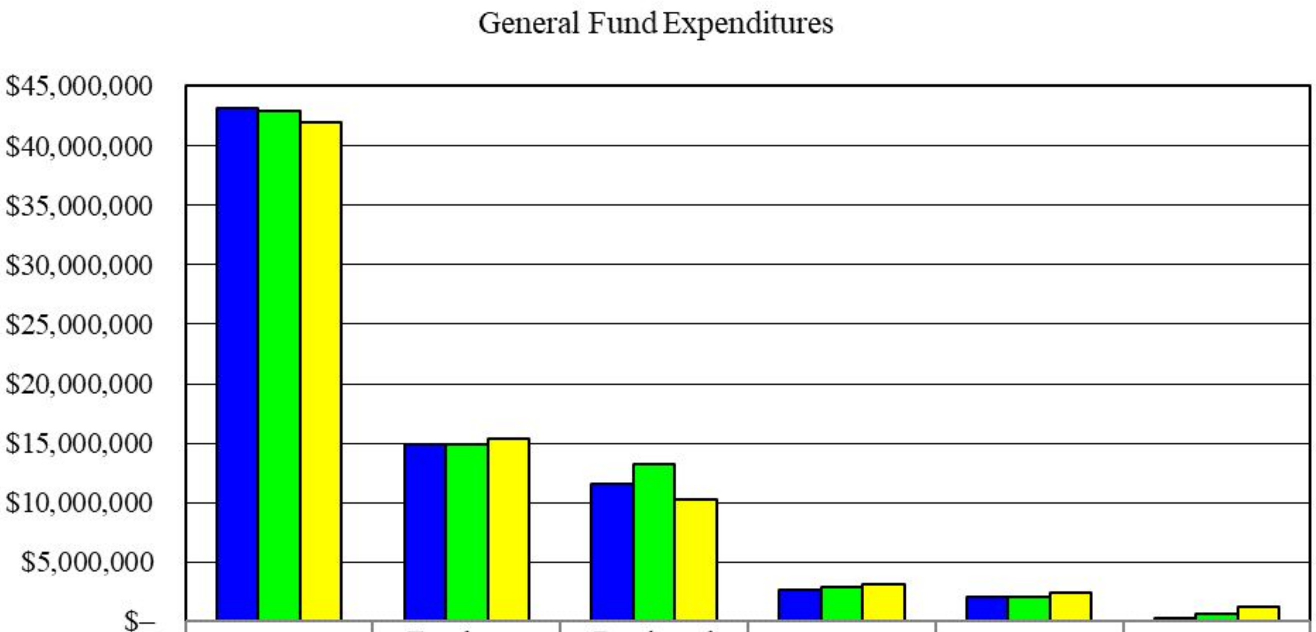
(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

General Fund Revenue



	Property Taxes	State Sources	Federal Sources	Other
Budget	$19,564,000	$45,994,000	$6,115,385	$891,600
Actual	$19,914,370	$46,502,457	$7,467,476	$945,395
Prior Year	$20,648,739	$45,054,510	$4,464,368	$1,007,838

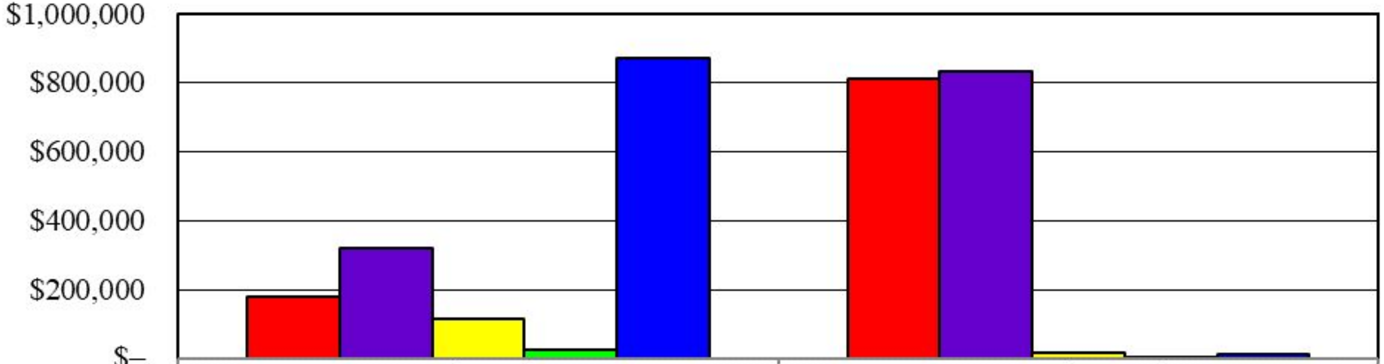
General Fund Expenditures



	Salaries	Employee Benefits	Purchased Services	Supplies	Capital	Other
Budget	$43,144,419	$14,941,731	$11,574,342	$2,697,642	$2,133,866	$265,265
Actual	$42,915,021	$14,914,030	$13,240,872	$2,898,025	$2,131,283	$599,250
Prior Year	$42,006,850	$15,417,317	$10,285,084	$3,193,707	$2,396,667	$1,266,254

Other Governmental Funds

Other Operating Funds
Total Fund Balances



	Food Service	Community Service
2018	$179,329	$810,608
2019	$319,851	$831,373
2020	$114,675	$15,320
2021	$23,771	$2,110
2022	$870,105	$12,801

Government-wide Financial Statements

	June 30, 2022	2021	Change
Net position – governmental activities			
Total fund balances – governmental funds	$ 23,093,028	$ 31,347,927	$ (8,254,899)
Total capital assets, net of depreciation/amortization	167,646,047	160,560,811	7,085,236
Bonds, certificates, financed purchases, and leases, net of premiums	(130,247,155)	(136,407,490)	6,160,335
Pensions, net of deferred outflows and inflows	(65,642,829)	(69,291,004)	3,648,175
Other adjustments	(7,141,576)	(7,327,201)	185,625
Total net position – governmental activities	$ (12,292,485)	$ (21,116,957)	$ 8,824,472
Net position			
Net investment in capital assets	$ 42,240,300	$ 37,444,587	$ 4,795,713
Restricted	8,454,783	6,785,321	1,669,462
Unrestricted	(62,987,568)	(65,346,865)	2,359,297
Total net position	$ (12,292,485)	$ (21,116,957)	$ 8,824,472

Summary

- Clean Opinion on Basic Financial Statements
- Implementation of GASB #87 on Leases
- Two MN Legal Compliance Findings
- Increase in Federal Grants and Aids
- District Met Fund Balance Policy Requirements

Management Report

for

Independent School District No. 283
St. Louis Park, Minnesota

June 30, 2022

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have prepared this management report in conjunction with our audit of Independent School District No. 283, St. Louis Park, Minnesota's (the District) financial statements for the year ended June 30, 2022. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 27, 2022

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

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

The District is subject to a Single Audit of its federal awards expenditures for the year ended June 30, 2022, which is required to be performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). It was originally planned that the Single Audit would be completed and issued, along with the District's financial statement audit by December 31, 2022. Due to the significant increase in pandemic-related federal funding received by Minnesota school districts this year, the Minnesota Department of Education (MDE) has extended the due date for single audits to coincide with the federal deadline of March 31, 2023. The District plans to issue its audited Schedule of Federal Award Expenditures and the related reports separately by this deadline.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2022:

- We have issued an unmodified opinion on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* during the year. Our opinion was not modified with respect to this matter.

- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses. It should be understood that internal controls are never perfected, and those controls, which protect the District's funds from such things as fraud and accounting errors, need to be continually reviewed by management and modified as necessary.

- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

- We reported two findings based on our testing of the District's compliance with Minnesota laws and regulations:

    1. Minnesota Statutes require unclaimed property held for more than three years (or one year for unpaid compensation) to be reported and paid or delivered to the state Commissioner of Commerce each year. This requirement was not met by the District for the current audit year.

    2. Minnesota Statutes require prompt payment of local government bills within a standard payment period of 35 days from receipt for governing boards that meet at least once a month. We noted 3 of 40 disbursements tested were not paid within the statutory timeline.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2022. However, the District implemented the following governmental accounting standard during the year:

> As described in Note 1 of the notes to basic financial statements, the District implemented GASB Statement No. 87, *Leases*, during fiscal year ended June 30, 2022. As described in Note 1 of the basic financial statements, this standard changed the way lease transactions are reported by the District, but did not result in a restatement of net position in the current year.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.
>
> Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.
>
> The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.
>
> The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68, 73, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.
>
> The depreciation/amortization of capital assets involves estimates pertaining to useful lives.
>
> The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above and on the previous page in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 27, 2022.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements and the separately issued Uniform Financial Accounting and Reporting Standards Compliance Table, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, which accompanies the financial statements, but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. This section provides selected state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

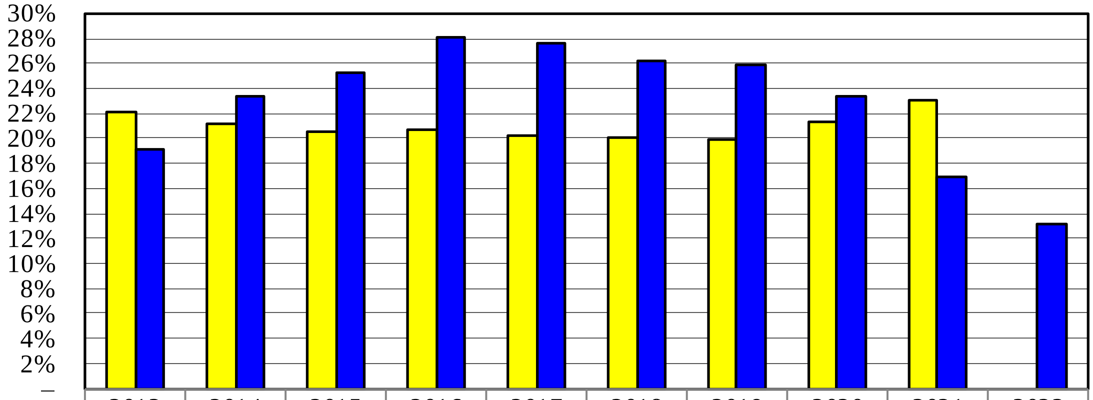
The table below presents a summary of the formula allowance for the past decade and as approved for the current audit period and the next fiscal year. The Legislature approved a per pupil increase of $135 for fiscal 2023. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the "roll-in" of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The $529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately $105, or 2.00 percent, state-wide.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2013	$ 5,224	1.00 %
2014	$ 5,302	1.50 %
2015	$ 5,831	2.00 %
2016	$ 5,948	2.00 %
2017	$ 6,067	2.00 %
2018	$ 6,188	2.00 %
2019	$ 6,312	2.00 %
2020	$ 6,438	2.00 %
2021	$ 6,567	2.00 %
2022	$ 6,728	2.45 %
2023	$ 6,863	2.00 %

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State-Wide	22.1%	21.2%	20.6%	20.7%	20.3%	20.0%	19.9%	21.3%	23.0%	–
ISD No. 283	19.2%	23.4%	25.3%	28.1%	27.6%	26.2%	25.9%	23.4%	16.9%	13.2%

Note: State-wide information is not available for fiscal 2022.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 22.1 percent at the end of fiscal 2013 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state's economic condition and school funding. This ratio began rising again during the fiscal years impacted by the COVID-19 pandemic, increasing to 23.0 percent at the end of fiscal 2021.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 13.2 percent at the end of the current year, as compared to 16.9 percent at June 30, 2021.

Having an appropriate fund balance is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served

	State-Wide		Metro Area		ISD No. 283 – St. Louis Park		
	2020	2021	2020	2021	2020	2021	2022
General Fund							
Property taxes	$ 2,345	$ 2,576	$ 3,100	$ 3,411	$ 4,486	$ 4,603	$ 4,432
Other local sources	538	438	417	323	343	225	210
State	10,144	10,514	10,127	10,517	9,705	10,043	10,350
Federal	480	992	499	956	446	995	1,662
Total General Fund	13,507	14,520	14,143	15,207	14,980	15,866	16,654
Special revenue funds							
Food Service	554	576	539	568	391	343	646
Community Service	632	612	732	684	1,458	1,561	1,661
Debt Service Fund	1,322	1,512	1,385	1,549	2,133	2,642	2,817
Total revenue	$ 16,015	$ 17,220	$ 16,799	$ 18,008	$ 18,962	$ 20,412	$ 21,778
ADM served per MDE School District Profiles Report (current year estimated)					4,644	4,486	4,493

Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.

Source of state-wide and metro area data: School District Profiles Report published by the MDE

ADM used in the table above is based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables.

The mix of local and state revenues vary from year-to-year primarily based on funding formulas and the state's financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The District earned approximately $97.9 million in the governmental funds reflected above in fiscal 2022, which is an increase of about $6.3 million from the prior year. Total revenue per ADM served increased by $1,366 per student. Federal sources in the General Fund increased $667 per student from stimulus and pandemic-related grants and aids. General Fund state aid revenues were $307 per student higher than last year, mainly due to the per pupil unit increase in the general education formula allowance, as well as increases in special education and transportation-related state aids. Food Service Special Revenue Fund revenue increased $303 per student, due to the return to an in-person learning model. Community Service Special Revenue Fund revenue increased $100 per student, due to significant programming changes and the return to an in-person learning model. Debt Service Fund revenue increased $175 per student, as anticipated in approved debt financing plans.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served

	State-Wide		Metro Area		ISD No. 283 – St. Louis Park		
	2020	2021	2020	2021	2020	2021	2022
General Fund							
Administration and district support	$ 1,093	$ 1,184	$ 1,100	$ 1,205	$ 1,387	$ 1,700	$ 1,593
Elementary and secondary regular instruction	5,881	6,198	6,231	6,527	6,859	7,204	7,556
Career and technical instruction	186	197	171	179	132	158	138
Special education instruction	2,481	2,626	2,626	2,792	2,569	2,940	2,766
Instructional support services	683	812	787	917	949	1,008	993
Pupil support services	1,203	1,228	1,316	1,285	1,346	1,457	1,913
Sites, buildings, and other	952	1,083	910	1,052	1,443	1,620	1,636
Total General Fund – noncapital	12,479	13,328	13,141	13,957	14,685	16,087	16,595
General Fund capital expenditures	748	793	717	815	470	534	474
Total General Fund	13,227	14,121	13,858	14,772	15,155	16,621	17,069
Special revenue funds							
Food Service	556	532	548	522	435	363	458
Community Service	661	610	774	682	1,634	1,564	1,658
Debt Service Fund	1,360	1,576	1,379	1,609	2,209	2,629	2,707
Total expenditures	$ 15,804	$ 16,839	$ 16,559	$ 17,585	$ 19,433	$ 21,177	$ 21,892
ADM served per MDE School District Profiles Report (current year estimated)					4,644	4,486	4,493

Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.

Source of state-wide and metro area data: School District Profiles Report published by the MDE

Expenditure patterns vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District's expenditures per ADM have been above the metro area average in recent years, mainly in General Fund operating, Community Service Special Revenue Fund, and Debt Service Fund expenditures.

The District spent approximately $98.4 million in the governmental funds reflected above in fiscal 2022, an increase of approximately $3.4 million (3.5 percent) from the prior year. On a per student basis, this represents an increase of $715. General Fund operating expenditures (excluding capital) increased $508 per student, mainly in elementary and secondary regular instruction ($352 per pupil), and pupil support services ($456 per pupil) related to increasing transportation costs. The increase in elementary and secondary regular instruction is due to contractual salary and benefit increases. Food Service Special Revenue and Community Service Special Revenue Funds increased $95 per ADM and $94 per ADM, respectively, consistent with the increase in revenues.

