

Agenda
Regular School Board Meeting
May 23, 2023
6:30 PM

1. Call to Order, Roll Call

2. Agenda Adjustments

3. Announcements, Comments, Recognitions
 - a. 2023 Minnesota Teacher of the Year Candidates

 - b. Introduction of New Emmet D. Williams Elementary School Principal

4. Summary of Community Input Received for Action Items

5. Consent Agenda
 - a. Minutes - Board Meeting of May 9, 2023 3

 - b. Payment of Bills 5

 - c. Personnel - Resignations, Appointments, Reductions 7

 - d. Gifts 9

e.	Nutrition Services Staff Retention Bonus	10
6.	Reports and Non-Action Items	
a.	Graduation and Postsecondary Report	11
b.	Policy 520: Student Discipline (reviewed) First Reading	39
c.	Policy 810: Distribution of Materials (reviewed) First Reading	56
7.	Action Items	
a.	2021-2022 Audit Acceptance	61
b.	Approval of New Course Proposals for 2024-2025	266
c.	Non-Renewal of Licensed Probationary Employees	269
8.	Study Session Report	
9.	Board Reports	
10.	Superintendent's Report	
11.	Adjournment	

MINUTES OF THE REGULAR MEETING, SCHOOL BOARD, INDEPENDENT
SCHOOL DISTRICT NO. 623, 1251 West County Road B2, Roseville, MN 55113

May 9, 2023

Chair Curtis Johnson called the school board meeting to order at 6:30 p.m. Board members present: Todd Anderson, Mike Boguszewski, Rose Chu, Mannix Clark, Kitty Gogins, Curtis Johnson. Board members absent: none. Also present: Jenny Loeck, superintendent of schools, and approximately twenty-two other visitors or staff who attended all or part of the meeting.

Announcements, Comments, Recognitions. Chair Johnson read a land acknowledgment to begin the meeting. Health services staff, including school nurses and health assistants, were recognized for their service to students and families.

Summary of Community Input Received for Action Items. The board received no community input regarding the evening's action items.

- (64) Consent Agenda. Gogins moved, Clark seconded acceptance of the consent agenda, including the minutes of the school board meeting on April 25, 2023; payment of bills; resignations, appointments, reductions, adjustments; and gifts. Ayes: Anderson, Boguszewski, Chu, Clark, Gogins, Johnson. Nays: none. Motion carried unanimously.
- (65) Retirements. Anderson moved, Gogins seconded the retirements of Bruce Holmseth, Donald Lehmann, Grady Linehan, Mary Mans, Laura Mittelbrun, and Margaret Sepion with appreciation. Ayes: Anderson, Boguszewski, Chu, Clark, Gogins, Johnson. Nays: none. Motion carried unanimously.
- (66) Policy 564: Nonresident Student Attendance (revised) Second Reading. Boguszewski moved, Anderson seconded approval of Policy 564: Nonresident Student Attendance with additional revisions. Ayes: Anderson, Boguszewski, Chu, Clark, Gogins, Johnson. Nays: none. Motion carried unanimously.
- (67) Policy 724: School Bus Transportation (revised) Second Reading. Anderson moved, Clark seconded approval of Policy 724: School Bus Transportation. Ayes: Anderson, Boguszewski, Chu, Clark, Gogins, Johnson. Nays: none. Motion carried unanimously.
- (68) Policy 732: Student Transportation Safety (revised) Second Reading. Gogins moved, Clark seconded approval of Policy 732: Student Transportation Safety. Ayes: Anderson, Boguszewski, Chu, Clark, Gogins, Johnson. Nays: none. Motion carried unanimously.

Board Reports. Board members attended the ISD 623 Teacher Leader Program Action Research Showcase and the district's Family Partnership event. Todd Anderson attended an Association of Metropolitan School Districts meeting. Kitty Gogins attended a Roseville Area Optimist Club meeting, a Community Advisory Committee meeting, and the Little Canada Elementary Culture Fair. She and Rose Chu attended the Amplifying Students, Elevating Community conference. Director Gogins also provided updates from the LGBTQ+ Equity Council. Treasurer Chu attended a Ramsey County League of Local Governments meeting. Mannix Clark provided updates from the Northeast Metro 916 board meeting. Curtis Johnson attended several events, including the Little Canada

Elementary Culture Fair and their Open House and Book Fair, an AMSD meeting, the Roseville Area High School drama program's production of *Cats*, the Minnesota Robotics State Championship competition, and the RAHS band booster fundraiser. Chair Johnson highlighted upcoming events, including the Roseville Area Middle School Theatre program's production of *Little Luncheonette of Terror*. He also acknowledged Roseville Area Schools' staff appreciation week, School Lunch Hero Day, and Teacher Appreciation Week.

Superintendent's Report. Superintendent Loeck praised the work of the District Crisis Consultation and Support Team. She also congratulated Minnesota Teacher of the Year finalist Bee Lee, semi-finalist Jex Arzayus, and candidates Kristi Buhler and Carrie Uwadiae.

The Chair declared the meeting adjourned at 7:07 p.m.

Signed _____
Clerk

Approved _____
Chair

May 9, 2023

Meeting Date: May 23, 2023

PAYMENT OF BILLS:
-April 16 - April 30, 2023

That bills in the amount of: **\$5,678,669.15** by the following funds be approved:

GENERAL	\$5,182,755.84
FOOD SERVICE	\$143,895.96
COMMUNITY SERVICE	\$269,416.59
BUILDING FUND	\$0.00
DEBT FUND	\$0.00
READING RECOVERY	\$0.00
AMSD	\$12,599.40
OPEB DEBT	\$0.00
DENTAL INS FUND	\$47,245.59
NO SUBURBAN COLLABORATIVE	\$22,755.77
EXTRA CURRICULAR-STU ACTIVITY	\$4,234.28

RECOMMENDATION:

That above payments are included in check numbers:

WIRE TRANSFERS	202200528	through	202200554	*includes 4/15/23 wires
CHECKS	347476	through	347640	
CAPITAL ONE AP CHECKS	7602	through	7630	
ACH A/P	222311312	through	222311332	

PAYMENT DISTRIBUTION BY FUND:

	GENERAL	FOOD SERVICE	COMMUNITY SERVICE	BUILDING CONSTRUCT	DEBT FUND	Delta Dental Self Insured	28-RR Fiscal Agent	29-AMSD Fiscal Agent	OPEB	N SUB COLL/ SCHLSHP	EXTRA CURR-STU ACTIVITY	TOTAL DISBURSEMENTS
WIRE TRANSFERS	\$2,748,836.93	\$37,300.33	\$91,188.56			\$47,245.59		\$3,464.61			\$3,246.58	\$2,931,282.60
CHECKS	\$571,634.95	\$37,627.92	\$37,548.32	\$0.00				\$669.57		\$22,755.77	\$806.12	\$671,042.65
CAPITAL ONE A/P	\$50,345.10	\$6,764.42	\$905.24									\$58,014.76
ACH A/P	\$1,431.13	\$0.00	\$45.19								\$181.58	\$1,657.90
TRANSFER TO P/R	\$1,810,507.73	\$62,203.29	\$139,729.28					\$8,465.22		\$0.00		\$2,020,905.52
VOID CHECKS	\$0.00	\$0.00	\$0.00	\$0.00								\$0.00
TOTAL	\$5,182,755.84	\$143,895.96	\$269,416.59	\$0.00	\$0.00	\$47,245.59	\$0.00	\$12,599.40	\$0.00	\$22,755.77	\$4,234.28	\$5,682,903.43

BOND CONSTRUCTION FUNDS	April 1, 2023			
	Cash & Investments	Revenue	Disbursements	Balance
		4/1 to 4/30	4/1 to 4/30	Remaining as of 4/30/23
	<u>\$10,067,166.37</u>	<u>\$0.00</u>	<u>\$113,849.09</u>	<u>\$9,953,317.28</u>

RECOMMENDATION:

The above disbursements include check numbers:

CHECKS April 16 - April 30, 2023	through	\$0.00
WIRES	through	\$0.00
VOID CHECKS		\$0.00

RECOMMENDATION: That investments in the amount of: **\$0.00** be approved

INVESTMENT DETAIL:

Bank	Purchase Date	Type of Purchase	Interest Rate	Date of Maturity	Amount of Purchase	Record Number	Interest Earnings	Value at Maturity
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CP/CD: COMMERCIAL PAPER/CERTIFICATE OF DEPOSIT
CD: CERTIFICATE OF DEPOSIT
RP: REPURCHASE AGREEMENT

Total: **\$0.00** **\$** - **\$** -

Human Resources Information

5-C

Meeting Date

05/23/23

Hired-Non-Licensed

Johnson, Ann

Effective Date 3/27/2023

Central Park Elementary

Health Assistant

Hired working 6.25 hours per day.

Welch, Jeremy

Effective Date 5/16/2023

Parkview Center School

Paraprofessional

Hired working 6.75 hours per day.

Resignation-Licensed

Neal, Whitney

Effective Date 4/26/2023

Roseville Area High School

Language Arts Teacher

Resigned effective 04/26/23.

Resignation-Non-Licensed

Awes, Amina

Effective Date 5/15/2023

Anpetu Teca Education Center

Paraprofessional

Resigned effective 05/15/23.

Jama, Sucdi

Effective Date 5/25/2023

Parkview Center School

Paraprofessional

Resigned effective 05/25/23.

Zaw, Hayman

Effective Date 6/8/2023

Parkview Center School

Paraprofessional

Resigning effective 06/08/23.

Human Resources Information

5-C

Meeting Date

05/23/23

Retirement

Katzung, Kathryn

Effective Date 6/9/2023

Edgerton Elementary

Elementary Teacher

Retiring effective 06/09/23. Ms. Katzung worked for the district for 33 years.

GIFTS TO SCHOOLS 2022/23

SCHOOL BUILDING	NAME/ADDRESS OF DONOR	GIFT	USE
Anpétu Téča Education Center	St. Timothy Lutheran Church 1465 N. Victoria St. St. Paul, MN 55117	\$100.00	Meals on Wheels
Anpétu Téča Education Center	James and Mary Foley 2717 Merrill Street Roseville, MN 55113	\$1,000.00	Meals on Wheels
Roseville Area High School	NPOconnect/YourCause - on behalf of Karen Doherty 65 Fairchild St Charleston, SC 29492	\$18.00	Principal's discretion
Roseville Area High School	Carol and Marc David Guerra 1217 Ballentrace Blvd Lebanon, TN 37087	\$50.00	Boys volleyball team
Roseville Area High School	David Schmidt 1335 Berkshire Ct Venice, FL 34292	\$100.00	Boys volleyball team
Roseville Area High School	Sally Critchley 2660 Mackubin St Roseville, MN 55113	\$50.00	Boys volleyball team
Roseville Area High School	Royal Wombat, Inc. 1986 Rice Street St Paul, MN 55113	\$500.00	Trap team
Roseville Area High School	B-Dale Club, Inc. 2100 Dale St N. Roseville, MN 55113	\$500.00	Trap team
Roseville Area High School	Marlo and Beverly Rosvold 2037 Alameda St Roseville, MN 55113	\$100.00	Boys lacrosse team



Agenda Topic: Approval of a One-Time Staff Retention Bonus for Nutrition Services Staff
Meeting Date: May 23, 2023
Contact Person: Kenyatta McCarty and Angie Richey

Background:

School food authorities (SFAs) must limit net cash resources in the nonprofit school food service account to no more than the SFA’s average expenditures for three months. At the end of each fiscal year, an SFA must compare its net cash resources to its average food service expenditures to determine whether it has any excess funds. An SFA with excess funds in the school food service account must notify the Minnesota Department of Education Food and Nutrition Service of the amount of excess funds and the plan to reduce excess funds.

The Roseville Area Schools school food account has an excess of funds for this year and has determined a plan within the MDE guidelines by which to reduce the excess funds. Roseville Area Schools Nutrition Services plans to utilize a component of those excess funds (totaling \$75,000) toward staff retention bonuses. These bonuses are intended to be administered on a one-time basis, split in two separate payments for those who qualify.

This bonus is not precedent setting.

Pertinent Facts:

1. The pay structure was set up as a reflection of the number of daily hours an employee worked in nutrition services.
2. By May 24, 2023, employees shall receive the first installment of their bonus if the employee is employed on the date of the pay installment.
3. By October 30, 2023, employees shall receive their final installment of their bonus if the employee is employed on the date of the pay installment.

Employees who do not meet the eligibility criteria as listed above shall not be eligible to receive the bonus.

Conclusion:

1. This will be in place from May 24, 2023, through October 31, 2023.
2. This agreement shall not be deemed precedent setting for either party.

This request is submitted by Angie Richey, nutrition services supervisor, and Kenyatta McCarty, director of human resources.

Recommendation:

It is recommended that the board approve one-time retention bonuses for Nutrition Services staff from the Roseville Area Schools school food account as described above.

XX Action Required _____ Informational – No Board Action Requested



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Agenda Item: 6a

Agenda Topic: Graduation and Postsecondary Report
Meeting Date: May 23, 2023
Contact Person: Jake Von De Linde

Background:

Jake Von De Linde, director of student achievement, will present and review the 2021-22 graduation and postsecondary report. This report will focus on 4-year graduation rates for Roseville Area High School, Fairview Alternative High School, and the district overall. Information on postsecondary enrollment, enrollment in developmental college courses and entrance into the workforce will also be provided.

Recommendation:

_____ Action Required XX Informational – No Board Action Requested



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Graduation and Postsecondary Report

Strategic Plan Areas

Expand support for college and career readiness

Improve learning for students of color, American Indian students, English learners, students receiving special education services, and pre-kindergarten learners

Improve communication and genuine engagement with families and communities, especially with our underrepresented communities

Strengthen support for the social and emotional development of students

- **Graduation Data**

- District
- RAHS
- FAHS

- **Postsecondary Information**

- Postsecondary School Enrollment
- Developmental Course Enrollment
- Entering the Workforce

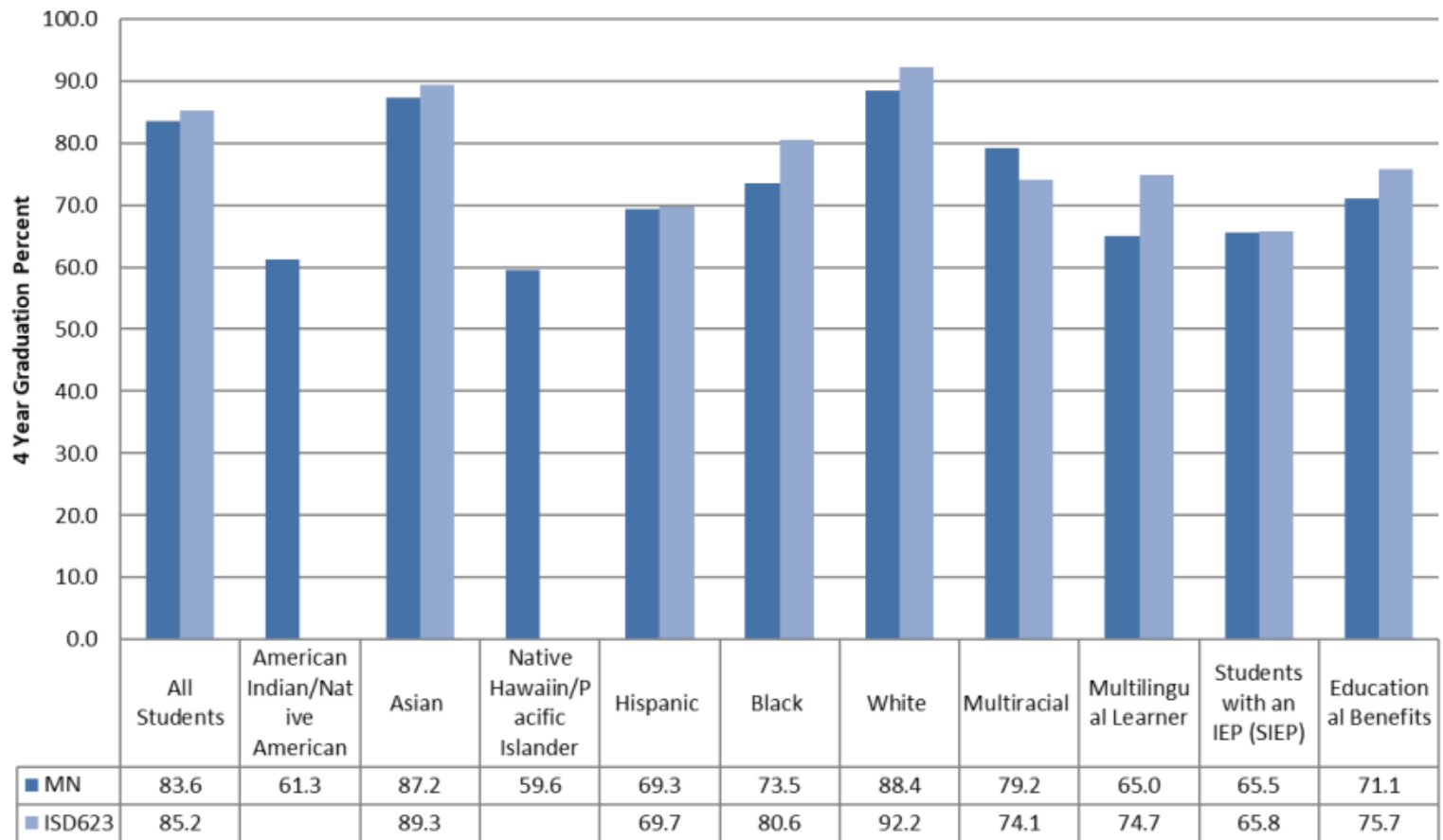
Graduation Data

- Based on a 4-year cohort format
- Data reflects students beginning 9th grade in school year 2018-19
- District data includes graduates from Roseville Area High School, Fairview Alternative High School, and Adult Basic Education

District Graduation Data

Roseville Area Schools Compared to MN Statewide

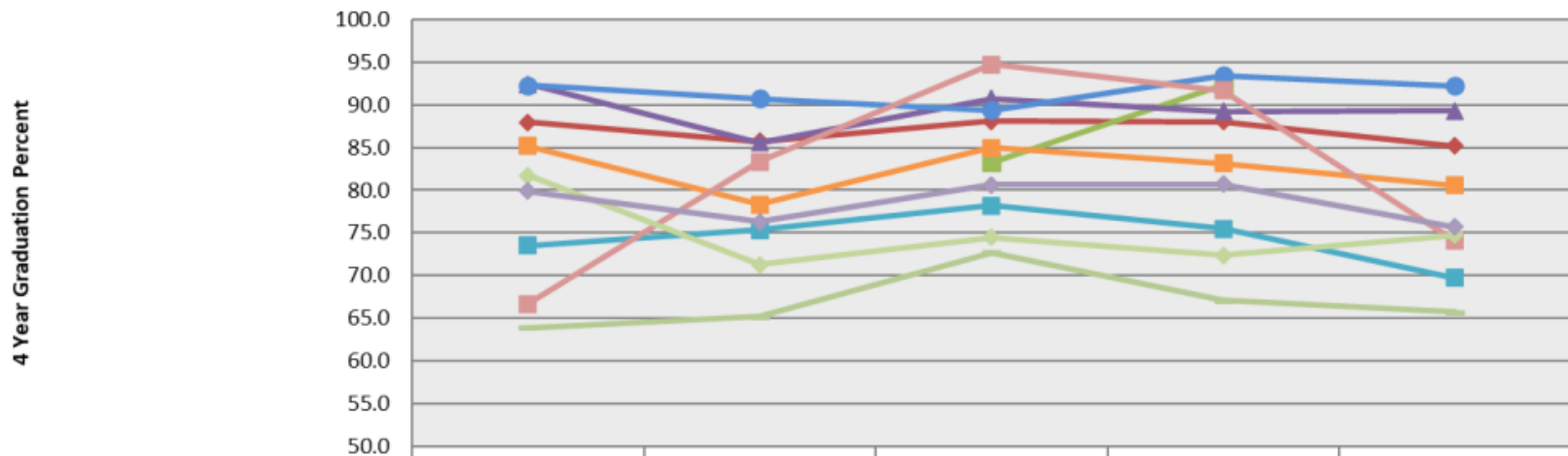
2022: 4 Year Graduation Data- MN and ISD 623



District Graduation Data

4-year Graduation by Student Group

District Graduation Percentages



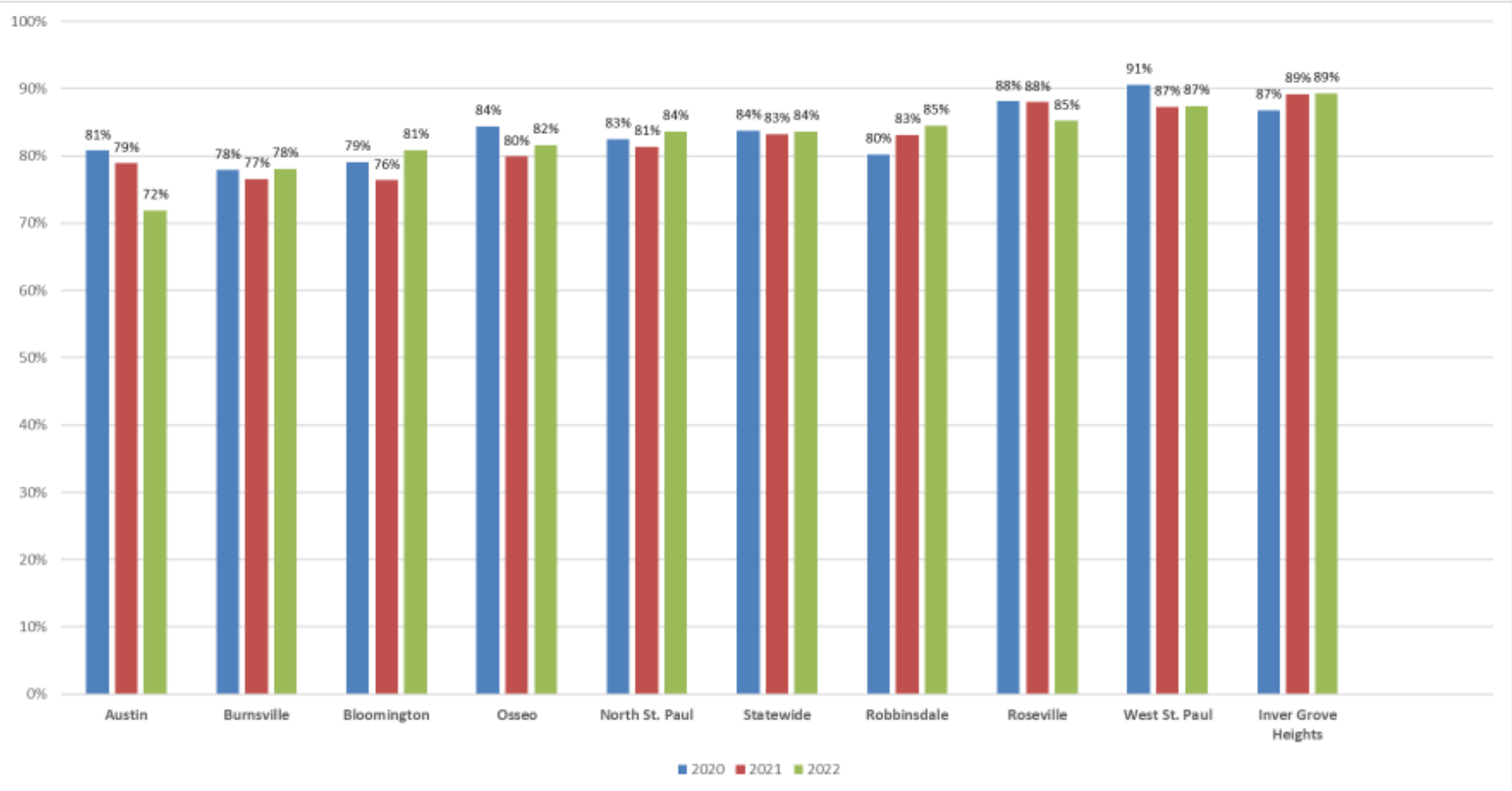
	2018	2019	2020	2021	2022
All Students	87.9	85.7	88.1	88.0	85.2
American Indian/Native American			83.3	92.3	
Asian	92.5	85.6	90.7	89.3	89.3
Hispanic	73.5	75.3	78.2	75.5	69.7
Black	85.2	78.4	85.0	83.1	80.6
White	92.3	90.7	89.4	93.4	92.2
Two or More Races	66.7	83.3	94.7	91.7	74.1
Multilingual Learner	81.7	71.3	74.5	72.3	74.7
Students with an IEP (SIEP)	63.9	65.2	72.7	67.1	65.8
Educational Benefits	79.9	76.3	80.7	80.7	75.7

District Graduation Data

Number of Students	2018	2019	2020	2021	2022
All Students	502	528	503	513	524
American Indian	*	*	10	12	*
Asian	98	107	117	108	92
Black	69	76	79	69	87
Hispanic	50	55	43	74	69
Two or More Races	18	15	36	33	20
White	264	273	227	227	249
Students with an IEP (SIEP)	46	58	56	59	46
Educational Benefits	222	241	250	239	200
Multilingual Learner	76	77	70	68	63

* Number of students is too small to report

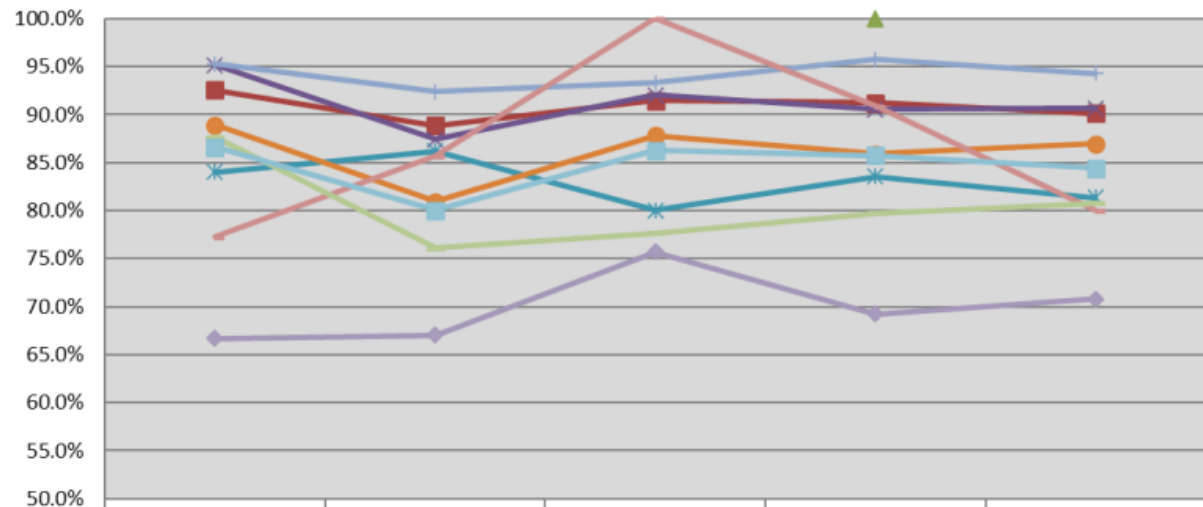
Comparable Graduation Data



RAHS Graduation Data

4-year Graduation by Student Group

RAHS 4 Year Graduation Percentages



	2018	2019	2020	2021	2022
All Students	92.6%	88.9%	91.4%	91.2%	90.1%
American Indian/Native American Students				100.0%	
Asian Students	95.2%	87.4%	92.1%	90.5%	90.6%
Hispanic Students	84.0%	86.2%	80.0%	83.5%	81.3%
Black/African American Students	88.9%	81.0%	87.8%	85.9%	87.0%
White Students	95.3%	92.4%	93.3%	95.7%	94.3%
Two or More Races Students	77.3%	85.7%	100.0%	90.9%	80.0%
Multilingual learners	87.7%	76.1%	77.7%	79.7%	80.8%
Students with an IEP (SIEP)	66.7%	67.1%	75.7%	69.2%	70.8%
Educational Benefits	86.6%	80.0%	86.3%	85.8%	84.4%

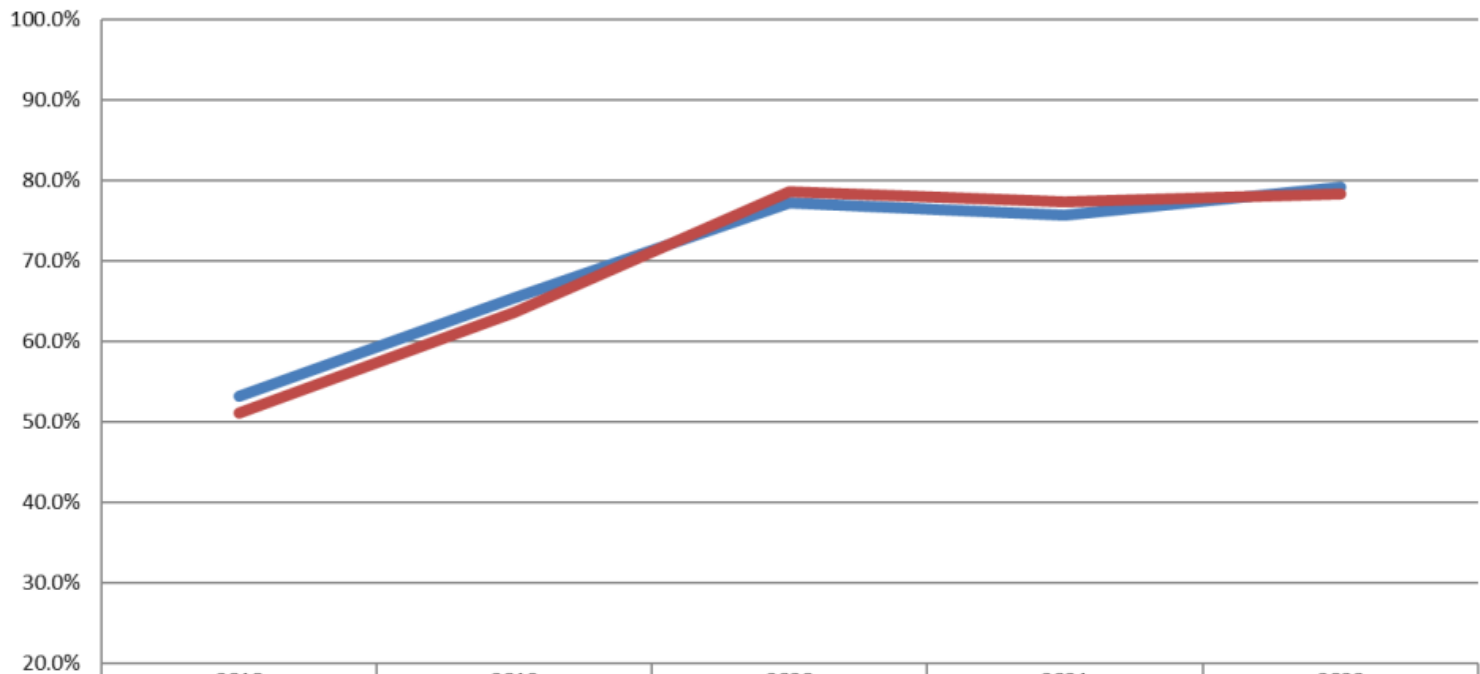
RAHS Graduation Data

Number of Students	2018	2019	2020	2021	2022
All Students	485	503	480	489	502
American Indian/Alaskan Native Students	*	*	*	11	*
Asian Students	98	104	116	105	87
Black/African American Students	64	50	72	61	80
Native Hawaiian/Pacific Islander	*	*	*	*	*
Hispanic	42	50	36	66	61
White, not of Hispanic origin	261	267	223	225	248
Two or More Races Students	17	12	32	30	20
Students with an IEP (SIEP)	42	57	53	54	46
Educational Benefits	207	216	232	217	200
Multilingual Learners	71	70	66	59	63

* Number of students is too small to report

FAHS Graduation Data

FAHS Graduation Data- 7 Year Rate



	2018	2019	2020	2021	2022
All Students	53.2%	65.4%	77.3%	75.7%	79.2%
Educational Benefits	51.2%	63.6%	78.6%	77.4%	78.3%

FAHS Graduation Data

4 Year Graduation Rate: All Students

	2018	2019	2020	2021	2022
FAHS	37.0%	50.0%	52.3%	53.3%	38.6%

5 Year Graduation Rate: All Students

	2018	2019	2020	2021	2022
FAHS	71.7%	63.2%	73.5%	63.8%	72.1%

6 Year Graduation Rate: All Students

	2018	2019	2020	2021	2022
FAHS	63.5%	77.3%	70.3%	77.6%	68.0%

7 Year Graduation Rate: All Students

	2018	2019	2020	2021	2022
FAHS	53.2%	65.4%	77.3%	75.7%	79.2%

Graduation Data Summary

Roseville Areas Schools

- Continues to have a higher graduation percentage than the statewide average, however our 4-Year graduation percentage decreased about 3 percentage points.
- All our student groups, except multiracial students, continue to outperform state averages and our district ranks 3rd in comparison to our 9 comparable districts.
- Multilingual learner students increased while all our other student groups maintained or decreased.

Roseville Area High School

- Maintains a high 4-year graduation percentage for all students, at 90.1%, which was a slight decrease from the previous year.
- Outperforms most comparable high schools ranking 4th out of our 10 comparable high schools.
- Black students and Students with an IEP both increased from the previous year, however all other student groups remained even or decreased.

Graduation Data Summary

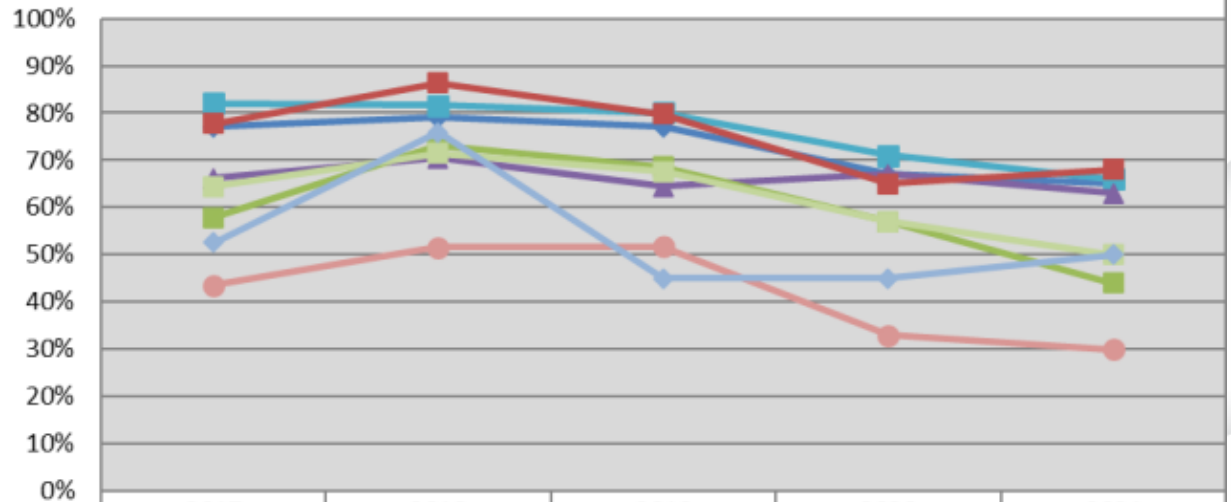
Fairview Alternative High School

- Increased 7-year graduation percentage from 2021 and significant increases from 2018.
- 5-year and 7-year graduation percentages increased however 4-year and 6-year rates decreased.
- Ranks 3rd out of 10 comparable high schools for their 7-year graduation rate.

Postsecondary Data

- Postsecondary School Enrollment
 - Developmental Course Enrollment
 - Graduates Entering the Workforce
- 
- A decorative graphic in the background of the slide. It features a light gray pencil pointing downwards and to the right, positioned above a large, light gray spiral that starts from the bottom center and curves upwards and to the right.

