Financial Statements
June 30, 2021

Independent School District No. 2683
Greenbush Middle River School District

Independent School District No. 2683
Greenbush Middle River School District
School Board and Administration
June 30, 2021

Name	Position	Term Expires
Shane Kilen	Chairperson	2022
Brandon Kuznia	Vice Chairperson	2024
Carrie Jo Howard	Clerk	2022
Joseph Melby	Treasurer	2024
Kurt Stenberg	Director	2022
Brandon Ignaszewski	Director	2024
Allison Harder	Director	2022
	Administration	
Larry Guggisberg	Superintendent	
Amie Westberg	Business Manager	

Independent Auditor's Report

The School Board of
Independent School District No. 2683
Greenbush Middle River School District
Greenbush, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenbush Middle River School District, Greenbush, Minnesota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's total OPEB liability and related ratios, schedule of employer's share of net pension liability and schedule of employer's contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 American, which consisted of inquiries of management about the methods or 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The school board and administration, combining and individual fund schedules, and uniform financial accounting and reporting standards compliance table are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund schedules and uniform financial accounting and reporting standards compliance table are the responsibility of management and were derived from and relate 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 combining and individual fund schedules and uniform financial accounting and reporting standards compliance table are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The school board and administration 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.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements
In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated REPORT DATE, on our consideration of the District's compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for School Districts. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's Minnesota Legal Compliance Audit Guide for School Districts in considering the District's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

Fargo, North Dakota
REPORT DATE

This section of Greenbush Middle River School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021.

Financial Highlights

Key financial highlights for the 2020-2021 fiscal year:

General Fund – The overall revenues were $4,140,262, while overall expenditures were $4,779,696, decreasing fund balance by $639,434.

Debt Service Fund – The revenues were $64,142, while expenditures were $62,376, increasing fund balance by $1,766.

Food Service Fund – The revenues were $250,296, while expenditures were $190,107, increasing fund balance by $60,189.

Community Service Fund – The revenues were $60,434, while the expenditures were $18,834, increasing fund balance by $41,600.

Overview of the Financial Statements

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

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

- 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 following outline shows how the various parts of this annual report are arranged and related to one another.

A. Management's Discussion and Analysis
B. Basic Financial Statements
   1. Government-Wide Financial Statements
   2. Fund Financial Statements

Footnote 1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government-Wide Statements

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

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

- Over time, increases or decreases in the District's net position is 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 district buildings and other facilities.

In the government-wide financial statements the District's activities are shown in one category:

Governmental Activities – All of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance all 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 (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has one type of fund:

Governmental Funds – All of the District's basic services are included in governmental funds, which generally focus on:

1. how cash and other financial assets that can readily be converted to cash flow in and out and
2. the balances left at year-end that are available for spending.

Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

Financial Analysis of the District as a Whole

Net Position – The District's combined net deficit was of $2,838,775 on June 30, 2021. A condensed version of the Statement of Net Deficit at June 30, 2021 and 2020 is as follows:

Statement of Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets	$ 1,456,877	$ 1,855,178
Capital assets	1,886,971	1,922,024
Total assets	3,343,848	3,777,202
Deferred Outflows of Resources	1,386,739	2,602,730
Liabilities		
Other liabilities	311,892	288,154
Long-term liabilities	3,377,833	3,267,585
Total liabilities	3,689,725	3,555,739
Deferred Inflows of Resources	3,879,637	5,172,554
Net Position (Deficit)		
Net investment in capital assets	1,596,971	1,577,024
Restricted for specific purposes	775,587	729,110
Unrestricted	(5,211,333)	(4,654,495)
Total net deficit	$ (2,838,775)	$ (2,348,361)

Changes in Net Position – The District's total revenues were $4,510,113 for the year ended June 30, 2021.

The total cost of all programs and services was $5,000,527. The District's expenses are predominantly related to educating and caring for students.

Total revenues were less than expenses, increasing net deficit by $490,414.

A condensed version of the Statement of Activities for the years ended June 30, 2021 and 2020 is as follows:

Statement of Activities
For the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues		
Program revenues		
Charges for service	$ 215,271	$ 389,179
Operating grants and contributions	626,846	524,121
General		
Property taxes	299,305	420,489
Aids and payments from state and other	3,183,614	3,343,056
Unrestricted investment earnings	4,492	24,154
Miscellaneous revenues	180,585	143,074
Total revenues	4,510,113	4,844,073
Expenses		
District and school administration	323,441	319,674
District support services	259,977	171,479
Regular instruction	2,351,375	2,394,510
Vocational instruction	75,134	73,435
Exceptional instruction	565,012	601,284
Community education and services	18,834	29,579
Instructional support services	104,290	133,633
Pupil support services	688,052	712,085
Site, buildings and equipment	564,820	634,904
Fiscal and other fixed-cost programs	49,592	38,550
Total expenses	5,000,527	5,109,133
Change in Net Deficit	(490,414)	(265,060)
Net Deficit - Beginning	(2,348,361)	(2,083,301)
Net Deficit - Ending	$ (2,838,775)	$ (2,348,361)

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $794,558. The revenues for the District's governmental funds were $4,515,134 and total expenditures were $5,051,013.