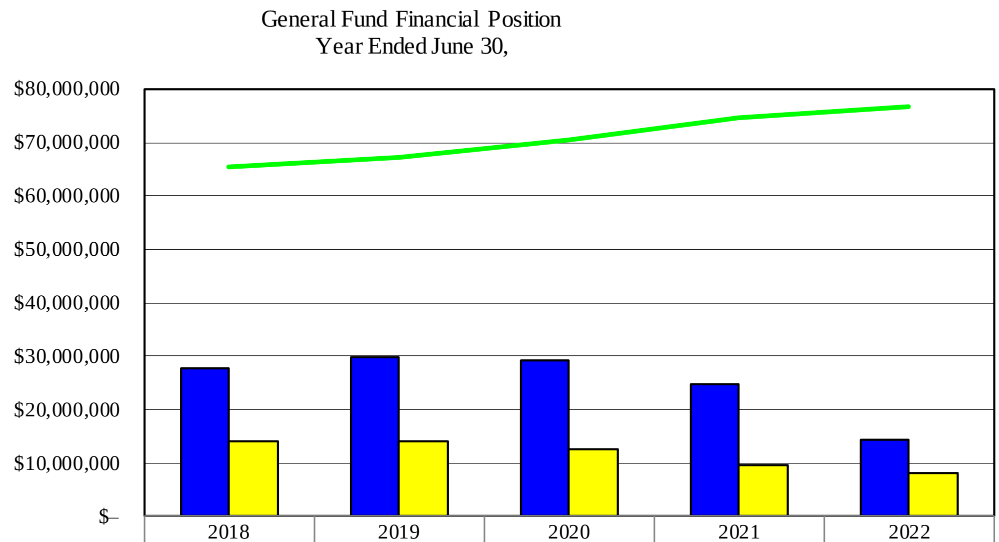
SUMMARY

The COVID-19 pandemic caused numerous financial and operational challenges for districts in recent years; creating instability in student populations, requiring numerous shifts in the delivery of educational services, and resulting in substantial new and unfamiliar federal revenue streams, to name a few. District school boards, administrators, and employees continue to face many challenges, as districts strive to provide a safe and effective learning experience for their students in this uncertain and unprecedented environment.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



	2018	2019	2020	2021	2022
Cash and Inv. (net of borrowing)	$27,774,491	$29,787,327	$29,264,490	$24,623,836	$14,428,319
Unrestricted Fund Bal.	$14,069,560	$14,061,705	$12,692,970	$9,698,327	$8,232,819
Expenditures	$65,327,345	$67,071,026	$70,377,881	$74,565,879	$76,698,481

The District ended fiscal year 2022 with a General Fund cash balance of $14,428,319 (net of borrowing and interfund receivables and payables), a decrease of $10,195,517 from the previous year. This decline is related to the change in fund balance and the summer pay for nine month employees before June 30, in the current year, which did not occur in previous years. Unrestricted fund balance (consisting of any assigned or unassigned fund balances) at year-end totaled $8,232,819, a decrease of $1,465,508.

Legislatively-approved changes in the metering of state aid payments to school districts and in the tax shift significantly impacted cash and investment balances in certain years, presented in the graph above.

GENERAL FUND COMPONENTS OF FUND BALANCE

The following table presents the components of the General Fund balance for the past five years:

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Nonspendable fund balances	$ 203,888	$ 160,802	$ 209,734	$ 196,545	$ 294,027
Restricted fund balances (1)	4,636,922	5,979,060	6,766,821	6,384,229	6,593,328
Unrestricted fund balances					
Assigned	3,489,241	3,422,803	4,239,796	2,763,949	3,853,266
Unassigned	10,580,319	10,638,902	8,453,174	6,934,378	4,379,553
Total fund balance	$ 18,910,370	$ 20,201,567	$ 19,669,525	$ 16,279,101	$ 15,120,174
Unrestricted fund balances as a percentage of expenditures	21.5%	21.0%	18.0%	13.0%	10.7%

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula. The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

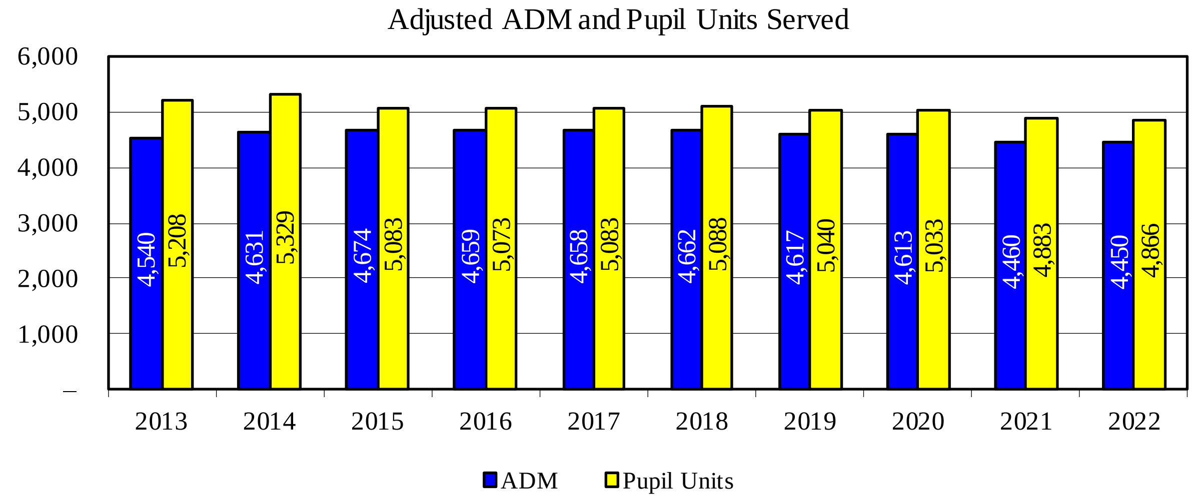
The School Board has a formally adopted a fund balance policy that establishes a desired unassigned General Fund balance. The policy states the District establishes a year-end minimum unassigned fund balance of 6.0 percent of subsequent year's General Fund noncategorical expenditures.

The District's General Fund, its primary operating fund, ended the most recent fiscal year with a total fund balance of $15,120,174, a decrease of $1,158,927 from the prior year. The unrestricted portion of the year-end fund balance (assigned and unassigned) was $8,232,819, which represents 10.7 percent of annual General Fund expenditures based on fiscal 2022 expenditure levels.

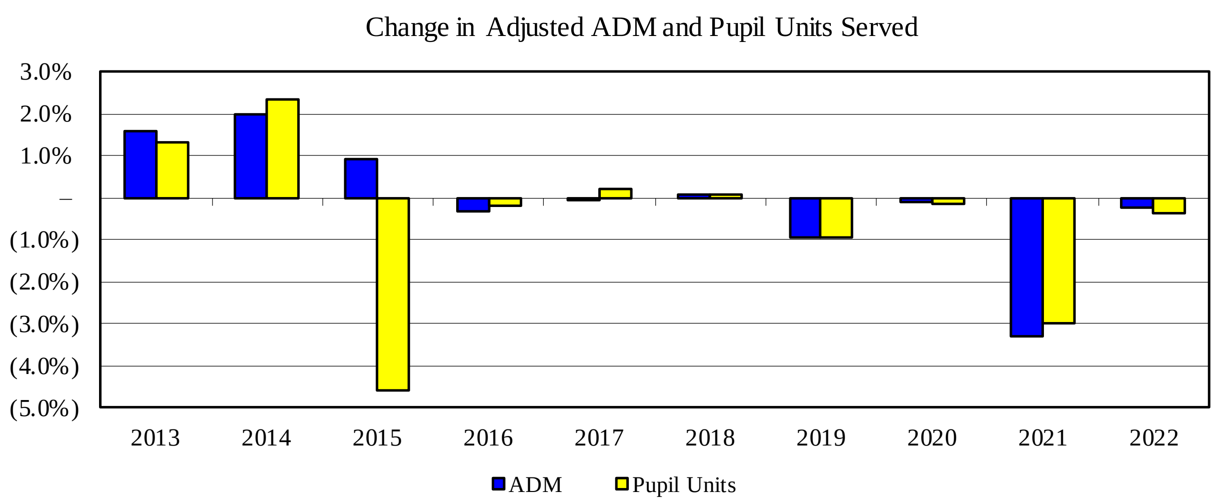
The unassigned fund balance, including assigned for subsequent year's budget, was 10.2 percent of General Fund noncategorized expenditures (per district policy) and is above the District's policy for year-end minimum amounts of unassigned fund balance of 6.0 percent.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

The following graph presents the District's adjusted ADM and pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year-to-year, along with the change in the resulting pupil units:



The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

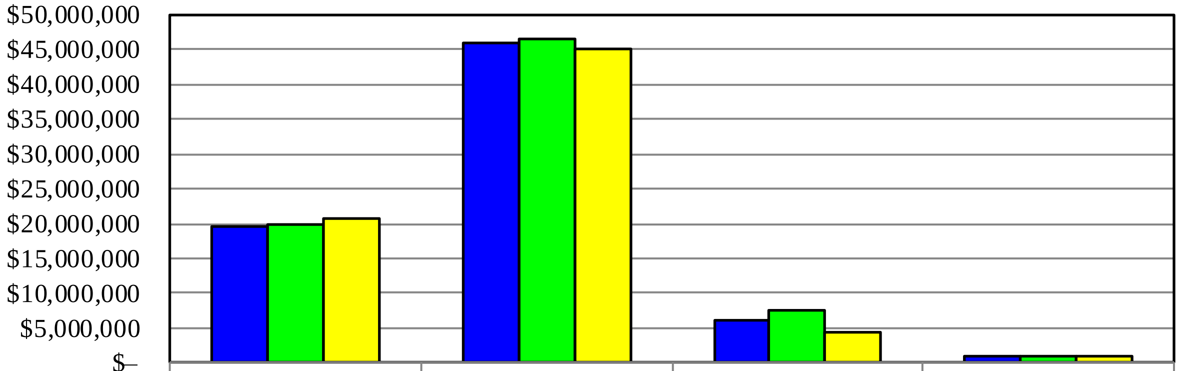
ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments, which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated adjusted ADM of 4,450 in 2022, a decrease of 10 from the previous year. The number of pupil units served by the District for fiscal 2022 was 4,866, a decrease of 17 from the prior year.

GENERAL FUND REVENUES

The following graph summarizes the District's General Fund revenue for 2022:

General Fund Revenue



	Property Taxes	State Sources	Federal Sources	Other
Budget	$19,564,000	$45,994,000	$6,115,385	$891,600
Actual	$19,914,370	$46,502,457	$7,467,476	$945,395
Prior Year	$20,648,739	$45,054,510	$4,464,368	$1,007,838

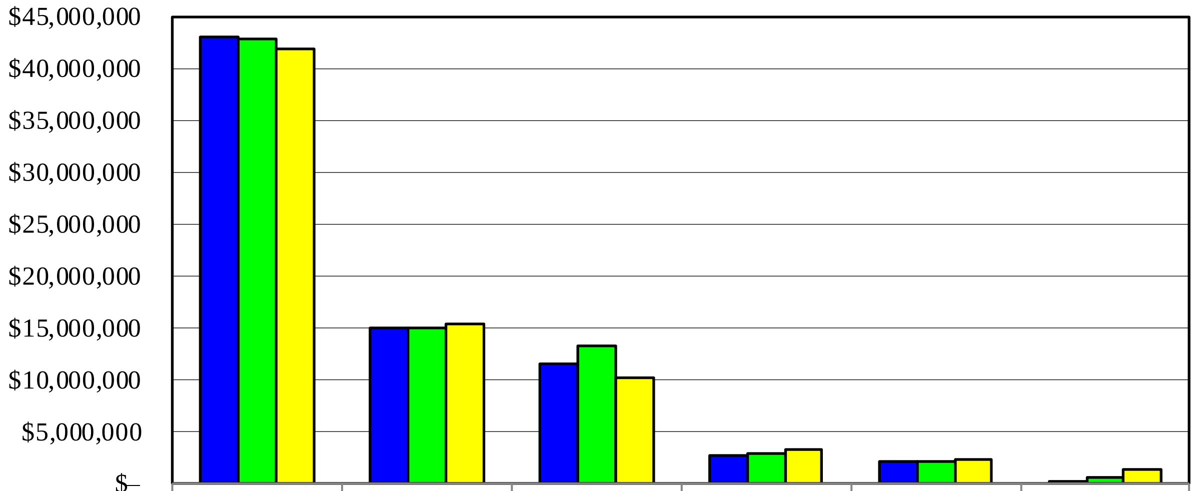
Total General Fund revenues were $74,829,698 for the year ended June 30, 2022, which was $2,264,713 (3.1 percent) over the final budget. Federal and state revenues were over budget by $1,352,091 and $508,457, respectively, due to higher than projected COVID-19 stimulus-related grants and aids received and transportation state aid.

General Fund total revenues were $3,654,243 higher than the previous year. The increase from the prior year was mainly in federal sources, which increased $3,003,108. This was a result of an increase in pandemic-related stimulus grants and aids. State sources increased $1,447,947, mainly in transportation aid.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2022:

General Fund Expenditures



	Salaries	Employee Benefits	Purchased Services	Supplies	Capital	Other
Budget	$43,144,419	$14,941,731	$11,574,342	$2,697,642	$2,133,866	$265,265
Actual	$42,915,021	$14,914,030	$13,240,872	$2,898,025	$2,131,283	$599,250
Prior Year	$42,006,850	$15,417,317	$10,285,084	$3,193,707	$2,396,667	$1,266,254

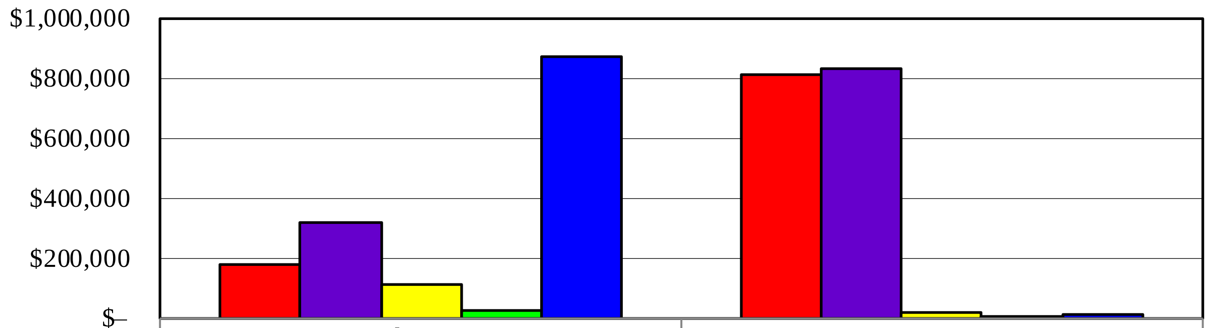
Total General Fund expenditures were $76,698,481 for the year ended June 30, 2022, which was $1,941,216 (2.6 percent) over the final budget. This resulted from a combination of some categories being over budget, while other categories were under budget, with the largest variance being purchased services, which was $1,666,530 over budget, primarily in pupil support services for transportation.

Total General Fund expenditures were $2,132,602 (2.9 percent) more than the prior year. The largest increase was in purchased services, which increased $2,955,788 and salaries, which increased $908,171, from the prior year. The increase in purchased services was mainly in elementary and secondary regular instruction and in pupil support services for substitutes, on-line learning cooperative costs, and transportation. The increase in salaries was mostly due to contractual increases in the current year.

Other Funds of the District

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.

Other Operating Funds
Total Fund Balances



	Food Service	Community Service
2018	$179,329	$810,608
2019	$319,851	$831,373
2020	$114,675	$15,320
2021	$23,771	$2,110
2022	$870,105	$12,801

Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended fiscal 2022 with a fund balance increase of $846,334, compared to a break-even budget. Food service revenue was $2,903,084, which was over budget by $1,106,931, mainly in federal revenue. Expenditures were $2,056,750, and over budget by $260,597. The ending fund balance of $870,105 in this fund represents 42.3 percent of current year expenditures.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended fiscal 2022 with a fund balance increase of $10,691, compared to an increase of $131,930 projected in the budget. Revenues were $7,462,070, which was over budget by $260,892, mainly in program fees. Expenditures were $7,451,379, which was over budget by $382,131, mainly in salaries. The ending fund balance of $12,801 in this fund represents 0.2 percent of current year expenditures.

Over the years, we have emphasized to our clients that food service and community service operations should be self-sustaining, and should not become an additional burden on general education funds.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund ended the year with a fund balance decrease of $8,449,858 as the District spent down bond proceeds from bonds issued in previous years. At June 30, 2022, the fund balance is $4,841,408, restricted for capital projects and long-term facilities maintenance needs.

