

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

**INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA**

**4148 Winnetka Avenue North
New Hope, Minnesota 55427-1288**



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

INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA

Prepared by:
Finance Department

Executive Director of Finance
Ukee Dozier

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INDEPENDENT SCHOOL DISTRICT NO. 281

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INTRODUCTORY SECTION

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Robbinsdale Area Schools

Independent School District 281

4148 Winnetka Ave N.
New Hope, MN 55427
763-504-8000 | rdale.org

June 29, 2023

To: Independent School District No. 281, Robbinsdale Area Schools School Board Members,
Citizens and Employees

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 281, Robbinsdale Area Schools (the District) presents the financial position of the District as of June 30, 2022, and the results of its operations for the fiscal year then ended. This report is prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. State law requires the District to publish a complete set of audited financial statements within six months of the close of the District's fiscal year.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established internal controls. The internal controls are designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not be more than the benefits, the District's internal controls are designed to provide reasonable, rather than absolute, assurance that these financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this ACFR is complete and reliable, in all material respects.

These financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2022, are fairly presented, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District was part of a broader, federally mandated, "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statutes, Section 6.65. These reports are available in a separate document.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this letter of transmittal, organizational chart, information on the School Board and Administration, a map of the District, and the Certificate of Excellence in Financial Reporting Award. The financial section contains the independent auditor's report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplementary information. The statistical section contains supplemental financial and other statistical data, generally presented on a multi-year 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 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.

DISTRICT GOALS

The Mission of the District is to inspire and educate all learners to develop their unique potential and positively contribute to their community.

Unified District Vision: The District is committed to ensuring every student graduates career and college ready. We believe each student has limitless possibilities and we strive to ignite the potential in every student. We expect high intellectual performance from all our students. We are committed to ensuring an equitable and respectful educational experience for every student, family, and staff member, focusing on strengths related to: race, culture, ethnicity, home or first language, national origin, socioeconomic status, gender, sexual orientation, age, ability, religion, or physical appearance.

The Unified District Vision Consists of Four Key Goals:

- Implement policies and practices that open pathways to academic excellence for all students.
- Utilize culturally relevant teaching and personalized learning for all students.
- Engage family and community members as partners.
- Engage and empower students by amplifying student voice.

The School Board determines the mission and vision of the District and establishes goals. These goals are then monitored through workshops and frequent reports at public School Board meetings. The established district goals are used as guides in setting the annual superintendent goals. The School Board evaluates its performance and the performance of the superintendent annually.

The laws of the state of Minnesota give the authority to the District's School Board, whose members are elected officials, to direct the District's business operations and educational functions. The School Board has the authority to levy taxes, set fees, approve budgets, and staff positions, along with other business and educational functions without prior approval from any other governmental unit. The School Board can issue debt generally with prior district voter approval. The Minnesota Department of Education (MDE) does have some minor oversight responsibility over the District that is generally related to compliance and approval of certain laws and procedures, but not substantive in nature.

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

LOCATION AND LEARNING ENVIRONMENT

The District is located in Hennepin County, which is one of seven counties that make up the Twin Cities metropolitan area. This seven-county area is the most populated area of Minnesota with service division jobs constituting the greatest growth of the area's employment. Within the metropolitan area, health services, business services, and retail trade are the most significant industries.

As a Minneapolis suburban school district, the District serves a general population of approximately 101,797. The geographic boundary, spanning about 32 square miles, wholly covers the cities of Crystal, New Hope, and Robbinsdale, and partially the cities of Brooklyn Center, Brooklyn Park, Golden Valley, and Plymouth. The District is Minnesota's ninth largest school district, in terms of student numbers, serving 11,099 students during the 2021–2022 school year. The enrollment reflects a decline of 294 students. The decline reflects changes in delivery of instruction and expanded enrollment choice options in recent years. The District is projected to serve 10,909 students for the 2022–2023 school year based on its October, 2022, enrollment.

The District owns and operates 23 facilities in Brooklyn Center, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. For the audit period covered in this report, the District operated the following configuration of buildings: 4 high schools (2 traditional high schools, an alternative high school, and a fully accredited online high school), 4 middle schools, 11 elementary schools, 2 learning centers, 2 warehouses, an administration building, and bus garage. The majority of the District's facilities were originally constructed between 1954 and 1971, except for one middle school constructed in 2000 and one elementary school constructed in 2005.

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 education, special education for exceptional children, and career/vocational education. Child nutrition, transportation, and before and after school care are provided as supporting programs. The District's community education program also provides early childhood and family education programs, an adult basic education program, and a myriad of classes for lifelong learning and engagement experiences for children and adults within the community.

The District is an award-winning district committed to academic excellence. We take pride in the options we provide students, families, and our community:

- The District has received the 2020 Best Communities for Music Education designation.
- Robbinsdale Cooper High School is an International Baccalaureate (IB) site. The academic curriculum of an IB site must follow an international standard and, as such, our IB diplomas are recognized world-wide.
- Robbinsdale Armstrong High School is designated as an Advanced Placement (AP) Capstone school, one of the first two schools in Minnesota to offer this program from the College Board. There is a full continuum of AP courses and one of the largest course selections in the state of Minnesota.
- The School of Engineering and Arts has received the prestigious National School of Excellence Blue Ribbon and Green Ribbon designation.
- The District has a fully authorized K–12 IB Programme, including the Primary Years, Middle Years, and Diploma Programmes. The Middle Years Programme was recognized by the international organization in Geneva for outstanding program design. The District's Middle Years Programme is the only one in Minnesota to achieve this distinction and was one of four schools chosen world-wide to be used as a model for a Harvard University publication on best practices of interdisciplinary teaching methods among IB Middle Years Programs.
- The District offers Advancement Via Individual Determination (AVID) programming in both of our middle schools and both of our high schools. This program accelerates student learning, uses research-based methods of effective instruction, raises expectations of students, and puts in place a system of supports that help students succeed.
- Students in our district regularly achieve great success in enrichment programs. We have teams in *FIRST* LEGO League and Destination Imagination that have competed in national competitions. We have students who have placed nationally in competitions, such as National History Day, and students in world language who consistently rank at the top in national exams.
- Teachers in our district have also been recognized for their dedication to excellence in teaching, representing Minnesota in national and international institutes in such areas as economics and history.

BUDGETARY PROCESS

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally, including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department specific needs. The plan is developed as a partnership between the School Board members and the District's administration, which follows a timeline with completion and adoption in June, prior to the start of the school year.

Enrollment is a critical factor in determining funding levels. Approximately 70 percent of the General Fund revenue is enrollment driven and, as such, the administration places a high premium on enrollment projections as a determinant of both funding and staffing levels needed for the forthcoming year. A preliminary financial forecast is prepared by the executive director of finance and staffing levels are determined keeping the financial projection in focus. The administration then recommends staffing and other budgetary changes in line with the District's mission to the School Board for approval.

The executive director of finance has responsibility for the financial integrity of the District. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line-item budgets when issued. To accurately track and report financial activities with a focus on site-based accounting, approximately 15,000 accounts have been defined within the District's chart of accounts. Each site and department administrator have access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility.

The revenue and expenditure budgets are monitored and modified as conditions change. All revisions to the budget are approved by the School Board.

ECONOMIC FACTORS

The state of Minnesota guarantees each school district a base amount of funding per pupil unit through the General Education Funding Program. This funding relationship intertwines the District's economic outlook to that of the state. The funding increases in the biennium, while modest, still fall short of the inflationary costs incurred by school districts. The basic formula allowance was increased 2.45 percent for the 2021–2022 school year.

Minnesota school districts also have the ability to raise additional revenue through voter-approved excess levy referendums. The referendum formula determines the amount of the referendum that is state aid as compared to local levy, a process called equalization. For fiscal 2022, the District had voter-approved authority of \$1,781.68 per pupil unit of excess levy authority, which raises a total of approximately \$22.2 million. Most of this revenue is provided from property taxes.

CONFORMANCE WITH STATE ACCOUNTING REGULATIONS

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the MDE by December 31, subsequent to year-end on June 30.

FINANCIAL POLICIES

The cash management policy of the District is to invest idle funds. Cash is invested in certificates of deposit, mutual funds, external investment pools, and interest-bearing checking accounts. Short-term borrowing, which is sometimes needed by the District, was not utilized for fiscal year 2022.

The District has adopted a formal fund balance policy that establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2022, the unassigned fund balance of the General Fund (excluding any restricted fund balance account deficits while including fund balance assigned for subsequent year's budget) was 4.2 percent of the budgeted expenditures for the year then ended.

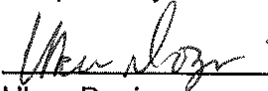
AWARDS AND ACKNOWLEDGEMENTS

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its ACFR for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Excellence, the District published an easily readable and efficiently organized ACFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Excellence Program's requirements and we are submitting it to the ASBO International to determine its eligibility for another certificate.

This report could not have been completed without the dedicated services of the District's Finance Department. We would like to express our sincere thanks to all members of the District who assisted and contributed to the preparation of this report.

Our appreciation is also given to the School Board for its continued support in leading the District in sound and responsible financial management as well as academic excellence.

Respectfully submitted,



Ukee Dozier

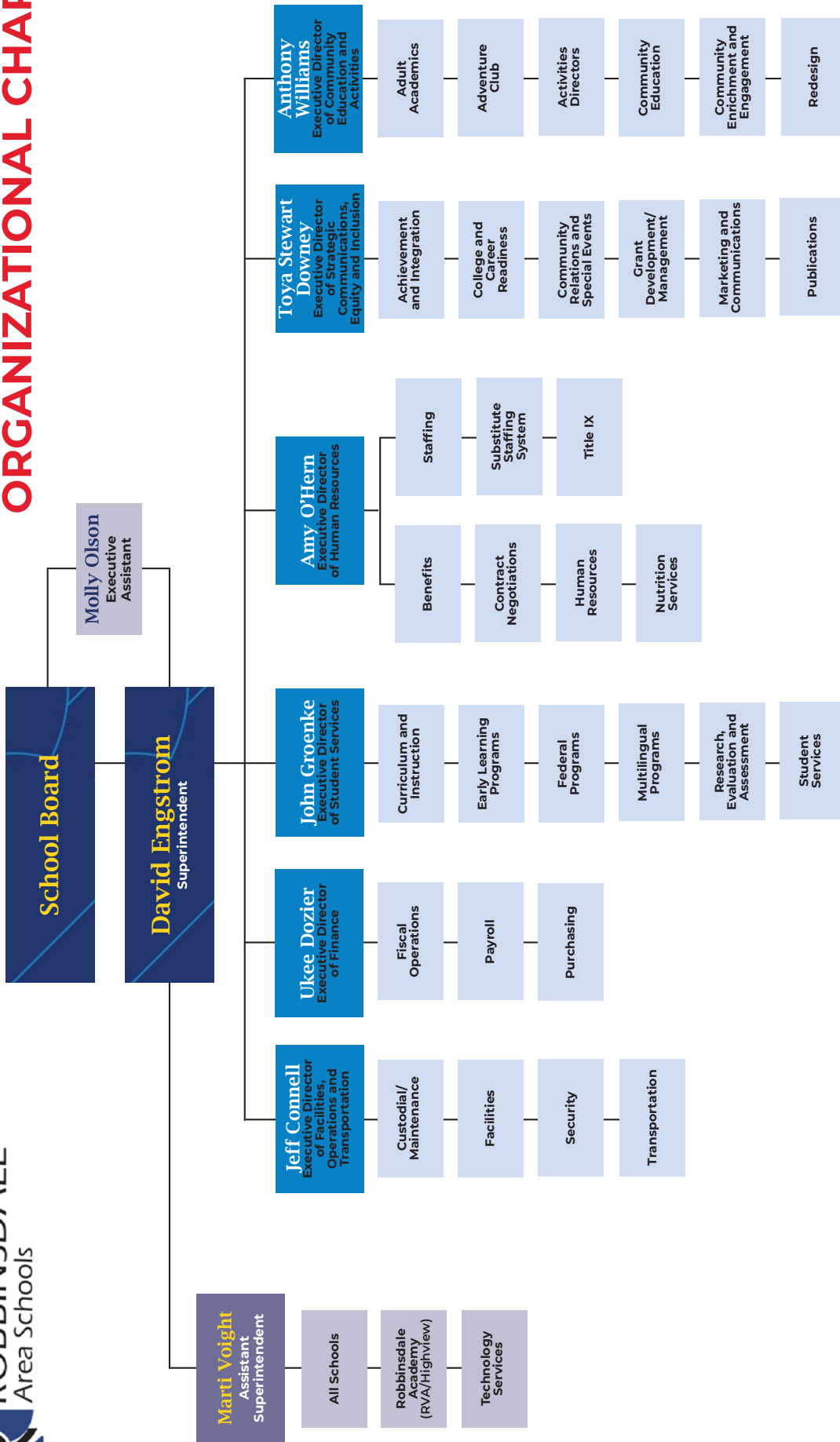
Executive Director of Finance



David Engstrom

Superintendent

SUPERINTENDENT'S ORGANIZATIONAL CHART



INDEPENDENT SCHOOL DISTRICT NO. 281

School Board and Administration
Year Ended June 30, 2022

SCHOOL BOARD

	<u>Position</u>
Helen Bassett	Chair
Samir Sant	Vice Chair
John Vento	Treasurer
Greta Evans-Becker	Clerk
David Boone	Director
Sharon Brooks Green	Director
Mike Herring	Director

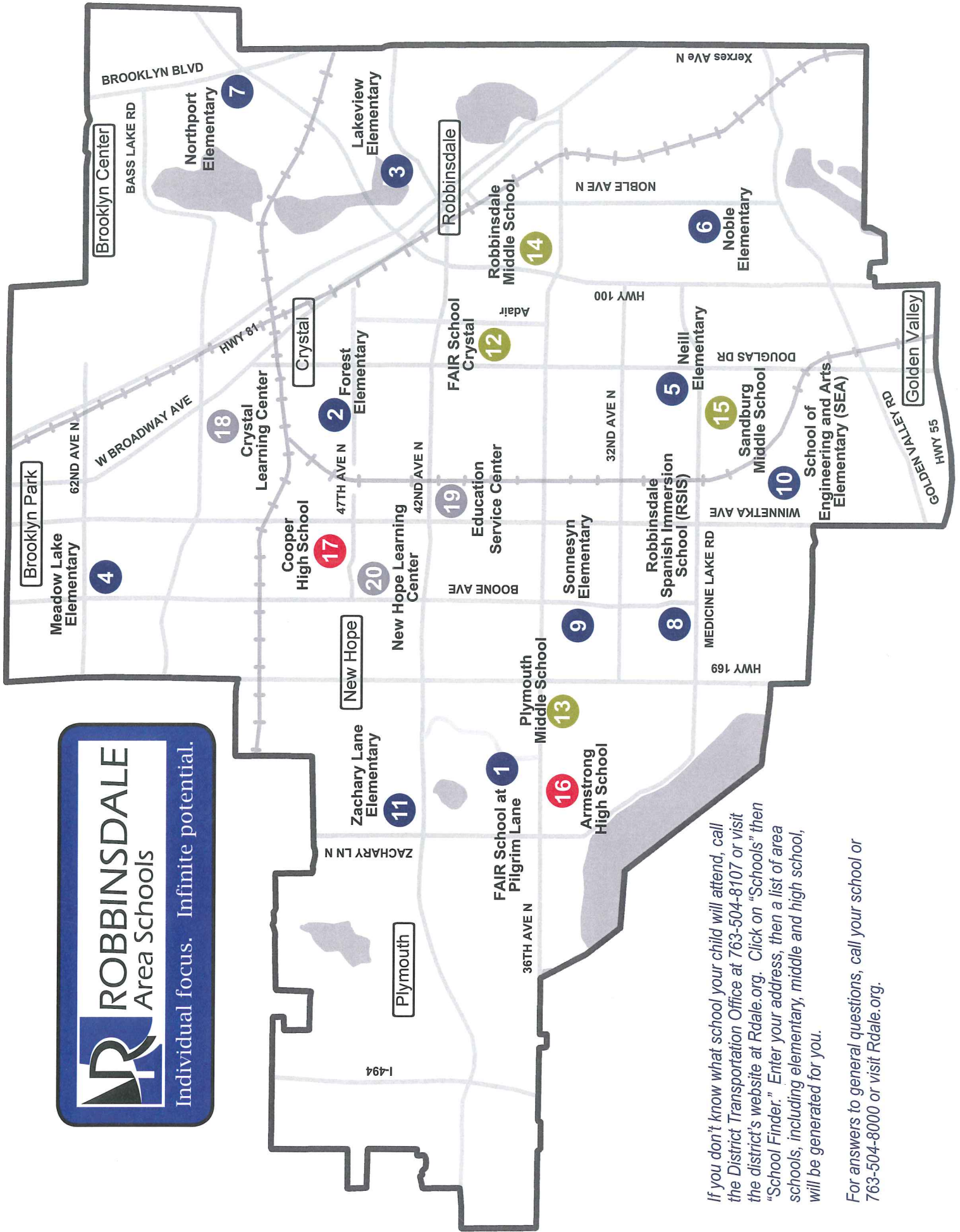
ADMINISTRATION

<u>Cabinet</u>	
David Engstrom	Superintendent
Marti Voight	Assistant Superintendent
John Groenke	Executive Director of Student Services
Amy O'Hern	Executive Director of Human Resources
Ukee Dozier	Executive Director of Finance
Toya Stewart Downey	Executive Director of Strategic Communications, Equity, and Inclusion
Anthony Williams	Executive Director of Community Education, Activities, and Athletics
Jeffrey Connell	Executive Director of Facilities, Operations, and Transportation



ROBBINSDALE Area Schools

Individual focus. Infinite potential.



If you don't know what school your child will attend, call the District Transportation Office at 763-504-8107 or visit the district's website at Rdale.org. Click on "Schools" then "School Finder." Enter your address, then a list of area schools, including elementary, middle and high school, will be generated for you.

For answers to general questions, call your school or 763-504-8000 or visit Rdale.org.

Robbinsdale Area Schools

Elementary Schools

1. **FAIR School at Pilgrim Lane**
3725 Pilgrim Lane North
Plymouth MN 55441
763-504-8400
fair.rdale.org
2. **Forest Elementary**
6800 47th Avenue North
Crystal, MN 55428
763-504-7900
foe.rdale.org
3. **Lakeview Elementary**
4110 Lake Drive North
Robbinsdale, MN 55422
763-504-4100
lve.rdale.org
4. **Meadow Lake Elementary**
8525 62nd Avenue North
New Hope, MN 55428
763-504-7700
mle.rdale.org
5. **Neill Elementary**
6600 Medicine Lake Road
Crystal, MN 55427
763-504-7400
ene.rdale.org
6. **Noble Elementary**
2601 Noble Avenue North
Golden Valley, MN 55422
763-504-4000
noe.rdale.org
7. **Northport Elementary**
5421 Brooklyn Boulevard
Brooklyn Center, MN 55429
763-504-7800
npe.rdale.org
8. **Robbinsdale Spanish Immersion School (RSIS)**
8808 Medicine Lake Road
New Hope, MN 55427
763-504-4400
rsi.rdale.org
9. **Sonnexyn Elementary**
3421 Boone Avenue North
New Hope, MN 55427
763-504-7600
see.rdale.org
10. **School of Engineering and Arts Elementary (SEA)**
1751 Kelley Dr.
Golden Valley, MN 55427
763-504-7200
sea.rdale.org
11. **Zachary Lane Elementary**
4350 Zachary Lane N.
Plymouth, MN 55442
763-504-7300
zle.rdale.org

Revised 6-13-2018

Middle Schools

12. **FAIR School Crystal**
3915 Adair Ave N
Crystal, MN 55422
(763) 971-4500
fair.rdale.org
13. **Plymouth Middle School**
10011 36th Avenue North
Plymouth, MN 55441
763-504-7100
pms.rdale.org
14. **Robbinsdale Middle School**
Robbinsdale Area Learning Campus
3730 Toledo Avenue North
Robbinsdale, MN 55422
763-504-4800
rms.rdale.org
15. **Sandburg Middle School**
2400 Sandburg Lane
Golden Valley, MN 55427
763-504-8200
sms.rdale.org

High Schools

16. **Armstrong High School**
10635 36th Avenue North
Plymouth, MN 55441
763-504-8800
ahs.rdale.org
17. **Cooper High School**
8230 47th Avenue North
New Hope, MN 55428
763-504-8500
chs.rdale.org

Learning and Service Centers

18. **Crystal Learning Center**
305 Willow Bend
Crystal, MN 55428
763-504-8300
19. **Education Service Center**
4148 Winnetka Avenue North
New Hope, MN 55427
763-504-8000 (Main Switchboard)
763-504-8107 (Transportation)
20. **New Hope Learning Center**
8301 47th Avenue North
New Hope, MN 55428
763-504-4160



ROBBINSDALE
Area Schools

Individual focus. Infinite potential.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District 281 -
Robbinsdale Area Schools**

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

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



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

William A. Sutter
President

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

David J. Lewis
Executive Director

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FINANCIAL SECTION

TAB



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. 281
New Hope, 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. 281 (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.

