INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2022

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

INTRODUCTORY SECTION

JUNE 30, 2022

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
June 30, 2022

Name	Title	Term Ends
Philip Rosendale	Chairperson	2024
Michelle Meyer	Vice-Chair	2024
Lisa Meyer	Treasurer	2022
Sharleen Klennert	Clerk	2022
Kent Jeffery	Member	2024
Gene Jensen	Member	2022
Rob Venz	Member	2022

Superintendent

Jim Freihammer

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #811
Wabasha, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Independent School District #811, Wabasha, Minnesota as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, and the respective changes in financial position, and the budgetary comparison for the General Fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and 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.

Responsibilities of Management for the Financial Statements

The District's 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 twelve 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 GAAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement 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 judgement, 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (continued)

The Uniform Financial Accounting and Reporting Standards Compliance Table are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2021, from which such partial information was derived.

We have previously audited the District's 2021 financial statements and our report, dated November 17, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. In our opinion, the summarized 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 November 21, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
November 21, 2022

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Independent School District #811 – Wabasha Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year include the following:

- Total Assets and Deferred Outflows of Resources: $19,634,034.

- Overall revenues of the General Fund were $11,083,924 while overall expenditures totaled $11,160,760.

- The General Fund Unassigned Fund Balance is $853,872. This represents a decrease of $124,547 from last fiscal year. The Restricted General Fund balance includes State required reserves for operating capital, student activities, and medical assistance. These balances total $489,090 as compared to $488,102 last fiscal year.

- The General Fund total fund balance decreased by $76,836 in fiscal 2022, this was primarily from overestimating State receivables for Referendum and Local Optional aid based on the What-if Spreadsheet and General Education Aid reports for fiscal 2021.

- The Food Service Fund total fund balance increased by $89,978 2021-2022. This year had expenditures of $428,621 and revenues of $518,600. Overall, expenditures increased by $120,457 while revenues increased by $210,436. Last year's expenditures were at $308,164 and revenues were at $308,164. Expenditures increased because we served more meals due to being in-person 100% of the time during the school year. We also had increased participation in our meal programs because everyone received free meals. Revenues increased for two reasons. First, we were in-person all year long and participation increased due to meals being free. Secondly, the reimbursement rate was the highest it has ever been since the USDA program we participated in was the Summer Seamless Option.

- The Community Service Fund total fund balance decreased by $6,305 in 2021-2022 due to increased expenses as compared to revenues. The primary reason for this deficit spending is due to operating a School Readiness (pre-School) program that employs licensed teachers and paraprofessionals whose bargaining agreement offers competitive hourly rates with above average benefits when compared to other local school districts in our geographical area. The other reason connects to funding. Funding will always be limited until it is changed legislatively. State aid accounts for $29,000, a Pathways grant for $37,500 and the rest of the revenue for this program is generated through tuition paid by patrons, some other grants and revenue obtained through other Community Service Fund programs that pay users fees such as our School Age Child Care program. School Age Child Care also was able to obtain additional pandemic funding the last two years which has contributed a better overall bottom line in Community Education Fund 4 programs. In this fiscal year, expenditures totaled $416,087 as compared to $409,782 in revenue compared to last year's totals of $316,477 of expenditures and $330,636 of revenues.

FINANCIAL HIGHLIGHTS (Continued)

- The Debt Service Fund total fund balance decreased by $6,177 in 2021 – 2022. The School District has under levied in many of the part fiscal years with the goal of lowering the fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information, which includes the management's discussion and analysis (this section), the basic financial statements, and other required reports. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-wide Statements. The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in one category: Governmental activities. Most of the District's basic services are included here, such as elementary and secondary regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has only one kind of fund:

- ***Governmental funds.*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or difference) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The district's combined net position from Governmental activities was ($172,417) on June 30, 2022. This was an increase in net position of $439,804 from the prior year.

	Total	
	2022	2021
Assets		
Current and other assets	$ 6,174,248	$ 7,478,984
Capital assets	10,518,796	10,982,251
Total assets	16,693,044	18,461,235
Deferred Outflows of Resources	2,940,992	2,569,358
Liabilities		
Current liabilities	2,955,927	4,290,867
Long-Term liabilities	9,142,072	11,542,911
Total liabilities	12,097,999	15,833,778
Deferred Inflows of Resources	7,708,454	5,809,036
Net Position		
Net investment in capital assets	5,157,367	4,951,541
Restricted	636,660	518,620
Unrestricted	(5,966,444)	(6,082,382)
Total net position	$ (172,417)	$ (612,221)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

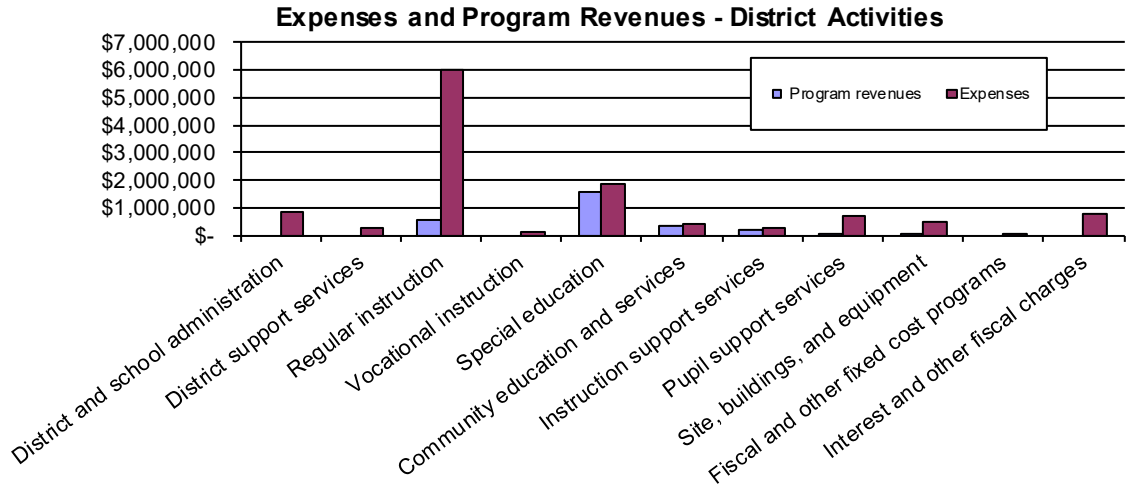
District's Revenue. The District's total revenues were $12,794,492 for the year ended June 30, 2022; compared to $13,188,866 for the year ended June 30, 2021. State sources accounted for 58% and 64% of total revenue for each of the years ended June 30, 2022 and 2021, respectively. The Local property taxes (levies) accounted for 16% (compared to 15% the previous year) of total revenue, with the remaining revenue coming from other sources.

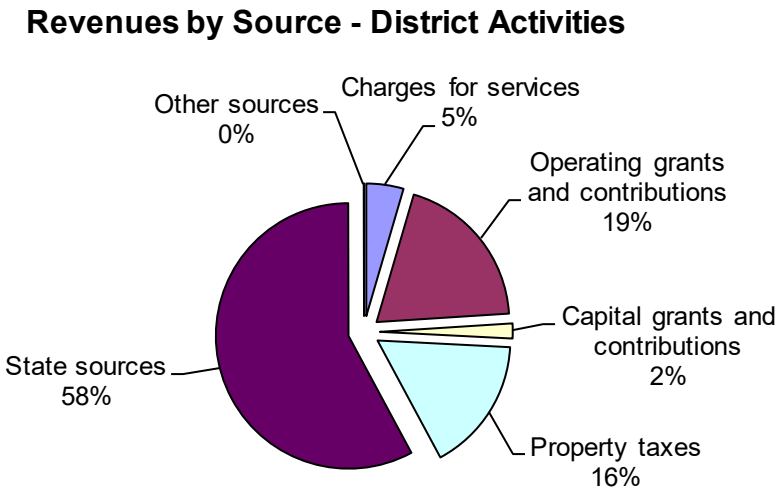
A condensed version of the Statement of Activities follows:

