BROOKLYN CENTER COMMUNITY SCHOOLS

WE STAND FRONT AND CENTER

Independent School District No. 286
Brooklyn Center, Minnesota

Annual Financial Report
for the
Fiscal Year Ended June 30, 2022

INDEPENDENT SCHOOL DISTRICT NO. 286
BROOKLYN CENTER, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 286

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 286

School Board and Administration
Year Ended June 30, 2022

SCHOOL BOARD

	Board Position
Cheryl Jechorek	Chair
John Solomon	Vice Chair
Amy Bailey	Clerk
Mary Benrud-Gachie	Treasurer
Ruthie Dallas	Director
Benjamin Woksonsommers	Director

ADMINISTRATION

Carly Baker	Superintendent
Sara Bratsch	Finance Director
Briana Volkers	Accountant

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 286
Brooklyn Center, Minnesota

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 286 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

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

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

(continued)

Required Supplementary Information

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

Supplemental Information

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

Other Information

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 6, 2021. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 28, 2022

This section of Independent School District No. 286's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2022 by $20,585,452 (net position deficit). The District's total net position decreased by $1,793,226 during the fiscal year ended June 30, 2022.

- Government-wide revenues totaled $44,161,992 and were $1,793,226 less than expenses of $45,955,218.

- The General Fund's total fund balance (under the governmental fund presentation) decreased $3,436,130 from the prior year, compared to a decrease of $1,910,214 planned in the budget.

- The District adopted Governmental Accounting Standards Board Statement No. 87, *Leases,* during the 2022 fiscal year. This change in accounting principle resulted in the recognition of a leased asset and related lease liability of $1,602,696 in the government-wide financial statements, at the beginning of the fiscal year, but did not impact beginning fund balances or net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

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

	2022	2021
Assets		
Current and other assets	$ 16,414,365	$ 20,485,531
Capital assets, net of depreciation/amortization	50,007,356	50,365,295
Total assets	$ 66,421,721	$ 70,850,826
Deferred outflows of resources		
Pension plan deferments	$ 8,689,601	$ 9,619,500
OPEB plan deferments	116,321	67,115
Total deferred outflows of resources	$ 8,805,922	$ 9,686,615
Liabilities		
Current and other liabilities	$ 4,909,966	$ 5,541,188
Long-term liabilities, including due within one year	61,879,499	71,254,170
Total liabilities	$ 66,789,465	$ 76,795,358
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 5,985,867	$ 6,095,762
Pension plan deferments	22,528,504	15,868,640
OPEB plan deferments	509,259	569,907
Total deferred inflows of resources	$ 29,023,630	$ 22,534,309
Net position		
Net investment in capital assets	$ 3,122,500	$ 3,205,099
Restricted	1,868,838	2,352,830
Unrestricted	(25,576,790)	(24,350,155)
Total net position	$ (20,585,452)	$ (18,792,226)

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/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

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

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

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2022 and 2021

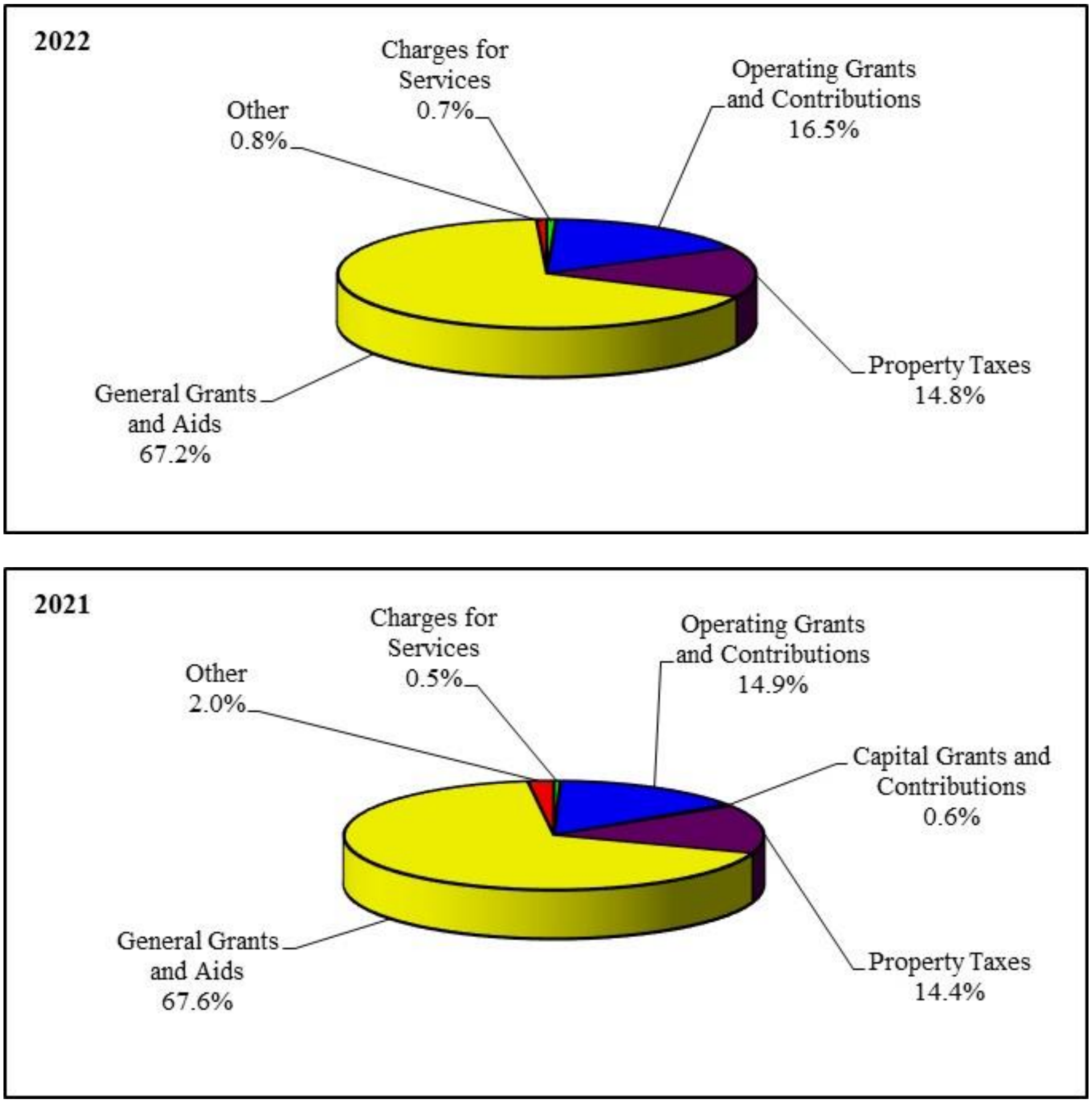
	2022	2021
Revenues		
Program revenues		
Charges for services	$ 320,495	$ 194,750
Operating grants and contributions	7,274,847	6,520,628
Capital grants and contributions	–	250,000
General revenues		
Property taxes	6,553,015	6,308,682
General grants and aids	29,680,035	29,547,862
Other	333,600	877,030
Total revenues	44,161,992	43,698,952
Expenses		
Administration	1,094,100	1,359,218
District support services	1,876,314	1,766,092
Elementary and secondary regular instruction	16,108,861	16,812,425
Vocational education instruction	295,742	218,637
Special education instruction	5,137,403	5,272,277
Instructional support services	3,692,885	3,335,394
Pupil support services	8,068,011	5,036,603
Sites and buildings	5,061,130	3,350,462
Fiscal and other fixed cost programs	110,114	100,856
Food service	1,240,337	930,327
Community service	1,489,634	1,146,191
Interest and fiscal charges	1,780,687	1,756,422
Total expenses	45,955,218	41,084,904
Change in net position	(1,793,226)	2,614,048
Net position – beginning	(18,792,226)	(21,406,274)
Net position – ending	$ (20,585,452)	$ (18,792,226)

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

The COVID-19 pandemic continues to impact financial activity in the current year when compared to the prior year. Operating grants and contributions increased with more federal revenues recognized through pandemic-related grants and with more meals served in the food service program that were reimbursed at higher rates in the current year. Property taxes were up with the increased levy in the current year. These increases were offset by a decrease in other revenue resulting from a gain on sale of capital assets in the prior year. Expenses increased from the prior year, mainly due to increased transportation costs. Depreciation/amortization expense also increased resulting from the implementation of a new lease standard in the current year and assets added for improvements in the prior year receiving their first year of depreciation/amortization.

Figure A shows further analysis of these revenue sources:

