

# Annual Comprehensive Financial Report

Minneapolis Public Schools  
Special School District No. 1  
Minneapolis, Minnesota

For the Fiscal Year Ended June 30, 2022

[www.mpls.k12.mn.us](http://www.mpls.k12.mn.us)

John B. Davis Education and Service Center | 1250 W. Broadway Ave. Minneapolis, MN 55411



**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**OF**

**MINNEAPOLIS PUBLIC SCHOOLS**  
**SPECIAL SCHOOL DISTRICT NO. 1**  
**MINNEAPOLIS, MINNESOTA**

**For the Fiscal Year Ended**

**June 30, 2022**

Prepared by

THE FINANCE DEPARTMENT

MINNEAPOLIS PUBLIC SCHOOLS  
SPECIAL SCHOOL DISTRICT NO. 1

John B. Davis Education and Service Center  
1250 W. Broadway Ave.  
Minneapolis, MN 55411

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Special School District No. 1  
Minneapolis, Minnesota  
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**Minneapolis Public Schools  
Special School District No. 1  
Board of Education and Administration  
June 30, 2022**

Board of Education	Position	Term Expires
Kim Ellison	Chair	2025
Jenny Arneson	Vice Chair	2023
Nelson Inz	Clerk	2023
Kimberly Caprini	Treasurer	2023
Adriana Cerrillo	Director	2025
Siad Ali	Director	2023
Ira Jourdain	Director	2025
Cindy Booker	Director	2023
Sharon El-Amin	Director	2025
Jake Wesson	Student Representative	2022

Administration

Ed Graff	Superintendent
Ibrahima Diop	Chief Financial & Operations Officer
District Offices	Special School District No. 1 Minneapolis Public Schools 1250 West Broadway Avenue Minneapolis, MN 55411 (612) 668-0000

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November 28, 2022

To: People of Minneapolis  
Board of Education  
Rochelle Cox, Interim Superintendent

## **INTRODUCTION**

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Special School District No. 1, Minneapolis, Minnesota (the “District” or “MPS”), for the fiscal year ended June 30, 2022. Responsibility for the entire financial report rests with district management including the financial information and internal controls throughout the audited fiscal year. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

The Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the district includes within its ACFR a management discussion and analysis (MD&A) report, which allows the district to explain its financial position and the results of its operations for the past fiscal year.

The ACFR includes three primary sections:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, awards and acknowledgements (if applicable), and this transmittal letter. The financial section includes the basic financial statements, individual fund statements and related schedules, and required supplementary information. The independent auditor’s report is also included in the financial section. The independent auditor’s report includes the basis for opinion on the District’s financials and internal controls for the fiscal year. Notes to the financial section are provided to enhance the reader’s understanding of the District’s accounting policies and procedures. The statistical section includes selected financial and general information presented on a multiyear comparative basis.

## **ECONOMIC CONDITION AND OUTLOOK**

MPS is a full service, comprehensive special school district created by the Minnesota Legislature in 1959, although the district had been operating under different organizational structures since 1860. MPS provides full day kindergarten through twelfth grade general education services as well as special education services, career and technical instruction, early childhood and voluntary pre-kindergarten programming, and adult basic educational programming taught by licensed Minnesota educators. The district also offers community education, school age care, and after school enrichment programming, as well as culinary and transportation services for students.

## **ECONOMIC CONDITION AND OUTLOOK (CONTINUED)**

MPS, Minnesota's third largest school district by enrollment, is governed by the Minneapolis Board of Education (the "school board"), a publicly elected board with nine members, six of whom represent geographic sub-districts and three at-large members elected citywide. Board directors are elected to four-year terms which are staggered so that half of the seats stand for election every two years, with an additional seat elected in even non-Presidential years. From March 2022 through the end of the calendar year there was one unelected board member who was appointed following a resignation. The board's primary duties include monitoring the district's budget, setting district policies, and selecting a Superintendent to manage the day-to-day affairs of the district. The district's boundaries are coterminous with those of the City of Minneapolis. The estimated population for the City of Minneapolis is 435,105.

MPS exists independently from other local government entities such as the City of Minneapolis, Hennepin County, or the Metropolitan Council, with its own governing body, budgetary authority, and taxing power. The appropriated budget includes the District's governmental funds including The General Fund, Food Service Fund, Community Service Fund, and the Debt Service Fund. The budgetary authority of the District is annually appropriated with approval by The District's Board of Education which is The District's legal level of budgetary control. MPS is overseen by the Minnesota Department of Education.

MPS process for budgeting is a multi-month budget tie out process that takes the knowledge of key members throughout the District in the development and recommendation to the Finance Committee. After the recommendation to the Finance Committee the budget is presented to MPS Board of Education for approval by resolution.

For 2021–2022, district facilities included forty-three elementary schools, eight middle schools, two K-8 schools, ten high schools, a transition school, and four district administration buildings. District facilities were constructed between 1898 and 2018, with the largest concentration being constructed in the 1920s. The district finances major upkeep, as well as major updates such as remodeling or additions, with capital project funding. The full list of District building information is listed in the Statistics Section of the ACFR.

Adjusted membership for the 2021-22 school year was 29,076, a decrease of 2,297 from the previous year. Demographic forecasts anticipate that the total number of children living in the district will decline over the next five years and district enrollment is also expected to decline. Projected membership for the next three years is 27,517 in fiscal year 2023, 27,004 in fiscal year 2024, and 27,904 in fiscal year 2025.

The tax base of the district increased 2.1 percent during the past year. The market value of all taxable property in the district in fiscal year 2022 was \$60,047,658,199 compared to \$58,812,067,511 in fiscal year 2021. The net tax capacity of the district for fiscal year 2022 was \$704,727,774 an increase of 1.1 percent over the prior year value of \$697,098,964.

## **ECONOMIC CONDITION AND OUTLOOK (CONTINUED)**

The state fiscal disparities law provides for the pooling of 40.0 percent of all new commercial/industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing jurisdictions according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District contributed \$23,533,523 in fiscal year 2022 and \$24,248,918 in fiscal year 2021.

## **FINANCIAL INFORMATION**

The District's accounting system has been designed to reasonably assure the safety of district assets and the reliability of financial records with adequate internal controls and segregation of duties across finance department staff. Financial statements are prepared in conformity with generally accepted accounting principals as specified by the Governmental Accounting Standards Board. ("GASB"). The accounting principle of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits derived, and that management must use judgement and estimation in determining the value of costs and benefits.

The District main sources of revenue are revenue from the State of Minnesota, property taxes, federal sources, and other revenues. State aid is primarily tied to the District's enrollment. Changes to the District enrollment will lead to changes to state aid received. Property tax support remains stable for the District for the future fiscal years of the District. The District's use of one-time COVID relief funds provided the District support for fiscal year 2022 and will continue to provide support for The District through September 2024.

The District has an internal policy to maintain an unassigned General Fund balance of 8% of current fiscal year budgeted expenditures. The District ending the fiscal year with an unassigned balance of \$53,613,747 which amounts to 8.3% of current fiscal year budgeted expenditures. The District maintains a total General Fund balance of \$144,954,225 and a total Governmental Fund balance of \$441,420,874.

Below are some facts about the 2021–2022 fiscal year financial and nonfinancial information:

### Revenues:

- General Fund revenue increased approx. \$39.5 million compared to the previous fiscal year. The increase is primarily related to one-time COVID relief funding as the District had an increase of approx. \$61.9 million in federal aid compared to the previous fiscal year.
- The basic per pupil General Education formula amount from the state is \$6,728 for fiscal year 2022 (a 2.45% increase from fiscal year 2021). The rate per pupil is a driving factor in the amount of General Education the District will receive.
- The District recorded revenue of approx. \$227.0 million in fiscal year 2022 for property taxes related to The District's levy. This is the District's second largest source of revenue after revenue received from state sources.

## **FINANCIAL INFORMATION (CONTINUED)**

### Expenditures:

- General Fund expenditures increased approx. \$63.3 million compared to previous fiscal year. The increase in spending of one-time COVID relief was the main reason General Fund expenditures increased compared to last fiscal year.
- Most of the District's expenditures are related to employee salaries and benefits. The largest share of the cost of salaries and benefits are related to expenditures for instruction of students.
- The District continues to use its general resources to finance a great portion of special education services, as the state and federal government reimbursement rates are insufficient to fully fund these costs.

### **MPS One-Time COVID Funds Overview**

To support school districts with unexpected costs from the COVID-19 pandemic, federal and state governments began offering one-time funding to school districts. This money is being provided to address academic achievement, supplement technology expenses, ensure clean and healthy learning environments, invest in comprehensive support for students and school communities, and to stabilize and diversify the educator workforce. The District has been awarded the following:

Governor's Emergency Education Relief Fund (GEER): \$1,464,204 awarded

Coronavirus Relief Funds (CRF): \$10,929,242 awarded

Elementary and Secondary School Emergency Relief Fund (ESSER I): \$18,705,817 awarded

ESSER II: \$71,005,780 awarded

American Rescue Plan (ARP/ESSER III): \$159,468,895 awarded

The MPS ESSER III plan was shaped by feedback from the MPS American Rescue Plan Stakeholder Committee (including staff members, union representatives, students and families, and community partners), American Indian tribal consultation, an online submission form, and direct input from individuals and organizations.

Because the grant funds are only available over a three-year period, The District is looking to prioritize investments that will not incur ongoing costs once the grant has ended. The District is committed to ensuring that any ESSER-funded programs or services ESSER funds can be sustained once the grant ends. While some temporary staff may be hired to help implement programs that are identified as priorities, hiring additional permanent staff or expanding programs with significant ongoing costs are less likely options for funding.

The District will also consider using some of the federal dollars to ensure sufficient staffing levels and ensure continuity of existing programs and services. In recent years, declining student enrollment, insufficient state funding and increased costs have made it difficult for The District to maintain the high-quality programs and opportunities families expect. Using a portion of the federal ESSER III Funds to stabilize the District's budget is allowable under the American Rescue Plan and likely will be part of helping us realize the district's short- and longer-term goals.

## OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of Bergan KDV, LTD. was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2022. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The independent auditor's report on the financial statements is included in the financial section of this report. The independent auditor's reports related specifically to the single audit are issued as a separate report, which is available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International for its Certificate of Excellence in Financial Reporting program and Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. Achieving recognition from these two programs is a primary financial goal for the District as this would indicate high standards in financial reporting and accountability for the District. June 30<sup>th</sup>, 2022, fiscal year end audited financial reports will be a transition as the District was not pursuing these awards of financial reporting in the past. The District believes that we have met the requirements for the ASBO International Certificate of Excellence in Financial Reporting and the GFOA Certificate of Achievement for Excellence for fiscal year end 2022 ACFR.

The District's continued commitment to excellent financial stewardship and robust local tax base has resulted in Moody's Investor Services reaffirming the District's Aa2 credit rating, which signifies high quality and are subject to very low credit risk. We acknowledge the efforts of the entire accounting staff in providing complete and accurate data for the fiscal year 2022 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

Respectfully submitted,

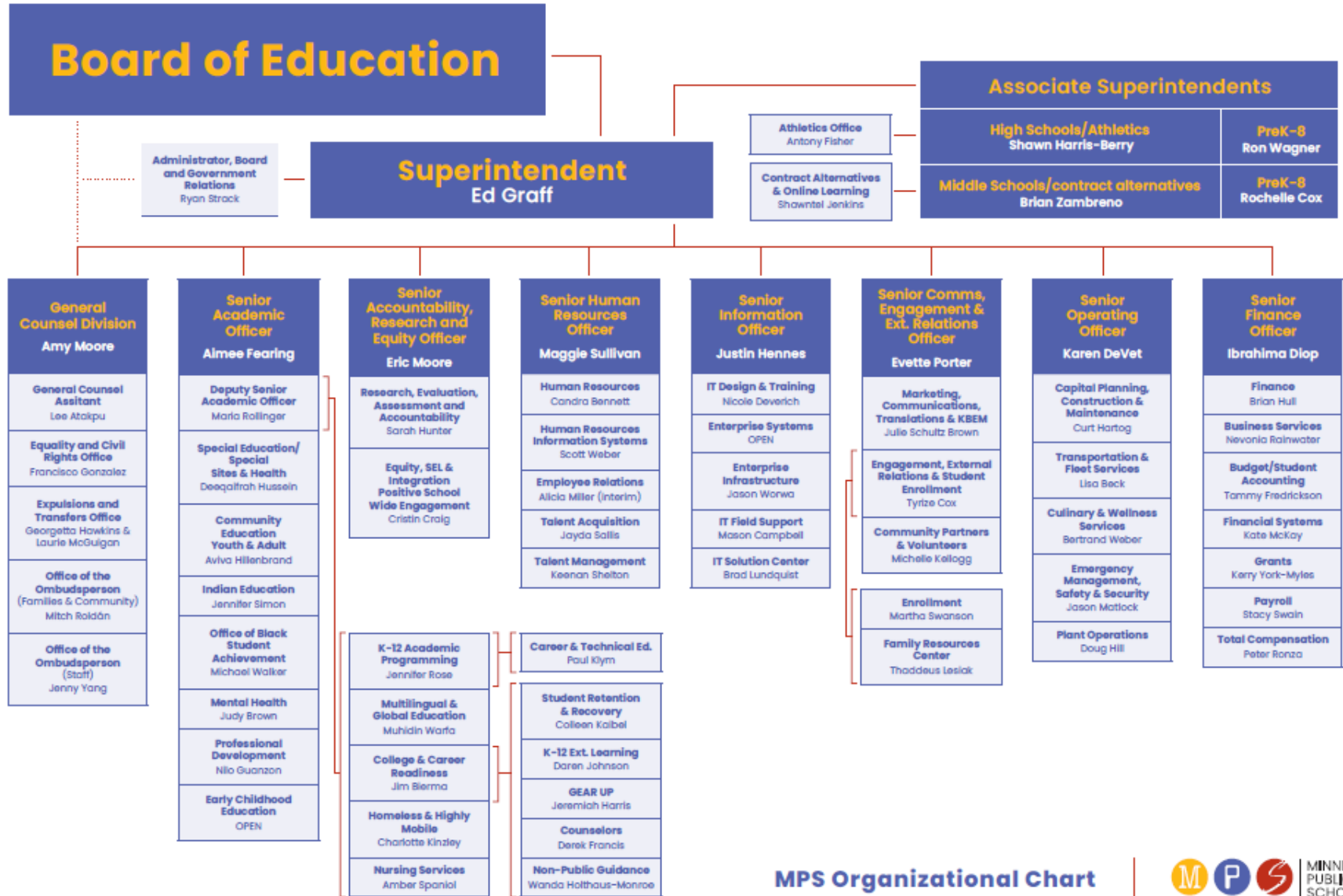


Ibrahima Diop

Chief Financial & Operations Officer

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# Minneapolis Public Schools Special School District No. 1 Organizational Chart



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## Independent Auditor's Report

To the School Board  
Minneapolis Public Schools  
Special School District No. 1  
Minneapolis, Minnesota

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, Minneapolis, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, as of June 30, 2022, and the respective changes in financial position 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 (GAAS) 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 Minneapolis Public Schools, Special School District No. 1 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 – Implementation of GASB 87**

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

The management of Minneapolis Public Schools, Special School District No. 1 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.

## **Responsibilities of Management for the Financial Statements (Continued)**

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for one year 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 GAAS 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 GAAS 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, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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 Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
November 28, 2022

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements that immediately follow this section.

The MD&A is an element of required supplementary information specified in the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

### **Financial Highlights**

- Total combined fund balance of all the District's governmental funds increased approximately \$22 million from the prior year. This net increase was primarily due to the District's use of one-time COVID relief funds that were awarded to the District. Total governmental fund revenues were approximately \$786 million, an increase of about \$38 million over the prior year total of \$748 million. Revenue from property taxes and revenue from state sources decreased from prior year. Property taxes decreased by \$6.7 million or 2.9% primarily due to a decrease in General Fund Referendum levy. State revenues decreased by \$17 million in the general fund primarily due to decreases in enrollment.
- Total governmental fund expenditures were \$873 million, an increase of approximately \$76 million, or an increase of 9.6% from the prior year. This increase is primarily related to the District using one-time COVID relief funds during fiscal year 2022.

### **Overview of the Financial Section**

The financial section of the annual audited report consists of four parts: Independent Auditor's Report, required supplementary information, including the MD&A, the basic financial statements, and supplementary information. The financial statements include two kinds of statements that present different views of the District:

- The first two statements are **government-wide financial statements** that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are **fund financial statements** that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements.
- **Governmental funds statements** tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Overview of the Financial Section (Continued)**

- **Proprietary funds statements** offer short-term and long-term financial information about the District's self-insured risk management activities.
- **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**Government-Wide Statements**

The government-wide statements 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 and liabilities. 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 statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial 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 shown in one category:

**Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Overview of the Financial Section (Continued)**

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three categories of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer 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 statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.
- **Proprietary Fund - Internal Service Fund** – Used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund for self-insurance of worker's compensation, property and liability, as well as accumulating and recording the liability for accrued compensated absences (severance and vacation) and health insurance benefits for eligible employees upon retirement.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Overview of the Financial Section (Continued)**

***Fund Financial Statements (Continued)***

- **Fiduciary Fund** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as assets held in trust for post-employment benefits. 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.



**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Financial Analysis of the District - Government-wide**

**Net Position**

The District's combined net position was negative \$631 million on June 30, 2022. This was an increase of 12.6% from the prior year (see Table A-1).

**Table A-1**

**The District's Net Position**

	Primary Government Governmental Activities		Percentage Change
	2022	2021	
Current and other assets	\$ 814,209,905	\$ 777,016,320	4.8%
Capital assets	819,453,194	786,359,670	4.2%
Total assets	<u>1,633,663,099</u>	<u>1,563,375,990</u>	4.5%
Deferred outflows of resources	<u>238,210,830</u>	<u>326,971,331</u>	-27.1%
Total assets and deferred outflows of resources	<u><u>1,871,873,929</u></u>	<u><u>1,890,347,321</u></u>	-1.0%
Current liabilities	90,454,050	79,071,030	14.4%
Long-term liabilities	1,371,154,147	1,627,995,140	-15.8%
Total liabilities	<u>1,461,608,197</u>	<u>1,707,066,170</u>	-14.4%
Deferred inflows of resources	<u>1,042,204,859</u>	<u>906,487,574</u>	15.0%
Net position			
Net investment in capital assets	180,023,633	167,231,208	7.6%
Restricted	50,733,450	54,965,174	-7.7%
Unrestricted	<u>(862,696,210)</u>	<u>(945,402,805)</u>	8.7%
Total net position	<u><u>\$ (631,939,127)</u></u>	<u><u>\$ (723,206,423)</u></u>	12.6%

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts.

The District's increase in assets is due to the change in accounting principle of GASB 87 (lease accounting) which increased the amount of capital assets booked by The District that are not reflected in 2021 information above. The District's decrease in total liabilities is due to decreases in long-term liabilities due in more than one year related to the District's share of the State's net pension liability for PERA and TRA.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Financial Analysis of the District - Government-wide (Continued)**

**Changes in Net Position**

The District's government-wide total revenues were approximately \$785 million for the year ended June 30, 2022. Property taxes and unrestricted state aid accounted for 64% of total revenue for the year. The remaining 36% came from program revenues, including 33% from operating grants and contributions (Table A-2).

**Table A-2  
Change in Net Position**

	Primary Government		Percentage Change
	Governmental Activities for the Fiscal Year Ended June 30,		
<b>Revenues</b>	2022	2021	
Program revenues			
Charges for services	\$ 11,516,972	\$ 8,602,530	33.88%
Operating grants and contributions	256,492,930	202,953,369	26.38%
Capital grants and contributions	11,000,000	11,000,000	0.00%
General revenues			
Property taxes	226,100,574	233,860,338	-3.32%
State formula aid	279,405,692	292,899,839	-4.61%
Other	176,386	754	23293.37%
Total revenues	<u>784,692,554</u>	<u>749,316,830</u>	<u>4.72%</u>
<b>Expenses</b>			
District and school administration	14,936,110	17,003,242	-12.16%
District support services	48,857,105	24,318,391	100.91%
Regular instruction	251,618,186	279,788,567	-10.07%
Vocational instruction	5,013,209	5,089,516	-1.50%
Special education instruction	103,577,983	122,202,296	-15.24%
Instructional support services	40,278,990	41,490,014	-2.92%
Pupil support services	78,666,331	63,131,018	24.61%
Sites, buildings, and equipment	69,871,966	90,914,224	-23.15%
Fiscal and other fixed cost programs	1,221,175	6,275,779	-80.54%
Food service	24,410,001	18,174,647	34.31%
Community education and services	27,517,183	26,261,083	4.78%
Interest and fiscal charges on long-term debt	27,457,019	25,999,423	5.61%
Total expenses	<u>693,425,258</u>	<u>720,648,200</u>	<u>-3.78%</u>
Change in net position	91,267,296	28,668,630	218.35%
Prior period adjustment	-	13,979,031	NA
Net position - beginning	<u>(723,206,423)</u>	<u>(765,854,084)</u>	N/A
Net position - ending	<u>\$ (631,939,127)</u>	<u>\$ (723,206,423)</u>	<u>-12.62%</u>

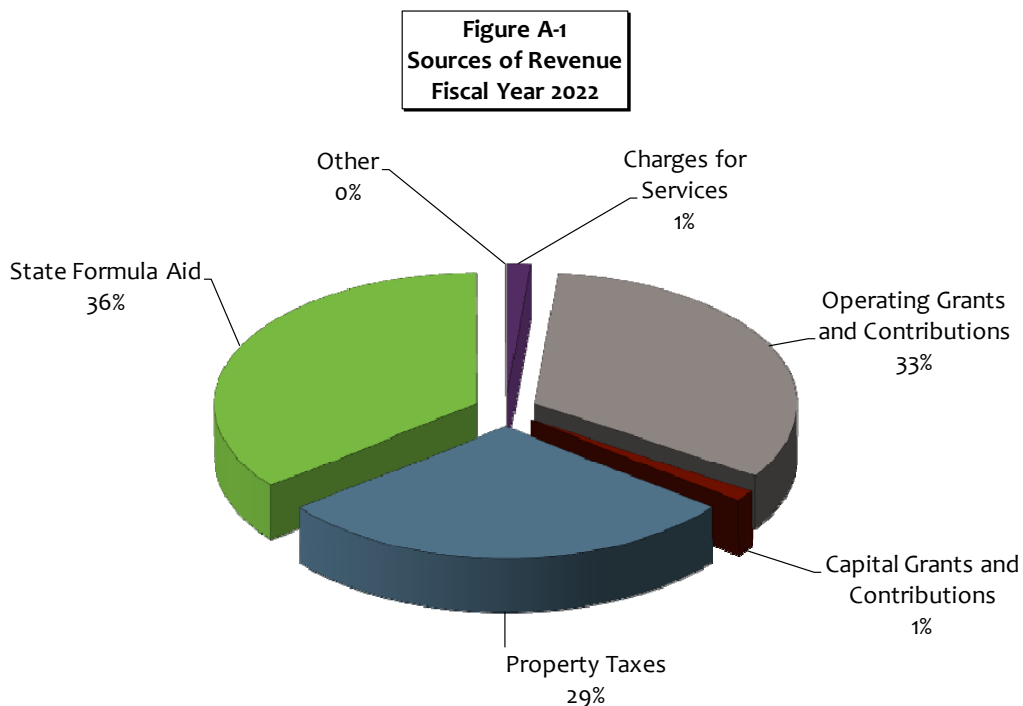
**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Financial Analysis of the District Government-wide (Continued)**

Total cost of all programs and services was \$693 million in fiscal 2022. District expenses were primarily related to educating and caring for students (69%). The District's Community and Nutritional Service programs accounted for 4% of expenses while facility maintenance totaled 10% and fiscal/other fixed cost expenses totaled 4%. Community Education and Services accounted for 4% of expenses. District and School Administration and District Support Services accounted for 9% of total expenses during fiscal 2022 (see Figure A-2 on next page).