Enrollment in Postsecondary School



	2017	2018	2019	2020	2021
◆ All Students	77%	79%	77%	67%	65%
■ White	82%	82%	80%	71%	66%
▲ Black	66%	70%	64%	67%	63%
■ Hispanic	58%	73%	69%	57%	44%
■ Asian	78%	86%	80%	65%	68%
● Students with an IEP (SIEP)	44%	52%	52%	33%	30%
■ Free or Reduced Priced Lunch (FRP)	65%	72%	68%	57%	50%
◆ English Learner (LEP)	53%	76%	45%	45%	50%

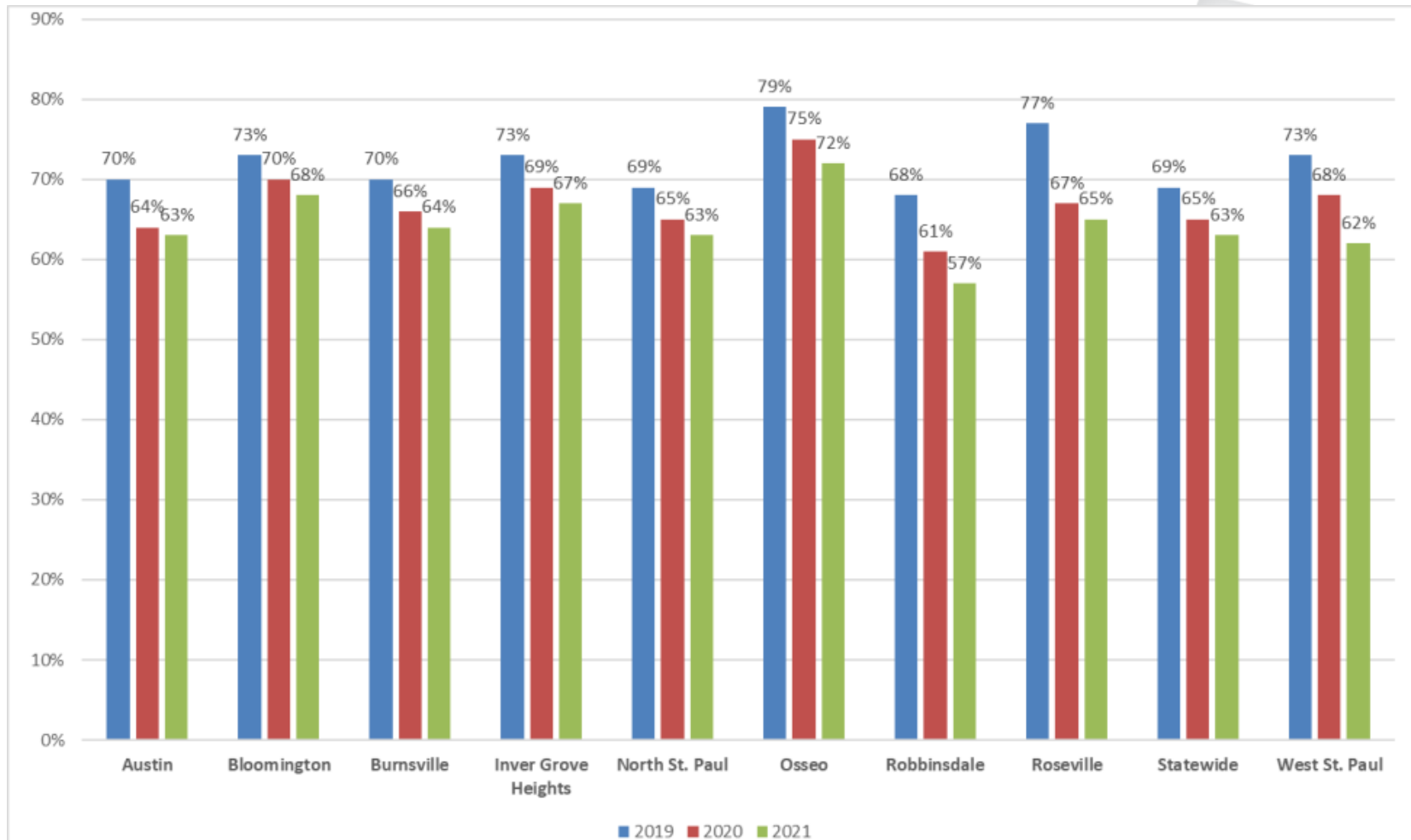
Enrollment in Postsecondary School

Number of Students	2017	2018	2019	2020	2021
All Students	370	390	386	332	344
White	228	214	217	160	154
Black	48	58	47	62	48
American Indian	*	*	*	*	*
Hispanic	26	30	35	21	34
Asian	71	88	83	85	76
Students with an IEP (SIEP)	10	17	15	14	16
Free or Reduced Priced Lunch (FRP)	102	118	115	106	91
English Learner (LEP)	10	22	*	17	28

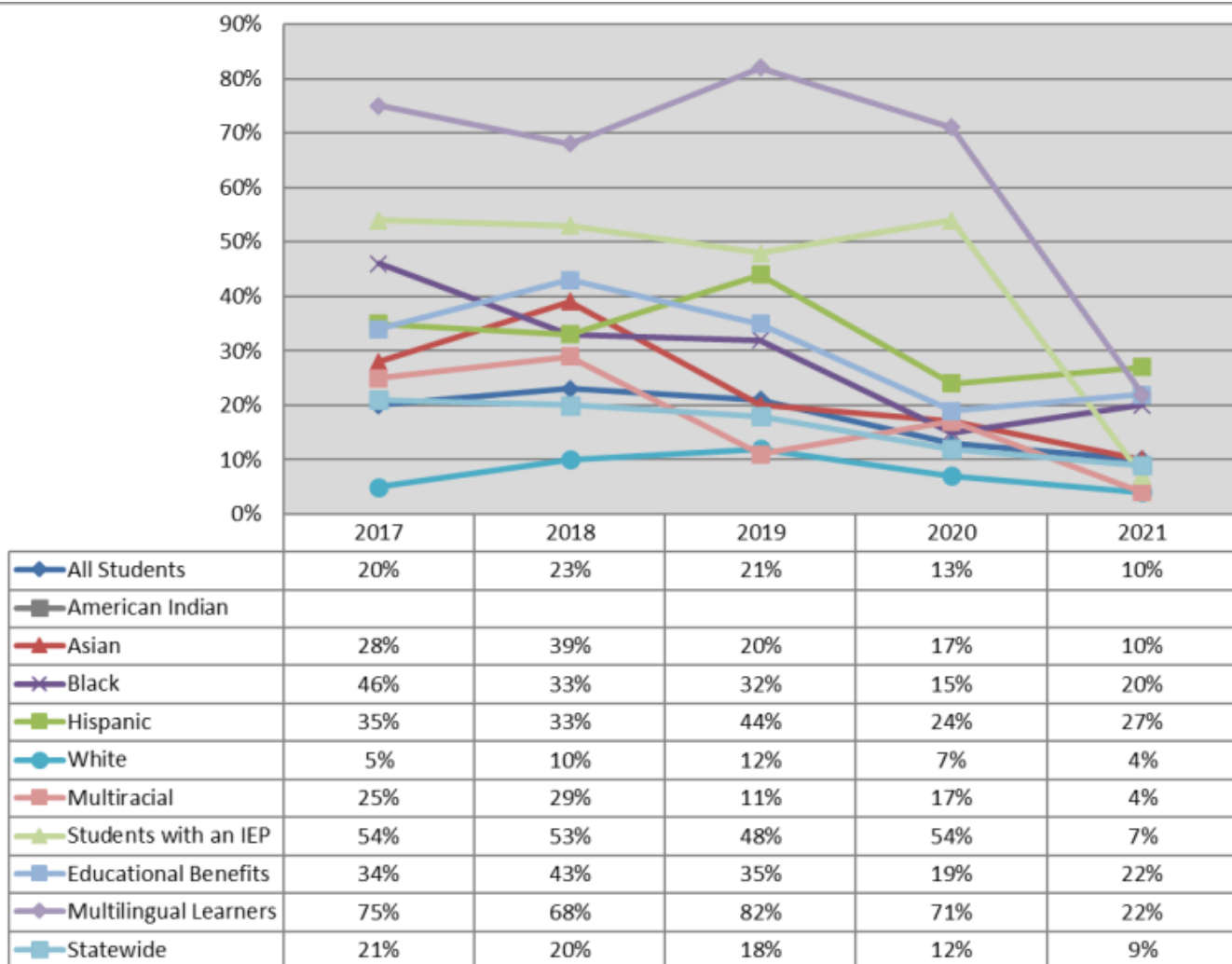
* Number of students is too small to report

Enrollment in Postsecondary School

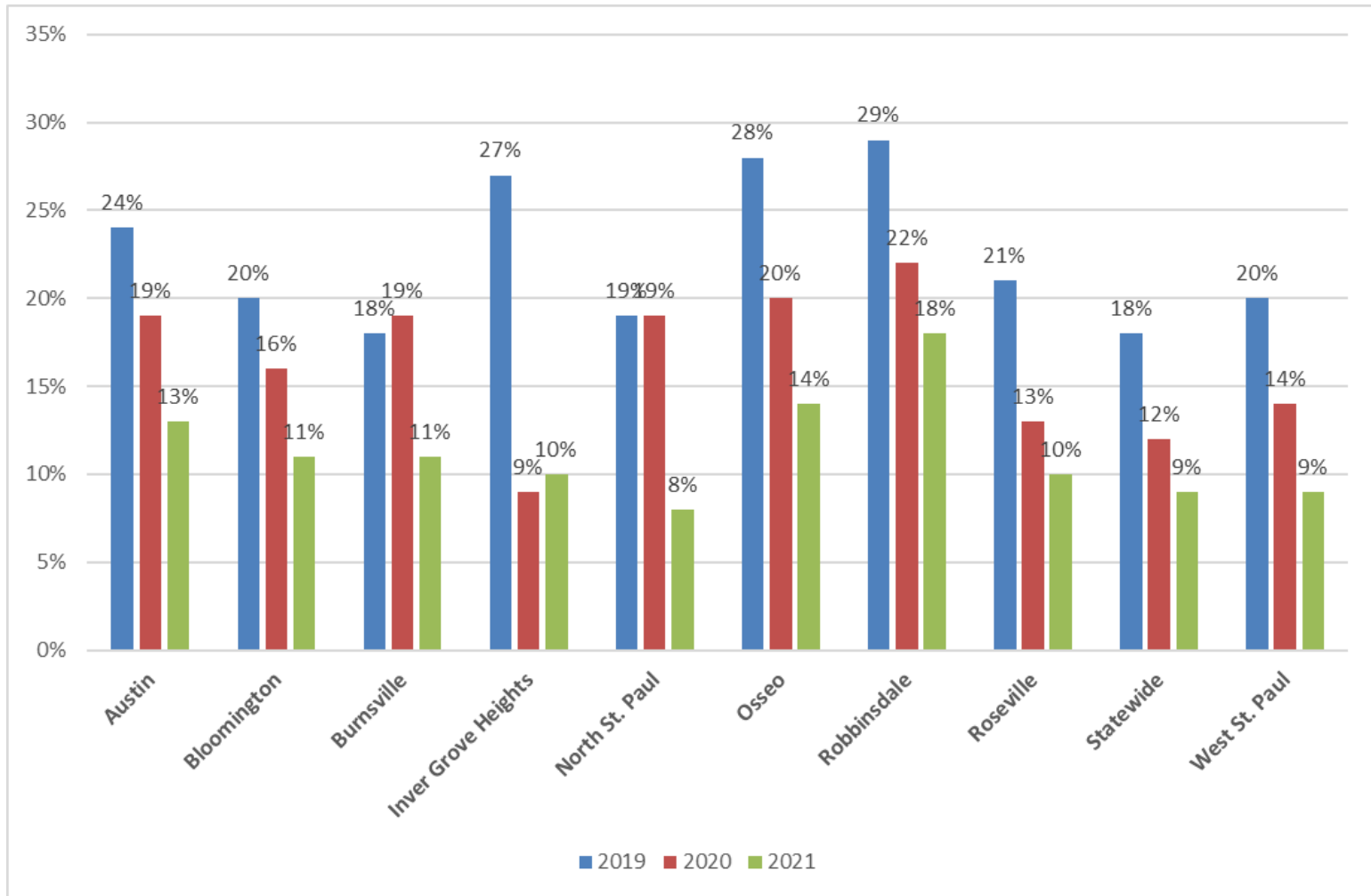
Comparable Districts



Developmental Course Enrollment

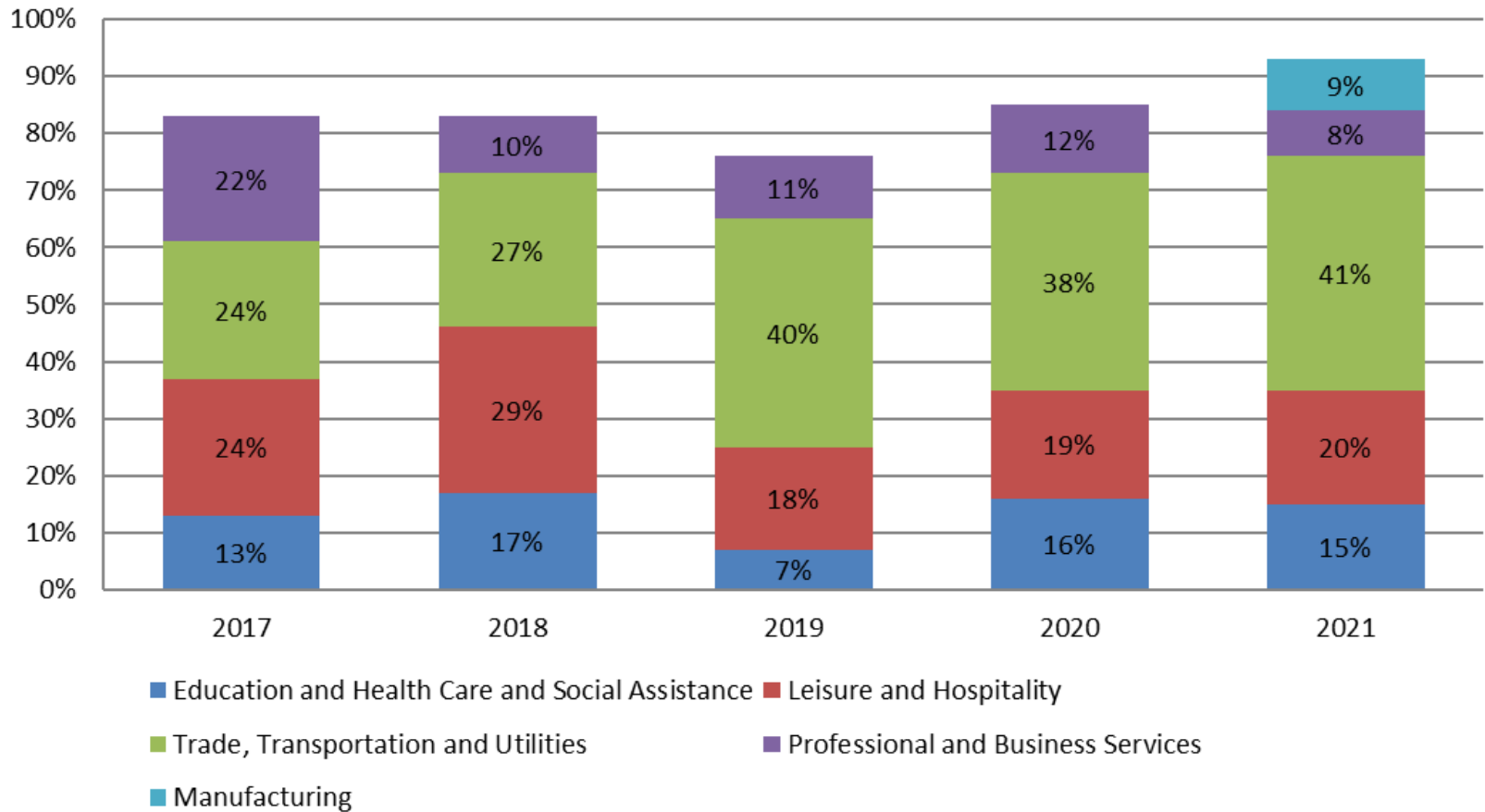


Developmental Course Enrollment- Comparable Districts

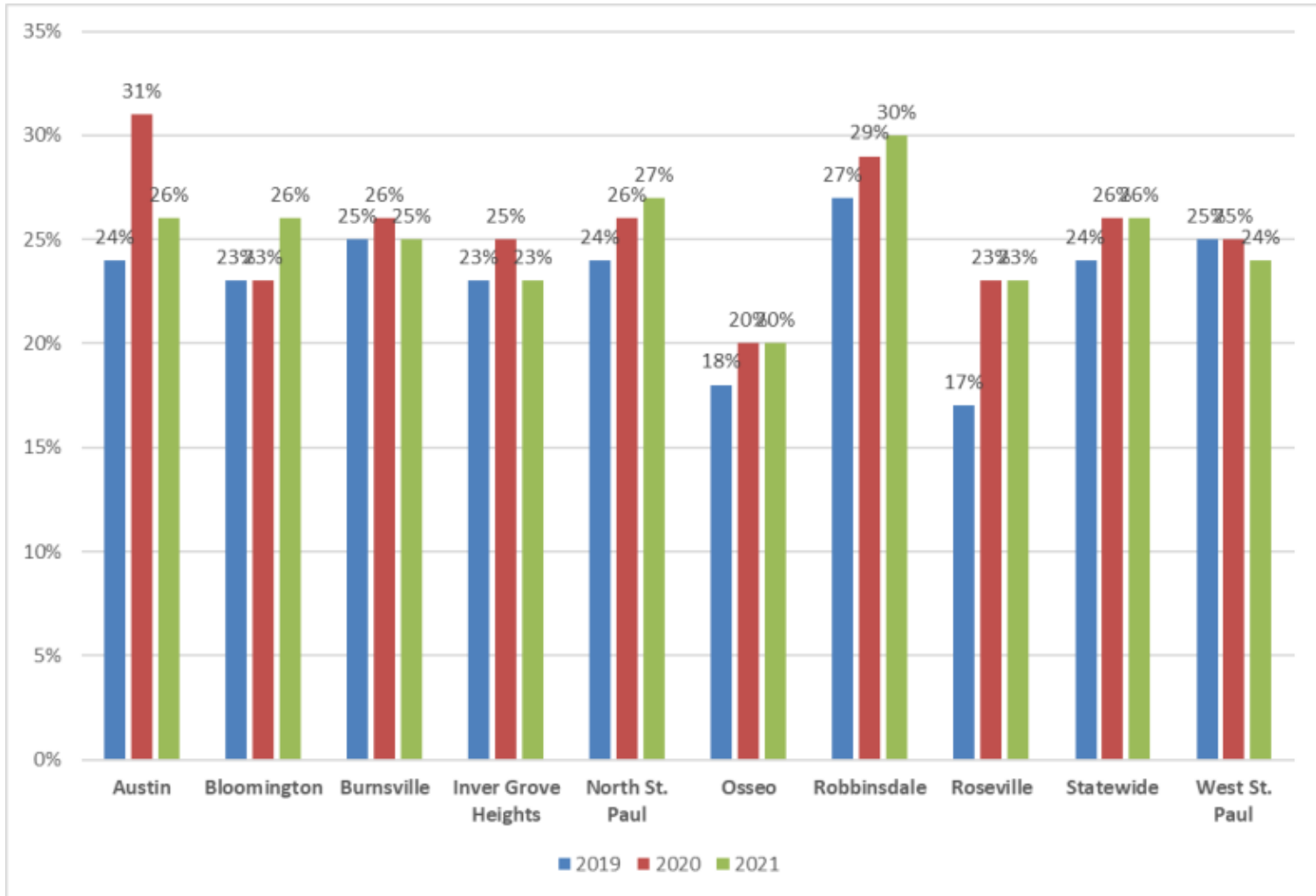


Entering the Workforce

Students Entering the Workforce after Graduation



Entering the Workforce- Comparable Districts



Entering the Workforce

Student Number by Workforce Area

	2017	2018	2019	2020	2021
Education and Health Care and Social Assistance	13	16		17	18
Leisure and Hospitality	21	27	16	20	25
Trade, Transportation and Utilities	27	29	35	40	50
Professional and Business Services	20	12		13	10
Manufacturing					11

Entering the Workforce or Postsecondary School

Comparison by Race

	2017		2018		2019		2020		2021	
	BIPOC	White	BIPOC	White	BIPOC	White	BIPOC	White	BIPOC	White
Employed	25%	14%	26%	17%	19%	14%	20%	18%	26%	20%
Enrolled in Post Secondary	63%	78%	67%	77%	71%	76%	62%	66%	59%	66%

Postsecondary Data Summary

Postsecondary School Enrollment

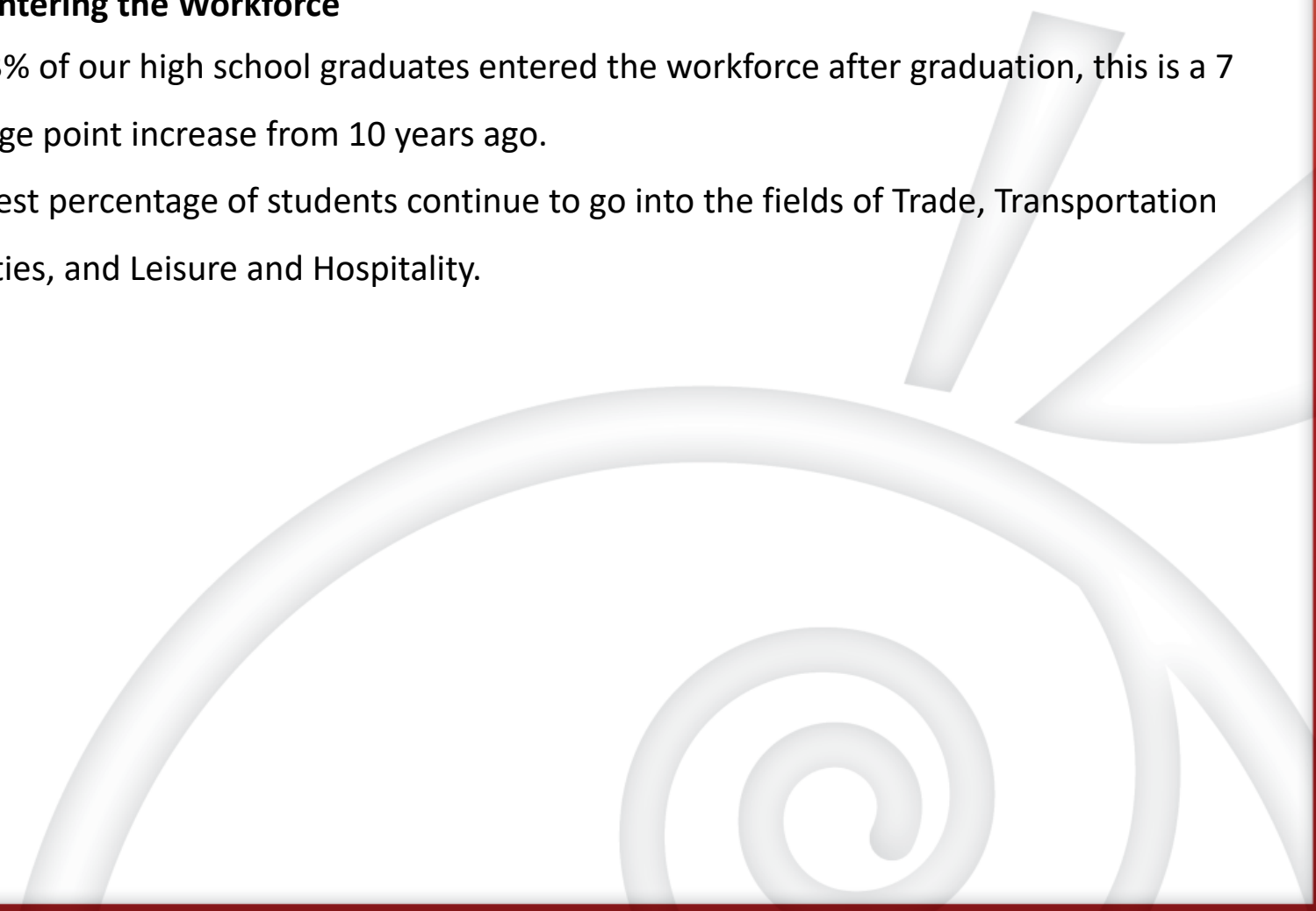
- Students attending postsecondary schools continued to decrease from 2019, all other comparable districts and the statewide average also decreased over the pandemic years.
- Asian students and Multilingual learner students increased in enrollment while all other student groups decreased.

Developmental Courses- Post Secondary Schools

- The number of students required to take developmental courses continues to decrease over time, decreasing by half since 2017.
- Decreases were seen for most student groups; however significant decreases were seen for Students with an IEP and Multilingual Learner students.

Post Secondary Data Summary

Graduates Entering the Workforce

- About 23% of our high school graduates entered the workforce after graduation, this is a 7 percentage point increase from 10 years ago.
 - The highest percentage of students continue to go into the fields of Trade, Transportation and Utilities, and Leisure and Hospitality.
- 

Questions?

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Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Agenda Item: 6b

Agenda Topic: Policy 520: Student Discipline (reviewed) First Reading
Meeting Date: May 23, 2023
Contact Person: Melissa Sonnek and Niceta Thomas

Background:

Melissa Sonnek, assistant superintendent, and Niceta Thomas, director of student services, will review Policy 520: Student Discipline. Administration is recommending no changes to the policy. This will be the first reading of the policy. The policy is reviewed annually and was last reviewed in June 2022.

Recommendation:

_____ Action Required XX Informational – No Board Action Requested

ROSEVILLE AREA SCHOOLS
Independent School District No. 623

Policy 520 – Student Discipline

1.0 General Statement of Policy

The purpose of this policy is to help all members of the school community work collaboratively to create a safe, supportive and equitable school climate through the use of positive discipline practices. Positive discipline practices utilize interventions that emphasize learning over punishment. Interventions help develop understanding, address the causes of behavior, resolve conflicts, repair the harm done, restore relationships and reintegrate students into the school community.

The school board recognizes that a positive and equitable learning environment is essential for students to thrive academically and developmentally. The school board also recognizes that individual responsibility and mutual respect are essential components of the educational process. All students are entitled to learn and develop in a setting that promotes engagement, trust, equity, and respect of self, others, and property. Proper positive discipline can only result from an equitable, supportive environment that stresses student self-direction, decision-making and responsibility.

It is the position of the school district that a fair and equitable district-wide student discipline policy is a necessity, required by both federal and state law, that will contribute to the quality of all students' educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minn. Stat. 121A.40-121A.56 and the Every Student Succeeds Act (ESSA), Pub.L.114-95.

In view of the foregoing and in accordance with Minn. Stat. 121A.55, the school board has developed this policy which governs student conduct, applies to all students of the school district, and promotes an equitable positive school climate. The policy has been developed with the participation of the school board, school district administrators, teachers, employees, students, parents/guardians, community members, and such other individuals and organizations as appropriate.

2.0 Scope and Application of Policy

This policy shall apply to all District 623 students during the regular school day, while using any form of school transportation, and while attending any school sponsored events or activities, regardless of whether they occur during the school day, before the school day, or after the school day, and regardless of whether they occur on or off school grounds.

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This policy applies to any student whose conduct interferes with or obstructs the educational mission or operations of the school district or the safety or welfare of others.

3.0 Rules of Conduct

The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be all-inclusive. The district recognizes that whenever subjective interpretation is required to determine student conduct, the possibility of bias exists. The district further recognizes that, as a result, not all students are always disciplined in the same manner. Given this, all staff will apply this policy and impose any discipline in an equitable and consistent manner.

Any student who engages in any of the following activities shall be disciplined, and in accordance to the policy.

3.1 Attendance Issues: including, but not limited to unexcused absence, tardiness, truancy, skipping classes, and leaving school grounds without permission.

3.1.1 The authority to decide whether an absence is excused rests with the building principal or his/her designee, acting according to Policy 504 “School Attendance” and Regulation 504-R.

3.1.2 If a student has an attendance issue, disciplinary action may be taken according to Policy 520, Section 4.0.

3.2 Damage to School or Personal Property

3.2.1 Vandalism: Willful damage to or destruction of school property or property of others.

3.2.2 Arson: Intentionally, by means of fire or explosives, setting fire to or burning or causing to be burned any school building, school property, or the property of any individual.

3.2.3 Breaking and Entering: Using force to gain entry into a School District building, regardless of whether a crime is actually committed.

3.2.4 Trespassing: Entering or being found in a School District building or on School District property unless the person: is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district; has permission or an invitation from a school official to be in the building; is attending a school event,

class, or meeting to which the person, the public, or a student's family is invited; or has reported the person's presence in the school building in the manner required for visitors to the school.

It is trespassing for a person to enter or be found on school property within one year after being told by the school principal or the principal's designee to leave the property and not to return, unless the principal or the principal's designee has given the person permission to return to the property.

- 3.2.5 Theft: The act of taking, using, transferring, concealing, or retaining possession of stolen property of another without his/her consent or the finding of lost property and not making reasonable effort to find the owner, including illegal copying of software or data.
- 3.2.6 Robbery: The act of taking another's personal property from the person without permission, or in the presence of another using or threatening to use imminent force against any person to overcome the person's resistance or powers of resistance to, or to compel acquiescence in, the taking or carrying away of the property.
- 3.2.7 Extortion: Obtaining property from another, with consent, induced by a wrongful use of actual or threatened force, violence, or fear.
- 3.2.8 Possession of stolen property: Receiving, possessing, transferring, buying or concealing any stolen property or property obtained by robbery, knowing or having reason to know the property was stolen or obtained by robbery.
- 3.3 Physical Assault, Violence or Fighting: Any action which is intended or which should reasonably be expected to inflict bodily harm upon, or causes injury to or otherwise endangers the health, safety or welfare of students, school district personnel or other persons.
- 3.4 Oral/Written Assault: Abusive, threatening, profane, or obscene language by a student toward a staff member or another student. This act may include conduct that degrades people because of perceived or actual race, religion, gender, gender identity, national origin, abilities, sexual orientation, socioeconomic status, home or first language, age or other personal or physical characteristics.
- 3.5 Sexual Harassment/Sexual Violence
 - 3.5.1 Sexual Harassment: Unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other verbal or physical conduct or communication of a sexual nature.

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3.5.2 Sexual Violence: Physical act of aggression or force or threat thereof that involves the touching of another's intimate parts, either above or underneath the other person's clothes, or forcing another to touch one's intimate parts, either above or underneath one's clothes. Intimate parts, as defined in Minnesota Statutes Section 609.341, includes the primary genital area, groin, inner thigh, buttocks, or breast of a human being. Sexual violence is a criminal activity. Sexual violence may include, but is not limited to: touching, patting, grabbing, or pinching another person's intimate parts, either same sex or opposite sex; coercing or forcing sexual touching on another; coercing or forcing sexual intercourse on another; threatening to force sexual touching or intercourse on another.

3.6 Threats and Disruptions:

3.6.1 Dangerous Threats: Threats to school operations or school activities, including but not limited to the reporting of dangerous or hazardous situations that do not exist.

3.6.2 School Disruptions: Disturbance or interruption of the peace, functioning or order of the school or school-sponsored activities.

3.6.3 Possessing/viewing/distributing obscene or pornographic material: Possessing, viewing, and/or distributing any book, magazine, pamphlet, paper, writing, card, advertisement, circular, print, picture, photograph, motion picture film, videotape, script, image, instrument, statue, drawing, or other article which, taken as a whole, appeals to the prurient interest in sex and depicts or describes in a patently offensive manner sexual conduct and which, taken as a whole, does not have serious literary, artistic, political, scientific or educational value.

3.6.4 Gambling: A risking of money or other property between two or more persons on a contest of chance of any kind, where one must be the loser and the other the gainer.

3.6.5 Hazing (See Policy 544): Committing an act against a student, or coercing a student into committing an act, that creates a substantial risk of harm to a person in order for the student to be initiated into or affiliated with a student organization.

3.6.6 Possession and/or distributing slanderous libelous materials: Possessing and/or distributing any writing, document, or other form of communication containing knowingly false statements about an individual(s).

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- 3.6.7 Falsifying or tampering with records or documents: Deliberately altering or changing School District records or documents without proper authorization or creating documents having the appearance of official School District records or documents without proper authorization.
 - 3.6.8 Academic dishonesty: Any action taken with the intention of obtaining credit for work which is not one's own which includes, but is not limited to: submitting another student's work as one's own work; obtaining or accepting a copy of tests, test questions, test answers or scoring devices; copying from another student's test or computer file, or allowing another student to copy during a test or computer program; using materials which are not permitted during a test; plagiarizing (presenting as one's own material copied without adequate documentation from a published source); copying or having someone other than the student prepare the student's homework, paper, project, laboratory report, computer program, or take-home test for which credit is given; permitting another student to copy, or writing another student's homework, project, report, paper, computer program, or take-home test accessing restricted computer files without teacher authorization; copying materials, including computer software, in violation of the copyright law.
 - 3.6.9 Misuse of School District technology: Using School District technology, including but not limited to: computers, networks, telephones, cameras, e-mail, voice mail, and printers) in a manner that violates the School District's "Acceptable Use Policy (Policy 400)".
- 3.7 Use/Possession/Distribution of Dangerous, Harmful, and Nuisance Substances and Articles:
- 3.7.1 Alcohol: Use, possession, distribution, or being under the influence of alcoholic beverages (Refer also to Policy 404 "Chemical Use and Abuse: Students and Staff").
 - 3.7.2 Drugs: Use, possession, distribution, or being under the influence of illegal drugs, controlled substances or "look-a-like" substances, except as prescribed by a physician. (Refer also to Policy 404 "Chemical Use and Abuse: Students and Staff"). Sharing prescription medications with others and the misuse of prescription and/or over-the-counter medications. Use, possession and/or distribution of drug paraphernalia.

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- 3.7.3 Tobacco and Tobacco Paraphernalia: Use, possession or distribution is prohibited (Refer also to Policy 404 “Chemical Use and Abuse: Students and Staff”).
- 3.7.4 Harmful or Nuisance Articles: Use or possession of articles that are nuisances, illegal, or that may cause harm to persons or property.
- 3.7.5 Gun-Free Schools/Gun-Free Schools Act.

Any student who is determined to have brought a firearm (as that term is used in the Gun Free Schools Act of 1994 and defined in Section 3.7.5.2 and 3.7.5.3 below) to school, to a school-sponsored activity, or onto school property (see Section 2.0), will be expelled for a period of one calendar year. This policy may be modified by the Superintendent on a case-by-case basis.

3.7.5.1 Definitions:

For purposes of this Section on Gun-Free Schools only, the following terms have the designated meaning:

3.7.5.2 “Firearm” includes:

- 3.7.5.2.1 any firearm (including a starter gun) which will or is designed to or may readily be converted to expel a projectile by the action of any explosive;
- 3.7.5.2.2 the frame or receiver of any such firearm;
- 3.7.5.2.3 any firearm muffler or firearm silencer; or
- 3.7.5.2.4 any destructive device.

3.7.5.3 “Destructive device” means:

- 3.7.5.3.1 any explosive, incendiary, or poison gas including –
 - 3.7.5.3.1.1 bomb,
 - 3.7.5.3.1.2 grenade,

- 3.7.5.3.1.3 rocket having a propellant charge of more than four ounces,
- 3.7.5.3.1.4 missile having an explosive or incendiary charge of more than one-quarter ounce,
- 3.7.5.3.1.5 mine, or
- 3.7.5.3.1.6 device similar to any of the devices described in the preceding clauses;

3.7.5.3.2 any type of weapon by whatever name known which will, or which may be readily converted to, expel a projectile by the action of an explosive or other propellant, and which has any barrel with a bore of more than one-half inch in diameter; and

3.7.5.3.3 any combination of parts either designed or intended for use in converting any device into any destructive device described above and from which a destructive device may be readily assembled.

3.7.6 Weapons

Possession of weapons, as that term is defined in Section 3.7.6.1 below, in school, on school grounds (see Section 2.0) and at school-sponsored activities, is prohibited.

3.7.6.1 Definitions

“Weapons” means any firearm, whether loaded or unloaded, any device designed as a weapon or through its use capable of threatening or causing bodily harm or death; or any device or instrument which is used to threaten or cause bodily harm or death. Examples include but are not limited to: guns (including airguns, pellet guns, BB guns, look-alike guns such as water pistols or toys that could reasonably be mistaken for real, and non functioning guns that could be used to threaten others), knives or other blades, clubs, metal knuckles, numchucks,

throwing stars, explosives, fireworks, mace and other propellants, stunguns, ammunition. ISD 623 prohibits the possession or distribution of ammunition (such as bullets), fireworks, lighters and matches. The School District also prohibits items that are generally used for other purposes (e.g. scissors, belts, keys, files) from being used to threaten or inflict bodily harm. Such objects used in that manner will be treated as possession and use of a weapon.