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

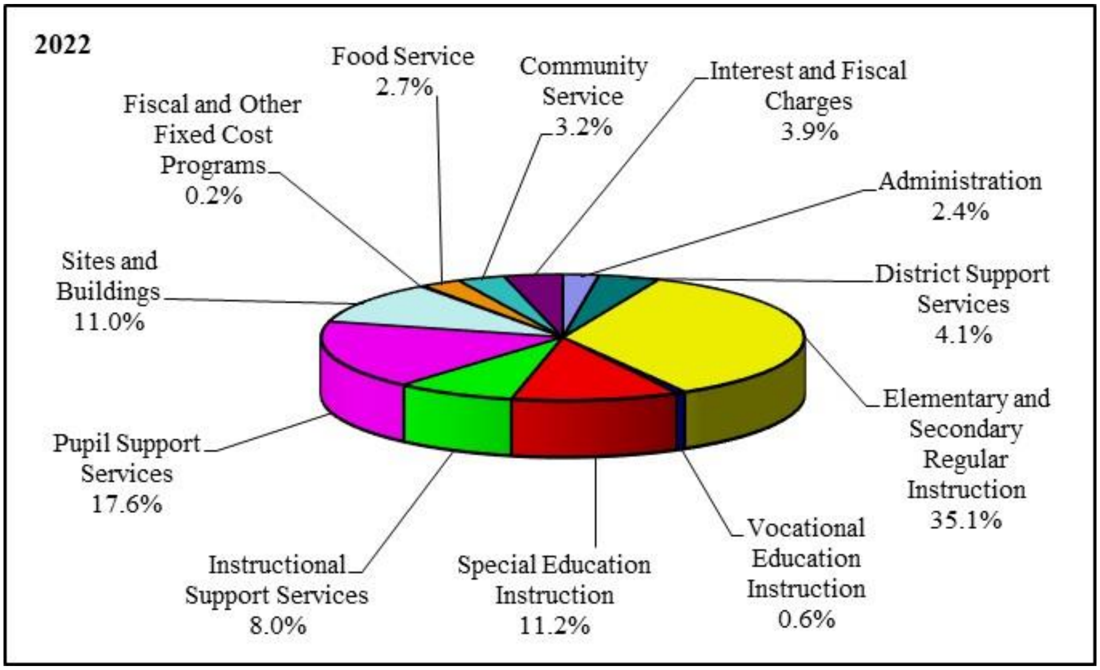


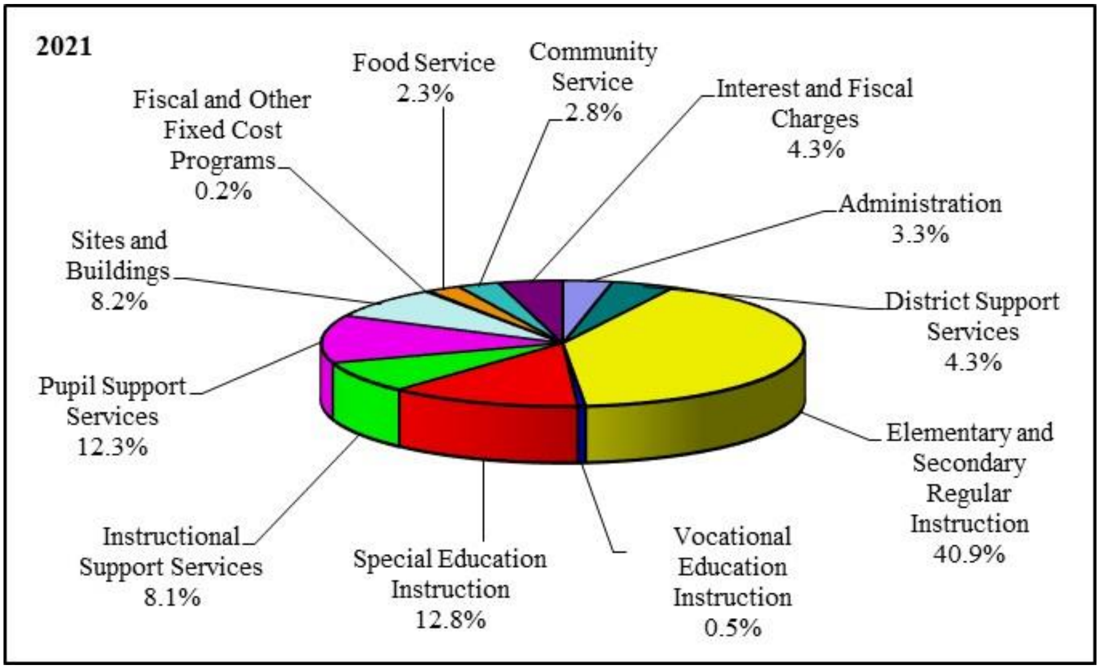
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2022 and 2021





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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

	2022	2021	Change
Major funds			
General	$ 3,153,520	$ 6,589,650	$ (3,436,130)
Capital Projects – Building Construction	886,336	1,044,615	(158,279)
Debt Service	774,371	913,424	(139,053)
Nonmajor funds			
Food Service Special Revenue	163,855	77,446	86,409
Community Service Special Revenue	2,938	98,142	(95,204)
Total governmental funds	$ 4,981,020	$ 8,723,277	$ (3,742,257)

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

At June 30, 2022, the District's governmental funds reported a combined fund balance of $4,981,020, a decrease of $3,742,257 in comparison with the prior year. Approximately 10.2 percent of this amount ($509,560) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable or restricted, to indicate that it is: 1) not in spendable form ($97,035); 2) restricted for particular purposes ($3,374,425); or 3) assigned for a particular purpose ($1,000,000).

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

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenues	$ 36,813,216	$ 38,715,116	$ 1,901,900	5.2%
Expenditures	$ 36,813,216	$ 40,625,330	$ 3,812,114	10.4%

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

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2022 Actual	Amount	Percent	Amount	Percent
Revenues	$ 38,088,784	$ (626,332)	(1.6%)	$ 784,754	2.1%
Expenditures	41,561,180	935,850	2.3%	6,175,747	17.5%
Excess (deficiency) of revenue over expenditures	(3,472,396)	(1,562,182)		(5,390,993)	
Net other financing sources (uses)	36,266	36,266		(453,621)	
Net change in fund balances	$ (3,436,130)	$ (1,525,916)		$ (5,844,614)	

The fund balance of the General Fund decreased $3,436,130, compared to a decrease of $1,910,214 approved in the final budget.

The General Fund revenue variance to budget was primarily in federal sources, which were less than anticipated due to the timing of grant spending that will carry over to the following year. The increase in revenues over the prior year was primarily due to more federal sources recognized with pandemic-related grant funding offset by a decrease in state sources, mainly in general education and special education funding.

General Fund expenditures were over appropriations, mainly in the pupil support services program budget for purchased services, due to transportation costs being more than anticipated. This variance was offset by sites and buildings being less than anticipated with timing delays in spending for the long-term facilities maintenance program. The increase from the prior year was mainly in purchased services with increased transportation costs, increased capital projects, and increased spending with in-person learning in 2022.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund reported a fund balance decrease of $158,279, due to capital spending in the current year. The District is spending down bond proceeds issued in a prior year. The year-end fund balance is restricted for capital projects as approved in the bond referendum by district taxpayers for a variety of facility needs.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of the District's general obligation debt. Activity of the Debt Service Fund is primarily controlled with each debt issue's financing plan. The remaining fund balance of $774,371 at June 30, 2022, is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by $86,409, compared to a balanced budget. As students returned to a more traditional learning model, activity increased, along with enhanced federal funding rates per meal served contributing to the variance from prior year.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues, reducing equity by $95,204, compared to a budgeted decrease of $36,672. The variance to budget was primarily in revenues from other local sources, with program participation less than anticipated. Expenditures were under budget, mainly in purchased services.

Internal Service Funds

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

Operating revenues for the internal service funds for fiscal year 2022 totaled $3,424,267. This is a decrease from the fiscal year 2021 operating revenue level of $3,627,923. There were not any nonoperating revenues in the current year, which is a decrease from the fiscal year 2021 nonoperating revenue of $2,192. Operating expenses totaled $3,123,846, which represents a decrease from fiscal year 2021 operating expenditures of $3,228,100, primarily due to fewer medical benefit claims.

The net position balance for all internal service funds as of June 30, 2022 was $1,148,419, which represents an increase of $300,421 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6
Capital Assets

	2022	2021	Change
Land	$ 85,990	$ 85,990	$ –
Construction in progress	163,246	676,000	(512,754)
Land and building improvements	32,982,978	32,175,380	807,598
Buildings	38,361,013	38,361,013	–
Leased buildings	1,602,696	–	1,602,696
Furniture and equipment	9,620,366	9,403,217	217,149
Less accumulated depreciation/amortization	(32,808,933)	(30,336,305)	(2,472,628)
Total	$ 50,007,356	$ 50,365,295	$ (357,939)
Depreciation/amortization expense	$ 2,472,628	$ 1,274,780	$ 1,197,848

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

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

The implementation of new lease standards in the current year created a new category of capital assets as presented in the above table.

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

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

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2022	2021	Change
General obligation bonds payable	$ 44,707,000	$ 46,259,000	$ (1,552,000)
Unamortized premium/discount	1,388,056	1,519,811	(131,755)
Finance purchase payable	387,002	426,000	(38,998)
Lease liability	1,289,134	–	1,289,134
Net pension liability	13,539,234	22,571,831	(9,032,597)
Net OPEB liability	413,241	330,885	82,356
Severance benefits payable	17,224	17,224	–
Compensated absences payable	138,608	129,419	9,189
Total	$ 61,879,499	$ 71,254,170	$ (9,374,671)

The changes in general obligation bonds payable, finance purchase payable, and unamortized premium/discount in the table above, are primarily due to principal payments and amortization during fiscal year 2022, as planned in the approved repayment schedules. The District reported a liability with lease agreements for building space, accounting for the change in this category, in accordance with new lease guidance implemented in the current year.

The differences in the net pension liability reflect the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA.