Supplementary Information

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

Other Information

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

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

Prior Year Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 28, 2021. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 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
June 29, 2023

INDEPENDENT SCHOOL DISTRICT NO. 281

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

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the 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 \$27.5 million (deficit net position).
- Government-wide revenues totaled \$226.7 million and expenses were \$219.7 million, resulting in a \$7.0 million increase in the District's total net position during the year.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$1.4 million during the year, compared to a \$1.8 million increase projected in the final budget.
- The District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the 2022 fiscal year. This change in accounting principle resulted in the recognition of leased assets and related lease liabilities of \$6,451,478 in the government-wide financial statements at the beginning of the fiscal year, but did not impact beginning fund balances or net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary 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. 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, transportation, administration, food service, 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 that do not meet the threshold to be classified as major funds are called "nonmajor" funds, and include the Food Service and Community Service Special Revenue funds. Detailed financial information for nonmajor funds are presented as supplementary information.

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 124,024,600	\$ 114,972,264
Capital assets, net of depreciation/amortization	<u>303,825,003</u>	<u>305,146,648</u>
Total assets	<u><u>\$ 427,849,603</u></u>	<u><u>\$ 420,118,912</u></u>
Deferred outflows of resources		
OPEB plan deferments	\$ 1,268,955	\$ -
Pension plan deferments	<u>43,051,713</u>	<u>51,886,026</u>
Total deferred outflows of resources	<u><u>\$ 44,320,668</u></u>	<u><u>\$ 51,886,026</u></u>
Liabilities		
Current and other liabilities	\$ 16,383,663	\$ 17,072,212
Long-term liabilities, including due within one year	<u>289,233,565</u>	<u>328,713,800</u>
Total liabilities	<u><u>\$ 305,617,228</u></u>	<u><u>\$ 345,786,012</u></u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 63,296,440	\$ 61,642,618
OPEB plan deferments	1,564,052	3,268,350
Pension plan deferments	<u>129,225,538</u>	<u>95,859,075</u>
Total deferred inflows of resources	<u><u>\$ 194,086,030</u></u>	<u><u>\$ 160,770,043</u></u>
Net position		
Net investment in capital assets	\$ 111,931,629	\$ 119,977,952
Restricted	17,685,336	13,711,368
Unrestricted	<u>(157,149,952)</u>	<u>(168,240,437)</u>
Total net position	<u><u>\$ (27,532,987)</u></u>	<u><u>\$ (34,551,117)</u></u>

The District's financial position is the product of many factors. For example, the determination of the net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. Differences in useful lives and capitalization policies may produce a significant difference in the calculated amounts. The other major factors 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 increase in current assets was mainly cash from unspent bond proceeds. The decrease in net investment in capital assets was mainly due to current year depreciation/amortization. The improvement in both the restricted and unrestricted components of net position, can mainly be attributed to the positive operating results across almost all of the District's governmental funds in the current year. Changes in the District's share of unfunded pension liabilities and related deferments reported for the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the changes in long-term liabilities, deferred outflows/inflows of resources, and unrestricted net position.

Table 2 presents a condensed version of the Change in Net Position of the District:

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 5,555,089	\$ 4,166,195
Operating grants and contributions	37,634,633	38,111,519
General revenues		
Property taxes	66,246,526	65,708,821
General grants and aids	114,267,827	112,405,410
Other	3,007,823	3,030,886
Total revenues	<u>226,711,898</u>	<u>223,422,831</u>
Expenses		
Administration	7,022,554	7,849,512
District support services	10,102,689	7,689,450
Elementary and secondary regular instruction	75,765,485	82,065,296
Vocational education instruction	1,241,992	1,446,111
Special education instruction	29,940,336	34,249,305
Instructional support services	12,265,884	13,863,745
Pupil support services	24,241,745	12,908,795
Sites and buildings	37,321,186	34,801,921
Fiscal and other fixed cost programs	506,401	447,607
Food service	7,354,712	5,960,895
Community service	8,404,889	9,445,606
Interest and fiscal charges	5,525,895	5,225,791
Total expenses	<u>219,693,768</u>	<u>215,954,034</u>
Change in net position	7,018,130	7,468,797
Net position – beginning	<u>(34,551,117)</u>	<u>(42,019,914)</u>
Net position – ending	<u>\$ (27,532,987)</u>	<u>\$ (34,551,117)</u>

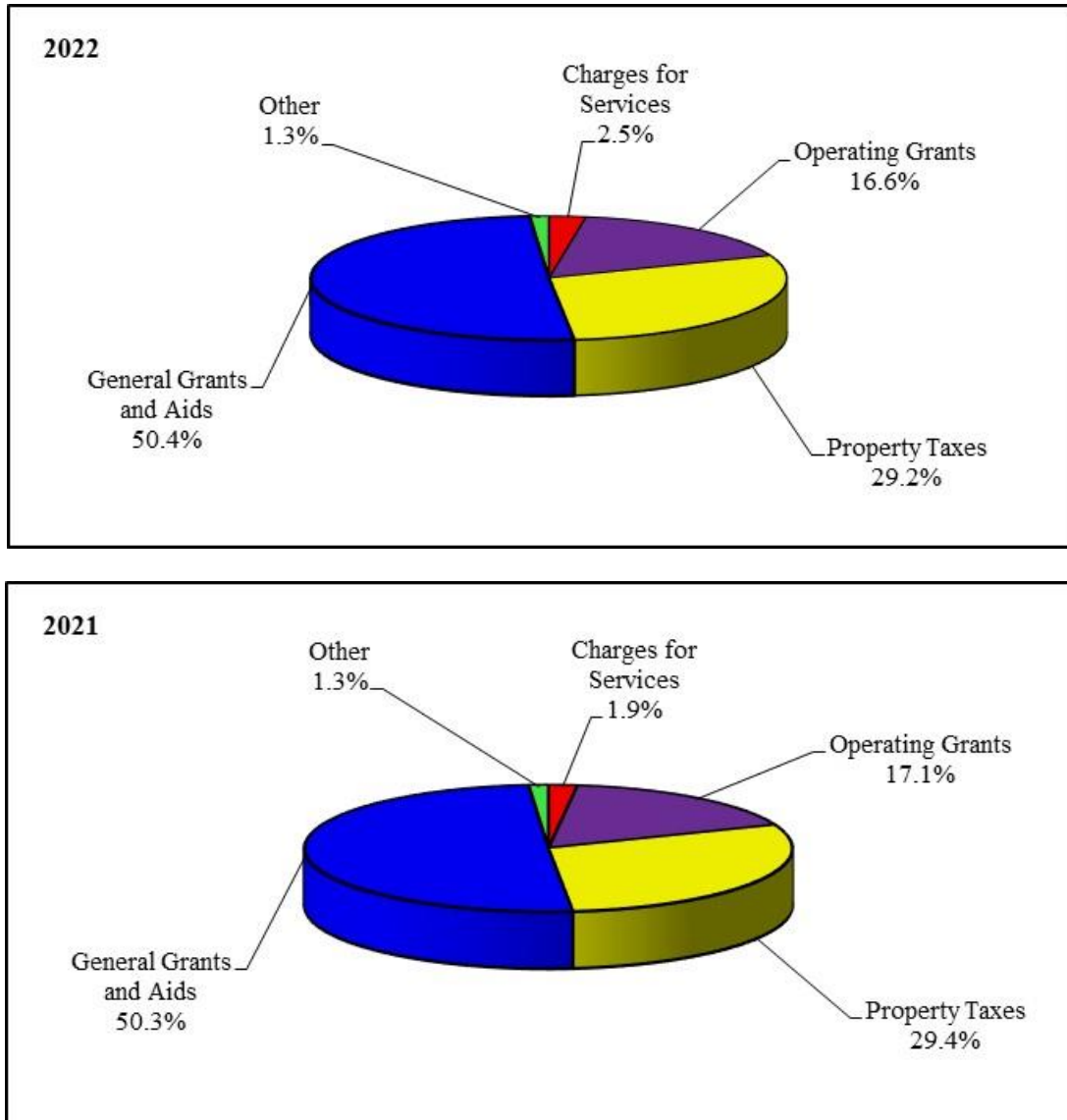
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Government-wide revenues increased \$3,289,067 (1.5 percent) from the prior year. The increase in charges for services was mainly related to community service program fees and tuitions, as program participation went up due to pandemic restrictions easing. The increase in general grants and aids was due to several new or increased federal awards related to COVID-19 relief.

Government-wide expenses increased \$3,739,734 (1.7 percent) from last year. Increases in transportation, utilities, and maintenance costs due to a return to in-person learning, were partially offset by the impact of changes to pension expenses from the state-wide PERA and TRA pension plans.

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

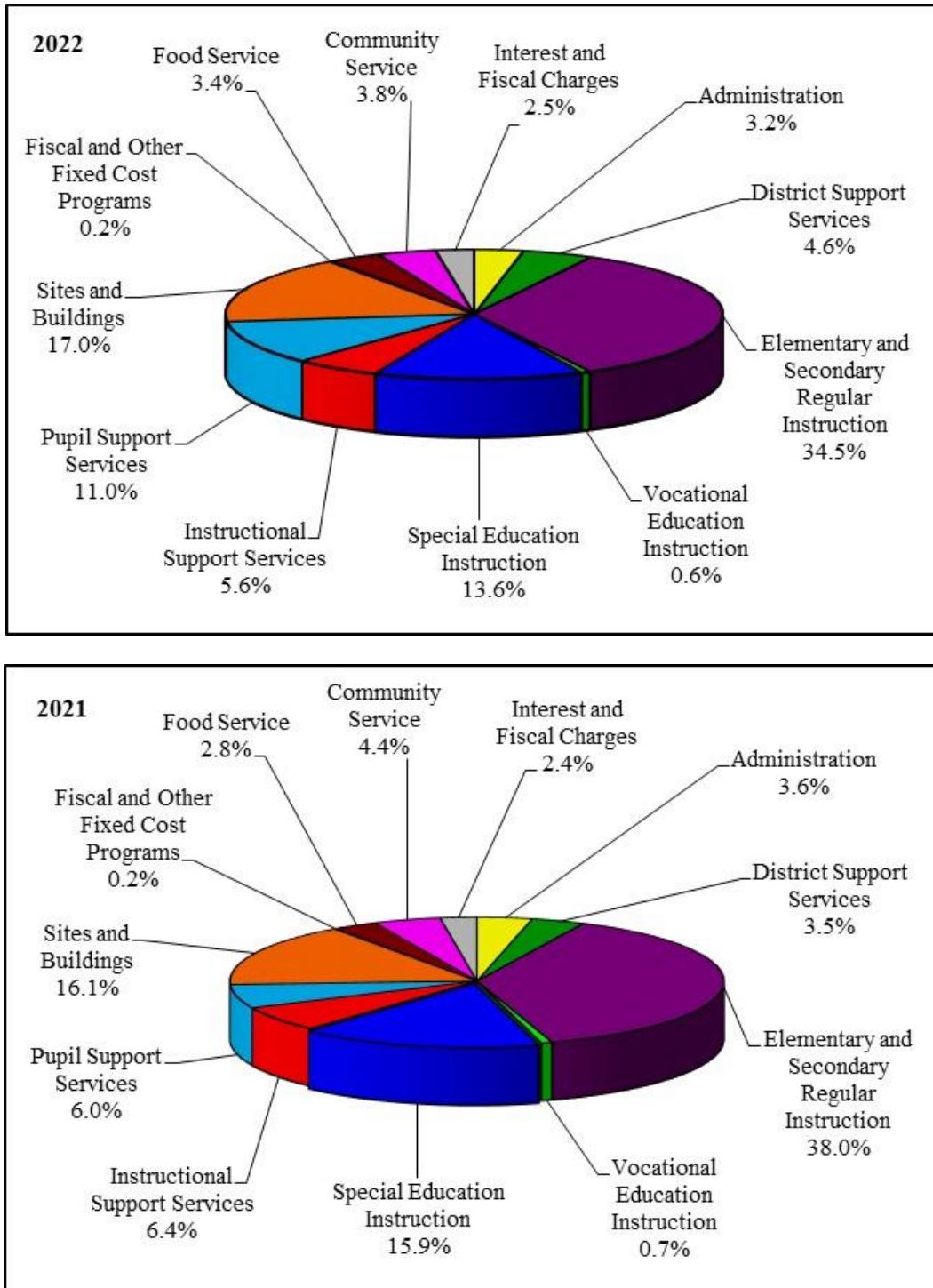
Figure A – Sources of Revenues for Fiscal Years 2022 and 2021



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

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

Figure B – Expenses for Fiscal Years 2022 and 2021



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

The increase in pupil support services primarily reflects higher transportation costs with a return to in-person learning. Other fluctuations between programs were mainly due to changes in PERA and TRA pension costs, which mainly impact program areas with higher proportions of personnel costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percent Change</u>
Major funds				
General	\$ 20,535,493	\$ 19,096,883	\$ 1,438,610	7.5%
Capital Projects – Building				
Construction	11,876,897	3,299,531	8,577,366	260.0%
Debt Service	2,041,764	2,954,298	(912,534)	(30.9%)
Nonmajor funds				
Food Service Special Revenue	4,120,440	2,177,912	1,942,528	89.2%
Community Service Special Revenue	2,840,488	1,535,374	1,305,114	85.0%
Total governmental funds	<u>\$ 41,415,082</u>	<u>\$ 29,063,998</u>	<u>\$ 12,351,084</u>	42.5%

Analysis of the General Fund

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

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 184,266,791</u>	<u>\$ 186,149,469</u>	<u>\$ 1,882,678</u>	<u>1.0%</u>
Expenditures	<u>\$ 183,166,790</u>	<u>\$ 184,349,163</u>	<u>\$ 1,182,373</u>	<u>0.6%</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 that budget for known changes in circumstances, such as enrollment levels, legislative funding, availability of federal grant awards, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2022 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 187,208,797	\$ 1,059,328	0.6%	\$ 2,156,967	1.2%
Expenditures	185,956,288	\$ 1,607,125	0.9%	\$ 11,574,438	6.6%
Other financing sources	<u>186,101</u>	\$ 186,101	–	\$ 126	0.1%
Net change in fund balances	<u>\$ 1,438,610</u>				

The fund balance of the General Fund increased \$1,438,610 from the prior year, compared to a \$1,800,306 increase planned in the final budget.

General Fund revenues and other financing sources were 0.6 percent over budget, primarily due to revenue from pandemic-related federal grants and conservative budgeting for “other” revenues, such as activity fees, admissions, tuition, and donations, offset by state revenue sources coming in below projections. The revenue growth over the prior year was due to more federal sources recognized through pandemic-related grants, partially offset by decreases in state aids for general education, special education, and desegregation transportation in the current year.

General Fund expenditures and other financing uses were 0.9 percent over budget, primarily in pupil support services, offset by underspending in elementary and secondary regular instruction and district support services. Expenditures increased 6.6 percent from the prior year, mainly in personnel costs and purchased services, due to contractual increases and a return to the in-person learning model.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures by \$8,577,366 in fiscal 2022, due to the progress on various improvement and facilities maintenance projects financed primarily with the proceeds of facilities maintenance bonds with a par value of \$21,200,000 issued this year. The District had fund balances of \$11,876,897 at year-end available for various capital purposes.

Debt Service Fund

Expenditures exceeded revenues by \$912,534 in the Debt Service Fund. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The ending fund balance of \$2,041,764 at June 30, 2022 is available for meeting future debt service obligations.

Nonmajor Funds

Revenue exceeded expenditures in the District's two nonmajor funds by \$3,247,642 in fiscal 2022.

The Food Service Special Revenue Fund had an increase in fund balance of \$1,942,528, compared to a \$404,240 decrease planned in the budget, ending the year with a fund balance of \$4,120,440. Revenue increased \$2,231,733 from the prior year and was over budget by \$1,372,830. Federal revenue increased \$2,271,507 from the prior year and was \$1,376,371 greater than budget, due to the District operating its child nutrition program as Seamless Summer Option program in the current year, which provides federally-funded free meals to all school-aged children. Expenditures were \$973,938 under budget, mainly due to supplies and materials being less than anticipated.

The June 30, 2022 fund balance of the Community Service Special Revenue Fund was \$2,840,488, an increase of \$1,305,114 from the prior year, compared to a budgeted increase of \$1,194,039. Revenue was \$377,802 over the prior year and \$639,128 higher than budget, mainly in federal sources. Expenditures were \$398,486 lower than last year, but did not decrease as much as expected, ending the year \$528,053 over budget, mainly in salaries and benefits.

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 and amortization expense for fiscal years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Land	\$ 1,218,930	\$ 1,218,930	\$ —
Construction in progress	4,318,239	3,591,622	726,617
Land improvements	9,556,492	9,212,209	344,283
Buildings	505,889,614	493,496,500	12,393,114
Furniture and equipment	35,700,390	35,356,580	343,810
Leased buildings and improvements	6,131,555	—	6,131,555
Leased equipment	425,591	—	425,591
Less accumulated depreciation/amortization	<u>(259,415,808)</u>	<u>(237,729,193)</u>	<u>(21,686,615)</u>
Total	<u><u>\$ 303,825,003</u></u>	<u><u>\$ 305,146,648</u></u>	<u><u>\$ (1,321,645)</u></u>
Depreciation/amortization expense	<u><u>\$ 21,686,615</u></u>	<u><u>\$ 19,234,154</u></u>	<u><u>\$ 2,452,461</u></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 Capital Projects – Building Construction Fund discussed on the previous page.

The additions of leased assets and the increase in depreciation/amortization expense were impacted by the implementation of GASB Statement No. 87 during the year.

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 and changes from the prior year:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
General obligation bonds	\$ 185,135,000	\$ 177,780,000	\$ 7,355,000
Certificates of participation	6,050,000	6,650,000	(600,000)
Unamortized premiums (discounts)	9,819,882	9,083,256	736,626
Financed purchases	2,586,656	2,808,629	(221,973)
Lease liabilities	5,801,349	-	5,801,349
Compensated absences payable	1,473,197	1,561,281	(88,084)
Severance benefits payable	2,435,482	3,198,313	(762,831)
Net pension liability	<u>75,931,999</u>	<u>127,632,321</u>	<u>(51,700,322)</u>
Total	<u><u>\$ 289,233,565</u></u>	<u><u>\$ 328,713,800</u></u>	<u><u>\$ (39,480,235)</u></u>

The increase in general obligation bonds and unamortized premiums (discounts) are due to the issuance of general obligation bonds during fiscal year 2022, offset by scheduled principal payments and amortization. The change in certificates of participation and financed purchases was due to the scheduled principal payments during the current year. The increase in lease liabilities is due to the implementation of GASB Statement No. 87, as previously discussed.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

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):

District's market value	\$ 11,952,166,700
Limit rate	<u>15%</u>
Legal debt limit	<u><u>\$ 1,792,825,005</u></u>

Additional details of the District's capital assets and long-term liabilities activity can be found in the Notes 3 and 4 to basic financial statements, respectively.