The cost of all *governmental* activities this year was \$693 million.

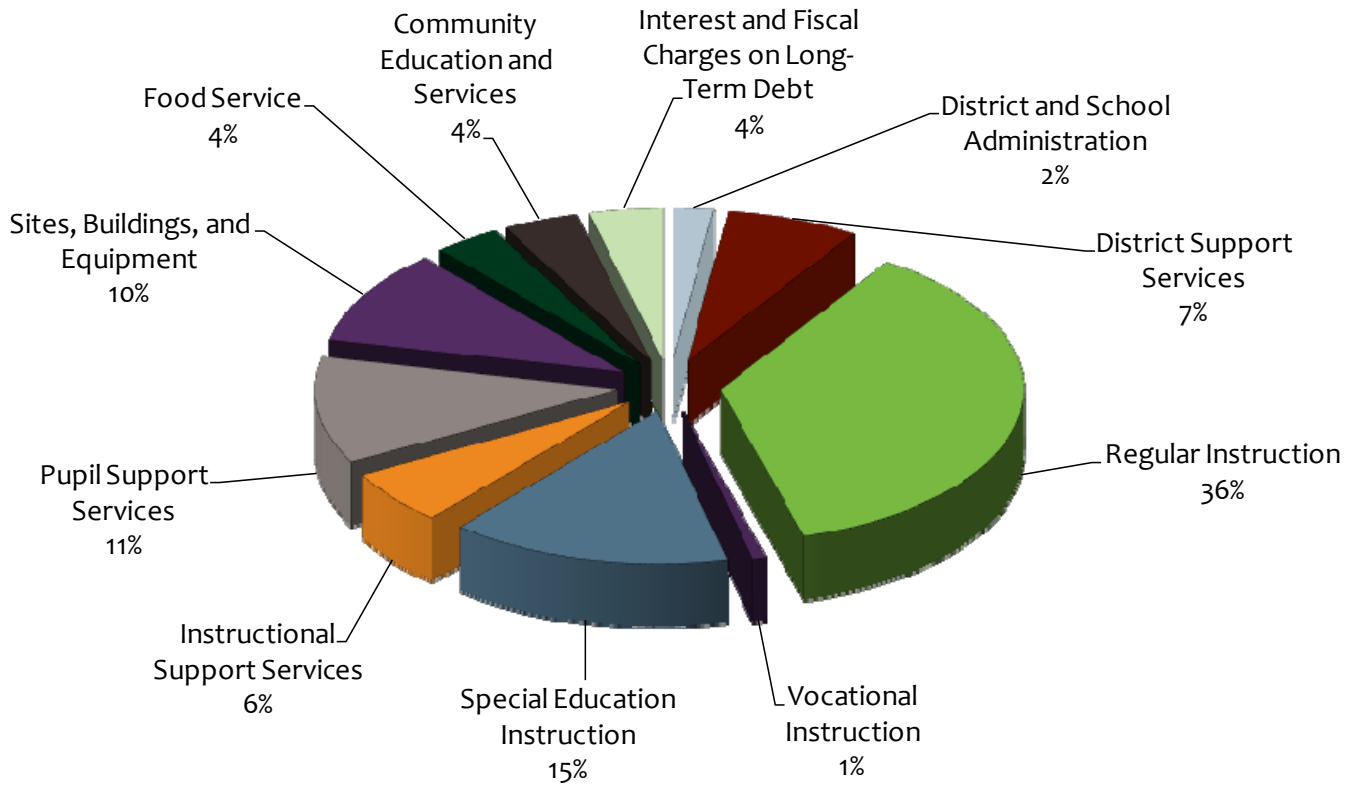
- Some of the costs were paid by the users of the District's programs (Table A-2 previous page, Charges for Services, \$11.5 million).
- The federal and state governments subsidized certain programs with grants and contributions including significant support to respond to the COVID-19 pandemic (Table A-2, Operating and Capital Grants and Contributions, \$256 million).
- Most of the District's costs were paid for with local property taxes of \$226 million and unrestricted state aid of \$279 million.



**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Financial Analysis of the District Government-wide (Continued)**

**Figure A-2  
Expenses  
Fiscal Year 2022**



Governmental funds include not only funds received for the general operation of the District but also include resources from special revenue funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources, (Figure A-2) shown on the previous page, therefore, the District does not include Special Revenue Funds (Food & Community Services) as a component of the general operation of the District, since the District cannot take funds from these restricted areas and use the funds to enhance instruction-related programs. Governmental fund balances restricted for special revenue funds, capital project funds, and debt service funds were \$5.2 million, \$249.0 million, and \$40.2 million, respectively.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Financial Analysis of the District Government-wide (Continued)**

**Table A-3  
Primary Government Cost and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
Administration	\$ 14,936,110	\$ 17,003,242	-12.2%	\$ (5,571,763)	\$ (5,529,642)	0.8%
District Support Services Elementary and Secondary	48,857,105	24,318,391	100.9%	45,076,342	24,318,391	85.4%
Regular Instruction	251,618,186	279,788,567	-10.1%	215,062,878	246,322,611	-12.7%
Vocational Education Instruction	5,013,209	5,089,516	-1.5%	4,312,837	4,577,710	-5.8%
Special Education Instruction	103,577,983	122,202,296	-15.2%	23,142,491	35,571,454	-34.9%
Instructional Support Services	40,278,990	41,490,014	-2.9%	37,812,606	39,261,907	-3.7%
Pupil Support Services	78,666,331	63,131,018	24.6%	1,946,406	41,859,475	-95.4%
Sites and Buildings	69,871,966	90,914,224	-23.1%	57,461,687	77,487,572	-25.8%
Fiscal and Other Fixed Cost Programs	1,221,175	6,275,779	-80.5%	1,221,175	6,275,779	-80.5%
Food Service	24,410,001	18,174,647	34.3%	3,244,003	(3,174,444)	-202.2%
Community Education and Services	27,517,183	26,261,083	4.8%	3,249,675	5,122,065	-36.6%
Interest and Fiscal Charges On long-term debt/depreciation	27,457,019	25,999,423	5.6%	27,457,019	25,999,423	5.6%
<b>Total</b>	<b>\$ 693,425,258</b>	<b>\$ 720,648,200</b>	<b>-3.8%</b>	<b>\$ 414,415,356</b>	<b>\$ 498,092,301</b>	<b>-16.8%</b>

**Financial Analysis of the District's Funds**

The financial performance of the District is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$441 million, or a \$22 million increases over last year. The increase is primarily attributable to The District's use of one-time COVID relief funds that were awarded to the District.

The District's governmental funds reported total expenditures of \$873 million and total revenues of \$786 million. Based on these results, fund balance would have decreased by \$86 million. The District issued bonds that along with their associated premium and the implementation of GASB 87 (lease accounting standards) provided \$108 million in other available resources. These other sources of financing along with revenue exceeded expenditures in the general fund resulted in an overall increase to the *combined* fund balance of \$21.6 million from the prior year.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

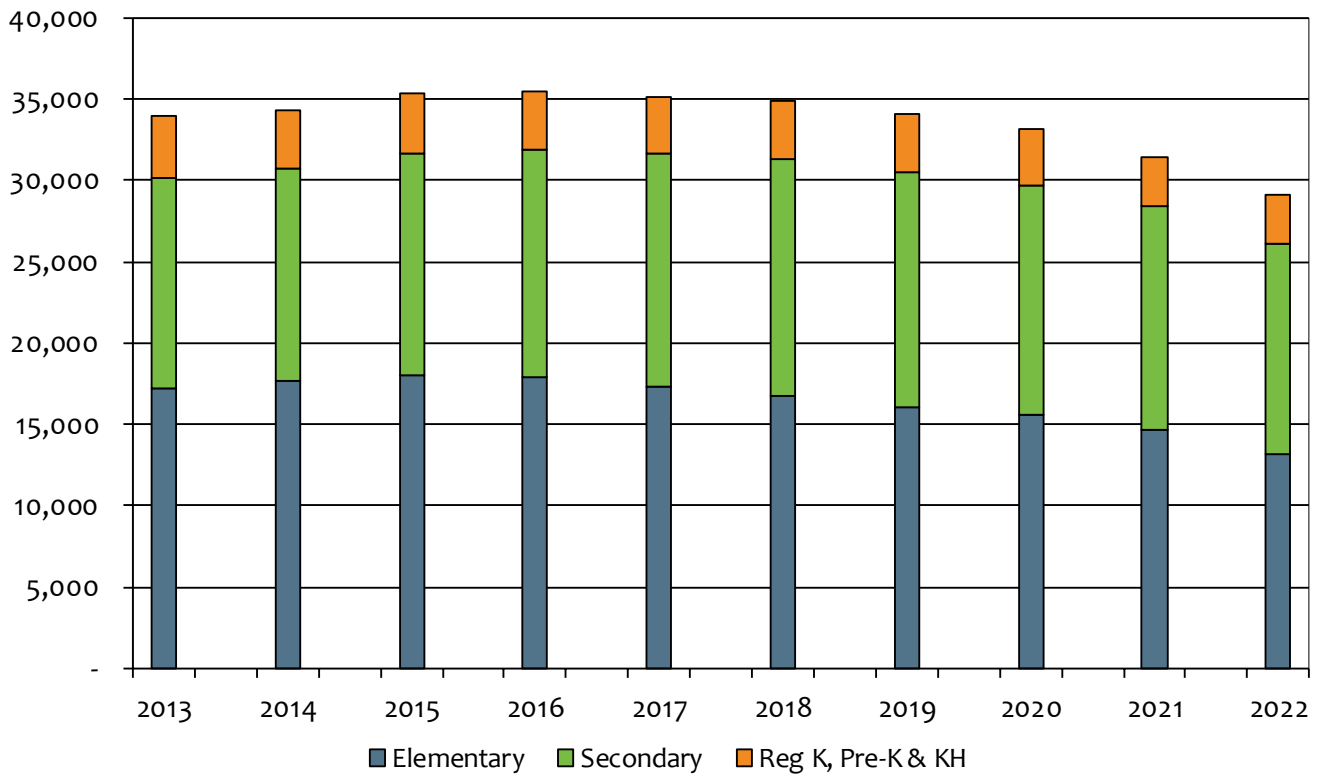
**Enrollment**

Enrollment is a critical factor in determining revenue. The following chart shows that the number of students has decreased over each of the past ten years. There was a decrease in enrollment over the last year of -7.38%.

**Table A-4  
Student Enrollment (Average Daily Membership)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Reg K, Pre-K & KH	3,789	3,582	3,682	3,587	3,516	3,556	3,508	3,540	3,010	2,980
Elementary	17,218	17,643	17,964	17,866	17,319	16,768	16,098	15,598	14,658	13,174
Secondary	12,985	13,086	13,740	14,019	14,311	14,517	14,444	14,064	13,726	12,923
Total students for aid	<u>33,992</u>	<u>34,311</u>	<u>35,386</u>	<u>35,472</u>	<u>35,146</u>	<u>34,841</u>	<u>34,050</u>	<u>33,202</u>	<u>31,394</u>	<u>29,077</u>
Percentage change		0.94%	3.13%	0.24%	-0.92%	-0.87%	-2.27%	-2.49%	-5.45%	-7.38%

**Figure A-3  
Student Enrollment  
(Average Daily Membership)**



**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**General Fund**

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12. Special Education serves students from birth to 21. The General Fund also includes pupil transportation activities and capital outlay projects. The following schedule presents a summary of General Fund Revenue.

**Table A-5  
General Fund Revenues**

	Year Ended June 30,		Increase (Decrease)	Percentage Change
	2022	2021		
Local sources				
Property taxes	\$ 140,964,153	\$ 144,092,501	\$ (3,128,348)	-2.17%
Earnings on investments	(691,454)	121,670	(813,124)	-668.30%
Other	10,560,122	13,174,349	(2,614,227)	-19.84%
State sources	371,678,222	387,675,107	(15,996,885)	-4.13%
Federal sources	120,482,318	58,628,646	61,853,672	105.50%
Sales and other conversion of assets	215,905	41,250	174,655	423.41%
<b>Total</b>	<b><u>\$ 643,209,266</u></b>	<b><u>\$ 603,733,523</u></b>	<b><u>\$ 39,475,743</u></b>	<b><u>6.54%</u></b>

General Fund revenue increased by \$39.5 million or 6.54% from the previous year.

Revenue increased in fiscal year 2022 primarily due to the District's use of Federal COVID relief funding that was awarded to the District. Funding for both state aid and property taxes declined compared to last fiscal year which are the District's two largest sources of revenue.

General Fund Revenue is received in three major categories. In summary, the three categories are:

1. State Education Finance Appropriations
  - A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
  - B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e., special education) or promote certain types of programs (i.e., career and technical aid).

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**General Fund (Continued)**

2. State Paid Property Tax Levies Credits

The largest share of the levy is from voter-approved levies: the excess operating referendum, which is also enrollment driven. Property tax credits reduce the amount of property taxes paid. To make up for this reduction, the state pays the difference between what was levied in property taxes and what is received in property taxes to school districts and other taxing districts.

3. Federal Sources

The largest source of federal funding normally are those received under the 1965 Elementary and Secondary Education Act as reauthorized as the Every Student Succeeds Act (ESSA) in December of 2015, replacing the No Child Left Behind Act (NCLB). It is one of the United States Federal Government's largest assistance programs for schools. However, the District received significant funding to support changes in operations due to the COVID-19 pandemic.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended June 30,		Increase (Decrease)	Percentage Change
	2022	2021		
Salaries	\$ 376,117,637	\$ 351,972,595	\$ 24,145,042	6.86%
Employee benefits	126,626,065	134,502,222	(7,876,157)	-5.86%
Purchased services	77,562,365	64,632,554	12,929,811	20.01%
Supplies and materials	29,637,623	27,849,590	1,788,033	6.42%
Capital expenditures	26,481,313	2,568,271	23,913,042	931.09%
Other expenditures	11,667,849	3,308,216	8,359,633	252.69%
<b>Total</b>	<b>\$ 648,092,852</b>	<b>\$ 584,833,448</b>	<b>\$ 63,259,404</b>	<b>10.82%</b>

Total General Fund expenditures increased by \$63.3 million or 10.8% from the previous year.

General Fund salaries and benefits increased \$16.2 million combined for the year primarily due to The District's spending of one-time COVID relief funds. The District's implementation of GASB 87 (lease accounting) caused an increase of \$23.9 million related to capital expenditures. The expenditures related to lease accounting are not implemented in the fiscal year 2021 column stated above.



**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**General Fund Budgetary Highlights**

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General, Food Service, Community Service, Debt Service, and Capital Projects funds. All annual unencumbered appropriations lapse at fiscal year-end.

In accordance with state statute, the Board of Education adopts the various fund budgets by June 30 of the preceding fiscal year. Over the course of the fiscal year, the Board adopts amendments to the budgets for reinstating prior-year unspent school and department budgets and increases in appropriations for significant unbudgeted costs. There were no amendments to the budget for the year ended June 30, 2022.

For the year ended June 30, 2022, General Fund Revenues of \$643.2 million were under budgeted revenues of \$653.9 million due to lower enrollment than anticipated. General Fund expenditures were under budget by \$7.4 million due to lower enrollment and vacant positions. Capital outlay was over budget by \$26.3 million and other financing sources were over budget by \$23.7 million due to the implementation of GASB 87 related to leases.

**Capital Project – Building Construction Fund**

The Capital Project – Building Construction Fund had expenditures exceeding revenue of approximately \$72.8 million. The Capital Project – Building Construction Fund issued long-term debt during the year with other financing sources of \$84.0 million. The Capital Project – Building Construction Fund had ended with a fund balance of \$249.7 million.

**Debt Service Fund**

The Debt Service Fund had expenditures exceeding revenue of approximately \$4.3 million. The Debt Service Fund had a prior period adjustment to increase fund balance by \$2.2 million. The Debt Service Fund balance ended with a fund balance of \$40.2 million.

**Other Non-Major Funds**

Expenditures exceeded revenue by about \$4.0 million in the Food Service Fund and resulted in a decrease to fund balance bringing the total fund balance to \$1.3 million. In the Community Service Fund, revenue exceeded expenditures by about \$111,000, resulting in an ending fund balance of about \$5.1 million. The Post-Employment Benefits Debt Services funds saw expenditures exceeding revenue by about \$400,000. The OPEB Debt Service Fund had a prior period adjustment to decrease fund balance by \$2.2 million. The OPEB Debt Service Fund ended the fiscal year with a fund balance \$0.

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2022, the District had invested approximately \$819 million (net of accumulated depreciation and amortization) in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation and amortization expense for the year totaled approximately \$42 million.

**Table A-7  
Capital Assets (Net of Depreciation/Amortization)**

	2022	2021	Percentage Change
Land and construction in progress	\$ 88,348,190	\$ 121,964,788	-27.56%
Other capital assets	729,380,317	664,394,882	9.78%
Lease assets	1,724,686	-	-
<b>Total</b>	<b>\$ 819,453,193</b>	<b>\$ 786,359,670</b>	<b>4.21%</b>

**Long-Term Debt**

By the end of 2022, the District had \$1.371.2 million in G.O. bonds and other long-term liabilities outstanding, a decrease of 15.8% from the prior year, as shown in Table A-8 (more information about the District's long-term liabilities is present in Note 5, Note 7, and Note 8).

**Table A-8  
Outstanding Long-Term Liabilities**

	2022	2021	Percentage Change
General obligation bonds	\$ 573,655,000	\$ 562,395,000	2.00%
Bond premium	106,861,987	90,870,567	17.60%
Certificates of participation payable	188,455,000	206,090,000	-8.56%
Notes from direct borrowing	15,129,168	-	N/A
Lease liability	1,778,071	-	N/A
Self insurance reserves and compensated absences	48,070,595	49,702,484	-3.28%
Net OPEB liability	36,179,541	41,038,595	-11.84%
Net Pension liability	401,024,785	677,898,494	-40.84%
<b>Total</b>	<b>\$ 1,371,154,147</b>	<b>\$ 1,627,995,140</b>	<b>-15.78%</b>

**Minneapolis Public Schools  
Special School District No. 1  
Management's Discussion and Analysis**

**Factors Bearing on the District's Future**

The general education program is the method by which school districts receive most of their financial support. The basic general education formula allowance for Minnesota school districts increased slightly in fiscal year 2022 to \$ 6,728 per pupil unit or 2.45% from the prior year. With significant union contracts, mandatory compliance cost, uncertain political environment and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

**Request For Information**

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. Additional details can be requested by mail at the following address:

Minneapolis Public Schools  
Finance Department  
1250 West Broadway Avenue  
Minneapolis, Minnesota 55411  
Or visit our website at <http://www.mpls.k12.mn.us>

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## **BASIC FINANCIAL STATEMENTS**

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Net Position  
June 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 552,361,407
Cash and investments held by trustee	32,138,776
Receivables	
Property taxes	118,915,400
Other governments	99,958,190
Accounts receivable	2,477,078
Lease receivable	203,276
Prepaid items	6,524,907
Inventory	1,630,871
Capital assets	
Land and construction in progress	88,348,190
Other capital asset, net of depreciation	729,380,318
Lease assets, net of amortization	1,724,686
Total assets	1,633,663,099
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to OPEB	3,735,051
Deferred outflows related to pensions	234,475,779
Total deferred outflows of resources	238,210,830
 Total assets and deferred outflows of resources:	 \$ 1,871,873,929
<b>Liabilities</b>	
Salaries and compensated absences payable	\$ 50,621,807
Accounts and contracts payable	23,090,913
Accrued interest	14,296,328
Due to other governmental units	1,573
Unearned revenue	2,443,429
Long-term liabilities	
Portion due within one year	81,711,224
Portion due in more than one year	1,289,442,923
Total liabilities	1,461,608,197
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenditures	210,282,495
Deferred charge on refunding	3,262,327
Deferred inflows related to leases	203,276
Deferred inflows related to OPEB	36,685,983
Deferred inflows related to pensions	791,770,778
Total deferred inflows of resources	1,042,204,859
<b>Net Position</b>	
Net investment in capital assets	180,023,633
Restricted for	
General Fund state-mandated reserves	17,698,879
Food service	1,385,256
Community service	5,207,752
Debt service	26,441,563
Unrestricted	(862,696,210)
Total net position	(631,939,127)
 Total liabilities, deferred inflows of resources, and net position	 \$ 1,871,873,929

See notes to basic financial statements.