Debt Service Fund

The District's Debt Service Fund ended fiscal 2022 with a fund balance increase of $496,861, compared to a budgeted increase of $626,229. Revenues were $12,657,210, which was less than budget by $125,790. Expenditures were $12,160,349, and over budget by $3,578. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan.

Internal Service Funds

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

Dental Self-Insurance – Revenues for fiscal 2022 totaled $645,721, while expenses totaled $607,165. The net position as of June 30, 2022 was $459,786, which represents 75.7 percent of annual operating expenses of this fund.

Medical Self-Insurance – Revenues for fiscal 2022 totaled $9,590,880, while expenses totaled $9,210,345. The net position as of June 30, 2022 was $1,691,487, which represents 18.4 percent of annual operating expenses of this fund.

Other Post-Employment Benefits (OPEB) Fund – Revenues for fiscal 2022 totaled ($51,270), while expenses totaled $88,886. The net position (deficit) as of June 30, 2022 was ($3,097,839).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30, 2022	June 30, 2021	Change
Net position – governmental activities			
Total fund balances – governmental funds	$ 23,093,028	$ 31,347,927	$ (8,254,899)
Total capital assets, net of depreciation/amortization	167,646,047	160,560,811	7,085,236
Bonds, certificates, financed purchases, and leases, net of premiums	(130,247,155)	(136,407,490)	6,160,335
Pensions, net of deferred outflows and inflows	(65,642,829)	(69,291,004)	3,648,175
Other adjustments	(7,141,576)	(7,327,201)	185,625
Total net position – governmental activities	$ (12,292,485)	$ (21,116,957)	$ 8,824,472
Net position			
Net investment in capital assets	$ 42,240,300	$ 37,444,587	$ 4,795,713
Restricted	8,454,783	6,785,321	1,669,462
Unrestricted	(62,987,568)	(65,346,865)	2,359,297
Total net position	$ (12,292,485)	$ (21,116,957)	$ 8,824,472

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g. Food Service Special Revenue Fund balance can only be spent for Food Service Program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as vacation payable, severance payable, net pension, and net OPEB liabilities.

Unrestricted net position increased $2,359,297 in fiscal 2022. The change in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association state-wide pension liabilities and related deferments was the primary cause.

The District's net investment in capital assets increased $4,795,713. This change generally relates to the relationship between the rate capital assets are being added and depreciated/amortized, and the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in the current year was also impacted by capital additions financed with available resources and capital-related levies, which do not result in additional capital-related debt.

Restricted net position increased $1,669,462, mainly in debt service and food service restrictions.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB STATEMENT NO. 99, *OMNIBUS 2022*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*
- Terminology used in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, to refer to resource flows statements.

The requirements of this statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB STATEMENT NO. 100, *ACCOUNTING CHANGES AND ERROR CORRECTIONS – AN AMENDMENT OF GASB STATEMENT NO. 62*

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used, but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

Financial Statements and
Supplementary Information

Year Ended
June 30, 2022

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Table of Contents (continued)

INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 283

School Board and Superintendent's Cabinet
As of June 30, 2022

SCHOOL BOARD

	Position
Anne Casey	Chairperson
Heather Wilsey	Vice Chairperson
Kenneth Morrison	Treasurer
C. Colin Cox	Clerk
Sarah Davis	Director
Abdihakim Ibrahim	Director
Virginia Mancini	Director

SUPERINTENDENT'S CABINET

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

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

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. 283 (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)

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Prior Year Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 19, 2021. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 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 27, 2022

As management of Independent School District No. 283 (the District), we have provided readers of the District's financial statements with this narrative overview and analysis of the District's financial activities during the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2022 by $12,292,485 (deficit net position). Government-wide revenues totaled $97,687,680, and expenses were $88,863,208. As a result, the District's total net position increased by $8,824,472 during the fiscal year ended June 30, 2022.

- The District's General Fund, its primary operating fund, ended the most recent fiscal year with a total fund balance of $15,120,174, a decrease of $1,158,927 from the prior year. The unrestricted portion of the year-end fund balance (assigned and unassigned) was $8,218,403, which represents 10.7 percent of annual General Fund expenditures based on fiscal 2022 expenditure levels. The unassigned fund balance, including assigned for subsequent year's budget, was 10.2 percent of General Fund noncategorized expenditures and is above the District's policy for year-end minimum amounts of unassigned fund balance of 6.0 percent.

- During the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (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.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;

- Management's discussion and analysis;

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

- Required supplementary information; and

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

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

	2022	2021
Assets		
Current and other assets	$ 64,250,958	$ 79,881,823
Capital assets, net of depreciation/amortization	167,646,047	160,560,811
Total assets	$ 231,897,005	$ 240,442,634
Deferred outflows of resources		
Pension plan deferments	$ 18,886,811	$ 21,124,655
Single-employer pension plan deferments	555,946	630,313
OPEB plan deferments	829,399	720,077
Total deferred outflows of resources	$ 20,272,156	$ 22,475,045
Liabilities		
Current and other liabilities	$ 7,086,600	$ 15,213,686
Long-term liabilities, including due within one year	174,859,165	200,373,034
Total liabilities	$ 181,945,765	$ 215,586,720
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 31,436,300	$ 30,964,559
Pension plan deferments	49,916,819	36,138,085
Single-employer pension plan deferments	152,428	186,612
OPEB plan deferments	1,010,334	1,158,660
Total deferred inflows of resources	$ 82,515,881	$ 68,447,916
Net position		
Net investment in capital assets	$ 42,240,300	$ 37,444,587
Restricted	8,454,783	6,785,321
Unrestricted	(62,987,568)	(65,346,865)
Total net position	$ (12,292,485)	$ (21,116,957)

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

Total net position increased by $8,824,472 in 2022. The changes in the District's proportionate share of the state-wide pension plans contributed to the increase in unrestricted net position, the changes in deferred inflows and outflows of resources, and the change in long-term liabilities. The increase in capital assets and the decline in current and other assets relates to the use of bond proceeds for building construction issued by the District. The increase in net investment in capital assets mostly relates to payments on debt being greater than depreciation/amortization on capital assets they financed. The decline in current and other liabilities relates to a decline in salaries payable, due to the payment of nine-month employee summer pay before June 30th in fiscal 2022.

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

Table 2
Change in Net Position
for the Years Ended June 30, 2022 and 2021

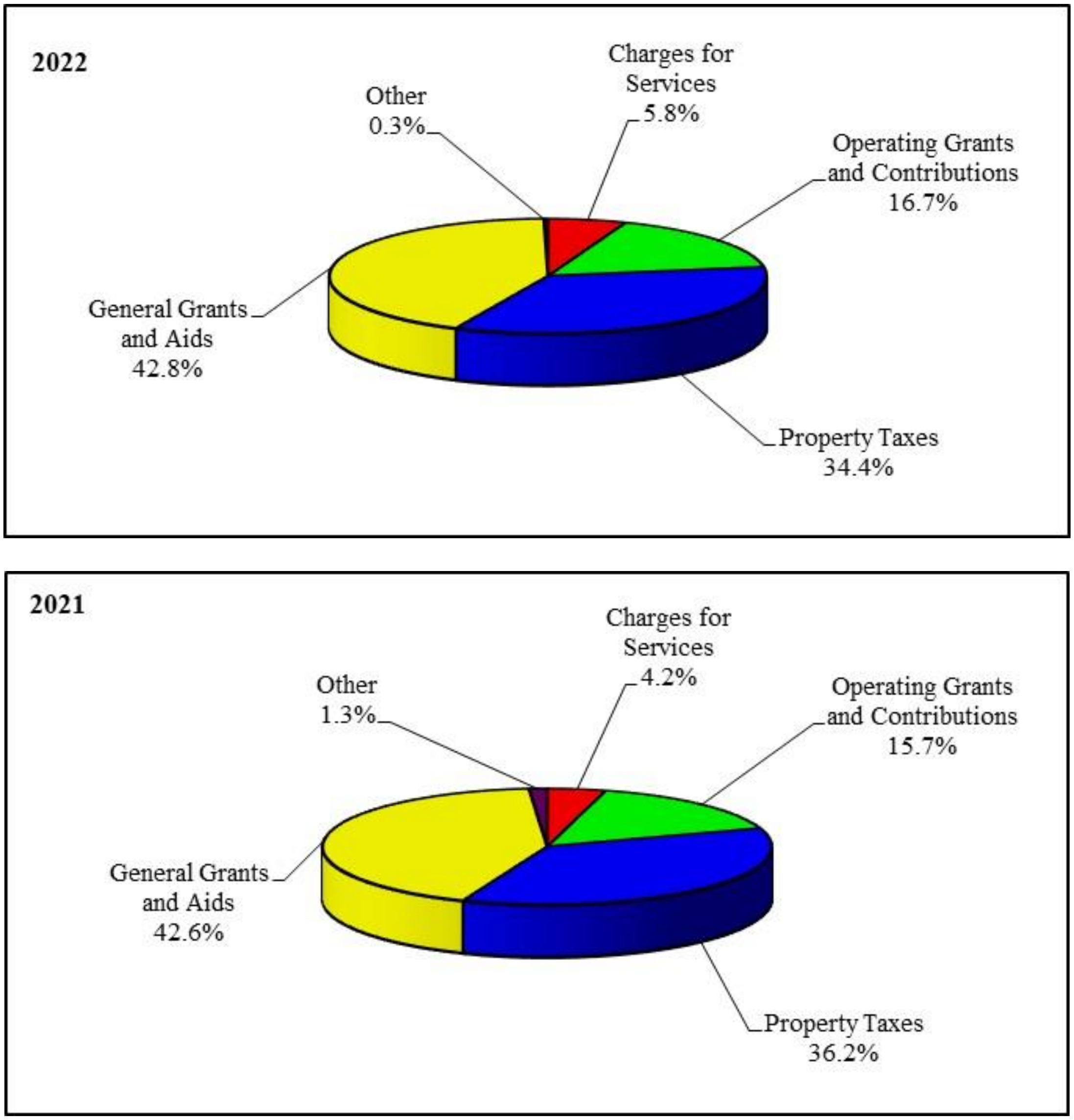
	2022	2021
Revenues		
Program revenues		
Charges for services	$ 5,694,719	$ 3,833,064
Operating grants and contributions	16,340,857	14,502,027
General revenues		
Property taxes	33,574,152	33,426,265
General grants and aids	41,801,976	39,320,242
Other	275,976	1,195,715
Total revenues	97,687,680	92,277,313
Expenses		
Administration	2,588,977	3,059,470
District support services	5,252,628	5,703,281
Elementary and secondary regular instruction	32,192,722	34,046,132
Vocational education instruction	572,398	754,089
Special education instruction	11,776,054	13,750,159
Instructional support services	4,451,285	4,665,263
Pupil support services	8,497,173	6,751,332
Sites and buildings	5,803,661	9,289,786
Fiscal and other fixed cost programs	414,162	459,560
Food service	1,997,953	1,573,535
Community service	7,057,386	6,989,372
Unallocated depreciation/amortization	3,849,116	3,880,283
Interest and fiscal charges	4,409,693	4,559,424
Total expenses	88,863,208	95,481,686
Change in net position	8,824,472	(3,204,373)
Net position – beginning	(21,116,957)	(17,912,584)
Net position – ending	$ (12,292,485)	$ (21,116,957)

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

Total revenues for fiscal year 2022 were $5,410,367 higher than last year, mainly due to increases in federal and state sources, as well as an increase in other revenue related to COVID-19 pandemic changes in operations and the related change from distance learning to in-person classes during the year. Total expenses decreased $6,618,478, compared to fiscal year 2021 levels, which primarily reflects decreases in sites and buildings as facility upgrades slowed in the current year. Expenses were also lower, as a result of changes in pension plan reporting in both fiscal 2022 and 2021.

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

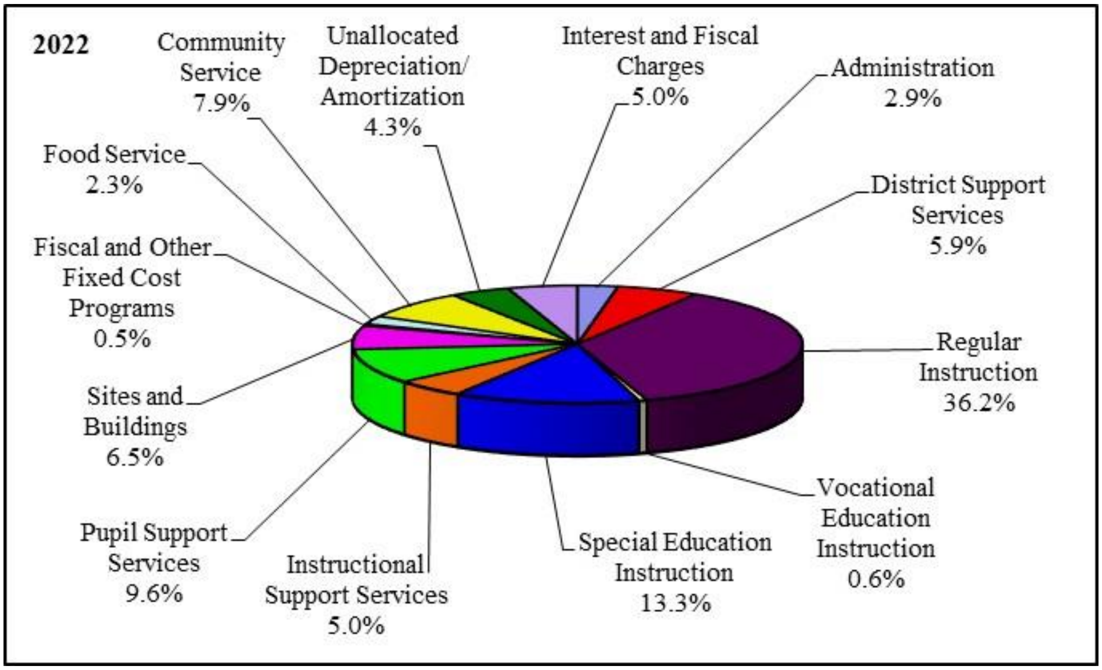
Figure A – Sources of Revenue for Fiscal Years 2022 and 2021

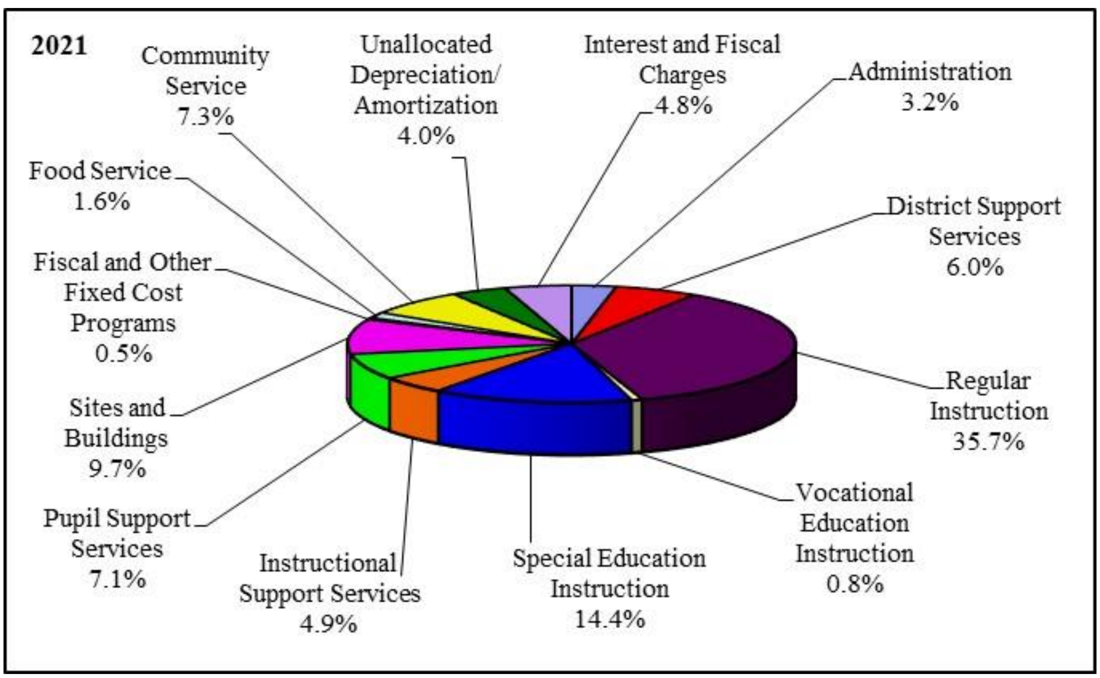


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed pressure on local school districts, as a result of limited funding increases in recent years.