3.7.6.2 Procedures. Any student possessing a weapon in violation of Section 3.7.6.1, whether the weapon is on the student's person, among the student's immediate possessions (book bag, purse, instrument case, etc.), in the student's locker, or in the student's vehicle, shall be subject to the following procedures:

3.7.6.2.1 The School District may refer the matter to local law enforcement officials.

3.7.6.2.2 The administration will evaluate the situation and make a recommendation for the student's re-admittance to school, or exclusion or expulsion. Where a student violates this policy through possession of an instrument which constitutes a "weapon" under the Gun-Free Schools Act, (see Section 3.7.5 above), the School District will adhere to that Act's expulsion provisions.

3.8 Failure to provide adequate identification upon request of a staff member.

3.9 Insubordination: Refusal to comply with rules or directions of a staff member.

3.10 The violation of any Federal, State, or local law, which has an effect on the discipline or general welfare of the school.

3.11 Conduct which interferes with or obstructs the educational mission, operations, or functions of the school district or is an actual or potential risk to the safety or welfare of others.

3.12 Violation of school bus or transportation rules.

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3.13 Violation of parking or school traffic rules and regulations.

3.14 Violation of guidelines relating to school lockers.

3.15 Dress code violations.

4.0 Disciplinary Action

4.1 The general policy of the school district is to utilize a preventative and positive approach to discipline aimed at creating a safe and quality learning environment for students, characterized by: understanding and addressing the underlying function of behavior; resolving conflicts and repairing harm; teaching appropriate replacement behaviors; restoring relationships in the school community; and reintegrating students into the school community. Disciplinary action for acts of unacceptable behavior may include any or all of the following, but are not limited to the following. The building administrator and/or school district administrator will exercise his or her professional judgment in determining appropriate consequence(s) or disciplinary action(s).

4.1.1 Re-teach the behavioral expectations

4.1.2 Provide a reflective activity

4.1.2.1 Student/teacher/administrator conferences

4.1.2.2 Mediation, conflict resolution and/or restorative practices

4.1.2.3 Recurring check-ins

4.1.3 Parent/Guardian conference

4.1.4 Referral to behavioral intervention assistance team and/or in-school support services

4.1.5 Implementation of a behavioral contract

4.1.6 Instruction in social-emotional skills

4.1.7 Removal from class and/or before or after school event

4.1.8 Suspension from extra-curricular activities

4.1.9 In-school monitoring

4.1.10 Consequences according to the bylaws and rules of the Minnesota State High School League

4.1.11 Loss of school privileges

4.1.12 Modified school program/schedule

4.1.13 In-school suspension

4.1.14 Referral to community service or outside agency services

4.1.15 Restitution

4.1.16 Suspension under Pupil Fair Dismissal Act

4.1.17 Expulsion under Pupil Fair Dismissal Act

4.1.18 Exclusion under Pupil Fair Dismissal Act

4.1.19 Reference to diversion program

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4.1.20 Reference to police or other law enforcement agencies for criminal action

4.1.21 Petition County Court for juvenile delinquency adjudication

4.2 Removal from Class:

4.2.1 The classroom teacher shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, imposing classroom level consequences, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any action taken by a teacher, principal, or other school district employee to prohibit a pupil from attending a class pursuant to procedures established in the school district discipline policy adopted by the School Board.

4.2.2 Grounds for removal from class

(a) Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with the teacher's ability to teach or communicate effectively with students in class or with the ability of other students to learn;

(b) Willful conduct that endangers surrounding persons, including School District employees, the student or other students, or the property of the school;

(c) Willful violation of any rule of conduct specified in the discipline policy adopted by the School Board.

4.2.3 Procedures for removal of student from class

4.2.3.1 Subject to federal and state laws governing the rights of children with disabilities, the teacher may remove a student from the class and require the student to go to a designated classroom for up to one hour or one class period, whichever is greater. The teacher must immediately notify the teacher assigned to the designated classroom. Upon arrival, the student becomes the responsibility of the designated teacher.

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4.2.3.2 Subject to federal and state laws governing the rights of children with disabilities, the teacher may remove a student from the class and require the student to go to the school office or a school behavior support room. The teacher must immediately notify the principal or designee. Upon arrival at the school office or school behavior support room, the student becomes the responsibility of the principal or designee.

A student must be removed from class immediately if the student engages in assault or violent behavior. “Assault” is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another.

4.2.3.3 The removal in 4.2.3.2 shall include an informal administrative conference with the student conducted by the principal or designee.

4.2.3.4 The length of time of the removal in 4.2.3.2 shall be at the discretion of the principal or designee after consultation with the teacher. For a violation of a rule of conduct the removal shall not exceed five hours or five class periods within a given school day without notice of suspension.

If a student is removed from class more than ten (10) times in a school year, the school district shall notify the parent or guardian of the student’s tenth removal from class and make reasonable attempts to convene a meeting with the student’s parent or guardian. The student may be referred to the building problem-solving team to determine whether it is appropriate to refer the student for assessment as to whether the student is qualified for Special Education services or in need of other services. The current Individualized Education Program (IEP) or Section 504 plan may also be referred for review.

4.2.3.5 To the extent funds are available, the School District will coordinate with the County Board responsible for implementing the “Minnesota Comprehensive Children’s Mental Health Act” for crisis services for students with a serious emotional disturbance or other

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students who have an Individual Education Plan and who may benefit from crisis intervention.

4.2.3.6 The School District shall make appropriate referrals for chemical abuse problems of a student while on school premises, as set forth in Policy 404.

4.2.3.7 Students removed from class will be assigned to a location within the School District under supervision by School District personnel. The student's activities during the period of removal will be at the discretion of School District staff. Student removal shall be documented and reported to the school building principal.

4.2.4 Procedures for Return of Student to Class

A student shall be returned to class upon completion of the terms of removal established at the informal administrative conference.

4.3 "Dismissal" is the denial of the student's current educational program, including suspension, exclusion, and expulsion. Dismissal shall be imposed in accordance with the Minnesota Pupil Fair Dismissal Act of 1974, as amended.

4.3.1 "Expulsion" is a School Board action to prohibit an enrolled student from further attendance for up to twelve (12) months from the date the student is expelled.

4.3.2 "Exclusion" is an action of the School Board to prevent the enrollment or re-enrollment of a student in school for a period that shall not exceed beyond the school year.

4.3.3 "Suspension" is an action by the School Administration, under rules promulgated by the School Board, prohibiting a student from attending school for a period of no more than ten (10) days, except for suspensions pending expulsion, which may be a maximum of fifteen days for a student without an IEP. The Superintendent of Schools will be apprised of the reasons for suspensions exceeding five (5) days. Dismissal from school for one school day or less, except as provided in applicable federal and state law governing students with disabilities, does not constitute a suspension.

4.3.4 The suspension procedure in each school shall be in accord with the Minnesota Pupil Fair Dismissal Act, including administrative conference and written notice and service of suspension.

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- 4.3.5 If a student's total days of suspension, expulsion, or exclusion exceeds ten (10) cumulative days in a school year, the School District shall make reasonable attempts to convene a meeting with the student and his/her parents/guardians prior to subsequent dismissal, and offer to assist in arranging a mental health screening for the student, at parent/guardian expense.
- 4.3.6 In the case of a student with a disability who has an Individualized Education Plan, the team will convene a Manifestation Determination meeting to review the relationship between the student's disability and the behavior subject to suspension or other removal; and determine the appropriateness of the student's education plan, if: (a) the parent requests a meeting; or (b) the student's total days of removal from his/her placement during the school year exceeds ten (10) cumulative days.
- 4.4 Parents or guardians shall be notified of the rules of conduct and disciplinary policy. Each school shall have a written procedure describing when and how parents or guardians will be notified. Such notification shall be distributed to parents or guardians by the end of the first month of the school year.
- 4.5 Individual schools shall develop their own procedures for handling disciplinary referrals.
 - 4.5.1 Parents or guardians will be encouraged to assist school personnel in attempts to improve a student's behavior. The School District encourages early detection of discipline problems and shall involve communication between the parent or guardian and school personnel, to the extent possible.
 - 4.5.2 School building procedures must be consistent with the Minnesota Pupil Fair Dismissal Act and School District policies.
- 4.6 When considering expulsion or exclusion, school building administrators will review a student's record to determine whether the student is entitled to procedural safeguards under the IDEA or Section 504 of the Rehabilitation Act. A student with a disability receiving special education services under the Individuals with Disabilities Education Act (IDEA) may not be excluded or expelled for behavior which has been determined to be a manifestation of the disabling condition for which the services are provided. Parents are included in the process of such determination, as required under state and federal law.

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- 4.7 A party to an expulsion or exclusion decision made by the School Board may appeal the decision to the Commissioner of the Department of Education within twenty-one (21) calendar days of School Board action pursuant to Minnesota Statutes § 121A.49. The decision of the School Board shall be implemented during the appeal to the Commissioner.
- 4.8 Students shall be provided alternative educational services to the extent that a dismissal (suspension, expulsion or exclusion) exceeds five (5) school days. The specific alternative educational services are at the discretion of the School District and may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instructions through electronic media, special education services, as indicated by appropriate assessment, home bound instruction, supervised homework, or enrollment in another district or in an alternative learning center.

5.0 Searching Students and Their Property

5.1 Personal Possession Searches

The personal possessions of students whether on their person, in backpacks, in desks, lockers or cars parked in the school parking lot may be subject to a reasonable search when the School District has a reasonable, individualized suspicion that evidence will be produced showing that the student violated the law or school rules.

- 5.2 School lockers and desks are the property of the School District. At no time does the School District relinquish its exclusive control of lockers provided for the convenience of students. Inspection of the interior of lockers may be conducted by school authorities for any reason, at any time, without notice, without student consent, and without a search warrant. The personal possessions of students within a school locker may be searched only when school authorities have a reasonable suspicion that the search will uncover evidence of a violation of the law or school rules. As soon as practicable after the search of a student's personal possessions, school authorities must provide notice of the search to students whose lockers were searched unless disclosure would impede an ongoing investigation by police or school officials.

6.0 Policy Considerations

6.1 Review of Policy

- 6.1.1 A district committee that includes administrators, teachers, support staff, and parents or guardians will confer annually to review this policy and the building procedures to determine if the policy is

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working as intended; any recommended changes to the policy shall be submitted to the Superintendent of Schools for consideration by the School Board (Minnesota Statute 121A.65). The School Board will conduct an annual review of the policy.

- 6.2 Copies of this policy and The Pupil Fair Dismissal Act of 1974 as amended shall be posted annually during the first month of the school year at a location of which parents or guardians/students are notified. Hard copies of this policy will be made available in the principal's office upon request.
- 6.3 Nothing in this policy is intended to conflict with The Pupil Fair Dismissal Act of 1974.

7.0 Corporal Punishment

- 7.1 Definition. Corporal punishment means conduct involving:
 - 7.1.1 Hitting or spanking a person with or without an object
 - 7.1.2 Unreasonable physical force that causes bodily harm or substantial emotional harm
- 7.2 Prohibition. An employee or agent of a public school district shall not inflict corporal punishment or cause corporal punishment to be inflicted upon a pupil to reform unacceptable conduct or as a penalty for unacceptable conduct.
- 7.3 A school principal, teacher, or other School District employee, school bus driver, or other agent of the School District may use reasonable force when necessary under the circumstances to restrain a student or prevent bodily harm or death.

8.0 Notification of Policy Violations

The school district must report, through the MDE electronic reporting system, each physical assault of a school district employee by a student within thirty (30) days of the assault. This report must include a statement of the alternative educational services or other sanction, intervention, or resolution given to the student in response to the assault and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include all elements required by law or the MDE, such as the student's age, grade, gender, race, and special education status.

Approved: 06/28/84
Revised: 03/13/86

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11/10/87
10/25/88
02/13/90
06/25/91
05/26/92
10/26/95
06/22/99
03/24/09
10/11/16
06/27/17
Reviewed: 06/12/18
Revised: 06/11/19
Reviewed: 06/08/21
06/14/22



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Agenda Item: 6c

Agenda Topic: Policy 810: Distribution of Materials (reviewed) First Reading
Meeting Date: May 23, 2023
Contact Person: Carrie Ardito

Background:

Carrie Ardito, director of communications, will review Policy 810: Distribution of Materials as part of our policy review cycle. Administration is recommending no changes to the policy. This will be the first reading of the policy. The policy was adopted in February 2015.

Recommendation:

_____ Action Required XX Informational – No Board Action Requested

ROSEVILLE AREA SCHOOLS
Independent School District No. 623

Policy 810 – Distribution of Materials on School District Property by Non-district Persons

1.0 Purpose

The purpose of this policy is to provide procedures for distribution of materials appropriate to the school setting by non-staff and non-students on school property in a reasonable time, place, and manner and that does not disrupt the educational program nor interfere with the educational objectives of the school district.

2.0 General Statement of Policy

The school district intends to provide a method for non-district persons and non-district organizations to distribute materials to staff or students, appropriate to the school setting, within the limitations and provisions of this policy.

3.0 Definitions

3.1 "Distribution" means circulation or dissemination of materials by means of handing out free copies, selling or offering copies for sale, accepting donations for copies, posting or displaying materials, or placing materials in internal staff or student mailboxes.

3.2 "Libelous" is a false and unprivileged printed, written, or otherwise preserved statement about a specific individual that tends to harm the individual's reputation or to lower him or her in the esteem of the community.

3.3 "Materials" includes all materials and objects intended by non-district persons or non-district organizations for distribution. Examples of non-district-sponsored materials include but are not limited to leaflets, brochures, buttons, badges, flyers, petitions, posters, underground newspapers whether written by students, employees or others, and other tangible objects. Materials include those distributed in print and electronically.

3.4 "Material and substantial disruption" of a normal school activity means:

3.4.1. where the normal school activity is an educational program of the school district for which student attendance is compulsory, "material and substantial disruption" is defined as any disruption, which interferes with or impedes the implementation of that program.

3.4.2 where the normal school activity is voluntary in nature (including school athletic events, school plays and concerts, and lunch periods) "material and substantial disruption" is defined as a student rioting, unlawful seizures of property, conduct inappropriate to the event, participation in a school boycott, demonstration, sit-in, stand-in, walk-out, or other related forms of activity.

In order for expression to be considered disruptive, specific facts must exist where the likelihood of disruption can be forecast, including past experience in the school, current events influencing student activities and behavior, and instances of actual or threatened disruption relating to the written material in question.

- 3.5 "Minor" means any person under the age of eighteen (18).
- 3.6 "Non-district persons" means any person who is not currently enrolled as a student in or employed by the School District.
- 3.7 "Non-district organization" means an organization that is not sponsored or supported by the school district.
- 3.8 "Obscene to minors" means:
- 3.8.1 The average person, applying contemporary community standards, would find that the material, taken as a whole, is designed to appeal to the prurient interest of minors of the age to whom the distribution is requested;
- 3.8.2 The material depicts or describes, in a manner that is patently offensive to prevailing standards in the adult community concerning how such conduct should be presented to minors of the age to whom distribution is requested, sexual conduct such as intimate sexual acts (normal or perverted), masturbation, excretory functions, and lewd exhibition of the genitals; and
- 3.8.3 the material, taken as a whole, lacks serious literary, artistic, political, or scientific value for minors.
- 3.9. "School activities" means any activity sponsored by the school, including but not limited to classroom work, library activities, physical education classes, official assemblies and other similar gatherings, school athletic contests, band concerts, school plays, other theatrical productions, school opening/dismissal time, and in-school lunch.

4.0 Guidelines

Non-district persons and non-district organizations may, within the provisions of this policy, be granted permission to distribute, at reasonable times, manner, and places as determined by the school district, materials and objects that are appropriate to the school setting.

Permission for non-district persons and non-district organizations to distribute materials on school district property is a privilege and not a right. In making decisions regarding permission for such distribution, the administration will consider factors including, but not limited to, the following:

1. whether the material is educationally related;
2. the extent to which the distribution is likely to cause disruption of or interference with the school district's educational objectives, discipline, or school activities;
3. whether the materials can be distributed from the office or other isolated location so as to minimize disruption of traffic flow in hallways;
4. the quantity or size of materials to be distributed;
5. whether the distribution would require assignment of school district staff, use of school district equipment, or other resources;
6. whether the distribution would require that non-district persons be present on the school grounds;
7. whether the materials are a solicitation for goods or services not requested by the recipients.

5.0 Prohibitions

Requests for distribution of materials will be reviewed by the administration on a case-by-case basis. However, distribution of the following materials is always prohibited. Material is prohibited that:

1. is obscene to minors;
2. is libelous;
3. is pervasively indecent or vulgar or contains any indecent or vulgar language or representations, with a determination made as to the appropriateness of the material for the age level of students to which it is intended;

4. advertises any product or service not permitted to minors by law;
5. advocates violence or other illegal conduct;
6. constitutes insulting or fighting words, the very expression of which injures or harasses other people (e.g., threats of violence, defamation of character or of a person's race, religious, or ethnic origin);
7. presents a clear and present likelihood that, either because of its content or the manner of distribution, it will cause a material and substantial disruption of the proper and orderly operation and discipline of the school or school activities, will cause the commission of unlawful acts or the violation of lawful school regulations.

6.0 Time, Place and Manner of Distribution

If permission is granted pursuant to this policy for the distribution of any materials, the time, place and manner of distribution will be solely within the discretion of the administration consistent with the provisions of this policy.

7.0 Violation of Policy

Violations of this policy will result in the halting of behavior, issuing directives to cease and desist, leave the school district premises immediately and if necessary, referral to the police.

Adopted: 2/24/2015



Agenda Topic: 2021-2022 Audit Acceptance
Meeting Date: May 23, 2023
Contact Person: Shari Thompson

Background:

The annual audit for the fiscal year ended June 30, 2022, has been completed by the auditing firm CliftonLarsonAllen LLP.

Upon acceptance, the following reports related to the audit for the period ending June 30, 2022, will be posted to the district website at <https://www.isd623.org/services/business-services>:

- Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2022
- Executive Audit Summary and Management Report, June 30, 2022
- Schedule of Expenditures of Federal Awards and Other Required Reports, June 30, 2022

The district ended the year with an unassigned general fund balance of \$3,382,553 compared to \$3,124,293 on June 30, 2021. The ending unassigned fund balance represents 2.88 percent of general fund expenditures. School board policy has set a goal to maintain a minimum general fund balance of 3 percent of the annual budget, and this balance falls slightly below those parameters.

The Food Service fund balance increased during the year by \$1,804,585 to \$3,557,074. Most of this increase is a result of Nutrition Services providing meals to students through the temporary USDA-sponsored programs during the COVID-19 pandemic. This program ended effective June 30, 2022. Nutrition Services continues to use a portion of its revenue to replace worn-out equipment while maintaining a fund balance. This fund balance allows the district to make a larger investment in our equipment replacement and to provide one-time bonus retention pay to Nutrition Services staff for continued service. Both USDA and MDE require Nutrition Services programs to have a spending plan so they do not have an "excessive" fund balance.

The Community Service fund balance increased by \$474,093 during this same period for a final year-end balance of \$1,718,873 and a fund balance of 22.8 percent of total expenditures, bearing in mind that many reserve accounts make up this fund. The majority of the Community Service revenues are programming fees.

The Capital Projects or Construction fund balance ended the year with a fund balance of \$26,279,833. This fund is currently used to finance specific building projects funded by the bond referendum that was approved by voters in November 2017, as well as long-term



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Agenda Item: 7a

facilities maintenance (LTFM) projects totaling \$2,000,000 or more per project that improve the structural integrity of aging district facilities.

The Debt Service fund includes both a regular debt service fund that is used to pay off principal and interest of bonds issued in prior years for building construction and improvements and an account for Other Post-Employment Benefit (OPEB) bonds. The combined debt service fund ended with a fund balance of \$2,543,500. The balance is adequate to meet the district's short-term debt obligations.

Attached is a copy of the Executive Audit Summary and Comprehensive Annual Financial Report.

Recommendation:

It is recommended that the school board accept the 2021-2022 Financial Statements and Supplemental Information for Fiscal Year Ending June 30, 2022.

XX Action Required

_____ Informational – No Board Action Requested



Roseville Area Schools

1251 County Road B2 West • Roseville, MN 55113
PHONE 651-635-1600 • FAX 651-635-1659 • www.isd623.org

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2022

Mission:

Quality Teaching and Learning for All... Equity in All We Do!

INDEPENDENT SCHOOL DISTRICT 623

Roseville Area Schools

Roseville, Minnesota

Quality Teaching & Learning for All...Equity in All We Do

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ROSEVILLE, MINNESOTA**

YEAR ENDED JUNE 30, 2022

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

**SHARI THOMPSON
DIRECTOR OF BUSINESS SERVICES**

**DENISE STOOS
ACCOUNTING SERVICES COORDINATOR**

**KATHY ENGLUND
DISTRICT ACCOUNTANT**

**POLLY LUTZKA
ACCOUNTS PAYABLE**

**LAURA GARNJOBST
ACCOUNTS RECEIVABLE**

**PEGGY SEPION
PAYROLL**

**MAUREEN WILLET
PAYROLL**

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
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INTRODUCTORY SECTION



Roseville Area Schools

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May 10, 2023

FISCAL YEAR 2022
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

To: Independent School District No. 623 – Roseville Area Schools School Board Members and Citizens

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 623 – Roseville Area Schools (the District) for the fiscal year ended June 30, 2022, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022. The District is required to undergo an annual Single Audit in conformity with the provisions of the U.S. Office of Management and Budget’s Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District’s organizational chart, and a list of principal officials. The financial section includes the management’s discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information, as well as the independent auditor’s report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

District Center • 1251 County Rd B2 West • Roseville, MN 55113-3299
PHONE 651/635-1600 • FAX 651/635-1659 • www.isd623.org

Roseville Area School District 623 is an equal opportunity affirmative action educator and employer, committed to a culturally diverse workforce.

PROFILE OF THE DISTRICT

The District was incorporated in 1949 and serves portions of seven suburban communities on the north edge of the Minneapolis/St. Paul metropolitan area. The District enrolled 7,227 students in fiscal year (FY) 2022 from a population of 58,239 citizens residing in a 21.65 square mile area. The District encompasses the cities of Arden Hills, Falcon Heights, Little Canada, Lauderdale, Maplewood, Roseville, and Shoreview.

The District is governed by an elected six-member School Board. The seated School Board consists of six members who are elected at large in odd-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

Roseville Area Schools offer four option schools. The first is Parkview Center School offering a kindergarten through eighth grade model. The second is our Spanish Dual Language Immersion Program at Little Canada Elementary. The goal of Dual Language Immersion programs is to create bi-lingual, bi-literate, multi-cultural students who are better prepared for success in the ever-expanding global community. The third is our year-round school, Harambee Elementary, with a focus on Environmental Science and Community Cultures. Last is the SPARK Program at Central Park Elementary which focuses on Science, Technology, Engineering, Arts and Math.

The District's students reflect the global community, coming from homes where 91 dialects or languages other than English are spoken. Diverse demographics contribute to rich, real-life learning environments that prepare students for the 21st century workplace.

Gifted education programs serve the academic, social, and emotional needs of gifted/talented learners.

Co-curricular offerings build character, stretch minds, and challenge the body. Students have been recognized as state champions in various sports; Minnesota State High School League Academic Excellence award winners; state qualifiers in multiple sports; and All-Conference musicians

Preschool is offered at early childhood centers at Harambee, Parkview, and Appétu T'éca Education Center. Free all-day kindergarten is available at all elementary sites. High quality before- and after-school care (Friendship Connection) is available to all elementary and middle school students.

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

The District is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1st. This annual budget serves as the foundation for the District's financial planning and control.

LOCAL ECONOMY

During FY 2022, the District operated 12 buildings: 1 high school, 1 middle school, 1 kindergarten through eighth grade, 7 elementary schools, 1 education center including the alternative high school, and a central administration building. The instructional program is organized using several grade configurations: Pre-K–6, K-8, 7–8, and 9–12. The District had a budgeted enrollment of 7,234, average daily membership for FY 2022 and an actual enrollment of 7,227. Student enrollment has declined slightly over the last four years, much of the decrease is a direct result of COVID-19. The pandemic has primarily impacted the elementary enrollment with a higher number of families choosing an option to home school, enroll in an online program, or enrollment at a charter school or private school. The 7th through 12th grade enrollment numbers continue to experience more stabilized enrollment numbers. A slight increase in enrollment is projected over the next three years.

The majority of the District's school buildings were built between 1951 and 1996. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of \$120 million for deferred maintenance and health and safety facility needs. In FY 2018 the District was successful in passing a \$144 million dollar bond for improvement and expansion of buildings in the District. The District completed the final phase of construction in December 2021. To date, the District has been able to stay on schedule and on budget for all construction projects and deferred maintenance projects.

The District intentionally focuses on efforts of staff and other resources to identify financial resources that are available to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. Thanks to the support of the local taxpayers, the District successfully passed an increase of \$915 per pupil unit in November 2021, effective with the 21-22 fiscal year.

For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. The 2021 Legislature authorized a 2.45 percent increase in the basic funding formula for the 2021-2022 and 2 percent increase in the 2022-2023 school year. Since the outbreak in March 2020, the pandemic has made economic conditions in Minnesota as well as other states, extremely volatile.

Numerous factors affect public school finance and are monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services
- Economic factors, such as the ongoing pandemic and related unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education
- Compliance and implementation of governmental pronouncements
- Impact to local taxpayers for funding requests
- Increased competition for students from other public schools, as well as charter schools
- Housing development and growth
- Enrollment trends
- Health insurance cost increases
- Pension obligations, both local and state
- Management of federal and other special funded state programs

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

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

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping.

Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The district administration receives and reviews monthly financial reports. These reports are also presented to the Board of Education and are publicly available as part of the Board's meeting materials.

The District's budgeting process begins with a review and estimation of projected student enrollment. Enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs.

Legal budgetary control is at the fund level; however, directors, principals, supervisors and other budget managers are responsible for monitoring their budget centers within each of the funds. All appropriations lapse at year-end.

MISSION, CORE VALUES, AND STRATEGIC OBJECTIVES

The District’s mission, core values, and strategic objectives provide direction for the investment of human and financial resources across the system.



Roseville Area Schools Strategic Plan

OUR MISSION

Quality Teaching and Learning for All...Equity in All We Do

OUR EQUITY VISION

Roseville Area Schools is committed to ensuring an equitable and respectful learning environment for every student, family, and staff member regardless of: race, gender, gender identity, sexual orientation, socioeconomic status, ability, home or first language, religion, national origin, age, physical appearance.

OUR COMMITMENT	CORE VALUES	FOCUS AREAS
<p>Roseville Area Schools, working in partnership with all families and the community, is a learning organization of engaged, motivated, and high achieving lifelong learners.</p> <p>We will achieve our mission when:</p> <ul style="list-style-type: none"> • All students are ready for kindergarten • All students read well by third grade • All achievement gaps are closed • All students are ready for career and college by graduation • All students graduate 	<p>Equity Responsibility Integrity Respect Compassion Commitment Sense of Belonging Curiosity</p>	<ul style="list-style-type: none"> • Improve learning for students of color, American Indian students, English learners, students receiving special education services, and pre-kindergarten learners • Improve communication and genuine engagement with families and communities, especially with our underrepresented communities • Strengthen support for the social and emotional development of students • Expand support for college and career readiness • Secure and manage resources to provide a quality education and improve facilities

VALUES

EQUITY	Accepting and valuing each individual for who they are and providing the structures, environment, and resources each person needs to reach their greatest potential.
RESPONSIBILITY	Understanding and accepting the impact and consequence of personal actions and decisions; striving to fulfill obligations to self, others, and the greater good of society.
INTEGRITY	Practicing truthfulness and sincerity in relationships and actions; shaping a clear set of beliefs and ethics that directs thoughts and actions.
RESPECT	Appreciating the unique qualities of others and oneself; displaying courtesy and appreciation for others.
COMPASSION	Caring about others; expressing kindness, concern and empathy; helping others through action.
COMMITMENT	Believing in one's personal capacity to make a difference; investing the hard work needed to realize goals; seeking ways to consistently improve; and persisting through setbacks.
SENSE OF BELONGING	Feeling safe, welcome and included.
CURIOSITY	Actively and eagerly pursuing knowledge, insight and understanding.

FOCUS AREAS

Roseville Area Schools strives to fully develop each student's potential. We expect every student to succeed academically, socially, and emotionally and will focus on each student's potential for excellence. In order to achieve our commitment to prepare all students, we must intentionally focus on student populations experiencing the biggest disparities in opportunity. We do this to prevent inequitable outcomes. In an effort to inspire all students to attain the highest levels of achievement, we will implement evidence-based educational practices and collaborate with families and communities to fully engage students in learning. Successfully addressing the following focus areas will help us achieve our mission of *Quality Teaching and Learning for All . . . Equity in All We Do*.

FOCUS AREA 1

Improve learning for students of color, American Indian students, English learners, students receiving special education services, and pre-kindergarten learners

STRATEGIES

- Prepare all staff to be culturally responsive and competent
- Provide a safe, challenging, and equitable learning environment
- Provide curriculum that reflects the diverse cultures of families and students
- Increase staff expectations for students of color and American Indian students
- Increase student engagement
- Strengthen relationships between staff and students of color and American Indian students
- Align early childhood to kindergarten programming including benchmarks, assessments, and curriculum
- Increase participation of families of color and families of English learners in early childhood education programs
- Improve program transitions for English learners and students receiving special education services
- Increase intensive research-based interventions to support individual student needs
- Analyze English learner needs and develop an action plan for improving instruction
- Align special education instruction, curriculum, and assessments to district wide standards and evidence-based practices

FOCUS AREA 2

Improve communication and genuine engagement with families and communities, especially with our underrepresented communities

STRATEGIES

- Strengthen outreach and effectiveness of communication to all families and communities
- Create clear and comprehensive documentation of school and community resources available for families and students
- Strengthen partnerships with families from early learning years through graduation for student success
- Increase accessibility and understanding of district services for racially, culturally, and linguistically diverse communities and families
- Explore additional models for schools and staff to assist parents/guardians in navigating the educational system
- Recruit and retain more staff of color and American Indian staff

FOCUS AREA 3

Strengthen support for the social and emotional development of students

STRATEGIES

- Improve transitions from pre-kindergarten to elementary, elementary to middle level, middle level to high school, and high school to career and college for all students
- Develop additional non-punitive responses for unacceptable behavior
- Select and implement social and emotional curricula
- Enhance staff expertise to better meet the social and emotional needs of all students

FOCUS AREA 4

Expand support for college and career readiness

STRATEGIES

- Increase opportunities for apprenticeships, job shadowing, and internships
- Expand opportunities and remove obstacles for high school students to obtain college credit
- Increase the number of teachers qualified to teach college credit-bearing courses
- Increase support to reduce the number of students who take remedial classes in college
- Expand mentoring participation and opportunities

FOCUS AREA 5

Secure and manage resources to provide a quality education and improve facilities

STRATEGIES

- Develop a long range facilities plan to provide quality education
- Explore opportunities to increase revenue
- Prioritize expenditures based on focus areas
- Leverage resources responsibly to ensure the fiscal security of the district

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

School Board Policy 744 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board strives to maintain an unassigned fund balance that will not fall below 3 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81." The district's unreserved General Fund balance is above the statutory guidelines for statutory operating debt.

Unassigned fund balance in the General Fund Operating Account at June 30, 2021 was \$3,124,293 or 2.80 percent of total General Fund Operating Account expenditures. This amount was just below the policy guidelines of 3 percent set by the School Board for budgetary and planning purposes.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was initially selected by the School Board to conduct the annual audit for fiscal year 2001-2002.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program provides a clear indication of the District's high standards for financial reporting. The District intends to submit this report, its second Comprehensive Annual Financial Report, to the ASBO Certificate Program for consideration. The District received its first ASBO Certificate of Excellence in Financial Reporting beginning with the 2018-2019 Comprehensive Annual Financial Report

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire business office and the related district staff in providing complete and accurate data for this Comprehensive Annual Financial Report.