	Total	
	2022	2021
Revenue		
Program revenues:		
Charges for services	$ 580,446	$ 300,391
Operating grants and contributions	2,488,764	2,166,176
Capital grants and contributions	231,700	258,067
General revenues:		
Property taxes	2,091,558	2,031,229
State sources	7,397,308	8,425,217
Other sources	4,716	7,786
Total revenues	12,794,492	13,188,866
Expenses		
District and school administration	831,875	700,256
District support services	271,362	316,777
Regular instruction	5,967,524	6,591,677
Vocational instruction	127,352	156,028
Special education	1,890,332	1,711,465
Community education and services	400,965	320,910
Instruction support services	308,851	313,740
Pupil support services	719,817	903,283
Site, buildings, and equipment	517,792	373,712
Fiscal and other fixed cost programs	90,423	79,831
Food service	427,253	307,060
Interest and other fiscal charges	801,142	792,996
Total expenses	12,354,688	12,567,735
Change in net position	439,804	621,131
Net position, beginning of year	(612,221)	(1,233,352)
Net position, end of year	$ (172,417)	$ (612,221)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Below are specific graphs that provide comparisons of the district activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

The financial performance of the District as a school is reflected in its governmental funds as well. As the District completed the year, its Governmental Funds reported a combined fund balance of $1,839,253. The District continues to experience fluctuations in the number of students. Enrollment is monitored and analyzed for two different situations. The first situation is related to resident students attending the PreK-6 Wabasha-Kellogg Elementary School and students attending the grades 7-12 Wabasha-Kellogg Secondary School. This enrollment is primarily determined by the number of students living within the School District boundaries. The secondary school will see a slight increase with a short-lived period of stable enrollment. The elementary school has experienced a continued decline in students. Currently, there are 206 students enrolled in grade K-6. This is close to an all-time low experienced last year with 203 students and the first full pandemic SY of 20-21. with the exception of last year during the heart of the pandemic. It is projected that enrollment numbers will hover above and below that number over the next few years. The other significant part of student enrollment occurs with the Falcon View Connections Academy statewide online school. It opened in 2019-20 with an end of year ADM of 119. During the pandemic year of 2020-2021, the end of year ADM was 554. During the 2021-22 School Year we have seen a drop off in enrollment as the pandemic has changed and students have moved back to their resident district's in-person educational programs. Enrollment was also impacted by a record number of new on-line schools in Minnesota that went through the MDE approval process. In addition to this increase, School Districts were given the latitude to offer on-line learning to their resident students without any MDE approval process in place. At the time of the audit presentation, the FVCA has an enrollment of 420 students. We will strive to have an end of year weighted ADM of 450 students. Going forward, the School District along with its business partner Pearson Virtual Schools plans are to grow the school to an enrollment goal of 1,000 students in five years.

History of enrollment measured by average daily membership (ADM) is as follows:

Fiscal Year	ADM	% Change
2015	554.03	
2016	561.49	1.3%
2017	555.18	-1.1%
2018	539.57	-2.8%
2019	524.51	-2.8%
2020	635.61	21.2%
2021	1,033.22	62.6%
2022	892.33	-13.6%

General Fund. The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade twelve including pupil transportation activities and capital outlay projects.

Total General Fund revenue decreased by $649,033 from the previous year (being $11,732,957 in FY21), primarily due to a decrease in state aid due to the decreased enrollment of the Falcon View Connections Academy statewide online school and federal aid due to the COVID-19 pandemic. Total ADM's for the online school were 474 which drove the decrease in revenue.

Local property taxes are impacted by the state provided funds for school property tax relief. This relief was provided in two principle ways: 1) removal of the general education revenue property tax via a funding model of greater state aid; and 2) roll in of additional aid for referendum revenue into the basis formula for general education revenue.

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2022	2021	Increase/ (Decrease)
Local property tax levies	$ 1,332,984	$ 1,231,979	$ 101,005
Other local and county sources	279,000	105,712	173,288
Investment income	2,861	6,040	(3,179)
State sources	9,101,813	9,991,500	(889,687)
Federal sources	366,619	397,435	(30,816)
Sales and other conversions of assets	647	291	356
Total General Fund Revenues	$ 11,083,924	$ 11,732,957	$ (649,033)

Total General Fund expenditures increased by $80,393 from the previous year, due to increased staffing for the FVCA and new settlements of four major contracts (teachers, paraprofessionals, principals, and superintendent.)

General fund expenditures were as follows:

	2022	2021	Increase/ (Decrease)
District and school administration	$ 851,091	$ 681,392	$ 169,699
District support services	276,919	289,129	(12,210)
Regular instruction	5,815,280	6,133,384	(318,104)
Vocational instruction	129,198	148,462	(19,264)
Special education	1,946,682	1,662,923	283,759
Instructional support services	282,635	341,480	(58,845)
Pupil support services	774,243	875,145	(100,902)
Site, buildings, and equipment	999,190	868,621	130,569
Fiscal and other fixed cost programs	85,522	79,831	5,691
Total General Fund Expenditures	$ 11,160,760	$ 11,080,367	$ 80,393

The total General Fund balance on June 30, 2022, is $1,439,685 compared to $1,516,521 on June 30, 2021 (decrease of $76,836). Of the General Fund balance amount, $585,813 restricted or assigned for specific purposes by state requirements or assigned – leaving an amount of $853,872 in the Unassigned General Fund Balance.

FUND BASIS FINANCIAL ANALYSIS (Continued)

Food Service Fund. The Food Service Fund accounts for the activities related to providing child nutrition services to support K-12 academic programs. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment. By operating in this manner, the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance increased by $89,979. On June 30, 2022 the fund balance was $94,384; compared to last year's balance of $4,405.

The Food Service revenue for 2021-2022 totaled $518,600 compared to $308,164 the previous year – an increase of $210,436 primarily due to running a food service program the entire school year which was in-person and accessing the Seamless Summer Option program under the US Department of Agriculture which provides free meals to all and the highest reimbursement rate per meal.

The Food Service expenditures for 2021-2022 totaled $428,621 compared to $308,164 the previous year – an increase in expenditures of $120,457 primarily due to less staffing and decreased food costs due operating a smaller food service program because of enrollment loss and pandemic mitigation strategies.

Community Service Fund. The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that is does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Community Service fund balance decreased by $6,305.

Community Service Fund revenues for 2021-2022 totaled $409,782; compared to $330,636 in the prior year. This was an increase in revenue of $79,146. This increase in revenue was primarily due operating a full menu of fund 4 activities (Pre- School for 3 and 4-year olds and the Falcon Nest School Age Child Care program. Additionally, there was some additional aid received through the state of Minnesota called Child Care Stabilization funds. We applied for these funds and received this additional revenue. The amount of aid designated for School Readiness aid continues to be problematic. It will not show up in the audit this year due to other reasons, but a School District such as ours that has a Parent Aware 4 Star Rated program must meet certain minimum standards. This includes a highly qualified teacher and maintenance of a 10:1 or 20:2 ratio. Combining state aid, tuition, local grants, and Pathways funds will not cover the costs of running this program. The fact remains that Pre-School is not funded appropriately. The ongoing issue of underfunding Pre-School is a problem that needs to be addressed at the state level. Pre-School is funded in a manner that is not in alignment with the cost it takes to operate a program that employs highly qualified teachers and paraprofessionals. Families cannot afford to pay more than we charge and these revenues along with state aid and grants combined fall short of covering the expenses of this important program.

Community Service Fund expenditures for 2021-2022 totaled $416,087; compared to $316,477 in the prior year. This increase of $99,610 was due to operating a fully staffed a full pre-school program for the entire school year. Last fiscal year, the School District transferred a significant amount of expenses to fund one to pull fund 4 out of a negative fund balance. Some of those expenses were reallocated to Community Service the past two fiscal years. These expenses along with normal increases in personnel costs attributed to this rise in expenses as compared to previous year. Community Education programs were also affected by the new settlements of the four major employee contracts.

Debt Service Fund. The Debt Service Fund expenditures exceeded revenues by $6,177 in the current fiscal year as a result of a property owners paying their taxes combined with State revenue through State and homestead credits, disparity reduction aid and miscellaneous local taxes. The fund balance of $89,709 at June 30, 2022 is available for meeting future debt service obligations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. The budget was amended during the year to reflect increased expenditures related to maintenance and repair and unanticipated Special Education costs. The School Board receives monthly updates on expenditures and revenues during the last half of the fiscal year as a preliminary budget is developed for the next fiscal year. These updates reflect the most current information on the current budget year as well as preliminary projections for the next fiscal year.