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from pre-k/Special Education through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
Local property taxes	$ 247,903	$ 378,132	$ (130,229)	-34.4%
Other local and county sources	287,180	478,030	(190,850)	-39.9%
State sources	3,497,202	3,592,178	(94,976)	-2.6%
Federal sources	104,792	114,634	(9,842)	-8.6%
Sales and other conversions	3,185	1,313	1,872	100.0%
Total General Fund revenues	$ 4,140,262	$ 4,564,287	$ (424,025)	-9.3%

Total General Fund revenues decreased by $424,025 or 9.3% from the previous year. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The decrease in state sources was attributed to declining enrollment at the District. The mix of property tax and state aid can change significantly from year to year without any change in net revenue.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase
	2021	2020		
Salaries and benefits	$ 3,405,276	$ 3,343,036	$ 62,240	1.9%
Purchased services	671,960	679,462	(7,502)	-1.1%
Supplies, materials and equipment	444,410	527,100	(82,690)	-15.7%
Capital expenditures	169,335	244,429	(75,094)	-30.7%
Other expenditures	88,715	2,942	85,773	2915.5%
Total General Fund expenditures	$ 4,779,696	$ 4,796,969	$ (17,273)	-0.4%

Total General Fund expenditures decreased by $17,273 or 0.4% from the previous year. The salaries and benefits and purchased services decreased due budget reductions and the District hiring new staff after several retired after the previous year. The increase in capital expenditures was attributed to various building projects being completed that weren't needed in the previous year. The decrease in other expenditures is directly related to the state mandate that required the District to record the state's contributed portion of the pension expense in the previous year.

General Fund Budgetary Highlights

The District's final general fund budget results compared to actual dollar figures are:

- Actual revenues were $238,284 less than budget.
- Actual expenditures were $191,860 less than budget.

Other Non-Major Funds

Revenues exceeded expenditures and other financing sources in the other non-major funds by $101,789.

The Food Service Fund incurred a surplus of $60,189.

The Community Service Fund incurred a surplus of $41,600.

Capital Asset and Debt Administration

As described in Note 5, at the end of 2021, the District had invested approximately $6.6 million in a broad range of capital assets, including school buildings, athletic facilities, computer, music, administrative, and audio-visual equipment. Total depreciation expense for the year was $226,404.

Capital Assets
June 30, 2021 and 2020

	2021	2020
Land	$ 3,048	$ 3,048
Site improvements	180,875	180,875
Building	4,478,774	4,367,322
Equipment	1,919,343	1,856,010
Accumulated depreciation	(4,695,069)	(4,485,231)
Total capital assets	$ 1,886,971	$ 1,922,024

At June 30, 2021, the District has $290,000 in bonds payable, $175,727 in severance payable, an OPEB liability of $148,805, and a net pension liability of $2,763,301 at June 30, 2021. See Notes 5, 6, and 7 for further disclosure.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the existing circumstances that could significantly affect its financial health in the future:

- Uncertainty in state funding.
- Declining enrollment.

With the onset of the COVID-19 Pandemic in March 2020, the District anticipates revenue shortfalls and some reduction in expenditures due to the temporary closing of facilities and lack of public program income during the quarantine period. The District continues to provide educational opportunities to students. The District has maintained strong reserve balances which will help bridge financial gaps in revenue projections. During FY 2021, the District received federal grant funding related to the global COVID-19 pandemic under the Elementary and Secondary School Emergency Relief Fund (ESSER) grant, the Governor's Emergency Education Relief Fund (GEER) grant, and the Coronavirus Relief Fund (CRF) grant. All grants will be used to cover COVID-19 expenditures of the district. This global pandemic has created unprecedented challenges for Federal, State and Local Government operations, creating uncertainty in the outcome of the 2021 budget.

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 Superintendent's Office, Greenbush Middle River School District, 401 Park Ave W, Greenbush, Minnesota 56726.

Assets	
Cash and investments	$ 855,871
Receivables	
Current property taxes	201,090
Delinquent property taxes	8,214
Accounts	5,373
Due from other governmental units	382,881
Inventories	3,448
	1,456,877
Capital assets	
Land	3,048
Land improvements	180,875
Buildings	4,478,774
Equipment	1,919,343
Less accumulated depreciation	(4,695,069)
Total capital assets, net of depreciation	1,886,971
Total assets	3,343,848
Deferred Outflows of Resources	
Other post-employment benefits	10,215
Pension plans	1,376,524
Total deferred outflows of resources	1,386,739
Liabilities	
Accounts payable	85,583
Salaries payable	121,566
Accrued interest payable	2,384
Due to other governmental units	87,959
Unearned revenue	14,400
Long-term liabilities	
Due within one year - other than OPEB and pensions	92,961
Due in more than one year - other than OPEB and pensions	372,766
Due in more than one year- other post-employment benefits	148,805
Due in more than one year - net pension liability	2,763,301
Total liabilities	3,689,725
Deferred Inflows of Resources	
Property taxes levied for subsequent year	344,597
Other post-employment benefits	38,361
Pension plans	3,496,679
Total deferred inflows of resources	3,879,637
Net Position (Deficit)	
Net investment in capital assets	1,596,971
Restricted for specific purposes	775,587
Unrestricted	(5,211,333)
Total net deficit	$ (2,838,775)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Administration	$ 323,441	$ 95,255	$ -	$ -	$ (228,186)
District support services	259,977	-	-	-	(259,977)
Regular instruction	2,351,375	95,132	117,297	-	(2,138,946)
Vocational instruction	75,134	-	-	-	(75,134)
Special education instruction	565,012	-	262,207	-	(302,805)
Community education and services	18,834	3,400	14,843	-	(591)
Instructional support services	104,290	-	4,560	-	(99,730)
Pupil support services	688,052	21,484	227,939	-	(438,629)
Sites and buildings	564,820	-	-	-	(564,820)
Fiscal and other fixed-cost programs	49,592	-	-	-	(49,592)
Total governmental activities	$ 5,000,527	$ 215,271	$ 626,846	$ -	(4,158,410)
General revenues					
Property taxes, levied for general purposes					242,882
Property taxes, levied for community education and services					17,496
Property taxes, levied for debt services					38,927
Aids and payments from the state					3,162,973
County apportionment					20,641
Unrestricted investment earnings					4,492
Miscellaneous revenues					180,585
Total general revenues					3,667,996
Change in net deficit					(490,414)
Net deficit - beginning					(2,348,361)
Net deficit - ending					$ (2,838,775)

