



# Annual Comprehensive Financial Report

**For Fiscal Year Ended June 30, 2022**

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

**Cottage Grove, Minnesota**



# Annual Comprehensive Financial Report

**For Fiscal Year Ended June 30, 2022**

**South Washington County Schools**

**Independent School District No. 833**

**Cottage Grove, Minnesota**

**Prepared by the Department of Finance**

Dan Pyan, Director of Finance and Operations

Kris Blackburn, Fiscal Services Director

Amber Schauer, Account Specialist

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INDEPENDENT SCHOOL DISTRICT NO. 833

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## Section I

# Introductory





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

December 21, 2022

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

## INTRODUCTION

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

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

## REPORT FORMAT

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

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



## **REPORTING ENTITY AND ITS SERVICES**

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

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

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

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

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

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

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

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

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

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

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

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

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

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

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

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

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

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

## **FINANCIAL AND BUDGETARY CONTROL**

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

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

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

## **RELEVANT FINANCIAL POLICIES**

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

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

Two of these policies include:

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

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

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

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

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

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

## **CERTIFICATE OF EXCELLENCE**

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

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

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

## **ACKNOWLEDGEMENTS**

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

Sincerely,

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

Dan Pyan, Executive Director of Finance and Operations

# SCHOOL BOARD

Asst to the Superintendent



## INDEPENDENT SCHOOL DISTRICT NO. 833

School Board and Administration  
Year Ended June 30, 2022

### SCHOOL BOARD

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

### ADMINISTRATION

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



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

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

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

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



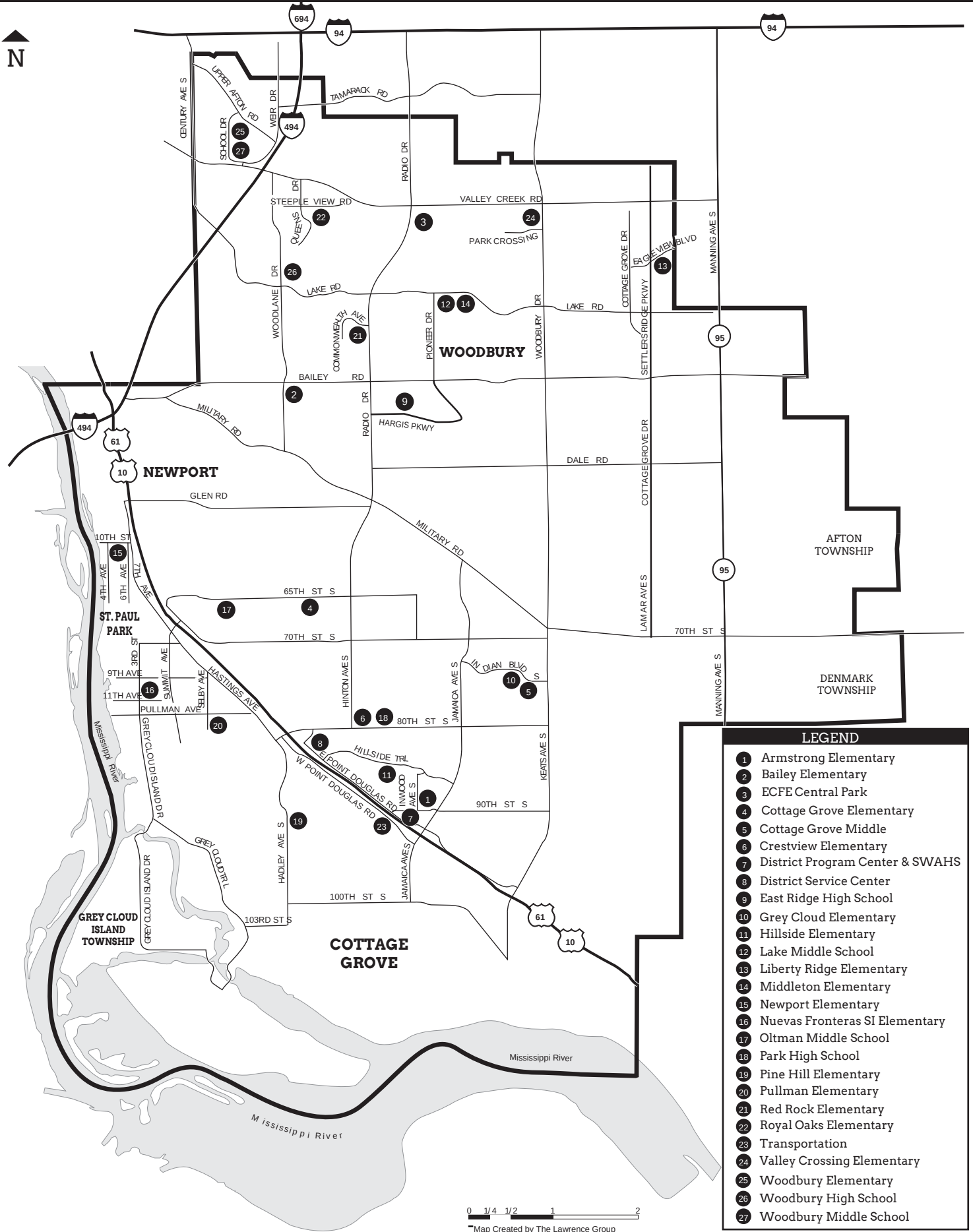
A handwritten signature in black ink, reading 'William A. Sutter'.

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

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

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

# South Washington County Schools



\*Map Created by The Lawrence Group

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## Section II

# Financial





## PRINCIPALS

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

## INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of  
Independent School District No. 833  
Cottage Grove, Minnesota

### **OPINIONS**

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

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

### **BASIS FOR OPINIONS**

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

### **EMPHASIS OF MATTER**

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

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

(continued)

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

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

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

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

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

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

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

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

(continued)

## **Required Supplementary Information**

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

## **Supplemental Information**

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

## **Other Information**

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

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

(continued)

### **Prior Year Comparative Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
December 21, 2022

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

This section of Independent School District No. 833's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the other components of the District's ACFR.

#### **FINANCIAL HIGHLIGHTS**

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

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

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

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

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

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

The District's increase in net investment in capital assets is due, mostly to the relationship between the rate at which the District's capital assets are being added, depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in net position restricted for capital asset acquisition, debt service, food service, community service, and other state funding purposes contributed to the change in this portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

Table 2 presents a summarized version of the District's Statement of Activities:

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

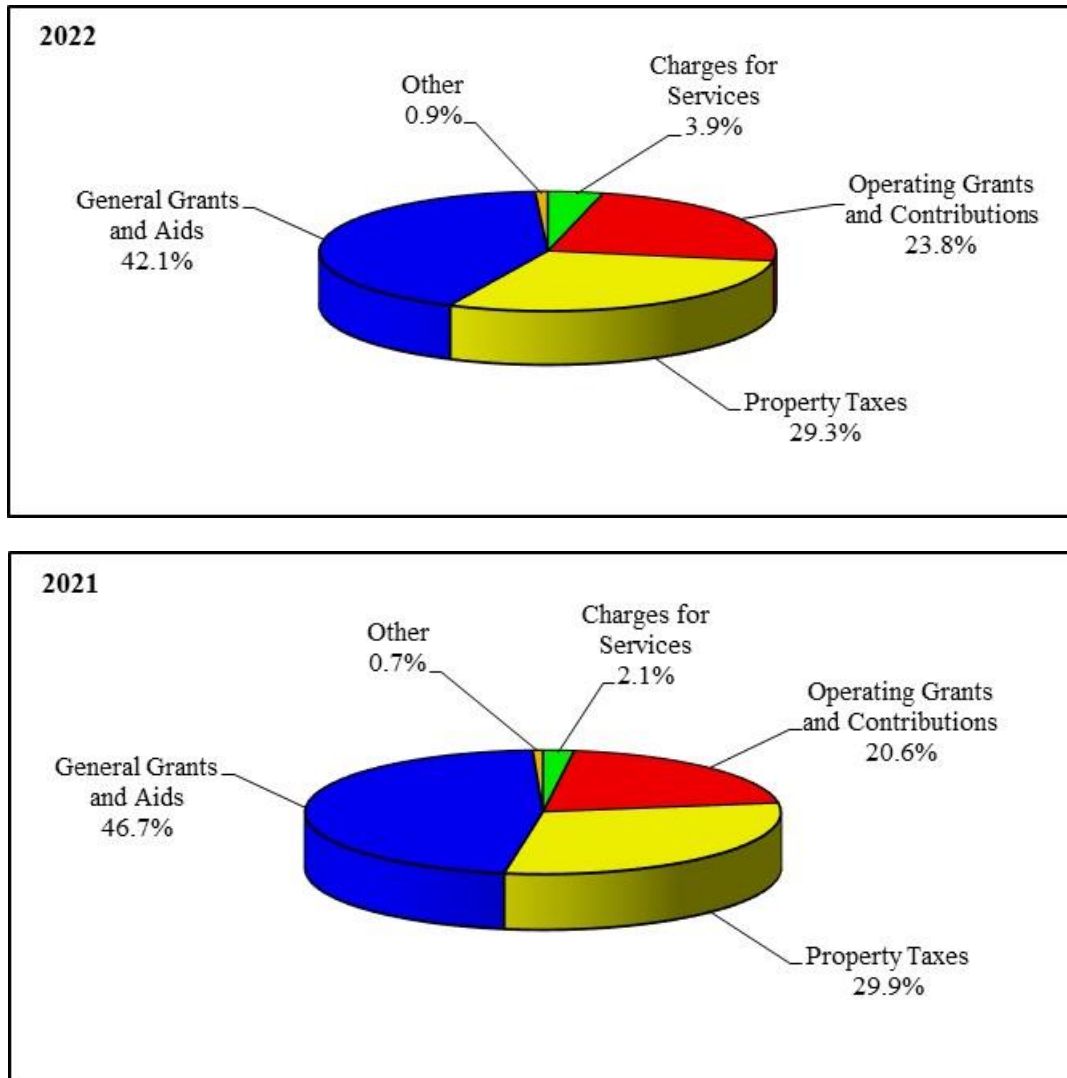
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

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

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

Figure A shows further analysis of these revenue sources:

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

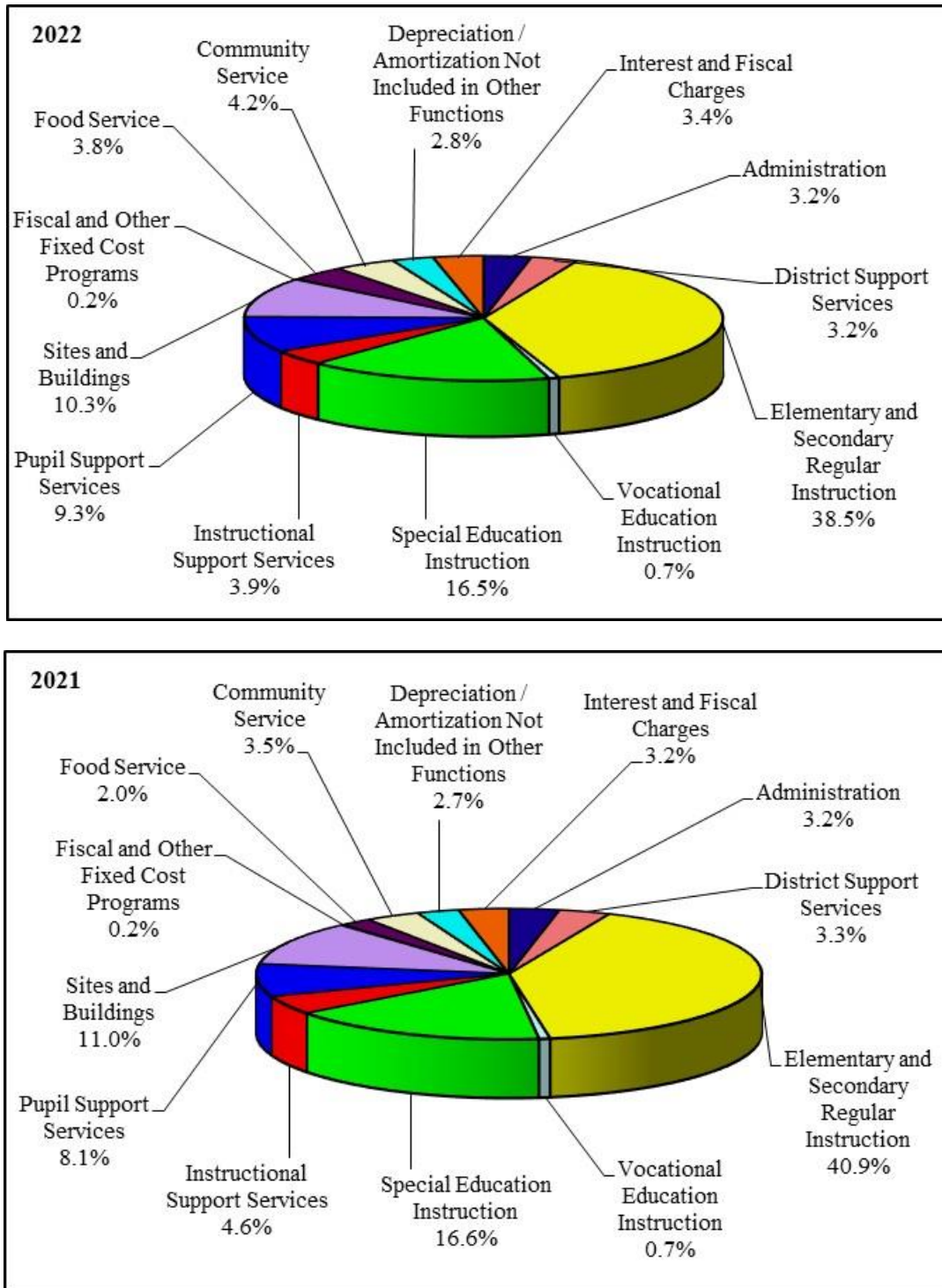


The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

**Figure B – Expenses for Fiscal Years 2022 and 2021**



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

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

| <b>Table 3</b><br><b>Governmental Fund Balances</b><br><b>as of June 30, 2022 and 2021</b> |                      |                      |                      |
|--------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|
|                                                                                            | <u>2022</u>          | <u>2021</u>          | <u>Change</u>        |
| Major funds                                                                                |                      |                      |                      |
| General                                                                                    | \$ 27,333,639        | \$ 17,865,017        | \$ 9,468,622         |
| Capital Projects –                                                                         |                      |                      |                      |
| Building Construction                                                                      | 36,899,248           | 18,777,990           | 18,121,258           |
| Debt Service                                                                               | 6,718,407            | 5,912,705            | 805,702              |
| Nonmajor funds                                                                             |                      |                      |                      |
| Food Service Special Revenue                                                               | 2,997,076            | 1,073,800            | 1,923,276            |
| Community Service Special Revenue                                                          | <u>963,114</u>       | <u>158,291</u>       | <u>804,823</u>       |
| Total governmental funds                                                                   | <u>\$ 74,911,484</u> | <u>\$ 43,787,803</u> | <u>\$ 31,123,681</u> |

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

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

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

## ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

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

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

Table 5 summarizes the operating results of the General Fund:

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

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

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

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

## **COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS**

### **Capital Projects – Building Construction Fund**

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

### **Debt Service Fund**

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

### **Other Governmental Funds**

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

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

### **Internal Service Funds**

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

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

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

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

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

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

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

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

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

## Long-Term Liabilities

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

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

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

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

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

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

Additional details of the District's long-term liabilities can be found in the notes to basic financial statements.