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

Figure B – Expenses for Fiscal Years 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 as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

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

	2022	2021	Change
Major funds			
General	$ 15,120,174	$ 16,279,101	$ (1,158,927)
Capital Projects – Building Construction	4,841,408	13,291,266	(8,449,858)
Debt Service	2,248,540	1,751,679	496,861
Nonmajor funds			
Food Service Special Revenue	870,105	23,771	846,334
Community Service Special Revenue	12,801	2,110	10,691
Total governmental funds	$ 23,093,028	$ 31,347,927	$ (8,254,899)

In 2022, the General Fund balance decreased $1,158,927 from the prior year. This compares to a final budget that anticipated a decline in fund balance of $2,192,280.

The Capital Projects – Building Construction Fund decreased $8,449,858 from the prior year, due to the use of school building bonds that were issued during fiscal 2018, as well as the use of facilities maintenance bonds that were issued during fiscal 2020.

The Debt Service Fund increased $496,861, consistent with property tax levies and debt service payment schedules in this fund.

The increase in the Food Service Special Revenue Fund of $846,334 was mainly due to the increase in federal revenue in the current year.

The Community Service Special Revenue Fund experienced a fund balance increase of $10,691.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 71,078,918	$ 72,564,985	$ 1,486,067	2.1%
Expenditures	$ 74,801,866	$ 74,757,265	$ (44,601)	(0.1%)

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

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2022 Actual	Amount	Percent	Amount	Percent
Revenue	$ 74,829,698	$ 2,264,713	3.1%	$ 3,654,243	5.1%
Expenditures	76,698,481	$ 1,941,216	2.6%	$ 2,132,602	2.9%
Other financing sources	709,856	$ 709,856	100.0%	$ 709,856	100.0%
Net change in fund balances	$ (1,158,927)				

The increase in 2022 actual revenue was due to federal sources increasing $3,003,108, due to the District receiving additional COVID-19 pandemic-related stimulus grants and aids in the current year.

Expenditures increases were mainly in purchased services, which increased $2,955,788, mainly in pupil support services for transportation and elementary and secondary regular instruction for substitute teachers and on-line learning cooperative costs.

General Fund revenues exceeded budgeted amounts by $2,264,713. Federal revenues were over budget by $1,352,091. The majority of this variance was due to higher than projected pandemic-related stimulus grants and aids received during the current year. State aid revenue was higher than budget by $508,457, mainly from transportation aid.

Expenditures were over budget by $1,941,216. This was mainly for purchased services, which exceeded budget by $1,666,530, mainly in pupil support services for transportation. Other financing sources exceeded budgeted amounts by $709,856 related to the issuance of debt.

Internal Service Funds

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

- **Medical Self-Insurance**

  Revenues for fiscal 2022 totaled $9,590,880, while expenses totaled $9,210,345. The net position as of June 30, 2022 was $1,691,487, which represents 18.4 percent of annual operating expenses of this fund.

- **Dental Self-Insurance**

  Revenues for fiscal 2022 totaled $645,721, while expenses totaled $607,165. The net position as of June 30, 2022 was $459,786, which represents 75.7 percent of annual operating expenses of this fund.

- **Other Post-Employment Benefits**

  Expenses in fiscal 2022 totaled $88,886. The net position as of June 30, 2022 was a deficit $3,097,839.

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	$ 7,812,500	$ 7,812,500	$ –
Construction in process	1,749,484	22,694,727	(20,945,243)
Land improvements	264,344	264,344	–
Buildings and improvements	178,814,154	149,106,187	29,707,967
Furniture and equipment	56,496,107	60,858,849	(4,362,742)
Buildings and improvements – leased	1,290,949	–	1,290,949
Furniture and equipment – leased	359,301	–	359,301
Less accumulated depreciation/amortization	(79,140,792)	(80,175,796)	1,035,004
Total	$ 167,646,047	$ 160,560,811	$ 7,085,236
Depreciation/amortization expense	$ 4,163,706	$ 3,981,030	$ 182,676

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

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2022	2021	Change
General obligation bonds	$ 118,895,000	$ 126,075,000	$ (7,180,000)
Premiums	9,257,992	9,794,084	(536,092)
Financed purchases	673,679	538,406	135,273
Lease liability	1,420,484	–	1,420,484
Net pension liability	31,076,711	50,672,545	(19,595,834)
Single-employer pension liability	3,939,628	4,048,730	(109,102)
Total OPEB liability	5,067,292	4,910,168	157,124
Compensated absences	756,387	796,596	(40,209)
Severance benefits	3,771,992	3,537,505	234,487
Total	$ 174,859,165	$ 200,373,034	$ (25,513,869)

The decrease in general obligation bonds and premiums, as shown in Table 7, is based on the planned repayment and amortization schedules. The change in lease liability is related to the implementation of GASB Statement No. 87, *Leases.* The change in net pension liability is related to changes in the District's proportionate share of the state-wide pension plans.

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

Table 8
Limitations on Debt

District's market value	$ 8,170,358,200
Limit rate	15.0%
Legal debt limit	$ 1,225,553,730

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Office, Independent School District No. 283, 6425 West 33rd Street St. Louis Park, Minnesota 55426.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 283

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	$ 27,910,631	$ 34,978,769
Receivables		
Current taxes	16,604,638	17,073,578
Delinquent taxes	303,982	410,106
Accounts and interest	234,424	541,104
Due from other governmental units	11,107,132	8,302,869
Inventory	21,496	22,059
Prepaid items	297,640	196,545
Restricted assets – temporarily restricted		
Cash and investments for building construction	5,443,047	15,591,785
Cash and investments for OPEB	2,327,968	2,765,008
Capital assets		
Not depreciated	9,561,984	30,507,227
Depreciated, net of accumulated depreciation/amortization	158,084,063	130,053,584
Total capital assets, net of accumulated depreciation/amortization	167,646,047	160,560,811
Total assets	231,897,005	240,442,634
Deferred outflows of resources		
Pension plan deferments	18,886,811	21,124,655
Single-employer pension plan deferments	555,946	630,313
OPEB plan deferments	829,399	720,077
Total deferred outflows of resources	20,272,156	22,475,045
Total assets and deferred outflows of resources	$ 252,169,161	$ 262,917,679
Liabilities		
Salaries payable	$ 673,288	$ 6,313,908
Accounts and contracts payable	1,964,414	4,064,756
Accrued interest payable	1,970,613	2,071,051
Due to other governmental units	124,777	14,657
Severance payable	19,314	–
Unearned revenue	1,097,508	2,132,353
Claims incurred, but not reported	1,236,686	616,961
Long-term liabilities		
Due within one year	9,535,350	8,982,910
Due in more than one year	165,323,815	191,390,124
Total long-term liabilities	174,859,165	200,373,034
Total liabilities	181,945,765	215,586,720
Deferred inflows of resources		
Property taxes levied for subsequent year	31,436,300	30,964,559
Pension plan deferments	49,916,819	36,138,085
Single-employer pension plan deferments	152,428	186,612
OPEB plan deferments	1,010,334	1,158,660
Total deferred inflows of resources	82,515,881	68,447,916
Net position		
Net investment in capital assets	42,240,300	37,444,587
Restricted for		
Capital asset acquisition	4,769,907	4,796,405
Debt service	374,798	–
Food service	870,105	23,771
Community service	602,136	377,321
Other purposes (state funding restrictions)	1,837,837	1,587,824
Unrestricted	(62,987,568)	(65,346,865)
Total net position	(12,292,485)	(21,116,957)
Total liabilities, deferred inflows of resources, and net position	$ 252,169,161	$ 262,917,679

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022				2021
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 2,588,977	$ –	$ –	$ (2,588,977)	$ (3,059,470)
District support services	5,252,628	5,682	144,173	(5,102,773)	(5,697,656)
Elementary and secondary regular instruction	32,192,722	397,880	840,440	(30,954,402)	(32,889,827)
Vocational education instruction	572,398	–	–	(572,398)	(754,089)
Special education instruction	11,776,054	54,619	8,848,598	(2,872,837)	(5,271,180)
Instructional support services	4,451,285	181	–	(4,451,104)	(4,665,263)
Pupil support services	8,497,173	48,732	2,347,373	(6,101,068)	(5,737,281)
Sites and buildings	5,803,661	–	–	(5,803,661)	(9,167,455)
Fiscal and other fixed cost programs	414,162	–	–	(414,162)	(459,560)
Food service	1,997,953	257,494	2,645,590	905,131	(35,835)
Community service	7,057,386	4,930,131	1,514,683	(612,572)	(969,272)
Unallocated depreciation/amortization	3,849,116	–	–	(3,849,116)	(3,880,283)
Interest and fiscal charges	4,409,693	–	–	(4,409,693)	(4,559,424)
Total governmental activities	$ 88,863,208	$ 5,694,719	$ 16,340,857	(66,827,632)	(77,146,595)
General revenue					
Taxes					
Property taxes, levied for general purposes				19,911,930	20,641,070
Property taxes, levied for community service				1,014,578	980,306
Property taxes, levied for debt service				12,647,644	11,804,889
General grants and aids				41,801,976	39,320,242
Other general revenues				354,546	823,342
Investment earnings (charges)				(78,570)	372,373
Total general revenues				75,652,104	73,942,222
Change in net position				8,824,472	(3,204,373)
Net position – beginning				(21,116,957)	(17,912,584)
Net position – ending				$ (12,292,485)	$ (21,116,957)

See notes to basic financial statements

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	$ 14,239,887	$ –	$ 8,772,634
Cash and investments held by trustee	–	5,443,047	–
Receivables			
Current taxes	9,823,821	–	6,267,472
Delinquent taxes	197,204	–	96,871
Accounts and interest	53,098	9,074	–
Due from other governmental units	10,656,071	–	–
Due from other funds	188,432	–	–
Inventory	–	–	–
Prepaid items	294,246	–	–
Total assets	$ 35,452,759	$ 5,452,121	$ 15,136,977
Liabilities			
Salaries payable	$ 496,564	$ –	$ –
Accounts and contracts payable	961,104	610,713	–
Due to other governmental units	121,267	–	–
Due to other funds	–	–	–
Severance payable	19,314	–	–
Unearned revenue	940,115	–	–
Total liabilities	2,538,364	610,713	–
Deferred inflows of resources			
Property taxes levied for subsequent year	17,597,017	–	12,791,566
Unavailable revenue – delinquent taxes	197,204	–	96,871
Total deferred inflows of resources	17,794,221	–	12,888,437
Fund balances (deficit)			
Nonspendable	294,027	–	–
Restricted	6,607,744	4,841,408	2,248,540
Assigned	3,853,266	–	–
Unassigned	4,365,137	–	–
Total fund balances	15,120,174	4,841,408	2,248,540
Total liabilities, deferred inflows of resources, and fund balances	$ 35,452,759	$ 5,452,121	$ 15,136,977

See notes to basic financial statements

		Total Governmental Funds	
	Nonmajor Funds	2022	2021
	$ 1,256,456	$ 24,268,977	$ 31,289,496
	–	5,443,047	15,591,785
	513,345	16,604,638	17,073,578
	9,907	303,982	410,106
	161,400	223,572	527,694
	451,061	11,107,132	8,302,869
	–	188,432	1,291,288
	21,496	21,496	22,059
	3,394	297,640	196,545
	$ 2,417,059	$ 58,458,916	$ 74,705,420
	$ 176,724	$ 673,288	$ 6,313,908
	142,412	1,714,229	3,936,589
	–	121,267	11,314
	–	–	903,938
	–	19,314	–
	157,393	1,097,508	923,733
	476,529	3,625,606	12,089,482
	1,047,717	31,436,300	30,964,559
	9,907	303,982	303,452
	1,057,624	31,740,282	31,268,011
	24,890	318,917	218,604
	1,437,444	15,135,136	21,796,209
	–	3,853,266	2,763,949
	(579,428)	3,785,709	6,569,165
	882,906	23,093,028	31,347,927
	$ 2,417,059	$ 58,458,916	$ 74,705,420

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

	2022	2021
Total fund balances – governmental funds	$ 23,093,028	$ 31,347,927
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	246,786,839	240,736,607
Accumulated depreciation/amortization	(79,140,792)	(80,175,796)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds	(118,895,000)	(126,075,000)
Unamortized premium	(9,257,992)	(9,794,084)
Financed purchases payable	(673,679)	(538,406)
Lease liability	(1,420,484)	–
Compensated absences	(756,387)	(796,596)
Severance benefits	(3,771,992)	(3,537,505)
Net pension liability	(31,076,711)	(50,672,545)
Single-employer pension liability	(3,939,628)	(4,048,730)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	18,886,811	21,124,655
Deferred outflows of resources – single-employer pension plan deferments	555,946	630,313
Deferred inflows of resources – pension plan deferments	(49,916,819)	(36,138,085)
Deferred inflows of resources – single-employer pension plan deferments	(152,428)	(186,612)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the Statement of Net Position.	(946,566)	(1,225,501)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(1,970,613)	(2,071,051)
Certain revenues (including delinquent property taxes) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	303,982	303,452
Total net position – governmental activities	$ (12,292,485)	$ (21,116,957)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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	$ 19,914,370	$ –	$ 12,644,583
Investment earnings	(57,947)	28,060	–
Other	1,003,342	111,488	–
State sources	46,502,457	–	–
Federal sources	7,467,476	–	12,627
Total revenue	74,829,698	139,548	12,657,210
Expenditures			
Current			
Administration	2,737,482	–	–
District support services	5,470,034	–	–
Elementary and secondary regular instruction	34,315,182	–	–
Vocational education instruction	622,407	–	–
Special education instruction	12,428,809	–	–
Instructional support services	4,756,289	–	–
Pupil support services	8,649,036	–	–
Sites and buildings	6,589,810	–	–
Fiscal and other fixed cost programs	419,690	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	8,589,406	–
Debt service			
Principal	643,868	–	7,180,000
Interest and fiscal charges	65,874	–	4,980,349
Total expenditures	76,698,481	8,589,406	12,160,349
Excess (deficiency) of revenue over expenditures	(1,868,783)	(8,449,858)	496,861
Other financing sources (uses)			
Debt issued	709,856	–	–
Transfers in	–	–	149,613
Transfers (out)	–	–	(149,613)
Total other financing sources (uses)	709,856	–	–
Net change in fund balances	(1,158,927)	(8,449,858)	496,861
Fund balances			
Beginning of year	16,279,101	13,291,266	1,751,679
End of year	$ 15,120,174	$ 4,841,408	$ 2,248,540

See notes to basic financial statements

	Total Governmental Funds	
Nonmajor Funds	2022	2021
$ 1,014,669	$ 33,573,622	$ 33,433,663
2,587	(27,300)	345,648
5,187,625	6,302,455	4,359,484
1,483,991	47,986,448	46,378,278
2,676,282	10,156,385	7,443,991
10,365,154	97,991,610	91,961,064
–	2,737,482	2,970,384
–	5,470,034	5,751,164
–	34,315,182	32,469,154
–	622,407	709,217
–	12,428,809	13,190,356
–	4,756,289	4,596,550
–	8,649,036	6,663,418
–	6,589,810	7,558,196
–	419,690	459,560
2,056,750	2,056,750	1,597,330
7,425,883	7,425,883	7,012,752
25,496	8,614,902	33,992,641
–	7,823,868	6,827,662
–	5,046,223	5,165,892
9,508,129	106,956,365	128,964,276
857,025	(8,964,755)	(37,003,212)
–	709,856	–
–	149,613	–
–	(149,613)	–
–	709,856	–
857,025	(8,254,899)	(37,003,212)
25,881	31,347,927	68,351,139
$ 882,906	$ 23,093,028	$ 31,347,927