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Activities  
Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 14,936,110	\$ 1,184,329	\$ 19,323,544	\$ -	\$ 5,571,763
District support services	48,857,105	-	3,780,763	-	(45,076,342)
Elementary and secondary regular instruction	251,618,186	876,636	35,678,672	-	(215,062,878)
Vocational education instruction	5,013,209	-	700,372	-	(4,312,837)
Special education instruction	103,577,983	2,844,067	77,591,425	-	(23,142,491)
Instructional support services	40,278,990	6,477	2,459,907	-	(37,812,606)
Pupil support services	78,666,331	129,550	76,590,375	-	(1,946,406)
Sites and buildings	69,871,966	4,257	1,406,022	11,000,000	(57,461,687)
Fiscal and other fixed cost programs	1,221,175	-	-	-	(1,221,175)
Food service	24,410,001	588,874	20,577,124	-	(3,244,003)
Community education and services	27,517,183	5,882,782	18,384,726	-	(3,249,675)
Interest and fiscal charges on long-term debt	27,457,019	-	-	-	(27,457,019)
<b>Total governmental activities</b>	<b><u>\$ 693,425,258</u></b>	<b><u>\$ 11,516,972</u></b>	<b><u>\$ 256,492,930</u></b>	<b><u>\$ 11,000,000</u></b>	<b>(414,415,356)</b>
General revenues					
Taxes					
Property taxes, levied for general purposes					140,428,013
Property taxes, levied for community service					5,409,069
Property taxes, levied for debt service					80,263,492
State aid not restricted to specific purposes					279,405,692
Earnings on investments					176,386
Total general revenues					<u>505,682,652</u>
Change in net position					91,267,296
Net position - beginning					<u>(723,206,423)</u>
Net position - ending					<u>\$ (631,939,127)</u>

**Minneapolis Public Schools  
Special School District No. 1  
Balance Sheet - Governmental Funds  
June 30, 2022**

	Major Funds				Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service	Other Nonmajor Funds	
<b>Assets</b>					
Cash and investments	\$ 153,196,716	\$ 255,932,860	\$ 52,852,567	\$ 7,234,505	\$ 469,216,648
Cash and investments held by trustee	-	-	31,482,150	-	31,482,150
Receivables					
Current property taxes receivable	68,822,853	-	45,858,076	2,790,502	117,471,431
Delinquent property taxes receivable	867,727	-	540,856	35,386	1,443,969
Due from other Minnesota school districts	-	-	-	510	510
Due from Minnesota Department of Education	37,531,565	-	1,138,952	1,806,514	40,477,031
Due from Federal Government					
through Minnesota Department of Education	50,533,855	-	-	4,073,235	54,607,090
Due from Federal Government received directly	2,498,993	-	-	303,608	2,802,601
Due from other governmental units	1,963,947	-	-	107,011	2,070,958
Accounts receivable	1,714,064	-	-	113,524	1,827,588
Lease receivable	203,276	-	-	-	203,276
Due from other funds	2,456,396	-	-	-	2,456,396
Prepaid items	5,169,676	681,551	-	-	5,851,227
Inventory	124,920	-	-	1,505,951	1,630,871
	<u>\$ 325,083,988</u>	<u>\$ 256,614,411</u>	<u>\$ 131,872,601</u>	<u>\$ 17,970,746</u>	<u>\$ 731,541,746</u>
<b>Liabilities</b>					
Salaries and compensated absences payable	\$ 45,617,108	\$ 33,456	\$ -	\$ 475,991	\$ 46,126,555
Payroll deductions and employer contributions payable	4,495,252	-	-	-	4,495,252
Accounts and contracts payable	13,988,537	6,868,963	-	1,810,427	22,667,927
Due to other governmental units	1,573	-	-	-	1,573
Due to other funds	-	-	-	2,456,396	2,456,396
Unearned revenue	1,349,727	-	-	1,093,702	2,443,429
Total liabilities	<u>65,452,197</u>	<u>6,902,419</u>	<u>-</u>	<u>5,836,516</u>	<u>78,191,132</u>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for subsequent year's expenditures	113,606,563	-	91,134,710	5,541,222	210,282,495
Deferred inflows of resources related to leases	203,276	-	-	-	203,276
Unavailable revenue - delinquent property taxes	867,727	-	540,856	35,386	1,443,969
Total deferred inflows of resources	<u>114,677,566</u>	<u>-</u>	<u>91,675,566</u>	<u>5,576,608</u>	<u>211,929,740</u>
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	5,169,676	681,551	-	-	5,851,227
Inventory	124,920	-	-	1,505,951	1,630,871
Restricted for					
Student activities	570,515	-	-	-	570,515
Graduation standards - gifted and talented	483,254	-	-	-	483,254
Operating capital	8,783,209	-	-	-	8,783,209
Long-term facilities maintenance	156,383	111,202,616	-	-	111,358,999
Contract alternative schools	1,164,265	-	-	-	1,164,265
Basic skills extended time	6,306,894	-	-	-	6,306,894
Community education programs	-	-	-	7,786	7,786
Early childhood and family educations programs	-	-	-	159,453	159,453
School readiness	-	-	-	961,509	961,509
Adult basic education	-	-	-	1,340,717	1,340,717
QSCB/QZAB	-	-	30,442,527	-	30,442,527
Building construction	-	137,827,825	-	-	137,827,825
Other purposes	234,359	-	9,754,508	2,702,901	12,691,768
Assigned	68,347,003	-	-	-	68,347,003
Unassigned	53,613,747	-	-	(120,695)	53,493,052
Total fund balances	<u>144,954,225</u>	<u>249,711,992</u>	<u>40,197,035</u>	<u>6,557,622</u>	<u>441,420,874</u>
	<u>\$ 325,083,988</u>	<u>\$ 256,614,411</u>	<u>\$ 131,872,601</u>	<u>\$ 17,970,746</u>	<u>\$ 731,541,746</u>
Total liabilities, deferred inflows of resources, and fund balances					

See notes to basic financial statements.



**Minneapolis Public Schools  
Special School District No. 1  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position  
June 30, 2022**

Total fund balances - governmental funds \$ 441,420,874

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Land	35,446,301
Construction in progress	52,901,889
Buildings and improvements, net of accumulated depreciation	704,920,326
Equipment, net of accumulated depreciation	24,459,992
Lease building, net of accumulated amortization	1,696,964
Lease equipment, net of accumulated amortization	27,722

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(573,655,000)
Unamortized bond premiums and discounts	(106,861,987)
Notes from direct borrowing - finance purchase agreement	(15,129,168)
Lease liability	(1,778,071)
Certificate of participation payable	(188,455,000)
Net other post employment benefit liability	(36,179,541)
Net pension liability	(401,024,785)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions, OPEB, and debt that are not recognized in the governmental funds.

Deferred outflows related to pensions	234,475,779
Deferred inflows related to pensions	(791,770,778)
Deferred outflows related to OPEB	3,735,051
Deferred inflows related to OPEB	(36,685,983)
Deferred charge on refunding	(3,262,327)

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable. (14,296,328)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 1,443,969

Internal service funds are used by management to charge the cost of workers compensation and general liability insurance to individual funds, as well as severance benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

Internal service fund net position	36,630,974
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Total net position - governmental activities \$ (631,939,127)

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2022**

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
<b>Revenues</b>					
Local sources					
Property taxes	\$ 140,964,153	\$ -	\$ 78,199,539	\$ 7,784,581	\$ 226,948,273
Earnings on investments	(691,454)	596,398	(1,928,591)	(66,354)	(2,090,001)
Other	10,560,122	700	-	6,414,976	16,975,798
Revenue from state sources	371,678,222	-	11,368,083	13,653,626	396,699,931
Revenue from federal sources	120,482,318	-	1,593,958	24,823,054	146,899,330
Sales and other conversion of assets	215,905	-	-	588,875	804,780
Total revenues	<u>643,209,266</u>	<u>597,098</u>	<u>89,232,989</u>	<u>53,198,758</u>	<u>786,238,111</u>
<b>Expenditures</b>					
Current					
Administration	16,954,667	-	-	-	16,954,667
District support services	30,826,898	-	-	-	30,826,898
Elementary and secondary regular instruction	274,310,418	-	-	-	274,310,418
Vocational education instruction	5,476,323	-	-	-	5,476,323
Special education instruction	117,840,105	-	-	-	117,840,105
Instructional support services	44,617,199	-	-	-	44,617,199
Pupil support services	83,826,106	-	-	-	83,826,106
Sites and buildings	38,970,766	34,867,414	-	-	73,838,180
Fiscal and other fixed cost programs	1,221,175	-	-	-	1,221,175
Food service	-	-	-	25,151,830	25,151,830
Community education and services	71,406	-	-	29,585,682	29,657,088
Capital outlay					
District support services	20,907,764	-	-	-	20,907,764
Elementary and secondary regular instruction	451,231	-	-	-	451,231
Vocational education instruction	118,151	-	-	-	118,151
Special education instruction	83,032	-	-	-	83,032
Instructional support services	313,778	-	-	-	313,778
Pupil support services	1,251	-	-	-	1,251
Sites and buildings	4,533,632	37,238,028	-	-	41,771,660
Food service	-	-	-	71,668	71,668
Community education and services	-	-	-	3,873	3,873
Debt service					
Principal	6,510,337	784,430	60,350,000	2,220,000	69,864,767
Interest and fiscal charges	1,058,613	483,727	33,837,130	44,400	35,423,870
Total expenditures	<u>648,092,852</u>	<u>73,373,599</u>	<u>94,187,130</u>	<u>57,077,453</u>	<u>872,731,034</u>
Excess of revenues over (under) expenditures	(4,883,586)	(72,776,501)	(4,954,141)	(3,878,695)	(86,492,923)
<b>Other Financing Sources (Uses)</b>					
Insurance recovery	56,162	-	-	-	56,162
Bond issuance	-	55,874,618	59,405,382	-	115,280,000
Bond premium	-	27,638,692	-	-	27,638,692
Lease issuance	23,707,892	494,114	-	-	24,202,006
Payment to refunded bond escrow agent	-	-	(59,085,000)	-	(59,085,000)
Transfers in	-	-	470,867	-	470,867
Transfers out	-	-	-	(470,867)	(470,867)
Total other financing sources (uses)	<u>23,764,054</u>	<u>84,007,424</u>	<u>791,249</u>	<u>(470,867)</u>	<u>108,091,860</u>
Net change in fund balances	18,880,468	11,230,923	(4,162,892)	(4,349,562)	21,598,937
<b>Fund Balances</b>					
Beginning of year, as previously stated	<u>126,073,757</u>	<u>238,481,069</u>	<u>42,097,027</u>	<u>13,170,084</u>	<u>419,821,937</u>
Prior period adjustment (Note 12)	-	-	2,262,900	(2,262,900)	-
Beginning of year, restated	<u>126,073,757</u>	<u>238,481,069</u>	<u>44,359,927</u>	<u>10,907,184</u>	<u>419,821,937</u>
End of year	<u>\$ 144,954,225</u>	<u>\$ 249,711,992</u>	<u>\$ 40,197,035</u>	<u>\$ 6,557,622</u>	<u>\$ 441,420,874</u>

See notes to basic financial statements.

**Minneapolis Public Schools  
Special School District No. 1  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2022**

Net change in fund balances - total governmental funds \$ 21,598,937

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital asset additions	50,894,051
Lease/finance purchase agreement issuance	24,202,006
Depreciation expense	(41,563,556)
Amortization expense	(438,977)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of discounts and premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bond proceeds	(83,680,000)
Long-term facility maintenance proceeds	(31,600,000)
Notes from direct borrowing proceeds	(24,202,006)
Bond premium	(27,638,692)
Repayment of certificates of participation payable	17,635,000
Finance purchase agreements principal payments	6,909,175
Lease principal payments	385,592
Repayment of bond principal	44,935,000
Refunding payment to bond escrow agent	59,085,000
Change in accrued interest expense	(892,058)
Amortization of bond premiums and discounts	11,647,272
Amortization of deferred charge on refunding	(2,788,363)

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities. (2,673,479)

Net other post employment benefit liabilities are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. 382,914

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective. 69,917,179

Pension expense

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. (847,699)

Change in net position - governmental activities \$ 91,267,296

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Local property taxes	\$ 138,919,646	\$ 138,919,646	\$ 140,964,153	\$ 2,044,507
Earnings on investments	3,000,000	3,000,000	(691,454)	(3,691,454)
Other local and county revenues	11,816,192	11,816,192	10,560,122	(1,256,070)
Revenue from state sources	378,508,841	378,508,841	371,678,222	(6,830,619)
Revenue from federal sources	121,677,520	121,677,520	120,482,318	(1,195,202)
Sales and other conversion of assets	-	-	215,905	215,905
Total revenues	<u>653,922,199</u>	<u>653,922,199</u>	<u>643,209,266</u>	<u>(10,712,933)</u>
<b>Expenditures</b>				
Current				
Administration	33,629,575	33,629,575	16,954,667	(16,674,908)
District support services	50,467,628	50,467,628	30,826,898	(19,640,730)
Elementary and secondary regular instruction	275,114,280	275,114,280	274,310,418	(803,862)
Vocational education instruction	5,604,319	5,604,319	5,476,323	(127,996)
Special education instruction	123,625,323	123,625,323	117,840,105	(5,785,218)
Instructional support services	41,702,241	41,702,241	44,617,199	2,914,958
Pupil support services	83,837,006	83,837,006	83,826,106	(10,900)
Sites and buildings	40,090,792	40,090,792	38,970,766	(1,120,026)
Fiscal and other fixed cost programs	1,270,000	1,270,000	1,221,175	(48,825)
Community education and services	92,522	92,522	71,406	(21,116)
Capital outlay				
District support services	-	-	20,907,764	20,907,764
Elementary and secondary regular instruction	14,000	14,000	451,231	437,231
Vocational education instruction	-	-	118,151	118,151
Special education instruction	-	-	83,032	83,032
Instructional support services	19,600	19,600	313,778	294,178
Pupil support services	-	-	1,251	1,251
Sites and buildings	41,382	41,382	4,533,632	4,492,250
<b>Debt service</b>				
Principal	-	-	6,510,337	6,510,337
Interest and fiscal charges	-	-	1,058,613	1,058,613
Total expenditures	<u>655,508,668</u>	<u>655,508,668</u>	<u>648,092,852</u>	<u>(7,415,816)</u>
Excess of revenues over (under) expenditures	<u>\$ (1,586,469)</u>	<u>\$ (1,586,469)</u>	(4,883,586)	<u>\$ (3,297,117)</u>
<b>Other Financing Sources</b>				
Lease issuance	-	-	23,707,892	23,707,892
Net change in fund balance	<u>\$ (1,586,469)</u>	<u>\$ (1,586,469)</u>	18,880,468	<u>\$ 20,466,937</u>
<b>Fund Balance</b>				
Beginning of year			126,073,757	
End of year			<u>\$ 144,954,225</u>	

See notes to basic financial statements.

**Minneapolis Public Schools  
Special District No. 1  
Statement of Net Position - Proprietary Fund  
Internal Service Fund  
June 30, 2022**

**Assets**

Current assets		
Cash and cash equivalents	\$	83,144,759
Cash with fiscal agent		656,626
Accounts receivable		614,854
Interest receivable		34,636
Prepaid items		673,680
		673,680
Total assets	\$	85,124,555

**Liabilities**

Current liabilities		
Accounts payable	\$	422,986
Accrued severance		3,338,971
Loss and loss adjustment reserves		
Workers' compensation		2,230,167
Incurred but not reported reserves		
Accrued health insurance benefits		5,183,219
Total current liabilities		11,175,343

Noncurrent liabilities

Loss and loss adjustment reserves		
Workers' compensation		3,345,251
Incurred but not reported reserves		
Workers' compensation		3,345,251
Property/casualty		577,000
Accrued severance		30,050,736
Total noncurrent liabilities		37,318,238

Total liabilities	\$	48,493,581
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**Net Position**

Unrestricted	\$	36,630,974
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**Minneapolis Public Schools  
Special District No. 1  
Statement of Revenues, Expenses, and Change in Fund  
Net Position - Proprietary Fund  
Internal Service Fund  
Year Ended June 30, 2022**

<b>Operating Revenue</b>	
Local sources - charges for services	<u>\$ 62,171,443</u>
<b>Operating Expenses</b>	
Claims administration	3,549,496
Workers compensation and other benefits	4,970,034
Self-insured medical benefits	58,044,284
Severance	547,495
Total operating expenses	<u>67,111,309</u>
Operating income	(4,939,866)
<b>Nonoperating Revenue</b>	
Earnings on investments	<u>2,266,387</u>
Change in net position	(2,673,479)
<b>Net Position</b>	
Beginning of year	<u>39,304,453</u>
End of year	<u>\$ 36,630,974</u>

**Minneapolis Public Schools  
Special District No. 1  
Statement of Cash Flows - Proprietary Fund  
Internal Service Fund  
June 30, 2022**

<b>Cash Flows - Operating Activities</b>	
Receipts from premiums	\$ 61,965,153
Claims administration	(3,101,741)
Claims and severance benefits paid	<u>(65,437,662)</u>
Net cash flows - operating activities	(6,574,250)
 <b>Cash Flows - Investing Activities</b>	
Investment earnings	<u>2,231,751</u>
Net change in cash and cash equivalents	(4,342,499)
 <b>Cash and Cash Equivalents (Including Cash with Fiscal Agent)</b>	
Beginning of year	<u>88,143,884</u>
End of year	<u><u>\$ 83,801,385</u></u>
 <b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Flows - Operating Activities</b>	
Operating loss	\$ (4,939,866)
Adjustments to reconcile operating loss to net cash flows - operating activities	
Accounts payable	447,755
Prepaid insurance	(243,960)
Accounts receivable	(206,290)
Loss and loss adjustment reserves	(1,535,857)
Accrued health insurance benefits	1,733,617
Accrued compensated absences	<u>(1,829,649)</u>
Net adjustments	<u>(1,634,384)</u>
Net cash flows - operating activities	<u><u>\$ (6,574,250)</u></u>

**Minneapolis Public Schools  
Special School District No. 1  
Statement of Fiduciary Net Position  
June 30, 2022**

	Other Post Employment Benefits Irrevocable Trust Fund
<b>Assets</b>	
Current	
Cash and investments	<u>\$ 22,957,606</u>
<b>Net Position Restricted for Postemployment Benefits Other than Pensions</b>	<u>\$ 22,957,606</u>

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

	Other Post Employment Benefits Irrevocable Trust Fund
<b>Additions</b>	
Investment income	<u>\$ (3,546,416)</u>
Change in net position	(3,546,416)
<b>Net Position Restricted for Postemployment Benefits Other than Pensions</b>	
Beginning of year	<u>26,504,022</u>
End of year	<u>\$ 22,957,606</u>



**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**A. Basis of Presentation**

The basic financial statements of Minneapolis Public Schools Special School District No. 1 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

Minneapolis Public Schools Special School District No. 1 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's basic financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's basic financial statements are to include all component units – entities for which the District is financially accountable. The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of service performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District. The District has no component units.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these basic financial statements. As of July 1, 2019, these accounts have been taken under board control and will not be reported separately.

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary fund. The fiduciary fund is only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

As of July 1, 2019, the student activity accounts of the District are under board control and are reported in the General Fund.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**C. Basic Financial Statement Presentation**

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 items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Separate fund financial statements are provided for the governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: Other Post Employment Benefits (OPEB) Irrevocable Trust Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the basic financial statement of the internal service fund is 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 non-operating 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 fund is charges for service in the form of insurance premiums and early retirement incentive costs. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. 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. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and GAAP. *Minnesota Statutes* include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

**2. Recording of Expenditures**

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates. Compensated absences and claims and judgments are recognized when payment is due.

The District reports unearned revenue on its balance sheet and government-wide Statement of Net Position. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when the District has a legal claim to the resources, the unearned revenue is removed and revenue is recognized.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds:**

The existence of the various District funds has been established by the Minnesota Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report are as follows:

Major Governmental Funds:

General Fund – This fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Capital Projects Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities. The fund was established for building construction activity authorized by specific voter-approved bond issues and for large-scale construction activity authorized by the Board under provisions of state law. Revenues are from property taxes restricted for property maintenance and bond proceeds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond debt service except for refunding bond issues, for which a separate refunding bond trust account has been established. Revenues included in this fund are state and federal aid and property taxes.

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures. Revenues recorded in this fund include charges for meals along with state and federal reimbursement for meals.

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, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues included in this fund include property taxes restricted for Community Service purposes and tuition and fees charged for Community Education along with state and federal aid.

Post Employment Benefits Debt Service – This fund is used to account for the accumulation of resources for and payment of MERF bonds used to finance the District's obligation related to this now defunct pension plan.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds: (Continued)**

Proprietary Fund:

Internal Service Fund – This fund accounts 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 Fund has two main purposes:

1. Self-insurance activities for property, liability, health, and workers' compensation risks.
2. Accumulate and record the liability for accrued compensated absences (severance and vacation).

Fiduciary Fund:

The District has established an OPEB Irrevocable Trust Fund for other post employment benefit payments.

**E. Budgeting**

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Debt Service, and Capital Projects Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

The District employs the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of applicable appropriation. All unencumbered appropriations lapse at fiscal year-end. Encumbrances are generally re-appropriated in the ensuing year's budget.

Procedurally, in establishing the budgetary data reflected in these basic financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

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.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**E. Budgeting (Continued)**

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain reserves specified in *Minnesota Statutes*, exceeding a negative 2.5% of operating expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

**F. Cash and Investments**

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following pages.

**District Governmental Funds**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and investment balances from all funds, with the exception of the investments related to the OPEB Irrevocable Trust Fund, are combined, and invested to the extent available in various securities as authorized by *Minnesota Statutes*. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee can be used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow account.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

Cash and investments at June 30, 2022, were comprised of deposits, negotiable certificates of deposit, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), government securities, FHLB, FHLMC, FNMA, and money market funds.

*Minnesota Statutes* require all deposits be protected by federal deposit insurance corporate surety bond or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**F. Cash and Investments (Continued)**

**District Governmental Funds (Continued)**

*Minnesota Statutes* authorize the District to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14 day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

**OPEB Irrevocable Trust Fund**

These funds represent investments administered by the District's OPEB Irrevocable Trust Fund investment managers. As of June 30, 2022, they were comprised of mutual funds. The District's investment policy extends to the OPEB Irrevocable Trust Fund investments.

*Minnesota Statutes* authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days, and in the State Board of Investments. Investments are stated at fair value.

**G. Accounts Receivable**

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

**H. Inventory**

Inventory is recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on weighted average cost method, along with processing costs, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

**J. Property Taxes**

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County is the collecting agency for the levy and remits the collections to the District three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represent uncollected taxes for the past six years, and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2021, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2022. The remaining portion of the levy will be recognized when measurable and available.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. A deferred outflows of resources related to pensions is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.



**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**K. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has five types of items which qualify for reporting in this category. The first item, 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. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is 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. The third item is a deferred charge on refunding and is reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth item is a deferred inflows of resources related to pensions and is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. The fifth item is deferred inflows of resources related to OPEB for various estimate differences related to this liability that will be amortized and recognized in future years.

**L. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District records all asset purchases in a capital asset group if the purchase is equal or greater than approximately \$5,000 for all equipment. All vehicles and land are capitalized if greater than \$5,000 and all building and site improvements are capitalized if greater than \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation or amortization purposes. The District's capital assets have estimated useful lives as listed on the following page.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**L. Capital Assets (Continued)**

<u>Asset</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Equipment	10 years
Vehicles	8 years
Computers	5 years

Capital assets not being depreciated include land and construction in process.

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

**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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. Compensated Absences**

The District's employee vacation and sick leave policies grant to certain groups of employees, if certain conditions are met (see Note 10), a specific number of days of vacation with pay and payment for unused sick leave upon retirement. On June 30, 1998, the District established an internal service fund to accrue for and fund the liability for vacation earned and not yet taken, vested sick pay, salary-related payments, and retiree health insurance benefits due to certain active and retired employees.

Significant assumptions made in estimating the District's severance liability are as follows: (1) annual salary increases of 3.5% annually, and (2) discount rate of 3.25%.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**O. Pensions**

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 PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer 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.

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 TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

**P. Risk Management**

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 injuries to employees for which the District carries commercial insurance and is self-insured for some risks as indicated in Note 9. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2022.

**Q. Restricted Assets**

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these basic financial statements are labeled "Cash and Investments Held by Trustee".

**R. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**S. Fund Balance**

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 Fund Balances – Portions of fund balance related to prepaids, inventory, long-term receivables, and corpus on any permanent fund.

Restricted Fund Balances – These funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

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

**S. Fund Balance (Continued)**

Committed Fund Balances – These funds are established and modified by a resolution approved by the Board of Education.

Assigned Fund Balances – These consist of internally imposed constraints. The Board of Education policy authorized the Superintendent and Superintendent's administration to assign fund balances and their intended uses.

Unassigned Fund Balances – These funds are the residual classification for the general fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of no less than 8% of the estimated General Fund expenditures for the following year.

**T. Use of Estimates**

The preparation of basic 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**U. Postemployment Benefits Other than Pensions (OPEB) – Trust Fund**

Information about the fiduciary net position of the District 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, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and the Balance Sheet as "Cash and Investments." In accordance with *Minnesota Statutes*, the District maintains deposits at financial institutions which are authorized by the District's Board.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits**

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits. *Minnesota Statutes* require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of June 30, 2022, the District's deposits with a bank balance of \$1,102,804 were not exposed to custodial credit risk because the balances were fully insured by FDIC or secured by pledged collateral or letters of credit.

As of June 30, 2022, the book value of the District's deposits is \$896,365.

**B. Investments**

**Investment Policy**

In accordance with the *Minnesota Statutes* Chapter 118A and other applicable law, including regulations, the District's investment policy permits making deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in the State of Minnesota. The District is allowed to invest in U.S. Treasury or Federal Agency obligations, commercial paper rated "A-1" or higher and that matures in 270 days or less at the time of purchase, collateralized certificates of deposit, repurchase agreements backed by government collateral, and bankers' acceptances of the top 40 U.S. banks.