Respectfully
submitted,



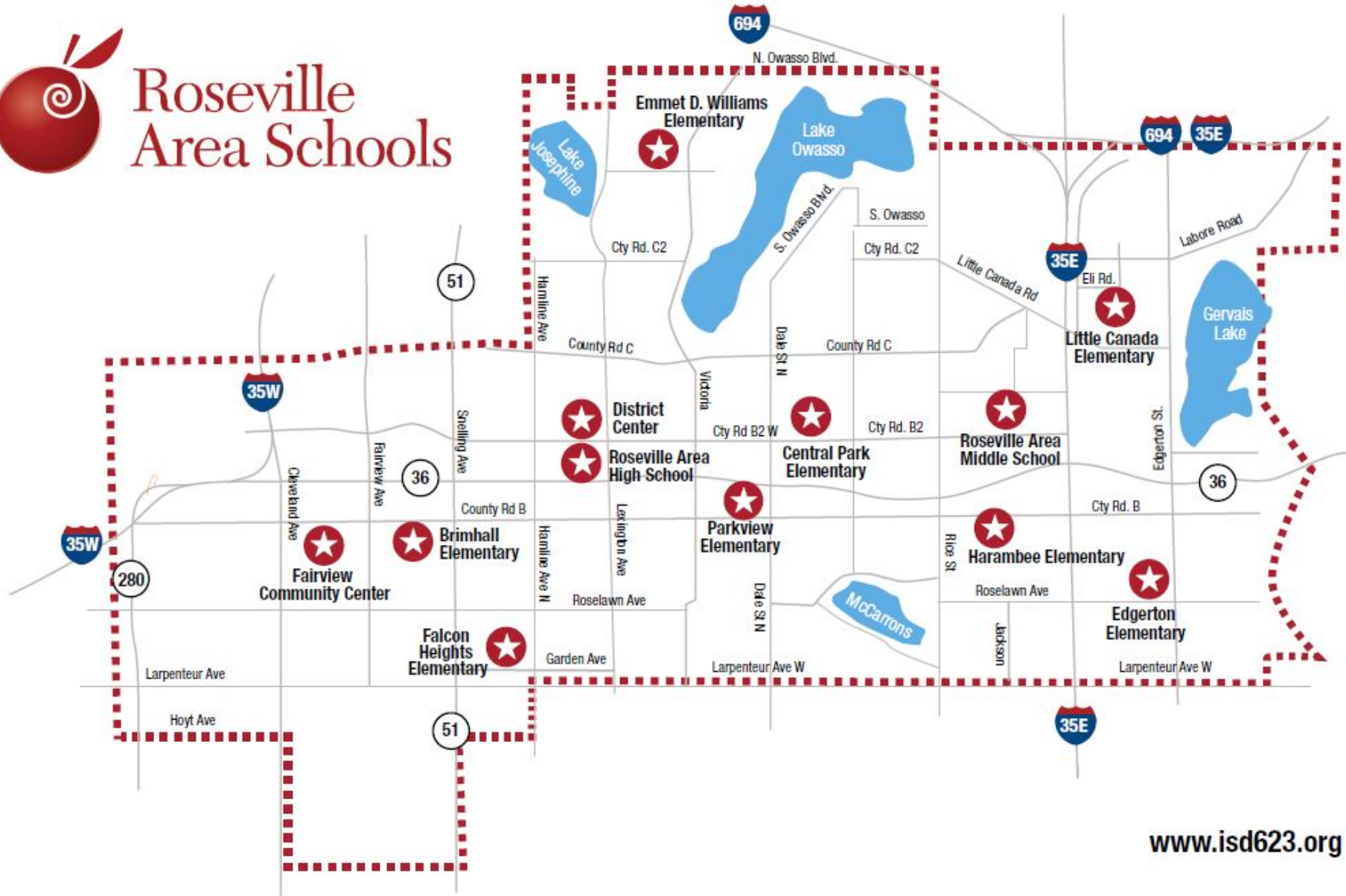
Shari Thompson
Director of Finance & Operations



Denise Stoos
Controller



Roseville Area Schools



www.isd623.org

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2022**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Curtis Johnson	December 31, 2025	Chair
Todd Anderson	December 31, 2023	Clerk
Dr. Rose Chu	December 31, 2023	Treasurer
Mike Boguszewski	December 31, 2023	Director
Mannix Clark	December 31, 2025	Director
Kitty Gogins	December 31, 2025	Director

ADMINISTRATION

Cabinet:

Dr. Jenny Loeck	Superintendent
Melissa Sonnek	Assistant Superintendent
Jacob Von De Linde	Director of Teaching and Learning
Niceta Thomas	Director of Student Services
Shari Thompson	Director of Business Services

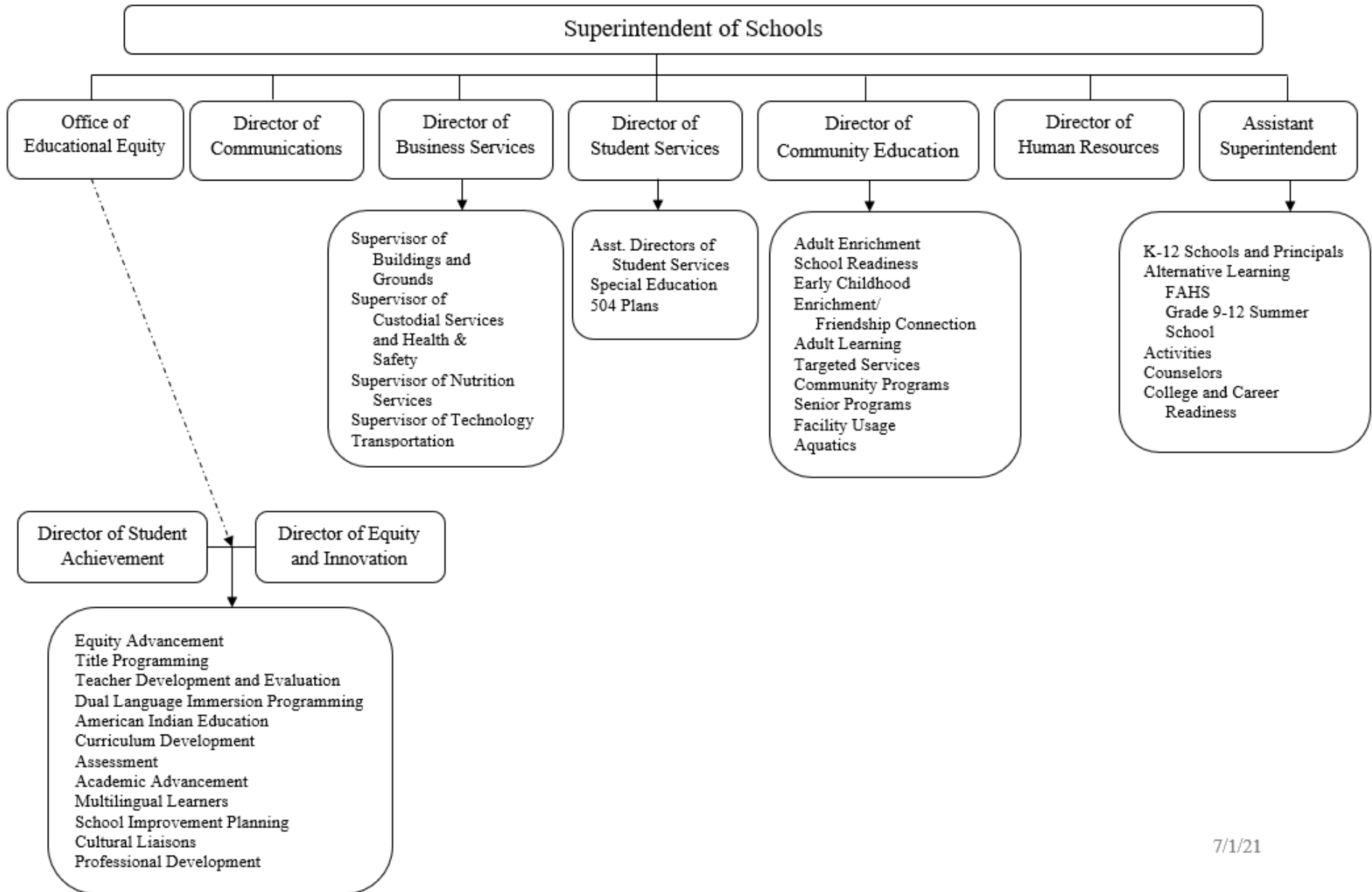
Business Services Office:

Denise Stoos	Controller
Kathy Englund	District Accountant

District Offices:

Independent School District No. 623
Roseville Area Schools
1251 West. County Road B-2
Roseville, MN 55113-3299
(651) 635-1600

**ROSEVILLE AREA SCHOOLS
ORGANIZATIONAL CHART
2021-2022**



7/1/21

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Area Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Roseville Area Schools' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roseville Area Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roseville Area Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, Other Postemployment Benefits Schedules, and Schedules of the District's Proportionate Share of the Net Pension Liability and Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roseville Area Schools' basic financial statements. The combining and individual fund financial statements and Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Report on Summarized Comparative Information

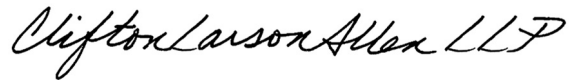
We have previously audited Roseville Area Schools' 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated March 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended

School Board
Independent School District No. 623
Roseville Area Schools

June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **May 17, 2023** May 10, 2023, on our consideration of Roseville Area Schools' 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 Roseville Area Schools' 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 Roseville Area Schools' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2023

REQUIRED SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

This section of Roseville Area Schools – Independent School District No. 623's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section. The Management's Discussion and Analysis (MD&A) is a required element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

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

- Net position increased by \$12,418,750 from current year activity in 2022.
- Overall General Fund revenues were \$118,545,340 as compared to \$117,306,220 of expenditures.
- The total fund balance of the General Fund increased overall by \$1,599,045 from the prior year. The fund balance in the unassigned fund balance category increased by \$2,054,362 having begun the year with a balance of \$1,234,587 and ending with a balance of \$3,288,949. While a decrease of \$4,782,519 in fund balance from the prior year was projected in the revised budgets adopted by the Board, the actual increase of \$1,599,845 was a result of higher than anticipated federal and other revenue as well as less than anticipated expenditures, especially capital outlay, special education, and instructional support expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

District-Wide Statements

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Funds* – The District uses an internal service fund to report activities that provide supplies and services for the District's other programs and activities. The District currently has an internal service fund for self-insurance of dental benefits.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Suburban Ramsey Family Collaborative Custodial Fund. The District has also established an irrevocable trust fund for other postemployment benefits (OPEB). This trust was funded with the proceeds from General Obligation OPEB Bonds issued in 2009. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$(42,701,565) on June 30, 2022, an increase of \$12,418,750, or 22.53% A-1). Total assets increased by approximately \$13.86 million or 4.62%. Capital assets increased by approximately \$5.1 million or 2.35% as the amount of capital asset additions exceeded the amount of depreciation expense%, from the prior year (see Table in the current fiscal year. Total liabilities decreased by approximately \$26.58 million or 26.61% with current liabilities decreasing by approximately \$3.36 million and long-term liabilities decreasing by approximately \$23.2 million. The decrease in short-term liabilities is primarily attributable to decreased contracts and retainage payable as the District's ongoing capital projects get closer to completion.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2022	2021	
Current and Other Assets	\$ 91,092,243	\$ 82,323,034	10.65 %
Capital Assets	223,013,990	217,890,612	2.35
Total Assets	<u>314,106,233</u>	<u>300,213,646</u>	4.63
Deferred Outflows of Resources	27,912,009	30,964,231	(9.86)
Current Liabilities	11,316,830	14,675,114	(22.88)
Net Pension Liability	46,515,888	75,564,664	(38.44)
Long-Term Liabilities	208,069,821	202,242,504	2.88
Total Liabilities	<u>265,902,539</u>	<u>292,482,282</u>	(9.09)
Deferred Inflows of Resources	<u>118,781,615</u>	<u>93,815,910</u>	26.61
Net Position:			
Net Investment in Capital Assets	39,991,157	46,807,538	(14.56)
Restricted	27,454,489	15,202,918	80.59
Unrestricted	<u>(110,111,558)</u>	<u>(117,130,771)</u>	(5.99)
Total Net Position	<u>\$ (42,665,912)</u>	<u>\$ (55,120,315)</u>	(22.59)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The largest positive portion of the District's net position represents its investment in capital assets (land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The District is able to report positive balances in the net investment in capital assets portion of its net position. Another portion of the District's net position, restricted net position, represents resources that are subject to external restrictions on how they may be used. The restricted portion of the District's net position increased by approximately \$12.26 million during the current year. The remaining unrestricted portion is that which may be used to meet the District's ongoing obligations. This portion of net position increased by approximately \$6.98 million, to a year-end balance of (\$110,732,092). The District's overall net position has been a deficit balance since fiscal year 2015 when the District implemented Governmental Accounting Standards Board Statement No. 68, which required recording the District's long-term liabilities for pensions.

Changes in Net Position

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds. This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting.

Total revenues for all governmental activities were \$149,515,369 for the year ended June 30, 2022. Property taxes and state formula aid accounted for 63% of total revenue for the year (see Figure A-1). 4% from charges for services, and the remaining 33% from operating grants and contributions.

Total revenues for fiscal year 2022 were \$7,976,274 higher than the prior year. The main increase was in federal aid, with slight decreases in capital grants and investment earnings.

Expenses decreased \$1,308,329 compared to fiscal year 2021 levels.

Total revenues were \$149,515,369 while total expenses were \$137,096,619, increasing net position by \$12,418,750 for fiscal year 2022.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

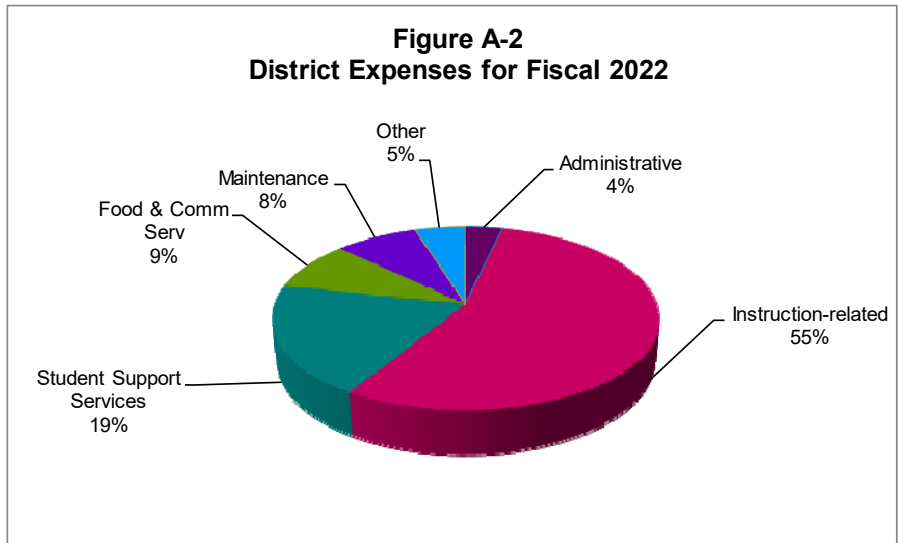
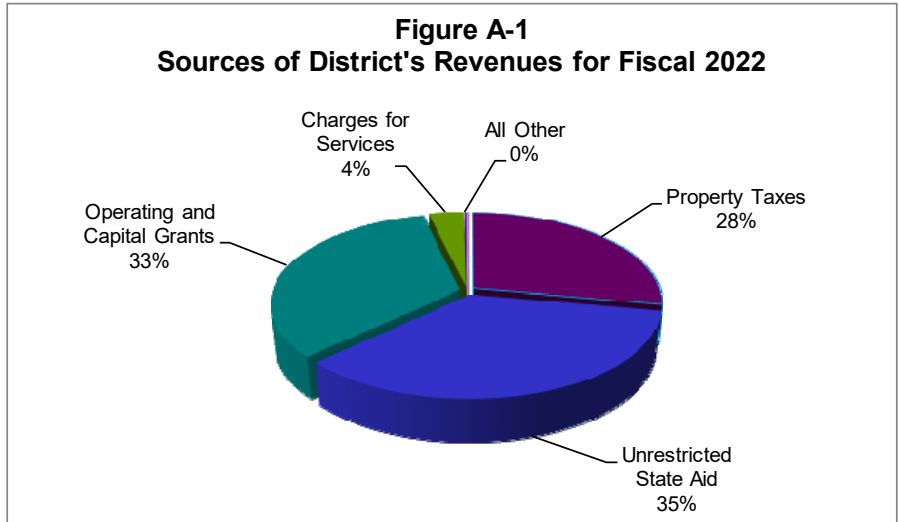
**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2022	2021	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 5,277,348	\$ 3,810,248	38.50 %
Operating Grants and Contributions	48,915,606	43,545,473	12.33
Capital Grants and Contributions	990,875	1,132,180	(12.48)
<u>General Revenues</u>			
Property Taxes	41,565,498	40,173,427	3.47
Unrestricted State Aid	52,457,736	52,498,407	(0.08)
Investment Earnings	31,186	288,861	(89.20)
Other	312,773	90,499	245.61
Total Revenues	<u>149,551,022</u>	<u>141,539,095</u>	5.66
Expenses			
Administration	5,021,711	5,409,240	(7.16)
District Support Services	5,009,915	4,552,262	10.05
Regular Instruction	51,258,248	50,300,028	1.91
Vocational Education Instruction	1,799,637	2,015,161	(10.70)
Special Education Instruction	22,510,599	22,434,079	0.34
Instructional Support Services	9,789,363	10,994,308	(10.96)
Pupil Support Services	11,988,862	9,583,128	25.10
Sites and Buildings	11,074,452	16,073,597	(31.10)
Fiscal and Other Fixed Cost Programs	647,713	453,063	42.96
Food Service	4,839,758	4,783,454	1.18
Community Service	7,062,164	6,878,034	2.68
Interest and Fiscal Charges on Long-Term Liabilities	6,094,197	4,928,594	23.65
Total Expenses	<u>137,096,619</u>	<u>138,404,948</u>	(0.95)
Change in Net Position	12,454,403	3,134,147	
Beginning Net Position	<u>(55,120,315)</u>	<u>(58,254,462)</u>	
Ending Net Position	<u>\$ (42,665,912)</u>	<u>\$ (55,120,315)</u>	(22.59)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The cost of all *governmental* activities this year was \$137,096,619.

- Some of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$5,277,348). The majority of this category, approximately \$3.97 million, comes from community education class tuition.
- The federal and state governments subsidized specific programs with grants and contributions (\$49,870,828). \$990,875 of these grants were capital related.
- Most of the District's costs (\$94,367,193), however, were paid for by District taxpayers, taxpayers of our state, and other miscellaneous general revenues.
- Of the amount paid for by taxpayers of the District and the state, \$41,565,498 came in the form of property taxes, and \$52,457,736 in the form of unrestricted state aid based primarily on the statewide education aid formula.
- The remaining revenue came from investment earnings and other miscellaneous revenue.



**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

All governmental activities include not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
Administration	\$ 5,021,711	\$ 5,409,240	(7.16)%	\$ (3,433,958)	\$ 2,156,346	(259.25)%
District Support Services	5,009,915	4,552,262	10.05	3,865,180	3,406,466	13.47
Regular Instruction	51,258,248	50,300,028	1.91	38,236,032	34,684,299	10.24
Vocational Education Instruction	1,799,637	2,015,161	(10.70)	1,782,583	1,989,512	(10.40)
Special Education Instruction	22,510,599	22,434,079	0.34	5,528,660	6,844,795	(19.23)
Instructional Support Services	9,789,363	10,994,308	(10.96)	9,683,519	10,887,339	(11.06)
Pupil Support Services	11,988,862	9,583,128	25.10	10,639,605	9,042,746	17.66
Sites and Buildings	11,074,452	16,073,597	(31.10)	10,409,843	15,475,761	(32.73)
Fiscal and Other Fixed Cost Programs	647,713	453,063	42.96	647,713	453,063	42.96
Food Service	4,839,758	4,783,454	1.18	(1,688,591)	(804,375)	109.93
Community Service	7,062,164	6,878,034	2.68	148,007	852,501	(82.64)
Interest and Fiscal Charges on Long-Term Liabilities	6,094,197	4,928,594	23.65	6,094,197	4,928,594	23.65
Total	<u>\$ 137,096,619</u>	<u>\$ 138,404,948</u>	(0.95)	<u>\$ 81,912,790</u>	<u>\$ 89,917,047</u>	(8.90)

The cost of all governmental activities this year was \$137,096,619, a decrease of \$1,308,329 over the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$81,948,443, a decrease of \$7,968,604 from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a *combined* fund balance of \$39,380,761 which is \$7,779,586 more than last year's ending fund balance of \$31,601,175. This increase is primarily attributable to the issuance of bonds towards the end of the fiscal year, the proceeds of which were not fully spent at year-end.

Revenues for the District's governmental funds were \$150,467,441, an increase of \$9,226,582 compared to fiscal year 2021. Expenditures in all governmental funds totaled \$159,437,162, a decrease of \$43,833,709 from the prior year.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND

The General Fund reflects the primary operations of the District that provide educational services to students from Pre-K and kindergarten through grade 12. This includes K-12 educational activities, district instructional support, and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital outlay projects, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Approximately 90% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources available to the District. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. The revenue is later prorated to a lesser amount dependent on the total revenue appropriated by the Legislature for this purpose. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid. The state further controls the timing of payments made to school districts, which affects the cash balances available to meet ongoing costs.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows that previous years' enrollment growth has slowed, the total enrollment from 2021 to 2022 decreased 71, or 1.0%. The majority of the decline in enrollment is attributed to the ongoing pandemic.

**Table A-4
Enrollment Trend
Average Daily Membership (ADM)**

Grade	2018	2019	2020	2021	2022
ECSE	69	93	94	102	100
Kdgt.	583	574	594	544	577
1-3	1,693	1,713	1,706	1,613	1,634
4-6	1,826	1,727	1,694	1,628	1,596
7-12	3,481	3,473	3,492	3,412	3,321
Total K-12	7,652	7,580	7,580	7,299	7,228
ADM Change	66	(72)	-	(281)	(71)
Percent Change	0.9%	-0.9%	0.0%	-3.7%	-1.0%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

From the period of 2005 through 2018, the District experienced increased enrollment in average daily membership served. Both resident enrollment and the number of students enrolling from neighboring districts through the options programs increased during this time. In 2021-2022, the District served 1,665 students from other districts, while about 578 of the District's residents attended other school districts, and 755 resident students attended public charter schools. The students served, plus resident students served by other districts under tuition agreements, all generate revenue, mostly through the General Education Aid formula. Short-term, it is expected that the District will continue to enroll a reduced number of students at all grade levels, particularly at the elementary grades, with some families opting for home school, non-public, or charter schools or other options. Beyond 2022-2023, the pre-school population is expected to remain steady at a slightly lower rate than pre-pandemic numbers and provide approximately 565 kindergarten students annually, in addition to stable enrollment of students throughout most grade levels.

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 24,015,176	\$ 26,281,211	\$ (2,266,035)	(8.6)%
Earnings on Investments	4,123	11,085	(6,962)	(62.8)
Other	2,883,007	2,475,448	407,559	16.5
State Sources	80,276,980	79,292,664	984,316	1-
Federal Sources	11,366,054	6,265,862	5,100,192	81.4
Total General Fund Revenue	<u>\$ 118,545,340</u>	<u>\$ 114,326,270</u>	<u>\$ 4,219,070</u>	3.7

General Fund Revenue increased by \$4,219,070 or 3.7% from the previous year. Property tax revenue shows a decrease of \$2,266,035. Property tax revenue is driven by student enrollment, Minnesota State Legislative approved funding, local voter approved funding, and the final levy is determined by the amount approved by the school board to levy each year. The decrease in property tax revenue is attributed to a decrease in Long-Term Facilities Maintenance Fund (LTFM) revenues of \$2.8 million in the general fund.

Interest earnings decreased by \$6,962. Other revenue increased by \$407,559. State aid increased \$984,316, largely due to the District using federal aid rather than state aid to cover its special education tuition costs, thus not reducing its state aid entitlement by this amount.

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of mostly state aid revenue. Other state-authorized revenues, which include the operating levy referendum, operating capital revenue, and the property tax shift involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change in total revenue and is dependent on legislative action.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Federal revenue increased \$5,100,192, or 81.4%, due to additional federal programs and finding in the current year to assist in addressing costs related to the ongoing pandemic.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2022	June 30, 2021		
Salaries	\$ 65,207,665	\$ 62,217,501	\$ 2,990,164	4.8 %
Employee Benefits	24,948,236	24,360,556	587,680	2.4
Purchased Services	16,844,456	14,032,609	2,811,847	20.0
Supplies and Materials	4,876,659	5,259,174	(382,515)	(7.3)
Capital Expenditures	2,881,794	5,110,662	(2,228,868)	(43.6)
Debt Service Expenditures	2,098,927	-	2,098,927	N/A
Other Expenditures	448,483	523,203	(74,720)	(14.3)
Total General Fund Expenditures	<u>\$ 117,306,220</u>	<u>\$ 111,503,705</u>	<u>\$ 5,802,515</u>	5.2

Total General Fund Expenditures increased by \$5,802,515 or 5.2% over the previous year.

In fiscal year 2022, salaries increased 4.8% and employee benefits increased 2.4%. The increase in salaries and benefits is attributed to employee contract improvements. The slight decrease in employee benefits is related to employees' participation in the district employee insurance programs.

Purchased Services expenditures increased by 20.0%. The increase is due largely to costs for contracted services including the cost of contracting for substitute teachers and other staff, transportation services, utility costs, tuition costs for students attending programs off-site.

Supplies and Materials consist of expenditures for diesel and gasoline, natural gas and building fuel oil, maintenance repairs, instructional supplies, and textbooks. Supplies and materials expenditures decreased by 7.30% during fiscal year 2022. The decreased costs were attributable to higher costs in the prior year related to pandemic and additional technology and supplies purchased to assist with distance learning.

Spending for capital expenditures decreased by \$2,228,868 over the prior year. The majority of the decrease was driven by the decreased demand for additional technology equipment in comparison to the two previous years. Most purchases in 21-22 were replacement purchases rather than additions to existing technology.

In 2021-22, total General Fund revenues and other financing sources exceeded expenditures by \$1,599,045. Therefore, the total fund balance increased from \$3,720,882 at June 30, 2021, to a balance of \$5,319,927 at June 30, 2022. After deducting statutory restrictions and nonspendable balances, the general unassigned fund balance increased from \$1,234,587 at June 30, 2021 to \$3,288,949 at June 30, 2022 – an increase of \$1,599,045.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The unassigned fund balance is the single best measure of overall financial health of a school district. The unassigned general fund balance totals \$3,288,949. The Minnesota Department of Education divides this balance by the expenditures related to these balances to calculate the fund balance as a percentage of expenditures. The District's unassigned fund balance at June 30, 2022, represents 2.80% of applicable annual expenditures. The School Board has set a goal to maintain a minimum target fund balance of 3%. The current fund balance of 2.80% does not meet the target set by the District. The major driving factor in the decreased fund balance is due to the decline in enrollment and resulting loss in revenue as well as the increased expenditures required to accommodate students and staff during this same time. This fund balance has been fluctuating both above and below the set target in recent years. The School Board and District administration are taking appropriate actions to balance the budget and build necessary budget surpluses to provide adequate budget reserves into the future. The district closely monitors its fund balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget adjustments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$3,003,930, or 2.60% more than expected. Favorable variances in property tax collections, other local revenue, and increased federal aids were key drivers in the variance.

Actual General Fund expenditures were \$3,017,709, or 2.51% less than budgeted. Capital expenditure expenses were lower than anticipated due to the availability of federal funds to cover many of the technology related costs.

While the District's final budget for the total General Fund anticipated that expenditures would exceed revenues and other financing sources by \$4,782,519, the actual results for the year show that revenues and other financing sources exceeded expenditures by \$1,599,045, a positive difference of \$6,381,564.

OTHER MAJOR FUNDS

The Food Service Fund revenue for 2021-2022 totaled \$6,562,650 and expenditures were \$4,845,814. The June 30, 2022, fund balance is \$3,521,421, an increase of \$1,804,585 from fiscal year 2021. Actual revenues were \$1,647,450 higher than budgeted due to additional federal aid received for the food service program. Actual expenditures were \$44,965 more than budgeted. These variances resulted in the change in fund balance being \$1,602,485 higher than expected.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The Community Service Fund revenue for 2021-2022 totaled \$7,995,432 and expenditures were \$7,524,132. The June 30, 2022 fund balance is \$1,716,080, an increase of \$471,300. Many of the Community Service programs returned to in person programming and increased participation compared to the previous two years. The increased fees combined with federal COVID-19 funds supplemented the increase in the fund balance. Many of the accounts that make up the Community Service Fund are reported under specific reserve accounts.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects Fund is where the District's revenues and expenditures for Long Term Facilities Maintenance and new construction are being tracked. Because of the age of its buildings and their total square footage, the District is eligible to levy for funds to finance specific projects to maintain the structural integrity of the buildings. These projects are submitted to the state Department of Education and must be approved prior to authorizing the levy. This fund is permitted to go into deficit to the extent of approved and anticipated revenues. Ending fund balance of the Capital Projects Fund at June 30, 2022 was \$26,279,833.

The Combined Debt Service Funds are comprised of a regular debt service account and an account for Other Postemployment Benefit Bonds. Combined Debt Service Funds revenues and other financing sources exceeded expenditures by \$387,995.

Revenues in the Regular Debt Service Fund Account are used to pay off the principal and interest of bonds issued in past years for building construction and improvements. The total fund balance of the regular debt service account at June 30, 2022 is \$2,348,976. The Other Postemployment Benefits Bond Fund records the expenditures and revenues related to repayment of the bonded debt issued to create the Other Postemployment Benefits Trust. The OPEB fund balance of \$194,524, combined with revenues generated by levies on future property taxes, will be used to pay the obligation on the debt as it comes due.

INTERNAL SERVICE FUND

The District changed to a self-insured plan for dental benefits for District employees effective July 1, 2011, and an Internal Service Fund was created to record related revenues and expenses. The plan is administered by a third party. Revenues continue to exceed expenses. In 2021-2022, revenues exceeded expenses by \$37,020. Total net position for the plan is now \$640,575 or 68% of total claims and expenses. The efficiency in the administration of this funding model and the positive claims experience has allowed the District to maintain the same monthly dental premium amount for five consecutive years.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022, the District had invested more than \$315 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total net depreciation expense for the year was \$4,051,840.

**Table A-7
Capital Assets**

	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Land	\$ 1,862,539	\$ 1,862,539	-
Construction in Progress	3,389,024	47,352,738	(92.8)
Land Improvements	14,250,733	12,242,683	16.4
Buildings and Improvements	287,300,656	232,647,266	23.5
Equipment	8,681,578	7,725,625	12.4
Less: Accumulated Depreciation and Amortization	<u>(92,470,540)</u>	<u>(83,591,479)</u>	10.6
Total District Capital Assets	<u>\$ 223,013,990</u>	<u>\$ 218,239,372</u>	2.2

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Long-Term Liabilities

At year-end, the District had \$172,320,000 in general obligation bonds outstanding – a decrease of \$6,315,000 from last year – as detailed in Note 5 to the financial statements. The District also had \$16,600,000 in certificates of participation outstanding related to the 2021A issuance as well as \$630,704 in total liabilities related to financed purchases and leases payable. The District also had an estimated \$1,265,633 in vacation payable at June 30, 2022, an increase of \$61,233 from June 30, 2021. Other compensated absences totaled \$344,995 as of June 30, 2022, which is the amount estimated to be paid in severance to current employees in the future, a decrease of \$36,166 from June 30, 2021.

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

	2022	2021	Percentage Change
General Obligation Bonds	\$ 172,320,000	\$ 166,005,000	3.8 %
Net Bond Premium and Discount	14,682,096	15,878,264	(7.5)
Certificates of Participation Payable	16,600,000	17,510,000	N/A
Financed Purchases Payable	414,330	-	N/A
Leases Payable	216,374	-	N/A
Net Pension Liability	46,515,888	75,564,664	(38.4)
Vacation Payable	1,265,633	1,204,400	5.1
Other Compensated Absences Payable	344,995	381,161	(9.5)
Total Long-Term Liabilities	<u>\$ 252,359,316</u>	<u>\$ 276,543,489</u>	(8.7)
Long-Term Liabilities:			
Due Within One Year	\$ 8,216,421	\$ 5,508,818	
Due in More Than One Year	244,142,895	271,034,671	
Total	<u>\$ 252,359,316</u>	<u>\$ 276,543,489</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of voter-approved excess operating referendum, the District is dependent on the State of Minnesota for most of its revenue authority. School districts experienced many years without revenue increases which adequately met instructional program needs and increased costs due to inflation.

Thanks to the generous support of the Roseville Area Schools community, the District renewed an operating levy that was scheduled to sunset as of June 30, 2022. In addition, voters approved an additional operating levy increasing per pupil levy authority by an additional \$915 per pupil unit. These operating levies also have an annual inflationary factor built in. The added funds, over \$7,000,000 annually, will be used to decrease class sizes, increase social/emotional supports for our students, maintain academic programs, and allow the district to grow its fund balance and maintain financial stability.

The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools. The Legislature added \$161, or 2.45%, per pupil to the basic general education funding formula for fiscal year 2022. The 2023-2024 school year will be the first year in the state biennium and the Legislature has yet to determine what funding changes schools may expect in future years.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The COVID-19 pandemic impacted how the District provides instruction from March 2020 through early spring 2021. The district has also experienced minor interruptions on occasion since returning to full-time in-person instruction in 2021. The amount of funding a district receives is dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic has had some lingering impacts on family decisions regarding enrollment. Students choosing to enroll in other school districts, online schools, private school options, homeschool and charter schools has had an impact on the district and resulted in less revenue for the District.

The District will continue to seek all available sources of funding, respond to changes in enrollment, maintain systems that ensure financial stability, and adopt budgets that will allow the District to have adequate fund balance reserves in the various components of the General Fund Balance in the upcoming years.

The District completed work on an updated 10-year facilities plan in the spring of 2017. Goals of the plan are to provide the additional space required to accommodate increasing student enrollment, support the learning environment, safety and security needs, and initiatives for students, staff and community; address backlog of deferred maintenance in buildings; improve energy efficiency, and support strategic plan initiatives. The plan is being funded with a combination of a \$144 million GO Construction Bond approved by our taxpayers on November 7, 2017 and a planned \$12 million annual investment of Long-Term Facilities Maintenance funds over the next ten-year period.

The District has completed bond-funded construction at all of its elementary schools. Construction has also been completed at Parkview Center School and Roseville Area Middle School as of September 2020.

Construction at Roseville Area High School is a complex multi-year project that began in the fall of 2018. A new science wing opened on December 3, 2019, followed by the opening of a new career-tech auto shop in March 2020. All construction at the high school was completed in late 2021. Construction of a new facility to replace Fairview Community Center began in the spring of 2020 and was completed in fall 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 623, District Center, 1251 West County Road B-2, Roseville, Minnesota 55113.

Bond Ratings

The District's bonds presently carry a Moody's "A3" rating.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$939 million.

BASIC FINANCIAL STATEMENTS

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Investments	\$ 40,136,786	\$ 32,286,314
Cash with Fiscal Agent	5,274,589	12,793,664
Receivables:		
Property Taxes	24,714,705	22,909,547
Other Governments	19,466,998	12,567,659
Other	1,008,464	1,103,010
Prepaid Items	406,210	605,651
Inventories	84,491	57,189
Capital Assets:		
Land and Construction in Progress	5,251,563	49,215,277
Other Capital Assets, Net of Depreciation	217,762,427	168,675,335
Total Assets	314,106,233	300,213,646
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	52,957	80,566
Deferred Outflows - Pension Related	26,781,491	30,415,747
Deferred Outflows - Other Postemployment Benefits Related	1,077,561	467,918
Total Deferred Outflows	27,912,009	30,964,231
LIABILITIES		
Salaries Payable	467,086	413,346
Accounts and Contracts Payable	6,093,459	10,623,143
Accrued Interest	2,879,943	2,806,638
Due to Other Governmental Units	1,643,231	541,949
Claims Payable	19,762	18,716
Unearned Revenue	213,349	271,322
Long-Term Liabilities:		
Net Pension Liability	46,515,888	75,564,664
Net Other Postemployment Benefits Liability	2,226,393	1,263,679
Portion Due Within One Year	8,216,421	5,508,818
Portion Due in More Than One Year	197,627,007	195,470,007
Total Liabilities	265,902,539	292,482,282
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	42,370,231	37,632,616
Gains on Debt Refunding	461,205	502,430
Deferred Inflows - Pension Related	75,429,376	55,525,286
Deferred Inflows - Other Postemployment Benefits Related	520,803	155,578
Total Deferred Inflows of Resources	118,781,615	93,815,910
NET POSITION		
Net Investment in Capital Assets	39,991,157	46,807,538
Restricted for:		
General Fund Operating Capital Purposes	778,506	1,068,653
General Fund State-Mandated Reserves	-	172,381
Food Service	3,470,829	1,746,032
Community Service	1,716,505	1,248,005
Capital Projects - Building Construction	21,252,147	10,890,948
Other Purposes	236,502	76,899
Unrestricted	(110,111,558)	(117,130,771)
Total Net Position	\$ (42,665,912)	\$ (55,120,315)

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

Functions	2022				2021	
	Expenses	Charges for Services	Program Revenues		Net (Expense)	Net (Expense)
			Operating	Capital	Revenue and	Revenue and
			Grants and Contributions	Grants and Contributions	Change in	Change in
				Net Position	Net Position	
				Total	Total	
				Governmental	Governmental	
				Activities	Activities	
GOVERNMENTAL ACTIVITIES						
Administration	\$ 5,021,711	\$ 250	\$ 8,455,419	\$ -	\$ 3,433,958	\$ (2,156,346)
District Support Services	5,009,915	24,080	607,693	512,962	(3,865,180)	(3,406,466)
Regular Instruction	51,258,248	745,999	11,890,296	385,921	(38,236,032)	(34,684,299)
Vocational Education Instruction	1,799,637	-	17,054	-	(1,782,583)	(1,989,512)
Special Education Instruction	22,510,599	330,259	16,651,680	-	(5,528,660)	(6,844,795)
Instructional Support Services	9,789,363	32,295	(4,219)	77,768	(9,683,519)	(10,887,339)
Pupil Support Services	11,988,862	41,880	1,307,377	-	(10,639,605)	(9,042,746)
Sites and Buildings	11,074,452	2,786	647,599	14,224	(10,409,843)	(15,475,761)
Fiscal and Other Fixed Cost Programs	647,713	-	-	-	(647,713)	(453,063)
Food Service	4,839,758	127,898	6,400,451	-	1,688,591	804,375
Community Service	7,062,164	3,971,901	2,942,256	-	(148,007)	(852,501)
Interest and Fiscal Charges on						
Long-Term Liabilities	6,094,197	-	-	-	(6,094,197)	(4,928,594)
Total School District	<u>\$ 137,096,619</u>	<u>\$ 5,277,348</u>	<u>\$ 48,915,606</u>	<u>\$ 990,875</u>	<u>(81,912,790)</u>	<u>(89,917,047)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					23,758,483	26,355,031
Community Service					1,005,917	961,380
Debt Service					13,592,540	12,857,016
State Aid Not Restricted to Specific Purposes					52,457,736	52,498,407
Earnings on Investments					31,186	288,861
Miscellaneous					312,773	59,152
Gain on Sale of Capital Assets					-	31,347
Total General Revenues					<u>94,367,193</u>	<u>93,051,194</u>
CHANGE IN NET POSITION					12,454,403	3,134,147
Net Position - Beginning					<u>(55,120,315)</u>	<u>(58,254,462)</u>
NET POSITION - ENDING					<u>\$ (42,665,912)</u>	<u>\$ (55,120,315)</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Major Funds					Total	
	General	Food Service	Community Service	Capital Projects	Debt Service	Governmental Funds	
						2022	2021
ASSETS							
Cash and Investments	\$ 871,967	\$ 3,633,913	\$ 1,304,168	\$ 24,596,180	\$ 9,020,174	\$ 39,426,402	\$ 31,594,932
Cash with Fiscal Agent	-	-	-	5,274,589	-	5,274,589	12,793,664
Receivables:							
Current Property Taxes	16,442,051	-	590,726	-	7,453,792	24,486,569	22,404,902
Delinquent Property Taxes	154,144	-	6,242	-	67,750	228,136	504,645
Accounts and Interest Receivable	142,393	754	43,373	22,300	-	208,820	368,987
Due from Other Minnesota School Districts	75,255	24,922	657,861	-	-	758,038	715,513
Due from Minnesota Department of Education	7,491,895	471	121,245	-	10,040	7,623,651	7,595,635
Due from Federal through Minnesota Department of Education	9,771,395	103,698	290,056	-	-	10,165,149	3,801,493
Due from Other Governmental Units	783,959	20,604	73,300	-	42,297	920,160	455,018
Due from Other Funds	1,037,915	12,968	67,790	-	-	1,118,673	911,817
Inventory	-	84,491	-	-	-	84,491	57,189
Prepays	395,436	1,754	9,020	-	-	406,210	605,651
Total Assets	\$ 37,166,410	\$ 3,883,575	\$ 3,163,781	\$ 29,893,069	\$ 16,594,053	\$ 90,700,888	\$ 81,809,446
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 348,879	\$ 12,994	\$ 105,160	\$ -	\$ -	\$ 467,033	\$ 412,697
Payroll Deductions and Employer Contributions Payable	-	53	-	-	-	53	649
Accounts and Contracts Payable	2,412,846	203,616	128,943	3,294,207	3,800	6,043,412	10,554,032
Due to Other Governmental Units	1,595,908	-	47,323	-	-	1,643,231	541,949
Due to Other Funds	-	-	-	319,029	-	319,029	177,794
Unearned Revenue	51,350	109,838	52,161	-	-	213,349	271,322
Total Liabilities	4,408,983	326,501	333,587	3,613,236	3,800	8,686,107	11,958,443
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	27,283,356	-	1,107,872	-	13,979,003	42,370,231	37,632,616
Unavailable Revenue - Delinquent Property Taxes	154,144	-	6,242	-	67,750	228,136	617,212
Total Deferred Inflows of Resources	27,437,500	-	1,114,114	-	14,046,753	42,598,367	38,249,828
Fund Balance:							
Nonspendable:							
Inventory	-	84,491	-	-	-	84,491	57,189
Prepays	395,436	1,754	9,020	-	-	406,210	605,651
Restricted for:							
Student Activities	156,621	-	-	-	-	156,621	140,690
Staff Development	-	-	-	-	-	-	31,691
Operating Capital	778,506	-	-	-	-	778,506	1,068,653
Community Education	-	-	832,504	-	-	832,504	356,622
Early Childhood and Family Education	-	-	321,171	-	-	321,171	308,567
School Readiness	-	-	145,355	-	-	145,355	145,173
Adult Basic Education	-	-	411,233	-	-	411,233	410,803
Long Term Facilities Maintenance	-	-	-	14,059,737	-	14,059,737	871,851
Other Purposes	79,881	3,470,829	-	12,220,096	2,543,500	18,314,306	25,792,753
Assigned for Extracurricular Activities	620,504	-	-	-	-	620,504	576,945
Unassigned	3,288,979	-	(3,203)	-	-	3,285,776	1,234,587
Total Fund Balance	5,319,927	3,557,074	1,716,080	26,279,833	2,543,500	39,416,414	31,601,175
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 37,166,410	\$ 3,883,575	\$ 3,163,781	\$ 29,893,069	\$ 16,594,053	\$ 90,700,888	\$ 81,809,446