	General	Debt Service	Other Governmental Funds	Totals
Assets				
Cash and investments	$ 696,118	$ 24,444	$ 135,309	$ 855,871
Receivables				
Current property taxes	158,697	27,553	14,840	201,090
Delinquent property taxes	6,467	947	800	8,214
Accounts	4,998	-	375	5,373
Due from other governmental units	376,434	3,916	2,531	382,881
Inventories	-	-	3,448	3,448
Total assets	$ 1,242,714	$ 56,860	$ 157,303	$ 1,456,877
Liabilities				
Accounts payable	$ 85,323	$ -	$ 260	$ 85,583
Salaries and benefits payable	121,566	-	-	121,566
Due to other governmental units	87,959	-	-	87,959
Unearned revenue	-	-	14,400	14,400
Total liabilities	294,848	-	14,660	309,508
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	6,467	947	800	8,214
Property taxes levied for subsequent year	270,285	42,132	32,180	344,597
Total deferred inflows of resources	276,752	43,079	32,980	352,811
Fund Balance				
Nonspendable	-	-	3,448	3,448
Restricted	629,991	13,781	132,452	776,224
Committed	175,727	-	-	175,727
Unassigned	(134,604)	-	(26,237)	(160,841)
Total fund balance	671,114	13,781	109,663	794,558
Total liabilities, deferred inflows of resources and fund balance	$ 1,242,714	$ 56,860	$ 157,303	$ 1,456,877

Total Fund Balance - Governmental Funds	$ 794,558
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.	1,886,971
Long-term liabilities, including bonds payable, severance payable, other post-employment benefits, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	(3,377,833)
Accrued interest payable for long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,384)
Delinquent property taxes are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	8,214
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(2,148,301)
Total Net Deficit - Governmental Activities	$ (2,838,775)

	General	Debt Service	Other Governmental Funds	Totals
Revenues				
Local property tax levies	$ 247,903	$ 24,984	$ 31,439	$ 304,326
Other local and county sources	287,180	-	3,400	290,580
State sources	3,497,202	39,158	26,480	3,562,840
Federal sources	104,792	-	228,180	332,972
Sales and other conversion of assets	3,185	-	21,231	24,416
Total revenues	4,140,262	64,142	310,730	4,515,134
Expenditures				
Current				
Administration	319,866	-	-	319,866
District support services	238,571	-	-	238,571
Regular instruction	2,338,858	-	-	2,338,858
Vocational instruction	71,621	-	-	71,621
Special education instruction	565,012	-	-	565,012
Community education and service	-	-	18,834	18,834
Instructional support services	106,196	-	-	106,196
Pupil support services	420,928	-	190,107	611,035
Sites and buildings	506,636	-	-	506,636
Fiscal and other fixed cost programs	42,673	62,376	-	105,049
Capital outlay	169,335	-	-	169,335
Total expenditures	4,779,696	62,376	208,941	5,051,013
Net Change in Fund Balance	(639,434)	1,766	101,789	(535,879)
Fund Balance, Beginning of Year	1,310,548	12,015	7,874	1,330,437
Fund Balance, End of Year	$ 671,114	$ 13,781	$ 109,663	$ 794,558