The District's investment policy establishes limitations on the holdings on non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

U.S. Treasury/U.S. Government Agencies	100% Maximum
Domestic Commercial Paper ("A-1"/"P-1")	100% Maximum
Collateralized Investment Agreements	100% Maximum
Eligible Bankers' Acceptances	30% Maximum
Repurchase Agreements	25% Maximum
Collateralized Certificates of Deposit	30% Maximum

The District's investment policy with regards to its deposits and investments are in accordance with statutory authority.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Concentration of Credit Risk**

This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than \$5,000,000 of the District's portfolio will be invested in the securities of any single commercial paper issuer.

**Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. GASB 40 requires disclosure of all uninsured investment securities purchased by the District or held as collateral on deposits or investments that are not registered in the name of the Minneapolis Public Schools, and held by the counterparty to the investment transactions. The District's investments held by one broker-dealer were insured by SIPC or other supplemental insurance as of June 30, 2022. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the District's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the District's portfolio is unknown.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Interest Rate Risk**

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's investment policy states that investments shall be managed in a manner to attain a market rate of return through various economic and budgetary cycles, taking into account constraints on risk and other criteria requirements. As of June 30, 2022, the market values, duration, and percent allocation of the District's investments were as listed below.

Investment Type	Fair Value	Weighted Average Maturities (in Years)	Percent Allocation	Credit Rating
<b>Pooled</b>				
MSDLAF+ Liquid Class	\$ 38,551,067	N/A	7.44%	AAAm
MSDLAF+ Max Class	343,499,985	N/A	66.28%	AAAm
Federal Home Loan Bank (FHLB)	979,255	0.31	0.19%	AA+
Federal Farm Credit Bank (FFCB)	2,354,740	0.49	0.45%	AA+
U.S. Treasury Securities	43,446,406	1.10	8.38%	N/A
Fannie Mae	2,561,841	0.64	0.49%	AA+
Freddie Mac		0.00	0.00%	AA+
Mortgage Backed Securities	2,923,559	1.56	0.56%	AA+
Commercial Paper Pool	72,399,224	N/A	13.97%	N/A
Commercial Paper	11,622,380	0.26	2.24%	A-1
Total pooled investments	<u>518,338,457</u>		<u>100.00%</u>	
<b>Non-pooled</b>				
Cash with fiscal agent				
Cash held by trustee	1,696,249	N/A	5.28%	N/A
U.S. Treasury Securities	<u>30,442,527</u>	3.38	<u>94.72%</u>	N/A
Total cash with fiscal agent	<u>32,138,776</u>		<u>100.00%</u>	
Health insurance				
Cash/money market	<u>33,126,585</u>	NA	<u>100.00%</u>	N/A
Total Health Insurance Trust	<u>33,126,585</u>		<u>100.00%</u>	
OPEB Trust Fund				
Mutual Funds	22,900,426	N/A	99.77%	N/A
Cash/Money Market Funds	<u>57,180</u>	N/A	<u>23.00%</u>	N/A
Total OPEB Trust Fund	<u>22,957,606</u>		<u>100.00%</u>	
Total non-pooled investments	<u>88,222,967</u>			
Total investments	<u>\$ 606,561,424</u>			

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The District has the following recurring fair value measurements as of June 30, 2022:

- Pooled investments of \$43,446,406 are valued using Level 1 inputs
- Pooled investments of \$92,840,999 are valued using Level 2 inputs
- Nonpooled OPEB investments of \$22,900,426 are valued using a matrix pricing model (Level 2 inputs)

**C. Deposits and Investments**

The following is a summary of total deposits and investments:

Deposits (Note 2.A.)	\$ 896,365
Investments - pooled (Note 2.B.)	518,338,457
Investments - non-pooled (Note 2.B.)	<u>88,222,967</u>
Total deposits and investments	<u><u>\$ 607,457,789</u></u>

Deposits and investments are presented in the June 30, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 552,361,407
Cash and investments held by trustee	32,138,776
Statement of Fiduciary Net Position	
Cash and investments	<u>22,957,606</u>
Total deposits and investments	<u><u>\$ 607,457,789</u></u>



**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 3 – INTERFUND ACTIVITY**

**A. Due To/Due From Other Funds**

As of June 30, 2022, the following amounts were due to/due from other funds:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 2,456,396	\$ -
Food Service Fund	-	2,456,396
Total	\$ 2,456,396	\$ 2,456,396

The amount due to/from of 2,456,396 is to cover a deficit cash balance in the Food Service Fund, this was covered using the General Fund.

**B. Interfund Transfers**

The Post-Employment Benefits Debt Service Fund transferred \$470,867 to the Debt Service Fund to close out the Post-Employment Benefits Debt Service Fund after debt had been fully paid off.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Change in Accounting Principle	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 35,446,301	\$ -	\$ -	\$ -	\$ 35,446,301
Construction in progress	86,518,487	-	51,471,004	85,087,602	52,901,889
Total capital assets not being depreciated	<u>121,964,788</u>	<u>-</u>	<u>51,471,004</u>	<u>85,087,602</u>	<u>88,348,190</u>
Capital assets being depreciated					
Buildings	1,350,704,505	-	84,209,528	-	1,434,914,033
Machinery and equipment	51,801,224	15,965,094	6,374,369	-	74,140,687
Total capital assets being depreciated	<u>1,402,505,729</u>	<u>15,965,094</u>	<u>90,583,897</u>	<u>-</u>	<u>1,509,054,720</u>
Less accumulated depreciation for					
Buildings	696,159,795	-	33,833,912	-	729,993,707
Machinery and equipment	41,951,052	-	7,729,644	-	49,680,696
Total accumulated depreciation	<u>738,110,847</u>	<u>-</u>	<u>41,563,556</u>	<u>-</u>	<u>779,674,403</u>
Total capital assets being depreciated, net	<u>664,394,882</u>	<u>15,965,094</u>	<u>49,020,341</u>	<u>-</u>	<u>729,380,317</u>
Governmental activities, capital assets net	<u>\$ 786,359,670</u>	<u>\$ 15,965,094</u>	<u>\$ 100,491,345</u>	<u>\$ 85,087,602</u>	<u>\$ 817,728,507</u>

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Change in Accounting Principle	Increases	Decreases	Ending Balance
Governmental Activities					
GASB 87, Being Ammortized:					
GASB 87 Intangible Assets	\$ -	\$ 2,163,663	\$ -	\$ -	\$ 2,163,663
Accumulated Amortization:					
GASB 87 Intangible Assets	-	-	438,977	-	438,977
Total Capital Assets, Being Amortized, Net	-	2,163,663	(438,977)	-	1,724,686
Governmental Activities Capital Assets, Net	\$ -	\$ 2,163,663	\$ (438,977)	\$ -	\$ 1,724,686

Depreciation and amortization expense of \$42,002,533 for the year ended June 30, 2022, was charged to the following governmental functions:

Administration	\$ 77,660
District support services	5,946,653
Regular instruction	8,823,729
Vocational education instruction	45,746
Special education instruction	226,017
Community education	30,376
Instructional support services	26,066
Pupil support services	939,746
Food service	195,006
Sites and buildings	25,691,534
 Total depreciation and amortization expense, governmental activities	 <u>\$ 42,002,533</u>

**NOTE 5 – LONG-TERM LIABILITIES**

The District has issued general obligation school building bonds, alternative facilities bonds, and long-term facilities maintenance bonds to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds and loans. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)**

**A. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. bonds, including refunding bonds						
	12/15/09	1.15%	\$ 17,200,000	12/15/2025	\$ 17,200,000	\$ -
	12/28/10	5.13%	19,785,000	12/15/2025	19,785,000	-
	12/01/11	3.80%	4,260,000	12/15/2025	4,260,000	-
	12/23/14	2.00%-3.00%	21,840,000	2/1/2030	9,295,000	1,595,000
	12/23/14	3.00%-4.00%	45,270,000	2/1/2030	27,220,000	3,035,000
	12/23/14	2.00%-5.00%	11,300,000	2/1/2023	1,660,000	1,660,000
	12/29/15	2.34%	21,275,000	2/1/2031	10,440,000	1,385,000
	12/29/15	2.51%	34,755,000	2/1/2031	23,180,000	2,230,000
	12/29/15	1.69%	10,830,000	2/1/2024	3,150,000	1,535,000
	12/22/16	5.00%	41,905,000	2/1/2037	30,090,000	2,220,000
	12/22/16	4.00%-5.00%	51,910,000	2/1/2035	42,175,000	2,380,000
	12/06/17	4.00%-5.00%	28,895,000	2/1/2033	17,990,000	3,130,000
	12/06/17	4.00%-5.00%	51,565,000	2/1/2038	41,475,000	2,590,000
	12/01/18	4.00%-5.00%	40,395,000	2/1/2039	30,660,000	3,685,000
	12/01/18	4.00%-5.00%	51,275,000	2/1/2038	46,325,000	1,960,000
	12/01/19	5.00%	42,735,000	2/1/2040	35,490,000	4,020,000
	12/01/19	5.00%	29,385,000	2/1/2038	27,360,000	1,170,000
	12/01/19	5.00%	5,385,000	2/1/2027	3,385,000	615,000
	12/29/20	4.00%-5.00%	46,785,000	2/1/2041	43,390,000	3,775,000
	12/29/20	1.00%-5.00%	26,140,000	2/1/2041	25,395,000	880,000
	07/14/21	5.00%	18,725,000	2/1/2033	17,175,000	1,210,000
	12/30/21	5.00%	35,895,000	2/1/2042	35,895,000	3,750,000
	12/30/21	5.00%	31,600,000	2/1/2042	31,600,000	1,270,000
	12/30/21	5.00%	<u>29,060,000</u>	2/1/2034	<u>29,060,000</u>	<u>2,315,000</u>
Total			<u>718,170,000</u>		<u>573,655,000</u>	<u>46,410,000</u>
Certificates of participation						
	12/01/11	6.50%	19,705,000	2/1/2023	2,060,000	2,060,000
	12/23/14	1.40-6.5%	125,570,000	2/1/2030	79,130,000	8,300,000
	12/29/15	2.00-3.20%	44,475,000	2/1/2031	29,080,000	2,860,000
	12/22/16	5.00%	22,025,000	2/1/2032	16,935,000	1,345,000
	12/06/17	4.00-5.00%	38,565,000	2/1/2033	30,895,000	2,235,000
	12/01/19	2.67%	6,715,000	2/1/2035	6,100,000	350,000
	09/29/20	5.00%	<u>26,055,000</u>	4/1/2036	<u>24,255,000</u>	<u>1,265,000</u>
Total			<u>283,110,000</u>		<u>188,455,000</u>	<u>18,415,000</u>
Bond premium					106,861,987	-
Notes from direct borrowing					15,129,168	5,731,007
Lease liability					1,778,071	402,860
Self insurance liability and compensated absences					<u>48,070,595</u>	<u>10,752,357</u>
Total long-term liabilities					<u>\$ 933,949,821</u>	<u>\$ 81,711,224</u>

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)**

**B. Minimum Debt Payments**

**C. Description of Long-Term Liabilities**

*General Obligation Bonds and Certifications of Participation*

Year Ending June 30,	Certificates of Participation		G.O. Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 18,415,000	\$ 8,050,220	\$ 46,410,000	\$ 26,282,584
2024	17,120,000	7,223,750	45,550,000	23,661,361
2025	17,865,000	6,473,650	44,375,000	21,515,061
2026	18,700,000	5,641,100	84,715,000	18,744,931
2027	19,570,000	4,768,700	41,060,000	16,059,900
2028-2032	83,280,000	10,633,500	161,765,000	55,506,800
2033-2037	13,505,000	698,800	107,270,000	22,926,150
2038-2042	-	-	42,510,000	4,425,050
Total	<u>\$ 188,455,000</u>	<u>\$ 43,489,720</u>	<u>\$ 573,655,000</u>	<u>\$ 189,121,837</u>

On July 14, 2021, the District issued \$18,725,000 of General Obligation Refunding Bonds, Series 2021A. The proceeds of this issue were deposited into the Debt Service Fund and to refund, in advance of their stated maturities, the remaining fiscal 2022 through 2033 maturities of the District's General Obligation Bonds series 2012A, totaling \$11,810,000 and Alt Facilities Bond 2012B totaling \$11,615,000. After the current refunding, the district assumes full debt service of the principal and interest payments on the 2021A issue. The refunding reduced the district's total future debt service payments for the series of bonds by \$1,273,430 and resulted in a present value savings of approximately \$1,222,925.

On December 30, 2021, the District issued \$35,895,000 of General Obligation School Building Bonds, Series 2021B. The proceeds of this bond will be used for the funding of various capital improvements and equipment, and to pay the costs associated with the issuance of the series 2021B Bond

On December 30, 2021, the District issued \$31,600,000 of General Obligation Long-Term Facilities Maintenance Bonds, Series 2021C. The proceeds of this bond will be used to provide funds for repair and facility projects at selected school sites throughout the district, and to pay the costs associated with the issuance of the series 2021C Bonds.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)**

**C. Description of Long-Term Liabilities (Continued)**

On December 30, 2021, the District issued \$29,060,000 of General Obligation Refunding Bonds, Series 2021D. The proceeds of this issue were deposited into the Debt Service Fund and to refund, in advance of their stated maturities, the remaining fiscal 2022 through 2029 and 2022 through 2034 maturities of the District's General Obligation Bonds series 2013A, totaling \$7,600,000 and Alt Facilities Bond 2013B totaling \$21,460,000. After the current refunding, the district assumes full debt service of the principal and interest payments on the 2021D issue. The refunding reduced the district's total future debt service payments for the series of bonds by \$6,243,631 and resulted in a present value savings of approximately \$5,901,904.

*Leases and Notes from Direct Borrowing*

Year Ending June 30,	Notes from direct borrowing		Lease Liability	
	Principal	Interest	Principal	Interest
2023	\$ 5,731,007	\$ 734,873	\$ 402,860	\$ 79,620
2024	5,446,319	455,402	388,042	59,979
2025	3,215,961	189,176	409,852	40,019
2026	735,881	33,919	428,877	19,158
2027	-	-	148,440	1,549
Total	<u>\$ 15,129,168</u>	<u>\$ 1,413,370</u>	<u>\$ 1,778,071</u>	<u>\$ 200,325</u>

The District entered into various financed purchase agreements classified as notes from direct borrowing for the purchase of technology equipment. The interest or discount rate used to calculate the liability for notes from direct borrowing and the related principal and interest ranged from 4.12% to 5.97%. Payment terms related to notes from direct borrowing are listed in the table above.

The District entered into various lease agreements for the leasing of building space and equipment. The interest or discount rate used to calculate the lease liability and the related principal and interest was 5.0%. Payment terms related to lease liabilities are listed in the table above.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)**

**D. Changes in Long-Term Liabilities**

See Notes 10 and 11 for detailed information on the District's Self Insurance Plan and Compensated Absences.

	June 30, 2021	Change in Accounting Principle	Additions	Retirements	June 30, 2022
Governmental activities					
Bonds payable					
General obligation bonds	\$ 562,395,000	\$ -	\$ 115,280,000	\$ (104,020,000)	\$ 573,655,000
Bond premium	90,870,567	-	27,638,692	(11,647,272)	106,861,987
Certificates of participation payable	206,090,000	-	-	(17,635,000)	188,455,000
Notes from direct borrowing	-	15,965,094	6,073,249	(6,909,175)	15,129,168
Lease liability	-	2,163,663	-	(385,592)	1,778,071
Self insurance reserves and compensated absences	49,702,484	-	-	(1,631,889)	48,070,595
	<u>49,702,484</u>	<u>-</u>	<u>-</u>	<u>(1,631,889)</u>	<u>48,070,595</u>
 Total governmental activity long-term liabilities	 <u>\$ 909,058,051</u>	 <u>\$ 18,128,757</u>	 <u>\$ 148,991,941</u>	 <u>\$ (142,228,928)</u>	 <u>\$ 933,949,821</u>

The internal service fund typically liquidates the liability related to self-insurance and compensated absences.

**NOTE 6 – FUND BALANCES**

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Administration also has the authority to internally assign portions of fund balance for specific purposes. Other amounts are identified as nonspendable as disbursement has been made for a good or service that will benefit future periods.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 6 – FUND BALANCES (CONTINUED)**

Restricted and nonspendable/assigned fund balances at June 30, 2022, are as follows:

	Restricted	Nonspendable/ Assigned
General Fund		
Nonspendable for prepaid items	\$ -	\$ 5,169,676
Nonspendable for inventory	-	124,920
Restricted for student activities	570,515	-
Restricted for long-term facilities maintenance	156,383	-
Restricted for basic skills extended time	6,306,894	-
Restricted for Contract Alternative Schools	1,164,265	-
Restricted for operating capital	8,783,209	-
Restricted for gifted and talented	483,254	-
Restricted for other purposes	234,359	-
Assigned for referendum - class size	-	42,965,438
Assigned for Capital Projects Referendum	-	10,028,833
Assigned for alternative compensation	-	3,405,507
Assigned for Curriculum Adoption/Replacement	-	3,500,000
Assigned for Funded Projects and Reemployment Insurance	-	3,747,225
Assigned for contingency	-	4,700,000
Total General Fund	17,698,879	73,641,599
Special Revenue Funds		
Food Service Fund		
Restricted for other purposes	-	-
Nonspendable for inventory	-	1,505,951
Community Service Fund		
Restricted for school readiness	961,509	-
Restricted for adult basic education	1,340,717	-
Restricted for community education programs	7,786	-
Restricted for early childhood and family	159,453	-
Restricted for Grants & Funded Programs	2,702,901	-
Total Special Revenue Funds	5,172,366	1,505,951
Capital Projects - Building Construction Fund		
Nonspendable for prepaid items	-	681,551
Restricted for long-term facilities maintenance	115,342,597	-
Restricted for building construction	133,687,844	-
Total Building Construction Fund	249,030,441	681,551
Debt Service Fund		
Restricted for QSCB/QZAB	30,442,527	-
Restricted for other purposes	9,754,508	-
Total Debt Service Fund	40,197,035	-
Total all funds	\$ 312,098,721	\$ 75,829,101

Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.



**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 6 – FUND BALANCES (CONTINUED)**

Restricted for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Contracted Alternative Program – Pursuant to *Minnesota Statutes* 124D.68, subd. 3d and 124D.69, subd. 1, districts must reserve at least 95% of the average general education revenue, less basic skills revenue, per pupil unit times the number of pupil units for pupils, attending this program and the amount of basic skills revenue generated by pupils attending the program according to *Minnesota Statutes* 126C.10, subd.4.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

Restricted for Community Education Programs – The fund balance restriction represents accumulated resources available to provide general community education programming.

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* 126C.15, subd. 1.

Restricted for Early Childhood and Family Education Programs – This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

Restricted for School Readiness Programs – The fund balance restriction represents accumulated resources available to provide school readiness programming (*Minnesota Statutes* 124D.16).

Restricted for Adult Basic Education – The fund balance restriction represents accumulated resources available to provide adult basic education services.

Restricted for QSCB/QZAB – The fund balance restriction represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the District and will pay off the debt at maturity.

Restricted for Building Construction – Restricted for building construction represents available resources to fund construction expenditures on current and future contracts.

Restricted for Other Purposes – Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association**

The District participates in various pension plans, total pension expense for the year ended June 30, 2022, was \$(20,523,994). The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

**A. Plan Description**

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. 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. TRA is a separate statutory entity and administered by a Board of Trustees. The Board 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 teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by Minnesota State.

**B. Benefits Provided**

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 Statute* 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 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*

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

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*Tier I Benefits (Continued)*

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

*Tier II Benefits*

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under *Minnesota Statute*. 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 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.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**C. Contribution Rate**

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022, were:

	<u>June 30, 2020</u>		<u>June 30, 2021</u>		<u>June 30, 2022</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
Coordinated	7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

In an agreement related to the merger of the Minneapolis Teachers Retirement Association, the District has agreed to pay an additional 3.64% for a total employer contribution of 11.98%.

The following is a reconciliation of employer contributions in TRA's ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 448,829
Deduct employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	<u>(538)</u>
Total employer contributions	448,670
Total non-employer contributions	<u>37,840</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Pension Allocations</i>	<u>\$ 486,510</u>

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**C. Contribution Rate (Continued)**

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

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

**Actuarial Information**

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017, (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**Mortality Assumption**

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of set rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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>
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Unallocated Cash	2.0	0.00
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- The investment return assumption was changed from 7.5% to 7.0%.

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. 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 (SEIR).

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability**

On June 30, 2022, the District reported a liability of \$278,840,267 for its proportionate share of the net pension liability. In addition, the net pension liability allocated to the district under a lump sum direct aid payment related to the District's merger into the fund is \$20,240,383 for a total liability allocated to the District of \$299,080,650. 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 6.3716% at the end of the measurement period and 6.6594% for the beginning of the year. An additional 0.4625% was allocated at June 30, 2021, under the direct aid payment agreement.

The pension liability amount reflected a reduction due to direct aid provided to 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 net pension liability	\$ 299,080,650
State's proportionate share of the net pension liability associated with the District	23,520,205

For the year ended June 30, 2022, the District recognized pension expense of \$(13,020,113). Included in this amount, the District recognized \$(263,352) as pension expense for the support provided by direct aid.

On June 30, 2022, the District had deferred 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 experience	\$ 8,472,880	\$ 9,126,790
Net difference between projected and actual earnings on plan investments	-	250,559,157
Changes of assumptions	109,615,789	314,271,818
Changes in proportion	-	107,543,749
Contributions to TRA subsequent to the measurement date	<u>35,929,726</u>	<u>-</u>
Total	<u>\$ 154,018,395</u>	<u>\$ 681,501,514</u>

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

The \$35,929,726 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2023	\$ (287,022,813)
2024	(195,309,967)
2025	(47,361,814)
2026	(50,960,414)
2027	17,242,163
Total	\$ (563,412,845)

**G. Pension Liability Sensitivity**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

	District proportionate share of NPL		
	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Standard share	\$ 563,270,912	\$ 278,840,267	\$ 45,584,465
Direct aid share	40,886,559	20,240,383	3,308,873

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.



**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Teachers' Retirement Association (Continued)**

**H. Pension Plan Fiduciary Net Position**

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

**Public Employees' Retirement Association**

**A. Plan Description**

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

**General Employees Retirement Plan**

The General Employees Retirement Plan covers certain full time and part time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**B. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. 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.

**General Employees Plan Benefits**

General Employees Plan 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 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 annuity accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years of service 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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 66.

**Minneapolis Public Schools  
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**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. 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. 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.

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were \$13,475,629. The District's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of \$101,944,135 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 non-employer 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 \$3,113,163.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

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 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 PERA's participating employers. The District's proportionate share was 2.3872% at the end of the measurement period and 2.4981% for the beginning of the period.