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

Table 8
Limitations on Debt

District's market value	$ 882,266,250
Limit rate	15.0%
Legal debt limit	$ 132,339,938

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Office, Independent School District No. 286, 6300 Shingle Creek Parkway, Suite 286, Brooklyn Center, Minnesota 55430.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	Governmental Activities	
	2022	2021
Assets		
Cash and temporary investments	$ 6,453,442	$ 11,227,791
Receivables		
Current taxes	3,362,820	3,398,749
Delinquent taxes	120,771	33,731
Accounts and interest	7,528	26,923
Due from other governmental units	6,372,769	5,674,749
Inventory	26,517	16,739
Prepaid items	70,518	106,849
Capital assets		
Not depreciated/amortized	249,236	761,990
Depreciated, net of accumulated depreciation/amortization	49,758,120	49,603,305
Total capital assets, net of accumulated depreciation/amortization	50,007,356	50,365,295
Total assets	66,421,721	70,850,826
Deferred outflows of resources		
Pension plan deferments	8,689,601	9,619,500
OPEB plan deferments	116,321	67,115
Total deferred outflows of resources	8,805,922	9,686,615
Total assets and deferred outflows of resources	$ 75,227,643	$ 80,537,441
Liabilities		
Salaries payable	$ 2,148,611	$ 1,708,749
Accounts and contracts payable	1,515,917	2,353,252
Accrued interest payable	699,493	736,645
Due to other governmental units	188,379	82,882
Unearned revenue	164,085	391,120
Claims incurred, but not reported	193,481	268,540
Long-term liabilities		
Due within one year	2,143,700	1,720,417
Due in more than one year	59,735,799	69,533,753
Total long-term liabilities	61,879,499	71,254,170
Total liabilities	66,789,465	76,795,358
Deferred inflows of resources		
Property taxes levied for subsequent year	5,985,867	6,095,762
Pension plan deferments	22,528,504	15,868,640
OPEB plan deferments	509,259	569,907
Total deferred inflows of resources	29,023,630	22,534,309
Net position		
Net investment in capital assets	3,122,500	3,205,099
Restricted for		
Capital asset acquisition	1,264,111	1,910,214
Debt service	111,913	184,914
Food service	163,855	77,446
Community service	111,616	98,623
Other purposes (state funding restrictions)	217,343	81,633
Unrestricted	(25,576,790)	(24,350,155)
Total net position	(20,585,452)	(18,792,226)
Total liabilities, deferred inflows of resources, and net position	$ 75,227,643	$ 80,537,441

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 286

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

Functions/Programs	2022 Expenses	2022 Program Revenues – Charges for Services	2022 Program Revenues – Operating Grants and Contributions	2022 Net (Expense) Revenue and Changes in Net Position – Governmental Activities	2021 Net (Expense) Revenue and Changes in Net Position – Governmental Activities
Governmental activities					
Administration	$ 1,094,100	$ –	$ –	$ (1,094,100)	$ (1,359,218)
District support services	1,876,314	–	–	(1,876,314)	(1,766,092)
Elementary and secondary regular instruction	16,108,861	20,045	1,527,556	(14,561,260)	(15,510,083)
Vocational education instruction	295,742	–	40,916	(254,826)	(165,301)
Special education instruction	5,137,403	–	2,860,148	(2,277,255)	(1,865,349)
Instructional support services	3,692,885	–	–	(3,692,885)	(3,335,394)
Pupil support services	8,068,011	–	420,395	(7,647,616)	(5,004,444)
Sites and buildings	5,061,130	–	–	(5,061,130)	(3,100,462)
Fiscal and other fixed cost programs	110,114	–	–	(110,114)	(100,856)
Food service	1,240,337	4,603	1,378,413	142,679	(100,491)
Community service	1,489,634	295,847	1,047,419	(146,368)	(55,414)
Interest and fiscal charges	1,780,687	–	–	(1,780,687)	(1,756,422)
Total governmental activities	$ 45,955,218	$ 320,495	$ 7,274,847	(38,359,876)	(34,119,526)
General revenue					
Taxes					
Property taxes, levied for general purposes				3,702,907	3,515,249
Property taxes, levied for community service				146,812	145,197
Property taxes, levied for debt service				2,703,296	2,648,236
General grants and aids				29,680,035	29,547,862
Other general revenues				347,437	411,882
Gain on sale of capital assets				–	443,771
Investment earnings (charges)				(13,837)	21,377
Total general revenue				36,566,650	36,733,574
Change in net position				(1,793,226)	2,614,048
Net position – beginning				(18,792,226)	(21,406,274)
Net position – ending				$ (20,585,452)	$ (18,792,226)

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 2,090,291	$ 936,649	$ 2,077,431
Receivables			
Current taxes	1,769,290	–	1,497,585
Delinquent taxes	67,385	–	50,543
Accounts and interest	5,278	–	–
Due from other governmental units	5,774,001	–	52,489
Due from other funds	242,209	–	–
Inventory	–	–	–
Prepaid items	55,907	–	11,950
Total assets	$ 10,004,361	$ 936,649	$ 3,689,998
Liabilities			
Salaries payable	$ 2,148,611	$ –	$ –
Accounts and contracts payable	1,418,822	50,313	475
Due to other governmental units	178,844	–	–
Due to other funds	–	–	–
Unearned revenue	131,762	–	–
Total liabilities	3,878,039	50,313	475
Deferred inflows of resources			
Property taxes levied for subsequent year	2,923,330	–	2,878,117
Unavailable revenue – delinquent taxes	49,472	–	37,035
Total deferred inflows of resources	2,972,802	–	2,915,152
Fund balances			
Nonspendable	55,907	–	11,950
Restricted	1,481,454	886,336	762,421
Assigned	1,000,000	–	–
Unassigned	616,159	–	–
Total fund balances	3,153,520	886,336	774,371
Total liabilities, deferred inflows of resources, and fund balances	$ 10,004,361	$ 936,649	$ 3,689,998

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2022	Total Governmental Funds 2021
$ –	$ 5,104,371	$ 10,107,972
95,945	3,362,820	3,398,749
2,843	120,771	33,731
2,250	7,528	25,837
546,279	6,372,769	5,674,749
–	242,209	170,336
26,517	26,517	16,739
2,661	70,518	106,849
$ 676,495	$ 15,307,503	$ 19,534,962
$ –	$ 2,148,611	$ 1,708,749
39,136	1,508,746	2,348,885
9,535	188,379	82,882
242,209	242,209	170,336
32,323	164,085	391,120
323,203	4,252,030	4,701,972
184,420	5,985,867	6,095,762
2,079	88,586	13,951
186,499	6,074,453	6,109,713
29,178	97,035	123,588
244,214	3,374,425	4,108,735
–	1,000,000	–
(106,599)	509,560	4,490,954
166,793	4,981,020	8,723,277
$ 676,495	$ 15,307,503	$ 19,534,962

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INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022	2021
Total fund balances – governmental funds	$ 4,981,020	$ 8,723,277
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	82,816,289	80,701,600
Accumulated depreciation/amortization	(32,808,933)	(30,336,305)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(44,707,000)	(46,259,000)
Unamortized premium/discount	(1,388,056)	(1,519,811)
Finance purchase payable	(387,002)	(426,000)
Lease liability	(1,289,134)	–
Net pension liability	(13,539,234)	(22,571,831)
Net OPEB liability	(413,241)	(330,885)
Severance benefits payable	(17,224)	(17,224)
Compensated absences payable	(138,608)	(129,419)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	1,148,419	847,998
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(699,493)	(736,645)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	8,689,601	9,619,500
Deferred outflows of resources – OPEB plan deferments	116,321	67,115
Deferred inflows of resources – pension plan deferments	(22,528,504)	(15,868,640)
Deferred inflows of resources – OPEB plan deferments	(509,259)	(569,907)
Deferred inflows of resources – unavailable revenue – delinquent taxes	88,586	13,951
Total net position – governmental activities	$ (20,585,452)	$ (18,792,226)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 3,660,209	$ –	$ 2,672,957
Investment earnings (charges)	(13,089)	2,578	(3,326)
Other	331,216	–	–
State sources	28,900,569	–	524,889
Federal sources	5,209,879	–	–
Total revenue	38,088,784	2,578	3,194,520
Expenditures			
Current			
Administration	1,162,074	–	–
District support services	1,948,665	–	–
Elementary and secondary regular instruction	16,206,229	–	–
Vocational education instruction	308,491	–	–
Special education instruction	5,450,540	–	–
Instructional support services	3,842,247	–	–
Pupil support services	8,156,528	–	–
Sites and buildings	3,855,711	–	–
Fiscal and other fixed cost programs	110,114	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	160,857	–
Debt service			
Principal	352,560	–	1,552,000
Interest and fiscal charges	168,021	–	1,781,573
Total expenditures	41,561,180	160,857	3,333,573
Excess (deficiency) of revenue over expenditures	(3,472,396)	(158,279)	(139,053)
Other financing sources (uses)			
Sale of capital assets	–	–	–
Insurance recovery	36,266	–	–
Debt issued	–	–	–
Refunding debt issued	–	–	–
Premium on debt issued	–	–	–
Payment of refunded debt	–	–	–
Transfers in	–	–	–
Transfers out	–	–	–
Total other financing sources (uses)	36,266	–	–
Net change in fund balances	(3,436,130)	(158,279)	(139,053)
Fund balances			
Beginning of year	6,589,650	1,044,615	913,424
End of year	$ 3,153,520	$ 886,336	$ 774,371

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2022	Total Governmental Funds 2021
$ 145,214	$ 6,478,380	$ 6,380,406
–	(13,837)	19,185
300,450	631,666	763,475
460,348	29,885,806	31,332,992
1,965,484	7,175,363	4,695,780
2,871,496	44,157,378	43,191,838
–	1,162,074	1,386,505
–	1,948,665	1,740,209
–	16,206,229	15,513,006
–	308,491	208,740
–	5,450,540	5,101,560
–	3,842,247	3,250,101
–	8,156,528	4,909,120
–	3,855,711	3,007,590
–	110,114	100,856
1,288,742	1,288,742	952,923
1,568,684	1,568,684	1,139,837
22,865	183,722	3,561,197
–	1,904,560	1,677,533
–	1,949,594	1,906,405
2,880,291	47,935,901	44,455,582
(8,795)	(3,778,523)	(1,263,744)
–	–	443,771
–	36,266	93,157
–	–	426,000
–	–	965,000
–	–	83,314
–	–	(1,005,000)
–	–	47,041
–	–	(47,041)
–	36,266	1,006,242
(8,795)	(3,742,257)	(257,502)
175,588	8,723,277	8,980,779
$ 166,793	$ 4,981,020	$ 8,723,277

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INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022	2021
Total net change in fund balances – governmental funds	$ (3,742,257)	$ (257,502)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	511,993	3,525,941
Depreciation/amortization expense	(2,472,628)	(1,274,780)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	–	(965,000)
Finance purchase payable	–	(426,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	1,552,000	2,520,000
Finance purchase payable	38,998	162,533
Lease liability	313,562	–
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	131,755	33,525
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	9,032,597	(2,792,393)
Net OPEB liability	(82,356)	78,353
Severance benefits payable	–	51,566
Compensated absences payable	(9,189)	35,258
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	300,421	402,015
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	37,152	33,144
The recognition of certain revenues and expenses/expenditures differs between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(929,899)	(5,305,492)
Deferred outflows of resources – OPEB plan deferments	49,206	11,288
Deferred inflows of resources – pension plan deferments	(6,659,864)	6,927,192
Deferred inflows of resources – OPEB plan deferments	60,648	(73,876)
Deferred inflows of resources – unavailable revenue – delinquent taxes	74,635	(71,724)
Change in net position – governmental activities	$ (1,793,226)	$ 2,614,048