Independent School District No. 2683
Greenbush Middle River School District
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$ (535,879)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	191,351
Depreciation expense	(226,404)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(5,021)
In the statement of activities severance payables 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.	25,146
In the statement of activities OPEB liabilities 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.	8,058
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	(3,121)
The repayment of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces long-term liabilities on the statement of net position. In the current period these transactions include bond payments and accrued interest and the amount is the net effect of these items.	55,456
Change in Net Deficit of Governmental Activities	$ (490,414)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local property tax levies	$ 344,583	$ 249,917	$ 247,903	$ (2,014)
Other local and county sources	256,108	364,887	287,180	(77,707)
State sources	3,807,851	3,677,264	3,497,202	(180,062)
Federal sources	113,555	83,978	104,792	20,814
Sales and other conversion of assets	2,500	2,500	3,185	685
Total revenues	4,524,597	4,378,546	4,140,262	(238,284)
Expenditures				
Current				
Administration	324,517	334,372	319,866	14,506
District support services	203,861	180,523	238,571	(58,048)
Regular instruction	2,163,262	2,362,256	2,338,858	23,398
Vocational instruction	1,000	2,100	71,621	(69,521)
Special education instruction	628,586	526,986	565,012	(38,026)
Instructional support services	119,005	107,401	106,196	1,205
Pupil support services	459,025	471,309	420,928	50,381
Sites and buildings	585,224	609,382	506,636	102,746
Fiscal and other fixed cost programs	200,474	222,300	42,673	179,627
Capital outlay	230,227	154,927	169,335	(14,408)
Total expenditures	4,915,181	4,971,556	4,779,696	191,860
Deficiency of Revenues Under Expenditures	(390,584)	(593,010)	(639,434)	(46,424)
Other Financing Sources (Uses)				
Transfers in (out)	(15,000)	-	-	-
Net Change in Fund Balance	$ (405,584)	$ (593,010)	(639,434)	$ (46,424)
Fund Balance, Beginning of Year			1,310,548	
Fund Balance, End of Year			$ 671,114	

Note 1 - Summary of Significant Accounting Policies

A. Organization

Independent School District No. 2683, Greenbush Middle River School District (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial burden or benefit with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

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

Recording of Expenditures – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, severance and healthcare benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are included within the applicable functional areas.

Description of Funds

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

Major Governmental Funds

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects. The District's Student Activity Funds are under board control and are reported in the general fund.

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

Nonmajor Governmental Funds

Food Service Fund – The food service fund is used to account for food service revenues and expenditures.

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

E. Other Significant Accounting Policies

Budgeting

An operating budget is adopted by July 1 of each fiscal year for all governmental funds on the same modified accrual basis used to reflect actual revenues and expenditures. The superintendent is authorized to transfer budget amounts within line items; however, supplemental appropriations that amend total appropriations of any fund require a board resolution. Reported budgeted amounts are as originally adopted or as amended by board resolution. Unencumbered appropriations lapse at year-end.

Cash and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Short-term, highly liquid debt instruments (including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

Receivables

All receivables are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The only receivables not expected to be collected within one year are property taxes receivable.

Inventories

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

Property Taxes

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

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

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county general remits taxes to the District at periodic intervals as they are collected. A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The District maintains a threshold level of $3,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 50 years.

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

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.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

Severance Pay

The district has a severance pay plan for employees. The plan calls for employees to be paid for unused portions of their sick leave upon termination of employment. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

In addition to providing pension benefits, the District provides certain health care insurance benefits under various early retirement incentives. The cost of these benefits is recognized as an expenditure as claims or premiums are paid. For the year ended June 30, 2021, there were no costs associated with this benefit.

Other Postemployment Benefits

Under the provisions of the various employee and union contracts the District provides health coverage until age 65 if certain criteria 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 Statement No. 75, at July 1, 2019. Additional information can be found in Note 6.

Pensions

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

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 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 7.

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.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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/ expenditure) until then.

The District has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension and OPEB activity as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

<u>Nonspendable Fund Balance</u> – comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

Restricted Fund Balance – comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.

Assigned Fund Balance – comprised of unrestricted funds constrained by the school district's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district's intended use of those resources. An assigned fund balance cannot be a negative number. The action to assign fund balance may be taken after the end of the fiscal year. The Board of Education delegated the power to assign fund balances to the superintendent and business manager.

Unassigned Fund Balance – residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds. The school district will strive to maintain a minimum unassigned general fund balance of 10 percent of the annual budget.

Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2021.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

Note 2 - Deposits and Investments

Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board. All such depositories are members of the Federal Reserve System.

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

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

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

At June 30, 2021, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

Investments

Custodial Credit Risk – The investments in the MSDLAF is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The District does not have an investment policy for custodial credit risk.

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.

Credit Risk – The District may invest funds as authorized by Minnesota Statutes Section 118A.04. All funds in the MSDLAF are invested in accordance with Minnesota Statutes Section 475.66. Each Minnesota School District owns a pro-rata share of each investment which is held in the name of the funds. The District has no investment policy that would further limit its investment choices. As of June 30, 2019, the District's MSDLAF were rated AAA by S&P.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are invested in the MSDLAF (100%).

Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record.

The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

The following table presents the District's deposit and investment balances at June 30, 2021.

		Investment Maturities (in Years)	
Type	Fair Value	N/A	1 - 5
Cash and cash equivalents			
Minnesota School District Liquid Asset Fund	$ 338,794	$ 338,794	$ -
Deposits	461,855	461,855	-
Investments			
Certificates of Deposit	55,222	-	55,222
	$ 855,871	$ 800,649	$ 55,222

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool's shares.