CAPITAL ASSETS

Capital Assets. By the end of fiscal 2022, the District had invested approximately $20.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was $683,162.

The District annually updates its Ten-Year Long-Term Maintenance Revenue Plan. Future projects include athletic field maintenance and improvement, and the maintenance/repair of existing interior/exterior District buildings and grounds. Replacement of school vans is ongoing and will require periodic investment. Other primary projects include parking lot repair and maintenance and roof repair and replacement. The District will need to utilize its limited amount of capital outlay revenue, capital outlay reserve and Long-Term Facility Maintenance revenue to address these anticipated expenses.

	Total	
	2022	2021
Land	$ 28,425	$ 28,425
Land improvements	3,233,981	3,201,523
Buildings	15,638,692	15,579,197
Equipment	1,882,079	1,943,814
Total Capital Assets	20,783,177	20,752,959
Less accumulated depreciation	(10,264,381)	(9,770,708)
Total	$ 10,518,796	$ 10,982,251

DEBT ADMINISTRATION

Long Term Liabilities. As of June 30, 2022, the District had $5,105,000 in General Obligation Bonds outstanding, a decrease of 11% from the previous year due to the 2018A G.O. Abatement Bonds which are being used to mitigate storm water issues in the main parking lot as well as rebuild both the main and student parking lots. The first five years of the 2018A bonds include interest only payments. During this time when interest only, payments are made on the 2018A bonds, the School District's debt on the 2009A Facilities Equipment bonds (FY 2022) and the 2011A bonds (FY 2024) will be paid in full. Beginning in FY 2025, the School District's total long-term debt is projected to be approximately 3.9 million dollars. A summary of outstanding long-term liabilities as of June 30, 2022, is as follows:

	Total	
	2022	2021
General Obligation Bonds	$ 5,105,000	$ 5,760,000
Net Bond Premium	38,655	43,036
Energy loan	420,160	462,324
Severance Benefits Payable	192,662	202,344
Compensated Absences Payable	31,934	32,384
Total	$ 5,788,411	$ 6,500,088

FACTORS BEARING ON THE DISTRICT'S FUTURE

Factors facing the Wabasha-Kellogg School District relate to several main factors. First and foremost is state education funding: Regular, consistent, and predictable increases in state education funding are needed to address increased costs associated with public education. Secondly, the maintenance, repair, and replacement of roofs, parking lots, as well as other capital improvements will be easier to address due to the state legislature authorizing Long Term Facilities Maintenance Revenue through local levy which will really help address this long list of School District capital maintenance, replacement, and repair needs. Additionally, our trend of declining enrollment (brick and mortar schools) will continue to mean that the District will need to make appropriate expenditure reductions regularly. Approximately $150,000 in reductions was made prior to the 2019-20 FY. Additionally, the 2006 Operating Levy of $1,137 per student was renewed in the November 2014 election thus extending this levy to the end of fiscal year 2026. The renewal of this operating levy makes a significant difference in the programs and experiences that can be provided to our students. Now that this levy is in place, the potential issue of expenditure reductions will rely more on our enrollment and state revenue. Recently, the School District has begun to utilize the Local Option Revenue that is available through the local levy certification process. This additional levy authority granted to the school board allows Wabasha-Kellogg to levy up to an additional $426 per pupil unit. For the 2018-19 FY, the school board authorized $252 per pupil unit and set the levy for Local Optional Revenue for the 2019-2020 FY at the maximum of $426 per pupil unit. With the exception of the voter-approved referendum, Local Optional Revenue and a small amount of federal revenue, the District is dependent on the State of Minnesota for its revenue. The issue of Special Education funding is significant to our school district as the regular education revenue subsidizes the costs of these services with basic revenue and operating levy revenue as the state's revenue for Special Education expenditures do not cover the actual costs. This fact is noted in the Minnesota Department of Education's "Special Education Cross- Subsidies Reports" that show that in FY 2018 the cross-subsidy for Wabasha-Kellogg was $720,000 which is more than the revenue generated from our excess operating levy. This equates to about $1,200 per pupil unit. Due to the opening of the FVCA online school, W-K's position as it relates to Special Education Cross Subsidy has improved because the increase in ADM's allows W-K to capture more revenue that is related to our actual costs. The cross subsidy has decreased but still remains a finance issue that needs to be resolved. Going forward there have been some changes in special education finance which should make it a little more predictable for planning and budgeting purposes.

The recent explosion of inflation caused by supply demand issues and other factors is a significant issue for the School District's present school year and future. Energy costs have risen and so have all the basic consumable supplies and capital equipment. Increased labor costs to complete contracted work from a deferred maintenance perspective or from a capital improvement perspective are daunting alone, but when tied into the supply chain issue and inflation issues make future deferred maintenance and capital improvement projects that much more difficult to complete and fund. We will be challenged by these new economic factors in all facets of operations including are own employee agreements and contracts. A significant increase in state funding has never been more needed or warranted.

FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)

Beginning in the 2019-20 FY, the School District opened a State Wide Online School named Falcon View Connections Academy. This new school is providing additional revenue for the School District from Pearson On-line and Blended Learning (Connections Academy) through the sponsorship fee that is paid to the School District by Connections Academy as well as additional state aid that will be collected due to the increased in enrollment. Enrollment in the 20-21 FY exceeded expectations and will have a positive effect on the fund balance. Going forward, a stable and predictable enrollment will enable Wabasha-Kellogg to address needs outside of personnel such as curriculum, equipment, and programs.

The District expects a slight overall decline in pupil numbers in the Wabasha-Kellogg Elementary and Secondary Schools going forward, but should see growth in the enrollment of the Falcon View Connections Academy; however, it must be noted that the 20-21 FVCA enrollment exceeded expectations due to the pandemic so projecting growth is from 2021-22 SY forward. As mentioned earlier, a goal of 1,000 students has been set over the next five years. During the 21-22, 22-23 and 23-24 School Years, ESSER funds made available due to the COVID-19 pandemic will also factor in the revenue and expense budgets. The District will need to carefully plan for use of those funds to address needs area and at the same time not set itself up for a fiscal cliff where the revenue is gone but the expenses remain. The final thought is that the School District will have to make adjustments in staffing throughout the brick and mortar. Small classes and sections are not something that the District can maintain long term even with the ESSER funds and additional revenue from FVCA. The success of the statewide online school Falcon View Connections Academy now and in the future will help the overall financial health of the School District but must also be mixed with staffing patterns in the brick and mortar that make sense and are sustainable. It will be paramount that the existing operating levy of $1,137 per pupil unit that expires in 2025-26 be renewed at least at that amount or more to adjust for the years of inflation that have existed since it began in the 2006-2007 School Year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District #811, 2113 Hiawatha Dr. E, Wabasha, Minnesota 55981.

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2022
With Comparative Data as of June 30, 2021

	Governmental Activities	
	2022	2021
Assets		
Cash and cash equivalents	$ 3,515,012	$ 4,839,240
Taxes receivable	1,069,961	1,044,376
Other receivables	35,068	35,994
Due from other governmental units	1,549,980	1,558,089
Inventory	4,227	1,285
Capital assets:		
Nondepreciable	28,425	28,425
Depreciable	10,490,371	10,953,826
TOTAL ASSETS	16,693,044	18,461,235
Deferred Outflows of Resources		
Deferred outflows from pension activity	2,893,356	2,530,007
Deferred outflows from OPEB activity	47,636	39,351
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,940,992	2,569,358
Liabilities		
Accounts and contracts payable	1,120,735	2,477,617
Due to other governmental units	13,505	
Unearned revenue	131,367	117,182
Accrued liabilities	1,006,886	937,758
Accrued interest payable	49,961	61,161
Long-Term Liabilities:		
Due within one year	633,473	697,149
Other due in more than one year	5,154,938	5,802,939
Other post-employment benefits	395,459	501,340
Net pension liability	3,591,675	5,238,632
TOTAL LIABILITIES	12,097,999	15,833,778
Deferred Inflows of Resources		
Deferred inflows from pension activity	5,485,004	3,735,905
Deferred inflows from OPEB activity	161,896	27,430
Property taxes levied for subsequent year	2,061,554	2,045,701
TOTAL DEFERRED INFLOWS OF RESOURCES	7,708,454	5,809,036
Net Position		
Net investment in capital assets	5,157,367	4,951,541
Restricted:		
Operating capital	435,803	404,915
State-mandated reserves	53,287	43,793
Food service	94,384	4,405
Community service	13,089	19,394
Debt service	40,097	46,113
Unrestricted	(5,966,444)	(6,082,382)
TOTAL NET POSITION	$ (172,417)	$ (612,221)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022
With Partial Comparative Data for the Year Ended June 30, 2021