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INDEPENDENT SCHOOL DISTRICT NO. 286

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

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 3,710,860	$ 3,733,198	$ 3,660,209	$ (72,989)
Investment earnings (charges)	60,000	19,000	(13,089)	(32,089)
Other	372,000	459,609	331,216	(128,393)
State sources	29,223,753	28,807,458	28,900,569	93,111
Federal sources	3,446,603	5,695,851	5,209,879	(485,972)
Total revenue	36,813,216	38,715,116	38,088,784	(626,332)
Expenditures				
Current				
Administration	1,347,409	1,417,604	1,162,074	(255,530)
District support services	1,795,900	1,855,511	1,948,665	93,154
Elementary and secondary regular instruction	16,306,668	16,303,792	16,206,229	(97,563)
Vocational education instruction	211,062	289,745	308,491	18,746
Special education instruction	5,277,995	5,664,304	5,450,540	(213,764)
Instructional support services	3,174,482	3,972,212	3,842,247	(129,965)
Pupil support services	4,889,870	5,754,905	8,156,528	2,401,623
Sites and buildings	3,694,289	4,609,752	3,855,711	(754,041)
Fiscal and other fixed cost programs	115,541	118,041	110,114	(7,927)
Debt service				
Principal	–	477,901	352,560	(125,341)
Interest and fiscal charges	–	161,563	168,021	6,458
Total expenditures	36,813,216	40,625,330	41,561,180	935,850
Excess (deficiency) of revenue over expenditures	–	(1,910,214)	(3,472,396)	(1,562,182)
Other financing sources				
Insurance recovery	–	–	36,266	36,266
Net change in fund balances	$ –	$ (1,910,214)	(3,436,130)	$ (1,525,916)
Fund balances				
Beginning of year			6,589,650	
End of year			$ 3,153,520	

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

	2022	2021
Assets		
Current assets		
Cash and temporary investments	$ 1,349,071	$ 1,119,819
Receivables		
Accounts and interest	–	1,086
Due from other funds	23,171	16,812
Total current assets	1,372,242	1,137,717
Liabilities		
Current liabilities		
Accounts and contracts payable	7,171	4,367
Due to other funds	23,171	16,812
Claims incurred, but not reported	193,481	268,540
Total current liabilities	223,823	289,719
Net position		
Unrestricted	$ 1,148,419	$ 847,998

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022	2021
Operating revenue		
Charges for services		
Contributions from governmental funds	$ 3,424,267	$ 3,627,923
Operating expenses		
Health benefit claims	2,932,504	3,009,427
Dental benefit claims	191,342	218,673
Total operating expenses	3,123,846	3,228,100
Operating income	300,421	399,823
Nonoperating revenue		
Investment earnings	–	2,192
Change in net position	300,421	402,015
Net position		
Beginning of year	847,998	445,983
End of year	$ 1,148,419	$ 847,998

See notes to basic financial statements

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

	2022	2021
Cash flows from operating activities		
Contributions from governmental funds	$ 3,425,353	$ 3,627,923
Payment for health claims	(3,002,155)	(2,897,213)
Payment for dental claims	(193,946)	(214,826)
Net cash flows from operating activities	229,252	515,884
Cash flows from noncapital financing activities		
Cash received from other funds	6,359	3,297
Cash paid to other funds	(6,359)	(3,297)
Net cash flows from noncapital financing activities	–	–
Cash flows from investing activities		
Investment income received	–	2,192
Net change in cash and cash equivalents	229,252	518,076
Cash and cash equivalents		
Beginning of year	1,119,819	601,743
End of year	$ 1,349,071	$ 1,119,819
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 300,421	$ 399,823
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	1,086	–
Accounts and contracts payable	2,804	2,650
Due to other governmental units	–	(1,139)
Claims incurred, but not reported	(75,059)	114,550
Net cash flows from operating activities	$ 229,252	$ 515,884

See notes to basic financial statements

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

	Post-Employment Benefits Trust Fund
Assets	
Cash and investments held by trustee	
Nonnegotiable certificates of deposit	$ 249,800
MNTrust Investment Shares Portfolio	44,049
U.S. treasuries	1,005,148
Total assets	1,298,997
Net position	
Restricted for OPEB	$ 1,298,997

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings (charges)	$ (45,294)
Deductions	
Administrative expenses	250
Change in net position	(45,544)
Net position	
Beginning of year	1,344,541
End of year	$ 1,298,997

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 286 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a Pension (and Other Employee Benefit) 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 financial statements.

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

Description of Funds

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

Major Governmental Funds

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

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as self-insured plans.

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Actual expenditures exceeded final budgeted appropriations for fiscal 2022 by $935,850 in the General Fund and $21,073 in the Debt Service Fund. These variances were funded by other financing sources in excess of budget and available fund balance.

F. Cash and Temporary Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to these accounts.

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

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

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

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

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

G. Receivables

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $476,954 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2021–2022. The remaining portion of the taxes collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

K. Capital Assets

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 50 years for land and building improvements and buildings, and 5 to 15 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

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

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

M. Compensated Absences

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

N. Severance

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

Severance benefits payable are recorded as a liability in the government-wide financial statements as they are earned and it becomes probable they will vest at some point in the future. Severance benefits payable are accrued in the governmental fund financial statements as the liability matures, due to employee termination.

O. State-Wide Pension Plans

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

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

P. Other Post-Employment Benefits (OPEB) Plan

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

Q. Deferred Outflows/Inflows of Resources

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

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

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

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

R. Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

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

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

T. Fund Balance Classifications

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's coverage in the current year.

2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

   The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2021	$ 14,121	$ 218,673	$ 214,826	$ 17,968
2022	$ 17,968	$ 191,342	$ 193,946	$ 15,364

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2021	$ 139,869	$ 3,009,427	$ 2,898,724	$ 250,572
2022	$ 250,572	$ 2,932,504	$ 3,004,959	$ 178,117

V. Prior Period Comparative Financial Information/Reclassification

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Change in Accounting Principle

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

At year-end, the carrying amount of the District's deposits was $1,270,438, while the balance on the bank records was $2,231,339. At June 30, 2022, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

B. Investments

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

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

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

The following table presents the District's deposits and investments at year-end:

Deposits/Investments	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Maturity Duration in Years Less Than 1	Maturity Duration in Years 1 to 5	Total
U.S. treasuries	AA	S&P	Level 2	$ 503,635	$ 1,005,148	$ 1,508,783
Investment pools/mutual funds						
MSDLAF – Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	14,472
MSDLAF – MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	2,577,757
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	294,768
MNTrust Limited Term Duration Series	N/R	N/A	Amortized Cost	N/A	N/A	2,086,221
Total investments						6,482,001
Deposits						1,270,438
Total deposits and investments						$ 7,752,439

N/R – Not Rated
N/A – Not Applicable

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and investments are included on the basic financial statements as follows:

Statement of Net Position		
Cash and temporary investments	$	6,453,442
Statement of Fiduciary Net Position		
Cash and investments held by trustee – Post-Employment Benefits Trust Fund		1,298,997
Total	$	7,752,439

The District's investments include investment pools managed by MNTrust and the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. Investments in the MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended is as follows:

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized						
Land	$ 85,990	$ –	$ –	$ –	$ –	$ 85,990
Construction in progress	676,000	–	163,246	–	(676,000)	163,246
Total capital assets, not depreciated/amortized	761,990	–	163,246	–	(676,000)	249,236
Capital assets, depreciated/amortized						
Land and building improvements	32,175,380	–	131,598	–	676,000	32,982,978
Buildings	38,361,013	–	–	–	–	38,361,013
Leased buildings	–	1,602,696	–	–	–	1,602,696
Furniture and equipment	9,403,217	–	217,149	–	–	9,620,366
Total capital assets, depreciated/amortized	79,939,610	1,602,696	348,747	–	676,000	82,567,053
Less accumulated depreciation/amortization for						
Land and building improvements	1,904,342	–	1,079,714	–	–	2,984,056
Buildings	20,513,417	–	783,104	–	–	21,296,521
Leased buildings	–	–	352,125	–	–	352,125
Furniture and equipment	7,918,546	–	257,685	–	–	8,176,231
Total accumulated depreciation/amortization	30,336,305	–	2,472,628	–	–	32,808,933
Net capital assets, depreciated/amortized	49,603,305	1,602,696	(2,123,881)	–	676,000	49,758,120
Total capital assets, net	$ 50,365,295	$ 1,602,696	$ (1,960,635)	$ –	$ –	$ 50,007,356

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

NOTE 3 – CAPITAL ASSETS (CONTINUED)

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

Administration	$ 655
District support services	50,859
Elementary and secondary regular instruction	786,261
Special education instruction	6,964
Pupil support services	141,841
Sites and buildings	1,470,148
Food service	14,918
Community service	982
Total depreciation/amortization expense	$ 2,472,628

NOTE 4 – LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District currently has the following long-term obligations outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds payable					
2015A Building Refunding Bonds	12/09/2015	3.00–5.00%	$ 21,450,000	02/01/2031	$ 14,205,000
2018A School Building Bonds	03/15/2018	3.00–4.00%	$ 29,395,000	02/01/2043	29,320,000
2018B Tax Abatement Bonds	12/12/2018	4.17%	$ 525,000	02/01/2029	392,000
2020A Capital Facilities Refunding Bonds	11/03/2020	2.00–4.00%	$ 965,000	02/01/2026	790,000
Total general obligation bonds payable					44,707,000
Unamortized premium/discount					1,388,056
Finance purchase payable					387,002
Lease liability					1,289,134
Net pension liability					13,539,234
Net OPEB liability					413,241
Severance benefits payable					17,224
Compensated absences payable					138,608
Total long-term obligations					$ 61,879,499

B. Description of Long-Term Liabilities

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Finance Purchase Payable – The District's tennis court project was funded through a finance purchase agreement. Annual principal and interest on this agreement will be paid from the General Fund.