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

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

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

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## BASIC FINANCIAL STATEMENTS

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                                     | Governmental Activities |                       |
|---------------------------------------------------------------------|-------------------------|-----------------------|
|                                                                     | 2022                    | 2021                  |
| <b>Assets</b>                                                       |                         |                       |
| Cash and temporary investments                                      | \$ 129,903,137          | \$ 82,012,482         |
| Receivables                                                         |                         |                       |
| Current taxes                                                       | 49,968,816              | 51,988,592            |
| Delinquent taxes                                                    | 267,182                 | 597,005               |
| Accounts and interest                                               | 166,290                 | 222,939               |
| Due from other governmental units                                   | 20,288,778              | 21,833,314            |
| Due from OPEB trust                                                 | 240,934                 | —                     |
| Inventory                                                           | 402,518                 | 402,082               |
| Prepaid items                                                       | 3,554,705               | 3,946,629             |
| Restricted assets – temporarily restricted                          |                         |                       |
| Cash and investments for capital asset acquisition                  | 276,981                 | 1,085,444             |
| Capital assets                                                      |                         |                       |
| Not depreciated/amortized                                           | 27,273,804              | 17,668,263            |
| Depreciated/amortized, net of accumulated depreciation/amortization | 447,822,399             | 447,164,684           |
| Total capital assets, net of accumulated depreciation/amortization  | <u>475,096,203</u>      | <u>464,832,947</u>    |
| Total assets                                                        | 680,165,544             | 626,921,434           |
| Deferred outflows of resources                                      |                         |                       |
| Pension plan deferments                                             | 75,373,547              | 86,859,959            |
| OPEB plan deferments                                                | 478,848                 | 344,297               |
| Total deferred outflows of resources                                | <u>75,852,395</u>       | <u>87,204,256</u>     |
| Total assets and deferred outflows of resources                     | <u>\$ 756,017,939</u>   | <u>\$ 714,125,690</u> |
| <b>Liabilities</b>                                                  |                         |                       |
| Salaries payable                                                    | \$ 11,640,420           | \$ 11,338,858         |
| Accounts and contracts payable                                      | 12,827,552              | 8,442,651             |
| Accrued interest payable                                            | 4,286,308               | 4,292,989             |
| Due to other governmental units                                     | 1,174,678               | 1,019,547             |
| Unearned revenue                                                    | 1,089,184               | 900,986               |
| Long-term liabilities                                               |                         |                       |
| Due within one year                                                 | 28,768,951              | 26,535,831            |
| Due in more than one year                                           | 450,407,168             | 510,783,130           |
| Total long-term liabilities                                         | <u>479,176,119</u>      | <u>537,318,961</u>    |
| Total liabilities                                                   | 510,194,261             | 563,313,992           |
| Deferred inflows of resources                                       |                         |                       |
| Property taxes levied for subsequent year                           | 99,874,834              | 92,374,393            |
| Pension plan deferments                                             | 180,471,844             | 133,435,079           |
| OPEB plan deferments                                                | 4,019,524               | 840,602               |
| Total deferred inflows of resources                                 | <u>284,366,202</u>      | <u>226,650,074</u>    |
| <b>Net position</b>                                                 |                         |                       |
| Net investment in capital assets                                    | 162,606,035             | 147,166,352           |
| Restricted for                                                      |                         |                       |
| Capital asset acquisition                                           | 1,432,538               | 774,722               |
| Debt service                                                        | 2,773,515               | 1,982,282             |
| Food service                                                        | 2,997,076               | 1,073,800             |
| Community service                                                   | 3,467,178               | 2,350,374             |
| Other purposes (state and other funding restrictions)               | 3,567,796               | 3,014,472             |
| Unrestricted                                                        | (215,386,662)           | (232,200,378)         |
| Total net position                                                  | <u>(38,542,524)</u>     | <u>(75,838,376)</u>   |
| Total liabilities, deferred inflows of resources, and net position  | <u>\$ 756,017,939</u>   | <u>\$ 714,125,690</u> |

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                                                                                                                                                                                                                                                          | <u>2022</u>            | <u>2021</u>            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Total fund balances – governmental funds                                                                                                                                                                                                                                                 | \$ 74,911,484          | \$ 43,787,803          |
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                                                                                                                                                                     |                        |                        |
| Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.                                                                                                                                                      |                        |                        |
| Cost of capital assets                                                                                                                                                                                                                                                                   | 677,520,961            | 650,668,935            |
| Accumulated depreciation/amortization                                                                                                                                                                                                                                                    | (202,424,758)          | (185,835,988)          |
| Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses. |                        |                        |
| General obligation bonds                                                                                                                                                                                                                                                                 | (305,800,000)          | (291,600,000)          |
| Certificates of participation                                                                                                                                                                                                                                                            | (13,795,000)           | (15,005,000)           |
| Unamortized premium/discount                                                                                                                                                                                                                                                             | (20,994,146)           | (22,049,294)           |
| Financed purchases                                                                                                                                                                                                                                                                       | (6,035,565)            | (8,503,021)            |
| Lease liabilities                                                                                                                                                                                                                                                                        | (3,125,491)            | –                      |
| Net pension liability – PERA and TRA pension plans                                                                                                                                                                                                                                       | (109,480,937)          | (177,204,809)          |
| Compensated absences                                                                                                                                                                                                                                                                     | (1,956,422)            | (1,859,796)            |
| Net OPEB liability                                                                                                                                                                                                                                                                       | (13,827,969)           | (17,010,425)           |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.                                      |                        |                        |
|                                                                                                                                                                                                                                                                                          | (371,149)              | 151,152                |
| Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.                                                                                                                                                        |                        |                        |
|                                                                                                                                                                                                                                                                                          | (4,286,308)            | (4,292,989)            |
| The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.                                                                              |                        |                        |
| Deferred outflows of resources – PERA and TRA pension plan deferments                                                                                                                                                                                                                    | 74,868,114             | 86,538,569             |
| Deferred outflows of resources – OPEB plan deferments                                                                                                                                                                                                                                    | 478,848                | 344,297                |
| Deferred inflows of resources – PERA and TRA pension plan deferments                                                                                                                                                                                                                     | (180,471,844)          | (133,435,079)          |
| Deferred inflows of resources – OPEB plan deferments                                                                                                                                                                                                                                     | (4,019,524)            | (840,602)              |
| Deferred inflows of resources – unavailable revenue – delinquent taxes                                                                                                                                                                                                                   | 267,182                | 307,871                |
| Total net position – governmental activities                                                                                                                                                                                                                                             | <u>\$ (38,542,524)</u> | <u>\$ (75,838,376)</u> |