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INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022	2021
Total net change in fund balances – governmental funds	$ (8,254,899)	$ (37,003,212)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase. A gain or loss on disposal of capital assets is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
Capital outlays	9,759,851	32,272,553
Depreciation/amortization expense	(4,163,706)	(3,981,030)
A loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(678)	–
The amount of debt issued including the related premiums/discounts are reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
Financed purchases payable	(549,375)	–
Lease liability	(160,481)	–
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.	278,935	712,000
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance.		
General obligation bonds	7,180,000	6,650,000
Unamortized premium	536,092	536,092
Financed purchases payable	414,102	377,267
Lease liability	229,766	–
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	19,595,834	(6,430,275)
Single-employer pension liability	109,102	131,856
Compensated absences	40,209	(56,812)
Severance benefits	(234,487)	(218,336)
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.	100,438	70,376
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(2,237,844)	(13,761,791)
Deferred outflows of resources – single-employer pension plan deferments	(74,367)	74,921
Deferred inflows of resources – pension plan deferments	(13,778,734)	17,440,120
Deferred inflows of resources – single-employer pension plan deferments	34,184	(10,704)
Deferred inflows of resources – unavailable revenue – delinquent taxes	530	(7,398)
Change in net position – governmental activities	$ 8,824,472	$ (3,204,373)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 19,564,000	$ 19,564,000	$ 19,914,370	$ 350,370
Investment earnings	150,000	125,000	(57,947)	(182,947)
Other	811,600	766,600	1,003,342	236,742
State sources	44,496,000	45,994,000	46,502,457	508,457
Federal sources	6,057,318	6,115,385	7,467,476	1,352,091
Total revenue	71,078,918	72,564,985	74,829,698	2,264,713
Expenditures				
Current				
Administration	3,004,749	2,704,635	2,737,482	32,847
District support services	5,553,903	5,563,559	5,470,034	(93,525)
Elementary and secondary regular instruction	34,576,905	34,870,972	34,315,182	(555,790)
Vocational education instruction	661,214	602,150	622,407	20,257
Special education instruction	12,332,310	12,491,247	12,428,809	(62,438)
Instructional support services	4,593,757	4,464,466	4,756,289	291,823
Pupil support services	6,649,237	6,717,933	8,649,036	1,931,103
Sites and buildings	6,727,815	6,714,326	6,589,810	(124,516)
Fiscal and other fixed cost programs	494,500	420,500	419,690	(810)
Debt service				
Principal	183,256	183,256	643,868	460,612
Interest and fiscal charges	24,221	24,221	65,874	41,653
Total expenditures	74,801,867	74,757,265	76,698,481	1,941,216
Excess (deficiency) of revenue over expenditures	(3,722,949)	(2,192,280)	(1,868,783)	323,497
Other financing sources				
Debt issued	–	–	709,856	709,856
Net change in fund balances	$ (3,722,949)	$ (2,192,280)	(1,158,927)	$ 1,033,353
Fund balances				
Beginning of year			16,279,101	
End of year			$ 15,120,174	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022	2021
Assets		
Current assets		
Cash and temporary investments	$ 3,641,654	$ 3,689,273
Cash and investments – held by trustee	2,327,968	2,765,008
Accounts and interest receivable	10,852	13,410
Total current assets	5,980,474	6,467,691
Deferred outflows of resources		
OPEB plan deferments	829,399	720,077
Liabilities		
Current liabilities		
Claims payable	250,185	128,167
Unearned revenue	–	1,208,620
Claims incurred, but not reported	1,236,686	616,961
Due to other governmental units	3,510	3,343
Due to other funds	188,432	387,350
Total OPEB liability – due within one year	328,232	332,301
Total current liabilities	2,007,045	2,676,742
Long-term liabilities		
Total OPEB liability – due in more than one year	4,739,060	4,577,867
Total liabilities	6,746,105	7,254,609
Deferred inflows of resources		
OPEB plan deferments	1,010,334	1,158,660
Net position		
Unrestricted	$ (946,566)	$ (1,225,501)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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)

	2022	2021
Operating revenue		
Contributions from governmental funds	$ 10,236,601	$ 10,022,907
Operating expenses		
Dental benefit claims	607,165	634,793
Medical benefit claims	9,210,345	8,318,513
OPEB	88,886	384,326
Total operating expenses	9,906,396	9,337,632
Operating income	330,205	685,275
Nonoperating revenue		
Investment earnings (charges)	(51,270)	26,725
Change in net position	278,935	712,000
Net position		
Beginning of year	(1,225,501)	(1,937,501)
End of year	$ (946,566)	$ (1,225,501)

See notes to basic financial statements

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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)

	2022	2021
Cash flows from operating activities		
Contributions from governmental funds	$ 9,027,981	$ 10,013,894
Payments for dental claims	(611,970)	(623,774)
Payments for medical claims	(8,463,630)	(8,106,118)
Payments for OPEB	(189,410)	(332,550)
Net cash flows from operating activities	(237,029)	951,452
Cash flows from noncapital financing activities		
Payments from other funds	(198,918)	224,205
Cash flows from investing activities		
Investment income received (paid)	(48,712)	73,285
Net change in cash and cash equivalents	(484,659)	1,248,942
Cash and cash equivalents		
Beginning of year	6,454,281	5,205,339
End of year	$ 5,969,622	$ 6,454,281
Presented on Statement of Net Position as follows:		
Cash and temporary investments	$ 3,641,654	$ 3,689,273
Cash and investments – held by trustee	2,327,968	2,765,008
Total cash and cash equivalents	$ 5,969,622	$ 6,454,281
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 330,205	$ 685,275
Adjustments to reconcile operating income to cash provided by operating activities		
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources		
Deferred outflows of resources	(109,322)	61,395
Total OPEB liability	157,124	(511,847)
Claims payable	122,018	31,336
Unearned revenue	(1,208,620)	(9,013)
Deferred inflows of resources	(148,326)	502,228
Claims incurred, but not reported	619,725	188,735
Due to other governmental units	167	3,343
Net cash flows from operating activities	$ (237,029)	$ 951,452

INDEPENDENT SCHOOL DISTRICT NO. 283

Statement of Fiduciary Net Position
Fiduciary Fund
as of June 30, 2022

	Scholarship and Other Custodial Fund
Assets	
Cash and temporary investments	$ 140,382
Net position	
Restricted for scholarships and other custodial purposes	$ 140,382

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

	Scholarship and Other Custodial Fund
Additions	
Contributions	
Private donations	$ 1,984
Deductions	
Scholarships and other deductions	922
Change in net position	1,062
Net position	
Beginning of year	139,320
End of year	$ 140,382

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

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

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation/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/amortization expense is reported as "unallocated depreciation/amortization." Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Fund

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

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects Building Construction Fund, and the Debt Service Fund by $1,941,216, $260,597, $382,131, $1,489,406, and $3,578, respectively. Revenues in excess of budget and available fund balance covered the variances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

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

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

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

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

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

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

G. Receivables

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

H. Inventories

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $2,452,955 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 which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. Capital Assets

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

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

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

M. Compensated Absences

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

N. Severance Benefits

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

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

O. State-Wide Pension Plans

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

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

Q. Risk Management

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which it carries commercial insurance. Settled claims exceeded commercial coverage in fiscal 2022 related to a legal settlement, but not in the prior two fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2022.

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

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

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

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2021	$ 13,882	$ 634,793	$ 639,494	$ 9,181
2022	$ 9,181	$ 613,337	$ 611,970	$ 10,548

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

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2021	$ 414,344	$ 8,318,513	$ 8,125,077	$ 607,780
2022	$ 607,780	$ 9,081,988	$ 8,463,630	$ 1,226,138

R. Deferred Outflows/Inflows of Resources

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

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

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

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

S. Net Position

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance Classifications

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

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

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

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

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

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

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

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

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

W. Restricted Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the new GASB statement in the current year did not result in the restatement of net position as of June 30, 2022, but did result in changes in capital assets and long-term liabilities, which are reported in Note 3 and Note 4 to the basic financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	2,379,595
Investments		33,440,933
Cash on hand		1,500
Total	$	35,822,028

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

Government-Wide Statement of Net Position		
Cash and temporary investments	$	27,910,631
Restricted assets – temporarily restricted		
Cash and investments for building construction		5,443,047
Cash and investments for OPEB		2,327,968
Statement of Fiduciary Net Position		
Cash and temporary investments		140,382
Total	$	35,822,028

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District's deposits was $2,379,595, while the balance on the bank records was $2,379,595. At June 30, 2022, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Rate Risk - Maturity Duration in Years: Less Than 1	Interest Rate Risk - Maturity Duration in Years: 1 to 5	Interest Rate Risk - Maturity Duration in Years: 6 to 10	Total
General obligation bonds							
State and local bonds	AAA	S&P	Level 2	$ –	$ 243,018	$ –	$ 243,018
State and local bonds	Aaa	Moody's	Level 2	$ –	$ –	$ 187,745	187,745
State and local bonds	AA	S&P	Level 2	$ –	$ 1,143,185	$ –	1,143,185
Negotiable certificates of deposit	N/R	N/A	Level 2	$ 249,500	$ 1,453,551	$ –	1,703,051
Investment pools/mutual funds							
MNTrust Term Series	N/R	N/A	Amortized Cost	$ 5,500,000	$ –	$ –	5,500,000
MNTrust Full Flex	N/R	N/A	Amortized Cost	N/A	N/A	N/A	7,009,866
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	17,654,068
Total investments							$ 33,440,933

N/A – Not Applicable
N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized						
Land	$ 7,812,500	$ –	$ –	$ –	$ –	$ 7,812,500
Construction in progress	22,694,727	–	4,957,219	–	(25,902,462)	1,749,484
Total capital assets, not depreciated/amortized	30,507,227	–	4,957,219	–	(25,902,462)	9,561,984
Capital assets, depreciated/amortized						
Land improvements	264,344	–	–	–	–	264,344
Buildings and improvements	149,106,187	–	4,031,306	(225,801)	25,902,462	178,814,154
Furniture and equipment	60,858,849	–	610,845	(4,973,587)	–	56,496,107
Buildings and improvements – leased	–	1,290,949	–	–	–	1,290,949
Furniture and equipment – leased	–	198,820	160,481	–	–	359,301
Total capital assets, depreciated/amortized	210,229,380	1,489,769	4,802,632	(5,199,388)	25,902,462	237,224,855
Less accumulated depreciation/amortization for						
Land improvements	(168,520)	–	(9,320)	–	–	(177,840)
Buildings and improvements	(25,530,399)	–	(3,351,833)	225,801	–	(28,656,431)
Furniture and equipment	(54,476,877)	–	(551,924)	4,972,909	–	(50,055,892)
Buildings and improvements – leased	–	–	(184,421)	–	–	(184,421)
Furniture and equipment – leased	–	–	(66,208)	–	–	(66,208)
Total accumulated depreciation/amortization	(80,175,796)	–	(4,163,706)	5,198,710	–	(79,140,792)
Net capital assets, depreciated/amortized	130,053,584	1,489,769	638,926	(678)	25,902,462	158,084,063
Total capital assets, net	$ 160,560,811	$ 1,489,769	$ 5,596,145	$ (678)	$ –	$ 167,646,047

* The change in accounting principle was the result of the implementation of GASB Statement No. 87 in the current year.

Depreciation/amortization expense was charged to the following governmental functions:

Administration	$ 10,802
Elementary and secondary regular instruction	11,261
Special education instruction	3,327
Instructional support services	79,692
Pupil support services	23,673
Sites and buildings	184,421
Community service	1,414
Unallocated depreciation/amortization	3,849,116
Total depreciation/amortization expense	$ 4,163,706

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Facilities bonds					
2010A Capital Facilities Bonds	07/15/2010	1.75–5.30%	$ 885,000	02/01/2025	$ 195,000
2015A Alterative Facilities Bonds	05/27/2015	2.00%	$ 2,195,000	02/01/2023	755,000
2019A Facilities Maintenance Bonds	07/18/2019	3.00–5.00%	$ 22,795,000	02/01/2036	21,555,000
School building bonds					
2014A School Building Bonds	02/19/2014	1.00–3.00%	$ 14,900,000	02/01/2023	4,925,000
2018A School Building Bonds	02/15/2018	3.13–5.00%	$ 92,950,000	02/01/2038	91,465,000
Total general obligation bonds					$ 118,895,000

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

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

B. Financed Purchases Payable

The District has entered into financed purchases for the financing of capital asset purchases. All financed purchase agreements are being paid by the General Fund. Financed purchase agreements outstanding at year-end are as follows:

Asset Leased	Asset Value Capitalized	Interest Rate	Financed Purchase Date	Final Maturity	Principal Outstanding
Peter Hobart Elementary School remodeling	$ 964,000	3.15 %	07/24/2013	08/01/2028	$ 473,679
Computers	$ 549,375	–	01/15/2022	01/15/2025	200,000
Total					$ 673,679

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

C. Lease Liability

The District has obtained the use of certain equipment and building space through a lease financing agreement. 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 agreement is 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:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Office building	3.50 %	02/01/2018	06/30/2028	$ 1,133,790
Copiers	3.50 %	11/20/2016	07/04/2027	76,907
Copiers	3.50 %	08/01/2019	07/01/2024	70,741
Copiers	3.50 %	10/07/2021	09/07/2026	139,046
Total				$ 1,420,484

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-Term Liabilities

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

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

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 7,567,233	$ 5,735,863	$ 7,093,267	$ (144,718)
State-wide, multiple-employer – TRA	23,509,478	13,150,948	42,823,552	712,323
Single-employer – District	3,939,628	555,946	152,428	258,130
Total	$ 35,016,339	$ 19,442,757	$ 50,069,247	$ 825,735

E. Minimum Debt Payments

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

Year Ending	General Obligation Bonds		Financed Purchases		Lease Liability	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 7,635,000	$ 4,729,471	$ 66,781	$ 14,404	$ 241,434	$ 45,884
2024	5,735,000	4,468,806	68,902	12,284	253,675	37,223
2025	5,930,000	4,181,926	271,089	10,096	234,046	28,610
2026	6,160,000	3,885,232	73,346	7,839	243,565	20,314
2027	6,465,000	3,577,232	75,675	5,511	229,785	11,893
2028–2032	37,405,000	12,813,306	117,886	3,738	217,979	4,132
2033–2037	41,870,000	5,428,906	–	–	–	–
2038	7,695,000	269,325	–	–	–	–
	$ 118,895,000	$ 39,354,204	$ 673,679	$ 53,872	$ 1,420,484	$ 148,056

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Changes in Long-Term Liabilities

	June 30, 2021	Change in Accounting Principle*	Additions	Retirements	June 30, 2022	Due Within One Year
General obligation bonds	$ 126,075,000	$ –	$ –	$ 7,180,000	$ 118,895,000	$ 7,635,000
Premiums	9,794,084	–	–	536,092	9,257,992	–
Financed purchases payable	538,406	–	549,375	414,102	673,679	66,781
Lease liability	–	1,489,769	160,481	229,766	1,420,484	241,434
Net pension liability	50,672,545	–	7,111,890	26,707,724	31,076,711	–
Single-employer pension liability	4,048,730	–	258,130	367,232	3,939,628	327,815
Total OPEB liability	4,910,168	–	297,142	140,018	5,067,292	328,232
Compensated absences	796,596	–	879,362	919,571	756,387	756,387
Severance benefits	3,537,505	–	431,378	196,891	3,771,992	179,701
	$ 200,373,034	$ 1,489,769	$ 9,687,758	$ 36,691,396	$ 174,859,165	$ 9,535,350

* The change in accounting principle is related to the implementation of GASB Statement No. 87 in the current year.

NOTE 5 – FUND BALANCES

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

A. Classifications

At June 30, 2022, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ –	$ –	$ –	$ 21,496	$ 21,496
Prepaid items	294,027	–	–	3,394	297,421
Total nonspendable	294,027	–	–	24,890	318,917
Restricted					
Student activities	175,536	–	–	–	175,536
Staff development	4,982	–	–	–	4,982
Operating capital	3,050,954	–	–	–	3,050,954
Capital projects levy	1,718,953	–	–	–	1,718,953
Food service	–	–	–	848,609	848,609
Early childhood family education programs	–	–	–	187,395	187,395
Community service	–	–	–	395,200	395,200
School readiness	–	–	–	6,240	6,240
Long-term facilities maintenance	1,475,189	4,054,778	–	–	5,529,967
Capital projects	–	786,630	–	–	786,630
Medical Assistance	182,130	–	–	–	182,130
Debt service	–	–	2,248,540	–	2,248,540
Total restricted	6,607,744	4,841,408	2,248,540	1,437,444	15,135,136
Assigned					
Subsequent year's budget	2,532,674	–	–	–	2,532,674
Severance payments	1,320,592	–	–	–	1,320,592
Total assigned	3,853,266	–	–	–	3,853,266
Unassigned					
General Fund	4,379,553	–	–	–	4,379,553
Safe schools levy restricted account deficit	(14,416)	–	–	–	(14,416)
Community education restricted account deficit	–	–	–	(579,428)	(579,428)
Total unassigned	4,365,137	–	–	(579,428)	3,785,709
Total	$ 15,120,174	$ 4,841,408	$ 2,248,540	$ 882,906	$ 23,093,028

B. Minimum Unassigned Fund Balance Policy

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2022, were $1,046,468. 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 $3,105,037. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2022, the District reported a liability of $7,567,233 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 $231,073. 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 0.1772 percent at the end of the measurement period and 0.1795 percent for the beginning of the period.