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
Tennis court project	05/01/2021	2.589%	$ 426,000	04/01/2031	$ 387,002

The debt is secured by the original property purchased and includes terms that upon default all rental payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

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

The District currently has the following lease liability obligations outstanding:

Issue	Issue Date	Interest Rate	Original Issue Amount	Final Maturity	Principal Outstanding
District office expansion	03/01/2018	3.50%	$ 327,827	12/31/2025	$ 262,618
CBRE building lease	11/06/2015	3.50%	$ 277,500	12/31/2025	222,289
Building lease	04/01/2015	3.50%	$ 997,369	01/31/2026	804,227
					$ 1,289,134

Other Long-Term Liabilities

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

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

Pension Plans	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 3,749,453	$ 3,113,620	$ 4,136,447	$ (37,566)
TRA	9,789,781	5,575,981	18,392,057	253,211
Total	$ 13,539,234	$ 8,689,601	$ 22,528,504	$ 215,645

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Changes in Long-Term Liabilities

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds payable	$ 46,259,000	$ –	$ –	$ 1,552,000	$ 44,707,000	$ 1,634,000
Unamortized premium/discount	1,519,811	–	–	131,755	1,388,056	–
Subtotal	47,778,811	–	–	1,683,755	46,095,056	1,634,000
Finance purchase payable	426,000	–	–	38,998	387,002	38,710
Lease liability	–	1,602,696	–	313,562	1,289,134	332,382
Net pension liability	22,571,831	–	3,708,541	12,741,138	13,539,234	–
Net OPEB liability	330,885	–	246,422	164,066	413,241	–
Severance benefits payable	17,224	–	–	–	17,224	–
Compensated absences payable	129,419	–	311,946	302,757	138,608	138,608
	$ 71,254,170	$ 1,602,696	$ 4,266,909	$ 15,244,276	$ 61,879,499	$ 2,143,700

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

D. Minimum Debt Payments

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

Year Ending	General Obligation Bonds		Finance Purchase		Lease	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,634,000	$ 1,699,439	$ 38,710	$ 9,771	$ 332,382	$ 39,851
2024	1,706,000	1,625,447	39,719	8,762	352,196	27,903
2025	1,789,000	1,547,920	40,754	7,727	378,176	15,230
2026	1,871,000	1,462,419	41,816	6,665	226,380	2,538
2027	1,713,000	1,403,583	42,906	5,575	–	–
2028–2032	9,219,000	6,173,932	183,097	10,825	–	–
2033–2037	10,775,000	4,485,931	–	–	–	–
2038–2042	13,065,000	2,195,800	–	–	–	–
2043	2,935,000	117,400	–	–	–	–
	$ 44,707,000	$ 20,711,871	$ 387,002	$ 49,325	$ 1,289,134	$ 85,522

NOTE 5 – FUND BALANCES

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

A. Classifications

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ –	$ –	$ –	$ 26,517	$ 26,517
Prepaid items	55,907	–	11,950	2,661	70,518
Total nonspendable	55,907	–	11,950	29,178	97,035
Restricted					
Scholarships	76,328	–	–	–	76,328
Operating capital	400,868	–	–	–	400,868
Area learning center	141,015	–	–	–	141,015
Long-term facilities maintenance	863,243	–	–	–	863,243
Capital projects	–	886,336	–	–	886,336
Debt service	–	–	762,421	–	762,421
Food service	–	–	–	134,677	134,677
Early childhood family education programs	–	–	–	19,850	19,850
School readiness	–	–	–	89,645	89,645
Community service	–	–	–	42	42
Total restricted	1,481,454	886,336	762,421	244,214	3,374,425
Assigned					
Subsequent year's budget	1,000,000	–	–	–	1,000,000
Unassigned					
Community education programs restricted account deficit	–	–	–	(106,599)	(106,599)
Unassigned	616,159	–	–	–	616,159
Total unassigned	616,159	–	–	(106,599)	509,560
Total	$ 3,153,520	$ 886,336	$ 774,371	$ 166,793	$ 4,981,020

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes a minimum unassigned General Fund balance of 7.0 percent to a maximum of 15.0 percent of the prior fiscal year's expenditures. At June 30, 2022, the unassigned fund balance was 1.5 percent of fiscal 2022 actual expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2022, were $468,444. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2020		2021		2022	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.92 %	11.00 %	12.13 %	11.00 %	12.34 %
Coordinated Plan	7.50 %	7.92 %	7.50 %	8.13 %	7.50 %	8.34 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2022, were $1,189,489. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2022, the District reported a liability of $3,749,453 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $114,524. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.0878 percent at the end of the measurement period and 0.1039 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 3,749,453
State's proportionate share of the net pension liability associated with the District	$ 114,524

For the year ended June 30, 2022, the District recognized negative pension expense of $46,806 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $9,240 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 24,111	$ 117,178
Changes in actuarial assumptions	2,289,338	94,544
Net collective difference between projected and actual investment earnings on pension plan investments	–	3,182,743
Changes in proportion	331,727	741,982
District's contributions to the GERF subsequent to the measurement date	468,444	–
Total	$ 3,113,620	$ 4,136,447

The $468,444 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	$ (243,916)
2024	$ (114,476)
2025	$ (247,202)
2026	$ (885,677)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of $9,789,781 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, Minneapolis School District. The District's proportionate share was 0.2237 percent at the end of the measurement period and 0.2212 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 9,789,781
State's proportionate share of the net pension liability associated with the District	$ 825,772

For the year ended June 30, 2022, the District recognized pension expense of $262,457. It also recognized $9,246 as a decrease to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 262,187	$ 282,698
Changes in actuarial assumptions	3,587,475	9,300,835
Net collective difference between projected and actual investment earnings on pension plan investments	–	8,233,219
Changes in proportion	536,830	575,305
District's contributions to the TRA subsequent to the measurement date	1,189,489	–
Total	$ 5,575,981	$ 18,392,057

A total of $1,189,489 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	$ (6,710,129)
2024	$ (5,147,447)
2025	$ (1,314,916)
2026	$ (1,554,885)
2027	$ 721,812

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

2. TRA

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

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

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

The following changes in actuarial assumptions occurred in 2021:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

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

2. TRA

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

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

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	$ 7,646,971	$ 3,749,453	$ 551,302
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 19,775,834	$ 9,789,781	$ 1,600,421

I. Pension Plan Fiduciary Net Position

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

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

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

A. Plan Description

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

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

B. Benefits Provided

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

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The District's contributions in the current year totaled $43,396 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section.

D. Membership

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

Retirees and beneficiaries receiving benefits	8
Active plan members	386
Total members	394

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

E. Net OPEB Liability of the District

The District's net OPEB liability was calculated using a valuation date of July 1, 2020, and a measurement and reporting date of June 30, 2022. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 1,712,238
Plan fiduciary net position	(1,298,997)
District's net OPEB liability	$ 413,241
Plan fiduciary net position as a percentage of the total OPEB liability	75.87%

F. Actuarial Methods and Assumptions

The total OPEB liability was determined using an actuarial valuation date of July 1, 2020, and a measurement date of June 30, 2022. The liabilities are based on the entry-age normal level percent of pay cost method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50%
Expected long-term investment return	2.90% (net of investment expenses)
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25%, grading to 5.00% over 5 years, and then 4.00% over the next 48 years
Dental trend rate	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.

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

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

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	95.00 %	3.00 %
Cash equivalents	5.00	1.00 %
Total	100.00 %	2.90 %

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

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was negative 3.40 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 2.30 percent.

I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning balance	$ 1,675,426	$ 1,344,541	$ 330,885
Changes for the year			
Service cost	121,063	–	121,063
Interest	40,823	–	40,823
Changes in actuarial assumptions	(81,678)	–	(81,678)
Employer contributions	–	43,396	(43,396)
Projected investment return	–	38,992	(38,992)
Differences between expected and actual experience	–	(84,286)	84,286
Benefit payments	(43,396)	(43,396)	–
Administrative expenses	–	(250)	250
Total net changes	36,812	(45,544)	82,356
Ending balance	$ 1,712,238	$ 1,298,997	$ 413,241

Changes in actuarial assumptions since the prior measurement date include the following:

- The discount rate was changed from 2.30 percent to 3.50 percent.

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.50%	3.50%	4.50%
Net OPEB liability	$ 500,083	$ 413,241	$ 328,612

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

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB medical trend rate	5.25% grading to 4.00%, then 3.00%	6.25% grading to 5.00%, then 4.00%	7.25% grading to 6.00%, then 5.00%
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 241,927	$ 413,241	$ 616,062

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

For the current year ended, the District recognized OPEB expense of $15,898. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ –	$ 311,178
Changes in actuarial assumptions	22,514	198,081
Differences between projected and actual investment earnings	93,807	–
Total	$ 116,321	$ 509,259

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

Year Ending June 30,	OPEB Expense Amount
2023	$ (106,600)
2024	$ (113,292)
2025	$ (102,089)
2026	$ (18,411)
2027	$ (40,882)
Thereafter	$ (11,664)

NOTE 8 – INTERFUND BALANCES AND TRANSACTIONS

At June 30, 2022, the District's General Fund had an interfund receivable of $13,252 from the Food Service Special Revenue Fund and $228,957 from the Community Service Special Revenue Fund to eliminate temporary cash deficits. The Health Benefits Self-Insurance Fund also reported an interfund receivable of $23,171 from the Dental Self-Insurance Fund to eliminate a temporary cash deficit.

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

NOTE 9 – STEWARDSHIP AND ACCOUNTABILITY

At June 30, 2022, the District had a deficit net position total in the Dental Self-Insurance Fund of $38,535.