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

See notes to basic financial statements

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

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## INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                                                                                                                                                                                                                              | 2022                 | 2021                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| Total net change in fund balances – governmental funds                                                                                                                                                                                                       | \$ 31,123,681        | \$ (5,175,083)      |
| Amounts reported for governmental activities in the Statement of Activities are different because:                                                                                                                                                           |                      |                     |
| Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.          |                      |                     |
| Capital outlays                                                                                                                                                                                                                                              | 21,790,601           | 11,951,330          |
| Depreciation/amortization expense                                                                                                                                                                                                                            | (14,496,585)         | (13,259,660)        |
| A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances. |                      |                     |
|                                                                                                                                                                                                                                                              | (506,667)            | (19,412)            |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.             |                      |                     |
|                                                                                                                                                                                                                                                              | (522,301)            | (301,668)           |
| The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.                                                     |                      |                     |
|                                                                                                                                                                                                                                                              | (39,606,531)         | (2,690,965)         |
| Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.                                                                                                                                                   |                      |                     |
| General obligation bonds                                                                                                                                                                                                                                     | 25,005,000           | 18,805,000          |
| Certificates of participation                                                                                                                                                                                                                                | 1,210,000            | 1,160,000           |
| Financed purchases                                                                                                                                                                                                                                           | 2,467,456            | 2,392,359           |
| Lease liabilities                                                                                                                                                                                                                                            | 751,947              | –                   |
| Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.                                                                      |                      |                     |
|                                                                                                                                                                                                                                                              | 6,681                | 372,585             |
| Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.                                                                                               |                      |                     |
| Net pension liability – PERA and TRA pension plans                                                                                                                                                                                                           | 67,723,872           | (20,181,827)        |
| Compensated absences                                                                                                                                                                                                                                         | (96,626)             | (181,650)           |
| Net OPEB liability                                                                                                                                                                                                                                           | 3,182,456            | (371,172)           |
| Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.                |                      |                     |
|                                                                                                                                                                                                                                                              | 1,055,148            | 3,156,038           |
| The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.                                                  |                      |                     |
| Deferred outflows of resources – PERA and TRA pension plan deferments                                                                                                                                                                                        | (11,670,455)         | (51,395,634)        |
| Deferred outflows of resources – OPEB plan deferments                                                                                                                                                                                                        | 134,551              | 110,455             |
| Deferred inflows of resources – PERA and TRA pension plan deferments                                                                                                                                                                                         | (47,036,765)         | 60,857,446          |
| Deferred inflows of resources – OPEB plan deferments                                                                                                                                                                                                         | (3,178,922)          | (501,076)           |
| Deferred inflows of resources – unavailable revenue – delinquent taxes                                                                                                                                                                                       | (40,689)             | (32,761)            |
| Change in net position – governmental activities                                                                                                                                                                                                             | <u>\$ 37,295,852</u> | <u>\$ 4,694,305</u> |

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Fiduciary Net Position  
as of June 30, 2022

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

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

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

See notes to basic financial statements

## INDEPENDENT SCHOOL DISTRICT NO. 833

### Notes to Basic Financial Statements June 30, 2022

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

##### **A. Organization**

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

##### **B. Reporting Entity**

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

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

##### **C. Government-Wide Financial Statement Presentation**

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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

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

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

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

### D. Fund Financial Statement Presentation

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

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

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

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

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

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

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

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

### **Description of Funds**

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

#### **Major Governmental Funds**

**General Fund** – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition, construction, or improvement of capital facilities authorized by debt issue and certain capital related levies.

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

#### **Nonmajor Governmental Funds**

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

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

#### **Proprietary Funds**

**Internal Service Funds** – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District’s internal service funds include financing for post-employment severance and pension benefits offered by the District to its employees.

#### **Fiduciary Funds**

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

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

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

### **E. Budgetary Information**

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Expenditures in the Community Service Special Revenue Fund were over budgeted appropriations by \$205,142 and expenditures in the Capital Projects – Building Construction Fund were over budgeted appropriations by \$3,058,671 for the year ended June 30, 2022. Revenues and other financing sources in excess of budget, along with available fund balance, covered these variances.

### **F. Cash and Temporary Investments**

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

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

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary (internal service) fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

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

### G. Receivables

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

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

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

### H. Inventories

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

### I. Prepaid Items

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

### J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,744,924 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2021–2022. The remaining portion of the taxes collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

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

### **K. Capital Assets**

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation/amortization purposes. Useful lives vary, ranging from 20 to 50 years for land improvements and buildings and 5 to 15 years for machinery, equipment, and licensed vehicles. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Land and construction in progress are not depreciated.

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

### **L. Long-Term Obligations**

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

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

### **M. Compensated Absences Payable**

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

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

### **N. Severance Benefits**

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

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

### **O. State-Wide Pension Plans**

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

### **P. Other Post-Employment Benefits (OPEB) Plan**

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

### **Q. Deferred Outflows/Inflows of Resources**

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

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

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

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

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

### R. Net Position

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

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

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

### S. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

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

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

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

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

### T. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.
2. **Self-Insurance** – The District uses the General Fund to account for and finance its self-insured risk of loss for the employee dental insurance plan, which began on January 1, 2021. Under the plan, the General Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

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

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

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

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

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

### U. Use of Estimates

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

### V. Restricted Assets

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

### W. Prior Period Comparative Financial Information/Reclassifications

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

### X. Change in Accounting Principle

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

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

### B. Deposits

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

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

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

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District had the following investments at year-end:

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

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission. The District's investment in this pool is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the MSDLAF – Liquid Class. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions.

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

**Custodial Credit Risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form; and, therefore, are not subject to custodial credit risk disclosures. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.

The District has an internal policy that limits investment choices and addresses these potential risks beyond the statutory limitations listed above. These limitations are discussed below:

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

## NOTE 3 – CAPITAL ASSETS

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

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

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

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

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

## NOTE 4 – LONG-TERM LIABILITIES

### A. General Obligation Bonds

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

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

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

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

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

### B. Certificates of Participation

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

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

The District has issued certificates of participation under Minnesota Statutes § 123B.51 to finance the purchase of Valley Crossing Elementary School, and to finance an addition to the Woodbury Middle School. Scheduled future ad valorem tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

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

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

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

#### C. Financed Purchases

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

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

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

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

### D. Lease Liability

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

The District currently has the following lease liability obligations outstanding:

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

### E. Other Long-Term Liabilities

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

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

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

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

### F. Minimum Debt Payments

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

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

### G. Changes in Long-Term Liabilities

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

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

## NOTE 5 – FUND BALANCES

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

### A. Classifications

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

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

## **NOTE 5 – FUND BALANCES (CONTINUED)**

### **B. Minimum Fund Balance Policy**

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

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

### **A. Plan Description**

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

The District administers a defined benefit Other Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Other Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

### **B. Benefits Provided**

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

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

### **C. Contributions**

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

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

### D. Membership

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

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

### E. Net OPEB Liability of the District

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

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

### F. Actuarial Methods and Assumptions

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

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

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

Mortality rates were based on the rates used in recent tables developed and recommended by the Society of Actuaries. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

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

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

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

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

### G. Rate of Return

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

### H. Discount Rate

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

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

### I. Changes in the Net OPEB Liability

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

There were no plan changes since the prior measurement date.