District's proportionate share of net pension liability	\$ 101,944,135
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>3,113,163</u>
Total	<u><u>\$ 154,390,904</u></u>

For the year ended June 30, 2022, the District recognized pension expense of \$(7,503,881) for its proportionate share of General Employees Plan's pension expense. Included in this amount, the District recognized an additional \$251,182 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2022, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 766,092	\$ 3,136,556
Changes in actuarial assumptions	62,244,975	2,486,540
Difference between projected and actual investments earnings	-	87,996,496
Changes in proportion and differences between contributions made and District's proportion share of contributions	3,970,688	16,649,672
District's contributions to PERA subsequent to the measurement date	<u>13,475,629</u>	<u>-</u>
Total	<u><u>\$ 80,457,384</u></u>	<u><u>\$ 110,269,264</u></u>

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

The \$13,475,629 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 ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
<u>                    </u>	<u>                    </u>
2023	\$ (8,050,345)
2024	(8,860,605)
2025	(2,295,679)
2026	<u>(24,080,880)</u>
Total	<u>\$ (43,287,509)</u>

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

The State Board of Investment, which manages the investments of PERA, 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</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	<u>25.0</u>	5.90
Total	<u>100.0 %</u>	

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Public Employees' Retirement Association (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. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. 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 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

**General Employees Fund**

**Changes in Actuarial Assumptions**

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

**Changes in Plan Provisions**

- There have been no changes since the previous valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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 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.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**H. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 207,913,996	\$ 101,944,135	\$ 14,989,396

**I. Pension Plan Fiduciary Net Position**

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

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The District provides a single-employer defined benefit health care plan to eligible retirees and their families. The plan offers medical and dental coverage administered by HealthPartners and Delta Dental, respectively. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

**B. Benefits Provided**

Employees of the District who retire and have met the age and service requirements necessary to receive an annuity from PERA, TRA, or MERF are eligible to remain in the group health insurance plans. Employees who are at least age 55 or have 30 years or more service (including 10 years of service with the District) at retirement and are not qualified to participate in such program of medical insurance provided by another employer will receive health insurance. The District will contribute the same amount towards retiree health insurance as it would for active employees. The District will contribute the prevailing employer contribution from the master agreement in effect at the time of retirement until the earlier of age 65 or death. The General Fund, Capital Projects Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**B. Benefits Provided (Continued)**

Dental insurance is covered by the District in the group plan for active employees and retirees contribute COBRA rates. For MPSASP and ELT plan members dental coverage through the District is only for those who were hired prior to July 1, 2010. Retirees for those plans still contribute the COBRA rates.

**C. Members**

As of June 30, 2021, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	84
Active employees	<u>5,840</u>
Total	<u><u>5,924</u></u>

**D. Contributions**

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2022, the District contributed \$1,393,726 to the plan.

**E. Actuarial Assumptions**

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

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	4.50%, net of investment expense
Salary Scale	3.00%
Inflation	2.50%
Healthcare cost trend increases	8.0% , decreasing to 4.5% over eight years
 Mortality Assumption	 RP-2014 Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2020, from a base year of 2014.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

Changes in Actuarial Assumptions

- Discount rate was increased 2.53% to 4.15%
- Per-Capita Costs were updated to reflect experience since the pervious valuation
- Medical Trend rates were shifted to maintain the same immediate rate of 8.00 %

The discount rate used to measure the total OPEB liability was 4.15% based on the long-term expected rate of return and the municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale).

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	50.0 %	0.00 %
Domestic equity	33.0	3.60
International equity	17.0	4.50
Unallocated cash	0.0	0.00
Other	0.0	0.00
Total	<u>100.0 %</u>	

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 22.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 4.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2021	\$ 67,542,617	\$ 26,504,022	\$ 41,038,595
Changes for the year			
Service cost	5,296,029	-	5,296,029
Interest	1,592,231	-	1,886,130
Differences between expected and actual economic experience	347,613	(4,644,817)	(4,891,341)
Employer contributions	-	1,393,726	(618,046)
Changes in assumptions	(14,247,617)	-	1,972,160
Benefit payments	(1,393,726)	(1,393,726)	-
Projected earnings on fiduciary net position	-	1,190,606	(977,564)
Administrative expense	-	(92,205)	92,205
Other charges	-	-	-
Net changes	(8,405,470)	(3,546,416)	(4,859,054)
Balances at June 30, 2022	\$ 59,137,147	\$ 22,957,606	\$ 36,179,541

Plan fiduciary net position as a percentage of the total OPEB liability 38.82%

**H. OPEB Liability Sensitivity**

The following presents the District's net OPEB liability calculated using the discount rate of 4.15% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (3.15%)	Current Discount Rate (4.15%)	1% Increase in Discount Rate (5.15%)
Net OPEB Liability	\$ 41,266,142	\$ 36,179,541	\$ 31,476,277

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**H. OPEB Liability Sensitivity (Continued)**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using trend rates that are 1% lower and 1% higher than the trend rates.

	1% Decrease in Trend Rate (7.00%)	Current Trend Rate (8.00%)	1% Increase in Trend Rate (9.00%)
Net OPEB Liability	\$ 29,017,684	\$ 36,179,541	\$ 44,727,069

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,010,812. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,271,746	\$ -
Differences between expected and actual economic experience	312,990	15,185,453
Changes of assumptions	2,150,315	21,500,530
Total	<u>\$ 3,735,051</u>	<u>\$ 36,685,983</u>

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB (Continued)**

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>Total</u>
2023	\$ (4,716,273)
2024	(4,504,373)
2025	(4,541,983)
2026	(3,772,841)
2027	(4,701,804)
2028 +	<u>(10,713,658)</u>
Total	<u><u>\$ (32,950,932)</u></u>

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Programs**

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 fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**B. Contingencies**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management has accrued claims payable in the amount of \$9,497,669 as disclosed in Note 11 for general liability, auto liability, and worker's compensation claims.

**C. Teachers Retirement Association**

The District is required to levy for and contribute amounts to Minnesota Teachers Retirement Association under *Minnesota statutes* totaling \$2,250,000 each year, due by October 1. These amounts are further described in Note 7 as direct aid contributions.

**D. Construction Commitments**

The District has in process various multi-year construction and repair projects which were not completed in the current fiscal year. As of June 30, 2022, outstanding commitments for these multi-year projects total approximately \$16,134,361.

**Minneapolis Public Schools  
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Notes to Basic Financial Statements**

**NOTE 10 – COMPENSATED ABSENCES**

Employees of the District are eligible for severance pay based on unused sick leave as follows:

**A. Administrators**

Employees who are at least 55 years of age or who are credited with 30 years of service by the Minneapolis Teachers Retirement Fund Association (MORFA) may be eligible to receive payment for 50% of unused sick leave.

**B. Teachers**

Employees who are at least 55 years of age or who are credited with 30 years of service by the MTRFA receive payment for 50% of unused sick leave. All amounts of vested sick pay are accrued as liabilities in the Internal Service Post Retirement Benefits Fund.

**C. Principals**

Employees hired on or before July 1, 2014, and who are at least 55 years of age or who are credited with 30 years of service receive severance pay amounting to 60% of unused sick leave. Employees hired after July 1, 2014, receive payment up to 80 hours of unused sick leave at 60% of the daily rate of pay.

**NOTE 11 – RISK MANAGEMENT**

The District accounts for the risk management activities of workers' compensation and general liability exposure in its Self-Insurance Fund, a proprietary-type Internal Service Fund. Inter-fund premiums for coverage are charged to activities of user funds as quasi-external transactions. The District purchases insurance coverage for its property exposure, with an aggregate coverage amount of \$250,000,000.

The District is self-insured for workers' compensation coverage and caps its liability with the purchase of reinsurance coverage. The District is a member of Workers' Compensation Reinsurance Association (WCRA), which reimburses members for individual claim losses exceeding a member's chosen retention limit. The retention limit for the District at June 30, 2022 and 2021, was \$2,000,000.

Liabilities of \$8,920,669 have been recorded in the Self-Insurance Fund for known workers' compensation claims and for claims incurred but not reported as of June 30, 2022. The recorded reserves are actuarially evaluated annually and adjusted accordingly. The discount rate used at June 30, 2022, was 4.0%.

The District became self-insured for general liability for claims incurred after January 1, 1990, through June 30, 1999, and for claims incurred after July 1, 2001 (the self-insurance period). The District purchased general liability insurance from Royal Insurance covering the period from July 1, 1999 through June 30, 2001. Claims incurred during the self-insurance period are the responsibility of the District. *Minnesota Statutes* limit the maximum liability of a public employer to \$300,000 per claimant and \$1,500,000 for claims from a single event. There are several lawsuits pending in which the District is involved. The District estimates that the potential claims against the District that are not covered by insurance or reserves resulting from such litigation would not materially affect the District's basic financial statements. Liabilities of \$577,000 have been established to cover such claims as of June 30, 2022.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 11 – RISK MANAGEMENT (CONTINUED)**

The following summarizes claims activity in the District's self-insurance internal service fund related to general liability and workers' compensation:

Claims incurred but not reported or case reserves at June 30, 2019	\$ 9,302,370
Claims incurred, fiscal year 2020	985,458
Claims paid, fiscal year 2020	(322,571)
Claims incurred but not reported or case reserves at June 30, 2020	9,965,257
Claims incurred, fiscal year 2021	6,097,603
Claims paid, fiscal year 2021	(5,029,334)
Claims incurred but not reported or case reserves at June 30, 2021	11,033,526
Claims incurred, fiscal year 2022	3,991,113
Claims paid, fiscal year 2022	(5,526,970)
Claims incurred but not reported or case reserves at June 30, 2022	\$ 9,497,669

The District maintains commercial coverage for property insurance.

The District is self-insured for health benefits. A stop-loss policy was purchased that limits the District's loss to \$300,000 at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 120% of the prior year's claims. Settled claims have not exceeded this commercial coverage in any of the past three years.

The governmental funds of the District participate in the program and make payments to the Self Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2022, is \$5,183,219 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to Basic Financial Statements**

**NOTE 11 – RISK MANAGEMENT (CONTINUED)**

Changes in the Fund's claims liability amounts for the past five years were as follows:

	Balance, Beginning of Year	Claims, Expense and Estimates	Claims Payments	Balance, End of Year
2019-2020	\$ 3,378,108	\$ 48,258,549	\$ (48,538,996)	\$ 3,097,661
2020-2021	3,097,661	53,521,331	(53,169,390)	3,449,602
2021-2022	3,449,602	55,496,472	(53,762,855)	5,183,219

**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

For the year ended June 30, 2022, a prior period adjustment was required to adjustment beginning fund balance for the Debt Service Fund and Post Employment Benefits Debt Service Fund to correct a prior year misstatement. Beginning fund balance was adjusted to correct the allocation of a debt service payment to the proper fund in the amount of \$2,262,900.

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE**

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This resulted in the District recognizing leased assets and a lease liability and also resulted in certain leases being reclassified to finance purchases from direct borrowing.

**NOTE 14 – SUBSEQUENT EVENTS**

On November 15, 2022, the District issued \$31,150,000 in General Obligation School Building Bonds, Series 2022A. The proceeds should be used to finance the rehabilitating, remodeling, expanding, and equipping of existing school buildings, the acquisition of sites, construction, and equipping of new school buildings and the acquisition and betterment of the District facilities. The District issued \$27,600,000 in General Obligation Long-Term Facilities Maintenance Bonds, Series 2022B. The proceeds should be used to finance construction projects. The District also issued \$65,545,000 in Refunding Certificates of Participation, Series 2022C, refunding the outstanding Certificates of Participation, Series 2014D.

**NOTE 15 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Changes in Net OPEB Liability  
and Related Ratios**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability			
Service cost	\$ 6,076,552	\$ 6,419,803	\$ 6,069,488
Interest	3,005,357	2,178,073	2,804,957
Differenced between expected and actual experience	-	(7,083,960)	-
Changes of assumptions	-	(2,164,523)	939,873
Benefit payments	(285,922)	(1,376,822)	(1,782,208)
Implicit rate subsidies	(1,920,313)	-	-
Net change in total OPEB liability	<u>6,875,674</u>	<u>(2,027,429)</u>	<u>8,032,110</u>
Beginning of year	<u>67,888,829</u>	<u>74,764,503</u>	<u>72,737,074</u>
End of Year	<u>\$ 74,764,503</u>	<u>\$ 72,737,074</u>	<u>\$ 80,769,184</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ -	\$ 3,376,822	\$ 1,782,208
Net investment income	1,272,204	-	-
Projected earnings on fiduciary net position	-	773,287	863,995
Net difference between projected and actual earnings	-	313,862	1,059,510
Benefit payments	-	(1,376,822)	(1,782,208)
Administrative expense	-	(69,058)	(73,760)
Net change in plan fiduciary net position	<u>1,272,204</u>	<u>3,018,091</u>	<u>1,849,745</u>
Beginning of year	<u>14,946,492</u>	<u>16,218,695</u>	<u>19,236,786</u>
End of year	<u>\$ 16,218,696</u>	<u>\$ 19,236,786</u>	<u>\$ 21,086,531</u>
Net OPEB liability	<u>\$ 58,545,807</u>	<u>\$ 53,500,288</u>	<u>\$ 59,682,653</u>
Plan FNP as a percentage of the total OPEB liability	21.69%	26.45%	26.11%
Covered-employee payroll	\$ 363,751,046	\$ 360,122,986	\$ 372,727,291
Net OPEB liability as a percentage of covered-employee payroll	16.10%	14.86%	16.01%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
\$ 4,623,805	\$ 5,213,029	\$ 5,296,029
1,939,402	1,886,130	1,592,231
(15,311,149)	(1,045,632)	347,613
(10,786,001)	1,972,160	(14,247,617)
(1,100,265)	(618,046)	(1,393,726)
-	-	-
<u>(20,634,208)</u>	<u>7,407,641</u>	<u>(8,405,470)</u>
80,769,184	60,134,976	67,542,617
<u>\$ 60,134,976</u>	<u>\$ 67,542,617</u>	<u>\$ 59,137,147</u>
\$ 1,100,265	\$ 618,046	\$ 1,393,726
-	-	-
947,116	977,564	1,190,606
(188,054)	3,845,709	(4,644,817)
(1,100,265)	(618,046)	(1,393,726)
(79,035)	(85,809)	(92,205)
<u>680,027</u>	<u>4,737,464</u>	<u>(3,546,416)</u>
21,086,531	21,766,558	26,504,022
<u>\$ 21,766,558</u>	<u>\$ 26,504,022</u>	<u>\$ 22,957,606</u>
<u>\$ 38,368,418</u>	<u>\$ 41,038,595</u>	<u>\$ 36,179,541</u>
36.20%	39.24%	38.82%
\$ 331,585,577	\$ 371,887,319	\$ 363,821,219
11.57%	11.04%	9.94%

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Employer Contributions - OPEB**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Actuarially determined contribution	\$ 8,990,196	\$ 1,251,751	\$ 1,778,462	\$ 1,037,462
Contributions in relation to the actuarially determined contribution	<u>2,356,085</u>	<u>3,376,822</u>	<u>1,782,208</u>	<u>1,100,265</u>
Contribution deficiency (excess)	<u>\$ 6,634,111</u>	<u>\$ (2,125,071)</u>	<u>\$ (3,746)</u>	<u>\$ (62,803)</u>
Covered-employee payroll	<u>\$ 363,751,046</u>	<u>\$ 360,122,986</u>	<u>\$ 372,727,291</u>	<u>\$ 331,585,577</u>
Contributions as a percentage of covered-employee payroll	0.65%	0.94%	0.48%	0.33%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

<u>June 30, 2021</u>	<u>June 30, 2022</u>
\$ 618,046	\$ 1,393,726
<u>618,046</u>	<u>1,393,726</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 371,887,319</u>	<u>\$ 363,821,219</u>
0.17%	0.38%

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Annual money-weighted rate of return, net of investment expense	8.97%	6.72%	10.02%	3.61%	22.20%	-13.05%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of District's and Non-Employer Proportionate Share  
of Net Pension Liability - General Employees Retirement Fund  
Last Ten Years\***

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	1.9676%	\$ 92,427,990	\$ -	\$ 92,427,990	\$ 103,293,324	89.5%	78.7%
2015	3.5536%	184,165,995	-	184,165,995	110,161,680	167.2%	78.2%
2016	3.3730%	273,870,870	3,577,010	277,447,880	114,079,707	240.1%	78.8%
2017	2.8326%	180,831,314	2,273,787	183,105,101	87,249,667	207.3%	75.9%
2018	2.6337%	146,106,878	4,792,584	150,899,462	81,788,760	178.6%	79.5%
2019	2.9200%	161,440,259	5,017,615	166,457,874	111,419,373	144.9%	80.2%
2020	2.4981%	149,772,511	4,618,393	154,390,904	82,920,813	180.6%	79.1%
2021	2.3872%	101,944,135	3,113,163	105,057,298	76,839,200	132.7%	87.0%

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available

**Schedule of District's and Non-Employer Proportionate Share  
of Net Pension Liability - TRA Retirement Fund  
Last Ten Years\***

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	8.6534%	\$ 398,742,430	\$ 25,768,509	\$ 424,510,939	\$ 238,717,909	167.0%	81.5%
2015	8.1323%	503,063,183	57,223,106	560,286,289	257,683,734	195.2%	76.8%
2016	9.1760%	2,188,694,939	192,864,529	2,394,574,710	301,171,984	726.7%	44.9%
2017	8.3442%	1,665,653,683	150,258,878	1,815,912,561	282,186,562	590.3%	51.6%
2018	7.8961%	495,950,319	43,395,549	539,345,868	273,509,336	181.3%	78.1%
2019	7.3196%	466,552,841	38,392,377	504,945,218	262,426,079	177.8%	78.2%
2020	7.1483%	528,125,983	41,243,603	569,369,586	265,187,388	199.2%	75.5%
2021	6.8341%	299,080,650	23,520,205	322,600,855	259,255,930	115.4%	86.6%

The District's Proportion and Proportionate Share of the Net Pension Liability include the percentage and amount under a special funding situation.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

See notes to required supplementary information.

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of District Contributions  
General Employees Retirement Fund  
Last Ten Years\***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 7,488,766	\$ 7,488,766	\$ -	\$ 103,293,324	7.25%
2015	8,262,126	8,262,126	-	110,161,680	7.50%
2016	8,555,978	8,555,978	-	114,079,707	7.50%
2017	6,543,725	6,543,725	-	87,249,667	7.50%
2018	6,134,157	6,134,157	-	81,788,760	7.50%
2019	8,356,453	8,356,453	-	111,419,373	7.50%
2020	6,219,061	6,219,061	-	82,920,813	7.50%
2021	5,762,940	5,762,940	-	76,839,200	7.50%
2022	6,333,229	6,333,229	-	84,443,053	7.50%

In addition to these contributions, the District made an annual contribution of \$ 7,142,400 under a special funding situation for fiscal year 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

**Schedule of District Contributions  
TRA Retirement Fund  
Last Ten Years\***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 25,399,585	\$ 25,399,585	\$ -	\$ 228,003,456	11.14%
2015	28,705,968	28,705,968	-	257,683,734	11.14%
2016	33,550,559	33,550,559	-	301,171,984	11.14%
2017	31,435,583	31,435,583	-	282,186,562	11.14%
2018	30,468,940	30,468,940	-	273,509,336	11.14%
2019	29,785,360	29,785,360	-	262,426,079	11.35%
2020	30,655,662	30,655,662	-	265,187,388	11.56%
2021	30,514,423	30,514,423	-	259,255,930	11.77%
2022	33,679,726	33,679,726	-	281,132,938	11.98%

In addition to these contributions, the District makes an annual contribution of \$ 2,250,000 under a special funding situation.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**TRA Retirement Funds**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

**2020 Changes**

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

**2019 Changes**

Changes in Actuarial Assumptions

- None

**2018 Changes**

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% 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 2.5% if the funded ratio was at least 90% 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 July 1, 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 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**TRA Retirement Funds (Continued)**

**2017 Changes**

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**2016 Changes**

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.



**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**TRA Retirement Funds (Continued)**

**2015 Changes**

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**General Employees Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- 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% 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 2-5 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 Scale MP-2018 to Scale 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% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019 Changes**

Changes in Actuarial Assumptions

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

**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changes prospectively, requiring \$16 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

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 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, 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.

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**General Employees Fund (Continued)**

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 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.

**Minneapolis Public Schools  
Special School District No. 1  
Notes to the Required Supplementary Information**

**Post Employment Health Care Plan**

**2021 Changes**

Changes in Actuarial Assumptions

- Discount rate was increased from 2.53% to 4.15%.
- Per-capita costs were updated to reflect experience since the previous valuation.
- Medical Trend rates were shifted to maintain the same immediate rate of 8.00%.

**2020 Changes**

Changes in Actuarial Assumptions

- Discount rate was decreased from 2.90% to 2.53%.

**2019 Changes**

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.46% to 2.90%.
- Annual wage increase rate was decreased from 3.50% to 3.00%
- Loads on healthcare trend were removed due to the repeal of the so-call "Cadillac Tax"
- Per-capita costs were updated to reflect experience since the previous valuation, including increase in morbidity assumption from 3.00% to 4.00%
- Future retiree plan election was updated for Plan 1, Plan 2, and Plan 3 from 75%, 23%, 2% to 50%, 40%, 10%, respectively
- Mortality improvement scale was updated from MP-2015 to MP-2018 for all groups except Teachers and Principals

**2018 Changes**

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.60% to 3.46%.