NOTE 10 – 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 funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

B. Legal Claims

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

NOTE 11 – SUBSEQUENT EVENT

In July 2022, the District issued a $4,995,000 lease purchase agreement with an interest rate of 3.30 percent and a maturity date in April 2038.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 286

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0991%	$ 4,655,222	$ –	$ 4,655,222	$ 5,202,262	89.48%	78.70%
06/30/2016	06/30/2015	0.0873%	$ 4,524,339	$ –	$ 4,524,339	$ 5,048,933	89.61%	78.20%
06/30/2017	06/30/2016	0.0928%	$ 7,534,899	$ 98,396	$ 7,633,295	$ 5,756,957	130.88%	68.90%
06/30/2018	06/30/2017	0.0912%	$ 5,822,148	$ 73,226	$ 5,895,374	$ 5,851,573	99.50%	75.90%
06/30/2019	06/30/2018	0.0932%	$ 5,170,355	$ 169,672	$ 5,340,027	$ 6,261,347	82.58%	79.50%
06/30/2020	06/30/2019	0.0919%	$ 5,080,946	$ 157,993	$ 5,238,939	$ 6,815,107	74.55%	80.20%
06/30/2021	06/30/2020	0.1039%	$ 6,229,279	$ 192,082	$ 6,421,361	$ 7,015,813	88.79%	79.10%
06/30/2022	06/30/2021	0.0878%	$ 3,749,453	$ 114,524	$ 3,863,977	$ 6,310,907	59.41%	87.00%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 378,670	$ 378,670	$ –	$ 5,048,933	7.50%
06/30/2016	$ 431,774	$ 431,774	$ –	$ 5,756,957	7.50%
06/30/2017	$ 438,868	$ 438,868	$ –	$ 5,851,573	7.50%
06/30/2018	$ 469,601	$ 469,601	$ –	$ 6,261,347	7.50%
06/30/2019	$ 511,133	$ 511,133	$ –	$ 6,815,107	7.50%
06/30/2020	$ 526,186	$ 526,186	$ –	$ 7,015,813	7.50%
06/30/2021	$ 473,318	$ 473,318	$ –	$ 6,310,907	7.50%
06/30/2022	$ 468,444	$ 468,444	$ –	$ 6,250,727	7.49%

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

INDEPENDENT SCHOOL DISTRICT NO. 286

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2252%	$ 10,377,054	$ 729,883	$ 11,106,937	$ 10,278,596	100.96%	81.50%
06/30/2016	06/30/2015	0.2206%	$ 13,646,292	$ 1,674,127	$ 15,320,419	$ 11,177,280	122.09%	76.80%
06/30/2017	06/30/2016	0.2296%	$ 54,765,078	$ 5,495,987	$ 60,261,065	$ 11,991,480	456.70%	44.88%
06/30/2018	06/30/2017	0.2317%	$ 46,251,523	$ 4,471,027	$ 50,722,550	$ 12,579,853	367.66%	51.57%
06/30/2019	06/30/2018	0.2362%	$ 14,835,571	$ 1,393,892	$ 16,229,463	$ 13,051,053	113.67%	78.07%
06/30/2020	06/30/2019	0.2306%	$ 14,698,492	$ 1,300,734	$ 15,999,226	$ 13,056,213	112.58%	78.21%
06/30/2021	06/30/2020	0.2212%	$ 16,342,552	$ 1,369,341	$ 17,711,893	$ 12,783,497	127.84%	75.48%
06/30/2022	06/30/2021	0.2237%	$ 9,789,781	$ 825,772	$ 10,615,553	$ 13,389,635	73.11%	86.63%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 838,296	$ 838,296	$ –	$ 11,177,280	7.50%
06/30/2016	$ 899,361	$ 899,361	$ –	$ 11,991,480	7.50%
06/30/2017	$ 943,489	$ 943,489	$ –	$ 12,579,853	7.50%
06/30/2018	$ 978,829	$ 978,829	$ –	$ 13,051,053	7.50%
06/30/2019	$ 1,006,634	$ 1,006,634	$ –	$ 13,056,213	7.71%
06/30/2020	$ 1,012,453	$ 1,012,453	$ –	$ 12,783,497	7.92%
06/30/2021	$ 1,088,324	$ 1,088,324	$ –	$ 13,389,635	8.13%
06/30/2022	$ 1,189,489	$ 1,189,489	$ –	$ 14,270,162	8.34%

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

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	District Fiscal Year-End Date					
	2017	2018	2019	2020	2021	2022
Total OPEB liability						
Service cost	$ 172,302	$ 174,418	$ 113,288	$ 125,812	$ 139,083	$ 121,063
Interest	57,456	61,695	77,653	51,961	46,513	40,823
Changes in actuarial assumptions	–	(77,993)	(151,062)	39,404	(57,473)	(81,678)
Changes in plan provisions	–	79,738	–	–	–	–
Differences between expected and actual experience	–	–	(480,992)	–	(147,060)	–
Benefit payments	(66,185)	(94,960)	(97,631)	(149,282)	(53,828)	(43,396)
Net change in total OPEB liability	163,573	142,898	(538,744)	67,895	(72,765)	36,812
Total OPEB liability – beginning of year	1,912,569	2,076,142	2,219,040	1,680,296	1,748,191	1,675,426
Total OPEB liability – end of year	2,076,142	2,219,040	1,680,296	1,748,191	1,675,426	1,712,238
Plan fiduciary net position						
Employer contributions	66,185	–	97,631	149,282	53,828	43,396
Projected investment return	27,103	27,290	35,095	37,735	38,830	38,992
Differences between expected and actual experience	(17,427)	3,244	(33,483)	278	(32,992)	(84,286)
Benefit payments	(66,185)	(94,960)	(97,631)	(149,282)	(53,828)	(43,396)
Administrative expenses	(250)	(250)	(250)	(250)	(250)	(250)
Net change in plan fiduciary net position	9,426	(64,676)	1,362	37,763	5,588	(45,544)
Plan fiduciary net position – beginning of year	1,355,078	1,364,504	1,299,828	1,301,190	1,338,953	1,344,541
Plan fiduciary net position – end of year	1,364,504	1,299,828	1,301,190	1,338,953	1,344,541	1,298,997
Net OPEB liability	$ 711,638	$ 919,212	$ 379,106	$ 409,238	$ 330,885	$ 413,241
Plan fiduciary net position as a percentage of the total OPEB liability	65.72%	58.58%	77.44%	76.59%	80.25%	75.87%
Covered-employee payroll	$ 17,090,700	$ 17,603,421	$ 17,192,530	$ 17,708,306	$ 21,090,362	$ 21,723,073
Net OPEB liability as a percentage of covered-employee payroll	4.16%	5.22%	2.21%	2.31%	1.57%	1.90%

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 286

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

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	0.71 %
2018	2.20 %
2019	0.12 %
2020	2.90 %
2021	0.40 %
2022	(3.40) %

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.30 percent to 3.50 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.50 percent to 2.30 percent.
- The healthcare trend rates, mortality tables, and salary increase rates were updated.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.00 percent to 2.50 percent.
- The expected long-term rate of return on plan assets changed from 2.00 percent to 2.90 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The retiree plan participation assumption for participants not eligible for a pre-65 subsidy was changed from 0.50 percent to 0.30 percent.
- The discount rate was changed from 3.40 percent to 3.00 percent.

2018 CHANGES IN PLAN PROVISIONS

- The superintendent will receive post-employment subsidized medical, dental, and life insurance until Medicare eligibility.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.80 percent to 3.40 percent.

SUPPLEMENTAL INFORMATION

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Receivables			
Current taxes	$ –	$ 95,945	$ 95,945
Delinquent taxes	–	2,843	2,843
Accounts and interest	–	2,250	2,250
Due from other governmental units	192,085	354,194	546,279
Inventory	26,517	–	26,517
Prepaid items	2,661	–	2,661
Total assets	$ 221,263	$ 455,232	$ 676,495
Liabilities			
Accounts and contracts payable	$ 11,833	$ 27,303	$ 39,136
Due to other governmental units	–	9,535	9,535
Due to other funds	13,252	228,957	242,209
Unearned revenue	32,323	–	32,323
Total liabilities	57,408	265,795	323,203
Deferred inflows of resources			
Property taxes levied for subsequent year	–	184,420	184,420
Unavailable revenue – delinquent taxes	–	2,079	2,079
Total deferred inflows of resources	–	186,499	186,499
Fund balances			
Nonspendable	29,178	–	29,178
Restricted	134,677	109,537	244,214
Unassigned	–	(106,599)	(106,599)
Total fund balances	163,855	2,938	166,793
Total liabilities, deferred inflows of resources, and fund balances	$ 221,263	$ 455,232	$ 676,495

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 145,214	$ 145,214
Other	4,603	295,847	300,450
State sources	36,104	424,244	460,348
Federal sources	1,342,309	623,175	1,965,484
Total revenue	1,383,016	1,488,480	2,871,496
Expenditures			
Current			
Food service	1,288,742	–	1,288,742
Community service	–	1,568,684	1,568,684
Capital outlay	7,865	15,000	22,865
Total expenditures	1,296,607	1,583,684	2,880,291
Net change in fund balances	86,409	(95,204)	(8,795)
Fund balances			
Beginning of year	77,446	98,142	175,588
End of year	$ 163,855	$ 2,938	$ 166,793