Assumption changes since the prior measurement date included:

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

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

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

|                    | 1% Decrease in<br>Discount Rate | Current<br>Discount Rate | 1% Increase in<br>Discount Rate |
|--------------------|---------------------------------|--------------------------|---------------------------------|
| OPEB discount rate | 2.90%                           | 3.90%                    | 4.90%                           |
| Net OPEB liability | \$ 14,813,741                   | \$ 13,827,969            | \$ 12,872,377                   |

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

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

|                       | 1% Decrease in<br>Healthcare Cost<br>Trend Rates                                     | Healthcare Cost<br>Trend Rates                                                       | 1% Increase in<br>Healthcare Cost<br>Trend Rates                                     |
|-----------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Healthcare trend rate | 5.50% in 2021 grading to 4.00% over 6 years and then to 3.00% over the next 48 years | 6.50% in 2021 grading to 5.00% over 6 years and then to 4.00% over the next 48 years | 7.50% in 2021 grading to 6.00% over 6 years and then to 5.00% over the next 48 years |
| Dental trend rate     | 3.00%                                                                                | 4.00%                                                                                | 5.00%                                                                                |
| Net OPEB liability    | \$ 12,153,268                                                                        | \$ 13,827,969                                                                        | \$ 15,782,754                                                                        |

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

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

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

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

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

## NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

### A. Plan Description

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

These benefits are summarized as follows:

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

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

### B. Contributions and Funding Policy

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

### C. Membership

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

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

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

### D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2021 and a measurement date as of July 1, 2021, as allowed using generally accepted actuarial principles, using the entry-age, level percentage of pay method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                              |                      |
|------------------------------|----------------------|
| Discount rate                | 2.10%                |
| 20-year municipal bond yield | 2.10%                |
| Inflation rate               | 2.00%                |
| Salary increases             | Service graded table |

Mortality rates were based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

### E. Discount Rate

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

### F. Changes in the Total Pension Liability

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

Assumption changes since the prior measurement date included:

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

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)****G. Total Pension Liability Sensitivity to Discount Rate Changes**

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

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

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

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

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

A total of \$470,340 reported as deferred outflows of resources related to pensions resulting from district contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to the District pension will be recognized in pension expense as follows:

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

## **NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

### **A. Plan Descriptions**

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

#### **1. General Employees Retirement Fund (GERF)**

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

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

#### **2. Teachers Retirement Association (TRA)**

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

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

### **B. Benefits Provided**

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

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

#### **1. GERF Benefits**

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

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

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

### 2. TRA Benefits

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

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

#### Tier I Benefits

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

With these provisions:

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

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

### Tier II Benefits

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

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

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

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

### C. Contributions

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

#### 1. GERF Contributions

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

#### 2. TRA Contributions

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

|                         | Year Ended June 30, |          |          |          |          |          |
|-------------------------|---------------------|----------|----------|----------|----------|----------|
|                         | 2020                |          | 2021     |          | 2022     |          |
|                         | Employee            | Employer | Employee | Employer | Employee | Employer |
| <b>Basic Plan</b>       | 11.00 %             | 11.92 %  | 11.00 %  | 12.13 %  | 11.00 %  | 12.34 %  |
| <b>Coordinated Plan</b> | 7.50 %              | 7.92 %   | 7.50 %   | 8.13 %   | 7.50 %   | 8.34 %   |

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2022, were \$10,029,026. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2022, the District reported a liability of \$19,635,519 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$599,576. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.4598 percent at the end of the measurement period and 0.4997 percent for the beginning of the period.

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

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

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

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

|                                                                               | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience                   | \$ 131,601                           | \$ 606,936                          |
| Changes in actuarial assumptions                                              | 11,989,043                           | 472,611                             |
| Net collective difference between projected and<br>actual investment earnings | –                                    | 16,887,340                          |
| Changes in proportion                                                         | –                                    | 2,021,413                           |
| District's contributions to the GERP subsequent to the<br>measurement date    | 2,647,700                            | –                                   |
| Total                                                                         | <u>\$ 14,768,344</u>                 | <u>\$ 19,988,300</u>                |

The \$2,647,700 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>June 30, | Pension<br>Expense<br>Amount |
|-------------------------|------------------------------|
| 2023                    | \$ (1,662,732)               |
| 2024                    | \$ (873,522)                 |
| 2025                    | \$ (693,201)                 |
| 2026                    | \$ (4,638,201)               |

**2. TRA Pension Costs**

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

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

|                                                                                          |               |
|------------------------------------------------------------------------------------------|---------------|
| District's proportionate share of the net pension liability                              | \$ 89,845,418 |
| State's proportionate share of the net pension liability<br>associated with the District | \$ 7,577,292  |

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

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

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

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

A total of \$10,029,026 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending<br>June 30, | Pension<br>Expense<br>Amount |
|-------------------------|------------------------------|
| 2023                    | \$ (49,773,899)              |
| 2024                    | \$ (44,558,331)              |
| 2025                    | \$ (9,876,659)               |
| 2026                    | \$ (13,284,613)              |
| 2027                    | \$ 7,080,702                 |

### E. Long-Term Expected Return on Investment

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

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

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

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

### F. Actuarial Methods and Assumptions

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

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

#### 1. GERF

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

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

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

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

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

#### 2. TRA

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

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

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

The following changes in actuarial assumptions occurred in 2021:

### **1. GERF**

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

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

### **2. TRA**

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

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

## **G. Discount Rate**

### **1. GERF**

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The discount rate used to measure the total pension liability at the prior measurement date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### **2. TRA**

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the total pension liability at the prior measurement date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

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

### H. Pension Liability Sensitivity

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

|                                                                     | 1% Decrease in<br>Discount Rate | Current<br>Discount Rate | 1% Increase in<br>Discount Rate |
|---------------------------------------------------------------------|---------------------------------|--------------------------|---------------------------------|
| GERF discount rate                                                  | 5.50%                           | 6.50%                    | 7.50%                           |
| District's proportionate share of<br>the GERF net pension liability | \$ 40,046,437                   | \$ 19,635,519            | \$ 2,887,116                    |
| TRA discount rate                                                   | 6.00%                           | 7.00%                    | 8.00%                           |
| District's proportionate share of<br>the TRA net pension liability  | \$ 181,492,119                  | \$ 89,845,418            | \$ 14,687,819                   |

### I. Pension Plan Fiduciary Net Position

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

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

## NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has established the Flexible Spending Plan (the Plan). The Plan is a "cafeteria plan" under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