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. 281, 4148 Winnetka Avenue North, New Hope, Minnesota 55427.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Governmental Activities	
	2022	2021
Assets		
Cash and temporary investments	\$ 64,115,809	\$ 52,995,721
Receivables		
Current taxes	33,371,830	32,756,982
Delinquent taxes	560,421	625,816
Accounts and interest	452,174	385,162
Due from other governmental units	16,774,833	17,817,399
Due from post-employment benefits trust	1,055,343	488,138
Inventory	417,697	408,110
Prepaid items	1,364,190	960,246
Restricted assets – temporarily restricted		
Cash and investments for capital projects	1,799	1,799
Net OPEB asset	5,910,504	8,532,891
Capital assets		
Not depreciated/amortized	5,537,169	4,810,552
Depreciated/amortized, net	298,287,834	300,336,096
Total capital assets, net	<u>303,825,003</u>	<u>305,146,648</u>
 Total assets	 427,849,603	 420,118,912
Deferred outflows of resources		
OPEB plan deferments	1,268,955	–
Pension plan deferments	43,051,713	51,886,026
Total deferred outflows of resources	<u>44,320,668</u>	<u>51,886,026</u>
 Total assets and deferred outflows of resources	 <u>\$ 472,170,271</u>	 <u>\$ 472,004,938</u>
Liabilities		
Salaries payable	\$ 1,751,032	\$ 1,087,840
Accounts and contracts payable	10,754,944	12,200,301
Accrued interest payable	2,835,673	2,801,689
Due to other governmental units	715,647	441,331
Unearned revenue	326,367	541,051
 Long-term liabilities		
Due within one year	18,093,656	16,618,254
Due in more than one year	271,139,909	312,095,546
Total long-term liabilities	<u>289,233,565</u>	<u>328,713,800</u>
 Total liabilities	 305,617,228	 345,786,012
Deferred inflows of resources		
Property taxes levied for subsequent year	63,296,440	61,642,618
OPEB plan deferments	1,564,052	3,268,350
Pension plan deferments	129,225,538	95,859,075
Total deferred inflows of resources	<u>194,086,030</u>	<u>160,770,043</u>
Net position		
Net investment in capital assets	111,931,629	119,977,952
Restricted for		
Capital asset acquisition	8,714,248	6,420,128
Debt service	–	264,036
Food service	4,256,789	2,373,071
Community service	2,763,530	1,599,307
Other purposes (state funding restrictions)	1,950,769	3,054,826
Unrestricted	(157,149,952)	(168,240,437)
Total net position	<u>(27,532,987)</u>	<u>(34,551,117)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 472,170,271</u>	 <u>\$ 472,004,938</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 7,022,554	\$ -	\$ -	\$ (7,022,554)	\$ (7,849,512)
District support services	10,102,689	180,990	-	(9,921,699)	(7,571,466)
Elementary and secondary regular instruction	75,765,485	503,279	4,363,615	(70,898,591)	(78,543,135)
Vocational education instruction	1,241,992	-	40,263	(1,201,729)	(1,424,981)
Special education instruction	29,940,336	477,905	18,389,234	(11,073,197)	(13,226,820)
Instructional support services	12,265,884	6,713	141,593	(12,117,578)	(13,665,709)
Pupil support services	24,241,745	-	1,084,500	(23,157,245)	(10,584,353)
Sites and buildings	37,321,186	16,727	85,268	(37,219,191)	(34,608,855)
Fiscal and other fixed cost programs	506,401	-	-	(506,401)	(447,607)
Food service	7,354,712	80,258	9,488,913	2,214,459	1,378,342
Community service	8,404,889	4,289,217	4,041,247	(74,425)	(1,906,433)
Interest and fiscal charges	5,525,895	-	-	(5,525,895)	(5,225,791)
Total governmental activities	\$ 219,693,768	\$ 5,555,089	\$ 37,634,633	(176,504,046)	(173,676,320)
General revenues					
Taxes					
Property taxes, for general purposes				44,967,173	43,551,802
Property taxes, for community service				2,145,322	2,559,183
Property taxes, for debt service				19,134,031	19,597,836
General grants and aids				114,267,827	112,405,410
Other general revenues				3,028,496	2,964,792
Investment earnings (charges)				(20,673)	66,094
Total general revenues				<u>183,522,176</u>	<u>181,145,117</u>
Change in net position				7,018,130	7,468,797
Net position – beginning				<u>(34,551,117)</u>	<u>(42,019,914)</u>
Net position – ending				<u>\$ (27,532,987)</u>	<u>\$ (34,551,117)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 27,952,751	\$ 14,914,685	\$ 12,366,232
Cash and investments held by trustee	–	1,799	–
Receivables			
Current taxes	22,007,611	–	10,271,683
Delinquent taxes	372,424	–	168,590
Accounts and interest	124,632	–	–
Due from other governmental units	15,712,851	–	88,519
Due from other funds	1,055,343	–	–
Inventory	335,710	–	–
Prepaid items	1,352,199	–	–
	<u>68,913,521</u>	<u>14,916,484</u>	<u>22,895,024</u>
Total assets	\$ 68,913,521	\$ 14,916,484	\$ 22,895,024
Liabilities			
Salaries payable	\$ 1,552,647	\$ –	\$ –
Accounts and contracts payable	5,498,861	3,039,587	–
Due to other governmental units	715,575	–	–
Unearned revenue	–	–	–
	<u>7,767,083</u>	<u>3,039,587</u>	<u>–</u>
Total liabilities	7,767,083	3,039,587	–
Deferred inflows of resources			
Property taxes levied for subsequent year	40,354,089	–	20,736,714
Unavailable revenue – delinquent taxes	256,856	–	116,546
	<u>40,610,945</u>	<u>–</u>	<u>20,853,260</u>
Total deferred inflows of resources	40,610,945	–	20,853,260
Fund balances			
Nonspendable	1,687,909	–	–
Restricted	9,732,633	11,876,897	2,041,764
Assigned	6,960,051	–	–
Unassigned	2,154,900	–	–
	<u>20,535,493</u>	<u>11,876,897</u>	<u>2,041,764</u>
Total fund balances	20,535,493	11,876,897	2,041,764
Total liabilities, deferred inflows of resources, and fund balances	\$ 68,913,521	\$ 14,916,484	\$ 22,895,024

Nonmajor Funds	Total Governmental Funds	
	2022	2021
\$ 7,304,304	\$ 62,537,972	\$ 50,300,075
–	1,799	1,799
1,092,536	33,371,830	32,756,982
19,407	560,421	625,816
327,542	452,174	385,162
973,463	16,774,833	17,817,399
–	1,055,343	488,138
81,987	417,697	408,110
11,991	1,364,190	926,150
<u>\$ 9,811,230</u>	<u>\$ 116,536,259</u>	<u>\$ 103,709,631</u>
\$ 198,385	\$ 1,751,032	\$ 1,087,840
106,299	8,644,747	10,564,551
72	715,647	441,331
326,367	326,367	541,051
631,123	11,437,793	12,634,773
2,205,637	63,296,440	61,642,618
13,542	386,944	368,242
<u>2,219,179</u>	<u>63,683,384</u>	<u>62,010,860</u>
93,978	1,781,887	1,334,260
6,866,950	30,518,244	18,345,083
–	6,960,051	1,882,535
–	2,154,900	7,502,120
<u>6,960,928</u>	<u>41,415,082</u>	<u>29,063,998</u>
<u>\$ 9,811,230</u>	<u>\$ 116,536,259</u>	<u>\$ 103,709,631</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 41,415,082	\$ 29,063,998
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	563,240,811	542,875,841
Accumulated depreciation/amortization	(259,415,808)	(237,729,193)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds	(185,135,000)	(177,780,000)
Certificates of participation	(6,050,000)	(6,650,000)
Unamortized (premiums) discounts	(9,819,882)	(9,083,256)
Financed purchases	(2,586,656)	(2,808,629)
Lease liabilities	(5,801,349)	–
Compensated absences payable	(1,473,197)	(1,561,281)
Severance benefits payable	(2,435,482)	(3,198,313)
Net pension liability	(75,931,999)	(127,632,321)
Net OPEB obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.	5,910,504	8,532,891
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,835,673)	(2,801,689)
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.	(532,360)	1,093,992
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 – OPEB plan deferments	1,268,955	–
Deferred outflows of resources – pension plan deferments	43,051,713	51,886,026
Deferred inflows of resources – OPEB plan deferments	(1,564,052)	(3,268,350)
Deferred inflows of resources – pension plan deferments	(129,225,538)	(95,859,075)
Deferred inflows of resources – delinquent property taxes	386,944	368,242
Total net position – governmental activities	<u>\$ (27,532,987)</u>	<u>\$ (34,551,117)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 44,953,558	\$ –	\$ 19,128,912
Investment earnings (charges)	11,140	(48,958)	9,727
Other	4,133,677	–	–
State sources	120,820,882	–	898,578
Federal sources	17,289,540	–	–
Total revenue	<u>187,208,797</u>	<u>(48,958)</u>	<u>20,037,217</u>
Expenditures			
Current			
Administration	7,527,435	–	–
District support services	7,889,919	–	–
Elementary and secondary regular instruction	79,668,997	–	–
Vocational education instruction	1,342,465	–	–
Special education instruction	31,954,641	–	–
Instructional support services	12,700,529	–	–
Pupil support services	24,573,092	–	–
Sites and buildings	16,026,078	–	–
Fiscal and other fixed cost programs	506,401	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	2,505,715	14,606,388	–
Debt service			
Principal	977,770	–	14,445,000
Interest and fiscal charges	283,246	306,082	6,504,751
Total expenditures	<u>185,956,288</u>	<u>14,912,470</u>	<u>20,949,751</u>
Excess (deficiency) of revenue over expenditures	1,252,509	(14,961,428)	(912,534)
Other financing sources (uses)			
Bonds and certificates of participation issued	–	21,200,000	–
Refunding bonds issued	–	–	–
Premiums on debt issued	–	2,338,794	–
Payment to refunded bond escrow agent	–	–	–
Lease issued	105,668	–	–
Sale of assets	71,020	–	–
Insurance recovery	9,413	–	–
Total other financing sources (uses)	<u>186,101</u>	<u>23,538,794</u>	<u>–</u>
Net change in fund balances	1,438,610	8,577,366	(912,534)
Fund balances			
Beginning of year	<u>19,096,883</u>	<u>3,299,531</u>	<u>2,954,298</u>
End of year	<u>\$ 20,535,493</u>	<u>\$ 11,876,897</u>	<u>\$ 2,041,764</u>

Nonmajor Funds	Total Governmental Funds	
	2022	2021
\$ 2,145,354	\$ 66,227,824	\$ 65,787,270
6,057	(22,034)	63,843
4,369,475	8,503,152	6,945,012
3,324,874	125,044,334	130,431,619
10,205,286	27,494,826	19,832,183
<u>20,051,046</u>	<u>227,248,102</u>	<u>223,059,927</u>
–	7,527,435	7,699,766
–	7,889,919	7,179,027
–	79,668,997	77,205,908
–	1,342,465	1,372,645
–	31,954,641	33,070,419
–	12,700,529	13,208,889
–	24,573,092	12,626,379
–	16,026,078	15,925,083
–	506,401	447,607
7,510,452	7,510,452	6,120,818
9,095,991	9,095,991	9,544,358
196,961	17,309,064	20,236,034
–	15,422,770	14,180,048
–	7,094,079	7,221,264
<u>16,803,404</u>	<u>238,621,913</u>	<u>226,038,245</u>
3,247,642	(11,373,811)	(2,978,318)
–	21,200,000	16,760,000
–	–	13,270,000
–	2,338,794	2,568,540
–	–	(15,125,000)
–	105,668	–
–	71,020	–
–	9,413	185,975
<u>–</u>	<u>23,724,895</u>	<u>17,659,515</u>
3,247,642	12,351,084	14,681,197
<u>3,713,286</u>	<u>29,063,998</u>	<u>14,382,801</u>
<u>\$ 6,960,928</u>	<u>\$ 41,415,082</u>	<u>\$ 29,063,998</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2022</u>	<u>2021</u>
Total net change in fund balances – governmental funds	\$ 12,351,084	\$ 14,681,197
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/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	13,913,492	17,948,849
Depreciation/amortization expense	(21,686,615)	(19,234,154)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds and certificates of participation	(21,200,000)	(30,030,000)
Lease liabilities	(105,668)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	14,445,000	29,070,000
Financed purchases	221,973	235,048
Lease liabilities	755,797	–
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.		
Compensated absences payable	88,084	37,470
Severance benefits payable	762,831	77,465
Net pension liability	51,700,322	(15,360,805)
Net OPEB obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	(2,622,387)	1,720,297
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.		
	(33,984)	(21,121)
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.		
	(736,626)	(551,946)
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.		
	(1,626,352)	450,520
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 – OPEB plan deferments	1,268,955	–
Deferred outflows of resources – pension plan deferments	(8,834,313)	(35,233,790)
Deferred inflows of resources – OPEB plan deferments	1,704,298	(848,569)
Deferred inflows of resources – pension plan deferments	(33,366,463)	44,606,785
Deferred inflows of resources – delinquent property taxes	18,702	(78,449)
Change in net position – governmental activities	<u>\$ 7,018,130</u>	<u>\$ 7,468,797</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenue				
Local sources				
Property taxes	\$ 44,227,061	\$ 44,227,070	\$ 44,953,558	\$ 726,488
Investment earnings	200,000	175,000	11,140	(163,860)
Other	1,573,311	1,493,917	4,133,677	2,639,760
State sources	124,179,872	124,674,922	120,820,882	(3,854,040)
Federal sources	14,086,547	15,578,560	17,289,540	1,710,980
Total revenue	<u>184,266,791</u>	<u>186,149,469</u>	<u>187,208,797</u>	<u>1,059,328</u>
Expenditures				
Current				
Administration	6,539,200	7,107,958	7,527,435	419,477
District support services	12,912,432	8,641,976	7,889,919	(752,057)
Elementary and secondary regular instruction	84,693,317	86,358,455	79,668,997	(6,689,458)
Vocational education instruction	1,085,330	1,097,708	1,342,465	244,757
Special education instruction	33,619,297	32,607,905	31,954,641	(653,264)
Instructional support services	12,626,166	12,430,409	12,700,529	270,120
Pupil support services	11,502,768	15,934,071	24,573,092	8,639,021
Sites and buildings	14,560,965	14,573,833	16,026,078	1,452,245
Fiscal and other fixed cost programs	—	—	506,401	506,401
Capital outlay	5,593,295	5,562,828	2,505,715	(3,057,113)
Debt service				
Principal	34,020	34,020	977,770	943,750
Interest and fiscal charges	—	—	283,246	283,246
Total expenditures	<u>183,166,790</u>	<u>184,349,163</u>	<u>185,956,288</u>	<u>1,607,125</u>
Excess (deficiency) of revenue over expenditures	1,100,001	1,800,306	1,252,509	(547,797)
Other financing sources				
Lease issued	—	—	105,668	105,668
Sale of assets	—	—	71,020	71,020
Insurance recovery	—	—	9,413	9,413
Total other financing sources	<u>—</u>	<u>—</u>	<u>186,101</u>	<u>186,101</u>
Net change in fund balances	<u>\$ 1,100,001</u>	<u>\$ 1,800,306</u>	1,438,610	<u>\$ (361,696)</u>
Fund balances				
Beginning of year			<u>19,096,883</u>	
End of year			<u>\$ 20,535,493</u>	

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Net Position
 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	\$ 1,577,837	\$ 2,695,646
Prepaid items	<u> -</u>	<u>34,096</u>
Total current assets	<u>1,577,837</u>	<u>2,729,742</u>
Liabilities		
Current liabilities		
Claims payable	<u>2,110,197</u>	<u>1,635,750</u>
Net position		
Unrestricted	<u><u>\$ (532,360)</u></u>	<u><u>\$ 1,093,992</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenses, and Changes in Net Position
 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		
Charges for services		
Contributions from governmental funds	\$ 19,737,190	\$ 20,357,827
Operating expenses		
Dental benefit claims	1,384,785	1,412,700
Health benefit claims	<u>19,980,118</u>	<u>18,496,858</u>
Total operating expenses	<u>21,364,903</u>	<u>19,909,558</u>
Operating income (loss)	(1,627,713)	448,269
Nonoperating revenue		
Investment earnings	<u>1,361</u>	<u>2,251</u>
Change in net position	(1,626,352)	450,520
Net position		
Beginning of year	<u>1,093,992</u>	<u>643,472</u>
End of year	<u><u>\$ (532,360)</u></u>	<u><u>\$ 1,093,992</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Cash Flows
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		
Contributions from governmental funds	\$ 19,771,286	\$ 17,774,689
Payments for dental claims	(1,367,063)	(1,424,218)
Payments for health claims	<u>(19,523,393)</u>	<u>(18,276,166)</u>
Net cash flows from operating activities	(1,119,170)	(1,925,695)
Cash flows from investing activities		
Investment income received	<u>1,361</u>	<u>2,251</u>
Net change in cash and cash equivalents	(1,117,809)	(1,923,444)
Cash and cash equivalents		
Beginning of year	<u>2,695,646</u>	<u>4,619,090</u>
End of year	<u>\$ 1,577,837</u>	<u>\$ 2,695,646</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (1,627,713)	\$ 448,269
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Prepaid items	34,096	(34,096)
Claims payable	474,447	209,174
Unearned revenue	<u>—</u>	<u>(2,549,042)</u>
Net cash flows from operating activities	<u>\$ (1,119,170)</u>	<u>\$ (1,925,695)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>Employee Benefit Trust Fund</u>
Assets	
Investments	
Mutual funds	\$ 14,502,967
Liabilities	
Due to other funds	<u>1,055,343</u>
Net position	
Held in trust for employee benefits	<u><u>\$ 13,447,624</u></u>

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

	<u>Employee Benefit Trust Fund</u>
Additions	
Investment earnings (charges)	\$ (1,858,678)
Less investment expense	<u>(41,995)</u>
Net investment earnings	<u>(1,900,673)</u>
Deductions	
Retirement benefits	1,055,343
Administrative and other expenses	<u>5,527</u>
Total deductions	<u>1,060,870</u>
Change in net position	(2,961,543)
Net position	
Beginning of year	<u>16,409,167</u>
End of year	<u><u>\$ 13,447,624</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Basic Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 281, Robbinsdale Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District, located in Hennepin County, serves pre-kindergarten through Grade 12 students in all or parts of the cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board 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 fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation and amortization are included as direct expenses in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenue, 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. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

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

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

Fiduciary funds are presented in the fiduciary fund financial statements by type. Fiduciary funds are also reported using the accrual basis of accounting and economic resources measurement focus. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

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

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs. The other post-employment benefits (OPEB) debt service account is used for OPEB bond issues. The regular debt service account is used for all other general obligation bonds debt service.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – This fund is used to account for the District’s child nutrition program.

Community Service Special Revenue Fund – This 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 – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District’s internal service funds are used to account for dental insurance and health insurance offered to district employees as self-insured plans.

Fiduciary Fund

Employee Benefit Trust Fund – This fund is used to administer assets held in an irrevocable trust to fund post-employment benefits for eligible employees.

E. Budgetary Information

The School Board adopts annual budgets for all governmental funds, prepared on the same basis of accounting as the financial statements. Legal budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line-item levels. Actual expenditures exceeded final budgeted appropriations by \$1,607,125 in the General Fund, \$528,053 in the Community Service Special Revenue Fund, and \$349,751 in the Debt Service Fund. These variances were financed with revenue or other financing sources in excess of budget, along with available fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

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

Cash and investments held by trustee reported in the Capital Projects – Building Construction Fund represent assets held in escrow accounts for future capital projects in accordance with applicable debt provisions. In the government-wide financial statements, these accounts are reported as restricted assets.

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

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

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

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

G. Receivables

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

Amounts due from other governmental units at year-end consist of the following:

Due from the MDE	\$	9,986,403
Due from federal government agencies		5,892,197
Due from other Minnesota school districts		120,024
Due from Hennepin County and others		<u>776,209</u>
Total	\$	<u>16,774,833</u>

H. Inventories

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses 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 Minnesota Legislature based on education funding priorities. Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,075,390 of the property tax levy collectible in 2022 as revenue in fiscal 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 by 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.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated 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. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

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

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

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

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

M. 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.

N. Compensated Absences

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Severance Benefits Payable

The District provides lump sum severance benefits to certain eligible employee groups in accordance with provisions in collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. 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 into the 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.

Q. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB asset or 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 external investment pools or certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

R. 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 or disclosures in the financial statements. Actual results could differ from those estimates.

S. 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. The District carries commercial insurance for these risks. 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 fiscal 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

District claim liabilities are reported when it is probable that a loss has occurred, and the amount can be reasonably estimated. Liabilities include an estimate 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 consider recently settled claims, the frequency of claims, and other economic and social factors.