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022	2021
Assets		
Cash and temporary investments	$ 2,090,291	$ 6,832,603
Receivables		
Current taxes	1,769,290	1,922,873
Delinquent taxes	67,385	17,251
Accounts and interest	5,278	15,922
Due from other governmental units	5,774,001	4,874,594
Due from other funds	242,209	170,336
Prepaid items	55,907	106,849
Total assets	$ 10,004,361	$ 13,940,428
Liabilities		
Salaries payable	$ 2,148,611	$ 1,708,749
Accounts and contracts payable	1,418,822	2,284,923
Due to other governmental units	178,844	82,762
Unearned revenue	131,762	37,265
Total liabilities	3,878,039	4,113,699
Deferred inflows of resources		
Property taxes levied for subsequent year	2,923,330	3,230,305
Unavailable revenue – delinquent taxes	49,472	6,774
Total deferred inflows of resources	2,972,802	3,237,079
Fund balances		
Nonspendable for prepaid items	55,907	106,849
Restricted for scholarships	76,328	81,633
Restricted for operating capital	400,868	476,380
Restricted for area learning center	141,015	–
Restricted for long-term facilities maintenance	863,243	1,433,834
Assigned for subsequent year’s budget	1,000,000	–
Unassigned	616,159	4,490,954
Total fund balances	3,153,520	6,589,650
Total liabilities, deferred inflows of resources, and fund balances	$ 10,004,361	$ 13,940,428

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 3,733,198	$ 3,660,209	$ (72,989)	$ 3,555,149
Investment earnings (charges)	19,000	(13,089)	(32,089)	17,158
Other	459,609	331,216	(128,393)	334,064
State sources	28,807,458	28,900,569	93,111	30,022,038
Federal sources	5,695,851	5,209,879	(485,972)	3,375,621
Total revenue	38,715,116	38,088,784	(626,332)	37,304,030
Expenditures				
Current				
Administration				
Salaries	974,042	804,883	(169,159)	810,808
Employee benefits	276,423	236,957	(39,466)	266,174
Purchased services	60,086	21,115	(38,971)	82,189
Supplies and materials	81,696	61,744	(19,952)	221,249
Capital expenditures	–	9,961	9,961	–
Other expenditures	25,357	27,414	2,057	6,085
Total administration	1,417,604	1,162,074	(255,530)	1,386,505
District support services				
Salaries	1,123,169	1,081,642	(41,527)	1,111,530
Employee benefits	371,770	403,461	31,691	355,092
Purchased services	332,208	420,642	88,434	254,721
Supplies and materials	89,764	86,739	(3,025)	57,390
Other expenditures	(61,400)	(43,819)	17,581	(38,524)
Total district support services	1,855,511	1,948,665	93,154	1,740,209
Elementary and secondary regular instruction				
Salaries	8,413,251	8,282,464	(130,787)	8,198,706
Employee benefits	2,665,633	2,731,524	65,891	2,580,733
Purchased services	4,601,592	4,456,126	(145,466)	4,195,883
Supplies and materials	452,084	504,671	52,587	381,593
Capital expenditures	100,550	99,897	(653)	25,799
Other expenditures	70,682	131,547	60,865	130,292
Total elementary and secondary regular instruction	16,303,792	16,206,229	(97,563)	15,513,006

(continued)

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	199,157	211,909	12,752	122,740
Employee benefits	60,891	75,015	14,124	49,870
Purchased services	28,247	19,080	(9,167)	25,707
Supplies and materials	1,450	1,743	293	7,627
Other expenditures	–	744	744	2,796
Total vocational education instruction	289,745	308,491	18,746	208,740
Special education instruction				
Salaries	3,891,228	3,691,311	(199,917)	3,458,357
Employee benefits	1,197,242	1,087,278	(109,964)	1,023,891
Purchased services	474,194	603,834	129,640	587,623
Supplies and materials	100,575	46,637	(53,938)	29,466
Other expenditures	1,065	21,480	20,415	2,223
Total special education instruction	5,664,304	5,450,540	(213,764)	5,101,560
Instructional support services				
Salaries	1,882,180	1,912,548	30,368	1,808,245
Employee benefits	540,021	528,687	(11,334)	508,059
Purchased services	174,088	245,788	71,700	285,799
Supplies and materials	1,292,867	1,050,238	(242,629)	520,276
Capital expenditures	39,752	27,411	(12,341)	7,894
Other expenditures	43,304	77,575	34,271	119,828
Total instructional support services	3,972,212	3,842,247	(129,965)	3,250,101
Pupil support services				
Salaries	2,998,332	2,649,010	(349,322)	2,612,501
Employee benefits	929,936	743,412	(186,524)	806,890
Purchased services	1,695,001	4,600,626	2,905,625	1,172,509
Supplies and materials	131,430	153,196	21,766	283,371
Capital expenditures	–	–	–	23,000
Other expenditures	206	10,284	10,078	10,849
Total pupil support services	5,754,905	8,156,528	2,401,623	4,909,120

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	808,679	808,823	144	701,200
Employee benefits	267,332	288,920	21,588	287,426
Purchased services	3,216,794	2,248,974	(967,820)	1,753,619
Supplies and materials	196,329	280,651	84,322	207,456
Capital expenditures	93,000	196,598	103,598	15,150
Other expenditures	27,618	31,745	4,127	42,739
Total sites and buildings	4,609,752	3,855,711	(754,041)	3,007,590
Fiscal and other fixed cost programs				
Purchased services	112,541	101,614	(10,927)	98,606
Other expenditures	5,500	8,500	3,000	2,250
Total fiscal and other fixed cost programs	118,041	110,114	(7,927)	100,856
Debt service				
Principal	477,901	352,560	(125,341)	162,533
Interest and fiscal charges	161,563	168,021	6,458	5,213
Total debt service	639,464	520,581	(118,883)	167,746
Total expenditures	40,625,330	41,561,180	935,850	35,385,433
Excess (deficiency) of revenue over expenditures	(1,910,214)	(3,472,396)	(1,562,182)	1,918,597
Other financing sources (uses)				
Sale of capital assets	–	–	–	443,771
Insurance recovery	–	36,266	36,266	93,157
Transfers out	–	–	–	(47,041)
Total other financing sources (uses)	–	36,266	36,266	489,887
Net change in fund balances	$ (1,910,214)	(3,436,130)	$ (1,525,916)	2,408,484
Fund balances				
Beginning of year		6,589,650		4,181,166
End of year		$ 3,153,520		$ 6,589,650

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022	2021
Assets		
Receivables		
Due from other governmental units	$ 192,085	$ 115,986
Inventory	26,517	16,739
Prepaid items	2,661	–
Total assets	$ 221,263	$ 132,725
Liabilities		
Accounts and contracts payable	$ 11,833	$ 18,623
Due to other governmental units	–	120
Due to other funds	13,252	34,633
Unearned revenue	32,323	1,903
Total liabilities	57,408	55,279
Fund balances		
Nonspendable for inventory	26,517	16,739
Nonspendable for prepaids items	2,661	–
Restricted for food service	134,677	60,707
Total fund balances	163,855	77,446
Total liabilities and fund balances	$ 221,263	$ 132,725

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 6,000	$ –	$ (6,000)	$ –
Other – primarily meal sales	173,000	4,603	(168,397)	1,066
State sources	125,000	36,104	(88,896)	–
Federal sources	1,196,000	1,342,309	146,309	828,770
Total revenue	1,500,000	1,383,016	(116,984)	829,836
Expenditures				
Current				
Salaries	627,759	459,117	(168,642)	445,290
Employee benefits	233,230	166,900	(66,330)	161,679
Purchased services	110,652	139,122	28,470	–
Supplies and materials	525,389	522,416	(2,973)	343,016
Other expenditures	2,970	1,187	(1,783)	2,938
Capital outlay	–	7,865	7,865	5,720
Total expenditures	1,500,000	1,296,607	(203,393)	958,643
Excess (deficiency) of revenue over expenditures	–	86,409	86,409	(128,807)
Other financing sources				
Transfers in	–	–	–	47,041
Net change in fund balances	$ –	86,409	$ 86,409	(81,766)
Fund balances				
Beginning of year		77,446		159,212
End of year		$ 163,855		$ 77,446

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022	2021
Assets		
Receivables		
Current taxes	$ 95,945	$ 76,038
Delinquent taxes	2,843	971
Accounts and interest	2,250	9,915
Due from other governmental units	354,194	345,178
Total assets	$ 455,232	$ 432,102
Liabilities		
Accounts and contracts payable	$ 27,303	$ 24,918
Due to other governmental units	9,535	–
Due to other funds	228,957	135,703
Unearned revenue	–	25,219
Total liabilities	265,795	185,840
Deferred inflows of resources		
Property taxes levied for subsequent year	184,420	147,639
Unavailable revenue – delinquent taxes	2,079	481
Total deferred inflows of resources	186,499	148,120
Fund balances (deficit)		
Restricted for community education programs	–	6,089
Restricted for early childhood family education programs	19,850	941
Restricted for school readiness	89,645	85,799
Restricted for community service	42	5,313
Unassigned – community education programs restricted account deficit	(106,599)	–
Total fund balances	2,938	98,142
Total liabilities, deferred inflows of resources, and fund balances	$ 455,232	$ 432,102

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 147,603	$ 145,214	$ (2,389)	$ 147,003
Other – primarily tuition and fees	460,085	295,847	(164,238)	178,345
State sources	450,165	424,244	(25,921)	421,043
Federal sources	660,888	623,175	(37,713)	491,389
Total revenue	1,718,741	1,488,480	(230,261)	1,237,780
Expenditures				
Current				
Salaries	1,077,912	1,072,965	(4,947)	826,122
Employee benefits	320,201	304,874	(15,327)	244,911
Purchased services	266,154	108,226	(157,928)	34,599
Supplies and materials	75,509	79,979	4,470	33,479
Other expenditures	637	2,640	2,003	726
Capital outlay	15,000	15,000	–	–
Total expenditures	1,755,413	1,583,684	(171,729)	1,139,837
Net change in fund balances	$ (36,672)	(95,204)	$ (58,532)	97,943
Fund balances				
Beginning of year		98,142		199
End of year		$ 2,938		$ 98,142

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

	2022	2021
Assets		
Cash and temporary investments	$ 936,649	$ 1,141,769
Receivables		
Due from other governmental units	–	250,000
Total assets	$ 936,649	$ 1,391,769
Liabilities		
Accounts and contracts payable	$ 50,313	$ 20,421
Unearned revenue	–	326,733
Total liabilities	50,313	347,154
Fund balances		
Restricted for capital projects	886,336	1,044,615
Total liabilities and fund balances	$ 936,649	$ 1,391,769