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**SUPPLEMENTARY INFORMATION**

**Minneapolis Public Schools  
Special School District No. 1  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
June 30, 2022**

	Special Revenue			Debt Service	
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	Total Nonmajor Funds
<b>Assets</b>					
Cash and investments	\$ -	\$ 7,234,505	\$ 7,234,505	\$ -	\$ 7,234,505
Current property taxes receivable	-	2,790,502	2,790,502	-	2,790,502
Delinquent property taxes receivable	-	35,386	35,386	-	35,386
Accounts receivable	35,206	78,318	113,524	-	113,524
Due from Department of Education	64,321	1,742,193	1,806,514	-	1,806,514
Due from other Minnesota school districts	-	510	510	-	510
Due from Federal Government through Department of Education	4,073,235	-	4,073,235	-	4,073,235
Due from Federal Government received directly	50,264	253,344	303,608	-	303,608
Due from other governmental units	16,427	90,584	107,011	-	107,011
Inventory	1,505,951	-	1,505,951	-	1,505,951
Total assets	<u>\$ 5,745,404</u>	<u>\$ 12,225,342</u>	<u>\$ 17,970,746</u>	<u>\$ -</u>	<u>\$ 17,970,746</u>
<b>Liabilities</b>					
Accounts payable	\$ 1,404,614	\$ 405,813	\$ 1,810,427	\$ -	\$ 1,810,427
Salaries and benefits payable	278,803	197,188	475,991	-	475,991
Due to other funds	2,456,396	-	2,456,396	-	2,456,396
Deferred revenue	220,335	873,367	1,093,702	-	1,093,702
Total liabilities	<u>4,360,148</u>	<u>1,476,368</u>	<u>5,836,516</u>	<u>-</u>	<u>5,836,516</u>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for subsequent year's expenditures	-	5,541,222	5,541,222	-	5,541,222
Unavailable revenue - delinquent property taxes	-	35,386	35,386	-	35,386
Total deferred inflows of resources	-	5,576,608	5,576,608	-	5,576,608
<b>Fund Balances</b>					
Nonspendable	1,505,951	-	1,505,951	-	1,505,951
Restricted					
Restricted for other purposes	-	2,702,901	2,702,901	-	2,702,901
Community education programs	-	7,786	7,786	-	7,786
Adult basic education	-	1,340,717	1,340,717	-	1,340,717
Early childhood and family Education programs	-	159,453	159,453	-	159,453
School readiness	-	961,509	961,509	-	961,509
Unassigned	(120,695)	-	(120,695)	-	(120,695)
Total fund balances	<u>1,385,256</u>	<u>5,172,366</u>	<u>6,557,622</u>	<u>-</u>	<u>6,557,622</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,745,404</u>	<u>\$ 12,225,342</u>	<u>\$ 17,970,746</u>	<u>\$ -</u>	<u>\$ 17,970,746</u>



**Minneapolis Public Schools  
Special School District No. 1  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year Ended June 30, 2022**

	Special Revenue Funds			Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	
<b>Revenues</b>					
Local sources					
Local property taxes	\$ -	\$ 5,432,626	\$ 5,432,626	\$ 2,351,955	\$ 7,784,581
Earnings on investments	2,076	(36,970)	(34,894)	(31,460)	(66,354)
Other local and county revenues	116,008	6,298,968	6,414,976	-	6,414,976
Revenue from state sources	660,761	12,984,188	13,644,949	8,677	13,653,626
Revenue from federal sources	19,800,354	5,022,700	24,823,054	-	24,823,054
Sales and other conversion of assets	588,875	-	588,875	-	588,875
Total revenues	21,168,074	29,701,512	50,869,586	2,329,172	53,198,758
<b>Expenditures</b>					
Current					
Food service	25,151,830	-	25,151,830	-	25,151,830
Community education and services	-	29,585,682	29,585,682	-	29,585,682
Capital outlay					
Food service	71,668	-	71,668	-	71,668
Community education and services	-	3,873	3,873	-	3,873
Debt service					
Principal	-	-	-	2,220,000	2,220,000
Interest and fiscal charges	-	-	-	44,400	44,400
Total expenditures	25,223,498	29,589,555	54,813,053	2,264,400	57,077,453
Excess of revenues over (under) expenditures	(4,055,424)	111,957	(3,943,467)	64,772	(3,878,695)
<b>Other Financing Sources (Uses):</b>					
Transfers Out	-	-	-	(470,867)	(470,867)
Total Other Financing Sources (Uses)	-	-	-	(470,867)	(470,867)
Net Change in Fund Balances	(4,055,424)	111,957	(3,943,467)	(406,095)	(4,349,562)
<b>Fund Balances</b>					
Beginning of year, as previously stated	5,440,680	5,060,409	10,501,089	2,668,995	13,170,084
Prior period adjustment (Note 12)	-	-	-	(2,262,900)	(2,262,900)
Beginning of year, restated	5,440,680	5,060,409	10,501,089	406,095	10,907,184
End of year	\$ 1,385,256	\$ 5,172,366	\$ 6,557,622	\$ -	\$ 6,557,622

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - Food Service Special Revenue Fund  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Earnings on investments	\$ -	\$ -	\$ 2,076	\$ 2,076
Other local and county revenues	50,000	50,000	116,008	66,008
Revenue from state sources	435,000	435,000	660,761	225,761
Revenue from federal sources	21,231,348	21,231,348	19,800,354	(1,430,994)
Sales and other conversion of assets	665,800	665,800	588,875	(76,925)
Total revenues	<u>22,382,148</u>	<u>22,382,148</u>	<u>21,168,074</u>	<u>(1,214,074)</u>
<b>Expenditures</b>				
Current				
Food service	22,297,148	22,297,148	25,151,830	2,854,682
Capital outlay				
Food service	85,000	85,000	71,668	(13,332)
Total expenditures	<u>22,382,148</u>	<u>22,382,148</u>	<u>25,223,498</u>	<u>2,841,350</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(4,055,424)</u>	<u>\$ (4,055,424)</u>
<b>Fund Balance</b>				
Beginning of year			<u>5,440,680</u>	
End of year			<u>\$ 1,385,256</u>	

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - Community Service Special Revenue Fund  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Local property taxes	\$ 5,248,612	\$ 5,248,612	\$ 5,432,626	\$ 184,014
Earnings on investments	-	-	(36,970)	(36,970)
Other local and county revenues	10,870,994	10,870,994	6,298,968	(4,572,026)
Revenue from state sources	11,705,614	11,705,614	12,984,188	1,278,574
Revenue from federal sources	5,042,192	5,042,192	5,022,700	(19,492)
Total revenues	<u>32,867,412</u>	<u>32,867,412</u>	<u>29,701,512</u>	<u>(3,165,900)</u>
<b>Expenditures</b>				
Current				
Community education and services	34,915,488	34,915,488	29,585,682	(5,329,806)
Capital outlay				
Community education and services	19,660	19,660	3,873	(15,787)
Total expenditures	<u>34,935,148</u>	<u>34,935,148</u>	<u>29,589,555</u>	<u>(5,345,593)</u>
Excess of revenues over (under) expenditures	<u>\$ (2,067,736)</u>	<u>\$ (2,067,736)</u>	111,957	<u>\$ 2,179,693</u>
<b>Fund Balance</b>				
Beginning of year			<u>5,060,409</u>	
End of year			<u>\$ 5,172,366</u>	

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - Debt Service Fund  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Local property taxes	\$ 84,751,020	\$ 84,751,020	\$ 78,199,539	\$ (6,551,481)
Earnings on investments	-	-	(1,928,591)	(1,928,591)
Revenue from state sources	-	-	11,368,083	11,368,083
Revenue from federal sources	-	-	1,593,958	1,593,958
Total revenues	<u>84,751,020</u>	<u>84,751,020</u>	<u>89,232,989</u>	<u>4,481,969</u>
<b>Expenditures</b>				
Debt service				
Principal	63,255,683	63,255,683	60,350,000	(2,905,683)
Interest and fiscal charges	33,704,561	33,704,561	33,837,130	132,569
Total expenditures	<u>96,960,244</u>	<u>96,960,244</u>	<u>94,187,130</u>	<u>(2,773,114)</u>
Excess of revenues over (under) expenditures	(12,209,224)	(12,209,224)	(4,954,141)	7,255,083
<b>Other financing sources (uses)</b>				
Bond issuance	12,209,224	12,209,224	59,405,382	47,196,158
Payment to refunded bond escrow agent	-	-	(59,085,000)	(59,085,000)
Transfers in	-	-	470,867	470,867
Total other financing sources (uses)	<u>12,209,224</u>	<u>12,209,224</u>	<u>791,249</u>	<u>(11,417,975)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(4,162,892)	<u>\$ (4,162,892)</u>
<b>Fund Balance</b>				
Beginning of year, as previously stated			<u>42,097,027</u>	
Prior period adjustment (Note 12)			<u>2,262,900</u>	
Beginning of year, restated			<u>44,359,927</u>	
End of year			<u>\$ 40,197,035</u>	

**Minneapolis Public Schools  
Special School District No. 1  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - Capital Project - Building Construction  
Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local sources				
Earnings on investments	\$ -	\$ -	\$ 596,398	\$ 596,398
Other local and county revenues	-	-	700	700
Total revenues	<u>-</u>	<u>-</u>	<u>597,098</u>	<u>597,098</u>
<b>Expenditures</b>				
Current				
Sites and buildings	37,254,878	37,254,878	34,867,414	(2,387,464)
Capital outlay				
Sites and buildings	88,370,122	88,370,122	37,238,028	(51,132,094)
<b>Debt service</b>				
Principal	-	-	784,430	784,430
Interest and fiscal charges	-	-	483,727	483,727
Total expenditures	<u>125,625,000</u>	<u>125,625,000</u>	<u>73,373,599</u>	<u>(52,251,401)</u>
Excess of revenues over (under) expenditures	(125,625,000)	(125,625,000)	(72,776,501)	52,848,499
<b>Other Financing Sources (uses)</b>				
Bond issuance	84,235,000	84,235,000	55,874,618	(28,360,382)
Bond premium	-	-	27,638,692	27,638,692
Lease issuance	-	-	494,114	494,114
Total other financing sources (uses)	<u>84,235,000</u>	<u>84,235,000</u>	<u>84,007,424</u>	<u>(227,576)</u>
Net change in fund balance	<u>\$ (41,390,000)</u>	<u>\$ (41,390,000)</u>	11,230,923	<u>\$ 52,620,923</u>
<b>Fund Balance</b>				
Beginning of year			<u>238,481,069</u>	
End of year			<u>\$ 249,711,992</u>	

**Minneapolis Public Schools  
Special School District No. 1  
Uniform Financial Accounting and Reporting Standards  
Compliance Table  
Year Ended June 30, 2022**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$643,209,266	\$643,209,265	\$ 1	Total revenue	\$ 597,098	\$ 597,096	\$ 2
Total expenditures	648,092,852	648,092,854	(2)	Total expenditures	73,373,599	73,373,600	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	5,294,596	5,294,596	-	4.60 Nonspendable fund balance	681,551	681,551	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	570,515	570,514	1	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 Long-term Facilities Maintenance	111,202,616	111,202,617	(1)
4.05 Deferred Maintenance	-	-	-	<i>Restricted:</i>			
4.07 Capital Projects Levy	-	-	-	4.64 Restricted fund balance	137,827,825	137,827,824	1
4.08 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
4.13 Building Projects Funded by COP/LP	-	-	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-	<b>07 DEBT SERVICE FUND</b>			
4.16 Levy Reduction	-	-	-	Total revenue	\$ 89,232,989	\$ 89,232,989	\$ -
4.17 Taconite Building Maintenance	-	-	-	Total expenditures	94,187,130	94,187,129	1
4.23 Certain Teacher Programs	-	-	-	<i>Nonspendable:</i>			
4.24 Operating Capital	8,783,209	8,783,209	-	4.60 Nonspendable fund balance	-	-	-
4.26 \$25 Taconite	-	-	-	<i>Restricted/reserved:</i>			
4.27 Disabled Accessibility	-	-	-	4.25 Bond refundings	-	-	-
4.28 Learning and Development	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.34 Area Learning Center	-	-	-	4.51 QZAB payments	30,442,527	30,442,527	-
4.35 Contracted Alternative Programs	1,164,265	1,164,266	(1)	4.67 LTFM	-	-	-
4.36 State Approved Alternative Program	-	-	-	<i>Restricted:</i>			
4.38 Gifted and Talented	483,254	483,253	1	4.64 Restricted fund balance	9,754,508	9,754,508	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.41 Basic Skills Programs	-	-	-	4.63 Unassigned fund balance	-	-	-
4.45 Career Technical Programs	-	-	-	<b>08 TRUST FUND</b>			
4.48 Achievement and Integration	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.49 Safe School Crime	-	-	-	Total expenditures	-	-	-
4.51 QZAB and QSCB Payments	-	-	-	<i>Unassigned:</i>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.01 Student Activities	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-	4.02 Scholarships	-	-	-
4.59 Basic Skills Extended Time	6,306,894	6,306,895	(1)	4.22 Net position	-	-	-
4.67 Long-term Facilities Maintenance	156,383	156,383	-	<b>18 CUSTODIAL</b>			
<i>Restricted:</i>				Total revenue	\$ -	\$ -	\$ -
4.72 Medical Assistance	-	-	-	Total expenditures	-	-	-
4.64 Restricted fund balance	234,359	234,359	-	<i>Restricted/reserved:</i>			
4.75 Title VII - Impact Aid	-	-	-	4.01 Student Activities	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.02 Scholarships	-	-	-
<i>Committed:</i>				4.48 Achievement and Integration	-	-	-
4.18 Committed for separation	-	-	-	4.65 Restricted	-	-	-
4.61 Committed	-	-	-	<b>20 INTERNAL SERVICE FUND</b>			
<i>Assigned:</i>				Total revenue	\$ 64,437,830	\$ 64,437,830	\$ -
4.62 Assigned fund balance	68,347,003	68,347,003	-	Total expenditures	67,111,309	67,111,311	(2)
<i>Unassigned:</i>				<i>Unassigned:</i>			
4.22 Unassigned fund balance (net position)	53,613,747	53,613,743	4	4.22 Net position	36,630,974	36,630,971	3
<b>02 FOOD SERVICE FUND</b>				<b>25 OPEB REVOCABLE TRUST</b>			
Total revenue	\$ 21,168,074	\$ 21,168,075	\$ (1)	Total revenue	\$ -	\$ -	\$ -
Total expenditures	25,223,498	25,223,501	(3)	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
4.60 Nonspendable fund balance	1,505,951	1,505,952	(1)	4.22 Net position	-	-	-
<i>Restricted/reserved:</i>				<b>45 OPEB IRREVOCABLE TRUST</b>			
4.52 OPEB liabilities not held in trust	-	-	-	Total revenue	\$ (3,546,416)	\$ (3,546,416)	\$ -
<i>Restricted:</i>				Total expenditures	-	-	-
4.64 Restricted fund balance	-	-	-	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	22,957,606	22,957,606	-
4.63 Unassigned fund balance	(120,695)	(120,697)	2	<b>47 OPEB DEBT SERVICE</b>			
<b>04 COMMUNITY SERVICE FUND</b>				Total revenue	\$ 2,329,172	\$ 2,329,172	\$ -
Total revenue	\$ 29,701,512	\$ 29,701,513	\$ (1)	Total expenditures	2,264,400	2,264,400	-
Total expenditures	29,589,555	29,589,554	1	<i>Nonspendable:</i>			
<i>Nonspendable:</i>				4.60 Nonspendable fund balance	-	-	-
4.60 Nonspendable fund balance	-	-	-	<i>Restricted:</i>			
<i>Restricted/reserved:</i>				4.25 Bond refundings	-	-	-
4.26 \$25 Taconite	-	-	-	4.64 Restricted fund balance	-	-	-
4.31 Community Education	7,786	7,786	-	<i>Unassigned:</i>			
4.32 ECFE	159,453	159,453	-	4.63 Unassigned fund balance	-	-	-
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	961,509	961,509	-				
4.47 Adult Basic Education	1,340,717	1,340,717	-				
4.52 OPEB Liabilities not Held in trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	2,702,901	2,702,903	(2)				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

**STATISTICAL SECTION**

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**Minneapolis Public Schools  
Special School District No. 1  
Statistical Section (Unaudited)**

**III. Statistical Section (Unaudited)**

This part of Special School District No. 1's annual comprehensive financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	116
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	132
<b>Debt Capacity</b> 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.	140
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	146
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	150

**Sources:** Unless otherwise noted, the information in these schedules is derived from the District's financial statements for the relevant year.

**Minneapolis Public Schools  
Special School District No. 1  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 101,257,946	\$ 153,702,908	\$ 158,432,953	\$ 163,600,431
Restricted	48,399,483	35,800,506	27,255,199	20,331,931
Unrestricted	104,979,954	77,155,040	(526,252,170)	(552,605,238)
	<u>\$254,637,383</u>	<u>\$266,658,454</u>	<u>(\$340,564,018)</u>	<u>(\$368,672,876)</u>

Note 1: The District implemented GASB Statement No. 65 in fiscal 2014. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$3.8 million.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$622.0 million.

Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.

Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Note 5: The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 149,160,083	\$ 159,397,295	\$ 154,921,449	\$ 152,437,418	\$ 167,231,208	\$ 180,023,633
35,723,782	35,798,200	39,223,672	47,574,870	54,965,174	50,733,450
(870,333,620)	(1,196,502,668)	(963,390,821)	(965,866,372)	(945,402,805)	(862,696,210)
<u>(\$685,449,755)</u>	<u>(\$1,001,307,173)</u>	<u>(\$769,245,700)</u>	<u>(\$765,854,084)</u>	<u>(\$723,206,423)</u>	<u>(\$631,939,127)</u>

**Minneapolis Public Schools  
Special School District No. 1  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities				
Administration	\$ 13,576,696	\$ 13,473,342	\$ 14,463,532	\$ 18,298,352
District support services	33,909,547	26,716,274	30,330,583	26,864,475
Elementary and secondary regular instruction	271,063,329	273,343,235	278,074,269	304,864,660
Vocational education instruction	4,273,982	4,082,943	3,989,570	4,191,742
Special education instruction	110,670,327	114,726,330	112,253,986	128,294,358
Instructional support services	41,485,771	40,284,398	46,257,355	56,903,247
Pupil support services	54,979,766	55,251,902	63,653,294	70,333,762
Sites and buildings	59,370,674	54,080,348	65,034,547	61,837,606
Fiscal and other fixed cost programs	539,461	566,697	567,196	585,971
Food service	20,180,224	19,148,563	19,370,135	22,736,775
Community service	24,474,808	24,683,707	24,319,959	28,205,073
Interest and fiscal charges	13,683,301	11,840,927	15,789,065	16,485,498
Total governmental activities expenses	<u>648,207,886</u>	<u>638,198,666</u>	<u>674,103,491</u>	<u>739,601,519</u>
<b>Program revenues</b>				
Governmental activities				
Charges for services				
Food service	1,610,732	1,810,195	2,004,093	2,348,480
Community service	7,567,968	7,285,021	7,673,821	7,931,383
All other	6,672,467	6,830,418	6,772,061	7,412,017
Operating grants and contributions	133,191,221	131,683,565	138,133,051	155,997,379
Capital grants and contributions	11,000,000	11,000,000	11,000,000	11,000,000
Total governmental activities program revenues	<u>160,042,388</u>	<u>158,609,199</u>	<u>165,583,026</u>	<u>184,689,259</u>
Net (expense) revenue	(488,165,498)	(479,589,467)	(508,520,465)	(554,912,260)
<b>General revenues and other changes in net position</b>				
Taxes				
Property taxes, levied for general purposes	103,878,013	77,578,097	107,272,419	116,393,510
Property taxes, levied for capital projects	1,361,633	4,971,017	8,327,570	82,169
Property taxes, levied for community service	4,759,244	2,406,822	5,020,422	5,142,659
Property taxes, levied for debt service	56,406,896	62,025,199	51,197,512	57,175,506
Unrestricted grants and contributions	298,038,183	338,222,498	337,642,221	336,893,500
Other general revenues	9,080,578	9,349,579	12,335,707	8,302,254
Investment earnings	102,088	912,544	1,489,607	2,843,804
Total general revenues and other changes in net position	<u>473,626,635</u>	<u>495,465,756</u>	<u>523,285,458</u>	<u>526,833,402</u>
Change in net position	<u>(14,538,863)</u>	<u>15,876,289</u>	<u>14,764,993</u>	<u>(28,078,858)</u>
Prior period adjustment	-	-	-	-
Change in accounting principle	-	(3,855,218)	(622,017,465)	-
Total change in net position	<u>\$ (14,538,863)</u>	<u>\$ 12,021,071</u>	<u>\$ (607,252,472)</u>	<u>\$ (28,078,858)</u>

Note 1: The District implemented GASB Statement No. 65 in fiscal 2014. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$3.8 million.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$622.0 million.

Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.

Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Note 5: The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 29,036,288	\$ 24,413,289	\$ 5,475,381	\$ 16,864,097	\$ 17,003,242	\$ 14,936,110
22,972,094	30,190,752	27,778,362	19,824,078	24,318,391	48,857,105
494,078,827	461,472,662	123,939,300	309,850,944	280,150,136	251,618,186
6,788,131	6,528,984	1,742,583	5,068,728	5,089,516	5,013,209
185,485,643	170,696,488	57,885,398	118,877,734	122,202,296	103,577,983
90,336,077	66,244,175	29,676,916	45,584,282	41,490,014	40,278,990
87,780,289	80,939,128	56,404,314	73,028,360	63,131,018	78,666,331
82,267,082	77,919,006	96,270,486	87,021,218	90,552,655	69,871,966
559,310	594,641	688,012	932,903	6,275,779	1,221,175
23,606,809	22,597,860	22,948,092	22,816,700	18,174,647	24,410,001
36,961,573	37,364,970	27,107,793	31,916,490	26,261,083	27,517,183
20,999,111	23,770,907	25,003,650	25,816,996	25,999,423	27,457,019
<u>1,080,871,234</u>	<u>1,002,732,862</u>	<u>474,920,287</u>	<u>757,602,530</u>	<u>720,648,200</u>	<u>693,425,258</u>
2,048,694	1,809,691	2,694,907	2,144,670	187,554	588,874
8,190,904	8,652,521	9,248,182	6,531,527	2,656,536	5,882,782
6,965,141	5,917,604	6,034,017	6,589,276	5,758,440	5,045,316
156,341,813	180,608,137	175,750,568	174,224,653	202,953,369	256,492,930
<u>10,733,375</u>	<u>11,198,000</u>	<u>11,110,000</u>	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,000,000</u>
<u>184,279,927</u>	<u>208,185,953</u>	<u>204,837,674</u>	<u>200,490,126</u>	<u>222,555,899</u>	<u>279,009,902</u>
(896,591,307)	(794,546,909)	(270,082,613)	(557,112,404)	(498,092,301)	(414,415,356)
117,353,242	123,108,189	113,975,914	151,288,101	144,175,066	140,428,013
-	-	-	-	-	-
5,676,054	5,536,744	5,202,393	5,483,503	5,530,668	5,409,069
62,926,501	65,124,099	82,407,024	80,690,817	84,154,604	80,263,492
353,255,021	316,909,702	287,017,586	311,877,276	292,899,839	279,405,692
11,189,340	701,551	13,158	18,765	-	-
1,421,895	3,148,581	13,528,011	10,449,655	754	176,386
<u>551,822,053</u>	<u>514,528,866</u>	<u>502,144,086</u>	<u>559,808,117</u>	<u>526,760,931</u>	<u>505,682,652</u>
<u>(344,769,254)</u>	<u>(280,018,043)</u>	<u>232,061,473</u>	<u>2,695,713</u>	<u>28,668,630</u>	<u>91,267,296</u>
-	-	-	-	13,979,031.00	-
-	(35,839,375)	-	695,903	-	-
<u>\$ (344,769,254)</u>	<u>\$ (315,857,418)</u>	<u>\$ 232,061,473</u>	<u>\$ 3,391,616</u>	<u>\$ 28,668,630</u>	<u>\$ 91,267,296</u>

**Minneapolis Public Schools**  
**Special School District No. 1**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
<b>Revenues</b>				
Local sources				
Property taxes	\$ 167,390,654	\$ 147,181,032	\$ 170,554,837	\$ 179,102,986
Earnings on investments	219,770	739,024	1,321,599	2,540,323
Other	27,160,400	28,407,323	32,472,040	31,311,889
Revenue from state sources	370,952,385	413,789,822	422,769,202	434,427,393
Revenue from federal sources	68,984,337	63,326,651	58,127,944	62,467,008
Sales and other conversion of assets	-	-	-	-
Total revenues	<u>634,707,546</u>	<u>653,443,852</u>	<u>685,245,622</u>	<u>709,849,599</u>
<b>Expenditures</b>				
Current				
Administration	13,210,075	13,879,619	16,070,932	17,687,848
District support services	20,963,914	22,980,865	28,140,125	18,772,996
Elementary and secondary regular instruction	245,525,210	247,063,307	261,018,680	281,183,312
Vocational education instruction	4,038,638	3,735,366	3,906,467	3,824,712
Special education instruction	108,595,041	112,831,353	115,090,317	120,631,699
Instructional support services	40,622,211	38,055,158	45,674,033	53,888,807
Pupil support services	53,807,517	52,355,745	63,500,540	65,090,663
Sites and buildings	56,741,209	61,317,727	65,382,043	67,537,181
Fiscal and other fixed cost programs	539,461	566,697	567,196	585,971
Food service	18,087,541	18,370,838	18,746,395	21,379,447
Community service	23,783,894	24,149,215	24,374,736	26,096,351
Capital outlay	48,818,034	34,128,727	84,314,918	113,558,642
Debt service				
Principal	54,330,000	142,325,000	57,345,000	65,651,000
Interest and fiscal charges	16,871,133	16,199,472	15,712,382	22,474,693
Total expenditures	<u>705,933,878</u>	<u>787,959,089</u>	<u>799,843,764</u>	<u>878,363,322</u>
Excess of revenues over (under) expenditures	(71,226,332)	(134,515,237)	(114,598,142)	(168,513,723)
<b>Other financing sources (uses)</b>				
Insurance recovery	-	-	-	-
Proceeds from sale of capital assets	237,557	1,402,360	2,918,377	8,042,914
Bonds issuance	75,870,000	112,985,000	203,980,000	111,335,000
Bond premium	4,255,732	10,073,954	24,689,189	7,562,991
Lease issuance	-	-	-	-
Payment to refunded bond escrow agent	(21,545,000)	-	-	-
Transfers in	26,104,494	-	-	16,000,000
Transfers out	(26,104,494)	-	-	-
Total other financing sources (uses)	<u>58,818,289</u>	<u>124,461,314</u>	<u>231,587,566</u>	<u>142,940,905</u>
Net change in fund balances	<u>\$ (12,408,043)</u>	<u>\$ (10,053,923)</u>	<u>\$ 116,989,424</u>	<u>\$ (25,572,818)</u>
Change in accounting principle	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service as a percentage of noncapital expenditures	<u>10.8%</u>	<u>21.0%</u>	<u>10.2%</u>	<u>11.5%</u>

Note 1: 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 increased unrestricted net position by approximately \$696 thousand.