Note 3 - Due from Other Governmental Units

Amounts receivable from other governments as of June 30, 2021, include:

Fund	State	Other	Total
Major funds			
General	$ 173,496	$ 84,181	$ 376,434
Debt service	3,916	-	3,916
Nonmajor funds	2,531	-	2,531
	$ 179,943	$ 84,181	$ 382,881

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2021 is a follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated				
Land	$ 3,048	$ -	$ -	$ 3,048
Capital assets being depreciated				
Land improvements	180,875	-	-	180,875
Buildings	4,367,322	111,452	-	4,478,774
Equipment	1,856,010	79,899	16,566	1,919,343
Total capital assets being depreciated	6,404,207	191,351	16,566	6,578,992
Less accumulated depreciation for				
Site improvements	128,299	4,014	-	132,313
Buildings	3,020,010	114,557	-	3,134,567
Equipment	1,336,922	107,833	16,566	1,428,189
Total accumulated depreciation	4,485,231	226,404	16,566	4,695,069
Net capital assets, depreciated	1,918,976	(35,053)	-	1,883,923
Total capital assets, net	$ 1,922,024	$ (35,053)	$ -	$ 1,886,971

Depreciation expense for the year ended June 30, 2021 was charged to the following functions/programs:

Regular instruction	$ 23,466
Instructional support services	1,982
Pupil support services	59,410
Sites and buildings	141,546
Total depreciation expense	$ 226,404

Note 5 - Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	$ 345,000	$ -	$ 55,000	$ 290,000	$ 55,000
Severance Payable	200,873	18,247	43,393	175,727	37,961
	$ 545,873	$ 18,247	$ 98,393	$ 465,727	$ 92,961

Following is a summary of bonds payable as of June 30, 2021:

Bond Description	Final	Interest Rate	Original	Outstanding
General Obligation Alternative Facilities Refunding Bonds, Series 2016A	2/26	2.00%	$ 555,000	$ 290,000

Bonds Payable – The principal and interest payments are made by the debt service fund.

Severance Payable – Severance payable for governmental funds is recorded as a liability in the governmental activities in the government-wide statements. This liability matures only upon qualified retirements or terminations and is paid out of the general fund.

Remaining principal and interest payments on long-term liabilities are as follows:

	Bonds Payable	
Years Ending June 30,	Principal	Interest
2022	$ 55,000	$ 6,900
2023	55,000	5,800
2024	60,000	4,700
2025	60,000	3,600
2026	60,000	2,400
	$ 290,000	$ 23,400

Note 6 - Other Postemployment Benefits

A. Plan Descriptions

All employees are allowed upon meeting the eligibility requirements under Minn. Stat. 471.61 subd, 2b, to participate in the District's health insurance plan after retirement. This plan covers active and retired employees who have reached age 55, with teachers and principal needing at least 3 years of service and all other district employees needing 5 years of service. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. A separately issued report is not available.

B. Benefits Provided

The District will pay to the contract groups other post-retirement benefits of blended medical premiums of $529 for single and $1,439 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental or life insurance benefits.

C. Employees Covered by Benefit Terms

At the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	33
	34

D. Total OPEB Liability

The District's total OPEB liability of $148,805 was measured as of July 1, 2019, and was determined by an actuarial valuation as July 1, 2019.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in July 1, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	Service graded table, based on age and years of service
Discount rate	3.10 percent
Healthcare cost trend rates	6.25 percent as of July 1, 2020, grading to 5.00% over 5 years
Retiree plan participation	45%
Percent of married retirees electing spouse coverage	25%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study as of July 1, 2017.

The following changes in assumptions were made for the year ending June 30, 2021:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale
- The salary increase rates were changed from a flat 3.0% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.40% to 3.10%.

F. Changes in the Total OPEB Liability

Balance at June 30, 2020	$	141,438
Changes from the Prior Year:		
Service Cost		10,357
Interest Cost		4,589
Benefit Payments		(7,579)
Net Change		7,367
Balance at June 30, 2021	$	148,805

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower and one percentage point higher than the current discount rate.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.10%	3.10%	4.10%
Total OPEB Liability	$ 155,858	$ 148,805	$ 141,735

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical trend rate	5.25%, decreasing to 4.00% over 5 years	6.25%, decreasing to 5.00% over 5 years	7.25%, decreasing to 6.00% over 5 years
Total OPEB Liability	$ 135,646	$ 148,805	$ 163,748

H. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of $2,157. At June 30, 2021, 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
Liability gains	$ -	$ 37,617
Assumption changes	-	744
Employer contributions made after the measurement date	10,215	-
	$ 10,215	$ 38,361

The $10,215 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	OPEB Expense Amount
2022	$ (12,789)
2023	(12,789)
2024	(12,783)

Note 7 - Defined Benefit Pension Plans

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Public Employees' Retirement Association (PERA) or the Teachers' Retirement Association (TRA), all of which are administered on a state-wide basis.

For the year ended June 30, 2021, the District reported its proportionate share of deferred outflows of resources, net pension liabilities, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
PERA	$ 63,616	$ 635,518	$ 145,833	$ 55,054
TRA	1,312,908	2,127,783	3,350,846	185,167
Total all plans	$ 1,376,524	$ 2,763,301	$ 3,496,679	$ 240,221

Disclosures relating to these plans are as follows:

Public Employees Retirement Association (PERA)

A. Plan Descriptions

The District participates in the following cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans 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.

B. Benefits Provided

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

General Employees Plan benefits 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 for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary 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.

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.

C. Contribution Rate

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 2021 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, 2021, were $57,710. The District's contributions were equal to the required contribution for the year as set by state statute.

D. Pension Costs

At June 30, 2021, the District reported a liability of $635,518 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 $19,549. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the District's proportionate share was 0.0106% at the end of the measurement period and 0.0107% for the beginning of the period.