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings (charges)	$ 10,000	$ 2,578	$ (7,422)	$ (2,158)
Other	–	–	–	250,000
Total revenues	10,000	2,578	(7,422)	247,842
Expenditures				
Capital outlay				
Salaries	–	300	300	16,437
Employee benefits	–	48	48	5,453
Purchased services	22,256	129,858	107,602	2,304,299
Supplies and materials	–	–	–	36,528
Capital expenditures	943,350	30,651	(912,699)	1,192,760
Total expenditures	965,606	160,857	(804,749)	3,555,477
Excess (deficiency) of revenue over expenditures	(955,606)	(158,279)	797,327	(3,307,635)
Other financing sources				
Debt issued	426,000	–	(426,000)	426,000
Net change in fund balances	$ (529,606)	(158,279)	$ 371,327	(2,881,635)
Fund balances				
Beginning of year		1,044,615		3,926,250
End of year		$ 886,336		$ 1,044,615

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

	2022	2021
Assets		
Cash and temporary investments	$ 2,077,431	$ 2,133,600
Receivables		
Current taxes	1,497,585	1,399,838
Delinquent taxes	50,543	15,509
Due from other governmental units	52,489	88,991
Prepaid items	11,950	–
Total assets	$ 3,689,998	$ 3,637,938
Liabilities		
Accounts and contracts payable	$ 475	$ –
Deferred inflows of resources		
Property taxes levied for subsequent year	2,878,117	2,717,818
Unavailable revenue – delinquent taxes	37,035	6,696
Total deferred inflows of resources	2,915,152	2,724,514
Fund balances		
Nonspendable for prepaid items	11,950	–
Restricted for debt service	762,421	913,424
Total fund balances	774,371	913,424
Total liabilities, deferred inflows of resources, and fund balances	$ 3,689,998	$ 3,637,938

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

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 2,740,071	$ 2,672,957	$ (67,114)	$ 2,678,254
Investment earnings (charges)	1,000	(3,326)	(4,326)	4,185
State sources	732,050	524,889	(207,161)	889,911
Total revenue	3,473,121	3,194,520	(278,601)	3,572,350
Expenditures				
Debt service				
Principal	1,552,000	1,552,000	–	1,515,000
Interest	1,756,200	1,776,598	20,398	1,852,604
Fiscal charges and other	4,300	4,975	675	48,588
Total expenditures	3,312,500	3,333,573	21,073	3,416,192
Excess (deficiency) of revenue over expenditures	160,621	(139,053)	(299,674)	156,158
Other financing sources (uses)				
Refunding debt issued	–	–	–	965,000
Premium on debt issued	–	–	–	83,314
Payment of refunded debt	–	–	–	(1,005,000)
Total other financing sources (uses)	–	–	–	43,314
Net change in fund balances	$ 160,621	(139,053)	$ (299,674)	199,472
Fund balances				
Beginning of year		913,424		713,952
End of year		$ 774,371		$ 913,424

INDEPENDENT SCHOOL DISTRICT NO. 286

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals 2022	Totals 2021
Assets				
Current assets				
Cash and temporary investments	$ 1,349,071	$ –	$ 1,349,071	$ 1,119,819
Receivables				
Accounts and interest	–	–	–	1,086
Due from other funds	23,171	–	23,171	16,812
Total current assets	1,372,242	–	1,372,242	1,137,717
Liabilities				
Current liabilities				
Accounts and contracts payable	7,171	–	7,171	4,367
Due to other funds	–	23,171	23,171	16,812
Claims incurred, but not reported	178,117	15,364	193,481	268,540
Total current liabilities	185,288	38,535	223,823	289,719
Net position				
Unrestricted	$ 1,186,954	$ (38,535)	$ 1,148,419	$ 847,998

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals 2022	Totals 2021
Operating revenue				
Charges for services				
Contributions from governmental funds	$ 3,237,540	$ 186,727	$ 3,424,267	$ 3,627,923
Operating expenses				
Health benefit claims	2,932,504	–	2,932,504	3,009,427
Dental benefit claims	–	191,342	191,342	218,673
Total operating expenses	2,932,504	191,342	3,123,846	3,228,100
Operating income (loss)	305,036	(4,615)	300,421	399,823
Nonoperating revenue				
Investment earnings	–	–	–	2,192
Change in net position	305,036	(4,615)	300,421	402,015
Net position				
Beginning of year	881,918	(33,920)	847,998	445,983
End of year	$ 1,186,954	$ (38,535)	$ 1,148,419	$ 847,998

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals 2022	Totals 2021
Cash flows from operating activities				
Contributions from governmental funds	$ 3,237,766	$ 187,587	$ 3,425,353	$ 3,627,923
Payment for health claims	(3,002,155)	–	(3,002,155)	(2,897,213)
Payment for dental claims	–	(193,946)	(193,946)	(214,826)
Net cash flows from operating activities	235,611	(6,359)	229,252	515,884
Cash flows from noncapital financing activities				
Cash received from other funds	–	6,359	6,359	3,297
Cash paid to other funds	(6,359)	–	(6,359)	(3,297)
Net cash flows from noncapital financing activities	(6,359)	6,359	–	–
Cash flows from investing activities				
Investment income received	–	–	–	2,192
Net change in cash and cash equivalents	229,252	–	229,252	518,076
Cash and cash equivalents				
Beginning of year	1,119,819	–	1,119,819	601,743
End of year	$ 1,349,071	$ –	$ 1,349,071	$ 1,119,819
Reconciliation of operating income to net cash flows from operating activities				
Operating income (loss)	$ 305,036	$ (4,615)	$ 300,421	$ 399,823
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	226	860	1,086	–
Accounts and contracts payable	2,804	–	2,804	2,650
Due to other governmental units	–	–	–	(1,139)
Claims incurred, but not reported	(72,455)	(2,604)	(75,059)	114,550
Net cash flows from operating activities	$ 235,611	$ (6,359)	$ 229,252	$ 515,884

OTHER DISTRICT INFORMATION

(UNAUDITED)

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INDEPENDENT SCHOOL DISTRICT NO. 286

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Adjusted Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2013	24.61	200.49	969.42	1,025.14	2,219.66	2,537.56
2014	21.62	165.03	997.31	1,052.22	2,236.18	2,578.08
2015	40.69	179.46	1,043.83	1,158.47	2,422.45	2,654.14
2016	18.37	160.46	1,059.03	1,171.58	2,409.44	2,643.76
2017	90.41	141.09	991.19	1,196.06	2,418.75	2,657.96
2018	89.43	144.69	1,010.58	1,330.05	2,574.75	2,840.78
2019	101.75	131.38	917.41	1,336.78	2,487.32	2,754.69
2020	100.72	128.66	862.41	1,330.57	2,422.36	2,688.46
2021	77.14	90.59	822.63	1,317.14	2,307.50	2,570.92
2022	96.58	101.51	731.94	1,271.46	2,201.49	2,455.77

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

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

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

Source: Minnesota Department of Education student reporting system

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OTHER REQUIRED REPORTS

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the School Board and Management of
Independent School District No. 286
Brooklyn Center, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 286 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Recommendations as finding 2022-001, that we consider to be a significant deficiency.

(continued)

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REPORT ON COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSE TO FINDING

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Recommendations. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 28, 2022

MMKR
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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 286
Brooklyn Center, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 286 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2022.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 28, 2022

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Schedule of Findings and Recommendations
Year Ended June 30, 2022

A. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2022-001 Segregation of Duties

Criteria – Internal control over financial reporting.

Condition – Independent School District No. 286 (the District) has limited segregation of duties in several areas, including the processing of general disbursements, payroll transactions, cash receipts, and journal entries.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas as noted above.

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

Cause – The limited segregation of duties is primarily caused by the limited size of the District's business office staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost-beneficial.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review policies, procedures, and transaction cycles, and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. The District has separately issued a Corrective Action Plan related to this finding.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT SCHOOL DISTRICT NO. 286

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

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 38,088,784	$ 38,088,784	$ –
Total expenditures		$ 41,561,180	$ 41,561,180	$ –
Nonspendable				
460	Nonspendable fund balance	$ 55,907	$ 55,907	$ –
Restricted				
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ 76,328	$ 76,328	$ –
403	Staff development	$ –	$ –	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
424	Operating capital	$ 400,868	$ 400,868	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ 141,015	$ 141,015	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 863,243	$ 863,243	$ –
472	Medical Assistance	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – Impact Aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 1,000,000	$ 1,000,000	$ –
Unassigned				
422	Unassigned fund balance	$ 616,159	$ 616,159	$ –
Food Service				
Total revenue		$ 1,383,016	$ 1,383,016	$ –
Total expenditures		$ 1,296,607	$ 1,296,608	$ (1)
Nonspendable				
460	Nonspendable fund balance	$ 29,178	$ 29,178	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 134,677	$ 134,677	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 1,488,480	$ 1,488,481	$ (1)
Total expenditures		$ 1,583,684	$ 1,583,684	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ (106,599)	$ (106,599)	$ –
432	ECFE	$ 19,850	$ 19,850	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 89,645	$ 89,645	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 42	$ 42	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

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

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 2,578	$ 2,578	$ –
Total expenditures		$ 160,857	$ 160,857	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 886,336	$ 886,336	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 3,194,520	$ 3,194,519	$ 1
Total expenditures		$ 3,333,573	$ 3,333,573	$ –
Nonspendable				
460	Nonspendable fund balance	$ 11,950	$ 11,950	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 762,421	$ 762,421	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 3,424,267	$ 3,424,267	$ –
Total expenditures		$ 3,123,846	$ 3,123,846	$ –
422	Net position	$ 1,148,419	$ 1,148,419	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ (45,294)	$ (45,295)	$ 1
Total expenditures		$ 250	$ 250	$ –
422	Net position	$ 1,298,997	$ 1,298,997	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

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

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