District's proportionate share of the net pension liability	$	7,567,233
State's proportionate share of the net pension liability associated with the District	$	231,073

For the year ended June 30, 2022, the District recognized negative pension expense of $163,362 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $18,644 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2022, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 46,884	$ 231,926
Changes in actuarial assumptions	4,620,396	169,324
Net collective difference between projected and actual investment earnings	–	6,548,375
Changes in proportion	22,115	143,642
District's contributions to the GERF subsequent to the measurement date	1,046,468	–
Total	$ 5,735,863	$ 7,093,267

The $1,046,468 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	$ (391,790)
2024	$ (134,501)
2025	$ (90,087)
2026	$ (1,787,494)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of $23,509,478 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.5372 percent at the end of the measurement period and 0.5402 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	$ 23,509,478
State's proportionate share of the net pension liability associated with the District	$ 1,982,738

For the year ended June 30, 2022, the District recognized pension expense of $734,523. It also recognized $22,200 as a decrease to pension expense for the support provided by direct aid.

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

At June 30, 2022, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 640,297	$ 671,326
Changes in actuarial assumptions	8,615,472	21,548,014
Net collective difference between projected and actual investment earnings on pension plan investments	–	19,707,814
Changes in proportion	790,142	896,398
District's contributions to the TRA subsequent to the measurement date	3,105,037	–
Total	$ 13,150,948	$ 42,823,552

A total of $3,105,037 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	$ (15,527,061)
2024	$ (12,366,454)
2025	$ (2,916,087)
2026	$ (3,590,554)
2027	$ 1,622,515

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:

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

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

1. GERF

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

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

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

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

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for the GERF Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

2. TRA

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

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2015, with economic assumptions updated in 2017.

NOTE 6 – 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.

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	$ 15,433,294	$ 7,567,233	$ 1,112,651
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 47,490,290	$ 23,509,478	$ 3,843,301

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

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

B. Contributions and Funding Policy

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

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

C. Membership

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

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

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of June 30, 2020 and a measurement date as of June 30, 2021, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	1.92%
20-year municipal bond yield	1.92%
Inflation rate	2.25%

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

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

E. Discount Rate

The discount rate used to measure the pension liability was 1.92 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance – July 1, 2021	$ 4,048,730
Changes for the year	
Service cost	155,692
Interest	97,686
Assumption changes	71,973
Benefit payments – employer-financed	(434,453)
Total net changes	(109,102)
Ending balance – June 30, 2022	$ 3,939,628

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

Assumption changes since the prior measurement date include the following:

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	0.92%	1.92%	2.92%
Total pension liability	$ 4,069,064	$ 3,939,628	$ 3,802,246

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

For the current year ended, the District recognized a pension expense of $258,130, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 38,332	$ 33,610
Changes in actuarial assumptions	190,565	118,818
District contributions subsequent to the measurement date	327,049	–
Total	$ 555,946	$ 152,428

A total of $327,049 reported as deferred outflows of resources related to contributions to the single-employer plan subsequent to the measurement date will be recognized as a reduction of total pension liability in the year ending June 30, 2023. These amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	$ 4,752
2024	$ 4,752
2025	$ 4,752
2026	$ 10,435
2027	$ 20,698
Thereafter	$ 31,080

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

A. Plan Description

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

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

B. Benefits Provided

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

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

C. Contributions

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

D. Membership

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

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

E. Total OPEB Liability of the District

The District's total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2021.

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

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of June 30, 2020 and measurement date as of June 30, 2021, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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

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

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance – July 1, 2021	$ 4,910,168
Changes for the year	
Service cost	277,698
Interest	123,032
Differences between expected and actual experience	(32,679)
Assumption changes	121,374
Benefit payments	(332,301)
Total net changes	157,124
Ending balance – June 30, 2022	$ 5,067,292

Assumption changes since the prior measurement date include the following:

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

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	0.92%	1.92%	2.92%
Total OPEB liability	$ 5,290,541	$ 5,067,292	$ 4,837,127

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

	1% Decrease in Medical Cost Trend Rate	Medical Cost Trend Rate	1% Increase in Medical Cost Trend Rate
OPEB medical cost trend rate	5.70%, decreasing to 2.80% over 55 years	6.70%, decreasing to 3.80% over 55 years	7.70%, decreasing to 4.80% over 55 years
Total OPEB liability	$ 4,590,963	$ 5,067,292	$ 5,616,867

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

For the current year ended, the District recognized OPEB expense of $297,142. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	$ 238,811	$ 512,772
Changes in actuarial assumptions	192,922	497,562
District contributions subsequent to the measurement date	397,666	–
Total	$ 829,399	$ 1,010,334

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

A total of $397,666 reported as deferred outflows of resources related to contributions to the OPEB Plan subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ending June 30, 2023. 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	$ (103,588)
2024	$ (103,588)
2025	$ (103,588)
2026	$ (98,131)
2027	$ (80,770)
Thereafter	$ (88,936)

NOTE 9 – FLEXIBLE BENEFIT PLAN

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

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

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

B. Federal and State Receivables

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

C. Construction Contracts

At June 30, 2022, the District had commitments totaling $2,392,885 under construction contracts for which the work was not yet completed.

D. Solar Power Purchase Commitment

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

NOTE 11 – INTERFUND BALANCES AND TRANSFERS

The District's General Fund has a receivable of $188,432 at year-end, due from the Post-Employment Benefits Internal Service Fund of $188,432 related to reimbursements of OPEB costs. The District made a transfer from the OPEB Debt Service Account to the Regular Debt Service Account for $149,613 to close out the OPEB Debt Service Account. Interfund receivables, payables, and transfers are reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

NOTE 12 – DEFICIT NET POSITION

At June 30, 2022, the District's Other Post-Employment Benefits Internal Service Fund reported a deficit net position of $3,097,839.

NOTE 13 – SUBSEQUENT EVENT

In October 2022, the District issued $136,000,000 of General Obligation School Building Bonds, Series 2022A. These bonds were issued with interest rates ranging from 4.25 percent to 5.00 percent with a final maturity of February 1, 2043.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 283

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 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	0.1889%	$ 8,873,576	$ –	$ 8,873,576	$11,746,254	75.54%	78.70%
06/30/2016	06/30/2015	0.1838%	$ 9,525,470	$ –	$ 9,525,470	$12,107,860	78.67%	78.20%
06/30/2017	06/30/2016	0.1856%	$15,069,799	$ 196,897	$15,266,696	$13,223,419	113.96%	68.90%
06/30/2018	06/30/2017	0.1878%	$11,989,028	$ 150,271	$12,139,299	$13,404,414	89.44%	75.90%
06/30/2019	06/30/2018	0.1816%	$10,074,423	$ 330,535	$10,404,958	$13,732,693	73.36%	79.50%
06/30/2020	06/30/2019	0.1787%	$ 9,879,923	$ 307,153	$10,187,076	$12,518,036	78.93%	80.20%
06/30/2021	06/30/2020	0.1795%	$10,761,845	$ 331,973	$11,093,818	$12,747,970	84.42%	79.10%
06/30/2022	06/30/2021	0.1772%	$ 7,567,233	$ 231,073	$ 7,798,306	$12,757,568	59.32%	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	$ 798,857	$ 798,857	$ –	$12,107,860	6.60%
06/30/2016	$ 860,304	$ 860,304	$ –	$13,223,419	6.51%
06/30/2017	$ 909,358	$ 909,358	$ –	$13,404,414	6.78%
06/30/2018	$ 915,421	$ 915,421	$ –	$13,732,693	6.67%
06/30/2019	$ 939,245	$ 939,245	$ –	$12,518,036	7.50%
06/30/2020	$ 955,918	$ 955,918	$ –	$12,747,970	7.50%
06/30/2021	$ 956,639	$ 956,639	$ –	$12,757,568	7.50%
06/30/2022	$ 1,046,468	$ 1,046,468	$ –	$13,957,291	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.

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5456%	$ 25,140,855	$ 1,768,679	$ 26,909,534	$ 24,907,042	100.94%	81.50%
06/30/2016	06/30/2015	0.5156%	$ 31,894,959	$ 3,911,929	$ 35,806,888	$ 26,167,840	121.89%	76.80%
06/30/2017	06/30/2016	0.5340%	$127,371,741	$ 12,784,807	$140,156,548	$ 27,779,987	458.50%	44.88%
06/30/2018	06/30/2017	0.5527%	$110,328,946	$ 10,664,657	$120,993,603	$ 29,998,018	367.79%	51.57%
06/30/2019	06/30/2018	0.5446%	$ 34,205,978	$ 3,213,935	$ 37,419,913	$ 30,255,612	113.06%	78.07%
06/30/2020	06/30/2019	0.5391%	$ 34,362,347	$ 3,040,919	$ 37,403,266	$ 30,530,140	112.55%	78.21%
06/30/2021	06/30/2020	0.5402%	$ 39,910,700	$ 3,344,802	$ 43,255,502	$ 31,353,181	127.29%	75.48%
06/30/2022	06/30/2021	0.5372%	$ 23,509,478	$ 1,982,738	$ 25,492,216	$ 32,130,320	73.17%	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	$ 1,880,413	$ 1,880,413	$ –	$ 26,167,840	7.19%
06/30/2016	$ 2,159,961	$ 2,159,961	$ –	$ 27,779,987	7.78%
06/30/2017	$ 2,239,979	$ 2,239,979	$ –	$ 29,998,018	7.47%
06/30/2018	$ 2,268,034	$ 2,268,034	$ –	$ 30,255,612	7.50%
06/30/2019	$ 2,356,658	$ 2,356,658	$ –	$ 30,530,140	7.72%
06/30/2020	$ 2,485,617	$ 2,485,617	$ –	$ 31,353,181	7.93%
06/30/2021	$ 2,614,040	$ 2,614,040	$ –	$ 32,130,320	8.14%
06/30/2022	$ 3,105,037	$ 3,105,037	$ –	$ 37,229,561	8.34%

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

INDEPENDENT SCHOOL DISTRICT NO. 283

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	$ 191,808	$ 198,521	$ 186,488	$ 154,407	$ 172,090	$ 155,692
Interest	121,139	119,344	144,153	148,975	128,622	97,686
Differences between expected and actual experience	–	–	70,820	–	(44,888)	–
Assumption changes	–	(122,198)	(125,009)	77,443	102,616	71,973
Change of benefit terms	–	–	–	–	(3,622)	–
Benefit payments	(293,415)	(471,857)	(103,099)	(322,312)	(486,674)	(434,453)
Net change in total pension liability	19,532	(276,190)	173,353	58,513	(131,856)	(109,102)
Total pension liability – beginning of year	4,205,378	4,224,910	3,948,220	4,121,573	4,180,086	4,048,230
Total pension liability – end of year	$ 4,224,910	$ 3,948,720	$ 4,121,573	$ 4,180,086	$ 4,048,230	$ 3,939,128
Covered-employee payroll	$12,064,057	$12,564,715	$11,789,415	$12,153,286	$10,602,032	$10,927,514
Total pension liability as a percentage of covered-employee payroll	35.02%	31.43%	34.96%	34.39%	38.18%	36.05%

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

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

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	$ 298,346	$ 283,062	$ 272,916	$ 309,654	$ 277,698
Interest	159,816	194,344	191,866	174,232	123,032
Differences between expected and actual experience	–	434,159	–	(629,621)	(32,679)
Changes in assumptions	(169,944)	(703,143)	129,192	(49,830)	121,374
Changes in benefit terms	–	–	–	14,045	–
Benefit payments	(341,220)	(408,795)	(398,420)	(330,327)	(332,301)
Net change in total OPEB liability	(53,002)	(200,373)	195,554	(511,847)	157,124
Total OPEB liability – beginning of year	5,479,836	5,426,834	5,226,461	5,422,015	4,910,168
Total OPEB liability – end of year	$ 5,426,834	$ 5,226,461	$ 5,422,015	$ 4,910,168	$ 5,067,292
Covered-employee payroll	$ 42,960,575	$ 41,333,803	$ 41,888,500	$ 41,927,677	$ 44,102,506
Total OPEB liability as a percentage of covered-employee payroll	12.63%	12.64%	12.94%	11.71%	11.49%

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

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN PLAN PROVISIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN PLAN PROVISIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 786,883	$ 469,573	$ 1,256,456
Receivables			
Current taxes	–	513,345	513,345
Delinquent taxes	–	9,907	9,907
Accounts and interest	147,977	13,423	161,400
Due from other governmental units	14,006	437,055	451,061
Inventory	21,496	–	21,496
Prepaid items	–	3,394	3,394
Total assets	$ 970,362	$ 1,446,697	$ 2,417,059
Liabilities			
Salaries payable	$ 3,088	$ 173,636	$ 176,724
Accounts and contracts payable	33,476	108,936	142,412
Unearned revenue	63,693	93,700	157,393
Total liabilities	100,257	376,272	476,529
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,047,717	1,047,717
Unavailable revenue – delinquent taxes	–	9,907	9,907
Total deferred inflows of resources	–	1,057,624	1,057,624
Fund balances (deficits)			
Nonspendable for inventory	21,496	–	21,496
Nonspendable for prepaid items	–	3,394	3,394
Restricted	848,609	588,835	1,437,444
Unassigned	–	(579,428)	(579,428)
Total fund balances	870,105	12,801	882,906
Total liabilities, deferred inflows of resources, and fund balances	$ 970,362	$ 1,446,697	$ 2,417,059

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	$ –	$ 1,014,669	$ 1,014,669
Investment earnings	–	2,587	2,587
Other	257,494	4,930,131	5,187,625
State sources	70,663	1,413,328	1,483,991
Federal sources	2,574,927	101,355	2,676,282
Total revenue	2,903,084	7,462,070	10,365,154
Expenditures			
Current			
Food service	2,056,750	–	2,056,750
Community service	–	7,425,883	7,425,883
Capital outlay	–	25,496	25,496
Total expenditures	2,056,750	7,451,379	9,508,129
Net change in fund balances	846,334	10,691	857,025
Fund balances			
Beginning of year	23,771	2,110	25,881
End of year	$ 870,105	$ 12,801	$ 882,906

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022	2021
Assets		
Cash and temporary investments	$ 14,239,887	$ 23,332,548
Receivables		
Current taxes	9,823,821	10,008,990
Delinquent taxes	197,204	264,762
Accounts and interest	53,098	139,276
Due from other governmental units	10,656,071	6,597,798
Due from other funds	188,432	1,291,288
Prepaid items	294,246	196,545
Total assets	$ 35,452,759	$ 41,831,207
Liabilities		
Salaries payable	$ 496,564	$ 6,106,760
Accounts and contracts payable	961,104	1,398,625
Due to other governmental units	121,267	10,534
Severance payable	19,314	–
Unearned revenue	940,115	681,099
Total liabilities	2,538,364	8,197,018
Deferred inflows of resources		
Property taxes levied for subsequent year	17,597,017	17,155,444
Unavailable revenue – delinquent taxes	197,204	199,644
Total deferred inflows of resources	17,794,221	17,355,088
Fund balances		
Nonspendable for prepaid items	294,027	196,545
Restricted for student activities	175,536	193,043
Restricted for staff development	4,982	–
Restricted for operating capital	3,050,954	3,454,974
Restricted for capital projects levy	1,718,953	1,279,596
Restricted for long-term facilities maintenance	1,475,189	1,341,431
Restricted for Medical Assistance	182,130	115,185
Assigned for subsequent year's budget	2,532,674	1,107,029
Assigned for severance payments	1,320,592	1,656,920
Unassigned – safe schools levy restricted account deficit	(14,416)	–
Unassigned	4,379,553	6,934,378
Total fund balances	15,120,174	16,279,101
Total liabilities, deferred inflows of resources, and fund balances	$ 35,452,759	$ 41,831,207