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
Total Fund Balance for Governmental Funds	\$ 39,416,414	\$ 31,601,175
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	1,862,539	1,862,539
Construction in Progress	3,389,024	47,352,738
Land Improvements, Net of Accumulated Depreciation	6,893,809	6,931,222
Buildings and Improvements, Net of Accumulated Depreciation	207,712,449	159,437,421
Equipment, Net of Accumulated Depreciation	2,946,610	2,306,692
Leased Equipment, Net of Accumulated Amortization	209,559	-
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	228,136	617,212
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,879,943)	(2,806,638)
Deferred amounts on refundings are not current financial resources and, therefore, are not reported in the governmental funds.		
Gains on Debt Refunding	(461,205)	(502,430)
Losses on Debt Refunding	52,957	80,566
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(46,515,888)	(75,564,664)
Deferred Outflows of Resources - Pensions	26,781,491	30,415,747
Deferred Inflows of Resources - Pensions	(75,429,376)	(55,525,286)
The District's net other postemployment benefits liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Other Postemployment Benefits Liability	(2,226,393)	(1,263,679)
Deferred Outflows of Resources - Other Postemployment Benefits	1,077,561	467,918
Deferred Inflows of Resources - Other Postemployment Benefits	(520,803)	(155,578)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(172,320,000)	(166,005,000)
Unamortized Premiums	(14,682,096)	(15,878,264)
Certificates of Participation Payable	(16,600,000)	(17,510,000)
Financed Purchases Payable	(414,330)	-
Leases Payable	(216,374)	-
Vacation Payable	(1,265,633)	(1,204,400)
Other Compensated Absences	(344,995)	(381,161)
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	640,575	603,555
Total Net Position of Governmental Activities	<u>\$ (42,665,912)</u>	<u>\$ (55,120,315)</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2022	2021
REVENUES							
Local Sources:							
Property Taxes	\$ 24,015,176	\$ -	\$ 1,015,770	\$ 3,208,558	\$ 13,715,070	\$ 41,954,574	\$ 40,051,675
Earnings and Investments	4,123	-	-	27,063	-	31,186	288,861
Other	2,883,007	127,898	4,695,775	312,773	-	8,019,453	6,156,762
State Sources	80,276,980	205,560	1,083,709	-	100,555	81,666,804	80,537,973
Federal Sources	11,366,054	6,264,845	1,200,178	-	-	18,831,077	14,205,588
Total Revenues	<u>118,545,340</u>	<u>6,598,303</u>	<u>7,995,432</u>	<u>3,548,394</u>	<u>13,815,625</u>	<u>150,503,094</u>	<u>141,240,859</u>
EXPENDITURES							
Current:							
Administration	5,251,721	-	-	-	-	5,251,721	5,353,719
District Support Services	4,730,714	-	-	-	-	4,730,714	4,522,120
Elementary and Secondary							
Regular Instruction	45,539,379	-	-	-	-	45,539,379	43,592,426
Vocational Education Instruction	1,858,296	-	-	-	-	1,858,296	1,897,445
Special Education Instruction	23,576,557	-	-	-	-	23,576,557	21,372,548
Instructional Support Services	10,142,573	-	-	-	-	10,142,573	10,540,032
Pupil Support Services	12,060,245	-	-	-	-	12,060,245	9,338,604
Sites and Buildings	8,518,301	-	-	1,678,740	-	10,197,041	16,826,839
Fiscal and Other Fixed							
Cost Programs	647,713	-	-	-	-	647,713	453,063
Food Service	-	4,844,087	-	-	-	4,844,087	4,694,952
Community Service	-	-	7,383,968	-	-	7,383,968	6,937,502
Capital Outlay	2,881,794	744	137,371	11,577,049	-	14,596,958	65,134,479
Debt Service:							
Principal	1,299,876	732	2,244	-	9,360,000	10,662,852	5,450,000
Interest and Fiscal Charges	799,051	251	549	347,274	6,797,933	7,945,058	7,157,142
Total Expenditures	<u>117,306,220</u>	<u>4,845,814</u>	<u>7,524,132</u>	<u>13,603,063</u>	<u>16,157,933</u>	<u>159,437,162</u>	<u>203,270,871</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,239,120	1,752,489	471,300	(10,054,669)	(2,342,308)	(8,934,068)	(62,030,012)
OTHER FINANCING SOURCES (USES)							
Sale of Real Property	-	-	-	-	-	-	23,852
Sale of Equipment	-	-	-	-	-	-	7,495
Insurance Recovery	-	-	-	-	-	-	59,152
Issuance of Bonds	-	-	-	13,250,000	2,425,000	15,675,000	-
Bond Premium	-	-	-	409,079	305,303	714,382	-
Issuance of Certificates of Participation	-	-	-	-	-	-	17,510,000
Certificates of Participation Premium	-	-	-	-	-	-	3,279,017
Financed Purchase Agreements	359,925	-	-	-	-	359,925	-
Total Other Financing Sources (Uses)	<u>359,925</u>	<u>-</u>	<u>-</u>	<u>13,659,079</u>	<u>2,730,303</u>	<u>16,749,307</u>	<u>20,879,516</u>
NET CHANGE IN FUND BALANCE	1,599,045	1,752,489	471,300	3,604,410	387,995	7,815,239	(41,150,496)
FUND BALANCES							
Beginning of Year	3,720,882	1,804,585	1,244,780	22,675,423	2,155,505	31,601,175	72,751,671
End of Year	<u>\$ 5,319,927</u>	<u>\$ 3,557,074</u>	<u>\$ 1,716,080</u>	<u>\$ 26,279,833</u>	<u>\$ 2,543,500</u>	<u>\$ 39,416,414</u>	<u>\$ 31,601,175</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 7,815,239	\$ (41,150,496)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is:		
Capital Outlays	13,338,808	65,759,713
Gain (Loss) on Disposal of Capital Assets	-	31,347
Proceeds from the Sales of Capital Assets	-	(31,347)
Depreciation/Amortization Expense	(8,879,061)	(4,051,840)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		
	(389,076)	121,752
Some capital asset additions are right-to-use assets through long-term leases. In governmental funds, a long-term lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Principal Payments - Leases	98,497	-
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	5,510,430	(3,633,840)
Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.		
	(718,296)	(848,158)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
	(25,067)	46,183
The governmental funds report debt proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bonds Issued	(15,675,000)	-
Bond Premium or Discount	(714,382)	-
Certificates of Participation Issued	-	(17,510,000)
Certificates of Participation Premium or Discount	-	(3,279,017)
Financed Purchases Issued	(359,925)	-
Repayment of Bond Principal	9,360,000	5,450,000
Repayment of Certificates of Participation Payable	910,000	-
Repayment of Financed Purchases	294,355	-
Change in Accrued Interest	(73,305)	122,285
Amortization of Bond Premium	1,910,550	2,178,039
Amortization of Bond Discount	-	(153,040)
Amortization of Deferred Gain on Refunding	41,225	92,502
Amortization of Deferred Loss on Refunding	(27,609)	(11,238)
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
	37,020	1,302
Total	<u>\$ 12,454,403</u>	<u>\$ 3,134,147</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 23,210,500	\$ 23,210,500	\$ 24,015,176	\$ 804,676
Earnings and Investments	10,000	10,000	4,123	(5,877)
Other	1,465,600	1,424,731	2,883,007	1,458,276
State Sources	81,306,967	79,212,069	80,276,980	1,064,911
Federal Sources	8,634,499	11,684,110	11,366,054	(318,056)
Total Revenues	<u>114,627,566</u>	<u>115,541,410</u>	<u>118,545,340</u>	<u>3,003,930</u>
EXPENDITURES				
Current:				
Administration	5,323,568	5,398,982	5,251,721	(147,261)
District Support Services	4,458,461	4,071,608	4,730,714	659,106
Elementary and Secondary				
Regular Instruction	43,716,941	45,868,702	45,539,379	(329,323)
Vocational Education Instruction	2,175,648	2,012,070	1,858,296	(153,774)
Special Education Instruction	24,278,768	24,225,331	23,576,557	(648,774)
Community Education and Services	15,000	15,000	-	(15,000)
Instructional Support Services	9,950,582	10,767,226	10,142,573	(624,653)
Pupil Support Services	11,500,498	12,655,791	12,060,245	(595,546)
Sites and Buildings	7,739,770	7,714,770	8,518,301	803,531
Fiscal and Other Fixed Cost Programs	440,000	440,000	647,713	207,713
Capital Outlay	7,040,599	7,154,449	2,881,794	(4,272,655)
Debt Service:				
Principal	-	-	1,299,876	1,299,876
Interest and Fiscal Charges	-	-	799,051	799,051
Total Expenditures	<u>116,639,835</u>	<u>120,323,929</u>	<u>117,306,220</u>	<u>(3,017,709)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,012,269)	(4,782,519)	1,239,120	6,021,639
OTHER FINANCING SOURCES				
Financed Purchases	-	-	359,925	359,925
NET CHANGE IN FUND BALANCE	<u>\$ (2,012,269)</u>	<u>\$ (4,782,519)</u>	1,599,045	<u>\$ 6,381,564</u>
FUND BALANCE				
Beginning of Year			3,720,882	
End of Year			<u>\$ 5,319,927</u>	

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 132,950	\$ 132,950	\$ 127,898	\$ (5,052)
State Sources	-	-	205,560	205,560
Federal Sources	4,782,000	4,782,000	6,264,845	1,482,845
Total Revenues	<u>4,915,200</u>	<u>4,915,200</u>	<u>6,598,303</u>	<u>1,683,103</u>
EXPENDITURES				
Current:				
Food Service	4,735,849	4,735,849	4,844,087	108,238
Capital Outlay	65,000	65,000	744	(64,256)
Debt Service:				
Principal	-	-	732	732
Interest	-	-	251	251
Total Expenditures	<u>4,800,849</u>	<u>4,800,849</u>	<u>4,845,814</u>	<u>44,965</u>
NET CHANGE IN FUND BALANCE	<u>\$ 114,351</u>	<u>\$ 114,351</u>	1,752,489	<u>\$ 1,638,138</u>
FUND BALANCE				
Beginning of Year			1,804,585	
End of Year			<u>\$ 3,557,074</u>	

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,011,382	\$ 1,011,382	\$ 1,015,770	\$ 4,388
Other - Primarily Tuition and Fees	4,560,692	4,911,233	4,695,775	(215,458)
State Sources	1,195,214	1,222,433	1,083,709	(138,724)
Federal Sources	820,827	904,725	1,200,178	295,453
Total Revenues	<u>7,588,115</u>	<u>8,049,773</u>	<u>7,995,432</u>	<u>(54,341)</u>
EXPENDITURES				
Current:				
Community Service	7,392,582	7,681,307	7,383,968	(297,339)
Capital Outlay	36,850	175,531	137,371	(38,160)
Debt Service:				
Principal	-	-	2,244	2,244
Interest	-	-	549	549
Total Expenditures	<u>7,429,432</u>	<u>7,856,838</u>	<u>7,524,132</u>	<u>(332,706)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 158,683</u>	<u>\$ 192,935</u>	471,300	<u>\$ 278,365</u>
FUND BALANCE				
Beginning of Year			<u>1,244,780</u>	
End of Year			<u>\$ 1,716,080</u>	

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Governmental Activities Internal Service Funds	
	2022	2021
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 710,384	\$ 691,382
LIABILITIES		
Current Liabilities:		
Accounts Payable	50,047	69,111
Claims Payable - Medical	19,762	18,716
Total Current Liabilities	69,809	87,827
NET POSITION		
Unrestricted	640,575	603,555
Total Net Position	\$ 640,575	\$ 603,555

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 INTERNAL SERVICE FUND
 YEAR ENDED JUNE 30, 2022
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	Governmental Activities Internal Service Funds	
	2022	2021
OPERATING REVENUES		
Charges for Services:		
Dental Insurance Premiums	\$ 972,294	\$ 990,069
OPERATING EXPENSES		
Dental Insurance Claim Payment	885,910	938,318
General Administrative Fees	49,364	50,449
Total Operating Expenses	935,274	988,767
CHANGE IN NET POSITION	37,020	1,302
Net Position - Beginning	603,555	602,253
NET POSITION - ENDING	\$ 640,575	\$ 603,555

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	Governmental Activities Internal Service Funds	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 972,294	\$ 990,069
Payments for Administrative Costs	(68,428)	(32,113)
Payments for Claims	(884,864)	(934,601)
Net Cash Provided by Operating Activities	19,002	23,355
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,002	23,355
Cash and Cash Equivalents - Beginning of Year	691,382	668,027
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 710,384	\$ 691,382
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Position	\$ 37,020	\$ 1,302
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	(19,064)	18,336
Increase (Decrease) in Claims Payable	1,046	3,717
Total Adjustments	(18,018)	22,053
Net Cash Provided by Operating Activities	\$ 19,002	\$ 23,355

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Other Postemployment Benefit Trust	Custodial Fund
ASSETS		
Cash and Investments	\$ 7,060,315	\$ 1,314,824
Interest Receivable	14,687	-
Due from Other Governments	-	240,736
Total Assets	7,075,002	1,555,560
LIABILITIES		
Accounts and Contracts Payable	-	198,168
Due to Other Funds	799,644	-
Due to Other Governments	-	38,640
Total Liabilities	799,644	236,808
NET POSITION		
Restricted for OPEB/Other Purposes	\$ 6,275,358	\$ 1,318,752

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Other Postemployment Benefit Trust	Custodial Fund
ADDITIONS		
Investment Income	\$ (881,134)	\$ -
Contributions	-	812,080
Total Additions	(881,134)	812,080
DEDUCTIONS		
Salaries	-	2,182
Benefits Paid to Participants or Beneficiaries	811,138	341
Purchased Services	-	696,410
Supplies and Materials	-	6,881
Total Deductions	811,138	705,814
CHANGE IN NET POSITION	(1,692,272)	106,266
Net Position - Beginning of Year	7,967,630	1,212,486
NET POSITION - END OF YEAR	\$ 6,275,358	\$ 1,318,752

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 623 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

This financial report has been prepared in conformity with GASB Statement No. 34.

B. Financial Reporting Entity

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

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

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. As the District has assumed obligations to contribute to the OPEB Trust, a financial burden exists and the OPEB Trust is considered a component unit of the District. The Trust Fund is also engaged in a fiduciary activity of the District, therefore the Trust Fund is considered a fiduciary component unit and is being reported in the District's fiduciary fund financial statements.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements in the District's General Fund.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statement of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. The costs of these services are reported in the appropriate functional activity.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, 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.

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the state of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report 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, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements, and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state aids.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

Proprietary Funds

Internal Service Fund

The Internal Service Fund is established to account for the District's self-insured dental insurance plan for its employees.

Fiduciary Funds

Other Postemployment Benefit Trust

The Other Postemployment Benefit Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds (Continued)

Custodial Fund

The Custodial Fund is established to account for cash and other assets held by the District as the agent for others. This fund is used to account for a local collaborative time study grant.

E. Budgeting

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

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

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budget amounts include mid-year budget amendments as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 114,627,566	\$ 913,844	\$ 115,541,410
Special Revenue Fund:			
Community Service Fund	7,588,115	461,658	8,049,773
<u>Expenditures</u>			
General Fund	\$ 116,639,835	\$ 3,684,094	\$ 120,323,929
Special Revenue Funds:			
Community Service Fund	7,429,432	427,406	7,856,838

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

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

F. Cash and Investments

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

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations.

G. Accounts Receivable

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

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased paper supplies, 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, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and balance sheet 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 three items in this category, one related to pensions (see Note 7 for details), one related to other postemployment benefits (see Note 8 for details), and one related to deferred losses on debt refunding.

In addition to liabilities, the statement of net position and balance sheet 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 five types of deferred inflows, two of which are related to revenue recognition. The first is property taxes levied for subsequent year. As an imposed nonexchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflow of resources is delinquent property taxes. Governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements. The third type of deferred inflow is for deferred gains on debt refunding, which is being amortized over the life of the bonds. The fourth type of deferred inflow is related to pensions (see Note 7 for details) and the fifth type is related to other postemployment benefits (see Note 8 for details).

K. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Taxes (Continued)

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift".

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

L. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 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 statement 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 purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

N. 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

O. Pensions

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Accrued Employee Benefits

Vacation Pay

The District's twelve-month employees are entitled to annual vacations. These benefits are reported as liabilities in the government-wide financial statements and as expenditures when taken in the fund financial statements.

Sick Pay

Substantially all district employees are entitled to sick leave at various rates. For certain employees, unused sick leave is a factor in the calculation of an employee's severance pay upon retirement.

Severance and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments and postemployment health care benefits. Accounting policies for severance and health benefits are described below.

1. Early Retirement Incentive and Convertible Sick Leave

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. For substantially all employees, early retirement incentive benefits are eliminated if employment with the District occurred subsequent to July 1, 1994. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. If retirement occurs by year-end, the related benefits are included with salaries and other compensated absences as a current liability. See Note 5 for further information.

2. Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach specified age requirements such as Medicare eligibility. These plans are no longer available to employees hired subsequent to July 1, 1994. The long-term portion of the postemployment health care benefits liability is included as Other Postemployment Benefits of long-term debt. See Note 8 for further information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance

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

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

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

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

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent or the Superintendent's designee to assign fund balances and its intended uses.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

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

The District formally adopted a fund balance policy for the General Fund. The policy established a year-end target unassigned fund balance of 3% of the annual budget.

R. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

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. The District is self-insured for dental benefits. See Note 12 for details.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

T. Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2022:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Fund:			
Food Service Fund	\$ 4,800,849	\$ 4,845,814	\$ 44,965
Debt Service Fund	10,478,613	16,157,933	5,679,320

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

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

The bank balance and carrying value of the District's deposits in banks at June 30, 2022 is \$13,752,721 and \$10,898,014, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2022, the District's petty cash fund totaled \$1,620.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rate “A” or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

In addition, investments held in the Other Postemployment Benefits Irrevocable Trust Fund may be invested as authorized by Minnesota State Statute 356A.06, Subdivision 7.

At June 30, 2022, the District had the following investments:

	Fair Value
Municipal Bonds	\$ 1,648,686
MN State Board of Investments Internal Fixed Pool	7,060,316
Total Investments at Fair Value	\$ 8,709,002
	Amortized Cost
MSDLAF+ Liquid Class	\$ 27,371,029
MSDLAF+ MAX Class	1,018,449
Money Market Mutual Funds	5,788,400
Total Investments at Amortized Cost	\$ 34,177,878

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

MSDLAF's investments are restricted to securities described in Minnesota Statutes §118.04. MSDLAF's Term Series portfolios are separate portfolios with a fixed investment term and a designated maturity. A Term Series portfolio consists of investments in certificates of deposit, obligations of the U.S. Government, its agencies and instrumentalities, and municipal obligations. These investments are reported at amortized cost.

The District has established an Other Postemployment Benefits Irrevocable Trust Fund, which is administered by PERA, in accordance with Minnesota Statute 471.6175. In accordance with this statute, funds must be invested with the State Board of Investments (SBI). The District's trust funds are invested in an external investment pool comprised of fixed income securities. The average years to maturity for this investment pool is less than one year. The SBI investments are unrated. The fair value of the position in the pool is the same as the value of pool shares.

Custodial Credit Risk – For an investment, custodial risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The District places no limit on the amount that the District may invest in any one issuer. The District does not currently have any investments with issuers that individually comprise more than 5% of the District's investments.

The following table shows the distribution of the District's investments by maturity as well as ratings:

Type	Total	12 Months or Less	13 to 60 Months	More Than 60 Months	Rating
Municipal Bonds	\$ 1,648,686	\$ 1,648,686	\$ -	\$ -	AA to AA+
MN SBI Internal Fixed Pool	7,060,316	7,060,316	-	-	Not Rated
MSDLAF+ Liquid Class	27,371,029	27,371,029	-	-	AAA
MSDLAF+ MAX Class	1,018,449	1,018,449	-	-	Not Rated
Money Market Mutual Fund	5,788,400	5,788,400	-	-	Not Rated
Total	<u>\$ 42,886,880</u>	<u>\$ 42,886,880</u>	<u>\$ -</u>	<u>\$ -</u>	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 40,136,786
Cash and Investments Held by Trustee - Statement of Net Position	5,274,589
Cash and Investments - Statement of Fiduciary Net Position	8,375,139
Total Cash and Investments	\$ 53,786,514

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

Assets measured at fair valued on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$ -	\$ 1,648,686	\$ -	\$ 1,648,686
MN SBI Internal Fixed Pool	7,060,316	-	-	7,060,316
Total	\$ 7,060,316	\$ 1,648,686	\$ -	\$ 8,709,002

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance, as Restated	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 1,862,539	\$ -	\$ -	\$ -	\$ 1,862,539
Construction in Progress	47,352,738	11,805,087	(55,768,801)	-	3,389,024
Total Capital Assets, Not Being Depreciated	49,215,277	11,805,087	(55,768,801)	-	5,251,563
Capital Assets, Being Depreciated					
Land Improvements	12,242,683	622,318	-	1,385,732	14,250,733
Buildings and Improvements	232,647,266	55,909,209	-	(1,255,819)	287,300,656
Equipment	7,725,625	770,995	-	(129,913)	8,366,707
Total Capital Assets, Being Depreciated	252,615,574	57,302,522	-	-	309,918,096
Right-to-Use, Being Amortized					
Equipment	314,871	-	-	-	314,871
Accumulated Depreciation for:					
Land Improvements	(5,311,461)	(2,045,463)	-	-	(7,356,924)
Buildings and Improvements	(73,209,845)	(6,378,362)	-	-	(79,588,207)
Equipment	(5,070,173)	(349,924)	-	-	(5,420,097)
Total Accumulated Depreciation	(83,591,479)	(8,773,749)	-	-	(92,365,228)
Accumulated Amortization for:					
Equipment	-	(105,312)	-	-	(105,312)
Total Accumulated Depreciation/Amortization	(83,591,479)	(8,879,061)	-	-	(92,470,540)
Total Capital Assets, Being Depreciated or Amortized, Net	169,338,966	48,423,461	-	-	217,762,427
Governmental Activities Capital Assets, Net	<u>\$ 218,554,243</u>	<u>\$ 60,228,548</u>	<u>\$ (55,768,801)</u>	<u>\$ -</u>	<u>\$ 223,013,990</u>

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities	
Administration	\$ 720
District Support Services	309,185
Regular Instruction	8,237,794
Vocational Education Instruction	1,312
Special Education Instruction	1,854
Instructional Support Services	61,398
Sites and Buildings	192,409
Food Service	58,812
Community Service	15,577
Total Depreciation/Amortization Expense	<u>8,879,061</u>
Governmental Activities	<u>\$ 8,879,061</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Series Number	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
General Obligation Bonds:						
10/5/2017	1.30-3.125%	2017A	18,420,000	2/1/2029	\$ 690,000	\$ 16,625,000
12/28/2017	4.00%	2017B	9,995,000	2/1/2032	-	9,995,000
2/1/2018	4.00-5.00%	2018A	130,045,000	2/1/2038	4,020,000	119,180,000
11/6/2019	5.00%	2019A	6,610,000	2/1/2025	1,485,000	3,025,000
4/23/2020	2.00-4.00%	2020A	8,185,000	2/1/2040	145,000	7,820,000
11/10/221	5.00%	2021B	2,425,000	2/1/2026	555,000	2,425,000
4/13/2022	3.125%-4.0%	2022A	13,250,000	2/1/2040	30,000	13,250,000
Total General Obligation Bonds					6,925,000	172,320,000
Certificates of Participation:						
3/9/2021	3.00-5.00%	2021A	17,510,000	4/1/2036	860,000	16,600,000
Bond Premiums					-	14,682,096
Financed Purchase Payable					294,355	414,330
Leases Payable					104,332	216,374
Accrued Vacation					-	1,265,633
Other Compensated Absences Payable					32,734	344,995
Total					<u>\$ 8,216,421</u>	<u>\$ 205,843,428</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including severance, health benefits payable, or other compensated absences, are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Financed Purchases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 6,925,000	\$ 6,844,769	\$ 860,000	\$ 688,700	\$ 294,355	\$ -
2024	7,400,000	6,581,593	905,000	645,700	119,975	-
2025	7,415,000	6,245,167	950,000	600,450	-	-
2026	8,920,000	5,911,668	1,000,000	552,950	-	-
2027	9,650,000	5,519,118	1,050,000	502,950	-	-
2028-2032	51,935,000	21,196,438	6,070,000	1,686,500	-	-
2033-2037	56,350,000	10,910,948	5,765,000	438,600	-	-
2038-2040	23,725,000	1,221,212	-	-	-	-
Total	<u>\$ 172,320,000</u>	<u>\$ 64,430,913</u>	<u>\$ 16,600,000</u>	<u>\$ 5,115,850</u>	<u>\$ 414,330</u>	<u>\$ -</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt

General Obligation School Building Bonds

These bonds were issued to finance acquisition, construction, and/or improvement of capital facilities or to refinance (refund) previous bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

On February 1, 2018, the District issued \$130,045,000 of General Obligation School Building Bonds, Series 2018A with interest rates ranging between 4.00% and 5.00%. The proceeds were used to finance the acquisition and betterment of school sites and facilities, as authorized in a referendum on November 7, 2017.

On April 23, 2020, the District issued \$8,185,000 of General Obligation Facilities Maintenance Bonds, Series 2020A with interest rates ranging between 2.00% and 4.00%. The proceeds were used to finance deferred maintenance projects included in the ten-year facility plan of the District.

General Obligation Taxable OPEB Bonds

These bonds were issued for funding actuarial liabilities to pay other postemployment benefits. Assets of the OPEB Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

On October 5, 2017, the District issued \$18,420,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2017A with interest rates ranging between 1.300% and 3.125%. The District issued the bonds to refund, in advance of their stated maturities, \$16,790,000 of the outstanding series 2009A General Obligation Taxable OPEB Bonds. The proceeds were used to call, in advance of their maturity, the remaining outstanding maturities of the 2009A bonds on their call date of February 1, 2019.

General Obligation Refunding Bonds

On November 6, 2019, the District issued \$6,610,000 of General Obligation School Building Refunding Bonds, Series 2019A. A total of \$7,195,000 of the proceeds was used to refund, in advance of their stated maturities, the remaining outstanding maturities of the District's Series 2010B General Obligation School Building Refunding Bonds.

On November 10, 2021, the District issued \$2,425,000 of General Obligation School Building Refunding Bonds, Series 2021B. The proceeds were used on February 1, 2022 to call and redeem the remaining balance of the District's 2013B bonds. The refunding resulted in a cash flow savings of \$173,918 and a net present value savings of \$168,174.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Facilities Maintenance Bonds

On December 28, 2017, the District issued \$9,995,000 of General Obligation Facilities Maintenance Bonds, Series 2017B, bearing interest at a rate of 4.00%. The proceeds of this issuance were used to finance a portion of the costs of deferred maintenance and health and safety projects included in the District's ten-year facility plan approved by the Commissioner of Education.

On April 14, 2022, the District issued 13,2505,000 of General Obligation Facilities Maintenance Bonds, Series 2022A, bearing interest rates of 3.25% to 4.00%. The proceeds of this issuance will be used to finance deferred maintenance projects at school district facilities included in the District's ten-year facility plan approved by the Commissioner of Education.

Certificates of Participation

On March 9, 2021, the District issued \$17,510,000 of Certificates of Participation, Series 2021A, bearing interest at a rate of 4.00%. The proceeds of the issuance were used to finance a portion of the costs of the Fairview Community Center facility replacement and related site costs.

Severance and Other Postemployment Benefits Payable

Severance and other postemployment benefits payable consist of early retirement incentive payments, administrator experience benefits and postemployment health insurance benefits payable to employees upon retirement.

D. Changes in Long-Term Debt

	June 30, 2021	Additions	Retirements	June 30, 2022
Bonds Payable	\$ 166,005,000	\$ 15,675,000	\$ 9,360,000	\$ 172,320,000
Certificates of Participation	17,510,000	-	910,000	16,600,000
Premiums	15,878,264	714,382	1,910,550	14,682,096
Financed Purchases Payable	348,760 *	359,925	294,355	414,330
Leases Payable	314,871	-	98,497	216,374
Vacation Payable	1,204,400	796,472	735,239	1,265,633
Other Compensated Absences	381,161	-	36,166	344,995
Total	<u>\$ 201,642,456</u>	<u>\$ 17,545,779</u>	<u>\$ 13,344,807</u>	<u>\$ 205,843,428</u>

* The beginning balance of financed purchases payable does not tie to the ending balance from last year due to implementation of GASB 87 as of July 1, 2021. This was previously accounted for as a capital lease. Therefore, in the prior years it was not included under this same heading.

Governmental compensated absences and retirement benefits are typically liquidated (paid) by the operating funds.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LEASES

The District leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026 and contain discount rates ranging from 3.95% to 18.20%.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	Leases Payable	
	Principal	Interest
2023	\$ 104,332	\$ 10,359
2024	70,892	2,536
2025	40,906	191
2026	244	3
Total	\$ 216,374	\$ 13,089

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted fund balances at June 30, 2022 are as follows:

- a. Restricted for Student Activities – This fund balance represents the resources available for the extracurricular activity funds raised by students.
- b. Restricted for Staff Development – This fund balance represents unspent staff development revenues set aside from General Education Revenue.
- c. Restricted for Operating Capital - The District levies taxes and receives state aid to be used for the purchase of equipment or facilities. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a reservation of fund balance in the General Fund.
- d. Restricted for Community Education Programs - The fund balance restriction represents accumulated resources available to provide general community education programming.
- e. Restricted for Early Childhood and Family Education Programs - This fund balance restricted represents accumulated resources available to provide services for early childhood and family education programming.
- f. Restricted for School Readiness - This fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.
- g. Restricted for Adult Basic Education - This fund balance restriction represents the balance of carryover monies for all activity involving Adult Basic Education.
- h. Restricted for Safe Schools Levy - This fund balance restriction represents unspent resources available from the safe schools levy.
- i. Restricted for Long Term Facilities Maintenance - Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's 10-year plan.
- j. Restricted for Other Purposes - This fund balance represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the District are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 253 and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

The Teacher's 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 356 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).

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide 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.

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Or

Tier II Benefits

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

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

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

C. Contributions

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were \$1,339,325. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354, rates for current fiscal year for coordinated were 7.5% for the employee and 8.34% for the employer. Basic rates were 11.00% for the employee and 12.34% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2022 were \$4,359,358. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of \$10,231,993 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 \$312,443.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.2396% at the end of the measurement period and 0.2404% for the beginning of the period.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$(39,955) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$25,209 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2022, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 62,863	\$ 313,128
Changes in Actuarial Assumptions	6,247,443	226,338
Net Difference Between Projected and Actual Earnings on Plan Investments	-	8,861,339
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	331,267	168,728
District Contributions Subsequent to the Measurement Date	1,339,325	-
Total	<u>\$ 7,980,898</u>	<u>\$ 9,569,533</u>

\$1,339,325 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30.	Pension Expense Amount
2023	\$ (418,960)
2024	(183)
2025	(91,866)
2026	(2,416,951)
2027	-
Thereafter	-

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of \$36,283,895 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to 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 0.8291% at the end of the measurement period and 0.8277% for the beginning of the period.

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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 36,283,895
State's Proportionate Share of the Net Pension Liability Associated with the District	3,060,054
Total	<u>\$ 39,343,949</u>

For the year ended June 30, 2022, the District recognized pension expense of \$206,557. It also recognized \$(293,149) as pension expense and grant revenue for the support provided by direct aid.

At June 30, 2022, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 982,726	\$ 1,027,705
Changes in Actuarial Assumptions	13,296,681	32,735,773
Net Difference Between Projected and Actual Earnings on Plan Investments	-	30,423,857
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	161,828	1,672,508
District Contributions Subsequent to the Measurement Date	4,359,358	-
Total	<u>\$ 18,800,593</u>	<u>\$ 65,859,843</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

\$4,359,358 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2023	\$ (24,714,492)
2024	(18,879,434)
2025	(4,710,608)
2026	(5,700,411)
2027	2,586,337
Thereafter	-

3. Aggregate Pension Costs

	<u>TRA</u>	<u>GERF</u>	<u>Total</u>
Net Pension Liability	\$ 36,283,895	\$ 10,231,993	\$ 46,515,888
Deferred Outflows of Resources	18,800,593	7,980,898	26,781,491
Deferred Inflows of Resources	65,859,843	9,569,533	75,429,376
Pension Expense	206,557	(39,955)	166,602

E. Actuarial Assumptions

The total pension liability in the **June 30, 2021**, actuarial valuation was determined using the following actuarial assumptions:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
Inflation	2.25% per year	2.50%
Active Member Payroll Growth	3.00% per year	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Investment Rate of Return	6.50%	7.00%

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

The following changes for the General Employees Fund occurred in 2021:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

TRA pre-retirement mortality rates were based on the RP-2014 white-collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates.

Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

The following changes in actuarial assumption for TRA occurred in 2021:

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10%
Private Markets	25.00	5.90%
Fixed Income	20.00	0.75%
International Equity	17.50	5.30%
Unallocated Cash	2.00	0.00%
Totals	100.00 %	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2021 was 6.50%. 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 positions of the General Employees Fund were 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.

The discount rate used to measure the TRA pension liability was 7.00%. The discount rate used to measure the total pension liability at the prior measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year's 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).