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

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2021	\$ 36,368	\$ 1,412,700	\$ 1,424,218	\$ 24,850
2022	\$ 24,850	\$ 1,384,785	\$ 1,367,063	\$ 42,572

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

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2021	\$ 1,390,208	\$ 18,496,858	\$ 18,276,166	\$ 1,610,900
2022	\$ 1,610,900	\$ 19,980,118	\$ 19,523,393	\$ 2,067,625

T. Net Position

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent or designee is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

V. Prior Period Comparative Financial Information/Reclassification

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

W. 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 new capital asset categories 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 consist of the following:

Deposits	\$ 8,321,563
Investments	<u>70,299,012</u>
Total	<u><u>\$ 78,620,575</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 64,115,809
Restricted assets – temporarily restricted – cash and investments for capital projects	1,799
Statement of Fiduciary Net Position	
Investments – Employee Benefit Trust Fund	<u>14,502,967</u>
Total	<u><u>\$ 78,620,575</u></u>

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$8,321,563, while the balance on the bank records was \$10,143,075. At June 30, 2022, all of these deposits were fully covered by federal deposit insurance or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years		Total
	Rating	Agency		No Maturity Date	Less Than 1	
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	\$ 33,100,170	\$ –	\$ 33,100,170
MNTrust Full Flex		Not Rated	Amortized Cost	\$ 6,008,456	\$ –	6,008,456
Mutual funds	AAA	S&P	Level 2	\$ 842,754	\$ –	842,754
Mutual funds		Not Rated	Level 2	\$ 13,660,720	\$ –	13,660,720
U.S. Treasuries	AA	S&P	Level 2	\$ –	\$ 16,686,912	16,686,912
Total investments						<u>\$ 70,299,012</u>

The MNTrust Investment Shares Portfolio and MNTrust Full Flex are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio. MNTrust full flex investments can be withdrawn weekly with one day advance notice.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized						
Land	\$ 1,218,930	\$ –	\$ –	\$ –	\$ –	\$ 1,218,930
Construction in progress	3,591,622	–	9,871,668	–	(9,145,051)	4,318,239
Total capital assets not depreciated/amortized	4,810,552	–	9,871,668	–	(9,145,051)	5,537,169
Capital assets, depreciated/amortized						
Land improvements	9,212,209	–	344,283	–	–	9,556,492
Buildings	493,496,500	–	3,248,063	–	9,145,051	505,889,614
Furniture and equipment	35,356,580	–	343,810	–	–	35,700,390
Leased buildings and improvements	–	6,131,555	–	–	–	6,131,555
Leased equipment	–	319,923	105,668	–	–	425,591
Total capital assets, depreciated/amortized	538,065,289	6,451,478	4,041,824	–	9,145,051	557,703,642
Less accumulated depreciation/amortization for						
Land improvements	(5,827,397)	–	(293,393)	–	–	(6,120,790)
Buildings	(206,218,372)	–	(18,641,100)	–	–	(224,859,472)
Furniture and equipment	(25,683,424)	–	(1,987,703)	–	–	(27,671,127)
Leased buildings and improvements	–	–	(644,481)	–	–	(644,481)
Leased equipment	–	–	(119,938)	–	–	(119,938)
Total accumulated depreciation/amortization	(237,729,193)	–	(21,686,615)	–	–	(259,415,808)
Net capital assets, depreciated/amortized	300,336,096	6,451,478	(17,644,791)	–	9,145,051	298,287,834
Total capital assets, net	\$ 305,146,648	\$ 6,451,478	\$ (7,773,123)	\$ –	\$ –	\$ 303,825,003

* The change in accounting principle was for new lease standard requirements in the current year.

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

Administration	\$ 5,304
District support services	1,294,140
Elementary and secondary regular instruction	64,022
Vocational education instruction	425
Special education instruction	4,600
Instructional support services	198,037
Pupil support services	14,838
Sites and buildings	20,041,556
Food service	56,243
Community service	7,450
Total depreciation/amortization expense	<u>\$ 21,686,615</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2013 Capital Facilities Bond	07/18/2013	2.00%–3.00%	\$ 3,200,000	02/01/2023	\$ 335,000
2014 Alternative Facilities Bond	05/01/2014	3.00%	\$ 13,425,000	02/01/2026	13,325,000
2014 Refunding Bonds	11/20/2014	2.00%–5.00%	\$ 9,640,000	02/01/2024	2,515,000
2015 Alternative Facilities Bonds	08/25/2015	3.00%–4.00%	\$ 17,100,000	02/01/2028	17,100,000
2016 Capital Facilities Bonds	03/10/2016	2.00%–4.00%	\$ 9,235,000	02/01/2031	8,305,000
2016 Refunding Bonds	06/01/2016	2.00%–5.00%	\$ 7,080,000	02/01/2027	3,965,000
2016 Facilities Maintenance Bonds	06/01/2016	2.00%–3.00%	\$ 40,800,000	02/01/2032	40,800,000
2017 Alternative Facilities Refunding Bonds	05/24/2017	2.00%–5.00%	\$ 12,170,000	02/01/2029	7,985,000
2018 Facilities Maintenance Bonds	05/30/2018	3.00%–5.00%	\$ 14,200,000	02/01/2031	13,295,000
2018 Taxable OPEB Refunding Bonds	11/06/2018	3.00%–3.30%	\$ 9,910,000	02/01/2025	6,555,000
2019 Refunding Bonds	11/21/2019	5.00%	\$ 10,330,000	02/01/2024	5,480,000
2019 Facilities Maintenance Bonds	12/19/2019	3.00%–5.00%	\$ 16,605,000	02/01/2040	15,785,000
2020 Facilities Maintenance Bonds	11/19/2020	2.00%–4.00%	\$ 16,760,000	02/01/2041	16,520,000
2020 Alternative Facilities Refunding Bonds	11/19/2020	2.00%–5.00%	\$ 13,270,000	02/01/2032	11,970,000
2021 Alternative Facilities Bonds	10/21/2021	2.00%–5.00%	\$ 21,200,000	02/01/2042	21,200,000
Total general obligation bonds payable					<u>\$ 185,135,000</u>

These bonds were issued to finance acquisition and/or construction of capital facilities, to finance the retirement (refunding) of prior bond issues, or pay OPEB liabilities. 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, and are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Certificates of Participation Payable

On July 19, 2016, the District sold \$9,535,000 of certificates of participation to finance the construction of additions to several elementary sites and one middle school site. The certificates bear interest rates ranging from 2.00–4.00 percent, with a final maturity of April 1, 2031. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates.

C. Financed Purchases

The District has entered into two agreements to finance the construction of an addition to Pilgrim Lane Elementary School and the construction of two additions to the School of Engineering and Arts (SEA). If the District fails to make the payments specified in these agreements or otherwise defaults on the agreement, the lender may 1) enter the property and take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the payments due under this agreement, 2) exclude the District from possession of the property and attempt to sell or lease the property, holding the District responsible for the payments due under this agreement until the property is sold or leased, or 3) take legal action to force performance under the terms of the agreement. These liabilities are being paid from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

At year-end, the District has the following financed purchases outstanding:

<u>Financed Purchases Description</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Pilgrim Lane addition	2.49%	10/27/2026	02/01/2032	\$ 1,381,730
SEA School addition	3.04%	06/01/2017	02/01/2032	<u>1,204,926</u>
Total financed purchases				<u><u>\$ 2,586,656</u></u>

D. Lease Liabilities

The District has obtained the use of certain building space and equipment (copiers) through lease financing agreements. The total amount of underlying leases assets by major class 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 lessors generally may also repossess the property and seek full recovery of any losses upon default. The District currently has the following lease liabilities outstanding:

<u>Lease Description</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Winnetka Properties space lease	2.95%	04/01/2020	10/30/2022	\$ 54,131
Crystal Learning Center space lease	3.72%	09/06/2016	09/30/2031	5,466,168
Copiers	3.22%	Various	11/16/2026	<u>281,050</u>
Total lease liabilities				<u><u>\$ 5,801,349</u></u>

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund and special revenue funds.

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

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA	\$ 16,466,848	\$ 12,466,596	\$ 16,314,023	\$ (967,197)
TRA	<u>59,465,151</u>	<u>30,585,117</u>	<u>112,911,515</u>	<u>731,995</u>
Total	<u><u>\$ 75,931,999</u></u>	<u><u>\$ 43,051,713</u></u>	<u><u>\$ 129,225,538</u></u>	<u><u>\$ (235,202)</u></u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 177,780,000	\$ –	\$ 21,200,000	\$ 13,845,000	\$ 185,135,000	\$ 14,700,000
Certificates of participation	6,650,000	–	–	600,000	6,050,000	610,000
Unamortized premiums/discount	9,083,256	–	2,338,794	1,602,168	9,819,882	–
Financed purchases	2,808,629	–	–	221,973	2,586,656	228,102
Lease liabilities	–	6,451,478	105,668	755,797	5,801,349	669,357
Compensated absences payable	1,561,281	–	1,473,197	1,561,281	1,473,197	1,473,197
Severance benefits payable	3,198,313	–	–	762,831	2,435,482	413,000
Net pension liability	127,632,321	–	15,475,990	67,176,312	75,931,999	–
	<u>\$ 328,713,800</u>	<u>\$ 6,451,478</u>	<u>\$ 40,593,649</u>	<u>\$ 86,525,362</u>	<u>\$ 289,233,565</u>	<u>\$ 18,093,656</u>

* The change in accounting principle was for new lease standard requirements in the current year.

G. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 14,700,000	\$ 6,405,801	\$ 610,000	\$ 143,257	\$ 228,102	\$ 69,482	\$ 669,357	\$ 202,683
2024	15,560,000	5,546,088	620,000	131,056	234,401	63,182	557,849	180,651
2025	16,255,000	4,850,475	645,000	106,256	240,876	56,707	551,157	160,565
2026	16,830,000	4,275,025	660,000	93,356	247,532	50,051	573,053	139,891
2027	15,415,000	3,706,325	675,000	80,157	254,374	43,209	589,941	118,286
2028–2032	76,825,000	10,502,950	2,840,000	172,606	1,381,371	106,544	2,859,992	238,978
2033–2037	15,620,000	1,628,166	–	–	–	–	–	–
2038–2042	13,930,000	839,656	–	–	–	–	–	–
	<u>\$ 185,135,000</u>	<u>\$ 37,754,486</u>	<u>\$ 6,050,000</u>	<u>\$ 726,688</u>	<u>\$ 2,586,656</u>	<u>\$ 389,175</u>	<u>\$ 5,801,349</u>	<u>\$ 1,041,054</u>

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 with 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 herein since the District has specific authority to future resources for such deficits.

A summary of the District’s governmental fund balance classifications at year-end are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 335,710	\$ –	\$ –	\$ 81,987	\$ 417,697
Prepaid items	1,352,199	–	–	11,991	1,364,190
Total nonspendable	1,687,909	–	–	93,978	1,781,887
Restricted					
Student activities	95,154	–	–	–	95,154
Scholarships	455,788	–	–	–	455,788
Capital projects levy	3,326,573	–	–	–	3,326,573
Operating capital	4,455,291	–	–	–	4,455,291
Basic skills programs	536,982	–	–	–	536,982
Safe schools levy	319,215	–	–	–	319,215
Medical Assistance	543,630	–	–	–	543,630
Long-term facilities maintenance	–	11,615,403	–	–	11,615,403
Capital projects	–	261,494	–	–	261,494
Food service	–	–	–	4,036,177	4,036,177
Community education programs	–	–	–	1,716,401	1,716,401
Early childhood family education programs	–	–	–	470,364	470,364
School readiness	–	–	–	222,848	222,848
Adult basic education	–	–	–	421,100	421,100
Community service	–	–	–	60	60
Debt service	–	–	2,041,764	–	2,041,764
Total restricted	9,732,633	11,876,897	2,041,764	6,866,950	30,518,244
Assigned					
Building carryover	599,399	–	–	–	599,399
LCTS program	715,607	–	–	–	715,607
Telecom	221,066	–	–	–	221,066
Q Comp	348,780	–	–	–	348,780
Subsequent year’s budget	5,075,199	–	–	–	5,075,199
Total assigned	6,960,051	–	–	–	6,960,051
Unassigned					
LTFM restricted account deficit	(584,948)	–	–	–	(584,948)
Unassigned	2,739,848	–	–	–	2,739,848
Total unassigned	2,154,900	–	–	–	2,154,900
Total	\$ 20,535,493	\$ 11,876,897	\$ 2,041,764	\$ 6,960,928	\$ 41,415,082

Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2022, the unassigned fund balance of the General Fund, excluding any restricted account deficits, while including the amount assigned for subsequent year’s budget, was 4.2 percent of budgeted expenditures for the year then ended, which was below the minimum established in the School Board policy.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

NOTE 6 – 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 \$2,154,182. 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	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic Plan	11.00 %	11.92 %	11.00 %	12.13 %	11.00 %	12.34 %
Coordinated Plan	7.50 %	7.92 %	7.50 %	8.13 %	7.50 %	8.34 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2022, were \$7,127,826. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2022, the District reported a liability of \$16,466,848 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 \$502,895. 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 0.3856 percent at the end of the measurement period and 0.3993 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 16,466,848
State’s proportionate share of the net pension liability associated with the District	\$ 502,895

For the year ended June 30, 2022, the District recognized negative pension expense of \$1,007,773 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$40,576 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s pension expense for the annual \$16 million contribution.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 103,292	\$ 506,004
Changes in actuarial assumptions	10,054,316	375,516
Net collective difference between projected and actual investment earnings on pension plan investments	–	14,256,163
Changes in proportion	154,806	1,176,340
District’s contributions to the GERF subsequent to the measurement date	<u>2,154,182</u>	<u>–</u>
Total	<u>\$ 12,466,596</u>	<u>\$ 16,314,023</u>

The \$2,154,182 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
<u> </u>	<u> </u>
2023	\$ (1,438,021)
2024	\$ (360,104)
2025	\$ (313,767)
2026	\$ (3,889,717)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of \$59,465,151 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 1.3588 percent at the end of the measurement period and 1.4035 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	\$ 59,465,151
State’s proportionate share of the net pension liability associated with the District	\$ 5,015,220

For the year ended June 30, 2022, the District recognized pension expense of \$788,150. It also recognized \$56,155 as a reduction to pension expense for the support provided by direct aid.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,663,563	\$ 1,733,688
Changes in actuarial assumptions	21,793,728	56,626,765
Net collective difference between projected and actual investment earnings on pension plan investments	–	49,738,777
Changes in proportion	–	4,812,285
District’s contributions to the TRA subsequent to the measurement date	<u>7,127,826</u>	<u>–</u>
Total	<u>\$ 30,585,117</u>	<u>\$ 112,911,515</u>

A total of \$7,127,826 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2023	\$ (42,956,422)
2024	\$ (32,446,769)
2025	\$ (7,966,726)
2026	\$ (9,731,338)
2027	\$ 3,647,031

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:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>
	<u>GERF</u>	<u>TRA</u>	
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 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

2. TRA

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

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

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

The following changes in actuarial assumptions occurred in 2021:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

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

2. TRA

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

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

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 33,583,983	\$ 16,466,848	\$ 2,421,209
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 120,122,499	\$ 59,465,151	\$ 9,721,290

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

The assets of the plan are reported in the Employee Benefit Trust Fund, administered by the District. 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.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their health 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 and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Other employee groups receive a maximum benefit contribution based on a number of days per year of service times their rate of pay at retirement. 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

Required contributions are based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District did not make any pay-as-you-go contributions to the plan in the current fiscal year.

D. Membership

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

Retirees and beneficiaries receiving benefits	90
Active plan members	<u>1,847</u>
Total members	<u><u>1,937</u></u>

E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2020 (census date). The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 7,537,120
Plan fiduciary net position	<u>(13,447,624)</u>
District's net OPEB liability (asset)	<u><u>\$ (5,910,504)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u><u>178.4%</u></u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

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

Discount rate	5.20%
Expected long-term investment return	5.20%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Payroll growth rate	Service graded table
Medical trend rate	6.00%, grading to 5.00% over 5 years, then to 4.00% over the next 48 years
Post-age 65 medical trend rate	4.00%

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. Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables for teachers with MP-2019 Generational Improvement Scale.

Changes in assumptions since the previous actuarial valuation include:

- The discount rate and expected long-term investment return was changed from 5.50 percent to 5.20 percent.
- The 20-year municipal bond yield was changed from 2.40 percent to 3.80 percent.

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. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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 asset class estimates 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.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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
Domestic equity	20.00 %	7.60 %
International equity	10.00	7.40 %
Fixed income	70.00	4.20 %
Total (net of investment expense)	100.00 %	5.20 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was negative 11.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.20 percent. 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 taken into account. The District discount rate used at the prior measurement date was 5.50 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2021	\$ 7,876,276	\$ 16,409,167	\$ (8,532,891)
Changes for the year			
Service cost	223,017	–	223,017
Interest	416,828	–	416,828
Changes of assumptions	76,342	–	76,342
Net investment income	–	(1,900,673)	1,900,673
Benefit payments from trust	(1,055,343)	(1,055,343)	–
Administrative expense	–	(5,527)	5,527
Total net changes	(339,156)	(2,961,543)	2,622,387
Ending balance – June 30, 2022	\$ 7,537,120	\$ 13,447,624	\$ (5,910,504)

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	4.20%	5.20%	6.20%
Net OPEB liability (asset)	\$ (5,611,739)	\$ (5,910,504)	\$ (6,198,673)

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

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Medical trend rate	5.00% grading to 4.00% then 3.00%	6.00% grading to 5.00% then 4.00%	7.00% grading to 6.00% then 5.00%
Net OPEB liability (asset)	\$ (6,361,679)	\$ (5,910,504)	\$ (5,401,172)

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

For the current year, the District recognized negative OPEB expense of \$350,866. As of year-end, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 1,052,889
Changes in actuarial assumptions	63,618	511,163
Differences between projected and actual investment earnings	1,205,337	–
Total	<u>\$ 1,268,955</u>	<u>\$ 1,564,052</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2023	\$ (202,300)
2024	\$ (150,022)
2025	\$ (84,246)
2026	\$ 188,034
2027	\$ (45,352)
Thereafter	\$ (1,211)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC. Employee eligibility is determined by the terms of the various District collective bargaining agreements or contracts. 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. Payments of insurance premiums (health, dental, and disability) are made by the District directly to the internal service funds or designated insurance companies from the District’s General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate district account on a monthly basis. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. On June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made. The medical reimbursement and dependent care activity of the Plan is included in the financial statements of the General Fund. The Plan is administered by a third party that handles all record keeping duties.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the District in an amount equal to 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 9 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2022:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds		
General Fund	\$ 1,055,343	\$ –
Fiduciary fund		
Employee Benefit Trust Fund	<u>–</u>	<u>1,055,343</u>
Total all funds	<u>\$ 1,055,343</u>	<u>\$ 1,055,343</u>

The interfund balances represent post-employment benefit reimbursements due from the trust to the governmental funds. Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables or payables due between fiduciary funds and other district funds are not eliminated.

NOTE 10 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2022, the District’s Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$1,854,363. This deficit is expected to be eliminated through future premiums paid from the District’s governmental funds.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

The District is committed to a number of contracts for the construction and improvement of various district properties. At June 30, 2022, the remaining commitment under these contracts is \$17,752,614.

B. Federal and State Receivables

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

C. Legal Claims

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

NOTE 12 – SUBSEQUENT EVENTS

A. Future Bond Issue

In October 2022, the District approved the sale of \$18,060,000 of General Obligation Facilities Maintenance Bonds, Series 2022A, to finance various capital improvements. The bonds have a true interest cost of 4.21 percent and a final maturity of February 1, 2040.