District's proportionate share of net pension liability	$	635,518
State of Minnesota's proportionate share of the net pension liability associated with the District		19,549
Total	$	655,067

For the year ended June 30, 2021, the District recognized pension expense of $55,054 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $1,701 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2021, the District reported its proportionate share of the 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
Differences between expected and actual economic experience	$ 5,906	$ 2,405
Changes in actuarial assumptions	-	25,392
Net collective difference between projected and actual investment earnings	-	8,255
Changes in proportion	-	109,781
Contributions paid to PERA subsequent to the measurement date	57,710	-
Total	$ 63,616	$ 145,833

The $57,710 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2022	$ (124,832)
2023	(41,157)
2024	10,709
2025	15,353

E. Actuarial Assumptions

The total pension liability in June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	7.50% per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. 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 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

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 Allocations	Long-Term Expected Real Rate of Return
Domestic Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the 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.

G. 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:

Sensitivity Analysis		
Net Pension Liability (Asset) at Different Discount Rates		
	General Employees Fund	
1% Lower	6.50%	$ 1,018,516
Current Discount Rate	7.50%	$ 635,518
1% Higher	8.50%	$ 319,577

H. Pension Plan Fiduciary Net Position

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

Teacher Retirement Associations (TRA)

A. Plan Descriptions

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those 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.

B. Benefits Provided

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

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

Tier I Benefits

Tier1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

With these provisions:

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

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 per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ending June 30, 2019, June 30, 2020, and June 30, 2021 were:

	June 30, 2019		June 30, 2020		June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	11.92%	11.00%	12.13%
Coordinated	7.50%	7.71%	7.50%	7.92%	7.50%	8.13%

The following is a reconciliation of employer contributions in TRA's Comprehensive Annual Financial Report "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	$ 425,223,000
Add employer contributions not related to future contribution efforts	(56,000)
Deduct TRA's contributions not included in allocation	(508,000)
Total employer contributions	424,659,000
Total non-employer contributions	35,587,000
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	$ 460,246,000

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.

D. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation date	July 1, 2020
Experience study	June 5, 2015 November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	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 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality assumptions	
Pre-retirement:	RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability:	RP-2014 disabled retiree mortality table, without adjustment.

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 Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
International Equity	17.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
Unallocated Cash	2.0%	0.00%

The TRA actuary has determined the average of the expected remaining service lives of all members for 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 6 years in the schedule presented. The amortization period for “Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments” is 5 years as required by GASB 68.

Changes in actuarial assumptions since the 2018 valuation:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 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).

F. Net Pension Liability

At June 30, 2021, the District reported a liability of $2,127,783 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 0.0288% at the end of the measurement period and 0.0312% for the beginning of the year.

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	$ 2,127,783
State's proportionate share of the net pension liability associated with the district	$ 178,237

For the year ended June 30, 2021, the District recognized pension expense of $185,167. It also recognized $16,328 as an increase to pension expense for the support provided by direct aid.

At June 30, 2021, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 42,671	$ 41,798
Changes in actuarial assumptions	1,083,533	2,372,195
Difference between projected and actual investment earnings	-	23,546
Changes in proportion and differences between contributions made District's proportionate share of contributions	47,925	913,307
District's contributions to TRA subsequent to the measurement date	138,779	-
Total	$ 1,312,908	$ 3,350,846

The $138,779 was 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, 2022.

Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2022	$ (139,500)
2023	(1,093,674)
2024	(822,957)
2025	(88,848)
2026	(31,738)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%% as well as the liability measured using one percent lower and one percent higher:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 3,257,613	$ 2,127,783	$ 1,196,860

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

H. Pension Plan Fiduciary Net Position

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, Suite 400, and St. Paul, MN, 55103-4000; or by calling (651)-296-2409 or (800)-657-3669.

Note 8 - Flexible Benefit Plan

The District has a flexible benefit plan which is classified as a "cafeteria plan" (the Plan) under section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from September 1 to August 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

Payment of insurance premiums (health, dental, life, and disability) is made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

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

Note 9 - Fund Balance

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of fund balances as of June 30, 2021:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Fund balances				
Nonspendable				
Inventories	$ -	$ -	$ 3,448	$ 3,448
Restricted				
Student activities	194,686	-	-	194,686
Scholarships	120,691	-	-	120,691
Operating capital	97,725	-	-	97,725
Safe schools	37,073	-	-	37,073
Long term facilities maintenance	179,816	-	-	179,816
Debt service	-	13,781	-	13,781
Food service	-	-	62,253	62,253
ECFE	-	-	45,697	45,697
Community education	-	-	8,194	8,194
Community service	-	-	16,308	16,308
Total restricted	629,991	13,781	132,452	776,224
Committed				
Severance	175,727	-	-	175,727
Unassigned	(134,604)	-	(26,237)	(160,841)
Total fund balance	$ 671,114	$ 13,781	$ 109,663	$ 794,558

The UFARS fund balance reporting standards are slightly different than the reporting standards under GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Below is a reconciliation between the fund balance reporting under GASB 54 and UFARS reporting standards:

	GASB Balance	Reconciling Items	UFARS Balance
Fund balances			
Nonspendable			
Inventories	$ 3,448	$ -	$ 3,448
Restricted			
Student activities	194,686	-	194,686
Scholarships	120,691	-	120,691
Health and safety	-	-	-
Operating capital	97,725	-	97,725
Safe schools	37,073	-	37,073
Long term facilities maintenance	179,816	-	179,816
Debt service	13,781	-	13,781
Food service	62,253	-	62,253
ECFE	45,697	-	45,697
Community service	16,308	-	16,308
Community education	8,194	-	8,194
School readiness	-	(26,237)	(26,237)
Total restricted	776,224	(26,237)	749,987
Committed	175,727	-	175,727
Unassigned	(160,841)	26,237	(134,604)
Total fund balance	$ 794,558	$ -	$ 794,558

Note 10 - Commitments and Contingencies

Federal and State Revenue

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.

Note 11 - Risk Management

The District has joined together with other school districts in Minnesota in the Northwest Service Cooperative's Minimum Premium Funding Plan (Plan). The Plan is a public entity risk pool established as a health insurance purchasing pool for its members. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $300,000. The pool and its members purchase reinsurance, currently with a $300,000 specific stop loss attachment point and 110% aggregate stop loss attachment point. If the assets of the Plan were to be exhausted, members would not be responsible for the Plan's liabilities. The Northwest Service Cooperative retains the risk of the Plan's liabilities.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Required Supplementary Information
June 30, 2021

Independent School District No. 2683
Greenbush Middle River School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Last 10 Fiscal Years*

	2021	2020	2019	2018
Service cost	$ 10,357	$ 10,055	$ 10,706	$ 10,394
Interest	4,589	7,003	6,970	7,083
Assumption changes	-	(1,242)	-	-
Differences between expected and actual experience		(62,697)	-	-
Benefit payments	(7,579)	(15,089)	(17,001)	(25,122)
Net change in total OPEB liability	7,367	(61,970)	675	(7,645)
Total OPEB liability - beginning	141,438	203,408	202,733	210,378
Total OPEB liability - ending	$ 148,805	$ 141,438	$ 203,408	$ 202,733
Covered payroll	$ 1,961,162	$ 1,904,041	$ 2,265,389	$ 2,199,407
District's total OPEB liability as a percentage of covered payroll	7.59%	7.43%	8.98%	9.22%

*GASB Statement No. 75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Changes in the District's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years*

Pension Plan	Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With District (b)	Total (c) (a+b)	Employer's Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/2020	0.0106%	$ 635,518	$ 19,549	$ 655,067	$ 756,160	84.0%	79.1%
PERA	6/30/2019	0.0107%	591,579	18,333	609,912	698,042	84.7%	80.2%
PERA	6/30/2018	0.0133%	737,829	24,138	761,967	893,346	82.6%	79.5%
PERA	6/30/2017	0.0154%	983,126	12,385	995,511	993,947	98.9%	75.9%
PERA	6/30/2016	0.0157%	1,274,762	6,176	1,280,938	974,333	130.8%	68.9%
PERA	6/30/2015	0.0175%	906,941	N/A	906,941	1,011,240	89.7%	78.2%
PERA	6/30/2014	0.0185%	869,037	N/A	869,037	1,005,995	86.4%	78.8%
TRA	6/30/2020	0.0288%	$ 2,127,783	$ 178,237	$ 2,306,020	$ 1,766,973	120.4%	75.5%
TRA	6/30/2019	0.0312%	1,988,695	176,195	2,164,890	1,770,908	112.3%	78.1%
TRA	6/30/2018	0.0373%	2,343,562	220,088	2,563,650	2,064,133	113.5%	78.1%
TRA	6/30/2017	0.0425%	8,483,771	819,952	9,303,723	2,290,293	370.4%	51.6%
TRA	6/30/2016	0.0409%	9,755,626	979,098	10,734,724	2,127,880	458.5%	44.9%
TRA	6/30/2015	0.0423%	2,616,673	321,038	2,937,711	2,146,987	121.9%	76.8%
TRA	6/30/2014	0.0469%	2,161,118	152,034	2,313,152	2,196,056	98.4%	81.5%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of Employer's Contributions
Last 10 Fiscal Years*

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
PERA	6/30/2021	$ 57,710	$ 57,710	$ -	$ 769,467	7.5%
PERA	6/30/2020	56,712	56,712	-	756,160	7.5%
PERA	6/30/2019	52,353	52,353	-	698,042	7.5%
PERA	6/30/2018	67,001	67,001	-	893,346	7.5%
PERA	6/30/2017	74,546	74,546	-	993,947	7.5%
PERA	6/30/2016	73,075	73,075	-	974,333	7.5%
PERA	6/30/2015	75,843	75,843	-	1,011,240	7.5%
TRA	6/30/2021	$ 138,779	$ 138,779	$ -	$ 1,706,999	8.1%
TRA	6/30/2020	132,523	132,523	-	1,766,973	7.9%
TRA	6/30/2019	136,537	136,537	-	1,770,908	7.7%
TRA	6/30/2018	154,810	154,810	-	2,064,133	7.5%
TRA	6/30/2017	171,772	171,772	-	2,290,293	7.5%
TRA	6/30/2016	159,591	159,591	-	2,127,880	7.5%
TRA	6/30/2015	161,024	161,024	-	2,146,987	7.5%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

PERA
2020 Changes
Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increase the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

TRA

2020 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes of benefit terms

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

Change of assumptions

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

PERA's Comprehensive Annual Financial Report may be obtained on the PERA's website at www.mnpera.org for notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.