INDEPENDENT SCHOOL DISTRICT NO. 283

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	$ 19,564,000	$ 19,914,370	$ 350,370	$ 20,648,739
Investment earnings (charges)	125,000	(57,947)	(182,947)	103,063
Other	766,600	1,003,342	236,742	904,775
State sources	45,994,000	46,502,457	508,457	45,054,510
Federal sources	6,115,385	7,467,476	1,352,091	4,464,368
Total revenue	72,564,985	74,829,698	2,264,713	71,175,455
Expenditures				
Current				
Administration				
Salaries	1,775,334	1,976,440	201,106	2,102,804
Employee benefits	662,898	661,692	(1,206)	723,336
Purchased services	69,675	40,971	(28,704)	80,295
Supplies and materials	21,500	12,977	(8,523)	9,155
Capital expenditures	131,092	150	(130,942)	248
Other expenditures	44,136	45,252	1,116	54,546
Total administration	2,704,635	2,737,482	32,847	2,970,384
District support services				
Salaries	2,279,590	2,325,997	46,407	2,177,578
Employee benefits	922,247	876,631	(45,616)	838,904
Purchased services	709,050	498,304	(210,746)	567,239
Supplies and materials	734,972	721,084	(13,888)	1,100,038
Capital expenditures	910,000	1,051,930	141,930	1,094,227
Other expenditures	7,700	(3,912)	(11,612)	(26,822)
Total district support services	5,563,559	5,470,034	(93,525)	5,751,164
Elementary and secondary regular instruction				
Salaries	23,098,193	22,455,622	(642,571)	22,100,728
Employee benefits	7,893,944	7,690,859	(203,085)	7,956,581
Purchased services	2,635,600	2,929,681	294,081	1,493,178
Supplies and materials	920,371	648,401	(271,970)	548,930
Capital expenditures	248,640	364,789	116,149	150,320
Other expenditures	74,224	225,830	151,606	219,417
Total elementary and secondary regular instruction	34,870,972	34,315,182	(555,790)	32,469,154

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	432,262	432,374	112	508,734
Employee benefits	140,938	144,227	3,289	158,463
Purchased services	12,000	20,062	8,062	10,928
Supplies and materials	16,700	21,838	5,138	25,985
Capital expenditures	–	364	364	–
Other expenditures	250	3,542	3,292	5,107
Total vocational education instruction	602,150	622,407	20,257	709,217
Special education instruction				
Salaries	8,159,850	8,248,730	88,880	7,831,313
Employee benefits	2,702,015	2,799,222	97,207	2,961,073
Purchased services	1,540,200	1,662,715	122,515	1,490,298
Supplies and materials	89,182	59,168	(30,014)	42,268
Capital expenditures	–	–	–	3,228
Other expenditures	–	(341,026)	(341,026)	862,176
Total special education instruction	12,491,247	12,428,809	(62,438)	13,190,356
Instructional support services				
Salaries	2,669,758	2,804,513	134,755	2,880,900
Employee benefits	945,939	1,003,278	57,339	1,089,219
Purchased services	468,287	383,110	(85,177)	350,039
Supplies and materials	130,054	253,206	123,152	181,833
Capital expenditures	242,200	294,259	52,059	75,133
Other expenditures	8,228	17,923	9,695	19,426
Total instructional support services	4,464,466	4,756,289	291,823	4,596,550
Pupil support services				
Salaries	2,268,979	2,337,771	68,792	2,137,712
Employee benefits	773,741	836,966	63,225	804,856
Purchased services	3,399,550	5,079,046	1,679,496	3,366,900
Supplies and materials	224,913	316,437	91,524	181,453
Capital expenditures	50,000	52,996	2,996	125,546
Other expenditures	750	25,820	25,070	46,951
Total pupil support services	6,717,933	8,649,036	1,931,103	6,663,418

(continued)

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,460,453	2,333,574	(126,879)	2,267,081
Employee benefits	900,009	901,155	1,146	884,885
Purchased services	2,319,480	2,207,293	(112,187)	2,466,647
Supplies and materials	559,950	864,914	304,964	1,104,045
Capital expenditures	551,934	366,795	(185,139)	947,965
Other expenditures	(77,500)	(83,921)	(6,421)	(112,427)
Total sites and buildings	6,714,326	6,589,810	(124,516)	7,558,196
Fiscal and other fixed cost programs				
Purchased services	420,500	419,690	(810)	459,560
Debt service				
Principal	183,256	643,868	460,612	177,662
Interest and fiscal charges	24,221	65,874	41,653	20,218
Total debt service	207,477	709,742	502,265	197,880
Total expenditures	74,757,265	76,698,481	1,941,216	74,565,879
Excess (deficiency) of revenue over expenditures	(2,192,280)	(1,868,783)	323,497	(3,390,424)
Other financing sources				
Debt issued	–	709,856	709,856	–
Net change in fund balances	$ (2,192,280)	(1,158,927)	$ 1,033,353	(3,390,424)
Fund balances				
Beginning of year		16,279,101		19,669,525
End of year		$ 15,120,174		$ 16,279,101

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022	2021
Assets		
Cash and temporary investments	$ 786,883	$ –
Receivables		
Accounts and interest	147,977	122,265
Due from other governmental units	14,006	174,959
Inventory	21,496	22,059
Total assets	$ 970,362	$ 319,283
Liabilities		
Salaries payable	$ 3,088	$ 49,460
Accounts and contracts payable	33,476	14,375
Due to other funds	–	129,783
Unearned revenue	63,693	101,894
Total liabilities	100,257	295,512
Fund balances		
Nonspendable for inventory	21,496	22,059
Restricted for food service	848,609	1,712
Total fund balances	870,105	23,771
Total liabilities and fund balances	$ 970,362	$ 319,283

INDEPENDENT SCHOOL DISTRICT NO. 283

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 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	$ –	$ (1,000)	$ –
Other – primarily meal sales	142,003	257,494	115,491	10,505
State sources	–	70,663	70,663	–
Federal sources	1,653,150	2,574,927	921,777	1,527,195
Total revenue	1,796,153	2,903,084	1,106,931	1,537,700
Expenditures				
Current				
Salaries	659,714	766,115	106,401	638,379
Employee benefits	284,739	265,457	(19,282)	300,910
Purchased services	6,800	12,622	5,822	7,632
Supplies and materials	686,900	830,872	143,972	444,693
Other expenditures	158,000	181,684	23,684	205,716
Capital outlay	–	–	–	31,274
Total expenditures	1,796,153	2,056,750	260,597	1,628,604
Net change in fund balances	$ –	846,334	$ 846,334	(90,904)
Fund balances				
Beginning of year		23,771		114,675
End of year		$ 870,105		$ 23,771

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022	2021
Assets		
Cash and temporary investments	$ 469,573	$ –
Receivables		
Current taxes	513,345	524,669
Delinquent taxes	9,907	13,183
Accounts and interest	13,423	118,395
Due from other governmental units	437,055	1,530,112
Prepaid items	3,394	–
Total assets	$ 1,446,697	$ 2,186,359
Liabilities		
Salaries payable	$ 173,636	$ 157,688
Accounts and contracts payable	108,936	75,312
Due to other governmental units	–	780
Due to other funds	–	774,155
Unearned revenue	93,700	140,740
Total liabilities	376,272	1,148,675
Deferred inflows of resources		
Property taxes levied for subsequent year	1,047,717	1,025,576
Unavailable revenue – delinquent taxes	9,907	9,998
Total deferred inflows of resources	1,057,624	1,035,574
Fund balances (deficits)		
Nonspendable for prepaid items	3,394	–
Restricted for early childhood family education programs	187,395	–
Restricted for community service	395,200	367,323
Restricted for school readiness	6,240	–
Unassigned – community education programs restricted account deficit	(579,428)	(365,213)
Total fund balances	12,801	2,110
Total liabilities, deferred inflows of resources, and fund balances	$ 1,446,697	$ 2,186,359

INDEPENDENT SCHOOL DISTRICT NO. 283

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 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	$ 1,025,400	$ 1,014,669	$ (10,731)	$ 980,690
Investment earnings	10,000	2,587	(7,413)	505
Other – primarily tuition and fees	4,698,499	4,930,131	231,632	3,393,768
State sources	1,317,114	1,413,328	96,214	1,323,768
Federal sources	150,165	101,355	(48,810)	1,302,564
Total revenue	7,201,178	7,462,070	260,892	7,001,295
Expenditures				
Current				
Salaries	4,064,239	4,457,752	393,513	4,244,018
Employee benefits	1,564,751	1,552,876	(11,875)	1,594,088
Purchased services	1,016,014	1,073,160	57,146	852,467
Supplies and materials	384,494	301,109	(83,385)	279,484
Other expenditures	9,150	40,986	31,836	42,695
Capital outlay	30,600	25,496	(5,104)	1,753
Total expenditures	7,069,248	7,451,379	382,131	7,014,505
Net change in fund balances	$ 131,930	10,691	$ (121,239)	(13,210)
Fund balances				
Beginning of year		2,110		15,320
End of year		$ 12,801		$ 2,110

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

	2022	2021
Assets		
Cash and investments – held by trustee	$ 5,443,047	$ 15,591,785
Accounts and interest receivable	9,074	147,758
Total assets	$ 5,452,121	$ 15,739,543
Liabilities		
Accounts and contracts payable	$ 610,713	$ 2,448,277
Fund balances		
Restricted for capital projects	786,630	5,427,454
Restricted for long-term facilities maintenance	4,054,778	7,863,812
Total fund balances	4,841,408	13,291,266
Total liabilities and fund balances	$ 5,452,121	$ 15,739,543

INDEPENDENT SCHOOL DISTRICT NO. 283

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 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	$ 330,000	$ 28,060	$ (301,940)	$ 221,895
Other	–	111,488	111,488	50,436
Federal sources	–	–	–	122,331
Total revenue	330,000	139,548	(190,452)	394,662
Expenditures				
Capital outlay				
Salaries	130,500	132,300	1,800	5,019
Employee benefits	40,083	43,402	3,319	1,489
Purchased services	–	1,757,610	1,757,610	2,510,232
Capital expenditures	6,929,417	6,656,094	(273,323)	31,442,874
Total expenditures	7,100,000	8,589,406	1,489,406	33,959,614
Net change in fund balances	$ (6,770,000)	(8,449,858)	$ (1,679,858)	(33,564,952)
Fund balances				
Beginning of year		13,291,266		46,856,218
End of year		$ 4,841,408		$ 13,291,266

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals 2022	Totals 2021
Assets				
Cash and temporary investments	$ 8,772,634	$ –	$ 8,772,634	$ 7,956,948
Receivables				
Current taxes	6,267,472	–	6,267,472	6,539,919
Delinquent taxes	96,871	–	96,871	132,161
Total assets	$ 15,136,977	$ –	$ 15,136,977	$ 14,629,028
Deferred inflows of resources				
Property taxes levied for subsequent year	$ 12,791,566	$ –	$ 12,791,566	$ 12,783,539
Unavailable revenue – delinquent taxes	96,871	–	96,871	93,810
Total deferred inflows of resources	12,888,437	–	12,888,437	12,877,349
Fund balances				
Restricted for debt service	2,248,540	–	2,248,540	1,751,679
Total deferred inflows of resources and fund balances	$ 15,136,977	$ –	$ 15,136,977	$ 14,629,028

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2022		
		Actual	
	Budget	Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	$ 12,783,000	$ 12,644,583	$ –
Investment earnings	–	–	–
Federal sources	–	12,627	–
Total revenue	12,783,000	12,657,210	–
Expenditures			
Debt service			
Principal	7,180,000	7,180,000	–
Interest	4,970,521	4,970,521	–
Fiscal charges and other	6,250	9,828	–
Total expenditures	12,156,771	12,160,349	–
Excess (deficiency) of revenue over expenditures	626,229	496,861	–
Other financing sources (uses)			
Transfers in	–	149,613	–
Transfers (out)	–	–	(149,613)
Total other financing sources (uses)	–	149,613	(149,613)
Net change in fund balances	$ 626,229	646,474	(149,613)
Fund balances			
Beginning of year		1,602,066	149,613
End of year		$ 2,248,540	$ –

		2021
Total	Over (Under) Budget	Actual
$ 12,644,583	$ (138,417)	$ 11,804,234
–	–	20,185
12,627	12,627	27,533
12,657,210	(125,790)	11,851,952
7,180,000	–	6,650,000
4,970,521	–	5,139,424
9,828	3,578	6,250
12,160,349	3,578	11,795,674
496,861	(129,368)	56,278
149,613	149,613	–
(149,613)	(149,613)	–
–	–	–
496,861	$ (129,368)	56,278
1,751,679		1,695,401
$ 2,248,540		$ 1,751,679

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Assets			
Current assets			
Cash and temporary investments	$ 495,481	$ 3,146,173	$ –
Cash and investments – held by trustee	–	–	2,327,968
Accounts and interest receivable	–	–	10,852
Total current assets	495,481	3,146,173	2,338,820
Deferred outflows of resources			
OPEB plan deferments	–	–	829,399
Liabilities			
Current liabilities			
Claims payable	25,147	225,038	–
Unearned revenue	–	–	–
Claims incurred, but not reported	10,548	1,226,138	–
Due to other governmental units	–	3,510	–
Due to other funds	–	–	188,432
Total OPEB liability – due within one year	–	–	328,232
Total current liabilities	35,695	1,454,686	516,664
Long-term liabilities			
Total OPEB liability – due in more than one year	–	–	4,739,060
Total liabilities	35,695	1,454,686	5,255,724
Deferred inflows of resources			
OPEB plan deferments	–	–	1,010,334
Net position			
Unrestricted	$ 459,786	$ 1,691,487	$ (3,097,839)

Totals	
2022	2021
$ 3,641,654	$ 3,689,273
2,327,968	2,765,008
10,852	13,410
5,980,474	6,467,691
829,399	720,077
250,185	128,167
–	1,208,620
1,236,686	616,961
3,510	3,343
188,432	387,350
328,232	332,301
2,007,045	2,676,742
4,739,060	4,577,867
6,746,105	7,254,609
1,010,334	1,158,660
$ (946,566)	$ (1,225,501)

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Operating revenue			
Contributions from governmental funds	$ 645,721	$ 9,590,880	$ –
Operating expenses			
Dental benefit claims	607,165	–	–
Medical benefit claims	–	9,210,345	–
OPEB	–	–	88,886
Total operating expenses	607,165	9,210,345	88,886
Operating income (loss)	38,556	380,535	(88,886)
Nonoperating revenue			
Investment earnings (charges)	–	–	(51,270)
Change in net position	38,556	380,535	(140,156)
Net position			
Beginning of year	421,230	1,310,952	(2,957,683)
End of year	$ 459,786	$ 1,691,487	$ (3,097,839)

Totals			
2022		2021	
$	10,236,601	$	10,022,907
	607,165		634,793
	9,210,345		8,318,513
	88,886		384,326
	9,906,396		9,337,632
	330,205		685,275
	(51,270)		26,725
	278,935		712,000
	(1,225,501)		(1,937,501)
$	(946,566)	$	(1,225,501)

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Cash flows from operating activities			
Contributions from governmental funds	$ 570,805	$ 8,457,176	$ –
Payments for dental claims	(611,970)	–	–
Payments for medical claims	–	(8,463,630)	–
Payments for OPEB	–	–	(189,410)
Net cash flows from operating activities	(41,165)	(6,454)	(189,410)
Cash flows from noncapital financing activities			
Payments from due to other funds	–	–	(198,918)
Cash flows from investing activities			
Investment income received (paid)	–	–	(48,712)
Net change in cash and cash equivalents	(41,165)	(6,454)	(437,040)
Cash and cash equivalents			
Beginning of year	536,646	3,152,627	2,765,008
End of year	$ 495,481	$ 3,146,173	$ 2,327,968
Presented on statement of net position as follows:			
Cash and temporary investments	$ 495,481	$ 3,146,173	$ –
Cash and investments – held by trustee	–	–	2,327,968
Total cash and cash equivalents	$ 495,481	$ 3,146,173	$ 2,327,968
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	$ 38,556	$ 380,535	$ (88,886)
Adjustments to reconcile operating income (loss) to cash flows from operating activities			
Changes in assets and liabilities			
Deferred outflows of resources	–	–	(109,322)
Total OPEB liability	–	–	157,124
Claims payable	(6,172)	128,190	–
Unearned revenue	(74,916)	(1,133,704)	–
Deferred inflows of resources	–	–	(148,326)
Claims incurred, but not reported	1,367	618,358	–
Due to other governmental units	–	167	–
Net cash flows from operating activities	$ (41,165)	$ (6,454)	$ (189,410)

Totals			
2022		2021	
$	9,027,981	$	10,013,894
	(611,970)		(623,774)
	(8,463,630)		(8,106,118)
	(189,410)		(332,550)
	(237,029)		951,452
	(198,918)		224,205
	(48,712)		73,285
	(484,659)		1,248,942
	6,454,281		5,205,339
$	5,969,622	$	6,454,281
$	3,641,654	$	3,689,273
	2,327,968		2,765,008
$	5,969,622	$	6,454,281
$	330,205	$	685,275
	(109,322)		61,395
	157,124		(511,847)
	122,018		31,336
	(1,208,620)		(9,013)
	(148,326)		502,228
	619,725		188,735
	167		3,343
$	(237,029)	$	951,452

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

Special Purpose Audit Reports

Year Ended
June 30, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 283

Special Purpose Audit Reports
Year Ended June 30, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 283 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(continued)

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REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 27, 2022

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INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 283 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2022.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the District failed to comply with provisions of the claims and disbursements and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as findings 2022-001, and 2022-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

DISTRICT'S RESPONSES TO FINDINGS

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 27, 2022

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

A. FINANCIAL STATEMENT FINDINGS

None.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

2022-001 UNCLAIMED PROPERTY REPORT

Criteria – Minnesota Statutes § 345.41 and § 345.43.