B. New Accounting Standard

A new standard was issued by the GASB for Subscription Based Information Technology Arrangements (SBITAs). An SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset. The District will be required to adopt this standard during the fiscal year ending June 30, 2023, and the implementation may require the restatement of certain balances reported as of June 30, 2022. The effects of this change have not yet been determined and are not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4714%	\$ 22,144,010	\$ -	\$ 22,144,010	\$ 23,850,298	92.85%	78.70%
06/30/2016	06/30/2015	0.4383%	\$ 22,714,981	\$ -	\$ 22,714,981	\$ 25,717,752	88.32%	78.20%
06/30/2017	06/30/2016	0.4506%	\$ 36,586,485	\$ 477,849	\$ 37,064,334	\$ 27,936,974	130.96%	68.90%
06/30/2018	06/30/2017	0.4442%	\$ 28,357,435	\$ 356,565	\$ 28,714,000	\$ 28,513,259	99.45%	75.90%
06/30/2019	06/30/2018	0.4341%	\$ 24,082,088	\$ 789,866	\$ 24,871,954	\$ 29,158,626	82.59%	79.50%
06/30/2020	06/30/2019	0.3937%	\$ 21,766,792	\$ 676,471	\$ 22,443,263	\$ 27,844,660	78.17%	80.20%
06/30/2021	06/30/2020	0.3993%	\$ 23,939,860	\$ 738,197	\$ 24,678,057	\$ 28,476,086	84.07%	79.10%
06/30/2022	06/30/2021	0.3856%	\$ 16,466,848	\$ 502,895	\$ 16,969,743	\$ 27,760,306	59.32%	87.00%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,900,180	\$ 1,900,180	\$ -	\$ 25,717,752	7.39%
06/30/2016	\$ 2,095,274	\$ 2,095,274	\$ -	\$ 27,936,974	7.50%
06/30/2017	\$ 2,144,453	\$ 2,144,453	\$ -	\$ 28,513,259	7.52%
06/30/2018	\$ 2,186,897	\$ 2,186,897	\$ -	\$ 29,158,626	7.50%
06/30/2019	\$ 2,088,247	\$ 2,088,247	\$ -	\$ 27,844,660	7.50%
06/30/2020	\$ 2,135,477	\$ 2,135,477	\$ -	\$ 28,476,086	7.50%
06/30/2021	\$ 2,082,018	\$ 2,082,018	\$ -	\$ 27,760,306	7.50%
06/30/2022	\$ 2,154,182	\$ 2,154,182	\$ -	\$ 28,720,979	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. 281

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.4456%	\$ 66,612,207	\$ 4,686,092	\$ 71,298,299	\$ 65,989,556	100.94%	81.50%
06/30/2016	06/30/2015	1.3943%	\$ 86,251,245	\$ 10,579,374	\$ 96,830,619	\$ 70,765,080	121.88%	76.80%
06/30/2017	06/30/2016	1.4503%	\$345,931,154	\$ 34,723,065	\$380,654,219	\$ 75,456,567	458.45%	44.88%
06/30/2018	06/30/2017	1.4426%	\$287,969,129	\$ 27,837,905	\$315,807,034	\$ 77,542,890	371.37%	51.57%
06/30/2019	06/30/2018	1.4328%	\$ 89,993,251	\$ 8,455,056	\$ 98,448,307	\$ 79,157,830	113.69%	78.07%
06/30/2020	06/30/2019	1.4199%	\$ 90,504,724	\$ 8,009,618	\$ 98,514,342	\$ 80,619,743	112.26%	78.21%
06/30/2021	06/30/2020	1.4035%	\$103,692,461	\$ 8,689,629	\$112,382,090	\$ 81,580,317	127.10%	75.48%
06/30/2022	06/30/2021	1.3588%	\$ 59,465,151	\$ 5,015,220	\$ 64,480,371	\$ 81,311,353	73.13%	86.63%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 5,307,332	\$ 5,307,332	\$ -	\$ 70,765,080	7.50%
06/30/2016	\$ 5,658,083	\$ 5,658,083	\$ -	\$ 75,456,567	7.50%
06/30/2017	\$ 5,812,034	\$ 5,812,034	\$ -	\$ 77,542,890	7.50%
06/30/2018	\$ 5,927,137	\$ 5,927,137	\$ -	\$ 79,157,830	7.49%
06/30/2019	\$ 6,215,604	\$ 6,215,604	\$ -	\$ 80,619,743	7.71%
06/30/2020	\$ 6,459,413	\$ 6,459,413	\$ -	\$ 81,580,317	7.92%
06/30/2021	\$ 6,610,498	\$ 6,610,498	\$ -	\$ 81,311,353	8.13%
06/30/2022	\$ 7,127,826	\$ 7,127,826	\$ -	\$ 85,465,864	8.34%

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

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Year Ended June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB liability						
Service cost	\$ 374,192	\$ 395,745	\$ 429,786	\$ 247,748	\$ 206,124	\$ 223,017
Interest	551,130	559,636	554,056	428,049	433,866	416,828
Differences between expected and actual experience	-	-	(2,065,851)	-	(1,432)	-
Changes of assumptions	-	(15,942)	(650,979)	(65,819)	(197,299)	76,342
Changes of benefit terms	-	-	186,435	-	-	-
Benefit payments	(1,014,169)	(583,727)	(681,324)	(443,570)	(488,138)	(1,055,343)
Net change in total OPEB liability	(88,847)	355,712	(2,227,877)	166,408	(46,879)	(339,156)
Total OPEB liability – beginning of year	9,717,759	9,628,912	9,984,624	7,756,747	7,923,155	7,876,276
Total OPEB liability – end of year	9,628,912	9,984,624	7,756,747	7,923,155	7,876,276	7,537,120
Plan fiduciary net position						
Contributions – paid from governmental funds	28,001	-	-	-	-	-
Net investment income	1,039,704	823,399	1,265,190	1,103,217	2,167,133	(1,900,673)
Benefit payments – paid from governmental funds	(28,001)	-	-	-	-	-
Benefit payments – paid from trust	(986,168)	(583,727)	(681,324)	(443,570)	(488,138)	(1,055,343)
Administrative expense	(7,007)	(86,547)	(6,296)	(5,829)	(5,577)	(5,527)
Other deductions – special item (Note 2)	-	-	(4,749,736)	-	-	-
Net change in plan fiduciary net position	46,529	153,125	(4,172,166)	653,818	1,673,418	(2,961,543)
Plan fiduciary net position – beginning of year	18,054,443	18,100,972	18,254,097	14,081,931	14,735,749	16,409,167
Plan fiduciary net position – end of year	18,100,972	18,254,097	14,081,931	14,735,749	16,409,167	13,447,624
Net OPEB liability (asset)	<u>\$ (8,472,060)</u>	<u>\$ (8,269,473)</u>	<u>\$ (6,325,184)</u>	<u>\$ (6,812,594)</u>	<u>\$ (8,532,891)</u>	<u>\$ (5,910,504)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>187.99%</u>	<u>182.82%</u>	<u>181.54%</u>	<u>185.98%</u>	<u>208.34%</u>	<u>178.42%</u>
Covered-employee payroll	<u>\$ 115,661,449</u>	<u>\$ 115,803,161</u>	<u>\$ 92,975,942</u>	<u>\$ 116,588,812</u>	<u>\$ 104,349,456</u>	<u>\$ 107,479,939</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(7.32%)</u>	<u>(7.14%)</u>	<u>(6.80%)</u>	<u>(5.84%)</u>	<u>(8.18%)</u>	<u>(5.50%)</u>

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note 2: In fiscal 2019, the District made a draw from the trust to reimburse the District for OPEB costs incurred since the trust was established (fiscal years 2009 through 2018) that had not previously been reimbursed.

INDEPENDENT SCHOOL DISTRICT NO. 281

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

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	5.76%
2018	4.11%
2019	6.93%
2020	7.84%
2021	14.71%
2022	(11.60)%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 281

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. 281

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. 281

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. 281

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. 281

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. 281

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate and expected long-term investment return was changed from 5.50 percent to 5.20 percent.
- The 20-year municipal bond yield was changed from 2.40 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The 20-year municipal bond yield was changed from 2.45 percent to 2.40 percent.
- Medical trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2015 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The payroll growth rate was changed from a flat 3.00 percent to rates that vary by service and contract group.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The 20-year municipal bond yield was changed from 3.13 percent to 2.45 percent.
- The medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans, due to its repeal.

2019 CHANGES IN PLAN PROVISIONS

- Other post-employment benefits were added for the child nutrition, office employees, program directors, and program assistant contract groups.
- Retiree premiums and district-provided contribution amounts were updated to current levels.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Mortality and salary increase rates were updated to those used in the current PERA and TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 2.75 percent to 2.50 percent.

INDEPENDENT SCHOOL DISTRICT NO. 281

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The discount rate was changed from 5.75 percent to 5.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Withdrawal, disability, retirement, mortality, and salary increase rates were updated to correct the PERA and the TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 3.00 percent to 2.75 percent.
- The discount rate was changed from 4.00 percent to 5.75 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 3,714,233	\$ 3,590,071	\$ 7,304,304
Receivables			
Current taxes	–	1,092,536	1,092,536
Delinquent taxes	–	19,407	19,407
Accounts and interest	247,684	79,858	327,542
Due from other governmental units	347,097	626,366	973,463
Inventory	81,987	–	81,987
Prepaid items	2,276	9,715	11,991
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,393,277</u>	<u>\$ 5,417,953</u>	<u>\$ 9,811,230</u>
Liabilities			
Salaries payable	\$ 55,486	\$ 142,899	\$ 198,385
Accounts and contracts payable	34,591	71,708	106,299
Due to other governmental units	–	72	72
Unearned revenue	182,760	143,607	326,367
Total liabilities	<u>272,837</u>	<u>358,286</u>	<u>631,123</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	2,205,637	2,205,637
Unavailable revenue – delinquent taxes	–	13,542	13,542
Total deferred inflows of resources	<u>–</u>	<u>2,219,179</u>	<u>2,219,179</u>
Fund balances			
Nonspendable	84,263	9,715	93,978
Restricted	4,036,177	2,830,773	6,866,950
Total fund balances	<u>4,120,440</u>	<u>2,840,488</u>	<u>6,960,928</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,393,277</u>	<u>\$ 5,417,953</u>	<u>\$ 9,811,230</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 2,145,354	\$ 2,145,354
Investment earnings	2,265	3,792	6,057
Other	80,258	4,289,217	4,369,475
State sources	262,825	3,062,049	3,324,874
Federal sources	9,226,088	979,198	10,205,286
Total revenue	<u>9,571,436</u>	<u>10,479,610</u>	<u>20,051,046</u>
Expenditures			
Current			
Food service	7,510,452	-	7,510,452
Community service	-	9,095,991	9,095,991
Capital outlay	118,456	78,505	196,961
Total expenditures	<u>7,628,908</u>	<u>9,174,496</u>	<u>16,803,404</u>
Net change in fund balances	1,942,528	1,305,114	3,247,642
Fund balances			
Beginning of year	<u>2,177,912</u>	<u>1,535,374</u>	<u>3,713,286</u>
End of year	<u>\$ 4,120,440</u>	<u>\$ 2,840,488</u>	<u>\$ 6,960,928</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 27,952,751	\$ 28,987,832
Receivables		
Current taxes	22,007,611	22,099,558
Delinquent taxes	372,424	412,102
Accounts and interest	124,632	132,280
Due from other governmental units	15,712,851	15,995,115
Due from other funds	1,055,343	488,138
Inventory	335,710	319,309
Prepaid items	1,352,199	899,307
	<u>68,913,521</u>	<u>69,333,641</u>
Total assets	<u>\$ 68,913,521</u>	<u>\$ 69,333,641</u>
Liabilities		
Salaries payable	\$ 1,552,647	\$ 917,535
Accounts and contracts payable	5,498,861	7,994,920
Due to other governmental units	715,575	440,809
Unearned revenue	-	326,480
Total liabilities	<u>7,767,083</u>	<u>9,679,744</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	40,354,089	40,313,773
Unavailable revenue – delinquent taxes	256,856	243,241
Total deferred inflows of resources	<u>40,610,945</u>	<u>40,557,014</u>
Fund balances		
Nonspendable for inventory	335,710	319,309
Nonspendable for prepaid items	1,352,199	899,307
Restricted for student activities	95,154	90,959
Restricted for scholarships	455,788	454,650
Restricted for capital projects levy	3,326,573	1,480,663
Restricted for operating capital	4,455,291	3,935,052
Restricted for basic skills programs	536,982	1,978,869
Restricted for safe schools levy	319,215	336,224
Restricted for long-term facilities maintenance	-	23,071
Restricted for Medical Assistance	543,630	194,124
Assigned for building carryover	599,399	622,420
Assigned for LCTS program	715,607	589,825
Assigned for telecom	221,066	220,529
Assigned for Q comp	348,780	449,761
Assigned for subsequent year's budget	5,075,199	-
Unassigned – long-term facilities maintenance account deficit	(584,948)	-
Unassigned	2,739,848	7,502,120
Total fund balances	<u>20,535,493</u>	<u>19,096,883</u>
	<u>\$ 68,913,521</u>	<u>\$ 69,333,641</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,913,521</u>	<u>\$ 69,333,641</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 44,227,070	\$ 44,953,558	\$ 726,488	\$ 43,600,567
Investment earnings	175,000	11,140	(163,860)	19,916
Other	1,493,917	4,133,677	2,639,760	3,820,565
State sources	124,674,922	120,820,882	(3,854,040)	126,479,516
Federal sources	15,578,560	17,289,540	1,710,980	11,131,266
Total revenue	<u>186,149,469</u>	<u>187,208,797</u>	<u>1,059,328</u>	<u>185,051,830</u>
Expenditures				
Current				
Administration				
Salaries	5,426,854	5,496,141	69,287	5,713,872
Employee benefits	1,495,596	1,731,882	236,286	1,695,049
Purchased services	56,550	149,631	93,081	84,122
Supplies and materials	70,780	54,815	(15,965)	119,664
Capital expenditures	7,750	414	(7,336)	13,253
Other expenditures	58,178	94,966	36,788	87,059
Total administration	<u>7,115,708</u>	<u>7,527,849</u>	<u>412,141</u>	<u>7,713,019</u>
District support services				
Salaries	2,756,141	3,605,534	849,393	3,174,800
Employee benefits	678,180	1,044,603	366,423	954,685
Purchased services	799,417	669,680	(129,737)	856,892
Supplies and materials	1,718,462	1,163,215	(555,247)	739,527
Capital expenditures	3,663,721	1,463,207	(2,200,514)	2,668,462
Other expenditures	2,689,776	1,406,887	(1,282,889)	1,453,123
Total district support services	<u>12,305,697</u>	<u>9,353,126</u>	<u>(2,952,571)</u>	<u>9,847,489</u>
Elementary and secondary regular instruction				
Salaries	64,308,455	57,899,164	(6,409,291)	54,443,373
Employee benefits	17,913,645	16,587,921	(1,325,724)	17,486,851
Purchased services	2,602,443	2,853,593	251,150	2,761,937
Supplies and materials	1,107,448	1,725,078	617,630	1,936,038
Capital expenditures	521,980	394,464	(127,516)	823,689
Other expenditures	426,464	603,241	176,777	577,709
Total elementary and secondary regular instruction	<u>86,880,435</u>	<u>80,063,461</u>	<u>(6,816,974)</u>	<u>78,029,597</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	810,404	901,507	91,103	1,002,203
Employee benefits	242,859	256,403	13,544	274,976
Purchased services	750	125,705	124,955	69,020
Supplies and materials	13,750	51,992	38,242	19,601
Capital expenditures	–	1,089	1,089	2,746
Other expenditures	29,945	6,858	(23,087)	6,845
Total vocational education instruction	1,097,708	1,343,554	245,846	1,375,391
Special education instruction				
Salaries	20,128,614	22,783,908	2,655,294	23,522,350
Employee benefits	7,418,141	7,724,265	306,124	7,659,181
Purchased services	778,802	1,138,745	359,943	1,203,051
Supplies and materials	4,282,348	173,555	(4,108,793)	550,433
Capital expenditures	107,500	13,274	(94,226)	41,648
Other expenditures	–	134,168	134,168	135,404
Total special education instruction	32,715,405	31,967,915	(747,490)	33,112,067
Instructional support services				
Salaries	7,330,769	8,373,614	1,042,845	7,826,141
Employee benefits	2,085,569	2,617,963	532,394	2,336,983
Purchased services	291,034	507,638	216,604	290,779
Supplies and materials	2,703,205	1,131,887	(1,571,318)	2,682,913
Capital expenditures	–	923	923	685,445
Other expenditures	19,832	69,427	49,595	72,073
Total instructional support services	12,430,409	12,701,452	271,043	13,894,334
Pupil support services				
Salaries	4,405,410	7,311,649	2,906,239	5,111,377
Employee benefits	1,304,789	2,067,257	762,468	1,604,164
Purchased services	9,996,516	14,074,759	4,078,243	5,579,790
Supplies and materials	227,356	1,050,520	823,164	221,118
Capital expenditures	–	107,167	107,167	193,022
Other expenditures	–	68,907	68,907	109,930
Total pupil support services	15,934,071	24,680,259	8,746,188	12,819,401

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	4,708,539	5,430,426	721,887	4,940,255
Employee benefits	1,547,176	2,240,934	693,758	1,764,769
Purchased services	7,386,133	6,507,361	(878,772)	7,642,187
Supplies and materials	700,500	1,437,088	736,588	1,418,128
Capital expenditures	1,261,877	525,177	(736,700)	901,242
Other expenditures	231,485	410,269	178,784	159,744
Total sites and buildings	<u>15,835,710</u>	<u>16,551,255</u>	<u>715,545</u>	<u>16,826,325</u>
Fiscal and other fixed cost programs				
Purchased services	–	494,689	494,689	435,657
Other expenditures	–	11,712	11,712	11,950
Total fiscal and other fixed cost programs	–	506,401	506,401	447,607
Debt service				
Principal	34,020	977,770	943,750	235,048
Interest and fiscal charges	–	283,246	283,246	81,572
Total debt service	<u>34,020</u>	<u>1,261,016</u>	<u>1,226,996</u>	<u>316,620</u>
Total expenditures	<u>184,349,163</u>	<u>185,956,288</u>	<u>1,607,125</u>	<u>174,381,850</u>
Excess (deficiency) of revenue over expenditures	1,800,306	1,252,509	(547,797)	10,669,980
Other financing sources				
Lease issued	–	105,668	105,668	–
Sale of assets	–	71,020	71,020	–
Insurance recovery	–	9,413	9,413	185,975
Total other financing sources	–	186,101	186,101	185,975
Net change in fund balances	<u>\$ 1,800,306</u>	1,438,610	<u>\$ (361,696)</u>	10,855,955
Fund balances				
Beginning of year		<u>19,096,883</u>		<u>8,240,928</u>
End of year		<u>\$ 20,535,493</u>		<u>\$ 19,096,883</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 3,714,233	\$ 994,559
Receivables		
Accounts and interest	247,684	246,893
Due from other governmental units	347,097	1,134,066
Inventory	81,987	88,801
Prepaid items	<u>2,276</u>	<u>12,376</u>
Total assets	<u>\$ 4,393,277</u>	<u>\$ 2,476,695</u>
Liabilities		
Salaries payable	\$ 55,486	\$ 25,506
Accounts and contracts payable	34,591	114,596
Unearned revenue	<u>182,760</u>	<u>158,681</u>
Total liabilities	272,837	298,783
Fund balances		
Nonspendable for inventory	81,987	88,801
Nonspendable for prepaid items	2,276	12,376
Restricted for food service	<u>4,036,177</u>	<u>2,076,735</u>
Total fund balances	<u>4,120,440</u>	<u>2,177,912</u>
Total liabilities and fund balances	<u>\$ 4,393,277</u>	<u>\$ 2,476,695</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 2,265	\$ 2,265	\$ 466
Other – primarily meal sales	48,900	80,258	31,358	384,656
State sources	299,989	262,825	(37,164)	-
Federal sources	7,849,717	9,226,088	1,376,371	6,954,581
Total revenue	<u>8,198,606</u>	<u>9,571,436</u>	<u>1,372,830</u>	<u>7,339,703</u>
Expenditures				
Current				
Salaries	2,794,645	2,440,888	(353,757)	2,228,317
Employee benefits	1,070,320	1,087,728	17,408	924,095
Purchased services	178,769	86,362	(92,407)	108,984
Supplies and materials	4,436,581	3,872,126	(564,455)	2,832,486
Other expenditures	33,900	23,348	(10,552)	26,936
Capital outlay	88,631	118,456	29,825	143,247
Total expenditures	<u>8,602,846</u>	<u>7,628,908</u>	<u>(973,938)</u>	<u>6,264,065</u>
Net change in fund balances	<u>\$ (404,240)</u>	1,942,528	<u>\$ 2,346,768</u>	1,075,638
Fund balances				
Beginning of year		<u>2,177,912</u>		<u>1,102,274</u>
End of year		<u>\$ 4,120,440</u>		<u>\$ 2,177,912</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 3,590,071	\$ 2,225,838
Receivables		
Current taxes	1,092,536	1,074,595
Delinquent taxes	19,407	23,276
Accounts and interest	79,858	5,989
Due from other governmental units	626,366	598,212
Prepaid items	<u>9,715</u>	<u>14,111</u>
Total assets	<u>\$ 5,417,953</u>	<u>\$ 3,942,021</u>
Liabilities		
Salaries payable	\$ 142,899	\$ 144,799
Accounts and contracts payable	71,708	41,260
Due to other governmental units	72	522
Unearned revenue	<u>143,607</u>	<u>55,890</u>
Total liabilities	358,286	242,471
Deferred inflows of resources		
Property taxes levied for subsequent year	2,205,637	2,150,602
Unavailable revenue – delinquent taxes	<u>13,542</u>	<u>13,574</u>
Total deferred inflows of resources	2,219,179	2,164,176
Fund balances		
Nonspendable for prepaid items	9,715	14,111
Restricted for community education programs	1,716,401	637,326
Restricted for early childhood family education programs	470,364	429,860
Restricted for school readiness	222,848	152,795
Restricted for adult basic education	421,100	285,294
Restricted for community service	<u>60</u>	<u>15,988</u>
Total fund balances	<u>2,840,488</u>	<u>1,535,374</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 5,417,953</u>	 <u>\$ 3,942,021</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,148,790	\$ 2,145,354	\$ (3,436)	\$ 2,561,170
Investment earnings	–	3,792	3,792	1,465
Other – primarily tuition and fees	4,142,848	4,289,217	146,369	2,740,800
State sources	2,940,834	3,062,049	121,215	3,052,037
Federal sources	608,010	979,198	371,188	1,746,336
Total revenue	<u>9,840,482</u>	<u>10,479,610</u>	<u>639,128</u>	<u>10,101,808</u>
Expenditures				
Current				
Salaries	6,015,916	6,282,535	266,619	6,878,468
Employee benefits	1,712,577	2,010,366	297,789	2,271,227
Purchased services	712,394	592,968	(119,426)	271,553
Supplies and materials	137,198	191,313	54,115	110,983
Other expenditures	15,133	18,809	3,676	12,127
Capital outlay	53,225	78,505	25,280	28,624
Total expenditures	<u>8,646,443</u>	<u>9,174,496</u>	<u>528,053</u>	<u>9,572,982</u>
Net change in fund balances	<u>\$ 1,194,039</u>	1,305,114	<u>\$ 111,075</u>	528,826
Fund balances				
Beginning of year		<u>1,535,374</u>		<u>1,006,548</u>
End of year		<u>\$ 2,840,488</u>		<u>\$ 1,535,374</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 14,914,685	\$ 5,709,963
Cash and investments held by trustee	1,799	1,799
Prepaid items	–	356
	<u>–</u>	<u>356</u>
Total assets	<u>\$ 14,916,484</u>	<u>\$ 5,712,118</u>
Liabilities		
Accounts and contracts payable	\$ 3,039,587	\$ 2,412,587
Fund balances		
Nonspendable for prepaid items	–	356
Restricted for projects funded by certificates of participation	–	261,494
Restricted for long-term facilities maintenance	11,615,403	3,037,681
Restricted for capital projects	261,494	–
Total fund balances	<u>11,876,897</u>	<u>3,299,531</u>
Total liabilities and fund balances	<u>\$ 14,916,484</u>	<u>\$ 5,712,118</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ –	\$ (48,958)	\$ (48,958)	\$ 32,758
Other (refunds)	–	–	–	(1,009)
Total revenue	–	(48,958)	(48,958)	31,749
Expenditures				
Capital outlay				
Salaries	–	174,472	174,472	82,936
Employee benefits	–	50,992	50,992	18,054
Purchased services	–	1,399,475	1,399,475	72,011
Supplies and materials	–	13,655	13,655	19,770
Capital expenditures	19,500,000	12,967,794	(6,532,206)	14,540,079
Other expenditures	–	–	–	1,806
Debt service				
Fiscal charges and other	–	306,082	306,082	502,153
Total expenditures	19,500,000	14,912,470	(4,587,530)	15,236,809
Excess (deficiency) of revenue over expenditures	(19,500,000)	(14,961,428)	4,538,572	(15,205,060)
Other financing sources				
Bonds issued	21,200,000	21,200,000	–	16,760,000
Premiums on debt issued	2,097,682	2,338,794	241,112	577,794
Total other financing sources	23,297,682	23,538,794	241,112	17,337,794
Net change in fund balances	\$ 3,797,682	8,577,366	\$ 4,779,684	2,132,734
Fund balances				
Beginning of year		3,299,531		1,166,797
End of year		\$ 11,876,897		\$ 3,299,531