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

## **NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)**

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

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

## **NOTE 10 – INTERFUND TRANSACTIONS**

### **A. Interfund Receivables and Payables**

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

### **B. Transfers**

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

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

## **NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY**

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

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

## **NOTE 12 – COMMITMENTS AND CONTINGENCIES**

### **A. Federal and State Revenues**

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

### **B. Legal Claims**

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

### **C. Construction Contracts**

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

## **NOTE 13 – SUBSEQUENT EVENTS**

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

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

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

| District Fiscal<br>Year-End Date | PERA Fiscal<br>Year-End Date<br>(Measurement<br>Date) | District's<br>Proportion<br>of the Net<br>Pension<br>Liability | District's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | District's<br>Proportionate<br>Share of the<br>State of<br>Minnesota's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | Proportionate<br>Share of the<br>Net Pension<br>Liability and<br>the District's<br>Share of the<br>State of<br>Minnesota's<br>Share of the<br>Net Pension<br>Liability | District's<br>Covered<br>Payroll | District's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Covered<br>Payroll | Plan Fiduciary<br>Net Position<br>as a<br>Percentage<br>of the Total<br>Pension<br>Liability |
|----------------------------------|-------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 06/30/2015                       | 06/30/2014                                            | 0.5346%                                                        | \$ 25,112,830                                                           | \$ —                                                                                                                                | \$ 25,112,830                                                                                                                                                          | \$ 28,092,359                    | 89.39%                                                                                                              | 78.70%                                                                                       |
| 06/30/2016                       | 06/30/2015                                            | 0.5003%                                                        | \$ 25,928,143                                                           | \$ —                                                                                                                                | \$ 25,928,143                                                                                                                                                          | \$ 29,415,673                    | 88.14%                                                                                                              | 78.20%                                                                                       |
| 06/30/2017                       | 06/30/2016                                            | 0.4933%                                                        | \$ 40,053,517                                                           | \$ 523,069                                                                                                                          | \$ 40,576,586                                                                                                                                                          | \$ 30,782,743                    | 130.12%                                                                                                             | 68.90%                                                                                       |
| 06/30/2018                       | 06/30/2017                                            | 0.5165%                                                        | \$ 32,973,022                                                           | \$ 414,616                                                                                                                          | \$ 33,387,638                                                                                                                                                          | \$ 33,279,230                    | 99.08%                                                                                                              | 75.90%                                                                                       |
| 06/30/2019                       | 06/30/2018                                            | 0.5142%                                                        | \$ 28,525,709                                                           | \$ 935,577                                                                                                                          | \$ 29,461,286                                                                                                                                                          | \$ 34,513,997                    | 82.65%                                                                                                              | 79.50%                                                                                       |
| 06/30/2020                       | 06/30/2019                                            | 0.5016%                                                        | \$ 27,732,340                                                           | \$ 861,963                                                                                                                          | \$ 28,594,303                                                                                                                                                          | \$ 35,502,746                    | 78.11%                                                                                                              | 80.20%                                                                                       |
| 06/30/2021                       | 06/30/2020                                            | 0.4997%                                                        | \$ 29,959,298                                                           | \$ 923,822                                                                                                                          | \$ 30,883,120                                                                                                                                                          | \$ 35,621,166                    | 84.11%                                                                                                              | 79.10%                                                                                       |
| 06/30/2022                       | 06/30/2021                                            | 0.4598%                                                        | \$ 19,635,519                                                           | \$ 599,576                                                                                                                          | \$ 20,235,095                                                                                                                                                          | \$ 33,089,386                    | 59.34%                                                                                                              | 87.00%                                                                                       |

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

| District Fiscal<br>Year-End Date | Statutorily<br>Required<br>Contributions | Contributions<br>in Relation to<br>the Statutorily<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contributions<br>as a<br>Percentage<br>of Covered<br>Payroll |
|----------------------------------|------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|--------------------|--------------------------------------------------------------|
| 06/30/2015                       | \$ 2,167,373                             | \$ 2,167,373                                                                    | \$ —                                   | \$ 29,415,673      | 7.37%                                                        |
| 06/30/2016                       | \$ 2,296,584                             | \$ 2,296,584                                                                    | \$ —                                   | \$ 30,782,743      | 7.46%                                                        |
| 06/30/2017                       | \$ 2,495,606                             | \$ 2,495,606                                                                    | \$ —                                   | \$ 33,279,230      | 7.50%                                                        |
| 06/30/2018                       | \$ 2,588,589                             | \$ 2,588,589                                                                    | \$ —                                   | \$ 34,513,997      | 7.50%                                                        |
| 06/30/2019                       | \$ 2,662,629                             | \$ 2,662,629                                                                    | \$ —                                   | \$ 35,502,746      | 7.50%                                                        |
| 06/30/2020                       | \$ 2,671,115                             | \$ 2,671,115                                                                    | \$ —                                   | \$ 35,621,166      | 7.50%                                                        |
| 06/30/2021                       | \$ 2,480,959                             | \$ 2,480,959                                                                    | \$ —                                   | \$ 33,089,386      | 7.50%                                                        |
| 06/30/2022                       | \$ 2,647,700                             | \$ 2,647,700                                                                    | \$ —                                   | \$ 35,307,236      | 7.50%                                                        |

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

| District Fiscal<br>Year-End Date | TRA Fiscal<br>Year-End Date<br>(Measurement<br>Date) | District's<br>Proportion<br>of the Net<br>Pension<br>Liability | District's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | District's<br>Proportionate<br>Share of the<br>State of<br>Minnesota's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | Proportionate<br>Share of the<br>Net Pension<br>Liability and<br>the District's<br>Share of the<br>State of<br>Minnesota's<br>Share of the<br>Net Pension<br>Liability | District's<br>Covered<br>Payroll | District's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Covered<br>Payroll | Plan Fiduciary<br>Net Position<br>as a<br>Percentage<br>of the Total<br>Pension<br>Liability |
|----------------------------------|------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 06/30/2015                       | 06/30/2014                                           | 1.9987%                                                        | \$ 92,098,657                                                           | \$ 6,479,000                                                                                                                        | \$ 98,577,657                                                                                                                                                          | \$ 91,237,229                    | 100.94%                                                                                                             | 81.50%                                                                                       |
| 06/30/2016                       | 06/30/2015                                           | 1.8359%                                                        | \$113,568,572                                                           | \$ 13,930,331                                                                                                                       | \$127,498,903                                                                                                                                                          | \$ 92,802,751                    | 122.38%                                                                                                             | 76.80%                                                                                       |
| 06/30/2017                       | 06/30/2016                                           | 1.7845%                                                        | \$425,645,829                                                           | \$ 42,723,360                                                                                                                       | \$468,369,189                                                                                                                                                          | \$ 92,469,962                    | 460.31%                                                                                                             | 44.88%                                                                                       |
| 06/30/2018                       | 06/30/2017                                           | 2.0098%                                                        | \$401,192,539                                                           | \$ 38,782,331                                                                                                                       | \$439,974,870                                                                                                                                                          | \$108,203,544                    | 370.78%                                                                                                             | 51.57%                                                                                       |
| 06/30/2019                       | 06/30/2018                                           | 1.9604%                                                        | \$123,131,469                                                           | \$ 11,568,657                                                                                                                       | \$134,700,126                                                                                                                                                          | \$108,308,303                    | 113.69%                                                                                                             | 78.07%                                                                                       |
| 06/30/2020                       | 06/30/2019                                           | 2.0284%                                                        | \$129,290,642                                                           | \$ 11,441,794                                                                                                                       | \$140,732,436                                                                                                                                                          | \$115,187,988                    | 112.24%                                                                                                             | 78.21%                                                                                       |
| 06/30/2021                       | 06/30/2020                                           | 1.9930%                                                        | \$147,245,511                                                           | \$ 12,339,490                                                                                                                       | \$159,585,001                                                                                                                                                          | \$115,813,902                    | 127.14%                                                                                                             | 75.48%                                                                                       |
| 06/30/2022                       | 06/30/2021                                           | 2.0530%                                                        | \$ 89,845,418                                                           | \$ 7,577,292                                                                                                                        | \$ 97,422,710                                                                                                                                                          | \$122,856,228                    | 73.13%                                                                                                              | 86.63%                                                                                       |

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

| District Fiscal<br>Year-End Date | Statutorily<br>Required<br>Contributions | Contributions<br>in Relation to<br>the Statutorily<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contributions<br>as a<br>Percentage<br>of Covered<br>Payroll |
|----------------------------------|------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|--------------------|--------------------------------------------------------------|
| 06/30/2015                       | \$ 6,983,156                             | \$ 6,983,156                                                                    | \$ —                                   | \$ 92,802,751      | 7.52%                                                        |
| 06/30/2016                       | \$ 6,961,699                             | \$ 6,961,699                                                                    | \$ —                                   | \$ 92,469,962      | 7.53%                                                        |
| 06/30/2017                       | \$ 8,114,210                             | \$ 8,114,210                                                                    | \$ —                                   | \$108,203,544      | 7.50%                                                        |
| 06/30/2018                       | \$ 8,123,097                             | \$ 8,123,097                                                                    | \$ —                                   | \$108,308,303      | 7.50%                                                        |
| 06/30/2019                       | \$ 8,878,634                             | \$ 8,878,634                                                                    | \$ —                                   | \$115,187,988      | 7.71%                                                        |
| 06/30/2020                       | \$ 9,172,662                             | \$ 9,172,662                                                                    | \$ —                                   | \$115,813,902      | 7.92%                                                        |
| 06/30/2021                       | \$ 9,988,203                             | \$ 9,988,203                                                                    | \$ —                                   | \$122,856,228      | 8.13%                                                        |
| 06/30/2022                       | \$ 10,029,026                            | \$ 10,029,026                                                                   | \$ —                                   | \$120,433,496      | 8.33%                                                        |

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Notes to Required Supplementary Information  
June 30, 2022

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2020 CHANGES IN PLAN PROVISIONS**

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

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2019 CHANGES IN PLAN PROVISIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2017 CHANGES IN PLAN PROVISIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

**TEACHERS RETIREMENT ASSOCIATION (TRA)**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

**PENSION BENEFITS PLAN**

**2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.
- The discount rate was changed from 3.40 percent to 3.10 percent.