	2022			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 831,875	$	$	$
District support services	271,362			
Regular instruction	5,967,524	253,205	343,412	
Vocational instruction	127,352			
Special education	1,890,332	18,750	1,575,537	
Community education and services	400,965	241,739	76,583	
Instructional support services	308,851			231,700
Pupil support services	719,817		41,412	
Site, buildings, and equipment	517,792	72		
Fiscal and other fixed cost programs	90,423			
Food service	427,253	66,680	451,820	
Interest and other fiscal charges	801,142			
Total governmental activities	$ 12,354,688	$ 580,446	$ 2,488,764	$ 231,700
General Revenues:				
Property taxes levied for:				
General purposes				
Community Service				
Debt Service				
State aid not restricted to specific purposes				
Investment income				
Total general revenues				
Change in net position				
Net Position - beginning				
Net Position - Ending				

See Notes to Financial Statements

2022	2021
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Total Governmental Activities	Total Governmental Activities
$ (831,875)	$ (700,256)
(271,362)	(316,777)
(5,370,907)	(6,147,406)
(127,352)	(156,028)
(296,045)	(279,456)
(82,643)	(80,579)
(77,151)	(55,673)
(678,405)	(861,516)
(517,720)	(373,687)
(90,423)	(79,831)
91,247	1,104
(801,142)	(792,996)
(9,053,778)	(9,843,101)
1,304,062	1,234,585
79,743	79,780
707,753	716,864
7,397,308	8,425,217
4,716	7,786
9,493,582	10,464,232
439,804	621,131
(612,221)	(1,233,352)
$ (172,417)	$ (612,221)

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022
With Partial Comparative Data as of June 30, 2021

	General	Food Service	Community Service
Assets			
Cash and cash equivalents	$ 2,678,749	$ 113,089	$ 91,901
Current property taxes receivable	634,765		37,421
Delinquent property taxes receivable	564		35
Other receivables	35,068		
Due from Minnesota Department of Education	1,215,020		4,723
Due from Federal through Minnesota Department of Education	320,082		
Inventory		4,227	
TOTAL ASSETS	$ 4,884,248	$ 117,316	$ 134,080
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable	$ 1,120,557	$	$ 178
Salaries and accrued liabilities payable	961,952	3,173	41,761
Due to other governmental units	13,505		
Unearned revenue:			
Local sources	111,608	19,759	
TOTAL LIABILITIES	2,207,622	22,932	41,939
Deferred Inflows of Resources			
Unavailable revenue:			
Property taxes levied for subsequent year	1,236,377		79,017
Delinquent property taxes	564		35
TOTAL DEFERRED INFLOWS OF RESOURCES	1,236,941		79,052
Fund Balances			
Nonspendable		4,227	
Restricted	489,090	90,157	13,089
Assigned	96,723		
Unassigned	853,872		
TOTAL FUND BALANCES	1,439,685	94,384	13,089
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 4,884,248	$ 117,316	$ 134,080

See Notes to Financial Statements

		Total Governmental Funds	
Building Construction	Debt Service	2022	2021
$ 202,386	$ 428,887	$ 3,515,012	$ 4,839,240
	396,827	1,069,013	1,014,506
	349	948	29,870
		35,068	35,994
	10,155	1,229,898	1,396,039
		320,082	162,050
		4,227	1,285
$ 202,386	$ 836,218	$ 6,174,248	$ 7,478,984
$	$	$ 1,120,735	$ 2,477,617
		1,006,886	937,758
		13,505	
		131,367	117,182
		2,272,493	3,532,557
	746,160	2,061,554	2,045,701
	349	948	29,870
	746,509	2,062,502	2,075,571
		4,227	1,285
235,031	89,709	917,076	813,661
		96,723	89,394
(32,645)		821,227	966,516
202,386	89,709	1,839,253	1,870,856
$ 202,386	$ 836,218	$ 6,174,248	$ 7,478,984

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022
With Partial Comparative Data for the Year Ended June 30, 2021

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 1,332,984	$	$ 79,743
Other local and county sources	279,000		241,739
Investment income	2,861	100	261
State sources	9,101,813	8,974	88,039
Federal sources	366,619	442,846	
Sales and other conversions of assets	647	66,680	
TOTAL REVENUES	11,083,924	518,600	409,782
Expenditures			
District and school administration	851,091		
District support services	276,919		
Regular instruction	5,815,280		
Vocational instruction	129,198		
Special education	1,946,682		
Community education and services			416,087
Instructional support services	282,635		
Pupil support services	774,243		
Site, buildings, and equipment	999,190		
Fiscal and other fixed cost programs	85,522		
Food service		428,621	
Debt Service			
Interest			
Principal			
TOTAL EXPENDITURES	11,160,760	428,621	416,087
NET CHANGE IN FUND BALANCES	(76,836)	89,979	(6,305)
FUND BALANCE - BEGINNING	1,516,521	4,405	19,394
FUND BALANCE - ENDING	$ 1,439,685	$ 94,384	$ 13,089

See Notes to Financial Statements

		Total Governmental Funds	
Building Construction	Debt Service	2022	2021
$	$ 707,753	$ 2,120,480	$ 2,028,623
		520,739	287,778
562	932	4,716	7,786
	101,861	9,300,687	10,157,129
		809,465	669,115
		67,327	35,829
562	810,546	12,823,414	13,186,260
		851,091	681,392
		276,919	289,129
		5,815,280	6,133,384
		129,198	148,462
		1,946,682	1,662,923
		416,087	316,477
		282,635	341,480
		774,243	875,145
32,826		1,032,016	1,150,510
		85,522	79,831
		428,621	308,164
	161,723	161,723	179,258
	655,000	655,000	630,000
32,826	816,723	12,855,017	12,796,155
(32,264)	(6,177)	(31,603)	390,105
234,650	95,886	1,870,856	1,480,751
$ 202,386	$ 89,709	$ 1,839,253	$ 1,870,856

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
RECONCILIATION OF NET ASSETS IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances (pages 18 and 19)		$ 1,839,253
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 20,783,177	
Less: Accumulated depreciation	10,264,381	
		10,518,796
Some receivables are not available soon enough to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		948
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due		(49,961)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and long-term debt payable	$ (5,563,815)	
Net pension liability	(6,183,323)	
Severance payable	(192,662)	
Other postemployment benefits payable	(509,719)	
Compensated absences payable	(31,934)	
		(12,481,453)
Net position of governmental activities (page 15)		$ (172,417)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds (pages 20 and 21)		$ (31,603)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 219,707	
Depreciation expense	(683,162)	
		(463,455)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		(28,922)
The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.		
Change in accrued interest - General Obligation Bond	$ 11,200	
Repayment of other long-term debt	42,164	
Repayment of bond principal	655,000	
Amortization of bond premium	4,381	
		712,745
In the statement of activities, certain operating expenses - severance benefits, compensated absences, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Severance payable	$ 9,682	
Change in accrued compensated absences	450	
Net pension liability	261,207	
Other post-employment benefits payable	(20,300)	
		251,039
Change in net position of governmental activities (pages 16 and 17)		$ 439,804

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2022
With Comparative Data for the Year Ended June 30, 2021