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2022	2021
Assets				
Cash and temporary investments	\$ 10,636,108	\$ 1,730,124	\$ 12,366,232	\$ 12,381,883
Receivables				
Current taxes	8,934,416	1,337,267	10,271,683	9,582,829
Delinquent taxes	151,861	16,729	168,590	190,438
Due from other governmental units	88,518	1	88,519	90,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 19,810,903</u>	<u>\$ 3,084,121</u>	<u>\$ 22,895,024</u>	<u>\$ 22,245,156</u>
Liabilities				
Accounts payable	\$ –	\$ –	\$ –	\$ 1,188
Deferred inflows of resources				
Property taxes levied for subsequent year	18,037,008	2,699,706	20,736,714	19,178,243
Unavailable revenue – delinquent taxes	105,518	11,028	116,546	111,427
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	18,142,526	2,710,734	20,853,260	19,289,670
Fund balances				
Restricted for debt service	<u>1,668,377</u>	<u>373,387</u>	<u>2,041,764</u>	<u>2,954,298</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,810,903</u>	<u>\$ 3,084,121</u>	<u>\$ 22,895,024</u>	<u>\$ 22,245,156</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Budget and Actual
 Year Ended June 30, 2022
 (With Comparative Actual Amounts for the Year Ended June 31, 2021)

	2022			Total
	Budget	Regular Debt Service Account	Actual OPEB Debt Service Account	
Revenue				
Local sources				
Property taxes	\$ 20,600,000	\$ 16,541,003	\$ 2,587,909	\$ 19,128,912
Investment earnings	-	8,281	1,446	9,727
State sources	-	898,573	5	898,578
Total revenue	<u>20,600,000</u>	<u>17,447,857</u>	<u>2,589,360</u>	<u>20,037,217</u>
Expenditures				
Debt service				
Principal	14,105,019	12,165,000	2,280,000	14,445,000
Interest	6,419,981	6,206,605	283,943	6,490,548
Fiscal charges and other	75,000	13,804	399	14,203
Total expenditures	<u>20,600,000</u>	<u>18,385,409</u>	<u>2,564,342</u>	<u>20,949,751</u>
Excess (deficiency) of revenue over expenditures	-	(937,552)	25,018	(912,534)
Other financing sources (uses)				
Refunding bonds issued	-	-	-	-
Premiums on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(937,552)</u>	<u>25,018</u>	<u>(912,534)</u>
Fund balances				
Beginning of year		<u>2,605,929</u>	<u>348,369</u>	<u>2,954,298</u>
End of year		<u>\$ 1,668,377</u>	<u>\$ 373,387</u>	<u>\$ 2,041,764</u>

	<u>2021</u>
<u>Over (Under) Budget</u>	<u>Actual</u>
\$ (1,471,088)	\$ 19,625,533
9,727	9,238
898,578	900,066
<u>(562,783)</u>	<u>20,534,837</u>
339,981	13,945,000
70,567	6,481,823
(60,797)	155,716
<u>349,751</u>	<u>20,582,539</u>
(912,534)	(47,702)
–	13,270,000
–	1,990,746
–	<u>(15,125,000)</u>
–	<u>135,746</u>
<u>\$ (912,534)</u>	88,044
	<u>2,866,254</u>
	<u>\$ 2,954,298</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			<u>2022</u>	<u>2021</u>
Assets				
Cash and temporary investments	\$ 1,364,575	\$ 213,262	\$ 1,577,837	\$ 2,695,646
Prepaid items	-	-	-	34,096
Total current assets	<u>1,364,575</u>	<u>213,262</u>	<u>1,577,837</u>	<u>2,729,742</u>
Liabilities				
Current liabilities				
Claims payable	<u>42,572</u>	<u>2,067,625</u>	<u>2,110,197</u>	<u>1,635,750</u>
Net position				
Unrestricted	<u>\$ 1,322,003</u>	<u>\$ (1,854,363)</u>	<u>\$ (532,360)</u>	<u>\$ 1,093,992</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2022	2021
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 1,326,258	\$ 18,410,932	\$ 19,737,190	\$ 20,357,827
Operating expenses				
Dental benefit claims	1,384,785	-	1,384,785	1,412,700
Health benefit claims	-	19,980,118	19,980,118	18,496,858
Total operating expenses	<u>1,384,785</u>	<u>19,980,118</u>	<u>21,364,903</u>	<u>19,909,558</u>
Operating income (loss)	(58,527)	(1,569,186)	(1,627,713)	448,269
Nonoperating revenue				
Investment earnings (charges)	<u>1,405</u>	<u>(44)</u>	<u>1,361</u>	<u>2,251</u>
Change in net position	(57,122)	(1,569,230)	(1,626,352)	450,520
Net position				
Beginning of year	<u>1,379,125</u>	<u>(285,133)</u>	<u>1,093,992</u>	<u>643,472</u>
End of year	<u>\$ 1,322,003</u>	<u>\$ (1,854,363)</u>	<u>\$ (532,360)</u>	<u>\$ 1,093,992</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Dental	Health Benefits	Totals	
	Self-Insurance	Self-Insurance	2022	2021
Cash flows from operating activities				
Contributions from governmental funds	\$ 1,326,258	\$ 18,445,028	\$ 19,771,286	\$ 17,774,689
Payments for dental claims	(1,367,063)	–	(1,367,063)	(1,424,218)
Payments for health claims	–	(19,523,393)	(19,523,393)	(18,276,166)
Net cash flows from operating activities	(40,805)	(1,078,365)	(1,119,170)	(1,925,695)
Cash flows from investing activities				
Investment income received (charged)	1,405	(44)	1,361	2,251
Net change in cash and cash equivalents	(39,400)	(1,078,409)	(1,117,809)	(1,923,444)
Cash and cash equivalents				
Beginning of year	1,403,975	1,291,671	2,695,646	4,619,090
End of year	\$ 1,364,575	\$ 213,262	\$ 1,577,837	\$ 2,695,646
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (58,527)	\$ (1,569,186)	\$ (1,627,713)	\$ 448,269
Adjustments to reconcile operating income (loss) to cash flows from operating activities				
Changes in assets and liabilities				
Prepaid items	–	34,096	34,096	(34,096)
Claims payable	17,722	456,725	474,447	209,174
Unearned revenue	–	–	–	(2,549,042)
Net cash flows from operating activities	\$ (40,805)	\$ (1,078,365)	\$ (1,119,170)	\$ (1,925,695)

STATISTICAL SECTION

(UNAUDITED)

TAB

STATISTICAL SECTION

(UNAUDITED)

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**STATISTICAL SECTION
(UNAUDITED)**

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 95,833,155	\$ 106,560,557	\$ 107,207,460	\$ 122,266,332
Restricted	14,265,052	4,501,991	5,848,970	8,691,982
Unrestricted	16,714,922	14,680,171	(83,516,985)	(86,000,673)
Total governmental activities	<u>\$ 126,813,129</u>	<u>\$ 125,742,719</u>	<u>\$ 29,539,445</u>	<u>\$ 44,957,641</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 net position by approximately \$101.1 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$3.4 million. Prior year amounts have not been restated.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$0.5 million. Prior year amounts have not been restated.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 115,303,157	\$ 117,654,573	\$ 116,151,974	\$ 121,514,170	\$ 119,977,952	\$ 111,931,629
9,768,518	11,038,463	11,057,047	8,831,552	13,711,368	17,685,336
<u>(142,988,687)</u>	<u>(199,663,718)</u>	<u>(164,847,615)</u>	<u>(172,365,636)</u>	<u>(168,240,437)</u>	<u>(157,149,952)</u>
<u>\$ (17,917,012)</u>	<u>\$ (70,970,682)</u>	<u>\$ (37,638,594)</u>	<u>\$ (42,019,914)</u>	<u>\$ (34,551,117)</u>	<u>\$ (27,532,987)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Expenses				
Administration	\$ 4,939,023	\$ 5,323,237	\$ 5,390,640	\$ 6,098,358
District support services	3,296,804	4,655,575	5,367,003	7,218,076
Elementary and secondary regular instruction	71,691,366	74,585,367	75,849,372	84,552,454
Vocational education instruction	2,454,349	1,891,133	1,928,738	1,794,043
Special education instruction	23,808,735	24,965,365	25,746,822	28,164,535
Instructional support services	8,280,859	8,669,006	11,497,919	10,769,418
Pupil support services	13,881,436	13,749,311	13,480,522	15,015,158
Sites and buildings	29,182,133	28,589,660	27,603,972	25,787,522
Fiscal and other fixed cost programs	501,766	396,227	533,245	454,428
Food service	6,615,100	6,482,286	7,054,514	7,822,574
Community service	8,167,201	8,449,009	8,295,446	8,840,567
Interest and fiscal charges on debt	8,588,804	5,792,505	5,644,096	6,107,024
Total expenses	<u>181,407,576</u>	<u>183,548,681</u>	<u>188,392,289</u>	<u>202,624,157</u>
Program revenues				
Charges for services				
Administration	-	800	165	652
District support services	-	14,161	162,582	247,734
Elementary and secondary regular instruction	1,151,548	1,410,509	1,101,536	1,119,601
Vocational education instruction	-	2,415	2,326	18
Special education instruction	9,568	147,548	208,893	195,777
Instructional support services	14,343	15,070	8,675	903
Pupil support services	56,462	22,363	47,177	38,486
Sites and buildings	287,425	2,037,673	282,482	93,200
Food service	2,304,145	2,226,066	2,217,047	2,172,672
Community service	3,596,651	4,199,608	3,894,381	4,368,503
Total charges for services	<u>7,420,142</u>	<u>10,076,213</u>	<u>7,925,264</u>	<u>8,237,546</u>
Operating grants and contributions	<u>25,623,668</u>	<u>26,227,085</u>	<u>27,540,323</u>	<u>28,424,275</u>
Total program revenues	<u>33,043,810</u>	<u>36,303,298</u>	<u>35,465,587</u>	<u>36,661,821</u>
Net (expense) revenue	(148,363,766)	(147,245,383)	(152,926,702)	(165,962,336)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	30,424,159	18,184,240	31,895,867	35,886,676
Property taxes, levied for community service	1,844,255	972,623	1,784,695	1,690,354
Property taxes, levied for building construction	3,252,849	2,320,542	2,540,747	1,440,091
Property taxes, levied for debt service	17,775,903	17,988,593	18,626,998	18,175,924
General grants and aids	88,456,839	104,689,723	99,826,289	107,504,169
Other general revenues	2,290,343	1,146,041	3,130,188	1,914,060
Gain on disposal of capital assets	-	859,894	-	-
Investment earnings (charges)	50,622	13,317	12,767	106,758
Special item – conveyance of FAIR School	-	-	-	14,662,500
Special item – OPEB trust draw	-	-	-	-
Total general revenues and other changes in net position	<u>144,094,970</u>	<u>146,174,973</u>	<u>157,817,551</u>	<u>181,380,532</u>
Change in net position	<u>\$ (4,268,796)</u>	<u>\$ (1,070,410)</u>	<u>\$ 4,890,849</u>	<u>\$ 15,418,196</u>

	2017	2018	2019	2020	2021	2022
\$	7,886,010	\$ 7,721,781	\$ 5,515,211	\$ 7,322,496	\$ 7,849,512	\$ 7,022,554
	8,291,512	7,836,267	9,766,522	5,842,366	7,689,450	10,102,689
	115,652,948	106,754,453	53,979,385	84,979,649	82,065,296	75,765,485
	2,284,209	1,986,611	773,463	1,503,372	1,446,111	1,241,992
	36,782,980	39,746,365	25,976,927	35,301,076	34,249,305	29,940,336
	17,235,990	19,570,243	9,105,680	12,334,356	13,863,745	12,265,884
	17,528,400	19,034,575	17,315,538	18,825,428	12,908,795	24,241,745
	34,887,431	30,324,113	33,669,988	34,675,198	34,801,921	37,321,186
	557,141	521,264	452,980	432,254	447,607	506,401
	8,429,759	8,020,908	7,706,006	7,276,407	5,960,895	7,354,712
	11,033,134	11,745,783	10,154,134	10,714,698	9,445,606	8,404,889
	6,758,127	5,864,901	5,636,378	5,092,272	5,225,791	5,525,895
	267,327,641	259,127,264	180,052,212	224,299,572	215,954,034	219,693,768
	625	330	330	—	—	—
	145,124	134,508	225,115	120,685	117,984	180,990
	1,264,788	1,182,309	940,917	485,766	345,605	503,279
	14	—	—	—	—	—
	267,964	483,254	400,456	709,428	380,362	477,905
	222	1,503	1,871	3,255	3,722	6,713
	—	2,768	166,538	—	—	—
	113,621	15,008	20,618	754,317	193,066	16,727
	2,052,382	2,101,585	2,104,594	1,477,502	384,656	80,258
	4,939,077	5,291,223	5,642,264	4,468,094	2,740,800	4,289,217
	8,783,817	9,212,488	9,502,703	8,019,047	4,166,195	5,555,089
	29,846,808	29,103,055	34,578,208	33,198,955	38,111,519	37,634,633
	38,630,625	38,315,543	44,080,911	41,218,002	42,277,714	43,189,722
	(228,697,016)	(220,811,721)	(135,971,301)	(183,081,570)	(173,676,320)	(176,504,046)
	37,576,196	35,777,957	37,273,204	44,393,003	43,551,802	44,967,173
	1,729,633	1,841,325	2,044,276	2,390,902	2,559,183	2,145,322
	—	—	—	—	—	—
	18,800,718	19,973,568	20,827,352	18,338,319	19,597,836	19,134,031
	109,188,461	107,954,995	101,589,910	110,111,808	112,405,410	114,267,827
	1,512,981	1,701,133	1,960,668	2,463,613	2,964,792	3,028,496
	—	—	—	—	—	—
	377,622	509,073	858,243	462,138	66,094	(20,673)
	—	—	—	—	—	—
	—	—	4,749,736	—	—	—
	169,185,611	167,758,051	169,303,389	178,159,783	181,145,117	183,522,176
\$	(59,511,405)	\$ (53,053,670)	\$ 33,332,088	\$ (4,921,787)	\$ 7,468,797	\$ 7,018,130

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	Building Construction	Debt Service	
2013	\$ 30,424,159	\$ 1,844,255	\$ 3,252,849	\$ 17,775,903	\$ 53,297,166
2014	18,184,240	972,623	2,320,542	17,988,593	39,465,998
2015	31,895,867	1,784,695	2,540,747	18,626,998	54,848,307
2016	35,886,676	1,690,354	1,440,091	18,175,924	57,193,045
2017	37,576,196	1,729,633	–	18,800,718	58,106,547
2018	35,777,957	1,841,325	–	19,973,568	57,592,850
2019	37,273,204	2,044,276	–	20,827,352	60,144,832
2020	44,393,003	2,390,902	–	18,338,319	65,122,224
2021	43,551,802	2,559,183	–	19,597,836	65,708,821
2022	44,967,173	2,145,322	–	19,134,031	66,246,526

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

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 914,253	\$ 890,495	\$ 800,112	\$ 552,260
Restricted	1,158,322	1,560,153	1,506,725	2,265,076
Assigned	1,835,483	1,231,939	930,246	1,839,081
Unassigned	13,409,077	14,953,578	15,855,654	13,580,091
Total General Fund	<u>\$ 17,317,135</u>	<u>\$ 18,636,165</u>	<u>\$ 19,092,737</u>	<u>\$ 18,236,508</u>
All other governmental funds				
Nonspendable, reported in				
Special revenue funds	\$ 79,068	\$ 123,085	\$ 92,131	\$ 71,158
Capital Projects – Building				
Construction Fund	–	496	769	–
Debt Service Fund	–	–	–	900
Restricted, reported in				
Special revenue funds	2,995,585	3,245,474	3,198,194	3,325,652
Capital Projects – Building				
Construction Fund	11,072,844	8,274,406	–	47,102,855
Debt Service Fund	3,013,158	2,617,489	2,679,063	11,408,622
Unassigned, reported in				
Capital Projects – Building				
Construction Fund	–	–	(276,195)	–
Total all other governmental funds	<u>\$ 17,160,655</u>	<u>\$ 14,260,950</u>	<u>\$ 5,693,962</u>	<u>\$ 61,909,187</u>