Condition – Minnesota Statutes require unclaimed property held for more than three years (or one year for unpaid compensation) to be reported and paid or delivered to the state Commissioner of Commerce each year. This requirement was not met by Independent School District No. 283 (the District) for the current audit year.

Questioned Costs – Not applicable.

Context – The District did not file the unclaimed property report to the state Commissioner of Commerce in the current audit year.

Repeat Finding – This is a current and prior year finding.

Cause – This was an oversight by district personnel.

Effect – The District was not in compliance with state unclaimed property requirements.

Recommendation – We recommend that the District comply with state statutory requirements for unclaimed property in the future.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review its procedures relating to unclaimed property laws to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2022-002 UNTIMELY PAYMENT OF INVOICES

Criteria – Minnesota Statutes § 471.425, Subd. 2.

Condition – Minnesota Statutes require prompt payment of local government bills within a standard payment period of 35 days from receipt for governing boards that meet at least once a month.

Questioned Costs – Not applicable.

Context – We noted 3 of 40 disbursements tested were not paid within the statutory timeline.

Repeat Finding – This is a current year and prior year finding.

Cause – This was an oversight by district personnel.

Effect – Independent School District No. 283 (the District), did not pay its invoices selected for testing in a timely manner, based on statutory requirements.

Recommendation – We recommend that the District review its payment procedures to ensure that all bills are paid within the statutory time limit.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review its procedures relating to disbursements to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

MMKR
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INDEPENDENT AUDITOR'S REPORT ON UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 283 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2022.

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

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 Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

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The purpose of this report on the UFARS Compliance Table required by the MDE is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 27, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 283

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

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 74,829,698	$ 74,829,699	$ (1)
Total expenditures		$ 76,698,481	$ 76,698,479	$ 2
Nonspendable				
460	Nonspendable fund balance	$ 294,027	$ 294,027	$ –
Restricted				
401	Student activities	$ 175,536	$ 175,536	$ –
402	Scholarships	$ –	$ –	$ –
403	Staff development	$ 4,982	$ 4,982	$ –
407	Capital projects levy	$ 1,718,953	$ 1,718,953	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
424	Operating capital	$ 3,050,954	$ 3,050,954	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ (14,416)	$ (14,416)	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 1,475,189	$ 1,475,189	$ –
472	Medical Assistance	$ 182,130	$ 182,130	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – Impact Aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 3,853,266	$ 3,853,266	$ –
Unassigned				
422	Unassigned fund balance	$ 4,379,553	$ 4,379,553	$ –
Food Service				
Total revenue		$ 2,903,084	$ 2,903,083	$ 1
Total expenditures		$ 2,056,750	$ 2,056,748	$ 2
Nonspendable				
460	Nonspendable fund balance	$ 21,496	$ 21,496	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 848,609	$ 848,609	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 7,462,070	$ 7,462,072	$ (2)
Total expenditures		$ 7,451,379	$ 7,451,381	$ (2)
Nonspendable				
460	Nonspendable fund balance	$ 3,394	$ 3,394	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ (579,428)	$ (579,428)	$ –
432	ECFE	$ 187,395	$ 187,395	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 6,240	$ 6,240	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 395,200	$ 395,200	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

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

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 139,548	$ 139,549	$ (1)
Total expenditures		$ 8,589,406	$ 8,589,406	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 4,054,778	$ 4,054,778	$ –
464	Restricted fund balance	$ 786,630	$ 786,630	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 12,657,210	$ 12,657,210	$ –
Total expenditures		$ 12,160,349	$ 12,160,349	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 2,248,540	$ 2,248,540	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ 1,984	$ 1,985	$ (1)
Total expenditures		$ 922	$ 922	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ 140,382	$ 140,382	$ –
Internal Service				
Total revenue		$ 10,236,601	$ 10,236,601	$ –
Total expenditures		$ 9,817,510	$ 9,817,510	$ –
422	Net position	$ 2,151,273	$ 2,151,272	$ 1
OPEB Revocable Trust Fund				
Total revenue		$ (51,270)	$ (51,270)	$ –
Total expenditures		$ 88,886	$ 88,886	$ –
422	Net position	$ (3,097,839)	$ (3,097,839)	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

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

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Resolution to Designate 2023 Bank Signatories

WHEREAS, local boards of education place a very high priority on ensuring that all students receive high quality education programs and instruction; and

WHEREAS, the local school board of St. Louis Park Public Schools held their Organizational Meeting on January 10, 2023; and

WHEREAS, the selection through motion, second and voting resulted in the naming of Chair, Vice-Chair, Clerk and Treasurer; and

WHEREAS, Anne Casey was voted unanimously to serve as 2023 Board Chair; C. Colin Cox as Board Vice-Chair, Heather Wilsey as Board Clerk, and Abdihakim Ibrahim as Board Treasurer;

NOW, THEREFORE, BE IT RESOLVED, this notification through resolution, satisfies the requirements of the financial and banking institutions utilized by the St. Louis Park School District for official signatories for 2023; and until the January 2024 School Board Organizational Meeting change of officers.

MOTION: ______________ SECOND: ______________ VOTE: _________

________________________ ________________________

Anne Casey, Board Chair Heather Wilsey, Board Clerk

Date Approved: January 24, 2023

St. Louis Park
Public Schools

School Board Consent Agenda

LICENSED

APPOINTMENTS

LAST NAME	FIRST NAME	POSITION	LOCATION	FTE	REPLACING	START
Anderson	Jennifer	Occupational Therapist	Central	1.00	Suzanne Berg	1/17/2023
Carey	Danielle	School Nurse	Districtwide	1.00	New Position	1/3/2023
Hanson	Kelsey	Teacher - Language Arts	High School	1.00	Jacob Gelfand	1/23/2023
Wright	Abdul	Teacher - Language Arts	High School	1.00	Robert Noel	12/16/2022

SEPARATIONS

LAST NAME	FIRST NAME	POSITION	LOCATION	REASON	LENGTH OF SERVICE	END
Berg	Suzanne	Occupational Therapist	Central	Resignation	5.5 Years	1/13/2023
Gelfand	Jacob	Teacher - Language Arts	High School	Resignation	2 Months	12/21/2022
Hartman	Patrick	Teacher - Science	High School	Resignation	12.5 Years	1/3/2023

CLASSIFIED

APPOINTMENTS

LAST NAME	FIRST NAME	POSITION	LOCATION	FTE	REPLACING	START
Burgeson	Kristy	PARA 4 - Instructional/Program Assistant	Central	0.30	Program Restructure	1/3/2023
Hunter	Da'Naiyah	Administrative Assistant 2	High School	1.00	Kirsten Christensen	1/3/2023
Olivos-Reyes	Antonio	PARA 5 - Special Education Assistant	High School	0.81	Tyler Collins	1/9/2023
Peters	Madison	PARA 5 - Special Education Assistant	Peter Hobart	0.81	Natt Dakagboi (LX)	1/17/2023
Peterson	Aaron	PARA 4 - Instructional/Program Assistant	High School	0.88	Jennifer Madsen	1/3/2023

ASSIGNMENT CHANGES

LAST NAME	FIRST NAME	POSITION	LOCATION	FTE	REPLACING	START
Welter	Steve	Custodian 4 - Elementary Night Foreman	Aquila	1.00	Donald Copeland (AQ-C5)	12/12/2022

SEPARATIONS

LAST NAME	FIRST NAME	POSITION	LOCATION	REASON	LENGTH OF SERVICE	END
Davis	Janiah	School Age Care Educator 3	Susan Lindgren	Resignation	1 Year	1/9/2023
Kozloski	Kathryn	PARA 5 - Special Education Assistant	Susan Lindgren	Resignation	7.5 Years	1/6/2023
Mohamed	Mohamed	PARA 4 - Supervision Aide	Peter Hobart	Resignation	1.5 Years	12/1/2022

Board Planning: 2023-2024

St. Louis Park Public Schools

Revised 1/20/2023 -FK

School Board Meeting Dates 2023-24 Tuesdays 6:30pm Start Time	
August - December	**January - June**
August 8, 2023 September 12, 2023 September 26, 2023 October 10, 2023 October 24, 2023 November 8, 2023 • (Wednesday Meeting- 11/7 Election Day) November 21, 2023 December 12, 2023	January 9, 2024 January 23, 2024 February 13, 2024 February 27, 2024 March 12, 2024 March 26, 2024 April 9, 2024 ~~April 23, 2024~~ April 30, 2024 May 14, 2024 May 28, 2024 June 11, 2024 June 25, 2024

INDEPENDENT SCHOOL DISTRICT 283

SECTION/FILE 545 **DATE OF ADOPTION** October 28, 2002
REVISED 2.26.07; 3.08.10; 2022

TITLE Park Spanish Immersion Admissions Policy

PROCESS for ADMISSION into Kindergarten:

1. The total number of seats available for students entering kindergarten will be 84. However, the final number of seats will be determined on an annual basis by the Superintendent, as exceptional circumstances may dictate.

2. In addition to those seats, 4 will be designated for students who receive desegregation transportation ~~in the Choice is Yours Program,~~ thus bringing the total number to 88~~)~~.

3. **Designated Seats Lottery**. From the 84 seats, a total of 20 seats will be designated for students eligible for federal free or reduced lunch subsidy.

   Students will submit applications for admission by [T.B.D.][1] (see definition). If more than 20 students apply, they will be selected to fill the designated seats in a lottery process prior to Kindergarten registration ~~round up~~. If more than 20 students apply for admission, those not admitted will be considered for admission under paragraph 6a and, if not selected, are wait-listed as described in paragraph 7. If less than ~~twenty (~~20~~)~~ students apply, any seats that remain unfilled in the initial lottery will be filled as applications are received and held open ~~until~~ for one (1) month after the lottery deadline. ~~two (2) weeks before kindergarten starts.~~ After one month, these seats will be released and will be filled by the general lottery.

4. **Admission for Siblings[2]** (see definition). From the remaining seats, the administration will admit siblings of resident students currently enrolled, if the sibling has applied by [T.B.D.][1]. If there are more siblings than seats available, the administration will conduct a computer-generated lottery to determine which siblings will be admitted. Any siblings not admitted under the computer-generated lottery will be wait-listed as described in paragraph (7).

   The Board will annually review the sibling enrollment numbers to ensure that the preference is not unduly impacting the ability of new families to enroll in the school. The Board may change the policy if it determines that the preference does unduly impact ability of new families to enroll. The sibling preference provision is terminated for families that do not live within the district boundaries or when the family of children enrolled utilizing desegregation transportation ~~through the Minnesota Choice is Yours Program~~ moves outside of Minneapolis.

5. **Enrollment Options Students**. A certain number of kindergarten seats will be held open for students who apply for open enrollment under Minn. Stat. §124D.03. The number of seats to be held open will be determined each year by calculating and applying the lesser of the following:

   a. 1% of the total enrollment of Kindergarten students in the District, or
   b. The number of district residents in Kindergarten enrolled in a nonresident district under open enrollment. Siblings[2] of existing PSI students will be given preference for the enrollment option seat. If there are more applications received under MN Statute §124D.03 than seats available, the administration will conduct a computer-generated lottery to determine which student(s) will be admitted. Any student not admitted will be included in 6b applications.

6. **General Lottery**.

    a. Applications from resident students in addition to those described in paragraph 4. After the seat allocations under paragraphs 3-5 above have been made, the administration will determine the remaining number of seats. For any remaining seats, a computer-generated lottery will be held on [T.B.D.]. by the district's Enrollment Center ~~central registration office~~, the Park Spanish Immersion principal and district administration. Students to be admitted will be selected in a computer-generated lottery from applications that were submitted by [T.B.D.][1]. If there are more applicants than seats available, students will be wait-listed as described in paragraph 7.

    b. Applications received from students described in paragraph 5 but not previously admitted. If there are seats remaining after the computer-generated lottery described in paragraph 6.a, the remaining seats will be filled from a computer-generated lottery process for students not admitted under paragraph 5. These applications must have been received by the date under Minn. Stat. §124D.03.

7. **Wait List**. The computer-generated waitlist of students from 6a (St. Louis Park residents) will be given priority over the computer-generated waitlist of students from 6b (open enrolled). Seats that become open during the applicant's kindergarten or first grade year will be filled from the waitlist in the order the names appear on that wait list, with priority given to those who reside in St. Louis Park, subject to the requirements of the lateral admissions paragraph. The wait list will be maintained only until the end of the applicant's first grade year.

8. **Families who Move**.
    a. St. Louis Park resident students who are attending PSI before the family moves out of the district boundaries may remain at the school.
    b. Students who are open-enrolled and are attending PSI may remain at the school if their family moves to another school district.
    c. Incoming St. Louis Park resident kindergarten students who have attended school before their family moves out of the district may remain at the school.
    d. Incoming kindergarten students receiving ~~enrolled through~~ desegregated transportation ~~the Choice is Yours Program~~ who have attended school before their family moves out of Minneapolis may remain at the school.

PROCESS FOR LATERAL ADMISSIONS.

1. **If seats become available during the applicant's Kindergarten or first grade year.** Students whose names appear on the wait(s) list under paragraph 7 will be assessed in the order their names appear on the waitlist(s) to determine whether their Spanish language skills are sufficiently developed to enable them to participate meaningfully at the appropriate grave level.

2. **If seats become available in grades Kindergarten to 5th grade, after conducting the assessments under paragraph 1.** Resident students entering Kindergarten to 5th grade who wish to be considered for admission to Park Spanish Immersion must apply for admission no later than the [T.B.D.][1] day of school for that year. Non-resident students seeking lateral admission will be considered in accordance with the open enrollment requirements of Minn. Stat. §124D.03. A computer-generated lottery will be held for each grade level to determine the order in which students will be assessed. After the list has been established, students will be individually assessed in the order the students' name appears on the computer-generated list, to determine whether their Spanish language skills are sufficiently developed to enable them to participate meaningfully at their grade level.

Administration will submit an enrollment report to the Board by June 30th of each year.

DEFINITIONS:

[1] Date to be determined on an annual basis.

[2] Sibling is ~~a brother or sister~~ one of two or more children or wards related by blood or adoption through a common legal parent; or through the marriage of the children's or wards' legal or biological parents residing in the same household of a student enrolled at Park Spanish Immersion in grades K- 4, at the time the child makes application.