	Budgeted Amounts		2022	Over (Under)	2021
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 1,126,490	$ 1,301,603	$ 1,332,984	$ 31,381	$ 1,231,979
Other local and county sources	552,033	150,181	279,000	128,819	105,712
Investment income	1,400	4,000	2,861	(1,139)	6,040
State sources	11,727,681	9,489,099	9,101,813	(387,286)	9,991,500
Federal sources	1,046,885	402,231	366,619	(35,612)	397,435
Sales and other conversions of assets	1,640	1,640	647	(993)	291
TOTAL REVENUES	14,456,129	11,348,754	11,083,924	(264,830)	11,732,957
Expenditures					
District and school administration	4,532,354	842,473	851,091	8,618	681,392
District support services	265,060	266,620	276,919	10,299	289,129
Regular instruction	4,128,686	5,676,721	5,815,280	138,559	6,133,384
Vocational instruction	152,645	137,032	129,198	(7,834)	148,462
Special education	1,905,216	2,006,430	1,946,682	(59,748)	1,662,923
Instructional support services	279,029	293,154	282,635	(10,519)	341,480
Pupil support services	991,189	860,916	774,243	(86,673)	875,145
Site, buildings, and equipment	799,916	798,683	999,190	200,507	868,621
Fiscal and other fixed cost programs	79,831	79,831	85,522	5,691	79,831
TOTAL EXPENDITURES	13,133,926	10,961,860	11,160,760	198,900	11,080,367
NET CHANGE IN FUND BALANCE	1,322,203	386,894	(76,836)	(463,730)	652,590
FUND BALANCE - BEGINNING	1,516,521	1,516,521	1,516,521		863,931
FUND BALANCE - ENDING	$ 2,838,724	$ 1,903,415	$ 1,439,685	$ (463,730)	$ 1,516,521

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2022
With Comparative Data for the Year Ended June 30, 2021

	Budgeted Amounts		2022	Over (Under)	2021
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Investment income	$	$	$ 100	$ 100	$
State sources	600	600	8,974	8,374	1,293
Federal sources	297,400	454,079	442,846	(11,233)	271,333
Sales and other conversions of assets	37,000	65,806	66,680	874	35,538
TOTAL REVENUES	335,000	520,485	518,600	(1,885)	308,164
Expenditures					
Pupil support services	321,689	401,395	428,621	27,226	308,164
NET CHANGE IN FUND BALANCES	13,311	119,090	89,979	(29,111)	
FUND BALANCES - BEGINNING	4,405	4,405	4,405		4,405
FUND BALANCES - ENDING	$ 17,716	$ 123,495	$ 94,384	$ (29,111)	$ 4,405

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Year Ended June 30, 2022
With Comparative Data for the Year Ended June 30, 2021

	Budgeted Amounts		2022	Over (Under)	2021
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 81,115	$ 81,115	$ 79,743	$ (1,372)	$ 79,780
Other local and county sources	192,046	244,830	241,739	(3,091)	182,066
Investment income			261	261	144
State sources	75,839	82,361	88,039	5,678	68,299
Federal sources					347
TOTAL REVENUES	349,000	408,306	409,782	1,476	330,636
Expenditures					
Community education and services	365,000	390,416	416,087	25,671	316,477
NET CHANGE IN FUND BALANCES	(16,000)	17,890	(6,305)	(24,195)	14,159
FUND BALANCES - BEGINNING	19,394	19,394	19,394		5,235
FUND BALANCES - ENDING	$ 3,394	$ 37,284	$ 13,089	$ (24,195)	$ 19,394

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Independent School District #811 was formed and operates pursuant to applicable Minnesota laws and statutes.

The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

Independent School District #811 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on the aforementioned criteria, the District has no component units.

Student Activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities.

Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter-fund activity has been removed from the District-wide financial statements.

Separate Fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.” 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. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental fund types are accounted for using the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, state aids, fees, and interest. For this purpose, the District considers all revenue to be available if it is collected within 60 days after the end of the current period.

Expenditures are generally recognized using the modified accrual basis of accounting when a related fund liability is incurred. Exceptions to this rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transaction, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

1. Summary of Significant Accounting Policies (Continued)

Description of Funds

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of the individual funds in the governmental fund category) for the determination of major funds. The District electively added as major funds, those which had specific community focus. The major funds of the District are presented as follows:

The *general fund* is the District's primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds.

The *food service fund* accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

The *community service fund* accounts for the resources designated for programs other than those for elementary and secondary students.

The *building construction fund* accounts for the resources related to upgrades to building facilities.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Budgets and Budgetary Accounting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Total fund expenditures in excess of the budget require approval of the School Board. Spending control for most funds is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

1. Summary of Significant Accounting Policies (Continued)

Cash and Investments

Except where otherwise required, the District maintains all deposits in bank accounts in the name of the District. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments, which is under the management of the District.

The District has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Accounts Receivable

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

Use of Estimates

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

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Inventories

Inventories are recorded using the consumption method of accounting and consist of food and commodities on hand at June 30, 2022. The food is recorded at the lower of cost or market. The food inventories are valued using the latest invoice cost, which approximates FIFO inventory method. Surplus commodities are stated at standardized commodities cost as determined by the Department of Agriculture.

Leases

For leases with a term exceeding 12 months, the District recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

1. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection 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 January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. 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 $106,867 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2021-2022. The remaining portion of the tax's collectible in 2022 is recorded as deferred inflows of resources.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred inflows of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2022, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capitalization threshold level of $1,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide financial statement but are not reported in the Fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	20 - 50
Equipment	3 - 15

Capital assets not being depreciated include land.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences and Termination Benefits

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave, vacation leave, and termination benefits. The District accounts for the employee benefits as follows:

Full-time, non-certified employees earn annual vacation pay based on the length of service in the District. Employees earn 10 days of vacation per year for the first ten years of service and 15 days of vacation thereafter. All outstanding unpaid vacation is payable upon termination of employment. At June 30, 2022, unpaid vacation totaling $32,384 the retirement in the fund financial statements of personnel eligible for a severance payment. The payment of severance pay is recorded as a current expenditure in the year of the payment.

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the District provides Health and Dental Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75.

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are expensed in the year the debt is issued.

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

Fund Equity

In the fund financial statements, governmental fund types report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

1. Summary of Significant Accounting Policies (Continued)

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since the inclusion would not provide meaningful comparisons. Certain amounts in the June 30, 2021 totals column have been reclassified to conform to the current year presentation.

Concentration of Credit Risk

Financial instruments which expose the District to a concentration of credit risk consist primarily of cash and investments. Credit risk associated with cash and investments are discussed in Note 3.

Deferred Outflow of Resources

In addition to assets, the financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has two types of items which occur related to revenue recognition. The deferred outflows of resources are pension and OPEB related.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate financial statement element, deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type is pension and OPEB related.

Net Position

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

1. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer 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.

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 Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 8.

Implementation of New Accounting Principles

During the year, the District implemented GASB Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

2. Stewardship and Accountability

Excess of expenditures over appropriations at the individual fund level during 2022 is as follows:

	Budget	Expenditures	Excess
General Fund	$10,961,860	$ 11,160,760	$ 198,900
Food Service	401,395	428,621	27,226
Community Service Fund	390,416	416,087	25,671

Excess expenditures were the result of planned processes.

3. Deposits and Investments

Summary of Cash and Investments

As of June 30, 2022, the District's cash and investments consisted of the following items, all of which are held in an internal investment pool:

Deposits	$	246,443
Money Market		3,268,569
Total cash and investments	$	3,515,012

Investments Authorized by Minnesota Statutes

The District is authorized by Minnesota Statutes to invest idle funds as follows:

a) Direct obligations or obligations guaranteed by the United States or its agencies.

b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and 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 thirteen months or less.

c) General obligations rated "A" or better; revenue obligations rated "AA" or better.

d) General obligations of the Minnesota Housing Finance Agency rated "A" or better.

e) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.

f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.

g) 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

h) Guaranteed Investments 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.

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

3. Deposits and Investments (Continued)

Fair Value Measurement (Continued)

The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access
- Level 2: Inputs to the valuation methodology include:
    - Quoted prices for similar assets or liabilities in active markets
    - Quoted prices for identical assets or liabilities in inactive markets
    - Inputs other than quoted prices that are observable for the asset or liability
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District had no assets or liabilities measured at fair value for the years ended June 30, 2022 and 2021.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name

Minnesota Statutes require that all District deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Credit Risk

The District has no investment policy that would limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2022 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Total
General	$ 1,215,020	$ 320,082	$ 1,535,102
Community Service	4,723		4,723
Debt Service	10,155		10,155
	$ 1,229,898	$ 320,082	$ 1,549,980

5. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 28,425	$	$	$ 28,425
Total capital assets, not being depreciated	28,425			28,425
Capital assets, being depreciated:				
Buildings	15,579,197	59,495		15,638,692
Land improvements	3,201,523	32,458		3,233,981
Equipment	1,943,814	127,754	189,489	1,882,079
Total capital assets, being depreciated	20,724,534	219,707	189,489	20,754,752
Less accumulated depreciation for:				
Buildings	7,013,303	451,288		7,464,591
Land improvements	1,260,646	141,098		1,401,744
Equipment	1,496,759	90,776	189,489	1,398,046
Total accumulated depreciation	9,770,708	683,162	189,489	10,264,381
Total capital assets, being depreciated, net	10,953,826	(463,455)		10,490,371
Governmental activities capital assets, net	$ 10,982,251	$ (463,455)	$	$ 10,518,796

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Administration	$ 7,231
District support services	2,107
Regular instruction	264,500
Vocational education instruction	1,381
Special education	72
Instructional support services	43,770
Pupil support services	9,674
Site, buildings and equipment	354,427
Total depreciation expense - governmental activities	$ 683,162

6. Long-Term Liabilities

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules. General Obligation Bonds are serviced by the Debt Service Fund. They are backed by the full faith and credit of the District.