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	5.50%	6.50%	7.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 20,868,043	\$ 10,231,993	\$ 1,504,465
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 73,295,234	\$ 36,283,895	\$ 5,931,647

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Plan's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses. The plan includes 1,000 active participants, 260 retired participants, and 118 spouses. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. For fiscal year 2022, the District made no contribution to the plan; the current year benefits were paid from the District's OPEB Trust Fund. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 1.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Net OPEB Liability (Asset) of the District

The components of the net OPEB liability (asset) of the District at June 30, 2022 were as follows:

Total OPEB Liability	\$ 8,501,751
Plan Fiduciary Net Position	<u>6,275,358</u>
District's Net OPEB Liability	<u>\$ 2,226,393</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	74%

D. Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of July 1, 2020. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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

Discount Rate	3.70%
Inflation	2.50%
Salary Increases	Service graded table
Investment Rate of Return	3.10%
20-Year Municipal Bond Yield	3.80%
Health Care Trend Rates	6.25% decreasing to 5.00% over 5 years and then to 4.00% over the next

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	100.00 %	3.10 %
Net Assumed Investment Return		<u>3.10 %</u>

The discount rate used to measure the total OPEB liability was 3.10%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments. The expected employer asset return is based on the long-term expected return on short-term/cash-equivalent assets using our capital market assumption model.

Since the most recent valuation, the following changes have been made:

- The discount rate was changed from 2.30% to 3.70%.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 9,231,309	\$ 7,967,630	\$ 1,263,679
Changes for the Year:			
Service Cost	500,722	-	500,722
Interest Cost	214,430	-	214,430
Assumption Changes	(633,572)	-	(633,572)
Differences Between Expected and Actual Experience	-	(1,128,131)	1,128,131
Contributions-Employer	-	-	-
Net Investment income	-	246,997	(246,997)
Benefit Payments	(811,138)	(811,138)	-
Net Changes	<u>(729,558)</u>	<u>(1,692,272)</u>	<u>962,714</u>
Balances at June 30, 2022	<u>\$ 8,501,751</u>	<u>\$ 6,275,358</u>	<u>\$ 2,226,393</u>

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

	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Net OPEB Liability	\$ 2,748,097	\$ 2,226,393	\$ 1,734,090

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.25% decreasing to 4.00%, then 3.00%) or 1% point higher (7.25% decreasing to 6.00%, then 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.25% Decreasing to 4.00%, then 3.00%)	Current Trend Rates (6.25% Decreasing to 5.00%, then 4.00%)	1% Increase (7.25% Decreasing to 6.00%, then 5.00%)
Net OPEB Liability	\$ 1,363,489	\$ 2,226,393	\$ 3,233,604

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

For the year ended June 30, 2022, the District recognized OPEB expense of \$718,297. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 92,824	\$ -
Change of Assumptions	202,515	520,803
Net Difference Between Projected and Actual Investment Earnings	782,222	-
Total	<u>\$ 1,077,561</u>	<u>\$ 520,803</u>

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

Year Ending June 30,	Future Recognition
2022	\$ 146,487
2023	103,609
2024	174,089
2025	132,573
2026	-
Thereafter	-
Total	<u>\$ 556,758</u>

NOTE 10 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. All 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 health care and dependent care benefits.

Before the beginning of the plan year, which is July 1 to June 30, 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 plan, whether or not such contributions have been made.

All assets of the plan are administered by a third-party administrator and held with a trustee according to a trust agreement established between the plan administrator and the trustee. Payments are made by the third-party administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 INTERFUND BALANCES

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

	Due from Other Fund	Due to Other Fund
General Fund	\$ 1,037,915	\$ -
Special Revenue Funds:		
Food Service Fund	12,968	-
Community Service Fund	67,790	-
Capital Projects Fund	-	319,029
Other Postemployment Benefits Trust	-	799,644
Total	\$ 1,118,673	\$ 1,118,673

The purpose of these interfund balances is as follows:

The Other Postemployment Benefits Trust owes the General Fund, Food Service Fund, and Community Service Fund for OPEB payments made by those funds. The capital projects fund owes the General Fund for capital project expenditures paid out of the General Fund.

NOTE 12 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management believes the resolution of these matters will not have a material impact on the District.

C. Commitments

The District has remaining construction contract commitments at June 30, 2022 on ongoing projects of \$6,629,961.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 DENTAL SELF-INSURANCE PLAN

The District established a self-insured plan for dental benefits for District employees effective July 1, 2011, and an Internal Service Fund was created to record related revenues and expenditures. The plan is administered by a third party. Total premiums paid in the year ended June 30, 2022 were \$972,294 while total claims payments and administration fees were \$885,910 and \$49,364, respectively.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2022, there is a reserve of \$640,575.

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

There were no liabilities in excess of claims paid at June 30, 2022. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$710,384 in cash and investments at June 30, 2022 for payment of claims. Schedule of changes in claims liability is as follows:

	<u>2022</u>	<u>2021</u>
Beginning of Fiscal Year Liability - July 1	\$ 18,716	\$ 14,999
Current Year Claims, Changes in Estimates, and Other Charges	885,910	938,318
Payments on Claims	<u>(884,864)</u>	<u>(934,601)</u>
End of Fiscal Year Liability - June 30	<u>\$ 19,762</u>	<u>\$ 18,716</u>

NOTE 14 GYMNASTICS GYMNASIUM AGREEMENT

In 1996, the City of Roseville paid \$920,000 to the District to construct a gymnastics gymnasium. Under the terms of the agreement, the City will allow the District to utilize the gymnasium in turn for the City's ability to use the High School. The agreement is cancelable by either party with 90 days' written notice. In the event of termination, the City will be entitled to the depreciated value of its investment, based on a 50-year life depreciated on a straight-line basis.

REQUIRED SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS**

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 500,722	\$ 585,700	\$ 543,390	\$ 491,646	\$ 350,169	\$ 305,193
Interest	214,430	278,055	312,793	366,477	407,579	415,532
Changes of Benefit Terms	-	-	-	23,877	-	-
Differences Between Expected and Actual Experience	-	28,341	-	379,117	-	-
Changes of Assumptions	(633,572)	26,147	235,612	(69,751)	313,178	-
Benefit Payments	(811,138)	(734,023)	(869,053)	(787,884)	(892,054)	(956,705)
Net Change in Total OPEB Liability	(729,558)	184,220	222,742	403,482	178,872	(235,980)
Total OPEB Liability - Beginning	9,231,309	9,047,089	8,824,347	8,420,865	8,241,993	8,477,973
Total OPEB Liability - Ending (a)	\$ 8,501,751	\$ 9,231,309	\$ 9,047,089	\$ 8,824,347	\$ 8,420,865	\$ 8,241,993
Plan Fiduciary Net Position						
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Member Contributions	-	-	-	-	-	-
Net Investment Income	(881,134)	113,102	792,417	730,983	(35,777)	91,284
Benefits Paid	(811,138)	(734,023)	(869,053)	(787,884)	(892,054)	(956,705)
Administrative Expense	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(1,692,272)	(620,921)	(76,636)	(56,901)	(927,831)	(865,421)
Plan Fiduciary Net Position - Beginning	7,967,630	8,588,551	8,665,187	8,722,088	9,649,919	10,515,340
Plan Fiduciary Net Position - Ending (b)	\$ 6,275,358	\$ 7,967,630	\$ 8,588,551	\$ 8,665,187	\$ 8,722,088	\$ 9,649,919
District's Net OPEB Liability (Asset) - Ending (a) - (b)	\$ 2,226,393	\$ 1,263,679	\$ 458,538	\$ 159,160	\$ (301,223)	\$ (1,407,926)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	73.81%	86.31%	94.93%	98.20%	103.58%	117.08%
Covered-Employee Payroll	\$ 65,063,201	\$ 63,168,156	\$ 61,218,059	\$ 59,435,009	\$ 52,665,303	\$ 51,131,362
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	3.42 %	2.00 %	0.75 %	0.27 %	(0.57)%	(2.75)%

*The District implemented GASB Statement Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB
 YEAR ENDED JUNE 30, 2022**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.60%
2018	5.00%
2019	8.40%
2020	8.40%
2021	1.30%
2022	1.30%

*The District implemented GASB Statements Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT DATES**

PERA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2396%	0.2404%	0.2300%	0.2385%	0.2451%	0.2488%	0.2535%	0.2717%
District's Proportionate Share of the Net Pension Liability	\$ 10,231,993	\$ 14,413,079	\$ 12,716,185	\$ 13,231,002	\$ 15,647,022	\$ 20,201,326	\$ 13,137,686	\$ 12,763,105
State's Proportionate Share of the Net Pension Liability Associated with District	312,443	444,425	395,231	433,960	196,782	263,785	-	-
Total	<u>\$ 10,544,436</u>	<u>\$ 14,857,504</u>	<u>\$ 13,111,416</u>	<u>\$ 13,664,962</u>	<u>\$ 15,843,804</u>	<u>\$ 20,465,111</u>	<u>\$ 13,137,686</u>	<u>\$ 12,763,105</u>
District's Covered Payroll	\$ 17,292,720	\$ 17,144,333	\$ 16,012,200	\$ 16,000,773	\$ 15,790,987	\$ 15,459,267	\$ 14,916,610	\$ 14,186,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	60.98%	86.66%	81.88%	85.40%	100.33%	132.38%	88.07%	89.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.10%	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

TRA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8291%	0.8277%	0.8408%	0.8493%	0.8589%	0.8565%	0.8650%	0.8650%
District's Proportionate Share of the Net Pension Liability	\$ 36,283,895	\$ 61,151,585	\$ 53,592,769	\$ 53,344,444	\$ 171,452,020	\$ 204,295,686	\$ 53,508,805	\$ 41,287,030
State's Proportionate Share of the Net Pension Liability Associated with District	3,060,054	5,124,887	4,742,755	5,011,862	16,573,240	20,506,603	6,563,362	2,904,390
Total	<u>\$ 39,343,949</u>	<u>\$ 66,276,472</u>	<u>\$ 58,335,524</u>	<u>\$ 58,356,306</u>	<u>\$ 188,025,260</u>	<u>\$ 224,802,289</u>	<u>\$ 60,072,167</u>	<u>\$ 44,191,420</u>
District's Covered Payroll	\$ 48,154,646	\$ 48,154,646	\$ 46,366,263	\$ 45,589,624	\$ 46,142,533	\$ 44,692,867	\$ 44,031,293	\$ 44,031,293
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	75.35%	126.99%	115.59%	117.01%	371.57%	457.11%	121.52%	93.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST EIGHT FISCAL YEARS**

PERA Schedule of District Contributions

	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,339,325	\$ 1,296,954	\$ 1,285,825	\$ 1,200,915	\$ 1,200,058	\$ 1,184,324	\$ 1,159,445	\$ 1,100,100
Contributions in Relation to the Statutorily Required Contribution	<u>(1,339,325)</u>	<u>(1,296,954)</u>	<u>(1,285,825)</u>	<u>(1,200,915)</u>	<u>(1,200,058)</u>	<u>(1,184,324)</u>	<u>(1,159,445)</u>	<u>(1,100,100)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 17,857,667	\$ 17,292,720	\$ 17,144,333	\$ 16,012,200	\$ 16,000,773	\$ 15,790,987	\$ 15,459,267	\$ 14,916,610
Contributions as a Percentage of Covered Payroll	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.375%

TRA Schedule of District Contributions

	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 4,359,358	\$ 4,055,152	\$ 3,813,848	\$ 3,672,208	\$ 3,514,960	\$ 3,460,690	\$ 3,351,965	\$ 3,302,347
Contributions in Relation to the Statutorily Required Contribution	<u>(4,359,358)</u>	<u>(4,055,152)</u>	<u>(3,813,848)</u>	<u>(3,672,208)</u>	<u>(3,514,960)</u>	<u>(3,460,690)</u>	<u>(3,351,965)</u>	<u>(3,302,347)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 52,270,480	\$ 49,878,868	\$ 48,154,646	\$ 46,366,263	\$ 45,589,624	\$ 46,142,533	\$ 44,692,867	\$ 44,031,293
Contributions as a Percentage of Covered Payroll	8.34%	8.13%	7.92%	7.92%	7.71%	7.50%	7.50%	7.50%

The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

- 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.
- 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.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

2019

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

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

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

2016

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

A. Coordinated Plan

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

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

2019

- No changes.

2018

- 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% 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 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% 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.
- The single discount rate was changed from 5.12% to 7.5%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

2017

- The 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.
- 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 3.5% 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.
- The single discount rate was changed from 4.66% to 5.12%

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Post-retirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the year ended June 30:

2022

- The discount rate was changed from 2.30% to 3.70%.

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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 4.30% to 3.10%.
- The discount rate was changed from 3.00% to 2.30%.

2020

- The discount rate was changed from 3.50% to 3.00%

2019

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- Pre-age 55 employees on long-term disability (LTD) are assumed to continue on one of the District's medical plans for five years. Previously, they were assumed to continue until age 65.
- The expected long-term investment return was changed from 5.00% to 4.30%
- The discount rate was changed from 4.30% to 3.50%

2018

- The expected long-term investment return was changed from 5.60% to 5.00%
- The discount rate was changed from 5.00% to 4.30%

SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 871,967	\$ 2,897,768
Receivables:		
Current Taxes	16,442,051	14,374,483
Delinquent Taxes	154,144	338,040
Accounts and Interest Receivable	142,393	161,371
Due from Other Minnesota School Districts	75,255	17,325
Due from Minnesota Department of Education	7,491,895	7,262,783
Due from Federal Through the Minnesota Department of Education	9,771,395	2,424,731
Due from Other Governmental Units	783,959	412,895
Due from Other Funds	1,037,915	835,777
Inventory	-	11,542
Prepays	395,436	579,875
	<u>395,436</u>	<u>579,875</u>
Total Assets	<u>\$ 37,166,410</u>	<u>\$ 29,316,590</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 348,879	\$ 268,380
Accounts and Contracts Payable	2,412,846	1,431,600
Due to Other Minnesota School Districts	1,565,392	245,675
Due to Other Governmental Units	30,516	284,263
Unearned Revenue	51,350	55,157
Total Liabilities	<u>4,408,983</u>	<u>2,285,075</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	27,283,356	22,899,796
Unavailable Revenue - Delinquent Taxes	154,144	410,837
Total Deferred Inflows of Resources	<u>27,437,500</u>	<u>23,310,633</u>
Fund Balance:		
Nonspendable:		
Inventory	-	11,542
Prepays	395,436	579,875
Restricted for:		
Student Activities	156,621	140,690
Staff Development	-	31,691
Operating Capital	778,506	1,068,653
Other Purposes	79,881	76,899
Assigned for Extracurricular Activities	620,504	576,945
Unassigned	3,288,979	1,234,587
Total Fund Balance	<u>5,319,927</u>	<u>3,720,882</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 37,166,410</u>	<u>\$ 29,316,590</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 23,210,500	\$ 24,015,176	\$ 804,676	\$ 26,281,211
Earnings and Investments	10,000	4,123	(5,877)	11,085
Other	1,424,731	2,883,007	1,458,276	2,475,448
State Sources	79,212,069	80,276,980	1,064,911	79,292,664
Federal Sources	11,684,110	11,366,054	(318,056)	6,265,862
Total Revenues	<u>115,541,410</u>	<u>118,545,340</u>	<u>3,003,930</u>	<u>114,326,270</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	3,840,455	3,781,009	(59,446)	3,718,307
Employee Benefits	1,357,203	1,338,986	(18,217)	1,405,943
Purchased Services	97,674	60,168	(37,506)	162,791
Supplies and Materials	7,750	6,734	(1,016)	4,270
Other Expenditures	95,900	64,824	(31,076)	62,408
Total Administration	<u>5,398,982</u>	<u>5,251,721</u>	<u>(147,261)</u>	<u>5,353,719</u>
District Support Services:				
Salaries	1,680,519	2,248,354	567,835	2,174,530
Employee Benefits	684,169	842,948	158,779	862,284
Purchased Services	359,780	338,858	(20,922)	288,297
Supplies and Materials	1,361,840	1,400,488	38,648	1,238,843
Other Expenditures	(14,700)	(99,934)	(85,234)	(41,834)
Total District Support Services	<u>4,071,608</u>	<u>4,730,714</u>	<u>659,106</u>	<u>4,522,120</u>
Elementary and Secondary Regular Instruction:				
Salaries	31,266,745	30,831,868	(434,877)	29,901,586
Employee Benefits	11,462,337	10,948,579	(513,758)	11,044,944
Purchased Services	1,947,569	2,021,134	73,565	1,073,678
Supplies and Materials	1,065,697	1,373,058	307,361	1,179,718
Other Expenditures	126,354	364,740	238,386	392,500
Total Elementary and Secondary Regular Instruction	<u>45,868,702</u>	<u>45,539,379</u>	<u>(329,323)</u>	<u>43,592,426</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 1,084,938	\$ 1,038,536	\$ (46,402)	\$ 1,090,261
Employee Benefits	431,237	409,081	(22,156)	437,892
Purchased Services	485,720	381,430	(104,290)	354,709
Supplies and Materials	10,175	23,817	13,642	8,166
Other Expenditures	-	5,432	5,432	6,417
Total Vocational Education Instruction	2,012,070	1,858,296	(153,774)	1,897,445
Special Education Instruction:				
Salaries	14,941,468	14,902,495	(38,973)	14,130,386
Employee Benefits	6,483,156	6,266,757	(216,399)	6,009,314
Purchased Services	2,603,326	2,295,170	(308,156)	1,082,135
Supplies and Materials	190,581	105,265	(85,316)	144,737
Other Expenditures	6,800	6,870	70	5,976
Total Special Education Instruction	24,225,331	23,576,557	(648,774)	21,372,548
Community Education and Services:				
Purchased Services	15,000	-	(15,000)	12,468
Instructional Support Services:				
Salaries	6,977,187	6,763,565	(213,622)	6,226,148
Employee Benefits	2,802,946	2,584,551	(218,395)	2,346,370
Purchased Services	354,101	237,657	(116,444)	208,795
Supplies and Materials	596,992	469,031	(127,961)	1,678,237
Other Expenditures	36,000	87,769	51,769	80,482
Total Instructional Support Services	10,767,226	10,142,573	(624,653)	10,540,032
Pupil Support Services:				
Salaries	2,870,010	2,602,895	(267,115)	2,162,060
Employee Benefits	1,096,387	1,016,920	(79,467)	900,249
Purchased Services	2,176,171	553,855	(1,622,316)	1,333,542
Supplies and Materials	30,000	75,361	45,361	100,170
Other Expenditures	50	11,704	11,654	10,284
Total Pupil Support Services	6,172,618	4,260,735	(1,911,883)	4,506,305

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 2,882,711	\$ 2,957,680	\$ 74,969	\$ 2,702,581
Employee Benefits	1,818,417	1,357,864	(460,553)	1,310,352
Purchased Services	2,095,142	2,773,675	678,533	4,386,686
Supplies and Materials	911,500	1,422,500	511,000	904,525
Other Expenditures	7,000	6,582	(418)	6,474
Total Sites and Buildings	<u>7,714,770</u>	<u>8,518,301</u>	<u>803,531</u>	<u>9,310,618</u>
Fiscal and Other Fixed Costs:				
Employee Benefits	40,000	143,236	103,236	-
Purchased Services	400,000	504,477	104,477	453,063
Total Fiscal and Other Fixed Costs	<u>440,000</u>	<u>647,713</u>	<u>207,713</u>	<u>453,063</u>
Transportation:				
Salaries	98,124	81,263	(16,861)	111,642
Employee Benefits	41,124	39,314	(1,810)	43,208
Purchased Services	6,338,975	7,678,032	1,339,057	4,676,445
Supplies and Materials	4,500	405	(4,095)	508
Other Expenditures	450	496	46	496
Total Transportation	<u>6,483,173</u>	<u>7,799,510</u>	<u>1,316,337</u>	<u>4,832,299</u>
Capital Outlay:				
Administration	8,000	15,468	7,468	2,577
District Support Services	400,000	576,120	176,120	243,838
Regular Instruction	161,518	91,742	(69,776)	198,643
Vocational Education Instruction	3,000	16,486	13,486	11,682
Special Education Instruction	20,000	6,206	(13,794)	3,629
Instructional Support Services	121,500	236,471	114,971	54,417
Pupil Support Services	220,000	38,833	(181,167)	-
Sites and Buildings	6,220,431	1,900,468	(4,319,963)	4,595,876
Total Capital Outlay	<u>7,154,449</u>	<u>2,881,794</u>	<u>(4,272,655)</u>	<u>5,110,662</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022		2021	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Debt Service:				
Principal	\$ -	\$ 1,299,876	\$ 1,299,876	\$ -
Interest and Fiscal Charges	-	799,051	799,051	-
Total Debt Service	-	2,098,927	2,098,927	-
Total Expenditures	120,308,929	117,306,220	(3,017,709)	111,503,705
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,767,519)	1,239,120	6,021,639	2,822,565
OTHER FINANCING SOURCES (USES)				
Sale of Real Property	-	-	-	23,852
Sale of Equipment	-	-	-	1,500
Insurance Recovery	-	-	-	59,152
Financed Purchases	-	359,925	359,925	-
Transfers Out	-	-	-	(5,918,000)
Total Other Financing Sources (Uses)	-	359,925	359,925	(5,833,496)
NET CHANGE IN FUND BALANCE	<u>\$ (4,767,519)</u>	1,599,045	<u>\$ 6,381,564</u>	(3,010,931)
FUND BALANCE				
Beginning of Year		3,720,882		6,731,813
End of Year		<u>\$ 5,319,927</u>		<u>\$ 3,720,882</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 3,633,913	\$ 982,650
Receivables:		
Accounts and Interest Receivable	754	11,878
Due from Other Minnesota School Districts	24,922	88,175
Due from Minnesota Department of Education	471	62
Due from Federal Through the Minnesota Department of Education	103,698	891,830
Due from Other Governmental Units	20,604	-
Due from Other Funds	12,968	11,603
Inventory	84,491	45,647
Prepays	1,754	12,906
	\$ 3,883,575	\$ 2,044,751
Total Assets		
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 12,994	\$ 36,473
Payroll Deductions and Employer Contributions Payable	53	649
Accounts and Contracts Payable	203,616	52,639
Unearned Revenue	109,838	150,405
Total Liabilities	326,501	240,166
Fund Balance:		
Nonspendable:		
Inventory	84,491	45,647
Prepays	1,754	12,906
Restricted for:		
Other Purposes	3,470,829	1,746,032
Total Fund Balance	3,557,074	1,804,585
Total Liabilities and Fund Balance	\$ 3,883,575	\$ 2,044,751

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 132,950	\$ 127,898	\$ (5,052)	\$ 195,381
State Sources	-	205,560	205,560	50,256
Federal Sources	4,782,000	6,264,845	1,482,845	6,028,539
Total Revenues	<u>4,915,200</u>	<u>6,598,303</u>	<u>1,683,103</u>	<u>6,274,176</u>
EXPENDITURES				
Current:				
Salaries	1,733,185	1,649,366	(83,819)	1,685,886
Employee Benefits	884,754	729,709	(155,045)	795,124
Purchased Services	157,100	72,380	(84,720)	39,256
Supplies and Materials	1,950,950	2,385,296	434,346	2,166,986
Other Expenditures	9,860	7,336	(2,524)	7,700
Capital Outlay	65,000	744	(64,256)	154,560
Debt Service:				
Principal	-	732	732	-
Interest	-	251	251	-
Total Expenditures	<u>4,800,849</u>	<u>4,845,814</u>	<u>44,965</u>	<u>4,849,512</u>
NET CHANGE IN FUND BALANCE	<u>\$ 114,351</u>	1,752,489	<u>\$ 1,638,138</u>	1,424,664
FUND BALANCE				
Beginning of Year		1,804,585		379,921
End of Year		<u>\$ 3,557,074</u>		<u>\$ 1,804,585</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 1,304,168	\$ 363,497
Receivables:		
Current Taxes	590,726	553,488
Delinquent Taxes	6,242	13,388
Accounts and Interest Receivable	43,373	58,617
Due from Other Minnesota School Districts	657,861	610,013
Due from Minnesota Department of Education	121,245	323,830
Due from Federal Through the Minnesota Department of Education	290,056	484,932
Due from Other Governmental Units	73,300	42,123
Due from Other Funds	67,790	64,437
Prepays	<u>9,020</u>	<u>12,870</u>
 Total Assets	 <u><u>\$ 3,163,781</u></u>	 <u><u>\$ 2,527,195</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 105,160	\$ 107,844
Accounts and Contracts Payable	128,943	65,251
Due to Other Minnesota School Districts	42,249	12,011
Due to Other Governmental Units	5,074	-
Unearned Revenue	<u>52,161</u>	<u>65,760</u>
Total Liabilities	333,587	250,866
 Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	1,107,872	1,015,454
Unavailable Revenue - Delinquent Taxes	<u>6,242</u>	<u>16,095</u>
Total Deferred Inflows of Resources	1,114,114	1,031,549
 Fund Balance:		
Nonspendable:		
Prepays	9,020	12,870
Restricted for:		
Community Education	832,504	356,622
Early Childhood and Family Education	321,171	308,567
School Readiness	145,355	145,173
Adult Basic Education	411,233	410,803
Other Purposes	-	10,745
Unassigned	<u>(3,203)</u>	<u>-</u>
Total Fund Balance	<u>1,716,080</u>	<u>1,244,780</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 3,163,781</u></u>	 <u><u>\$ 2,527,195</u></u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,011,382	\$ 1,015,770	\$ 4,388	\$ 959,399
Other - Primarily Tuition and Fees	4,911,233	4,695,775	(215,458)	3,485,933
State Sources	1,222,433	1,083,709	(138,724)	1,105,449
Federal Sources	904,725	1,200,178	295,453	1,911,187
Total Revenues	<u>8,049,773</u>	<u>7,995,432</u>	<u>(54,341)</u>	<u>7,461,968</u>
EXPENDITURES				
Current:				
Salaries	4,618,699	4,465,974	(152,725)	4,335,789
Employee Benefits	1,563,919	1,466,830	(97,089)	1,617,264
Purchased Services	1,080,282	1,116,007	35,725	716,365
Supplies and Materials	388,853	322,432	(66,421)	241,064
Other Expenditures	29,554	12,725	(16,829)	14,552
Capital Outlay	175,531	137,371	(38,160)	38,692
Debt Service:				
Principal	-	2,244	2,244	-
Interest	-	549	549	-
Total Expenditures	<u>7,856,838</u>	<u>7,524,132</u>	<u>(332,706)</u>	<u>6,963,726</u>
EXCESS OF REVENUES OVER EXPENDITURES	192,935	471,300	278,365	498,242
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	-	5,995
NET CHANGE IN FUND BALANCE	<u>\$ 192,935</u>	471,300	<u>\$ 278,365</u>	504,237
FUND BALANCE				
Beginning of Year		1,244,780		740,543
End of Year		<u>\$ 1,716,080</u>		<u>\$ 1,244,780</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 24,596,180	\$ 18,926,974
Cash with Fiscal Agent	5,274,589	12,793,664
Receivables:		
Accounts and Interest Receivable	22,300	137,121
Total Assets	\$ 29,893,069	\$ 31,857,759
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 3,294,207	\$ 9,004,542
Due to Other Funds	319,029	177,794
Total Liabilities	3,613,236	9,182,336
Fund Balance:		
Restricted for:		
Long Term Facilities Maintenance	14,059,737	871,851
Restricted for Other Purposes	12,220,096	21,803,572
Total Fund Balance	26,279,833	22,675,423
Total Liabilities and Fund Balance	\$ 29,893,069	\$ 31,857,759

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022	2021		
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 3,000,000	\$ 3,208,558	\$ 208,558	\$ -
Earnings and Investments	50,000	27,063	(22,937)	277,776
Other	-	312,773	312,773	-
Total Revenues	<u>3,050,000</u>	<u>3,548,394</u>	<u>498,394</u>	<u>277,776</u>
EXPENDITURES				
Current:				
Salaries	-	99,021	99,021	109,662
Employee Benefits	-	42,214	42,214	68,132
Purchased Services	3,000,000	1,520,198	(1,479,802)	7,322,699
Supplies and Materials	-	17,307	17,307	15,728
Capital Outlay	18,400,000	11,577,049	(6,822,951)	59,830,565
Debt Service:				
Interest and Fiscal Charges	-	347,274	347,274	132,790
Total Expenditures	<u>21,400,000</u>	<u>13,603,063</u>	<u>(7,796,937)</u>	<u>67,479,576</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(18,350,000)	(10,054,669)	8,295,331	(67,201,800)
OTHER FINANCING SOURCES				
Issuance of Bonds	-	13,250,000	13,250,000	-
Bond Premium	-	409,079	409,079	-
Issuance of Certificates of Participation	-	-	-	17,510,000
Premium on Certificates of Participation	-	-	-	3,279,017
Transfers In	-	-	-	5,918,000
Total Other Financing Sources	<u>-</u>	<u>13,659,079</u>	<u>13,659,079</u>	<u>26,707,017</u>
NET CHANGE IN FUND BALANCE	<u>\$ (18,350,000)</u>	3,604,410	<u>\$ 21,954,410</u>	(40,494,783)
FUND BALANCE				
Beginning of Year		22,675,423		63,170,206
End of Year		<u>\$ 26,279,833</u>		<u>\$ 22,675,423</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Regular Debt Service	OPEB Debt Service	Totals	
			2022	2021
ASSETS				
Cash and Investments	\$ 8,261,577	\$ 758,597	\$ 9,020,174	\$ 8,424,043
Receivables:				
Current Taxes	6,806,347	647,445	7,453,792	7,476,931
Delinquent Taxes	61,439	6,311	67,750	153,217
Due from Minnesota Department of Education	10,040	-	10,040	8,960
Total Assets	\$ 15,178,973	\$ 1,415,080	\$ 16,594,053	\$ 16,063,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts and Contracts Payable	\$ 3,800	\$ -	\$ 3,800	\$ -
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	12,764,758	1,214,245	13,979,003	13,717,366
Unavailable Revenue - Delinquent Taxes	61,439	6,311	67,750	190,280
Total Deferred Inflows of Resources	12,826,197	1,220,556	14,046,753	13,907,646
Fund Balance:				
Restricted for:				
Debt Service	2,348,976	194,524	2,543,500	2,155,505
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 15,178,973	\$ 1,415,080	\$ 16,594,053	\$ 16,063,151

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022				Over (Under) Final Budget	2021
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Total Actual Amounts		Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 13,717,366	\$ 12,857,027	\$ 858,043	\$ 13,715,070	\$ (2,296)	\$ 12,811,065
State Sources	-	100,555	-	100,555	100,555	89,604
Total Revenues	<u>13,717,366</u>	<u>12,957,582</u>	<u>858,043</u>	<u>13,815,625</u>	<u>98,259</u>	<u>12,900,669</u>
EXPENDITURES						
Debt Service:						
Bond Principal	4,250,000	9,000,000	360,000	9,360,000	5,110,000	5,450,000
Bond Interest	6,218,113	6,237,117	498,812	6,735,929	517,816	7,017,937
Paying Agent Fees and Other	10,500	61,529	475	62,004	-	6,415
Total Expenditures	<u>10,478,613</u>	<u>15,298,646</u>	<u>859,287</u>	<u>16,157,933</u>	<u>5,627,816</u>	<u>12,474,352</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,238,753	(2,341,064)	(1,244)	(2,342,308)	(5,529,557)	426,317
OTHER FINANCING SOURCES (USED)						
Sale of Bonds	-	2,425,000	-	2,425,000	2,425,000	-
Bond Premium	-	305,303	-	305,303	305,303	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,730,303</u>	<u>-</u>	<u>2,730,303</u>	<u>2,730,303</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,238,753</u>	389,239	(1,244)	387,995	<u>\$ (2,799,254)</u>	426,317
FUND BALANCE						
Beginning of Year		1,959,737	195,768	2,155,505		1,729,188
End of Year		<u>\$ 2,348,976</u>	<u>\$ 194,524</u>	<u>\$ 2,543,500</u>		<u>\$ 2,155,505</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2022**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 118,545,340	\$ 117,494,582	\$ 1,050,758
Total Expenditures	117,306,220	115,965,902	1,340,318
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	395,436	395,436	-
<i>Restricted:</i>			
401 Student Activities	156,621	-	156,621
402 Scholarships	-	-	-
403 Staff Development	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	778,506	638,943	139,563
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
459 Basic Skills Extended Time	-	-	-
467 Long Term Facilities Maintenance	(93,574)	(93,574)	-
472 Medical Assistance	-	-	-
464 Restricted Fund Balance	79,881	236,502	(156,621)
475 Title VII Impact Aid	-	-	-
476 Payments in Lieu of Taxes	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	620,504	620,504	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	3,382,553	4,160,435	(777,882)
02 FOOD SERVICE			
Total Revenue	6,598,303	6,598,733	(430)
Total Expenditures	4,845,814	4,912,803	(66,989)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	86,245	52,885	33,360
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	3,470,829	3,437,629	33,200
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	7,995,432	7,995,434	(2)
Total Expenditures	7,524,132	7,524,142	(10)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	9,020	9,020	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	832,504	319,385	513,119
432 E.C.F.E.	321,171	321,171	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	145,355	173,353	(27,998)
447 Adult Basic Education	411,233	611,458	(200,225)
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	281,687	(281,687)

*Adjustments were posted after the UFARS compliance deadline.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
JUNE 30, 2022**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 3,548,394	\$ 3,548,394	\$ -
Total Expenditures	13,603,063	11,182,541	2,420,522
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long Term Facilities Maintenance	14,059,737	14,102,638	(42,901)
464 Restricted Fund Balance	12,220,096	12,275,381	(55,285)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	12,957,582	14,646,650	(1,689,068)
Total Expenditures	15,298,646	16,987,714	(1,689,068)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	2,348,976	2,348,976	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	812,080	812,080	-
Total Expenditures	705,814	705,514	300
<i>Restricted/Reserved:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	1,318,752	1,318,752	-
20 INTERNAL SERVICE			
Total Revenue	972,294	972,294	-
Total Expenditures	935,274	935,275	(1)
<i>Net Position:</i>			
422 Net Position	640,575	640,575	-
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	(881,134)	(881,133)	(1)
Total Expenditures	811,138	811,143	(5)
<i>Net Position:</i>			
422 Net Position	6,275,358	6,275,359	(1)
47 OPEB DEBT SERVICE			
Total Revenue	858,043	858,043	-
Total Expenditures	859,287	859,288	(1)

*Adjustments were posted after the UFARS compliance deadline.

STATISTICAL SECTION (UNAUDITED)

This part of Roseville Area Schools' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	107
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	116
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	122
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	126
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	128

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets	\$ 25,398,962	\$ 26,165,652	\$ 29,454,388	\$ 29,788,218
Restricted	1,903,236	1,497,091	12,897,412	14,755,133
Unrestricted	<u>(2,325,474)</u>	<u>(3,729,980)</u>	<u>(74,933,447)</u>	<u>(73,654,824)</u>
Total Governmental Activities Net Position	<u>\$ 24,976,724</u>	<u>\$ 23,932,763</u>	<u>\$ (32,581,647)</u>	<u>\$ (29,111,473)</u>

Source: District's financial records.