**2017 CHANGES IN PLAN PROVISIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2020 CHANGES IN PLAN PROVISIONS**

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

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates were updated.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.40 percent to 3.10 percent.

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

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SUPPLEMENTAL INFORMATION

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                  | 2022         |              | 2021                   |              |
|--------------------------------------------------|--------------|--------------|------------------------|--------------|
|                                                  | Budget       | Actual       | Over (Under)<br>Budget | Actual       |
| Revenue                                          |              |              |                        |              |
| Local sources                                    |              |              |                        |              |
| Property taxes                                   | \$65,155,444 | \$65,519,753 | \$ 364,309             | \$63,074,915 |
| Investment earnings                              | 30,200       | 86,394       | 56,194                 | 20,709       |
| Other                                            | 2,864,956    | 4,894,971    | 2,030,015              | 3,259,798    |
| State sources                                    | 191,390,560  | 190,953,952  | (436,608)              | 186,783,809  |
| Federal sources                                  | 9,970,946    | 10,302,641   | 331,695                | 10,494,910   |
| Total revenue                                    | 269,412,106  | 271,757,711  | 2,345,605              | 263,634,141  |
| Expenditures                                     |              |              |                        |              |
| Current                                          |              |              |                        |              |
| Administration                                   | 9,826,154    | 9,752,369    | (73,785)               | 9,319,638    |
| District support services                        | 9,020,956    | 9,353,221    | 332,265                | 10,085,897   |
| Elementary and secondary regular instruction     | 120,375,911  | 116,374,060  | (4,001,851)            | 116,965,391  |
| Vocational education instruction                 | 2,321,339    | 2,188,785    | (132,554)              | 2,136,507    |
| Special education instruction                    | 51,817,045   | 50,289,436   | (1,527,609)            | 48,244,767   |
| Community service                                | 231,560      | 141,808      | (89,752)               | 256,754      |
| Instructional support services                   | 12,431,395   | 11,806,289   | (625,106)              | 13,406,693   |
| Pupil support services                           | 27,719,902   | 27,079,559   | (640,343)              | 25,984,163   |
| Sites and buildings                              | 29,285,813   | 30,270,023   | 984,210                | 32,788,834   |
| Fiscal and other fixed cost programs             | 538,000      | 544,681      | 6,681                  | 498,953      |
| Debt service                                     |              |              |                        |              |
| Principal                                        | 4,369,343    | 4,429,403    | 60,060                 | 3,552,359    |
| Interest and fiscal charges                      | 739,540      | 807,696      | 68,156                 | 833,629      |
| Total expenditures                               | 268,676,958  | 263,037,330  | (5,639,628)            | 264,073,585  |
| Excess (deficiency) of revenue over expenditures | 735,148      | 8,720,381    | 7,985,233              | (439,444)    |
| Other financing sources (uses)                   |              |              |                        |              |
| Debt issued                                      | —            | 401,531      | 401,531                | 2,690,965    |
| Proceeds from sale of assets                     | 18,494       | 264,243      | 245,749                | 80,992       |
| Insurance recovery                               | 51,156       | 82,467       | 31,311                 | 19,267       |
| Transfers (out)                                  | —            | —            | —                      | (500,000)    |
| Total other financing sources (uses)             | 69,650       | 748,241      | 678,591                | 2,291,224    |
| Net change in fund balances                      | \$ 804,798   | 9,468,622    | \$ 8,663,824           | 1,851,780    |
| Fund balances                                    |              |              |                        |              |
| Beginning of year                                |              | 17,865,017   |                        | 16,013,237   |
| End of year                                      |              | \$27,333,639 |                        | \$17,865,017 |

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                              | 2022         |              |                        | 2021         |
|------------------------------|--------------|--------------|------------------------|--------------|
|                              | Budget       | Actual       | Over (Under)<br>Budget | Actual       |
| Revenue                      |              |              |                        |              |
| Local sources                |              |              |                        |              |
| Investment earnings          | \$ 1,000     | \$ 3,030     | \$ 2,030               | \$ 192       |
| Other – primarily meal sales | 1,402,447    | 1,487,213    | 84,766                 | 457,280      |
| State sources                | 240,000      | 337,744      | 97,744                 | –            |
| Federal sources              | 10,921,311   | 11,384,751   | 463,440                | 5,768,855    |
| Total revenue                | 12,564,758   | 13,212,738   | 647,980                | 6,226,327    |
| Expenditures                 |              |              |                        |              |
| Current                      |              |              |                        |              |
| Salaries                     | 3,657,931    | 3,448,726    | (209,205)              | 2,166,694    |
| Employee benefits            | 1,230,041    | 1,264,219    | 34,178                 | 1,144,419    |
| Purchased services           | 272,830      | 242,080      | (30,750)               | 197,641      |
| Supplies and materials       | 4,906,510    | 5,143,562    | 237,052                | 2,442,210    |
| Other expenditures           | 877,558      | 845,081      | (32,477)               | 12,981       |
| Capital outlay               | 600,000      | 345,794      | (254,206)              | 209          |
| Total expenditures           | 11,544,870   | 11,289,462   | (255,408)              | 5,964,154    |
| Net change in fund balances  | \$ 1,019,888 | 1,923,276    | \$ 903,388             | 262,173      |
| Fund balances                |              |              |                        |              |
| Beginning of year            |              | 1,073,800    |                        | 811,627      |
| End of year                  |              | \$ 2,997,076 |                        | \$ 1,073,800 |

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                     | 2022              |                   |                        | 2021              |
|-----------------------------------------------------|-------------------|-------------------|------------------------|-------------------|
|                                                     | Budget            | Actual            | Over (Under)<br>Budget | Actual            |
| Revenue                                             |                   |                   |                        |                   |
| Local sources                                       |                   |                   |                        |                   |
| Property taxes                                      | \$ 1,652,382      | \$ 1,492,373      | \$ (160,009)           | \$ 1,662,473      |
| Investment earnings                                 | —                 | 1,173             | 1,173                  | 4                 |
| Other – primarily tuition and fees                  | 8,509,589         | 9,053,826         | 544,237                | 4,787,256         |
| State sources                                       | 2,507,441         | 2,436,837         | (70,604)               | 2,486,710         |
| Federal sources                                     | 359,328           | 608,090           | 248,762                | 705,224           |
| Total revenue                                       | <u>13,028,740</u> | <u>13,592,299</u> | <u>563,559</u>         | <u>9,641,667</u>  |
| Expenditures                                        |                   |                   |                        |                   |
| Current                                             |                   |                   |                        |                   |
| Salaries                                            | 7,970,851         | 7,981,877         | 11,026                 | 6,720,184         |
| Employee benefits                                   | 2,474,082         | 2,413,211         | (60,871)               | 2,218,277         |
| Purchased services                                  | 1,444,338         | 1,669,653         | 225,315                | 984,331           |
| Supplies and materials                              | 519,582           | 613,880           | 94,298                 | 373,337           |
| Other expenditures                                  | 6,865             | 6,645             | (220)                  | 4,509             |
| Capital outlay                                      | 166,616           | 102,210           | (64,406)               | 20,687            |
| Total expenditures                                  | <u>12,582,334</u> | <u>12,787,476</u> | <u>205,142</u>         | <u>10,321,325</u> |
| Excess (deficiency) of revenue<br>over expenditures | 446,406           | 804,823           | 358,417                | (679,658)         |
| Other financing sources                             |                   |                   |                        |                   |
| Transfers in                                        | <u>—</u>          | <u>—</u>          | <u>—</u>               | <u>500,000</u>    |
| Net change in fund balances                         | <u>\$ 446,406</u> | 804,823           | <u>\$ 358,417</u>      | (179,658)         |
| Fund balances                                       |                   |                   |                        |                   |
| Beginning of year                                   |                   | <u>158,291</u>    |                        | <u>337,949</u>    |
| End of year                                         |                   | <u>\$ 963,114</u> |                        | <u>\$ 158,291</u> |