A summary of interest rates, maturities and June 30, 2022 balances of General Obligation Bonds is as follows:

	Original Amount of Debt	Range of Interest	Final Maturity	Balance June 30, 2022
General Obligation Bonds:				
General Obligation 2011A	$ 3,440,000	0.06% - 3.2%	2/1/2024	$ 675,000
G.O. Alternative Facilities of 2016A	3,980,000	2.0% - 2.5%	2/1/2031	2,530,000
G.O. Tax Abatement Bond, Series 2018A	1,900,000	3.125% - 4%	2/1/2034	1,900,000
Total General Obligation Bonds				$ 5,105,000

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable					
2009A - Facility Equipment Bond - Capital Outlay	$ 85,000	$	$ 85,000	$	$
General Obligation 2004A refunded into 2011A	995,000		320,000	675,000	330,000
G.O. Alternative Facilities Bond - 2016A	2,780,000		250,000	2,530,000	260,000
G.O. Tax Abatement Bonds - Series 2018A	1,900,000			1,900,000	
Bond Premium	43,036		4,381	38,655	
Energy Loan	462,324		42,164	420,160	43,473
Severance Benefits	202,344	25,310	34,992	192,662	
Compensated Absences Payable	32,384	825	1,275	31,934	
Governmental Activities Long-term Liabilities	$ 6,500,088	$ 26,135	$ 737,812	$ 5,788,411	$ 633,473

6. Long-Term Liabilities (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2022, over the life of the debt, are summarized below:

	General Obligation Bonds		Capital and Energy Improvement Loans		Total
Years	Principal	Interest	Principal	Interest	
Governmental Activities					
2023	$ 590,000	$ 140,193	$ 43,363	$ 12,358	$ 807,090
2024	610,000	124,928	44,907	10,814	798,131
2025	430,000	108,587	46,085	9,636	806,006
2026	445,000	96,787	47,526	8,195	723,326
2027	455,000	84,487	49,061	6,660	595,208
2028 - 2032	2,145,000	230,612	189,218	10,784	2,575,614
2033 - 2034	430,000	20,312			450,312
Totals	$ 5,105,000	$ 805,906	$ 420,160	$ 58,447	$ 6,755,687

Payments on the general obligation bonds payable that pertain to the School District's governmental activities are made by the debt service fund. The severance payable liability attributable to the governmental activities will be liquidated by other School District governmental funds.

7. Fund Equity

The School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained to due constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent or Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has not adopted a fund balance policy.

Restriction of fund balance indicates that a portion of the fund balance is legally segregated for a specific future use. The following is a summary of the reserved fund balances for the governmental funds:

Restricted for Operating Capital - Represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted for Student Activities – Represents the resources available for the extracurricular activity funds raised by students.

Restricted for Safe Schools - Represents available resources to provide Safe School programs.

Restricted for Long-Term Facilities Maintenance - Represents available resources to be used for LTFM projects in accordance with the 10 Year Plan.

Restricted for Early Child and Family Education Programs – The fund balance restriction represents accumulated resources available to provide services for early childhood and family education planning.

Restricted for Medical Assistance - Represents available resources to be used for Medical Assistance expenditures.

Restricted for Community Ed - Represents available resources within the Community Service Fund for enrichment programs for any age level that are not part of the K-12 education program which are not taken for credit or required for graduation.

Restricted for School Readiness - Represents the resources available to provide for services for school readiness programs.

7. Fund Equity (Continued)

The following is a summary of fund balances as of June 30, 2022 with comparative totals as of June 30, 2021:

	General	Food Service	Community Service	Building Construction	Debt Service	2022 Totals	2021 Totals
Nonspendable							
Inventory	$	$ 4,227	$	$	$	$ 4,227	$ 1,285
Total nonspendable		4,227				4,227	1,285
Restricted							
Student activities	4,511					4,511	13,318
Operating capital	435,803					435,803	404,915
Medical assistance	48,776					48,776	30,475
Food service		90,157				90,157	3,120
ECFE			3,194			3,194	
Community service			9,895			9,895	19,394
Building construction				235,031		235,031	246,553
Debt service					89,709	89,709	95,886
Total restricted	489,090	90,157	13,089	235,031	89,709	917,076	813,661
Assigned							
Student activities	46,723					46,723	39,394
Severance	50,000					50,000	50,000
Total assigned	96,723					96,723	89,394
Unassigned	853,872			(32,645)		821,227	966,516
Total Fund Balance	$ 1,439,685	$ 94,384	$ 13,089	$ 202,386	$ 89,709	$ 1,839,253	$ 1,870,856

7. Fund Equity (Continued)

The Uniform Financial Accounting and Reporting Standards (UFARS) fund balance reporting standards are slightly different than the reporting standards under GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* Below is a reconciliation between the fund balances following GASB standards and UFARS standards:

	GASB Balance	Reconciling Balance	2022 UFARS Balance	2021 UFARS Balance
Nonspendable				
Inventory	$ 4,227	$	$ 4,227	$ 1,285
Total nonspendable	4,227		4,227	1,285
Restricted				
Student activities	4,511		4,511	13,318
Operating capital	435,803		435,803	404,915
Safe school		48,609	(48,609)	(25,991)
Long term facilities maintenance		2,704	(2,704)	(29,245)
Medical assistance	48,776		48,776	30,475
Food service	90,157		90,157	3,120
ECFE	3,194		3,194	
Community service	9,895		9,895	19,394
Building construction	235,031		235,031	246,553
Debt service	89,709		89,709	95,886
Total restricted	917,076	51,313	865,763	758,425
Assigned				
Student activites	46,723		46,723	39,394
Severance	50,000		50,000	50,000
Total assigned	96,723		96,723	89,394
Unassigned	821,227	(51,313)	872,540	1,021,752
Total Fund Balance	$ 1,839,253	$	$ 1,839,253	$ 1,870,856

8. Defined Benefit Pension Plans - Statewide

Plan Description

1. General Employees Retirement Fund

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

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The TRA is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes*, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, 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 schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by the State of Minnesota.

Benefits Provided

1. General Employees Plan Benefits

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate of Coordinated 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 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 66.

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 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. 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

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

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

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

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) 3 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).

Or

Tier II Benefits

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

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

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 also 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.

Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022 were $73,609. The District's contributions were equal to the required contributions as set by the state statute.

2. TRA Contributions

Per *Minnesota Statute,* Chapter 354 sets the rates for the employee and employer contributions. Rates for each fiscal year ended were:

	Ended June 30, 2021		Ended June 30, 2022	
	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	8.13%	7.50%	8.34%

The District's contributions to the TRA Fund for the year ended June 30, 2022 were $334,941. The District's contributions were equal to the required contributions as set by the state statute.

8. Defined Benefit Pension Plans – Statewide (Continued)

Contributions (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	$ 448,829,000
Deduct employer contributions not related to future contribution effort	379,000
Deduct TRA's contributions not included in allocation	(538,000)
Total employer contributions	$ 448,670,000
Total non-employer contributions	37,840,000
Total Contributions reported in Schedule of Employer and Non-Employer Allocations	$ 486,510,000

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. TRA has rounded percentage amounts to the nearest ten thousandths.

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of $580,781 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $17,716.

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 received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0136 percent at the end of the measurement period and 0.0127 percent for the beginning of the period.