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 NET POSITION BY COMPONENT (CONTINUED)
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 31,082,118	\$ 20,772,076	\$ 24,551,012	\$ 35,487,015	\$ 46,807,538	\$ 39,991,157
4,595,020	154,103,599	8,718,947	6,099,942	15,202,918	27,454,489
<u>(101,604,940)</u>	<u>(272,898,615)</u>	<u>(100,347,122)</u>	<u>(91,611,628)</u>	<u>(117,130,771)</u>	<u>(110,111,558)</u>
<u>\$ (65,927,802)</u>	<u>\$ (98,022,940)</u>	<u>\$ (67,077,163)</u>	<u>\$ (50,024,671)</u>	<u>\$ (55,120,315)</u>	<u>\$ (42,665,912)</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities:				
Administration	\$ 4,138,752	\$ 4,331,253	\$ 4,926,467	\$ 5,302,720
District Support Services	2,684,018	2,817,125	3,537,993	3,101,677
Regular Instruction	39,613,915	43,259,223	44,469,287	46,210,131
Vocational Education Instruction	999,290	1,388,308	1,157,265	1,229,949
Special Education Instruction	15,337,200	17,297,056	18,486,701	18,513,528
Instructional Support Services	6,235,762	6,550,718	8,453,869	9,216,623
Pupil Support Services	7,937,372	8,676,305	9,076,026	8,943,604
Sites and Buildings	6,903,881	7,871,563	7,058,049	7,458,334
Fiscal and Other Fixed Cost Programs	189,790	213,642	227,700	231,433
Food Service	3,777,339	3,759,035	4,362,884	4,937,762
Community Service	6,398,580	6,552,021	6,598,502	7,064,253
Interest on Long-Term Debt	2,551,467	1,835,857	1,964,096	1,960,336
Total Governmental Activities Expenses	<u>\$ 96,767,366</u>	<u>\$ 104,552,106</u>	<u>\$ 110,318,839</u>	<u>\$ 114,170,350</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$ -	\$ -	\$ -	\$ -
District Support Services	1,374	1,207	205	75
Regular Instruction	1,109,881	4,051,031	969,210	1,004,708
Vocational Education Instruction	-	1,110	-	-
Special Education Instruction	-	1,104,224	643,797	651,906
Instructional Support Services	22,199	17,284	20,513	3,803
Pupil Support Services	134,438	61,775	49,199	54,892
Sites and Buildings	56,216	137,281	171,413	7,724
Food Service	1,639,631	1,566,787	1,483,473	1,401,588
Community Service	3,992,644	4,187,507	3,996,088	4,250,797
Operating Grants and Contributions	15,169,327	16,867,030	18,621,151	21,306,839
Capital Grants and Contributions	1,787,465	1,806,308	1,806,308	1,931,813
Total Governmental Activities Program Revenue	<u>\$ 23,913,175</u>	<u>\$ 29,801,544</u>	<u>\$ 27,761,357</u>	<u>\$ 30,614,145</u>
Net Expense				
Governmental Activities	<u>\$ (72,854,191)</u>	<u>\$ (74,750,562)</u>	<u>\$ (82,557,482)</u>	<u>\$ (83,556,205)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 16,607,319	\$ 11,749,696	\$ 18,359,024	\$ 20,648,918
Community Service	845,137	420,050	907,044	958,531
Debt Service	4,236,089	4,337,948	4,341,458	4,161,665
Unrestricted Grants and Contributions	47,178,684	55,742,398	57,049,466	57,322,680
Unrestricted Investment Earnings	7,077	7,150	4,052	6,310
Miscellaneous	1,676,304	1,449,359	3,528,872	3,928,275
Gain on Sale of Capital Assets	-	-	-	-
Total Governmental Activities	<u>\$ 70,550,610</u>	<u>\$ 73,706,601</u>	<u>\$ 84,189,916</u>	<u>\$ 87,026,379</u>
Change in Net Position	\$ (2,303,581)	\$ (1,043,961)	\$ 1,632,434	\$ 3,470,174
Net Position - Beginning	27,280,305	24,976,724	23,932,763	(32,581,647)
Change in Accounting Principle	-	-	(58,146,844)	-
Prior Period Restatement	-	-	-	-
Net Position - Ending	<u>\$ 24,976,724</u>	<u>\$ 23,932,763</u>	<u>\$ (32,581,647)</u>	<u>\$ (29,111,473)</u>

Source: District's financial records.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 6,722,609	\$ 6,220,212	\$ 3,482,502	\$ 5,948,248	\$ 5,280,207	\$ 5,021,711	
3,353,697	3,775,704	4,208,383	4,347,348	4,681,295	5,009,915	
62,326,785	61,376,632	31,908,065	48,407,934	50,300,028	51,258,248	
2,159,314	2,314,266	1,339,143	2,187,037	2,015,161	1,799,637	
25,951,953	25,045,146	14,632,985	21,823,100	22,434,079	22,510,599	
12,155,864	11,859,599	6,820,861	9,723,062	10,994,308	9,789,363	
10,843,988	11,099,498	9,546,883	10,808,725	9,583,128	11,988,862	
9,700,258	12,288,900	14,613,380	263,203	16,073,597	11,074,452	
131,630	246,882	270,532	288,494	453,063	647,713	
4,593,511	4,500,950	4,595,988	4,156,549	4,783,454	4,839,758	
8,388,465	8,625,757	7,002,228	7,534,582	6,878,034	7,062,164	
1,833,746	5,440,437	6,907,002	6,440,655	4,928,594	6,094,197	
<u>\$ 148,161,820</u>	<u>\$ 152,793,983</u>	<u>\$ 105,327,952</u>	<u>\$ 121,928,937</u>	<u>\$ 138,404,948</u>	<u>\$ 137,096,619</u>	
\$ 15,783	\$ 15,215	\$ 15,512	\$ -	\$ -	\$ 250	
25,356	29,533	76,847	47,113	10,734	24,080	
984,464	989,088	922,188	644,160	601,190	745,999	
-	-	-	-	-	-	
676,517	744,332	726,628	376,011	261,323	330,259	
9,759	12,087	10,768	2,734	7,428	32,295	
47,477	47,520	45,864	23,451	6,537	41,880	
63,825	57,390	27,197	5,559	-	2,786	
1,344,572	1,318,093	1,407,903	1,113,318	195,381	127,898	
4,418,110	4,732,671	4,942,040	3,971,509	2,727,655	3,971,901	
31,494,304	33,432,300	34,386,287	35,629,136	43,545,473	48,915,606	
995,835	1,225,343	1,291,198	1,184,933	1,132,180	990,875	
<u>\$ 40,076,002</u>	<u>\$ 42,603,572</u>	<u>\$ 43,852,432</u>	<u>\$ 42,997,924</u>	<u>\$ 48,487,901</u>	<u>\$ 55,183,829</u>	
<u>\$ (108,085,818)</u>	<u>\$ (110,190,411)</u>	<u>\$ (61,475,520)</u>	<u>\$ (78,931,013)</u>	<u>\$ (89,917,047)</u>	<u>\$ (81,912,790)</u>	
\$ 20,492,568	\$ 19,987,128	\$ 24,839,630	\$ 26,827,077	\$ 26,355,031	\$ 26,967,041	
966,329	927,889	933,720	1,068,872	961,380	1,005,917	
4,427,647	4,313,325	12,433,541	12,493,115	12,857,016	13,592,540	
53,320,699	52,091,085	49,254,050	53,533,726	52,498,407	52,457,736	
7,375	587,862	4,860,105	2,015,558	288,861	31,186	
571,429	187,984	99,935	45,157	59,152	312,773	
-	-	316	-	31,347	-	
<u>\$ 79,786,047</u>	<u>\$ 78,095,273</u>	<u>\$ 92,421,297</u>	<u>\$ 95,983,505</u>	<u>\$ 93,051,194</u>	<u>\$ 94,367,193</u>	
\$ (28,299,771)	\$ (32,095,138)	\$ 30,945,777	\$ 17,052,492	\$ 3,134,147	\$ 12,454,403	
(29,111,473)	(65,927,802)	(98,022,940)	(67,077,163)	(50,024,671)	(55,120,315)	
(8,516,558)	-	-	-	-	-	
-	-	-	-	(8,229,791)	-	
<u>\$ (65,927,802)</u>	<u>\$ (98,022,940)</u>	<u>\$ (67,077,163)</u>	<u>\$ (50,024,671)</u>	<u>\$ (55,120,315)</u>	<u>\$ (42,665,912)</u>	
				\$ -	\$ -	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 622,786	\$ 231,631	\$ 541,338	\$ 734,087
Restricted	415,021	(7,362)	(881,704)	2,472,900
Unassigned	3,335,634	2,704,376	1,051,272	2,055,938
Total General Fund	<u>4,373,441</u>	<u>2,928,645</u>	<u>710,906</u>	<u>5,262,925</u>
All Other Governmental Funds				
Nonspendable	57,749	59,343	86,394	68,270
Restricted, Reported in:				
Food Service Fund	491,554	560,849	475,029	362,728
Community Service Fund	1,216,969	1,012,157	1,098,652	1,281,314
Capital Projects Fund	117,910	123,970	120,057	115,743
Debt Service Funds	638,021	687,524	760,474	714,080
Unassigned, Reported in:				
Community Service Fund	-	-	-	-
All Other Governmental Funds	<u>2,522,203</u>	<u>2,443,843</u>	<u>2,540,606</u>	<u>2,542,135</u>
Total All Funds	<u>\$ 6,895,644</u>	<u>\$ 5,372,488</u>	<u>\$ 3,251,512</u>	<u>\$ 7,805,060</u>

Source: District's financial records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

		Fiscal Year					
		2017	2018	2019	2020	2021	2022
\$	869,406	\$ 792,020	\$ 749,779	\$ 655,323	\$ 591,417	\$ 395,436	
	1,645,357	1,199,824	1,146,771	1,571,140	1,894,878	1,635,512	
	2,285,861	2,225,462	2,853,523	6,624,473	1,234,587	3,288,979	
	4,800,624	4,217,306	4,750,073	8,850,936	3,720,882	5,319,927	
	54,514	68,904	489,947	59,408	71,423	95,265	
	266,283	165,934	279,768	321,823	1,746,032	3,470,829	
	1,218,168	851,698	981,048	739,233	1,231,910	1,710,263	
	115,743	151,504,112	127,096,599	61,051,083	22,675,423	26,279,833	
	936,447	18,638,594	1,432,542	1,729,188	2,155,505	2,543,500	
	-	-	-	-	-	(3,203)	
	2,591,155	171,229,242	130,279,904	63,900,735	27,880,293	34,096,487	
\$	7,391,779	\$ 175,446,548	\$ 135,029,977	\$ 72,751,671	\$ 31,601,175	\$ 39,416,414	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Local Sources:				
Property Taxes	\$ 21,789,796	\$ 16,518,719	\$ 23,424,439	\$ 25,958,825
Earnings on Investments	7,077	7,150	4,052	6,310
Other	8,641,112	12,585,990	8,921,401	8,893,649
State Sources	58,593,040	69,163,769	71,227,671	74,731,949
Federal Sources	5,542,436	5,251,967	6,249,254	5,829,383
Total Revenues	<u>94,573,461</u>	<u>103,527,595</u>	<u>109,826,817</u>	<u>115,420,116</u>
Expenditures				
Current:				
Administration	4,404,939	4,491,136	4,876,865	5,176,243
District Support Services	2,490,235	2,609,928	3,034,400	3,048,934
Regular Instruction	36,240,638	41,102,939	42,288,193	42,727,091
Vocational Education Instruction	1,194,943	1,362,393	1,116,633	1,214,382
Special Education Instruction	15,348,390	16,997,532	18,414,938	18,397,284
Instructional Support Services	5,545,977	6,050,378	8,159,483	8,501,344
Pupil Support Services	7,700,478	8,553,768	8,939,811	8,897,544
Sites and Buildings	5,911,419	6,708,539	6,678,180	6,686,092
Fiscal and Other Fixed Cost Programs	189,790	213,642	227,700	231,433
Food Service	3,750,638	4,015,452	4,366,088	4,564,590
Community Service Fund	6,275,411	6,463,018	6,392,397	6,933,921
Capital Outlay	3,031,387	2,180,649	3,225,049	2,588,834
Debt Service:				
Principal	1,995,000	2,095,000	2,115,000	2,215,000
Interest and Fiscal Charges	2,407,886	2,254,784	2,118,759	2,096,785
Total Expenditures	<u>96,487,131</u>	<u>105,099,158</u>	<u>111,953,496</u>	<u>113,279,477</u>
Deficiency of Revenues Under Expenditures	(1,913,670)	(1,571,563)	(2,126,679)	2,140,639
Other Financing Sources (Uses)				
Proceeds from Sale of Equipment	500	-	-	2,790
Proceeds from Sale of Real Property	-	-	-	2,393,240
Insurance Recovery	4,199	2,303	5,703	16,879
Face Value of Bonds/COPs Issued	-	6,850,000	-	-
Bond/COP Premium (Discount)	-	381,104	-	-
Payment to Refunded Bond Escrow Agent	-	(7,185,000)	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,699</u>	<u>48,407</u>	<u>5,703</u>	<u>2,412,909</u>
Net Change in Fund Balances	(1,908,971)	(1,523,156)	(2,120,976)	4,553,548
Fund Balance - Beginning	8,804,615	6,895,644	5,372,488	3,251,512
Fund Balance - Ending	<u>\$ 6,895,644</u>	<u>\$ 5,372,488</u>	<u>\$ 3,251,512</u>	<u>\$ 7,805,060</u>
Debt Service as a Percentage of Noncapital Expenditures	10.60%	10.00%	12.40%	10.10%

Sources: District's financial records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 26,014,153	\$ 25,198,641	\$ 38,038,250	\$ 40,378,926	\$ 40,051,675	\$ 41,954,574	
7,375	587,862	4,860,105	2,015,558	288,861	31,186	
9,042,739	9,656,164	9,503,264	8,356,860	6,156,762	8,019,453	
74,631,015	77,762,409	79,415,571	80,591,905	80,537,973	81,666,804	
6,780,960	6,952,531	7,584,384	7,192,776	14,205,588	18,831,077	
<u>116,476,242</u>	<u>120,157,607</u>	<u>139,401,574</u>	<u>138,536,025</u>	<u>141,240,859</u>	<u>150,503,094</u>	
5,046,403	4,877,844	4,733,506	5,545,225	5,224,686	5,251,721	
3,013,071	3,406,152	4,149,811	4,351,885	4,651,153	4,730,714	
43,190,679	42,655,871	44,047,533	42,565,307	43,592,426	45,539,379	
1,646,034	1,782,455	1,822,857	2,039,215	1,897,445	1,858,296	
19,390,490	19,470,686	19,933,088	20,359,525	21,372,548	23,576,557	
8,746,361	8,745,629	9,002,818	9,392,968	10,540,032	10,142,573	
9,457,968	10,007,799	10,151,062	10,424,327	9,338,604	12,060,245	
7,426,505	11,342,637	19,863,670	19,740,705	16,826,839	10,197,041	
131,630	246,882	270,532	288,494	453,063	647,713	
4,589,410	4,498,018	4,535,517	4,106,629	4,694,952	4,844,087	
7,413,838	7,997,568	7,871,819	7,436,971	6,937,502	7,383,968	
3,175,365	5,618,572	23,530,946	70,386,757	65,134,479	14,596,958	
2,275,000	2,760,000	4,790,000	5,245,000	5,450,000	10,662,852	
1,958,198	3,164,107	8,425,237	7,327,353	7,157,142	7,945,058	
<u>117,460,952</u>	<u>126,574,220</u>	<u>163,128,396</u>	<u>209,210,361</u>	<u>203,270,871</u>	<u>159,437,162</u>	
(984,710)	(6,416,613)	(23,726,822)	(70,674,336)	(62,030,012)	(8,934,068)	
-	-	316	-	7,495	-	
-	-	-	-	23,852	-	
571,429	187,984	99,935	45,157	59,152	-	
-	158,460,000	-	14,795,000	17,510,000	15,675,000	
-	15,823,398	-	750,873	-	714,382	
-	-	(16,790,000)	(7,195,000)	3,279,017	359,925	
-	-	-	-	5,918,000	-	
-	-	-	-	(5,918,000)	-	
<u>571,429</u>	<u>174,471,382</u>	<u>(16,689,749)</u>	<u>8,396,030</u>	<u>20,879,516</u>	<u>16,749,307</u>	
(413,281)	168,054,769	(40,416,571)	(62,278,306)	(41,150,496)	7,815,239	
7,805,060	7,391,779	175,446,548	135,029,977	72,751,671	31,601,175	
<u>\$ 7,391,779</u>	<u>\$ 175,446,548</u>	<u>\$ 135,029,977</u>	<u>\$ 72,751,671</u>	<u>\$ 31,601,175</u>	<u>\$ 39,416,414</u>	
8.20%	4.82%	4.82%	10.60%	9.17%	12.74%	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation						Taxable Market Value	Tax Capacity as a Percentage of Market Value
	Agricultural	Non-Agricultural	Fiscal Disparities		Tax Increment	Total Taxable		
			Contribution	Distribution				
2013	\$ 9,127	\$ 59,584,897	\$ (8,025,680)	\$ 7,048,370	\$ (1,912,582)	\$ 56,704,132	\$ 4,951,329,500	1.15%
2014	2,219	60,319,379	(8,056,622)	6,513,595	(1,628,353)	57,150,218	5,013,905,800	1.14
2015	1,456	63,716,481	(8,141,263)	6,569,476	(1,720,772)	60,425,378	5,333,812,300	1.13
2016	1,456	64,655,443	(7,894,090)	6,670,314	(1,413,807)	62,019,316	5,423,990,600	1.14
2017	2,716	67,191,992	(7,954,475)	7,349,115	(1,430,888)	65,158,460	5,705,909,900	1.14
2018	2,903	72,611,117	(8,649,546)	8,032,789	(1,027,494)	70,969,769	6,033,507,500	1.18
2019	2,995	77,362,316	(9,168,590)	8,319,736	(1,004,278)	75,512,179	6,431,234,700	1.17
2020	3,191	81,645,627	(9,729,174)	8,886,632	(1,072,923)	79,733,353	6,800,952,800	1.17
2021	3,287	88,362,570	(9,818,134)	9,446,851	(1,344,635)	86,649,939	7,279,489,500	1.19
2022	1,768	90,218,020	(11,018,513)	10,299,114	(1,346,783)	88,153,606	7,466,211,400	1.18

Source: School Tax Report issued by the Minnesota Department of Education and Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Rate	Tax Collection Calendar Fiscal Year	ISD No. 623	Overlapping Rates			
			Municipalities			
			Roseville	Maplewood	Shoreview	Little Canada
Tax Capacity Rate	2013	0.15464	0.40613	0.48659	0.37259	0.30935
Market Value Rate	2013	0.00246	0.00022	0.00022		
Tax Capacity Rate	2014	0.16251	0.41743	0.48378	0.37835	0.31407
Market Value Rate	2014	0.00258	0.00022	0.00020		
Tax Capacity Rate	2015	0.17180	0.40471	0.46353	0.35196	0.30696
Market Value Rate	2015	0.00259	0.00019	0.00009		
Tax Capacity Rate	2016	0.20958	0.39324	0.48507	0.35689	0.30331
Market Value Rate	2016	0.00210	0.00019	0.00009		
Tax Capacity Rate	2017	0.18894	0.38552	0.47248	0.34627	0.28903
Market Value Rate	2017	0.00193	0.00018	0.00008		
Tax Capacity Rate	2018	0.34396	0.38177	0.45911	0.33935	0.26664
Market Value Rate	2018	0.00220	0.00017	0.00007		
Tax Capacity Rate	2019	0.31687	0.37422	0.44693	0.32960	0.26131
Market Value Rate	2019	0.00253	0.01574	0.00657		
Tax Capacity Rate	2020	0.30668	0.39201	0.44646	0.32626	0.25773
Market Value Rate	2020	0.00198	0.09531	0.00633		
Tax Capacity Rate	2021	0.31250	0.37071	0.41953	0.32331	0.23983
Market Value Rate	2021	0.00169	0.00000	0.00000		
Tax Capacity Rate	2022	0.26914	0.38483	0.43662	0.32961	0.25555
Market Value Rate	2022	0.00269	0.00000	0.00000		

Source: Ramsey County Department of Property Tax and Public Records

(1) The miscellaneous other levy includes Metropolitan Council, mosquito control, watershed district, and other metro services. These miscellaneous levies vary slightly between municipalities.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Overlapping Rates					
Municipalities			County	Misc	Total
Arden Hills	Falcon Heights	Lauderdale	Ramsey	Other (1)	Roseville Resident
0.27931	0.27884	0.31851	0.65240	0.11913	1.33230 0.00268
0.27950	0.24819	0.63735	0.63735	0.11447	1.33176 0.00280
0.27294	0.23470	0.28856	0.58922	0.10742	1.27315 0.00278
0.26539	0.25866	0.29042	0.58885	0.09052	1.28219 0.00229
0.27211	0.26342	0.28678	0.55850	0.08669	1.21965 0.00211
0.25532	0.31780	0.29919	0.53962	0.09086	1.35621 0.00236
0.25555	0.37356	0.29347	0.48565	0.25210	1.42884 0.01827
0.25414	0.35635	0.29330	0.52302	0.09270	1.31441 0.09729
0.25089	0.36348	0.27733	0.47760	0.08938	1.25019 0.00169
0.26543	0.38800	0.29596	0.48067	0.10919	1.24381 0.00269

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2022			2013		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
PPF RTL Rosedale Shopping Ctr LLC	\$ 2,598,942	1	2.94%	\$ 2,349,250	2	3.45%
Xcel Energy	1,299,879	2	1.47%	1,187,502	2	1.74%
St. Jude Medical Inc.	886,166	3	1.00%	423,714	6	0.62%
Gateway Washington Inc & Co	789,250	4	0.89%	807,026	3	1.18%
Wilcal Crossroads LLC	679,864	5	0.77%	616,788	5	0.90%
Arrow Lexington Apartments, LLC	615,473	6	0.70%		N/A	
PPF RTL Rosedale Shopping Ctr & C/O Morgan Stanley Re Advisor	561,412	7	0.64%	699,250	4	3.45%
Rosedale Commons LP	497,188	8	0.56%	406,280	7	0.66%
Rosedale Marketplace Associate & C/O Tanurb Developments Inc.	440,248	9	0.50%	362,452	8	1.04%
Roseville Properties	387,534	10	0.44%	347,202	9	0.66%
Total	\$ 8,755,956		9.91%	\$ 7,199,464		13.70%

Source: Current Property Valuations, Net Tax Capacity by Classification. Trend Valuations and Larger Taxpayers have been furnished by Ramsey County

1) 2022A Official Statement Document, dated March 10, 2022

2) 2010B Official Statement Document, dated October 12, 2010 based on Current Property Valuations, Net Tax Capacity by Classification, Trend Valuations and Larger Taxpayers furnished by Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Original Levy				First Year Levy Recognized	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy
2013	\$ 19,835,718	\$ 2,599,020	\$ 268,242	\$ 22,702,980	\$ 21,789,795	96.0%
2014	21,177,786	2,601,943	270,074	24,049,803	23,220,186	96.6%
2015	23,082,763	2,747,542	262,018 *	26,092,323	25,961,837	99.5%
2016	23,014,487	2,858,884	243,935	26,117,306	26,013,744	99.6%
2017	22,147,148	3,055,799	218,646	25,421,593	25,198,644	99.1%
2018	34,891,855	3,026,465	200,048	38,118,368	38,127,149	100.0%
2019	35,779,776	4,612,447	197,120	40,589,343	39,894,491	98.3%
2020	35,204,430	4,732,099	213,160	40,149,689	39,821,716	99.2%
2021	36,410,633	4,694,269	-	41,104,902	40,004,638	97.3%
2022	41,065,541	4,857,279	-	45,922,820	21,436,429	46.7%

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Only a portion of calendar year 2022 taxes are collectible by June 30, 2022. A total of \$21,436,429 of 2022 taxes were collected by June 30, 2022.

Note 3: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PROPERTY TAX LEVIES AND COLLECTIONS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Collections Received in Subsequent Years	Total Collections to Date		Uncollected Taxes Receivable as of June 30, 2022	
	Amount	Percentage of Levy	Delinquent	
			Amount	Percent
\$ 913,185	\$ 22,702,980	100.0	\$ -	- %
829,617	24,049,803	100.0	-	- %
130,486	26,092,323	100.0	-	- %
77,561	26,091,305	99.9	26,001	0.1 %
192,781	25,391,425	99.9	30,168	0.1 %
(95,407)	38,031,742	99.8	86,626	0.2 %
617,212	40,106,853	98.8	110,858	0.3 %
326,370	40,148,086	100.0	106,091	0.3 %
546,236	40,550,874	98.7	247,936	0.6 %
In process of collection				
			<u>\$ 607,680</u>	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Long-Term Leases	Certificates of Participation	Financed Purchases				
2013	\$ 45,280,270	\$ -	\$ -	\$ -	\$ -	\$ 45,280,270	0.02 %	\$ 801
2014	42,698,583	-	-	-	-	42,698,583	0.02	748
2015	40,487,320	-	-	-	-	40,487,320	0.01	701
2016	38,176,006	-	-	-	-	38,176,006	0.01	643
2017	35,804,694	-	-	-	-	35,804,694	0.01	597
2018	206,883,978	-	-	-	-	206,883,978	0.07	654
2019	183,686,615	-	-	-	-	183,686,615	0.06	3,602
2020	164,845,000	-	-	-	-	164,845,000	0.05	3,204
2021	178,604,247	314,871	20,789,017	348,760	-	200,056,895	0.07	2,830
2022	184,156,431	216,374	19,445,665	414,330	-	204,232,800	N/A	3,435

N/A - Not Available

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

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2022
(UNAUDITED)**

Governmental Unit	2021/2022 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 623	Portion Allocable to ISD No. 623
Independent School District No. 623	\$ 86,649,939	\$ 184,156,431	100.0000 %	\$ 184,156,431
Overlapping Debt				
Ramsey County	718,083,757	219,798,850	12.0668	26,522,688
Arden Hills	15,412,509	2,415,000	3.6864	89,028
Falcon Heights	6,209,209	1,345,000	100.0000	1,345,000
Lauderdale	3,215,504	2,265,000	100.0000	2,265,000
Little Canada	14,797,744	3,380,000	90.3656	3,054,357
Maplewood	54,845,981	56,197,811	27.7930	15,619,058
Roseville	64,854,004	16,265,000	81.0795	13,187,581
Shoreview	41,617,039	18,775,000	7.4768	1,403,769
Metropolita Council	4,884,505,255	2,798,961,013	1.7740	49,653,568
Total Overlapping Debt				<u>62,082,711</u>
Total Direct and Overlapping Debt				<u>\$ 246,239,142</u>

1)Note: The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios.

Source: Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT
TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of	Estimated Population	Net Bonded Debt per Capita
						Estimated Actual Market Value of Property (1)		
2012	47,119,167	2,492,741	44,626,426	64,487,517	69.20	#REF!	54,737	815
2013	45,280,270	2,608,610	42,671,660	58,623,847	72.79	0.86%	54,737	780
2014	42,698,583	2,557,059	40,141,524	56,704,132	70.79	0.80%	54,723	734
2015	40,487,320	2,738,124	37,749,196	57,150,218	66.05	0.71%	54,723	690
2016	38,176,006	2,892,601	35,283,405	60,425,378	58.39	0.65%	54,723	645
2017	35,804,694	2,892,697	32,911,997	62,019,316	53.07	0.58%	54,723	601
2018	206,883,978	24,629,902	182,254,076	65,158,460	279.71	3.02%	54,723	3,330
2019	169,100,000	7,229,222	161,870,778	70,969,769	228.08	2.52%	57,443	2,818
2020	164,845,000	7,339,239	157,505,761	75,512,179	208.58	2.32%	57,325	2,748
2021	161,090,000	8,424,043	152,665,957	79,733,353	191.47	2.10%	58,239	2,621
2022	184,156,431	9,020,173	175,136,258	86,649,939	202.12	2.35%	58,239	3,007

(1) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

Source: Annual school district census and U.S. census

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Debt Limit	\$ 742,699,425	\$ 752,085,870	\$ 800,071,845	\$ 814,498,590
Total Net Debt Applicable to Limit	42,671,660	40,141,524	37,749,196	35,283,405
Legal Debt Margin	<u>\$ 700,027,765</u>	<u>\$ 711,944,346</u>	<u>\$ 762,322,649</u>	<u>\$ 779,215,185</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.75%	5.34%	4.72%	4.33%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

		Fiscal Year					
		2017	2018	2019	2020	2021	2022
\$	855,886,485	\$ 905,026,125	\$ 964,685,205	\$ 1,020,142,920	\$ 1,091,923,425	\$ 950,347,636	
	32,911,997	182,254,076	182,254,076	176,457,393	178,604,247	169,584,074	
\$	822,974,488	\$ 722,772,049	\$ 782,431,129	\$ 843,685,527	\$ 913,319,178	\$ 780,763,562	
	3.85% #	20.14%	18.89%	17.30%	16.36%		

Legal Debt Margin Calculation for Fiscal Year 2022

Market Value	(1) 7,466,211,400
Debt Limit (15% of Market Value)	1,119,931,710
Debt Applicable to Limit:	
General Obligation Bonds	178,604,247
Less: Amount Set Aside for Repayment of	
General Obligation Debt	<u>(9,020,173)</u>
Total Net Debt Applicable to Limit	<u>169,584,074</u>
Legal Debt Margin	<u>\$ 950,347,636</u>

(1) Economic Market Value for School Districts.
Assessment Year 2021 for taxes payable in 2022.
Minnesota Department of Revenue.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (2)	Per Capita Personal Income (2)	Median Age	School Enrollment (3)	City of Roseville Unemployment Rate (4)
2013	54,737	\$ 2,524,689,388	\$ 46,124	42	7,196	4.3%
2014	54,723	\$ 2,546,206,467	\$ 46,529	41.3	7,271	3.2%
2015	54,723	\$ 2,573,020,737	\$ 47,019	40.8	7,500	3.0%
2016	54,723	\$ 2,651,712,411	\$ 48,457	39.8	7,550	3.0%
2017	54,723	\$ 2,723,384,555	\$ 49,767	40.1	7,615	3.0%
2018	54,723	\$ 2,861,520,393	\$ 52,291	39.9	7,664	2.9%
2019	57,443	\$ 2,937,060,590	\$ 51,130	38.2	7,580	3.0%
2020	57,325	\$ 3,000,505,150	\$ 52,342	43	7,580	3.0%
2021	58,239	\$ 2,968,849,503	\$ 50,977	44	7,299	2.3%
2022	58,239	N/A	N/A	41.4	7,228	2.1%

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

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

- (1) MDE's Levy Limitation Reports
- (2) Estimated personal income is calculated by multiplying the per capital personal income by the estimated population per census
- (3) MDE's Levy Limitation Reports
- (4) United States Department of Agriculture/Economic Research Service

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2022		2013	
	Employees	Rank	Employees	Rank
University of Minnesota (St. Paul Campus)	3,410	1	4,691	1
Minnesota State Fair	2,594 (1)	2	2,670	2
Abbott-St. Jude Medical	1,159	3	1,126	3
ISD No 623 (Roseville Area Schools)	1,076	4	1,113	4
Minnesota Department of Transportation	800	5	700	5
Minnesota Department of Education	400	6	500	6
TSI	400	7	N/A	
Lunds & Byerlys	377	8	N/A	
Old Dutch Foods	250	9	400	7
Slumberland Inc	110 (2)	10	296	8
Total	<u>7,872</u>		<u>11,496</u>	

Source: ReferenceUSA, written and telephone survey February 2022, and the Minnesota Department of Employment and Economic Development.

Note: Information regarding the percentage of total employment for each employer was not available.

(1) Includes Seasonal Employees

(2) Previous count included the Corporate office which now moved to Oakdale.

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Administrative Staff	19	19	22	23	22	26	27	28	28	29
Support Service Staff	71.45	79.85	91.78	90.76	85.05	85.2	86.1	86.3	71.3	88.1
Classroom Teachers	366.09	385.5	406.61	388.73	401.64	405.28	401.4	406.8	402.5	407.9
Special Education Teachers	65.21	70.6	75.84	74.49	78.41	72.09	73.6	70.8	68.8	76.3

Source: STAR reports

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Facility	Use	Constructed	Acres	Additions	Square Footage	Enrollment (1)
Brimhall Elementary	School	1957	16.80	1957, 1958, 1959, 1972 1994, 2019	101,342	574
Central Park Elementary	School	1966	9.40	1968, 1996, 2019	88,801	400
District Center	Administration	1968	5.00		16,952	
Edgerton Elementary	School	1952	13.00	1955, 1961 1967, 1969, 1996, 2004, 2019	86,880	450
Anpétu Téča Education Center	Community	2021	21.70		109,190	N/A
Falcon Heights Elementary	School	1951	8.80	1951, 1961, 1969, 1995, 1998, 2015 2020	74,081	485
Harambee Elementary	School	1996	27.30	2020	85,266	304
Little Canada Elementary	School	1968	16.00	1989, 1995, 2019	88,796	612
Williams Elementary	School	1963	13.60	1966, 1969, 1997, 2020	76,423	419
Parkview Center School	School	1967	26.30	1969, 1975, Renovated in 1997 2020	168,594	737
Roseville Area Middle School	School	1963	41.00	1963, 1966, 1970, 1972 1975, 1990 2004, 2020	260,232	832
Roseville Area High School	School	1952	40.00	1962, 1969, 1970, 1975, 1985, 1993-1996 2003, 2005, 2019-2021	527,990	2,218

N/A - Not Available

(1) Source: 2021-22 MN Department of Education School ADM Served Report

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STANDARDIZED TESTING
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Standardized Tests										
MCA Reading (See Note 1)										
Grade 3	54.6 %	58.4 %	57.3 %	52.9 %	51.4 %	53.1 %	47.8%	N/A	41.90%	48.00%
Grade 5	60.7 %	65.1 %	66.3 %	64.1 %	63.2 %	61.6 %	60.1%	N/A	55.60%	54.40%
Grade 7	52.3 %	56.5 %	46.2 %	48.3 %	51.2 %	58.3 %	60.6%	N/A	46.50%	50.50%
Grade 10	67.4 %	59.8 %	57.3 %	54.8 %	57.8 %	53.1 %	55.4%	N/A	69.10%	60.80%
MCA Math (See Note 1)										
Grade 3	71.4 %	64.1 %	66.1 %	62.7 %	62.6 %	61.7 %	57.1%	N/A	48.00%	53.30%
Grade 5	55.6 %	60.2 %	60.0 %	50.8 %	48.7 %	48.0 %	46.3%	N/A	28.40%	32.20%
Grade 7	51.3 %	58.3 %	46.5 %	49.6 %	47.3 %	44.5 %	52.8%	N/A	25.10%	34.40%
Grade 11	49.3 %	47.1 %	43.9 %	38.8 %	45.2 %	45.1 %	35.6%	N/A	39.60%	36.60%
ACT										
Independent School District No. 623										
Average Composite Score	23.1 %	23.3 %	23.1 %	20.6 %	21.1 %	20.8 %	20.2%	N/A	24.3 %	19.70%
State Average Composite Score	23.0 %	22.9 %	22.7 %	21.1 %	21.5 %	21.3 %	21.4%	N/A	21.6 %	21.00%

N/A - Not Available

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

Note 2: MCAs were not administered in the 2019-2020 school year due to COVID-19 Pandemic

Note 3: Student participation in MCAs during the 2020-2021 school year was severely impacted due to the COVID-19 Pandemic

Note 4: Student participation in ACT during the 2020-21 school year was severely impacted due to the COVID-19 Pandemic

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SUMMARY OF MEALS SERVED
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percent of Average Daily Attendance	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2013	6,728	753,392	173.0	4,355	64.73	366,425	48.64	72,404	9.61
2014	6,798	792,227	173.0	4,579	67.36	404,177	51.02	75,399	9.52
2015	7,012	854,397	173.0	4,939	70.43	430,054	50.33	69,909	8.18
2016	7,059	869,259	173.0	5,025	71.18	440,887	50.72	81,054	9.32
2017	7,120	868,930	173.0	5,023	70.54	430,019	49.49	84,893	9.77
2018	7,166	844,827	173.0	4,883	68.14	405,578	48.01	85,311	10.10
2019	7,087	820,170	170.0	4,825	68.07	374,353	45.64	102,462	12.49
2020	7,087	583,066	116.0	5,026	70.92	248,842	42.68	69,867	11.98
2021	N/A - All students fed through Summer Nutrition Program and/or CACFP per USDA guidance								
2022	N/A - All students fed through Summer Nutrition Program and/or CACFP per USDA guidance								

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 93.5 percent of enrollment.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2022
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 321,733,446
Unscheduled Locations- Property in Open	Included in Blanket
Blanket Business Income	\$ 2,000,000
Blanket Extra Expense including equipment breakdown	\$ 2,000,000
Blanket Flood Coverage	\$ 1,000,000
Interruption of Services Coverage:	\$ 100,000
Course of Construction Specific Projects:	\$ 100,000
Land Improvements:	\$ 100,000
Mobile Equipment and Tools:	\$ 4,828,500
Property Extensions:	
Accounts Receivable	\$ 100,000
Arson Reward	\$ 25,000
Computer Virus and Denial of Access	\$ 25,000
Debris Removal Expense	\$ 500,000
Except for windblown debris	\$ 25,000
Deferred Payments	\$ 25,000
Fine Arts	\$ 100,000
Fungus Cleanup Expense	\$ 250,000
Installation of Personal Property or Property of Others	\$ 250,000
Lock and Key Replacement	\$ 25,000
Plants, Trees or Shrubs	\$ 100,000
Pollution Cleanup Expense	Applicable Limit of Liability
Professional Fees	\$ 50,000
Equipment Breakdown Extensions:	
Expediting Expenses Coverage	\$ 250,000
Hazardous Substances Coverage	\$ 250,000
Perishable Goods Coverage	\$ 250,000
Data Restoration	\$ 250,000
Water Damage Coverage	included
CFC Refrigerants	included

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF INSURANCE COVERAGE (CONTINUED)
JUNE 30, 2022
(UNAUDITED)**

Liability Coverages:

General:

Each Occurrence	\$	1,000,000
General Aggregate	\$	2,000,000
Products/Completed Operations Aggregate	\$	2,000,000
Personal/Advertising Injury Limit	\$	1,000,000
Damage to Rented Premises	\$	1,000,000
Medical Expense Limit - excluding students	\$	15,000

Custom Select Educational Institutions:

Animals	\$	25,000
Classroom Chemical Spills, per occurrence	\$	10,000
Crisis Event, per occurrence	\$	50,000
Employee Dishonesty, per occurrence	\$	25,000
Forgery or Alteration, per occurrence	\$	25,000
Misc. School Property at School Sponsored Events Away from a Covered Location	\$	50,000
Money and Securities, per occurrence	\$	25,000
Money Orders and Counterfeit Currency, per occurrence	\$	25,000
Personal Effects of Your Students, per occurrence	\$	100,000

Employee Benefit Liability

Each Employee	\$	1,000,000
Aggregate	\$	3,000,000
Sexual Misconduct Liability	\$	1,000,000
Aggregate	\$	3,000,000

Umbrella Liability:

Each Occurrence	\$	2,000,000
Aggregate	\$	2,000,000

Crime Coverage:

Employee Dishonesty	\$	500,000
Forgery or Alteration	\$	50,000
Computer Fraud & Funds Transfer Fraud	\$	250,000
Theft, Disappearance, and Destruction	\$	100,000
Money Orders and Counterfeit Money	\$	50,000
False Pretenses Coverage	\$	25,000
Cyber Suite Annual Aggregate Limit:	\$	1,000,000

Business Automobile Coverage:

Liability	\$	1,000,000
Personal Injury Protection		Statutory
Uninsured Motorists	\$	1,000,000
Underinsured Motorists	\$	1,000,000
Hired and Non-Owned Liability	\$	1,000,000

School Leaders Errors and Omissions

Aggregate Limit	\$	1,000,000
Aggregate Defense Expense	\$	500,000

Workers Compensation Coverage:

Employers Liability: Each Accident	\$	500,000
Employers Liability: Disease - Policy Limit	\$	500,000
Employers Liability: Disease - Each Employee	\$	500,000



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CliftonLarsonAllen LLP
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May 10, 2023

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the school board. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "Michelle Hoffman".