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 186,848,106	\$ 193,482,261	\$ 201,623,012	\$ 237,688,936	\$ 233,710,937	\$ 226,948,273
1,454,684	2,681,596	11,546,213	9,346,761	(9,950)	(2,090,001)
28,387,597	25,794,522	23,747,220	20,983,762	16,415,426	16,975,798
427,523,543	434,379,126	433,327,525	426,392,228	413,948,831	396,699,931
66,351,478	65,693,449	64,556,526	62,670,352	83,704,821	146,899,330
-	-	2,694,907	2,144,670	187,560	804,780
<u>710,565,408</u>	<u>722,030,954</u>	<u>737,495,403</u>	<u>759,226,709</u>	<u>747,957,625</u>	<u>786,238,111</u>
17,384,736	15,547,683	14,078,320	15,207,556	16,049,086	16,954,667
19,613,778	27,059,474	28,409,955	20,382,355	26,601,884	30,826,898
279,209,325	277,152,841	258,489,689	273,196,985	259,680,752	274,310,418
4,018,952	4,166,786	4,480,099	4,620,367	4,797,462	5,476,323
118,988,717	116,754,950	114,880,487	114,972,663	120,905,966	117,840,105
61,076,185	48,331,889	43,030,096	43,973,545	43,590,389	44,617,199
66,342,086	63,842,797	68,351,249	69,626,854	64,371,133	83,826,106
70,831,796	70,541,979	91,101,190	65,137,597	78,814,675	73,838,180
559,310	594,641	688,012	932,903	6,275,779	1,221,175
21,955,089	21,226,849	22,521,883	22,866,971	19,090,261	25,151,830
28,470,422	29,788,981	32,739,857	31,181,411	27,154,272	29,657,088
32,964,683	82,671,403	60,346,611	60,391,425	35,404,410	63722408
54,410,000	51,925,000	57,190,000	58,285,000	59,770,000	69,864,767
24,365,539	28,224,134	31,055,389	32,919,855	33,761,265	35,423,870
<u>800,190,618</u>	<u>837,829,407</u>	<u>827,362,837</u>	<u>813,695,487</u>	<u>796,267,334</u>	<u>872,731,034</u>
(89,625,210)	(115,798,453)	(89,867,434)	(54,468,778)	(48,309,709)	(86,492,923)
-	-	-	-	-	56,162
14,250	1,566	9,765	18,765	-	-
115,840,000	119,025,000	91,670,000	84,220,000	98,980,000	115,280,000
18,670,496	17,676,619	11,814,468	14,931,237	20,389,236	27,638,692
-	-	-	-	-	24,202,006
-	-	-	(6,095,000)	(29,955,000)	(59,085,000)
3,300,000	-	-	3,197,268	-	470,867
<u>(3,300,000)</u>	<u>-</u>	<u>-</u>	<u>(3,197,268)</u>	<u>-</u>	<u>(470,867)</u>
<u>134,524,746</u>	<u>136,703,185</u>	<u>103,494,233</u>	<u>93,075,002</u>	<u>89,414,236</u>	<u>108,091,860</u>
<u>\$ 44,899,536</u>	<u>\$ 20,904,732</u>	<u>\$ 13,626,799</u>	<u>\$ 38,606,224</u>	<u>\$ 41,104,527</u>	<u>\$ 21,598,937</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,903</u>	<u>\$ -</u>	<u>\$ -</u>
<u>10.3%</u>	<u>10.6%</u>	<u>11.5%</u>	<u>12.1%</u>	<u>12.3%</u>	<u>13.0%</u>

**Minneapolis Public Schools  
Special School District No. 1  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 752,912	\$ 896,518	\$ 872,933	\$ 853,532
Restricted	4,153,637	2,255,536	248,930	293,573
Assigned	35,221,882	39,192,676	29,387,954	25,350,565
Unassigned	50,002,716	44,913,892	49,436,409	54,219,695
Total General Fund	90,131,147	87,258,622	79,946,226	80,717,365
All other governmental funds				
Nonspendable	1,144,793	764,274	780,490	484,372
Restricted				
Special revenue funds	3,967,330	3,777,145	6,278,029	9,064,174
Building construction	38,744,890	51,956,431	166,323,664	141,287,222
Debt service funds	44,633,373	24,811,138	32,228,625	28,431,083
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 178,621,533</u>	<u>\$ 168,567,610</u>	<u>\$ 285,557,034</u>	<u>\$ 259,984,216</u>



Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 128,675	\$ 90,987	\$ 1,227,627	\$ 1,269,376	\$ 1,414,679	\$ 5,294,596
3,319,894	1,107,421	2,660,707	9,593,882	\$12,214,531	17698879
21,455,251	29,671,886	32,138,104	43,737,399	57,295,506	68,347,003
41,392,543	31,645,115	38,832,518	52,573,025	55,149,041	53,613,747
66,296,363	62,515,409	74,858,956	107,173,682	126,073,757	144,954,225
872,545	835,232	856,369	2,532,517	1,732,388	2,187,502
10,704,840	11,266,229	9,662,107	6,881,059	8,768,701	5,172,366
201,062,678	225,872,041	219,626,151	219,959,276	238,481,069	249,030,441
25,947,326	25,299,573	34,411,700	42,170,876	44,766,022	40,197,035
-	-	-	-	-	(120,695)
<u>\$ 304,883,752</u>	<u>\$ 325,788,484</u>	<u>\$ 339,415,283</u>	<u>\$ 378,717,410</u>	<u>\$ 419,821,937</u>	<u>\$ 441,420,874</u>

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**Minneapolis Public Schools  
Special School District No. 1  
General Fund Revenue by Source  
Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2013	\$ 104,543,376 20.1%	\$ 349,343,385 67.1%	\$ 50,540,918 9.7%	\$ 16,507,879 3.2%	\$ 520,935,558 100.0%
2014	77,700,562 14.7%	390,144,189 73.7%	44,219,081 8.4%	17,304,137 3.3%	529,367,969 100.0%
2015	106,397,151 18.8%	399,944,459 70.8%	38,310,414 6.8%	20,084,230 3.6%	564,736,254 100.0%
2016	116,602,944 19.9%	410,256,617 70.1%	40,075,526 6.8%	18,292,458 3.1%	585,227,545 100.0%
2017	117,942,218 20.3%	402,839,217 69.2%	43,016,218 7.4%	17,971,173 3.1%	581,768,826 100.0%
2018	122,930,971 20.8%	408,375,976 69.2%	42,823,711 7.3%	15,705,490 2.7%	589,836,148 100.0%
2019	114,084,818 19.7%	406,906,740 70.1%	42,269,350 7.3%	17,035,980 2.9%	580,296,888 100.0%
2020	151,392,761 24.9%	400,306,331 65.9%	39,941,226 6.6%	16,203,960 2.7%	607,844,278 100.0%
2021	144,092,501 23.9%	387,675,107 64.2%	58,628,646 9.7%	13,337,269 2.2%	603,733,523 100.0%
2022	140,964,153 21.9%	371,678,222 57.8%	120,482,318 18.7%	10,084,573 1.6%	643,209,266 100.0%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

**Minneapolis Public Schools  
Special School District No. 1  
General Fund Expenditures by Program  
Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2013	\$ 13,210,075 2.5%	\$ 20,963,914 3.9%	\$ 245,525,210 45.7%	\$ 4,038,638 0.8%	\$ 108,595,041 20.2%	\$ 40,622,211 7.6%
2014	13,879,619 2.6%	22,980,865 4.3%	247,063,307 46.0%	3,735,366 0.7%	112,831,353 21.0%	38,055,158 7.1%
2015	16,070,932 2.8%	28,140,125 4.9%	261,018,680 45.3%	3,906,467 0.7%	115,090,317 20.0%	45,674,033 7.9%
2016	17,687,848 2.9%	18,772,996 3.1%	281,183,312 46.4%	3,824,712 0.6%	120,631,699 19.9%	53,888,807 8.9%
2017	17,384,736 2.9%	19,613,778 3.2%	279,209,325 46.1%	4,018,952 0.7%	118,988,717 19.6%	61,076,185 10.1%
2018	15,547,683 2.6%	27,059,474 4.6%	277,152,841 46.7%	4,166,786 0.7%	116,754,950 19.7%	48,331,889 8.1%
2019	14,078,320 2.5%	28,409,955 5.0%	258,489,689 45.5%	4,480,099 0.8%	114,880,487 20.2%	43,030,096 7.6%
2020	15,207,556 2.6%	20,382,355 3.5%	273,196,985 47.3%	4,620,367 0.8%	114,972,663 19.9%	43,973,545 7.6%
2021	16,049,086 2.7%	26,601,884 4.5%	259,680,752 44.4%	4,797,462 0.8%	120,905,966 20.7%	43,590,389 7.5%
2022	16,954,667 2.6%	30,826,898 4.8%	274,310,418 42.3%	5,476,323 0.8%	117,840,105 18.2%	44,617,199 6.9%

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2012 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Community Education and Services	Capital Outlay	Debt Service	Total
\$ 53,807,517 10.0%	\$ 33,175,600 6.2%	\$ 539,461 0.1%	\$ - -	\$ 16,866,445 3.1%	\$ - -	\$ 537,344,112 100.0%
52,355,745 9.8%	35,180,060 6.6%	566,697 0.1%	- -	9,152,413 1.7%	1,055,711 0.2%	536,856,294 100.0%
63,500,540 11.0%	34,311,403 6.0%	567,196 0.1%	- -	7,613,457 1.3%	- -	575,893,150 100.0%
65,090,663 10.7%	34,369,886 5.7%	585,971 0.1%	- -	10,348,822 1.7%	- -	606,384,716 100.0%
66,342,086 10.9%	35,852,999 5.9%	559,310 0.1%	58,786 0.0%	2,824,954 0.5%	- -	605,929,828 100.0%
63,842,797 10.8%	34,563,786 5.8%	594,641 0.1%	- -	5,602,255 0.9%	- -	593,617,102 100.0%
68,351,249 12.0%	33,716,339 5.9%	688,012 0.1%	- -	1,838,860 0.3%	- -	567,963,106 100.0%
69,626,854 12.1%	33,229,408 5.8%	932,903 0.2%	- -	1,201,584 0.2%	- -	577,344,220 100.0%
64,371,133 11.0%	40,028,331 6.8%	6,275,779 1.1%	- -	2,532,666 0.4%	- -	584,833,448 100.0%
83,826,106 12.9%	38,970,766 6.0%	1,221,175 0.2%	71,406.00 0.0%	26,408,839 4.1%	7,568,950 1.2%	648,092,852 100.0%

**Minneapolis Public Schools  
Special School District No. 1  
Summary of Revenues and Expenditures  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
General Fund	\$ 520,935,558	\$ 529,367,969	\$ 564,736,254	\$ 585,227,545
Special revenue funds				
Food service	17,209,875	18,215,170	19,607,719	22,486,250
Community service	24,566,271	24,428,568	26,664,323	28,570,581
Building construction	1,755,928	5,618,683	9,450,263	1,802,571
Debt service funds	70,239,914	75,813,462	64,787,063	71,762,652
Total revenues	<u>\$ 634,707,546</u>	<u>\$ 653,443,852</u>	<u>\$ 685,245,622</u>	<u>\$ 709,849,599</u>
Expenditures				
General Fund	\$ 537,344,112	\$ 536,856,294	\$ 575,893,150	\$ 606,384,716
Special revenue funds				
Food service	19,650,159	18,977,383	19,224,956	22,027,820
Community service	24,117,842	24,237,059	24,540,783	26,563,620
Building construction	53,620,632	50,419,592	107,127,493	135,261,473
Debt service funds	71,201,133	157,468,761	73,057,382	88,125,693
Total expenditures	<u>\$ 705,933,878</u>	<u>\$ 787,959,089</u>	<u>\$ 799,843,764</u>	<u>\$ 878,363,322</u>

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 581,768,826	\$ 589,836,148	\$ 580,296,888	\$ 607,844,278	\$ 603,733,523	\$ 643,209,266
22,589,754	21,897,237	22,062,833	23,694,428	21,349,575	21,168,074
29,825,786	30,506,573	31,853,780	28,471,098	27,022,352	29,701,512
1,115,839	1,249,177	6,211,282	3,611,101	212,058	597,098
<u>75,265,203</u>	<u>78,541,819</u>	<u>97,070,620</u>	<u>95,605,804</u>	<u>95,640,117</u>	<u>91,562,161</u>
<u>\$ 710,565,408</u>	<u>\$ 722,030,954</u>	<u>\$ 737,495,403</u>	<u>\$ 759,226,709</u>	<u>\$ 747,957,625</u>	<u>\$ 786,238,111</u>
\$ 605,929,828	\$ 593,617,102	\$ 567,963,106	\$ 577,344,220	\$ 584,833,448	\$ 648,092,852
22,077,485	21,646,325	22,624,251	22,955,476	19,211,722	25,223,498
28,554,216	30,234,975	32,875,347	31,232,002	27,155,640	29,589,555
65,875,000	113,141,433	115,941,640	91,067,412	71,747,909	73,373,599
<u>77,754,089</u>	<u>79,189,572</u>	<u>87,958,493</u>	<u>91,096,377</u>	<u>93,318,615</u>	<u>96,451,530</u>
<u>\$ 800,190,618</u>	<u>\$ 837,829,407</u>	<u>\$ 827,362,837</u>	<u>\$ 813,695,487</u>	<u>\$ 796,267,334</u>	<u>\$ 872,731,034</u>

**Minneapolis Public Schools  
Special School District No. 1  
Cash and Investments by Fund  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
General Fund	\$ 73,825,568	\$ 119,700,798	\$ 108,907,760	\$ 95,179,498
Special revenue funds				
Food service	-	-	815,272	933,829
Community service	1,507,562	4,328,228	6,630,979	8,976,796
Building construction	47,062,856	61,146,291	196,346,014	161,675,892
Debt service funds	73,900,138	49,334,042	59,749,587	58,600,779
Internal service funds	53,913,242	50,088,316	47,534,292	29,705,483
OPEB Trust Fund	14,920,422	16,734,979	14,637,387	14,946,492
	<u>\$ 265,129,788</u>	<u>\$ 301,332,654</u>	<u>\$ 434,621,291</u>	<u>\$ 370,018,769</u>



Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 85,619,508	\$ 94,582,285	\$ 116,595,173	\$ 146,432,589	\$ 167,707,285	\$ 153,196,716
1,939,704	2,081,764	1,869,294	-	2,925,204	-
11,242,777	11,338,299	9,314,974	6,423,422	4,959,083	7,234,505
213,222,358	246,717,038	236,462,242	229,145,567	247,489,262	255,932,860
57,151,753	67,471,802	73,465,944	80,663,292	83,644,344	84,334,717
44,918,470	52,288,028	59,713,246	69,745,932	88,143,884	83,801,385
16,218,696	19,236,786	21,086,531	21,766,550	26,504,022	22,957,606
<u>\$ 430,313,266</u>	<u>\$ 493,716,002</u>	<u>\$ 518,507,404</u>	<u>\$ 554,177,352</u>	<u>\$ 621,373,084</u>	<u>\$ 607,457,789</u>

**Minneapolis Public Schools  
Special School District No. 1  
Governmental Funds Tax Revenues by Source and Levy Type  
Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Capital Projects - Building Construction	Debt Service Funds	
2013	\$ 104,543,376	\$ 4,786,743	\$ 1,361,633	\$ 56,698,902	\$ 167,390,654
2014	77,700,562	2,419,221	4,971,017	62,090,232	147,181,032
2015	106,397,151	4,982,620	8,327,570	50,847,496	170,554,837
2016	116,602,944	5,150,988	82,169	57,266,885	179,102,986
2017	117,942,218	5,699,513	-	63,206,375	186,848,106
2018	122,930,971	5,529,590	-	65,021,700	193,482,261
2019	114,084,818	5,206,428	-	82,331,766	201,623,012
2020	151,392,761	5,492,440	-	80,803,735	237,688,936
2021	144,092,501	5,528,142	-	84,090,294	233,710,937
2022	140,964,153	5,432,626	-	80,551,494	226,948,273

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

**Minneapolis Public Schools  
Special School District No. 1  
Tax Capacities and Market Values  
Last Ten Fiscal Years  
(Unaudited)**

For Taxes Collectible	Total Taxable Net Tax Capacity	Estimated Market Value	Percentage Tax Capacity to Market Value
2013	\$ 373,715,553	\$ 32,349,723,380	1.16 %
2014	374,174,247	33,018,471,980	1.13
2015	410,514,191	36,295,801,700	1.13
2016	454,641,259	40,007,351,470	1.14
2017	493,479,516	43,733,641,575	1.13
2018	533,535,674	47,585,887,950	1.12
2019	586,430,142	52,302,500,275	1.12
2020	616,220,416	55,860,372,081	1.10
2021	697,099,022	58,812,067,511	1.19
2022	704,727,774	60,047,658,199	1.17

Note: Per the Hennepin County Taxpayer Services Division, reliable information for the breakdown of assessed and actual residential, commercial, and industrial property values is not available. actual value of property.

Source: Hennepin County Taxpayer Services Division & MDE Levy Limitation and Certification Report.

**Minneapolis Public Schools  
Special School District No. 1  
School Tax Levies, and Tax Rates  
Last Ten Fiscal Years  
(Unaudited)**

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies	2013	\$ 105,101,981	\$ 4,754,650	\$ 62,499,927	\$ 172,356,558
	2014	115,585,635	4,958,085	51,348,833	171,892,553
	2015	115,954,257	5,160,736	57,481,369	178,596,362
	2016	117,008,161	5,503,645	63,228,410	185,740,216
	2017	119,784,624	5,330,747	65,796,848	190,912,220
	2018	114,064,112	5,241,275	83,098,180	202,403,566
	2019	149,699,526	5,541,672	81,436,314	236,677,511
	2020	142,851,932	5,568,034	84,751,020	233,170,987
	2021	137,639,976	5,453,410	80,948,599	224,041,985
	2022	144,015,606	5,541,222	91,134,710	240,691,538
Tax rates	2013	0.09216	0.01269	0.23426	0.33911
	2014	0.10699	0.01314	0.13604	0.25617
	2015	0.00319	0.08069	0.13782	0.22170
	2016	0.06278	0.01193	0.13702	0.21173
	2017	0.06197	0.01067	0.13160	0.20424
	2018	0.05877	0.00976	0.22312	0.29165
	2019	0.05328	0.00947	0.15956	0.22231
	2020	0.06900	0.00876	0.13326	0.21102
	2021	0.06576	0.00765	0.11351	0.18692
	2022	0.06645	0.00766	0.12706	0.20117

Note: Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Source: State of Minnesota School Tax Report

**Minneapolis Public Schools  
Special School District No. a  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Unaudited)**

For Taxes Collectible	SSD No. 001		Overlapping Rates				Total Rates
	Tax Capacity Based Rates	Market Value Based Rates	City of Minneapolis	Hennepin County	Watershed Districts	Other Special Taxing Districts	Minneapolis Resident
2013	3.47 %	0.02 %	10.34 %	6.24 %	0.23 %	0.70 %	21.00
2014	3.29	0.01	9.55	6.33	0.23	0.73	20.14
2015	2.85	0.02	8.82	5.92	0.22	0.71	18.54
2016	2.72	0.02	8.29	5.78	0.22	0.67	17.70
2017	2.63	0.02	8.11	5.64	0.22	0.68	17.30
2018	2.88	0.01	7.94	5.49	0.22	0.68	17.22
2019	2.87	0.02	7.63	5.37	0.20	0.64	16.73
2020	2.72	0.01	7.59	5.25	0.19	0.61	16.37
2021	2.41	0.01	7.51	4.89	0.18	0.58	15.58
2022	2.65	0.01	7.44	4.96	0.18	0.58	15.82

Note 1: Based upon weighted class rate among property types (e.g. commercial/industrial, residential).

Source: Hennipen County & City of Minneapolis Finance and Property Services Department

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**Minneapolis Public Schools  
Special School District No. 1  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)**

Taxpayer	2022			Taxpayer	2013		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity		Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
BRI 1855 IDS Center, LLC	\$ 5,804,450	1	0.82 %	Northern States Power Co	\$ 3,312,350	1	0.89 %
WFM Office Owner LLC	5,319,250	2	0.75	Target Corporation	2,408,874	2	0.64
SRI Eleven MPLS 225 LLC	5,090,650	3	0.72	MB Mpls 8th Street LLC	1,978,919	3	0.53
City Center 33 S. Prop LLC	4,828,650	4	0.69	Minneapolis 225 Holdings LLC	1,892,276	4	0.51
Wells REIT-800 Nicollett	4,157,250	5	0.59	NWC Limited Partnership	1,836,825	5	0.49
US Bank Corp RE Tax Dept	4,006,250	6	0.57	City Center Associates	1,627,727	6	0.44
South Sixth Office LLC	3,199,250	7	0.45	First Minneapolis-Hines Co.	1,507,583	7	0.40
BAM 701 LLC	3,164,850	8	0.45	Wells Operating Partnership LP	1,521,445	8	0.41
Target Corporation	2,853,800	9	0.40	Hilton Hotels Corporation	1,322,745	9	0.35
KBS Capital Advisors LLC	2,295,870	10	0.33	Hines Global REIT 50 So. Sixth St. LLC	1,245,344	10	0.33
	<u>\$ 40,720,270</u>		<u>5.78 %</u>		<u>\$ 18,654,088</u>		<u>4.99 %</u>

Source: Hennipen County

**Minneapolis Public Schools  
Special School District No. 1  
Property Tax Levies and Receivables  
Last Ten Fiscal Years  
(Unaudited)**

For Taxes Collectible	Taxes Levied for the Fiscal Year			Collections	
	Operating Tax Levy	Debt Tax Levy	Total	First Year Levy Recognized	
				Amount	Percentage of Levy
2013	\$ 116,599,465	\$ 62,499,927	\$ 179,099,392	\$ 178,688,702	99.8 %
2014	120,543,720	51,348,833	171,892,553	171,427,681	99.7
2015	130,512,563	57,737,682	188,250,245	187,796,176	99.8
2016	128,145,740	63,228,410	191,374,150	190,942,335	99.8
2017	125,115,372	65,796,848	190,912,220	190,834,102	100.0
2018	114,064,112	88,339,455	202,403,566	201,951,261	99.8
2019	155,241,197	81,436,314	236,677,511	236,446,886	99.9
2020	148,419,966	84,751,020	233,170,987	232,699,888	99.8
2021	143,093,386	80,948,599	224,041,985	222,810,001	99.5
2022	149,556,828	91,134,710	240,691,538	123,220,106	51.2

Note 1: A portion of the total spread levy is paid through various property tax credits, which are paid through state aids and have been included in collections. Legislative changes, beginning with taxes collectible in 2012, significantly reduced or eliminated the amount of tax credits paid through state aids.