Additional financial and actuarial information can be found in TRA's GASB 67-68 report. Both reports can be obtained at https://minnesotatra.org.

Combining and Individual Fund Schedules
June 30, 2021

Independent School District No. 2683
Greenbush Middle River School District

Independent School District No. 2683
Greenbush Middle River School District
General Fund
Schedule of Changes in UFARS Fund Balances
Year Ended June 30, 2021

	Fund Balance Beginning	Net Change in Fund Balance	Fund Balance (Deficit) End of Year
Restricted for student activities	$ 181,517	$ 13,169	$ 194,686
Restricted for scholarships	119,941	750	120,691
Restricted for operating capital	109,422	(11,697)	97,725
Restricted for safe schools	37,848	(775)	37,073
Restricted for long term facilities maintenance	239,653	(59,837)	179,816
Committed for severance	200,873	(25,146)	175,727
Unassigned	421,294	(555,898)	(134,604)
	$ 1,310,548	$ (639,434)	$ 671,114

Independent School District No. 2683
Greenbush Middle River School District
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Food Service	Community Service	Totals
Assets			
Cash and investments	$ 62,076	$ 73,233	$ 135,309
Receivables			
Current property taxes	-	14,840	14,840
Delinquent property taxes	-	800	800
Accounts	375	-	375
Due from other governmental units	-	2,531	2,531
Inventories	3,448	-	3,448
Total assets	$ 65,899	$ 91,404	$ 157,303
Liabilities			
Accounts payable	$ 198	$ 62	$ 260
Unearned revenue	-	14,400	14,400
Total liabilities	198	14,462	14,660
Deferred Inflows of Resources			
Unavailable revenue - delinquent property taxes	-	800	800
Property taxes levied for subsequent year	-	32,180	32,180
Total deferred inflows of resources	-	32,980	32,980
Fund Balance			
Nonspendable	3,448	-	3,448
Restricted	62,253	70,199	132,452
Unassigned	-	(26,237)	(26,237)
Total fund balance	65,701	43,962	109,663
Total deferred inflows of resources and fund balance	$ 65,899	$ 91,404	$ 157,303

	Food Service	Community Service	Totals
Revenues			
Local property tax levies	$ -	$ 31,439	$ 31,439
Other local and county sources	-	3,400	3,400
State sources	885	25,595	26,480
Federal sources	228,180	-	228,180
Sales and other conversion of assets	21,231	-	21,231
Total revenues	250,296	60,434	310,730
Expenditures			
Current			
Community education and service	-	18,834	18,834
Pupil support services	190,107	-	190,107
Total expenditures	190,107	18,834	208,941
Net Change in Fund Balance	60,189	41,600	101,789
Fund Balance, Beginning of Year	5,512	2,362	7,874
Fund Balance, End of Year	$ 65,701	$ 43,962	$ 109,663

Other Supplementary Information
June 30, 2021

Independent School District No. 2683
Greenbush Middle River School District

Insert When Available

Additional Reports
June 30, 2021

Independent School District No. 2683
Greenbush Middle River School District

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*

The School Board of
Independent School District No. 2683
Greenbush Middle River School District
Greenbush, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenbush Middle River School District, Greenbush, Minnesota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated REPORT DATE.

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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying the accompanying schedule of audit findings to be material weaknesses: 2021-001, 2021-002, and 2021-003.

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

Response to Findings
The District's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fargo, North Dakota
REPORT DATE

Independent Auditor's Report on *Minnesota Legal Compliance*

The School Board of
Independent School District No. 2683
Greenbush Middle River School District
Greenbush, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenbush Middle River School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

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. 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.

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

Fargo, North Dakota
REPORT DATE

Section I – Financial Statement Findings

2021-001 **Segregation of Duties**
Material Weakness

Criteria – A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping and reconciliation functions.

Condition – The District has a lack of segregation of duties in certain areas due to a limited staff.

Cause – There is a limited amount of office employees involved in the internal control process.

Effect – Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation – While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements. Additionally, ensuring proper approval is obtained over varying functions like payroll timecards and general journal entries will help mitigate the chance of misstatements going undetected in the internal control system.

Views of Responsible Official – There is no disagreement with the audit finding.

2021-002 Preparation of Financial Statements
Material Weakness

Criteria – A good system of internal accounting control contemplates an adequate system for internally preparing the District's financial statements.

Condition – The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the financial statements and accompanying notes to the financial statements.

Cause – The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Effect – The disclosures in the financial statements could be incomplete.

Recommendation – This circumstance is not unusual in a District of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Official – There is no disagreement with the audit finding.

2021-003 Significant Journal Entries
Material Weakness

Criteria – A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition – During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the District's existing internal controls, and therefore could have resulted in a material misstatement of the District's financial statements.

Cause – The District does not have an internal control system designed to identify all necessary adjustments.

Effect – This deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation – A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisor levels.

Views of Responsible Official – There is no disagreement with the audit finding.

Section II – Minnesota Legal Compliance Findings

None Reported