2017	2018	2019	2020	2021	2022
\$ 375,117	\$ 486,096	\$ 264,546	\$ 713,515	\$ 1,218,616	\$ 1,687,909
4,348,161	5,813,165	4,994,822	5,397,172	8,493,612	9,732,633
873,292	–	1,210,419	1,507,829	1,882,535	6,960,051
7,963,180	(1,319,348)	(415,357)	622,412	7,502,120	2,154,900
<u>\$ 13,559,750</u>	<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>	<u>\$ 8,240,928</u>	<u>\$ 19,096,883</u>	<u>\$ 20,535,493</u>
\$ 102,859	\$ 81,060	\$ 66,365	\$ 86,354	\$ 115,288	\$ 93,978
–	–	–	–	356	–
1,350	1,500	–	–	–	–
2,883,772	2,336,296	2,380,885	2,022,468	3,597,998	6,866,950
12,695,833	12,386,151	3,025,152	1,166,797	3,299,175	11,876,897
2,303,961	2,426,303	3,046,255	2,866,254	2,954,298	2,041,764
–	–	–	–	–	–
<u>\$ 17,987,775</u>	<u>\$ 17,231,310</u>	<u>\$ 8,518,657</u>	<u>\$ 6,141,873</u>	<u>\$ 9,967,115</u>	<u>\$ 20,879,589</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Local sources				
Taxes	\$ 53,406,864	\$ 39,592,903	\$ 54,844,379	\$ 57,309,754
Investment earnings (charges)	48,062	13,317	12,767	106,758
Other	10,319,044	11,222,254	11,055,452	10,151,606
State sources	103,111,825	120,362,250	116,764,176	124,317,336
Federal sources	10,360,123	10,554,558	10,398,015	11,611,108
Total revenues	<u>177,245,918</u>	<u>181,745,282</u>	<u>193,074,789</u>	<u>203,496,562</u>
Expenditures				
Current				
Administration	4,928,293	5,352,963	5,457,327	5,876,647
District support services	3,073,635	3,955,195	3,996,042	4,460,021
Elementary and secondary regular instruction	68,702,102	71,812,151	75,446,692	82,611,441
Vocational education instruction	2,393,168	1,851,632	1,950,594	1,799,623
Special education instruction	23,296,305	24,373,242	25,753,766	27,740,788
Instructional support services	7,900,411	8,265,307	11,484,753	10,468,901
Pupil support services	13,284,375	13,181,909	13,018,795	14,674,569
Sites and buildings	13,296,728	13,546,358	13,427,858	13,598,259
Fiscal and other fixed cost programs	501,766	396,227	533,245	454,428
Food service	6,102,084	6,322,283	6,956,562	7,499,503
Community service	7,950,731	8,175,526	8,167,323	8,779,365
Capital outlay	27,099,007	25,252,839	16,241,393	29,095,514
Debt service				
Principal	11,545,312	12,465,481	12,492,199	12,375,776
Interest and fiscal charges	7,592,003	6,816,235	6,378,142	6,640,092
Total expenditures	<u>197,665,920</u>	<u>201,767,348</u>	<u>201,304,691</u>	<u>226,074,927</u>
Excess of revenues over (under) expenditures	(20,420,002)	(20,022,066)	(8,229,902)	(22,578,365)
Other financing sources (uses)				
Refunding debt issued	24,610,000	-	9,640,000	9,380,000
Debt issued	8,535,000	16,625,000	-	67,135,000
Premiums on debt issued	3,182,260	161,221	1,603,918	3,932,191
Payment to refunded bond escrow agent	(34,765,000)	-	(11,125,000)	(2,515,000)
Sale of capital assets and insurance recoveries	882,197	1,655,170	568	5,170
Transfers in	-	-	-	9,238
Transfers (out)	-	-	-	(9,238)
Total other financing sources (uses)	<u>2,444,457</u>	<u>18,441,391</u>	<u>119,486</u>	<u>77,937,361</u>
Special item – OPEB trust draw	-	-	-	-
Net change in fund balances	<u>\$ (17,975,545)</u>	<u>\$ (1,580,675)</u>	<u>\$ (8,110,416)</u>	<u>\$ 55,358,996</u>
Debt service as a percentage of noncapital expenditures	<u>10.8%</u>	<u>10.6%</u>	<u>9.4%</u>	<u>9.5%</u>

2017	2018	2019	2020	2021	2022
\$ 58,167,629	\$ 57,519,158	\$ 60,250,102	\$ 65,064,028	\$ 65,787,270	\$ 66,227,824
349,903	462,688	812,707	437,945	63,843	(22,034)
10,296,798	10,913,571	11,463,371	9,734,221	6,945,012	8,503,152
123,539,976	125,976,478	129,898,661	131,780,536	130,431,619	125,044,334
11,099,637	11,127,379	12,615,853	11,485,723	19,832,183	27,494,826
<u>203,453,943</u>	<u>205,999,274</u>	<u>215,040,694</u>	<u>218,502,453</u>	<u>223,059,927</u>	<u>227,248,102</u>
6,057,838	6,211,188	6,668,226	6,901,168	7,699,766	7,527,435
7,539,458	5,654,002	7,116,200	5,766,813	7,179,027	7,889,919
80,495,431	76,052,466	77,514,144	78,653,904	77,205,908	79,668,997
1,505,730	1,386,757	1,229,923	1,419,272	1,372,645	1,342,465
27,998,488	31,490,066	32,635,544	33,233,639	33,070,419	31,954,641
13,890,413	15,458,739	13,123,834	11,539,653	13,208,889	12,700,529
15,417,357	17,171,870	18,357,090	18,481,931	12,626,379	24,573,092
14,352,208	15,743,020	15,460,915	15,709,234	15,925,083	16,026,078
557,141	521,264	452,980	432,254	447,607	506,401
7,434,021	7,461,961	7,461,022	7,098,859	6,120,818	7,510,452
9,529,583	10,366,492	10,854,534	10,437,784	9,544,358	9,095,991
51,330,006	21,610,466	14,118,571	28,476,722	20,236,034	17,309,064
13,312,096	14,113,584	15,499,567	13,538,285	14,180,048	15,422,770
8,148,233	7,218,300	7,031,016	6,569,414	7,221,264	7,094,079
<u>257,568,003</u>	<u>230,460,175</u>	<u>227,523,566</u>	<u>238,258,932</u>	<u>226,038,245</u>	<u>238,621,913</u>
(54,114,060)	(24,460,901)	(12,482,872)	(19,756,479)	(2,978,318)	(11,373,811)
12,170,000	–	9,910,000	10,330,000	13,270,000	–
13,178,000	14,200,000	–	16,662,113	16,760,000	21,305,668
1,476,967	924,549	–	2,580,174	2,568,540	2,338,794
(21,309,077)	–	(9,815,000)	(11,295,000)	(15,125,000)	–
–	50	–	748,439	185,975	80,433
–	–	–	–	–	–
–	–	–	–	–	–
<u>5,515,890</u>	<u>15,124,599</u>	<u>95,000</u>	<u>19,025,726</u>	<u>17,659,515</u>	<u>23,724,895</u>
–	–	4,749,736	–	–	–
<u>\$ (48,598,170)</u>	<u>\$ (9,336,302)</u>	<u>\$ (7,638,136)</u>	<u>\$ (730,753)</u>	<u>\$ 14,681,197</u>	<u>\$ 12,351,084</u>
<u>10.0%</u>	<u>10.1%</u>	<u>10.4%</u>	<u>9.5%</u>	<u>10.3%</u>	<u>10.0%</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Fiscal Year	Property Tax					Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund		
2013	\$ 30,507,654	\$ 1,848,270	\$ 3,252,849	\$ 17,798,091	\$ 53,406,864	
2014	18,272,948	976,762	2,317,001	18,026,192	39,592,903	
2015	31,906,847	1,784,355	2,538,546	18,614,631	54,844,379	
2016	35,915,801	1,694,733	1,445,833	18,253,387	57,309,754	
2017	37,616,397	1,731,656	–	18,819,576	58,167,629	
2018	35,734,126	1,838,995	–	19,946,037	57,519,158	
2019	37,343,094	2,046,923	–	20,860,085	60,250,102	
2020	44,343,444	2,388,215	–	18,332,369	65,064,028	
2021	43,600,567	2,561,170	–	19,625,533	65,787,270	
2022	44,953,558	2,145,354	–	19,128,912	66,227,824	

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Revenue by Source (1)
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous (2)	Total
2013	\$ 32,355,924 20.84%	\$ 102,210,710 65.84%	\$ 10,360,123 6.67%	\$ 10,327,046 6.64%	\$ 155,253,803 100.00%
2014	19,249,710 12.00%	119,462,108 74.45%	10,554,558 6.58%	11,200,301 6.98%	160,466,677 100.00%
2015	33,691,202 19.70%	115,864,130 67.75%	10,398,015 6.08%	11,064,587 6.47%	171,017,934 100.00%
2016	37,610,534 20.57%	123,417,289 67.50%	11,611,108 6.35%	10,197,238 5.58%	182,836,169 100.00%
2017	39,348,053 21.44%	122,665,128 66.84%	11,099,637 6.05%	10,409,678 5.67%	183,522,496 100.00%
2018	37,573,121 20.32%	125,060,231 67.64%	11,127,379 6.02%	11,143,557 6.02%	184,904,288 100.00%
2019	39,390,017 20.44%	128,966,425 66.91%	12,615,853 6.54%	11,786,123 6.11%	192,758,418 100.00%
2020	46,731,659 23.48%	130,872,197 65.77%	11,485,723 5.77%	9,902,627 4.98%	198,992,206 100.00%
2021	46,161,737 22.80%	129,531,553 63.97%	19,832,183 9.79%	6,967,868 3.44%	202,493,341 100.00%
2022	47,098,912 22.72%	124,145,756 59.90%	27,494,826 13.27%	8,520,349 4.11%	207,259,843 100.00%

(1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

(2) Includes interest earnings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Expenditures by Function (1) (2)
Last Ten Fiscal Years

Year Ended June 30,	District and School Administration	District Support Services	Regular Instruction	Vocational Instruction	Special Education Instruction
2013	\$ 4,948,560 3.08%	\$ 3,823,897 2.38%	\$ 70,441,755 43.85%	\$ 2,449,812 1.53%	\$ 23,399,623 14.57%
2014	5,371,076 3.28%	4,361,338 2.67%	73,588,280 44.97%	1,852,246 1.13%	24,511,412 14.98%
2015	5,467,794 3.20%	5,286,447 3.10%	76,169,169 44.64%	1,951,604 1.14%	25,867,207 15.16%
2016	5,886,622 3.21%	6,978,242 3.80%	83,354,768 45.40%	1,799,623 0.98%	27,811,806 15.15%
2017	6,062,513 3.21%	7,997,649 4.24%	81,026,361 42.96%	1,505,730 0.80%	28,045,053 14.87%
2018	6,212,265 3.20%	7,666,347 3.95%	76,401,709 39.37%	1,407,700 0.73%	31,536,703 16.25%
2019	6,668,576 3.39%	9,682,414 4.93%	77,781,159 39.60%	1,251,339 0.64%	32,656,479 16.63%
2020	6,901,168 3.47%	9,533,974 4.80%	79,724,691 40.16%	1,419,272 0.72%	33,359,875 16.81%
2021	7,713,019 4.06%	9,847,489 5.18%	78,029,597 41.02%	1,375,391 0.72%	33,112,067 17.41%
2022	7,527,849 3.71%	9,353,126 4.61%	80,063,461 39.49%	1,343,554 0.66%	31,967,915 15.77%

(1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

(2) Capital expenditures are included by function.

(3) Includes food service.

<u>Community Education</u>	<u>Instructional Support Services</u>	<u>Pupil Support Services (3)</u>	<u>Sites, Buildings, and Equipment</u>	<u>Other</u>	<u>Total</u>
\$ 7,996,246 4.98%	\$ 8,178,000 5.09%	\$ 19,962,399 12.43%	\$ 18,458,669 11.49%	\$ 965,710 0.60%	\$ 160,624,671 100.00%
8,293,743 5.07%	8,596,851 5.25%	19,633,674 12.00%	16,580,964 10.13%	860,172 0.53%	163,649,756 100.00%
8,279,318 4.85%	11,704,553 6.86%	20,064,106 11.76%	15,119,911 8.86%	730,055 0.43%	170,640,164 100.00%
8,830,748 4.81%	10,559,425 5.75%	22,346,244 12.17%	15,363,128 8.37%	651,239 0.36%	183,581,845 100.00%
9,580,335 5.08%	13,899,807 7.37%	23,827,014 12.63%	15,911,020 8.44%	753,951 0.40%	188,609,433 100.00%
10,425,417 5.37%	15,462,127 7.97%	25,181,556 12.98%	18,940,779 9.76%	818,847 0.42%	194,053,450 100.00%
10,908,310 5.55%	13,123,859 6.68%	25,881,212 13.18%	16,945,081 8.63%	1,505,314 0.77%	196,403,743 100.00%
10,460,228 5.27%	11,564,570 5.83%	25,694,562 12.95%	19,063,903 9.60%	767,912 0.39%	198,490,155 100.00%
9,572,982 5.03%	13,894,334 7.30%	19,083,466 10.03%	16,826,325 8.85%	764,227 0.40%	190,218,897 100.00%
9,174,496 4.53%	12,701,452 6.26%	32,309,167 15.94%	16,551,255 8.16%	1,767,417 0.87%	202,759,692 100.00%

INDEPENDENT SCHOOL DISTRICT NO. 281

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation			
	Agricultural	Nonagricultural	Fiscal Disparities	
			Contribution	Distribution
2013	\$ 2,176	\$ 79,534,454	\$ (8,230,582)	\$ 14,688,145
2014	2,261	79,030,536	(8,449,034)	14,712,766
2015	2,259	86,141,492	(8,633,147)	14,813,573
2016	8,043	89,754,553	(8,340,302)	14,346,780
2017	444	95,900,642	(9,078,698)	15,883,569
2018	440	103,737,702	(9,371,466)	16,328,556
2019	440	111,522,449	(10,121,106)	17,069,047
2020	3,760	122,772,521	(10,522,700)	18,052,967
2021	3,940	129,689,663	(11,547,527)	18,490,328
2022	3,946	136,809,242	(12,560,063)	19,954,575

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (1,868,438)	\$ 84,125,755	32.347 %	\$ 7,219,687,475	1.17 %
(2,096,844)	83,199,685	34.777	7,149,705,435	1.16
(2,247,092)	90,077,085	33.226	7,691,217,200	1.17
(2,451,835)	93,317,239	33.833	7,994,981,425	1.17
(2,804,981)	99,900,976	31.612	8,497,124,725	1.18
(3,365,469)	107,329,763	31.957	9,160,183,925	1.17
(3,747,880)	114,722,950	29.909	9,847,024,275	1.17
(4,793,813)	125,512,735	26.447	10,739,561,575	1.17
(5,141,194)	131,495,210	25.529	11,273,477,275	1.17
(4,847,724)	139,359,976	26.507	11,952,166,700	1.17

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INDEPENDENT SCHOOL DISTRICT NO. 281

Taxable Net Tax Capacity and Estimated Market Value
of All Taxable Property
Last Ten Fiscal Years

<u>Tax Collection Year</u>	<u>Sales Ratio</u>	<u>Taxable Net Tax Capacity</u>	<u>Estimated Market Value</u>	<u>Percent Total Tax Capacity of Estimated Market Value</u>	<u>Indicated Market Value (1)</u>
2013	101.3	\$ 84,125,755	\$ 7,219,687,475	1.17 %	\$ 7,127,036,007
2014	99.9	83,199,685	7,149,705,435	1.16	7,156,862,297
2015	94.3	90,077,085	7,691,217,200	1.17	8,156,115,801
2016	94.3	93,317,239	7,994,981,425	1.17	8,478,241,172
2017	93.5	99,900,976	8,497,124,725	1.18	9,087,833,930
2018	93.9	107,329,763	9,160,183,925	1.17	9,758,372,137
2019	94.4	114,722,950	9,847,024,275	1.17	10,431,169,783
2020	94.2	125,512,735	10,739,561,575	1.17	11,400,808,466
2021	93.5	131,495,210	11,273,477,275	1.17	12,057,194,947
2022	94.7	139,359,976	11,952,166,700	1.17	12,621,084,161

(1) Calculated by dividing the estimated market value by the sales ratio.

Note: Taxable net tax capacity is as adjusted for fiscal disparities and tax increments.

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Capacity Rates
All Overlapping Governmental Units
Last Ten Fiscal Years

Tax Collection Year	Property Tax Rate – Based on Tax Capacity Values				
	ISD No. 281 (1)	City of Brooklyn Center	City of Brooklyn Park	City of Crystal	City of Golden Valley
2013	32.347	72.202	62.741	57.630	58.204
2014	34.777	75.742	62.034	56.015	61.839
2015	33.226	71.256	57.494	50.498	54.626
2016	33.833	73.292	56.690	50.498	54.452
2017	31.612	70.498	55.207	50.360	56.109
2018	31.957	68.432	52.373	50.416	55.152
2019	29.909	71.860	52.695	48.771	53.780
2020	26.447	66.589	49.762	47.855	53.400
2021	25.529	66.260	47.129	49.507	52.596
2022	26.507	57.109	48.338	47.373	54.736

Tax Collection Year	Total Tax Capacity Rate for Taxpayers as a				
	Brooklyn Center Resident	Brooklyn Park Resident	Crystal Resident	Golden Valley Resident	New Hope Resident
2013	163.621	154.160	149.049	149.623	150.231
2014	170.424	156.716	150.697	156.521	153.278
2015	160.665	146.903	139.907	144.035	145.387
2016	162.011	145.409	139.217	143.171	146.124
2017	155.019	139.728	134.881	140.630	144.452
2018	151.713	135.654	133.697	138.433	141.870
2019	152.180	133.015	129.091	134.100	148.310
2020	141.538	124.711	122.804	128.349	141.038
2021	137.090	117.959	120.337	123.426	134.770
2022	130.000	121.229	120.264	127.627	137.214

- (1) The rate does not include the referendum, which is spread on School District Referendum Market Value.
- (2) Special districts include the Metropolitan Mosquito Control, Metropolitan Council, Metro Transit, Three Rivers Park District, Park Museum, and Hennepin County Regional Railroad Authority.
- (3) District voters have authorized additional school funding through an operating referendum.

Source: Hennepin County Auditor

City of New Hope	City of Plymouth	City of Robbinsdale	Special Districts (2)	Hennepin County
58.812	29.816	55.282	9.611	49.461
58.596	30.114	57.436	10.047	49.858
55.978	28.374	51.134	9.785	46.398
57.405	27.838	53.785	9.530	45.356
59.931	26.959	50.574	8.822	44.087
58.589	26.804	50.346	8.516	42.808
67.990	26.355	50.807	8.550	41.861
66.089	26.206	47.511	7.418	41.084
63.940	26.509	52.143	7.091	38.210
64.323	27.574	51.201	7.849	38.535

Plymouth Resident	Robbinsdale Resident	ISD No. 281 Market Value Base Tax (3)
121.235	146.701	0.29668
124.796	152.118	0.30399
117.783	140.543	0.28484
116.557	142.504	0.28216
111.480	135.095	0.24959
110.085	133.627	0.23433
106.675	131.127	0.26683
101.155	122.460	0.25032
97.339	122.973	0.24121
100.465	124.092	0.21608

INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Bigos Management, Inc.	\$ 834,463	1	0.60 %	\$ 395,175	3	0.47 %
Abbott Laboratories	699,250	2	0.50	–	–	–
FW MN–Rockford Road, LLC	688,250	3	0.49	–	–	–
Boom (Minnesota), LLC	582,250	4	0.42	–	–	–
Alatus New Hope I LLC	562,175	5	0.40	–	–	–
Liberty Crossing Investment Partnership	545,088	6	0.39	336,430	6	0.40
Pointe Properties	518,538	7	0.37	–	–	–
MN-Crystal Center-HA LLC	507,250	8	0.36	389,250	4	0.46
Individual	438,725	9	0.31	–	–	–
Plymouth Ponds, LLLP	397,275	10	0.29	–	–	–
U.S. Retail Partners, LLC	–	–	–	470,134	1	0.56
United Health Care Services, Inc.	–	–	–	402,130	2	0.48
Columbia II Rockridge Center	–	–	–	367,664	5	0.44
Target Corporation	–	–	–	317,488	7	0.38
AGA Medical Corporation	–	–	–	276,846	8	0.33
Honeywell, Inc.	–	–	–	274,750	9	0.33
CRW Plymouth, LLC	–	–	–	262,692	10	0.31
Total	<u>\$ 5,773,264</u>		<u>4.14 %</u>	<u>\$ 3,492,559</u>		<u>4.15 %</u>
Total district net tax capacity	<u>\$ 139,359,976</u>			<u>\$ 84,125,755</u>		

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Year Collectible	General Fund	Community Service Special Revenue Fund	Capital Projects –		Debt Service Fund	OPEB Debt Service Fund	Total All Funds
			Building Construction Fund				
Levies (1)							
2013	\$ 29,745,257	\$ 1,905,421	\$ 3,252,849	\$ 16,071,319	\$ 1,979,247	\$ 52,954,093	
2014	31,819,451	1,793,663	2,550,206	16,784,964	1,930,734	54,879,018	
2015	35,345,951	1,698,476	1,478,895	16,354,011	1,904,762	56,782,094	
2016	37,577,972	1,734,090	–	16,992,968	1,910,341	58,215,371	
2017	35,768,682	1,849,437	–	18,147,591	1,913,261	57,678,971	
2018	36,844,663	2,054,024	–	19,013,924	1,917,296	59,829,907	
2019	44,154,574	2,400,734	–	18,197,604	231,021	64,983,933	
2020	43,322,660	2,563,052	–	18,253,473	1,420,286	65,559,471	
2021	44,228,137	2,150,602	–	16,582,110	2,596,133	65,556,982	
2022	44,429,480	2,205,636	–	18,037,008	2,699,706	67,371,830	
Tax capacity rates							
2013	0.05762	0.02274	0.02770	0.19179	0.02362	0.32347	
2014	0.06830	0.02174	0.03090	0.20343	0.02340	0.34777	
2015	0.09733	0.01865	0.01584	0.17953	0.02091	0.33226	
2016	0.11712	0.01859	–	0.18214	0.02048	0.33833	
2017	0.10015	0.01823	–	0.17888	0.01886	0.31612	
2018	0.10618	0.01907	–	0.17652	0.01780	0.31957	
2019	0.11698	0.02099	–	0.15910	0.00202	0.29909	
2020	0.08991	0.02012	–	0.14329	0.01115	0.26447	
2021	0.09394	0.01627	–	0.12544	0.01964	0.25529	
2022	0.10115	0.01576	–	0.12887	0.01929	0.26507	
Referendum market value tax rate (2)							
2013	0.00297	–	–	–	–	0.00297	
2014	0.00304	–	–	–	–	0.00304	
2015	0.00285	–	–	–	–	0.00285	
2016	0.00282	–	–	–	–	0.00282	
2017	0.00250	–	–	–	–	0.00250	
2018	0.00234	–	–	–	–	0.00234	
2019	0.00267	–	–	–	–	0.00267	
2020	0.00250	–	–	–	–	0.00250	
2021	0.00241	–	–	–	–	0.00241	
2022	0.00216	–	–	–	–	0.00216	

(1) The levies include the Homestead and Agricultural Credit Aid, Education Homestead Credit adjustment, and the Homestead Market Value adjustment.