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

Source: State of Minnesota School Tax Report



	Collections			Uncollected Taxes Receivable as of June 30, 2022			
	Received in Subsequent Years	Total to Date		Delinquent (2)		Current	
		Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ 410,690	\$ 179,099,392	100.0 %	\$ -	- %	\$ -	- %	
464,871	171,892,553	100.0	-	-	-	-	
454,069	188,250,245	100.0	-	-	-	-	
431,815	191,374,150	100.0	-	-	-	-	
78,118	189,367,854	99.2	22,105	0.01	-	-	
452,306	201,000,177	99.3	415,874	0.21	-	-	
230,625	234,875,121	99.2	167,414	0.07	-	-	
471,098	229,562,672	98.5	379,164	0.16	-	-	
1,231,984	220,847,757	98.6	459,412	0.21	-	-	
-	123,220,106	51.2	-	-	117,471,432	48.8	
			<u>\$ 1,443,969</u>		<u>\$ 117,471,432</u>		

**Minneapolis Public Schools  
Special School District No. 1  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)**

Year	G.O. Bonds	Certificates of Participation	Notes from Direct Borrowing	Lease Liability	Premium (Discount) on Debt	Total Primary Government	Estimated Population	Total Debt per Capita	Percent of Total Debt to Personal Income
2013	\$ 262,126,000	\$ 151,275,000	\$ -	\$ -	\$ 12,117,744	\$ 425,518,744	392,008	\$ 1,085	3.63 %
2014	255,871,000	128,190,000	-	-	17,590,226	401,651,226	400,938	1,002	3.06
2015	294,431,000	236,265,000	-	-	38,291,366	568,987,366	411,273	1,383	4.36
2016	317,010,000	259,370,000	-	-	41,126,988	617,506,988	412,517	1,497	4.31
2017	382,585,000	255,225,000	-	-	54,506,071	692,316,071	413,645	1,674	4.85
2018	435,020,000	269,890,000	-	-	65,997,346	770,907,346	422,326	1,825	4.79
2019	495,505,000	243,885,000	-	-	70,897,597	810,287,597	425,403	1,905	5.14
2020	530,255,000	228,975,000	-	-	78,155,890	837,385,890	435,885	1,921	4.95
2021	562,395,000	206,090,000	-	-	90,870,567	859,355,567	429,954	1,999	5.14
2022	573,655,000	188,455,000	15,129,168	1,778,071	106,861,987	885,879,226	435,105	2,036	N/A

Note 1: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Note 2: Personal income data for Fiscal year 22 is not available

Note 3: GASB Statement No. 87 was implemented for fiscal year 2022 which resulted in the recognition of a lease liability and finance purchases through notes from direct borrowing related to leases.

Source: State of Minnesota School Tax Report and Metropolitan Council

**Minneapolis Public Schools  
Special School District No. 1  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)**

Year	G.O. Bonds	Certificates of Participation	Premium (Discount) on Debt	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Net Tax Capacity	Percent of Estimated Actual Value of Property	Estimated Population	Net Bonded Debt per Capita
2013	\$ 262,126,000	\$ 151,275,000	\$ 12,117,744	\$ 44,633,373	\$ 380,885,371	\$ 373,715,553	101.92 %	392,008	\$ 972
2014	255,871,000	128,190,000	17,590,226	24,811,138	376,840,088	374,174,247	100.71	400,938	940
2015	294,431,000	236,265,000	38,291,366	32,228,625	536,758,741	410,514,191	130.75	411,273	1,305
2016	317,010,000	259,370,000	41,126,988	28,431,083	589,075,905	454,641,259	129.57	412,517	1,428
2017	382,585,000	255,225,000	54,506,071	25,947,326	666,368,745	493,479,516	135.03	413,645	1,611
2018	435,020,000	269,890,000	65,997,346	25,243,815	745,663,531	533,535,674	139.76	422,326	1,766
2019	495,505,000	243,885,000	70,897,597	34,243,907	776,043,690	586,430,142	132.33	425,403	1,824
2020	530,255,000	228,975,000	78,155,890	41,893,322	795,492,568	616,220,416	129.09	435,885	1,825
2021	562,395,000	206,090,000	90,870,567	42,097,027	817,258,540	697,099,022	117.24	429,954	1,901
2022	573,655,000	188,455,000	106,861,987	40,197,035	828,774,952	704,727,774	117.60	435,105	1,905

Note 1: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Note 2: Balance on hand values are restricted for the repayment of debt principal based on *Minnesota Statutes*.

Source: State of Minnesota School Tax Report and Metropolitan Council

**Minneapolis Public Schools  
Special School District No. 1  
Ratio of Annual Debt Expenditures to General Fund Expenditures  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Principal	Interest and Other Charges	Total Debt Service Expenditures	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
2013	\$ 54,330,000	\$ 16,871,133	\$ 71,201,133	\$ 537,344,112	13.25 %
2014	142,325,000	16,199,472	158,524,472	536,856,294	29.53
2015	57,345,000	15,712,382	73,057,382	575,893,150	12.69
2016	65,651,000	22,474,693	88,125,693	606,384,716	14.53
2017	54,410,000	24,365,539	78,775,539	605,929,828	13.00
2018	51,925,000	28,224,134	80,149,134	593,617,102	13.50
2019	57,190,000	31,055,389	88,245,389	567,963,106	15.54
2020	58,285,000	32,919,855	91,204,855	577,344,220	15.80
2021	59,770,000	33,761,265	93,531,265	584,833,448	15.99
2022	69,864,767	35,423,870	105,288,637	648,092,852	16.25

**Minneapolis Public Schools  
Special School District No. 1  
Direct and Overlapping Debt  
as of June 30, 2022  
(Unaudited)**

Governmental Unit	General Obligation Debt	2022 Tax Capacity Value	Percent of Debt Applicable	Amount of Debt Applicable
<b>Overlapping debt</b>				
City of Minneapolis	\$ 342,015,000	\$ 704,727,774	100.00 %	\$ 342,015,000
Hennepin County	1,088,110,000	2,336,109,435	30.17	328,282,787
Hennepin County (HCRRRA)	90,580,000	1,631,381,661	30.17	27,327,986
Metropolitan Council	<u>218,520,000</u>	<u>2,334,482,380</u>	13.41	<u>29,303,532</u>
Total overlapping debt	1,739,225,000	7,006,701,250		726,929,305
<b>Direct debt</b>				
SSD No. 001	<u>573,655,000</u>	<u>704,727,774</u>	100.00	<u>573,655,000</u>
Total direct and overlapping debt	<u>\$ 4,052,105,000</u>	<u>\$ 14,718,130,274</u>		<u>\$ 2,027,513,610</u>

Source 1: General obligation debt and amount applicable debt data - The Official Statement associated with the District's 2022A, 2021B, and 2021C (prepared by PFM)

Source 2: Tax capacity data from other entities were provided Hennipen County

Source 3: Internal data reports were used for the District's data

**Minneapolis Public Schools  
Special School District No. 1  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 4,852,053,158	\$ 4,952,363,982	\$ 5,447,369,385	\$ 6,001,102,687
Total net debt applicable to the limit	<u>217,492,627</u>	<u>231,059,862</u>	<u>262,202,375</u>	<u>288,578,917</u>
Legal debt margin	<u>\$ 4,634,560,531</u>	<u>\$ 4,721,304,120</u>	<u>\$ 5,185,167,010</u>	<u>\$ 5,712,523,770</u>
Total net debt applicable to the limit as a percentage of debt limit	4.48%	4.67%	4.81%	4.81%

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

Source: State of Minnesota School Tax Report

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 6,560,046,199	\$ 7,137,887,239	\$ 7,845,384,454	\$ 8,379,065,908	\$ 8,821,821,504	\$ 9,007,148,730
<u>356,637,674</u>	<u>409,776,185</u>	<u>461,261,093</u>	<u>488,361,678</u>	<u>520,297,973</u>	<u>\$533,457,965</u>
<u>\$ 6,203,408,525</u>	<u>\$ 6,728,111,054</u>	<u>\$ 7,384,123,361</u>	<u>\$ 7,890,704,230</u>	<u>\$ 8,301,523,531</u>	<u>\$ 8,473,690,765</u>
5.44%	5.74%	5.88%	5.83%	5.90%	5.92%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	\$ 60,047,658,199
Debt limit (15% of market value)	\$ 9,007,148,730
Debt applicable to limit	
General obligation bonds	573,655,000
Less amount set aside for repayment of general obligation debt	<u>(40,197,035)</u>
Total net debt applicable to the limit	<u>\$ 533,457,965</u>
Legal debt margin	<u>\$ -</u>

**Minneapolis Public Schools  
Special School District No. 1  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	Households (2)
2013	392,008	\$ 11,735,151,488	\$ 29,936	31.4	166,513
2014	400,938	13,147,157,958	32,791	32.1	170,195
2015	411,273	13,063,675,572	31,764	31.8	175,119
2016	412,517	14,340,328,471	34,763	32.4	176,878
2017	413,645	14,281,920,915	34,527	32.0	179,807
2018	422,326	16,103,712,706	38,131	32.4	176,807
2019	425,403	15,770,114,613	37,071	32.1	173,916
2020	435,885	16,915,825,080	38,808	32.2	176,974
2021	429,954	16,717,041,474	38,881	32.3	178,886
2022	435,105	N/A	N/A	N/A	N/A

Data sources:

- Note 1: Information was provided as of December 31st (six month lag on reporting of data)
- Note 2: Population provided by Metropolitan Council (calander year)
- Note 3: Per Capita Income - U.S. Census Bureau - American Community Survey Table DP03 - 1 Year Estimate (calander year)
- Note 4: Median Age - U.S. Census Bureau - American Community Survey Table DP05 - 1 Year Estimate (calander year)
- Note 5: Personal Income = Population x Per Capita Income (calander year)
- Note 6: Jobs data from MN DEED/QCEW tables; (calander year)
- Note 7: Annual Average Unemployment Rate - from MN DEED/LAUS tables (calander year)
- Note 8: Median Household Income - U.S. Census Bureau - American Community Survey - 1 Year Estimate (calander year)
- Note 9: School enrollement provided by Minnesota Department of Education (June fiscal year-end)



<u>Jobs (5)</u>	<u>Median Household Income (2)</u>	<u>School Enrollment (8)</u>	<u>Annual Average Unemployment Rate (2)</u>
297,012	\$ 47,604	34,309	5.3 %
303,135	50,563	35,226	4.6
308,714	50,791	35,386	3.8
317,475	54,571	35,449	3.4
324,620	56,255	35,380	3.4
327,355	60,789	35,020	3.2
332,175	58,993	34,088	2.5
339,242	62,583	33,202	2.6
309,636	66,068	31,393	4.8
314,809	N/A	29,077	2.5

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**Minneapolis Public Schools  
Special School District No. 1  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2022			Employer	2013		
	Approximate Number of Employees	Rank	Percentage of Total District Employment		Approximate Number of Employees	Rank	Percentage of Total District Employment
University of Minnesota	17,691	1	5.6 %	University of Minnesota	17,100	1	8.5 %
Allina Health	10,856	2	3.4	Target Corporation	12,200	2	6.1
Target Corporation	8,500	3	2.7	Wells Fargo Bank	7,000	3	3.5
Hennepin Healthcare	7,111	4	2.3	Fairview Health Services	6,700	4	3.3
Wells Fargo Bank	7,000	5	2.2	Minneapolis Public Schools	6,119	5	3.0
Minneapolis Public Schools	6,202	6	0.0	Hennepin Healthcare	5,800	6	2.9
Hennepin County	5,995	7	1.9	Ameriprise Financial Services	5,600	7	2.8
US Bancorp	4,968	8	1.6	Hennepin County	5,200	8	2.6
Ameriprise Financial Services	4,842	9	1.5	Children's Hospital	3,000	9	1.5
Xcel Energy	2,252	10	0.7	Honeywell Aerospace	2,200	10	1.1
	<u>75,417</u>		<u>21.90 %</u>		<u>70,919</u>		<u>35.28 %</u>

N/A – Not Available

Note 1: Information regarding employer/employee rank has been based on calander year (6-month lag on reporting data)

Source: State Department of Commerce and The City of Minneapolis

**Minneapolis Public Schools  
Special School District No. 1  
Employees by Classification  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
ABE Teachers	46.3	44.7	56.6	54.2	54.2	56.8
AFSCME	305.5	295.9	314.3	336.1	323.3	317.9
AMP	4.0	23.0	119.7	112.3	118.6	121.6
Board Members	-	0.8	9.0	9.0	9.0	9.0
CLT (until 2014)	35.8	27.1	-	-	-	-
ELT (until 2014)	86.7	99.0	-	-	-	-
Employment Contracts	57.3	50.6	44.7	39.6	35.9	27.4
ESP	1,305.8	1,228.3	1,333.1	1,431.2	1,510.1	1,438.5
Food Service	127.0	146.6	141.3	170.7	192.3	199.8
Grounds/Stockworkers	10.0	19.0	20.0	19.0	20.0	20.0
Intermittent/Clerica	0.1	0.1	11.0	11.0	11.0	10.0
Janitor/Eng/Bus/Ice	365.2	265.2	280.2	291.6	263.0	274.0
MAAC (until 2014)	96.0	86.3	-	-	-	-
MAAS	-	-	131.8	140.3	123.2	126.1
MACA	85.0	115.5	126.5	117.5	117.6	124.0
Machinists	1.0	1.0	1.0	1.0	1.0	1.0
MPSASP (until 2014)	73.9	81.9	-	-	-	-
Non-Represented	-	-	66.0	42.0	43.0	39.0
Principals	106.0	102.0	121.0	124.0	130.0	128.0
SSS (until 2015)	11.8	11.8	10.8	2.0	-	-
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0
Teachers	3,106.6	3,128.6	3,403.3	3,571.9	3,593.4	3,472.0
Trade-Bricklayer	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Carpenter	10.0	9.0	9.0	10.0	10.0	10.0
Trade - Cement Mason	1.0	-	-	-	-	-
Trade-Electrician	12.0	9.0	10.0	10.0	13.0	12.0
Trade-Electronics	4.0	5.0	5.0	6.0	7.0	8.0
Trade-Glazier	3.0	3.0	3.0	3.0	3.0	3.0
Trade - Ironworker	1.0	-	-	-	-	-
Trade-Painter	17.0	16.0	16.0	16.0	16.0	16.0
Trade-Pipefitter	22.0	22.0	22.0	23.0	24.0	24.0
Trade-Plasterer	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Plaster Tender	1.0	1.0	1.0	1.0	1.0	1.0
Trade-Plumber	8.0	9.0	9.0	9.0	10.0	10.0
Trade-Roofer	4.0	5.0	5.0	5.0	5.0	5.0
Trade-Sheet Metal	14.0	14.0	15.0	15.0	16.0	16.0
Trade-Sprinkler Fit	2.0	2.0	3.0	2.3	2.3	2.3
Transportation	193.1	202.0	195.0	191.0	182.0	179.0
	<u>6,119.1</u>	<u>6,027.4</u>	<u>6,486.3</u>	<u>6,767.7</u>	<u>6,837.9</u>	<u>6,654.4</u>

Source: Internal records of Minneapolis Public Schools

Fiscal Year

2019	2020	2021	2022
56.6	52.3	36.2	34.8
298.5	310.8	294.5	287.4
146.5	200.9	199.9	222.0
9.0	9.0	9.0	9.0
-	-	-	-
-	-	-	-
6.3	6.8	3.7	3.6
1,367.0	1,367.4	1,276.6	1,222.5
210.8	233.2	237.6	240.5
20.0	21.0	20.0	20.0
10.0	10.0		
270.0	278.0	256.0	285.5
-	-		
113.0	117.8	113.4	109.9
115.0	127.0	125.0	125.0
1.0	1.0	1.0	1.0
-	-		
40.0	33.0	31.0	32.0
122.0	121.0	117.0	118.0
-	-		
1.0	1.0	1.0	1.0
3,306.4	3,361.1	3,215.2	3,228.4
1.0	1.0	1.0	1.0
9.0	9.0	12.0	12.0
-	-	-	-
12.0	6.0	5.0	2.5
8.0	8.0	8.0	8.0
2.0	2.0	2.0	2.0
-	-	-	-
11.0	11.0	11.0	11.0
24.0	24.0	24.0	24.0
1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0
9.0	9.0	9.0	9.0
5.0	5.0	5.0	5.0
16.0	16.0	16.0	18.0
2.3	2.3	2.5	2.5
188.0	169.9	164.6	164.6
<u>6,382.4</u>	<u>6,516.5</u>	<u>6,199.2</u>	<u>6,202.2</u>

**Minneapolis Public Schools  
Special School District No. 1  
Student Enrollment  
as of June 30, 2022  
(Unaudited)**

Year Ended June 30,	Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2013	799.24	3,083.18	17,249.23	13,177.46	34,309.11	38,731.12
2014	781.23	3,044.21	17,913.09	13,487.42	35,225.95	39,818.34
2015	791.33	2,890.75	17,964.39	13,739.74	35,386.21	38,134.14
2016	765.59	2,821.67	17,865.38	13,996.06	35,448.70	38,247.91
2017	554.92	2,961.59	17,349.56	14,513.50	35,379.57	38,282.27
2018	625.60	2,933.68	16,800.37	14,660.08	35,019.73	37,951.60
2019	610.58	2,898.31	16,105.80	14,473.40	34,088.09	36,982.64
2020	605.53	2,934.53	15,598.05	14,064.16	33,202.27	36,015.12
2021	590.60	2,419.57	14,656.99	13,726.15	31,393.31	34,138.56
2022	469.04	2,510.56	13,174.49	12,922.83	29,076.92	31,661.46

Source: Minnesota Department of Education student reporting system

**Minneapolis Public Schools  
Special School District No. 1  
Operating Statistics  
as of June 30, 2022  
(Unaudited)**

Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2013	34,309.11	\$ 585,914,711	\$ 17,078	3.1 %	3,107	11.04	65.9 %
2014	35,225.95	595,305,890	16,900	-1.0	3,129	11.26	65.1
2015	35,386.21	642,471,464	18,156	7.4	3,403	10.40	64.2
2016	35,448.70	676,678,987	19,089	5.1	3,572	9.92	63.0
2017	35,379.57	688,450,396	19,459	1.9	3,593	9.85	61.9
2018	35,019.73	675,008,870	19,275	-0.9	3,472	10.09	60.1
2019	34,088.09	678,770,837	19,912	3.3	3,306	10.31	59.3
2020	33,202.27	662,099,207	19,941	0.1	3,361	9.88	57.5
2021	31,393.31	667,331,659	21,257	6.6	3,215	9.76	55.3
2022	29,076.92	703,719,989	24,202	13.9	3,228	9.01	49.9

Note: Operating expenditures are total expenditures less debt service and capital outlays  
Source: Nonfinancial information from district records

**Minneapolis Public Schools  
Special School District No. 1  
Building Information  
as of June 30, 2022  
(Unaudited)**

Facility	Constructed	Square Feet	Capacity	2021 - 2022 Enrollment
<b>Elementary Schools</b>				
Armatage	1952	99,647	607	327
Bancroft	1912	106,241	579	343
Barton Community	1915	83,752	686	493
Bethune Arts	1968	75,615	546	286
Bryn Mawr Community	1908	102,658	647	344
Burroughs Community	1926/2003	100,367	662	479
Cityview	1999	121,588	710	180
Dowling	1924	88,608	512	263
Emerson Spanish Dual Immersion	1926	57,061	410	503
Field Community	1921	81,171	476	303
Folwell	1931	140,629	893	374
Green Central Dual Language	1977	117,773	590	554
Hale Community	1930	81,807	569	314
Hall STEM Academy	1960	81,030	514	208
Hiawatha (Hiawatha Community)	1916	40,888	322	234
Hmong International Academy (Jordan Park)	1999	123,293	771	247
Howe (Hiawatha Community)	1927	36,161	284	225
Jenny Lind Elementary	1995	96,693	563	254
Kenny Community	1954	60,104	437	328
Kenwood Community	1908	65,699	456	367
Lake Harriet Community Lower	1924	63,646	511	335
Lake Harriet Community Upper	1915	59,896	615	320
Lake Nokomis Community Keewaydin Campus	1928	86,050	556	371
Lake Nokomis Community Wenonah Campus	1952	44,827	303	183
Las Estrellas/ Sheridan Dual Language	1967/1932	148,005	739	284
Loring Community	1928	59,896	398	301
Lucy Craft Laney at Cleveland Park	2000	109,026	710	343
Lyndale Elementary	1968	97,506	664	342
Marcy Arts Elementary	1992	78,957	706	517
Nellie Stone Johnson Community	2001	125,150	756	198
Northrop/ Ericsson	1916	64,421	-	370
Pillsbury Community	1907/1991	87,705	579	385
Pratt Community	1898	42,437	290	204
Seward Montessori	1887/1966	126,726	934	639
Tuttle (vacant)	1910	63,305	-	-
Waite Park Community	1950	60,073	512	275
Webster	1974	73,414	411	240
Whittier	1882/1997	142,460	681	366
Willard (vacant)	1910	53,635	-	-
Windom	1920	73,618	474	379



**Minneapolis Public Schools  
Special School District No. 1  
Building Information  
as of June 30, 2022  
(Unaudited)**

Facility	Constructed	Square Feet	Capacity	2021 - 2022 Enrollment
<b>Middle Schools</b>				
Andersen United	1975	232,557	1,532	887
Anthony	1957	139,590	810	834
Anwatin	1959	146,771	807	360
Jefferson Global Studies & Humanities (PK - 8th)	1923	156,450	844	670
Franklin STEAM	1970	125,794	617	289
Justice Page	1931	156,856	1,135	1,028
Lincoln (vacant)	1922	155,831	-	-
Northeast Middle	1956	173,080	878	547
Olson, Floyd B.	1962	114,959	605	446
River Bend Educational Center (K - 8th) W Harry Davis	1995	93,483	533	79
Sanford	1926	150,680	960	787
Sullivan STEAM (K-8)	1949	214,421	1,279	595
<i>Anishinabe (K-5)</i>	-	-	-	195
<b>High Schools</b>				
Edison	1922	257,922	1,318	888
FAIR School Downtown	1998	86,150	600	286
<i>Wellstone International (program) moving to MCTC FY23</i>				129
Harrison Education Center	1998	54,793	246	29
Henry	1926	241,971	1,335	810
Longfellow Alternative and TPS	1918	42,733	417	49
North Community	1972	287,113	1,678	407
Roosevelt	1922	324,718	1,743	850
South	1970	283,094	2,072	1,488
Southwest	1940	295,832	2,092	1,629
Stadium View	-	-	-	24
Washburn	1925	256,430	1,552	1,525
<b>Other</b>				
Adult Basic Education (ABE) South Campus (2015 E Lake St)	2018	134,340	-	73
<i>Transition Plus (ages 18-21)</i>	-	-	-	213
Adult Basic Education (ABE) North Campus (800 W Broadway)	2017	22,009	-	-
MPS K-12 Online School	-	-	-	539
Northstar (Admin)	1975	144,197	-	-
<i>Mona Moede Early Learning Center</i>				
Wilder	1967	205,536	1,622	-
<i>Early Childhood Special Education (program)</i>	-	-	-	222
<i>Heritage Academy (program)</i>	-	-	418	104
<b>Administrative</b>				
Davis Center	2012	173,768	-	-
Maintenance and Operations Building	1995	89,729	-	-
Nutrition Center	1975	73,143	-	-
Victory Memorial Ice Arena (vacant)	1974	27,725	-	-

\*Information related to private alternatives are not displayed above

Source: Nonfinancial information from district records