District's proportionate share of net pension liability	$ 580,781
State's proportionate share of the net pension liability associated with the district	17,716

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (continued)

For the year ended June 30, 2022, the District recognized pension expense of ($78,045) for its proportionate share of General Employee Plan's pension expense. In addition, the District recognized an additional $1,429 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2022, the District reported its proportionate share of General Employees Plan'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
Difference between expected and actual economic experience	$ 3,464	$ 17,638
Difference between projected and actual investment earnings		506,964
Changes in actuarial assumptions	354,613	12,148
Changes in proportion	40,469	19,369
Contributions paid to PERA subsequent to the measurement date	75,622	
Total	$ 474,168	$ 556,119

The $75,622 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Pension Expense
2023	$ (24,921)
2024	(3,125)
2025	7,663
2026	(137,190)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of $3,010,894 for its proportionate share of the 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.0688% percent at the end of the measurement period and 0.0606% percent for the beginning of the year.

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (continued)

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

District's proportionate share of net pension liability	$	3,010,894
State's proportionate share of the net pension liability associated with the district		253,927

For the year ended June 30, 2022, the District recognized pension expense of ($183,162.) It also recognized $1,414 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 71,828	$ 75,181
Difference between projected and actual investment earnings		2,547,454
Changes in actuarial assumptions	1,103,014	2,163,222
Changes in proportion	848,233	143,028
Contributions paid to TRA subsequent to the measurement date	396,113	
Total	$ 2,419,188	$ 4,928,885

The $396,113 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Pension Expense
2023	$ (1,557,504)
2024	(1,175,158)
2025	(211,233)
2026	(275,415)
2027	313,500

8. Defined Benefit Pension Plans – Statewide (Continued)

Aggregate Pension Costs

Pension expense recognized by the District for the year ended June 30, 2022 is as follows:

General Employee Retirement Funds	$ (76,616)
TRA	(181,748)
Total	$ (258,364)

Long-Term Expected Return on Investment

1. General Employee Retirement Fund Actuarial Assumptions

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	100%	

2. TRA Long-Term Expected Return on Investment

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50%	5.10%
International Equity	17.50%	5.30%
Private Markets	25.00%	5.90%
Fixed Income	20.00%	0.75%
Unallocated cash	2.00%	0.00%
Total	100%	

Actuarial Methods and Assumptions

1. General Employees Fund Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 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 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

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

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.

Change in Plan Provisions:
- There were no changes in plan provisions since the previous valuation.

2. TRA Actuarial Assumptions

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

8. Defined Benefit Pension Plans – Statewide (Continued)

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2021
Measurement Date	July 30, 2021
Experience Study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumption)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increases	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2020 through January 2023, then increasing by 0.10% each year up to 1.50% annually
Mortality Assumptions:	
Pre-Retirement:	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projections uses the MP-2015 scale.
Post-Retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale
Post-Disability:	RP-2014 disabled retiree morality table, without adjustment.

The TRA actuary has determined the average of the expected remaining service lives of all members for the fiscal year 2016 is six years. The *Difference Between Expected and Actual Experience, Changes of Assumptions*, and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on the Pension Plan Investments* is five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- For GASB Valuation:
    - The investment return assumption was changed from 7.50 percent to 7.00 percent.

8. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

1. General Employees Fund Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates specified in Minnesota Statutes. Based on those assumptions, the fiduciary net position of the General Employees Fund 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 Discount Rate

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

Pension Liability Sensitivity

The following 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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employee Retirement Fund Discount Rate	5.50%	6.50%	7.50%
District's proportionate share of the General Employee Retirement Fund net pension liability	$ 1,184,497	$ 580,781	$ 85,395
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 6,082,152	$ 3,010,894	$ 492,217

Pension Plan Fiduciary Net Position

Detailed information about General Employees Retirement Fund's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA'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 TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

9. Severance Pay and Early Retirement Incentive Pay

The District has severance benefit policies for teachers and non-teachers.

All teachers who have at least 20 years of continuous service with the District will receive a severance payment upon retirement, depending on number of PTO days remaining at retirement. The retired teacher will receive an amount equal to the number of unused sick leave days multiplied by 50% for 20 years, 60% or 30 years, 70% for 40 years of the employee's daily rate of pay not to exceed $28,000. The payment is reduced by any 403(b) contributions the District made for the employee and payments to an employee's health care savings account.

All non-teachers shall be eligible for severance pay based on their continuous years of service and unused number of sick leave days (not to exceed 80 days) times his/her daily rate of pay. The payment is reduced by any payments to an employee's health care savings account prior to retirement.

For administrators employed for at least ten years, the maximum benefits could be up to 80 53.33 days (1/5, 1/4, 1/3 OF 160 days maximum) of pay upon retirement. The payment shall be in a lump sum payment in the calendar year of ending employment with the District to the employee's HCSP account.

An estimate of the potential obligation to be paid in future years is. This amount is included in the District-wide financial statements as part of long-term liabilities.

10. Flexible Benefit Plan

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the plan. Employees can elect to contribute pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

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

Payments of insurance premiums (health, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the appropriate fund.

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

11. Other Post-Employment Benefits

Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer plan. The District provides benefits for retirees as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and if they do not participate in any other health benefits program providing similar coverage.

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy. As of July 1, 2022, there were 66 active participants and 2 other retirees.

Funding Policy

The results below assume an initial implementation date under GASB 75 for the fiscal year ended June 30, 2022. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds. The overall single discount rate is 2.10%.

Net OPEB Liability

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

Net OPEB liability	$ 395,459
Liability discount rate	2.10%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

11. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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

Economic Assumptions:	
Discount rate	1.92%
Long-term expected investment return	N/A
Inflation rate	2.25%
Other Assumptions:	
Mortality	
Teachers	From the July 1, 2021 Teachers Retirement Association of Minnesota (TRA) actuarial valuation, RP-2014 mortality tables with projected morality improvements based on scale MP-2015, and other adjustments.
Non-Teachers	From the July 1, 2021 PERA of Minnesota General Employees Retirement Plan actuarial valuation, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.
Health care cost trend rate	6.7% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.7% in FY2075 and later years.

The following changes in OPEB actuarial assumptions since the last valuation have been made:

- The discount rate was changed from 2.45% to 1.92% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2019 PERA
- General Employees Plan and 7/1/2019 Teachers Retirement Association valuations to the rates used in the 7/1/2021 valuations.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Changes in Net OPEB Liability

	Total OPEB Liability (a)
Beginning Balance 6/30/2020	$ 501,340
Changes for the Year	
Service Cost	52,994
Interest	16,579
Assumption Changes	28,775
Difference between expected and actual experience	(164,878)
Change in assumptions	
Benefit Payouts	(39,351)
Net Changes	(105,881)
Balance End of Year 6/30/2020	$ 395,459

11. Other Post-Employment Benefits (Continued)

Net OPEB Liability Sensitivity to Discount and Health-Care 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:

	Total OPEB Liability (a)
1% decrease in Discount Rate (2.10%	$ 417,455
Current Discount Rate (3.10%)	395,459
1% increase in Discount Rate (4.10%	373,846

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

	Total OPEB Liability (a)
1% decrease in Trend Rates	$ 395,459
Current Trend Rates	395,459
1% increase in Trend Rates	446,139

OPEB Related Deferred Outflows/Inflows of Resources

As of the year ended June 30, 2022, the District, reported deferred outflows and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 24,664	$ 8,475
Difference between expected and actual liability		153,421
Contributions paid to OPEB subsequent to the measurement date	22,972	
	$ 47,636	$ 161,896

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expenses as follows:

Year ending June 30:	OPEB Amount
2023	$ (26,301)
2024	(26,301)
2025	(26,299)
2026	(19,443)
2027	(19,443)
Thereafter	(19,445)

12. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for employee health, liability, property, and automotive insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2022.

13. Jointly Governed Organization

The Hiawatha Valley Education District No. 61-6013 was established by an act of the 1987 Legislature of the State of Minnesota. The primary objective of the education district is to provide, by a cooperative effort, comprehensive education programs and other related services as can be effectively operated by its fifteen-member districts and five-member charter schools. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. The education district is able to recover the cost of its programming through the previously mention revenue sources. The joint governed organization's financial statements are audited and available for inspections.

14. Defined Contribution Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a specific amount per pay period contributed to the Plan. Administrative employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. District contributions during the years ended June 30, 2022 and 2021, range from $2,000 - $5,000 depending on years of continuous service in the district.