(2) The referendum levy was converted to a market value referendum in 1999, resulting in a separate tax rate computed on the total market value of the District's property.

Source: School Tax Report

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INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2013	\$ 52,954,093	\$ 52,537,173	99.21 %	\$ 416,920	\$ 52,954,093	100.00 %
2014	54,879,018	54,146,763	98.67	732,255	54,879,018	100.00
2015	56,782,094	55,931,584	98.50	850,510	56,782,094	100.00
2016	58,215,371	57,585,191	98.92	602,724	58,187,915	99.95
2017	57,678,971	57,085,020	98.97	593,951	57,678,971	100.00
2018	59,829,907	59,491,659	99.43	269,701	59,761,360	99.89
2019	64,983,933	64,690,177	99.55	219,934	64,910,111	99.89
2020	65,559,471	65,176,341	99.42	266,433	65,442,774	99.82
2021	65,556,982	65,283,083	99.58	–	65,283,083	99.58
2022	67,371,830	34,000,000	50.47	–	34,000,000	50.47

Note 1: Total tax levy includes certified levy (including fiscal disparities) less tax credits.

Note 2: Property taxes are remitted to the District based on a calendar fiscal year; the current tax collections for the most recent levy represent collections through the District's fiscal year-end of June 30.

Source: Hennepin County Auditor and district records

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy		
	Local Spread	Fiscal Disparities	Total Levy
2013	\$ 43,880,638	\$ 9,073,455	\$ 52,954,093
2014	45,551,752	9,327,266	54,879,018
2015	46,911,686	9,870,408	56,782,094
2016	49,272,306	8,943,065	58,215,371
2017	47,767,783	9,911,188	57,678,971
2018	50,546,470	9,283,437	59,829,907
2019	55,482,277	9,501,656	64,983,933
2020	55,303,400	10,256,071	65,559,471
2021	56,041,674	9,515,308	65,556,982
2022	57,476,955	9,894,875	67,371,830

Note: 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

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
27,456	0.05	-	-
-	-	-	-
68,547	0.11	-	-
73,822	0.11	-	-
116,697	0.18	-	-
273,899	0.42	-	-
-	-	33,371,830	49.53
<u>\$ 560,421</u>		<u>\$ 33,371,830</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 281

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation (1)	Financed Purchases	Total		
2013	\$ 161,939,769	\$ —	\$ 955,552	\$ 162,895,321	0.22 %	\$ 1,599
2014	165,971,526	—	495,071	166,466,597	0.23	1,634
2015	153,041,516	—	322,872	153,364,388	0.19	1,488
2016	217,763,960	—	142,096	217,906,056	0.26	2,091
2017	196,769,592	9,079,612	3,643,000	209,492,204	0.25	2,010
2018	197,200,309	8,513,989	3,439,416	209,153,714	0.24	2,007
2019	181,230,185	7,938,366	3,234,849	192,403,400	0.21	1,846
2020	184,648,567	7,352,743	3,043,677	195,044,987	0.20	1,872
2021	186,756,137	6,757,119	2,808,629	196,321,885	0.22	1,804
2022	194,858,386	6,146,496	2,586,656	203,591,538	0.19	2,000

(1) Net of unamortized premiums and discounts.

(2) 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. 281

Ratio of Net General Obligation Bonded Debt
to Tax Capacity, Indicated Market Value, and Estimated Market Value
and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds on Hand (1)	Net Bonded Debt	Tax Capacity (2)	Percent of Net Debt to Tax Capacity	Indicated Market Value (IMV) (3)
2013	\$ 161,939,769	\$ 3,013,158	\$ 158,926,611	\$ 84,125,755	188.92 %	\$7,127,036,007
2014	165,971,526	2,617,489	163,354,037	83,199,685	196.34	7,156,862,297
2015	153,041,516	2,679,063	150,362,453	90,077,085	166.93	8,156,115,801
2016	217,763,960	11,409,522	206,354,438	93,317,239	221.13	8,478,241,172
2017	196,769,592	2,305,311	194,464,281	99,900,976	194.66	9,087,833,930
2018	197,200,309	2,427,803	194,772,506	107,329,763	181.47	9,758,372,137
2019	181,230,185	3,046,255	178,183,930	114,722,950	155.32	10,431,169,783
2020	184,648,567	2,866,254	181,782,313	125,512,735	144.83	11,400,808,466
2021	186,756,137	2,954,298	183,801,839	131,495,210	139.78	12,057,194,947
2022	194,858,386	2,041,764	192,816,622	139,359,976	138.36	12,621,084,161

(1) The gross bonded debt includes refunding issues. The amount held in escrow for these bonds is included in debt service funds on hand.

(2) See the Schedule of Tax Capacities and Market Values for tax capacity data.

(3) See the Schedule of Tax Capacity and Estimated Market Value for IMV and EMV data.

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

Percent of Net Debt to IMV	Estimated Market Value (EMV) (3)	Percent of Net Debt to EMV	Estimated Population (4)	Net Bonded Debt per Capita
2.23 %	\$7,219,687,475	2.20 %	101,885	\$ 1,560
2.28	7,149,705,435	2.28	101,885	1,603
1.84	7,691,217,200	1.95	103,064	1,459
2.43	7,994,981,425	2.58	104,207	1,980
2.14	8,497,124,725	2.29	104,207	1,866
2.00	9,160,183,925	2.13	104,207	1,869
1.71	9,847,024,275	1.81	104,207	1,710
1.59	10,739,561,575	1.69	104,207	1,744
1.52	11,273,477,275	1.63	108,821	1,689
1.53	11,952,166,700	1.61	101,797	1,894

INDEPENDENT SCHOOL DISTRICT NO. 281

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Expenditures (1)</u>	<u>Percent of Debt Service to General Expenditures</u>
2013	\$ 11,100,000	\$ 7,536,469	\$ 18,636,469	\$ 197,665,920	9.43 %
2014	12,005,000	6,775,869	18,780,869	201,767,348	9.31
2015	12,320,000	6,353,531	18,673,531	201,304,691	9.28
2016	12,195,000	6,624,057	18,819,057	226,074,927	8.32
2017	13,170,000	7,880,048	21,050,048	257,568,003	8.17
2018	13,910,000	6,932,545	20,842,545	230,460,175	9.04
2019	14,730,000	6,748,249	21,478,249	227,523,566	9.44
2020	13,290,000	6,336,317	19,626,317	238,258,932	8.24
2021	13,945,000	6,637,539	20,582,539	226,038,245	9.11
2022	14,445,000	6,504,751	20,949,751	238,621,913	8.78

(1) General expenditures include all governmental funds.

Note: Debt service expenditures included only general obligation bonds debt and do not include refundings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Direct and Overlapping Debt
June 30, 2022

Governmental Unit	Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 281	Portion Allocable to ISD No. 281
ISD No. 281	<u>\$ 597,031,025</u>	\$ 203,591,538	100.00 %	\$ 203,591,538
Overlapping debt				
Hennepin County	\$ 2,336,109,435	1,481,535,000	5.97 %	88,447,640
City of Brooklyn Center	36,686,382	62,186,445	22.06 %	13,718,330
City of Brooklyn Park	107,339,075	38,800,000	5.22 %	2,025,360
City of Crystal	28,953,650	11,060,000	100.00 %	11,060,000
City of Golden Valley	51,516,128	58,670,000	44.58 %	26,155,086
City of New Hope	28,373,044	46,628,000	100.00 %	46,628,000
City of Plymouth	159,987,353	78,260,000	17.87 %	13,985,062
City of Robbinsdale	16,787,549	57,740,000	100.00 %	57,740,000
Hennepin County Regional				
Railroad Authority	2,336,109,435	90,580,000	5.97 %	5,407,626
Metropolitan Council	2,334,482,380	131,618,968	5.97 %	7,857,652
Three Rivers Park District	1,631,381,661	58,550,000	8.54 %	5,000,170
Metro Transit	<u>2,216,655,632</u>	579,075,000	6.29 %	<u>36,423,818</u>
 Total overlapping debt	 <u>\$ 11,284,381,724</u>			 <u>314,448,743</u>
 Total direct and overlapping debt				 <u>\$ 518,040,281</u>

Source: Hennepin County Property Tax Division

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INDEPENDENT SCHOOL DISTRICT NO. 281

Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2013	\$ 7,219,687,475	\$ 1,082,953,121	\$ 152,696,842	\$ 930,256,279	14.10 %
2014	7,149,705,435	1,072,455,815	157,712,511	914,743,304	14.71
2015	7,691,217,200	1,153,682,580	143,845,937	1,009,836,643	12.47
2016	7,994,981,425	1,199,247,214	196,920,478	1,002,326,736	16.42
2017	8,497,124,725	1,274,568,709	184,794,689	1,089,774,020	14.50
2018	9,160,183,925	1,374,027,589	185,517,197	1,188,510,392	13.50
2019	9,847,024,275	1,477,053,641	170,263,745	1,306,789,896	11.53
2020	10,739,561,575	1,610,934,236	173,368,746	1,437,565,490	10.76
2021	11,273,477,275	1,691,021,591	(2,954,298)	1,693,975,889	(0.17)
2022	11,952,166,700	1,792,825,005	201,549,774	1,591,275,231	11.24

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	<u>\$ 11,952,166,700</u>
Debt limit (15% of market value)	\$ 1,792,825,005
Debt applicable to limit	
General obligation bonds	203,591,538
Less amount set aside for repayment of general obligation debt	<u>2,041,764</u>
Total net debt applicable to limit	<u>201,549,774</u>
Legal debt margin	<u>\$ 1,591,275,231</u>

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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Hennepin County			
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age
2013	1,198,778	\$ 74,092,871,846	\$ 61,807	36.0
2014	1,212,064	73,659,553,408	60,772	36.1
2015	1,223,149	78,723,092,789	64,361	36.1
2016	1,232,483	82,968,290,594	67,318	36.2
2017	1,252,024	85,460,654,192	68,258	36.2
2018	1,252,024	87,659,208,336	70,014	36.2
2019	1,259,428	92,943,267,544	73,798	36.5
2020	1,273,760	97,958,512,800	76,905	36.5
2021	1,281,565	90,259,341,385	70,429	36.5
2022	1,267,416	108,370,405,080	85,505	37.4

Sources:

- (1) Hennepin County
- (2) Estimated

ISD No. 281

Labor Force (1)	Unemployment Rate	Population (1)	School Enrollment
636,064	4.6 %	101,885	12,181
672,114	3.7	101,885	12,284
679,549	3.3	103,064	12,314
679,285	3.4	104,207	12,626
694,060	3.2	104,207 (2)	12,422
703,310	3.2	104,207 (2)	12,309
715,567	2.4	104,207 (2)	12,237
706,189	6.2	104,207 (2)	12,132
700,247	3.7	108,821	11,393
710,823	1.9	101,797	11,099

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INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Employers
Current and Nine Years Prior

Employer	2022			2013		
	Approximate Number of Employees	Rank	Percent of Total (1) Employees	Approximate Number of Employees	Rank	Percent of Total (1) Employees
North Memorial Medical Center	5,100	1	36.8 %	4,538	1	33.1 %
Honeywell, Inc.	2,000	2	14.4	2,000	2	14.6
ISD No. 281	1,889	3	13.6	1,755	4	12.8
United Health Care Services, Inc.	1,000	4	7.2	1,800	3	13.1
Metro Building Company	1,000	4	7.2	1,000	5	7.3
North Ridge Care Center	720	6	5.2	720	6	5.3
All Around Taxi	620	7	4.5	450	8	3.3
US Food Service	550	8	4.0	350	10	2.6
St. Therese of New Hope	525	9	3.8	701	7	5.1
Courage Center	450	10	3	400	9	2.9
Total	<u>13,854</u>		<u>100.0 %</u>	<u>13,714</u>		<u>100.0 %</u>

(1) Total employees for the area encompassed by district boundaries is not available. Percentages represent the proportion of the total for the 10 largest employers as presented above.

Note: Residents of the District are employed throughout the metropolitan area. Major employers in close proximity to the District are listed above.

Sources: Minnesota Department of Employment and Economic Development and Ehlers Public Sector Advisor

INDEPENDENT SCHOOL DISTRICT NO. 281

FTE Staff Allocation
Last Ten Fiscal Years

	<u>2012–2013</u>	<u>2013–2014</u>	<u>2014–2015</u>	<u>2015–2016</u>	<u>2016–2017</u>
Superintendent	1.00	1.00	1.00	1.00	1.00
Cabinet	7.00	7.00	7.00	7.00	7.00
Principals	14.00	14.00	14.00	15.00	16.00
Assistant principals	13.00	13.00	13.00	20.00	21.00
Program directors	36.00	36.00	36.00	34.00	32.00
Program assistants	88.83	96.33	103.00	96.00	75.00
Teachers	776.97	779.97	735.00	759.00	757.00
Counselors	18.00	20.00	20.00	17.00	17.00
Social workers	14.30	14.30	14.30	17.00	17.00
Psychologists	11.80	11.80	11.80	12.00	13.00
Nurses	9.40	9.40	9.40	12.00	10.00
Special assignments	57.80	60.80	60.80	77.00	63.00
Education assistants	329.50	335.60	328.00	287.00	342.00
Bus monitor	6.00	6.00	6.00	6.00	6.00
Custodians	104.25	104.25	92.00	81.00	102.00
Custodial/bus drivers	21.00	18.00	13.00	9.00	10.00
Community education	81.00	85.00	85.00	72.00	80.00
Office employees	73.25	73.25	72.00	53.00	65.00
Food service	92.00	92.00	93.00	95.00	96.00
Total	<u>1,755.10</u>	<u>1,777.70</u>	<u>1,714.30</u>	<u>1,670.00</u>	<u>1,730.00</u>

Source: The District's Human Resources Department

<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
1.00	1.00	1.00	1.00	1.00
6.00	6.00	6.00	6.00	6.72
17.00	18.00	19.00	18.00	20.90
22.00	22.00	24.00	22.00	19.31
31.00	32.00	33.00	39.87	37.31
100.00	70.00	126.00	103.58	86.23
750.47	781.00	772.10	803.11	756.70
16.20	17.00	20.20	19.84	18.29
16.80	17.00	20.50	22.90	21.39
12.20	13.00	12.60	16.60	16.60
8.60	9.00	9.00	12.00	12.40
57.40	88.00	79.65	72.59	82.07
342.70	318.00	346.70	278.54	279.72
6.38	6.00	3.35	3.33	3.35
74.50	74.00	72.00	65.89	70.28
10.00	8.00	7.40	7.00	6.32
52.73	50.00	47.45	43.98	35.84
58.80	70.00	63.55	61.73	61.23
88.00	92.00	91.30	77.70	75.24
<u>1,671.78</u>	<u>1,692.00</u>	<u>1,754.80</u>	<u>1,675.66</u>	<u>1,610.90</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Physical Plant Characteristics
as of June 30, 2022

Facility	Grades Housed	Year Built	Year of Major Additions	Acreage	Total Square Footage	Actual Enrollment
Cooper	9-12	1964	2000	40	293,816	1,632
Armstrong	9-12	1970	1997	52	328,600	1,751
Plymouth	6-8	1968	1990	22	180,500	925
Robbinsdale	6-8	1956	1976	18.34	269,107	689
FAIR School – Crystal	5-8	2000	–	9.89	106,427	242
Forest	K-5	2005	–	14	75,870	438
Lakeview	K-5	1964	–	5.75	55,648	359
Meadow Lake	K-5	1961	1965	15	79,860	468
Neill	K-5	1957	1968 and 2000	14	71,037	348
Noble	K-5	1954	1956, 2000, and 2006	10	56,800	281
Northport	K-5	1956	1957 and 1984	14	65,300	476
Pilgrim Lane	K-5	1966	–	11.5	58,168	347
SEA School at Olson	K-5	1971	–	9.2	44,000	425
Sonnesyn	K-5	1962	1968	15	76,187	347
RSI at Sunny Hollow	K-5	1960	1965	14	74,564	687
Zachary Lane	K-5	1969	1993	14	73,596	389
<u>Multi-Purpose Facilities</u>						
Sandburg	Various	1959	–	36	174,939	461
New Hope	Various	1960	–	14	55,902	106
Highview, TASC RTC	Various	N/A	–	–	–	622
Transportation		1966	–	10.5	48,843	–
Administration		1968	–	3.32	41,412	–
Out of district tuition						106
Totals					<u>2,230,576</u>	<u>11,099</u>

N/A: Not Applicable

Source: The District's Buildings and Grounds Department

INDEPENDENT SCHOOL DISTRICT NO. 281

Miscellaneous Statistical Facts
as of June 30, 2022

Old district changed to ISD No. 281	1957
Form of government	School Board – Superintendent
Fiscal year begins	July 1
Area of ISD No. 281	32 square miles
Number of high schools	2
Number of middle schools	4
Number of elementary schools	11
Number of auxiliary buildings	6
Number of communities served	7
Staffing ratio	
Elementary school	25–31
Middle school	25.22
High school	28.1
Extracurricular activities at high school	
Athletic	30
Nonathletic	30 +
Teacher education	
Bachelor’s degree	100%
Master’s degree or doctorate	77%

Source: Various district departments

INDEPENDENT SCHOOL DISTRICT NO. 281

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option ADM)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2013	124.04	836.07	5,366.02	5,855.08	12,181.21	14,105.52
2014	138.25	851.78	5,488.05	5,805.52	12,283.60	14,198.17
2015	177.15	865.91	5,479.86	5,791.06	12,313.98	13,466.10
2016	193.89	817.95	5,815.32	5,798.67	12,625.83	13,784.02
2017	187.69	784.97	5,707.53	5,742.06	12,422.25	13,569.14
2018	368.80	764.98	5,442.00	5,732.89	12,308.67	13,453.48
2019	396.47	770.35	5,384.57	5,685.23	12,236.62	13,371.94
2020	392.64	790.80	5,145.32	5,803.45	12,132.21	13,291.27
2021	335.43	649.86	4,747.87	5,659.43	11,392.59	12,524.21
2022 *	387.98	697.46	4,509.34	5,503.81	11,098.59	12,199.38

* Estimated

Source: Minnesota Department of Education

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

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Expenditures per Student
 Year Ended June 30, 2022
 (With Comparative Amounts for the Year Ended June 30, 2021)

	State Average	Metro Average	ISD No. 281	
	2021	2021	2021	2022
Expenditures (1) per student (ADM) (2)				
General Fund				
Administration and district support	\$ 1,184	\$ 1,205	\$ 1,301	\$ 1,378
Elementary and secondary				
regular instruction	6,198	6,527	6,752	7,121
Vocational education instruction	197	179	120	120
Special education instruction	2,626	2,792	2,892	2,856
Instructional support services	812	917	1,155	1,135
Pupil support services	1,228	1,285	1,104	2,196
Sites and buildings and other	1,083	1,052	1,460	1,590
Total General Fund expenditures	<u>\$ 13,328</u>	<u>\$ 13,957</u>	<u>\$ 14,784</u>	<u>\$ 16,396</u>
ADM used per profiles model format			<u>11,434</u>	<u>11,188</u>

(1) Excludes capital expenditures.

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

Source: Minnesota Department of Education School District Profiles Report

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