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                     | 2022          |               |                        | 2021          |
|-----------------------------------------------------|---------------|---------------|------------------------|---------------|
|                                                     | Budget        | Actual        | Over (Under)<br>Budget | Actual        |
| Revenue                                             |               |               |                        |               |
| Local sources                                       |               |               |                        |               |
| Investment earnings                                 | \$ 30,000     | \$ 48,577     | \$ 18,577              | \$ 11,646     |
| Other                                               | 5,000         | –             | (5,000)                | 65,000        |
| Total revenue                                       | 35,000        | 48,577        | 13,577                 | 76,646        |
| Expenditures                                        |               |               |                        |               |
| Capital outlay                                      |               |               |                        |               |
| Salaries                                            | –             | 29,843        | 29,843                 | 1,705         |
| Employee benefits                                   | 26            | 4,730         | 4,704                  | 255           |
| Purchased services                                  | 14,505,000    | 17,059,114    | 2,554,114              | 6,480,031     |
| Capital expenditures                                | –             | –             | –                      | 157,277       |
| Debt service                                        |               |               |                        |               |
| Fiscal charges and other                            | 150,000       | 620,010       | 470,010                | –             |
| Total expenditures                                  | 14,655,026    | 17,713,697    | 3,058,671              | 6,639,268     |
| Excess (deficiency) of revenue<br>over expenditures | (14,620,026)  | (17,665,120)  | (3,045,094)            | (6,562,622)   |
| Other financing sources                             |               |               |                        |               |
| Debt issued                                         | 34,370,000    | 33,924,864    | (445,136)              | –             |
| Premium on debt issued                              | –             | 1,861,514     | 1,861,514              | –             |
| Total other financing sources                       | 34,370,000    | 35,786,378    | 1,416,378              | –             |
| Net change in fund balances                         | \$ 19,749,974 | 18,121,258    | \$ (1,628,716)         | (6,562,622)   |
| Fund balances                                       |               |               |                        |               |
| Beginning of year                                   |               | 18,777,990    |                        | 25,340,612    |
| End of year                                         |               | \$ 36,899,248 |                        | \$ 18,777,990 |

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

|                                                     | 2022                |                     | 2021                   |
|-----------------------------------------------------|---------------------|---------------------|------------------------|
|                                                     | Budget              | Actual              | Over (Under)<br>Budget |
|                                                     |                     |                     | Actual                 |
| Revenue                                             |                     |                     |                        |
| Local sources                                       |                     |                     |                        |
| Property taxes                                      | \$ 29,915,973       | \$ 29,639,050       | \$ (276,923)           |
| Investment earnings                                 | 5,000               | 3,998               | (1,002)                |
| State sources                                       | 1,180,876           | 1,437,724           | 256,848                |
| Federal sources                                     | 1,125,000           | 1,027,343           | (97,657)               |
| Total revenue                                       | <u>32,226,849</u>   | <u>32,108,115</u>   | <u>(118,734)</u>       |
| Expenditures                                        |                     |                     |                        |
| Debt service                                        |                     |                     |                        |
| Principal                                           | 20,530,000          | 20,530,000          | –                      |
| Interest                                            | 11,717,555          | 11,717,555          | –                      |
| Fiscal charges and other                            | 131,334             | 111,372             | (19,962)               |
| Total expenditures                                  | <u>32,378,889</u>   | <u>32,358,927</u>   | <u>(19,962)</u>        |
| Excess (deficiency) of revenue<br>over expenditures | (152,040)           | (250,812)           | (98,772)               |
| Other financing sources                             |                     |                     |                        |
| Debt issued                                         | –                   | 980,136             | 980,136                |
| Refunding debt issued                               | 4,300,000           | 4,300,000           | –                      |
| Premium on debt issued                              | 251,378             | 251,378             | –                      |
| Payment on refunding bond                           | –                   | (4,475,000)         | (4,475,000)            |
| Total other financing sources (uses)                | <u>4,551,378</u>    | <u>1,056,514</u>    | <u>(3,494,864)</u>     |
| Net change in fund balances                         | <u>\$ 4,399,338</u> | 805,702             | <u>\$ (3,593,636)</u>  |
| Fund balances                                       |                     |                     |                        |
| Beginning of year                                   |                     | <u>5,912,705</u>    | <u>6,459,461</u>       |
| End of year                                         |                     | <u>\$ 6,718,407</u> | <u>\$ 5,912,705</u>    |

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

## Section III

# Statistical



STATISTICAL SECTION

(UNAUDITED)

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## **STATISTICAL SECTION (UNAUDITED)**

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

#### **Operating Indicators**

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

Tax Capacities and Market Values  
Last Ten Fiscal Years

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

Source: State of Minnesota School Tax Report

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

- (1) Municipalities listed include those with district learning sites.
- (2) The miscellaneous other levy includes Northeast Metropolitan Intermediate School District No. 916, Metropolitan Council, Metropolitan Mosquito Control District, Transit District 509, Transit Area, Washington Co. HRA 187, Woodbury EDA, Woodbury HRA 316, Ramsey-Washington Metro Watershed District, Valley Branch Watershed District, South Washington Watershed District, and Regional Rail Authority.
- (3) The City of Cottage Grove was used as the municipality for purposes of the total district residents.

Source: Washington County

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Taxpayers  
Current Year and Nine Years Ago

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

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

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

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

Source: State of Minnesota School Tax Report

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

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

N/A – Not Available

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 833

Direct and Overlapping Debt  
as of June 30, 2022

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

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

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

Legal Debt Margin Information  
Last Ten Fiscal Years

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

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

Source: District finance department.

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

Legal Debt Margin Calculation for Fiscal Year 2022

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Demographic and Economic Statistics  
Last Ten Fiscal Years

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

N/A – Not Available

Sources:

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Employers  
Current Year and Nine Years Ago

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Employees by Classification  
Last Ten Fiscal Years

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

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

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 833

## Operating Indicators by Function

Standardized Testing Rates  
Last Ten Fiscal Years

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

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

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

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

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## INDEPENDENT SCHOOL DISTRICT NO. 833

School Facilities  
as of June 30, 2022

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

N/A – Not Available

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

(2) Enrollment data from October 1, 2021.

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service  
School Lunch Program Data  
Last Ten Fiscal Years

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 833

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

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

Note: Includes all governmental fund expenditures.

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Student Enrollment  
Last Ten Fiscal Years

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

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

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

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