15. Commitments and Contingencies

Federal and State Receivables

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

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

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Schedule of Changes in the District's Net OPEB
Liability and Related Ratios

Total OPEB Liability	2022	2021	2020	2019
Service cost	$ 52,994	$ 48,232	$ 46,827	$ 42,679
Interest	16,579	15,522	17,019	15,692
Assumption Changes	28,775			
Difference between expected and actual experience	(164,878)		(24,196)	
Changes in assumptions			(16,950)	
Benefit payments	(39,351)	(29,582)	(18,373)	(28,499)
Net change in total OPEB liability	(105,881)	34,172	4,327	29,872
Total OPEB Liability - beginning of year	501,340	467,168	462,841	432,969
Total OPEB Liability - end of year	$ 395,459	$ 501,340	$ 467,168	$ 462,841
Net OPEB Liability - End of Year	$ 395,459	$ 501,340	$ 467,168	$ 462,841
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
OPEB-eligible payroll for measurement period	$ 5,024,428	$ 4,373,026	$ 4,245,656	$ 3,764,300
Net OPEB Liability as a Percentage of eligible payroll	7.9%	11.5%	11.0%	12.3%

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

Schedule of District's Contributions
General Employee Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b-c)
2015	PERA	$ 62,298	$ 62,298	$	$ 830,640	7.50%
2016	PERA	65,281	65,281		870,413	7.50%
2017	PERA	63,723	63,723		849,640	7.50%
2018	PERA	67,317	67,317		897,560	7.50%
2019	PERA	68,550	68,550		914,000	7.50%
2020	PERA	69,836	69,836		931,147	7.50%
2021	PERA	68,157	68,157		908,760	7.50%
2022	PERA	73,609	73,609		981,453	7.50%
2023						
2024						

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b-c)
2015	TRA	$ 194,941	$ 194,941	$	$ 2,599,213	7.50%
2016	TRA	211,233	211,233		2,816,440	7.50%
2017	TRA	216,844	216,844		2,891,253	7.50%
2018	TRA	225,756	225,756		3,010,080	7.50%
2019	TRA	226,263	226,263		3,016,840	7.50%
2020	TRA	231,330	231,330		3,000,389	7.71%
2021	TRA	278,909	278,909		3,718,787	7.50%
2022	TRA	334,941	334,941		4,119,815	8.13%
2023						
2024						

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Proportionate (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	District's Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0164%	$ 770,390	$	$ 770,390	$ 830,640	93%	78.70%
2015	0.0151%	782,560		782,560	870,413	90%	78.20%
2016	0.0137%	1,112,372	19,365	1,131,737	849,640	131%	68.90%
2017	0.0139%	887,367	11,184	898,551	897,560	99%	75.90%
2018	0.0136%	754,472	24,667	779,139	914,000	83%	79.53%
2019	0.0132%	729,798	22,666	752,464	931,147	78%	80.23%
2020	0.0127%	761,423	23,495	784,918	908,760	84%	79.06%
2021	0.0136%	580,781	17,716	598,497	981,453	59%	87.00%
2022							
2023							

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
TRA
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Proportionate (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	District's Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0610%	$ 2,810,836	$ 197,765	$ 3,008,601	$ 2,599,213	108%	81.50%
2015	0.0555%	3,012,158	421,066	3,433,224	2,816,440	107%	76.80%
2016	0.0556%	13,261,927	1,331,569	14,593,496	2,891,253	459%	44.90%
2017	0.0559%	11,158,654	1,078,607	12,237,261	3,010,080	371%	51.57%
2018	0.0546%	3,429,671	322,040	3,751,711	3,016,840	114%	78.07%
2019	0.0528%	3,365,483	297,977	3,663,460	3,000,389	112%	78.07%
2020	0.0606%	4,477,209	375,326	4,852,535	3,718,787	120%	75.48%
2021	0.0688%	3,010,894	253,927	3,264,821	4,119,815	73%	86.63%
2022							
2023							

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2022

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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 Board of Education
Independent School District #811
Wabasha, Minnesota

We have audited, in accordance with the 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, and the provisions of the Minnesota Legal Compliance Audit Guide for School Districts promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the District, as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 21, 2022.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of 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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2009-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

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 and bidding, deposits and 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 Minn. Stat. § 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.

District's Response to Finding

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

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 communication is not suitable for any other purpose.

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
November 21, 2022

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
Year Ended June 30, 2022

FINDINGS – 2009-1 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPALS (GAAP)

Condition:	The District does have a control in place for the review of the drafted financial statements. However, the District does not have the expertise to ensure all disclosures required by generally accepted accounting principles are included in the annual financial statements. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the District's internal controls.
Criteria:	The District should have controls in place to prevent or detect the omission of a material disclosure in the annual financial statements.
Questioned Costs:	None.
Context:	The District has informed us they will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the financial statements.
Effect:	No effect on the financial statements.
Cause:	The District does not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.
Recommendation:	We recommend the District continue to evaluate their internal staff and expertise to determine if further controls over the annual financial reporting are beneficial.

Wabasha Kellogg
Excellence in Education
Home of the Falcons

Independent School District #811
2113 East Hiawatha Drive
Wabasha, MN 55981
www.wabasha-kellogg.k12.mn.us

CORRECTIVE ACTION PLAN (CAP):

The Independent School District #811 respectfully submits the following corrective action plan for the year ended June 30, 2022. Audit period: July 01, 2021 – June 30, 2022.

The finding from the schedule of prior year findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2009-1

Explanation of Disagreement with Audit Findings:
There is no disagreement with the audit findings.

Actions Planned in Response to Findings:
The bookkeeper reviews the drafted financial statements and notes. The District does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the District will rely upon the auditors for completeness of the disclosures. However, the bookkeeper will review the notes for accuracy and compare the balances to UFARS and other District reports prior to issuance of the statements.

Official Responsible for Ensuring CAP:
Jean Feils, Bookkeeper, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:
Not applicable as the District is willing to accept this risk at this time and will continue to evaluate the recommendation.

Plan to Monitor Completion of CAP:
Jim Freihammer, Superintendent, will ensure the review by the Bookkeeper has been completed. He will do this through discussion with the Bookkeeper and reviewing the draft of the financial statements.

CURRENT STATUS: The finding recurred in 2022.

Elementary School
Stacy Schultz
PreK – Grade 6 Principal
(651) 565-3559 ext. 212
Fax (651) 565-2131

District Office
Jim Freihammer
Superintendent & CE Dir.
(651) 565-3559 ext. 261
Fax (651) 565-2769

Jr./Sr. High School
Stacy Schultz
Grades 7 – 12 Principal
(651) 565-3559 ext.252
Fax (651) 565-4732

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2022

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Fiscal Compliance Report - 6/30/2022
District: WABASHA-KELLOGG (811-1)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$11,083,924	$11,083,925	($1)
Total Expenditures	$11,160,760	$11,160,758	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$4,511	$4,511	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$435,803	$435,803	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe School Crime - Crime Levy	($48,609)	($48,609)	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	($2,704)	($2,704)	$0
4.72 Medical Assistance	$48,778	$48,776	$2
4.73 PPP Loan	$0	$0	$0
4.74 EIDL Loan	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$96,723	$96,723	$0
Unassigned:			
4.22 Unassigned Fund Balance	$905,185	$905,187	($2)
02 FOOD SERVICES			
Total Revenue	$518,600	$518,600	$0
Total Expenditures	$428,621	$428,620	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$4,227	$4,227	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.74 EIDL Loan	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$90,157	$90,158	($1)
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0
04 COMMUNITY SERVICE			
Total Revenue	$409,782	$409,782	$0
Total Expenditures	$416,087	$416,088	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$7,836	$7,836	$0
4.32 E.C.F.E	$3,194	$3,194	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.73 PPP Loan	$0	$0	$0
4.74 EIDL Loan	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$2,059	$2,059	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$562	$562	$0
Total Expenditures	$32,826	$32,826	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.67 LTFM	($32,645)	($32,644)	($1)
Restricted:			
4.64 Restricted Fund Balance	$235,031	$235,030	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$810,546	$810,546	$0
Total Expenditures	$816,723	$816,723	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$89,709	$89,709	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
18 CUSTODIAL			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
20 INTERNAL SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
25 OPEB REVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
47 OPEB DEBT SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0