Michelle Hoffman, CPA
Principal

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
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JUNE 30, 2022**

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**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
ROSEVILLE AREA SCHOOLS
YEAR ENDED JUNE 30, 2022**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2022.

Audit Opinion – The financial statements are fairly stated. We issued what is known as a “clean” or “unmodified” audit report.

Yellow Book Opinion – No compliance issues were noted in our review of laws, regulations, contracts, and grants that could have significant financial implications to the District.

Internal Controls – Two material weaknesses in internal controls were noted, one related to capital asset reconciliations and one related to material audit adjustments for contracts payable and fund balances in the General Fund and inventory, federal revenues, and federal expenditures in the Food Service Fund.

Single Audit – Two federal programs were tested as major as part of the federal single audit: the Education Stabilization Fund and the Special Education Cluster. We did not note any findings related to the requirements of the Education Stabilization Fund (ESSER and GEER). We reported three findings related to the Special Education Cluster. The first was a material weakness related to not conducting suspension and debarment procedures prior to entering into covered transactions. The second was a material weakness related to a lack of documentation of the process and internal controls over procurement. The third was a material weakness related cost principles for payroll charged to the grant.

Legal Compliance – Two compliance issues were noted with respect to Minnesota Statutes, one related to the prompt payment of bills and one related to contracting and bidding contract language requirements.

Fund Balance – The District's General Fund unassigned fund balance (UFARS basis) increased by \$258,260 during fiscal 2021-2022, increasing from a balance of \$3,124,293 to a balance of \$3,382,553 at June 30, 2022. Total fund balance of the General Fund increased by \$1,599,049, ending at \$5,319,931 as of June 30, 2022. The ending unassigned fund balance represents a balance of 2.88% of General Fund expenditures. A district's fund balance is an important aspect in considering the District's financial well-being since a healthy fund balance represents things such as cashflow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes, and aid prorations at the state level and similar problems.

Enrollment – For fiscal 2021-2022, Roseville Area Schools had an estimated total adjusted average daily membership of 7,227.60 (or 7,891.79 adjusted pupil units). For fiscal 2020-2021, Roseville Area Schools had total adjusted average daily membership of 7,299.38 (or 7,981.72 adjusted pupil units).

Budget to Actual – Total revenues on a net basis in the General Fund were \$3,003,930 (or 2.60%) higher than the amended budget amount while total expenditures on a net basis were \$3,017,709 (or 2.51%) less than had been budgeted. Including other financing sources and uses, the net effect was a decrease in total fund balance that was \$6,381,564 more than had been reflected in the District's budget.

Statement of Net Position

The Statement of Net Position essentially tells you what your District owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides the net position into three components: net investment in capital assets, restricted net position, and unrestricted net position. Beginning in fiscal 2015, the District was required to implement GASB Statement No. 68, which significantly impacted the District's ending net position as a result of recording the District's estimated share of the respective unfunded liability for the statewide pension plans for TRA and PERA. The ending balance of the Net Pension Liability at June 30, 2022, was approximately \$46.5 million. The following table presents components of the District's net position at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net position:

	As of June 30,	
	2022	2021
Total Fund Balance for Governmental Funds	\$ 39,416,414	\$ 31,601,175
Capital Assets, Less Accumulated Depreciation	223,013,990	217,890,612
Long-Term Liabilities	(205,843,428)	(200,978,825)
Net Pension Liability	(46,515,888)	(75,564,664)
Deferred Inflows/Outflows for Pensions - Net	(48,647,885)	(25,109,539)
Other Postemployment Benefits	(2,226,393)	(1,263,679)
Deferred Inflows/Outflows for OPEB - Net	556,758	312,340
Other - Net	(2,419,480)	(2,007,735)
Total Net Position - Governmental Activities	<u>\$ (42,665,912)</u>	<u>\$ (55,120,315)</u>
Net Position		
Net Investment in Capital Assets	\$ 39,991,157	\$ 46,807,538
Restricted	27,454,489	15,202,918
Unrestricted	(110,111,558)	(117,130,771)
Total Net Position - Governmental Activities	<u>\$ (42,665,912)</u>	<u>\$ (55,120,315)</u>

Most of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory reserves) or by the nature of the fund they are in (e.g. unrestricted food service fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unreserved fund balances, offset against noncapital long-term obligations such as vacation or severance payable and beginning in fiscal 2015, the District's estimated share of the unfunded portion of statewide pension plans. Consequently, many Minnesota school districts have accumulated deficits in this component of net position.

Statement of Activities

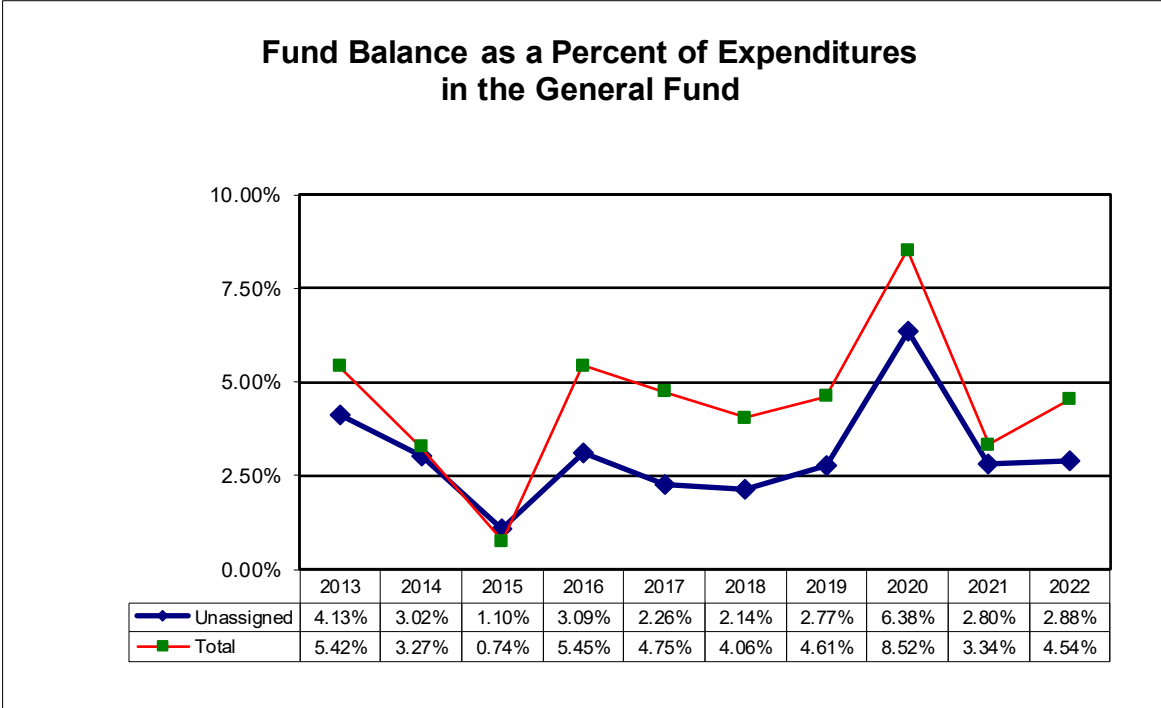
The Statement of Activities tracks the District’s yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing education. This statement provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses. As mentioned previously, the line item for “Change in Net Pension Liability – Defined Benefit Plans” was a new requirement beginning in fiscal 2015. The following table presents a simplified reconciliation of the change in the District’s governmental fund balances to the change in total net position for fiscal years 2022 and 2021:

	As of June 30,	
	2022	2021
Net Change in Fund Balance - Total Governmental Funds	\$ 7,815,239	\$ (41,150,496)
Capital Asset Purchases	13,338,808	65,759,713
Depreciation	(8,879,061)	(4,051,840)
Debt Proceeds	(16,749,307)	(20,789,017)
Change in Net Pension Liability and Related Deferred Outflow and Deferred Inflows	5,510,430	(3,633,840)
Repayment of Debt	10,564,355	5,450,000
Change in Other Long-Term Liabilities	1,132,565	1,380,390
Other - Net	(278,626)	169,237
Change in Net Position - Governmental Activities	<u>\$ 12,454,403</u>	<u>\$ 3,134,147</u>

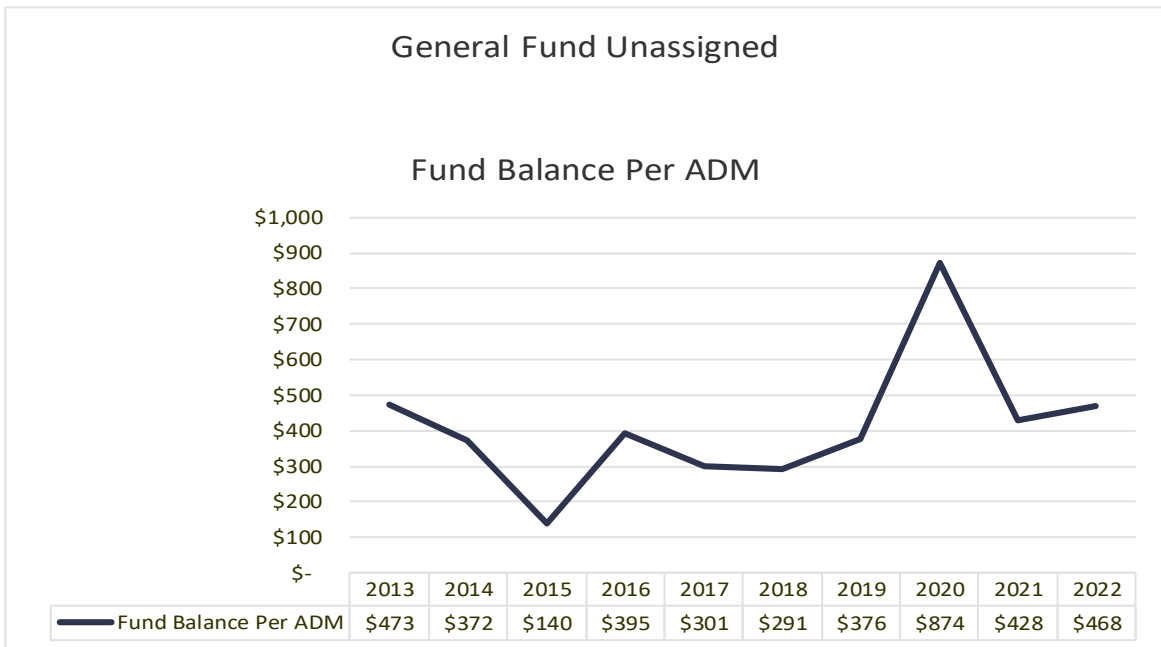
FINANCIAL RESULTS

Fund Balances

As a percentage of annual expenditures:



Per student served for aid:

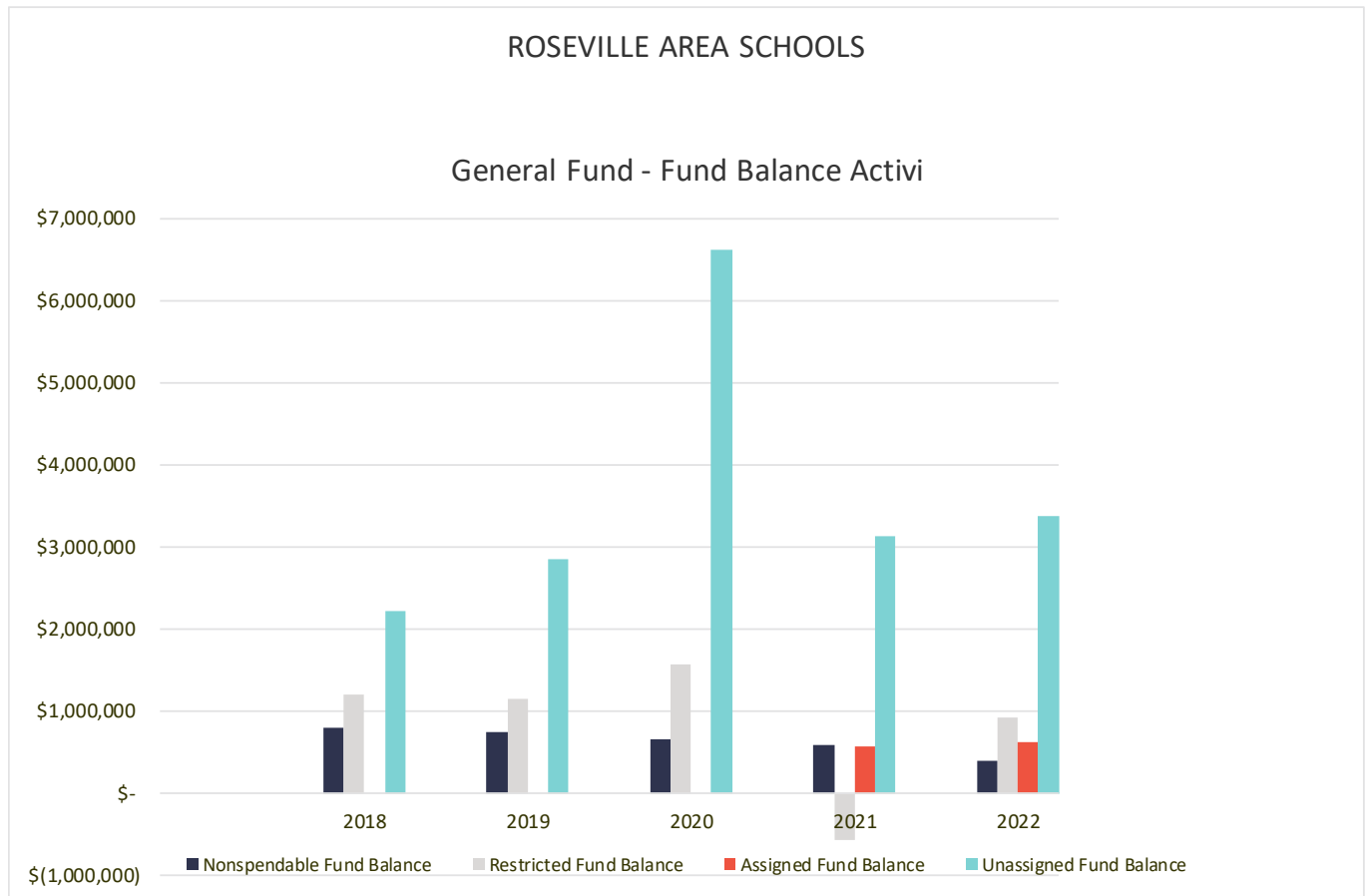


FINANCIAL RESULTS (CONTINUED)

Fund Balances of the General Fund

Unless otherwise noted, all graphs and charts reflect the combined activity of the District's General Fund, including the pupil transportation and capital expenditure sub-funds.

UFARS Basis	2018	2019	2020	2021	2022
Nonspendable Fund Balance	\$ 792,020	\$ 749,779	\$ 655,323	\$ 591,417	\$ 395,436
Restricted Fund Balance	1,199,824	1,146,771	1,571,140	(571,773)	921,434
Assigned Fund Balance	-	-	-	576,945	620,504
Unassigned Fund Balance	2,225,462	2,853,523	6,624,473	3,124,293	3,382,553
Total Fund Balance	\$ 4,217,306	\$ 4,750,073	\$ 8,850,936	\$ 3,720,882	\$ 5,319,927
Total Expenditures	\$ 104,001,452	\$ 103,056,035	\$ 103,885,979	\$ 111,503,705	\$ 117,306,220
Unassigned Fund Balance as a % of Total Expenditures	2.14%	2.77%	6.38%	2.80%	2.88%

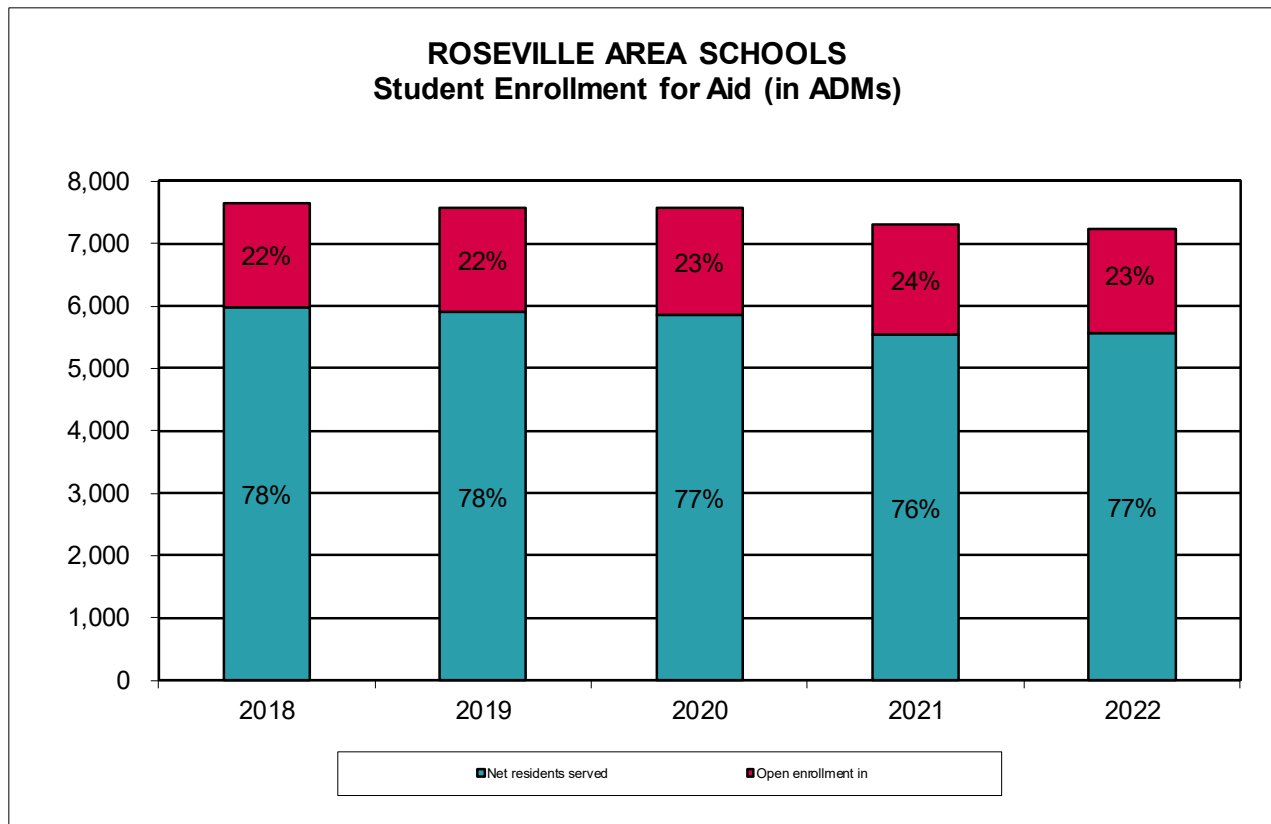


As reflected in the graph above, the District has utilized unassigned fund balance of the General Fund to balance the District's budget.

FINANCIAL RESULTS (CONTINUED)

Students Served for Aid

	2018	2019	2020	2021	2022
Total Residents	6,966.81	6,993.72	7,049.09	6,829.86	6,895.83
Charter Enrollment Out	(495.18)	(559.44)	(668.98)	(699.68)	(755.36)
Open Enrollment Out	(493.11)	(540.40)	(531.38)	(592.06)	(577.86)
Net Residents Served	5,978.52	5,893.88	5,848.73	5,538.12	5,562.61
Open Enrollment In	1,672.99	1,686.38	1,731.13	1,761.26	1,664.99
Net ADM Served	7,651.51	7,580.26	7,579.86	7,299.38	7,227.60
Net Pupil Units Served	8,347.77	8,274.79	8,278.21	7,981.72	7,891.79
Net Residents Served %	78%	78%	77%	76%	77%
Open Enrollment In %	22%	22%	23%	24%	23%



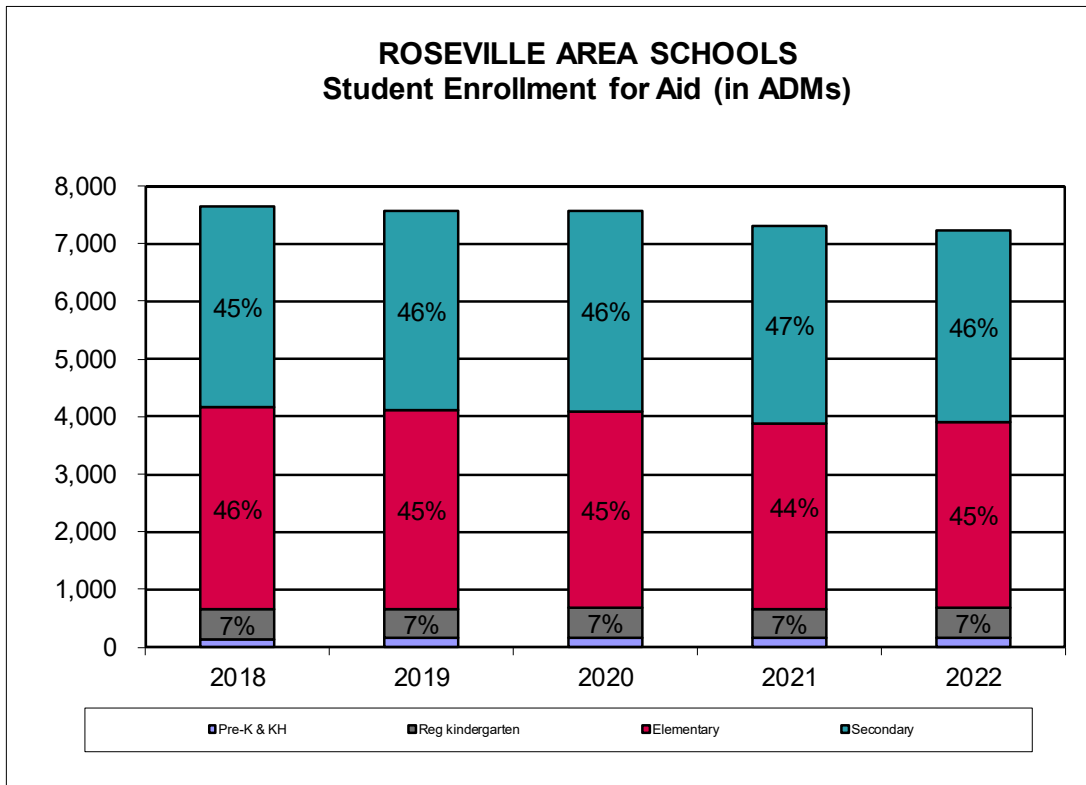
As reflected in the above chart and graph, the District continues to attract more students through open enrollment than resident students choosing to attend elsewhere.

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

Within this report there are a number of areas where condensed financial statement data has been presented.

Student Enrollment



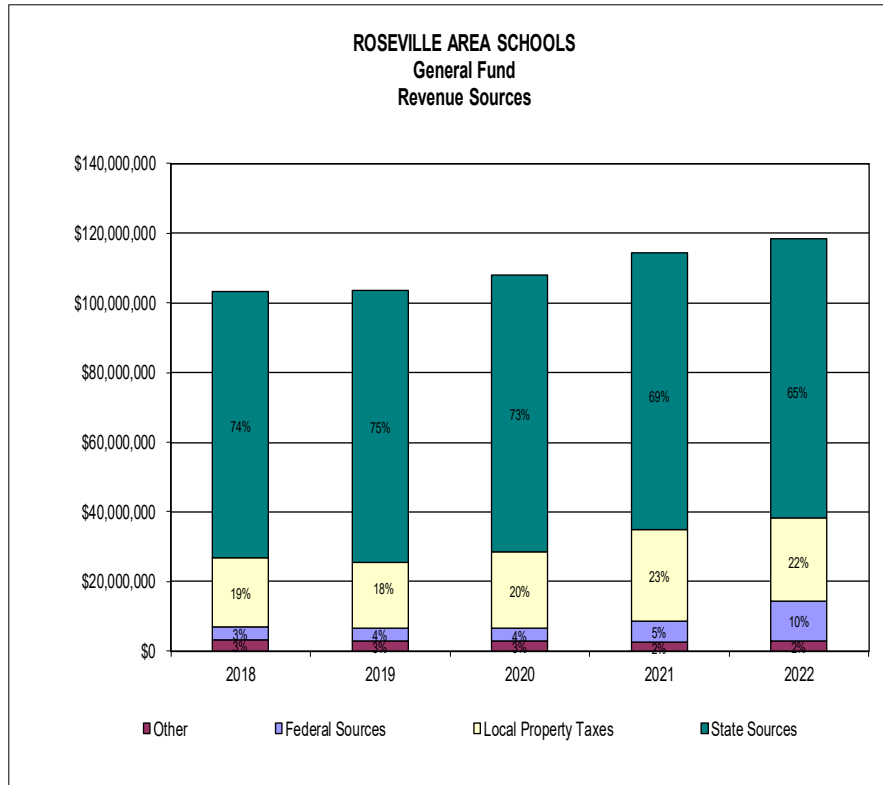
	2018	2019	2020	2021	2022
Pre-K & KH	124.88	152.54	154.08	169.16	172.55
Reg Kindergarten	526.53	514.18	533.63	477.10	504.45
Elementary	3,518.80	3,440.37	3,400.46	3,241.38	3,229.74
Secondary	3,481.30	3,473.17	3,491.69	3,411.74	3,320.86
Net ADM Served	<u>7,651.51</u>	<u>7,580.26</u>	<u>7,579.86</u>	<u>7,299.38</u>	<u>7,227.60</u>
Percent Change	0.59%	-0.93%	-0.01%	-3.70%	-0.98%

As noted in the above chart, the District's student count for fiscal 2021-2022 was 7,228 students (or 0.98%) lower than for the prior year.

APPENDIX A (CONTINUED)

General Fund Revenue

The following table and graph summarizes the District’s General Fund Revenue sources for the last five years.



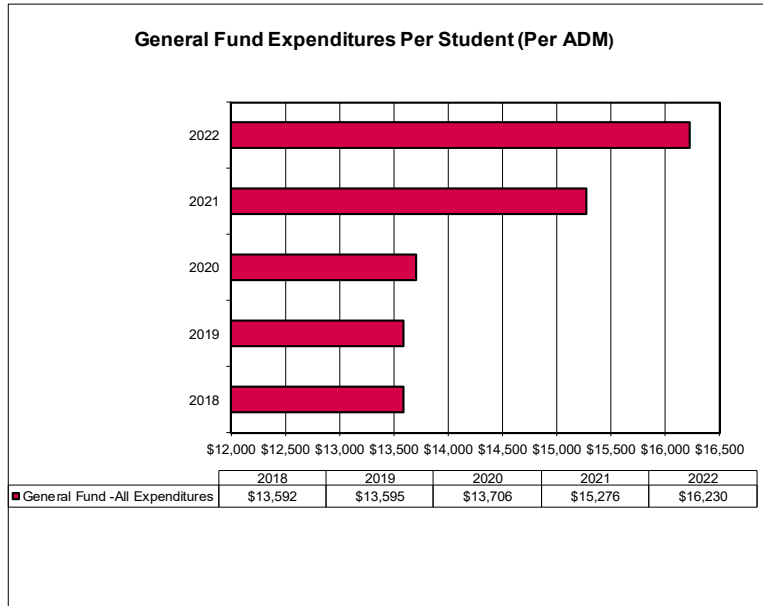
The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the state provides property tax relief, this only impacts the mix between state aids and taxes and does not change total revenue. School finance in Minnesota continues to be a very difficult subject to explain to the general public.

	2018	2019	2020	2021	2022
Local Property Taxes	\$ 19,967,049	\$ 18,702,561	\$ 22,080,685	\$ 26,281,211	\$ 24,015,176
State Sources	76,436,526	78,013,377	79,312,339	79,292,664	80,276,980
Federal Sources	3,528,365	3,923,104	3,700,151	6,265,862	11,366,054
Other	3,298,210	2,849,509	2,848,510	2,486,533	2,887,130
Total Revenues	\$ 103,230,150	\$ 103,488,551	\$ 107,941,685	\$ 114,326,270	\$ 118,545,340
Local Property Taxes	19%	18%	20%	23%	20%
State Sources	74%	75%	73%	69%	68%
Federal Sources	3%	4%	3%	5%	10%
Other	3%	3%	3%	2%	2%

APPENDIX A (CONTINUED)

Expenditures Per Student

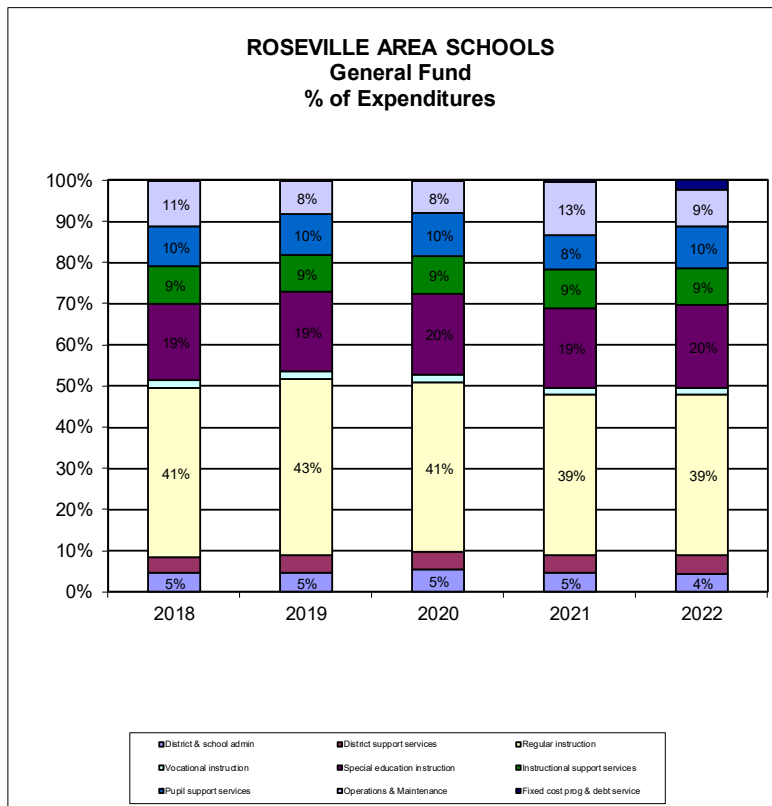
Expenditures per Student (average daily membership) are summarized in the following graph.



General Fund expenditures for fiscal 2022 were \$117,306,220 which represents a net increase of \$5,802,515 or 4.95% from fiscal 2021.

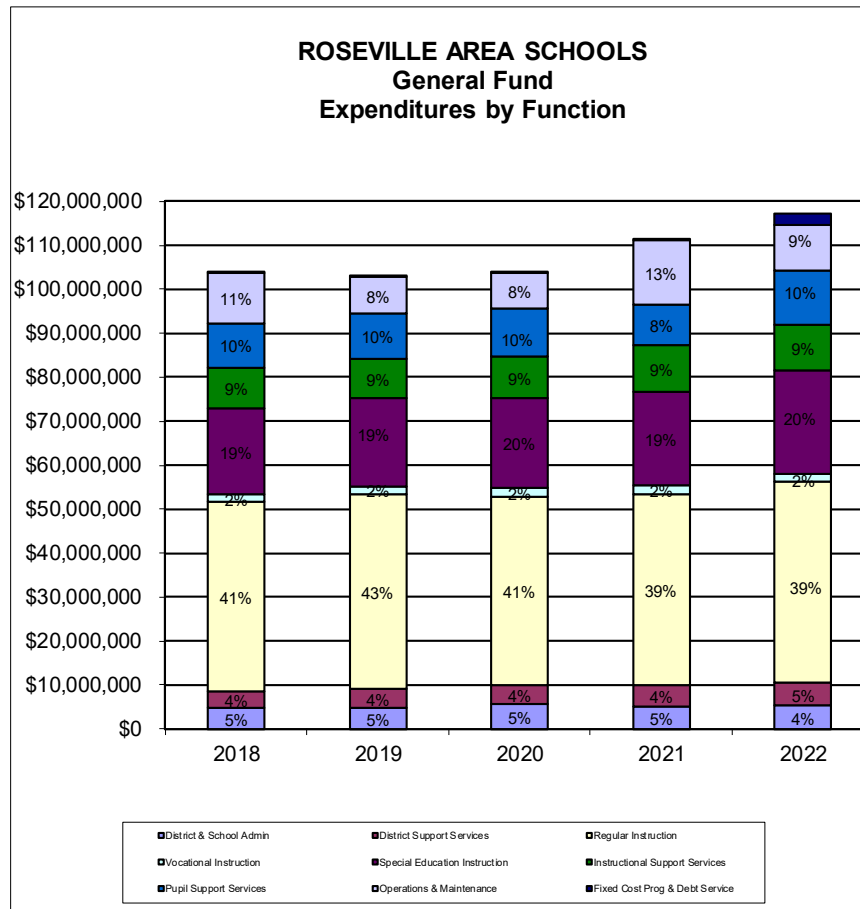
General Fund Expenditures

The following schedule shows total expenditures of the General Fund by program type:



APPENDIX A (CONTINUED)

General Fund Expenditures (Continued)



	2018	2019	2020	2021	2022
District and School Admin	\$ 4,881,528	\$ 4,733,506	\$ 5,545,225	\$ 5,224,686	\$ 5,267,189
District Support Services	3,767,920	4,437,109	4,535,054	4,651,153	5,306,834
Regular Instruction	42,923,698	44,226,248	42,744,235	43,592,426	45,631,121
Vocational Instruction	1,807,372	1,840,397	2,053,518	1,897,445	1,874,782
Special Education Instruction	19,470,686	19,933,088	20,359,744	21,372,548	23,582,763
Instructional Support Services	9,417,740	9,092,554	9,506,429	10,540,032	10,379,044
Pupil Support Services	10,075,797	10,215,853	10,801,775	9,351,072	12,099,078
Operations and Maintenance	11,409,829	8,306,748	8,051,505	14,421,280	10,418,769
Fixed Cost Prog and Debt Service	246,882	270,532	288,494	453,063	2,746,640
Total Expenditures	\$ 104,001,452	\$ 103,056,035	\$ 103,885,979	\$ 111,503,705	\$ 117,306,220

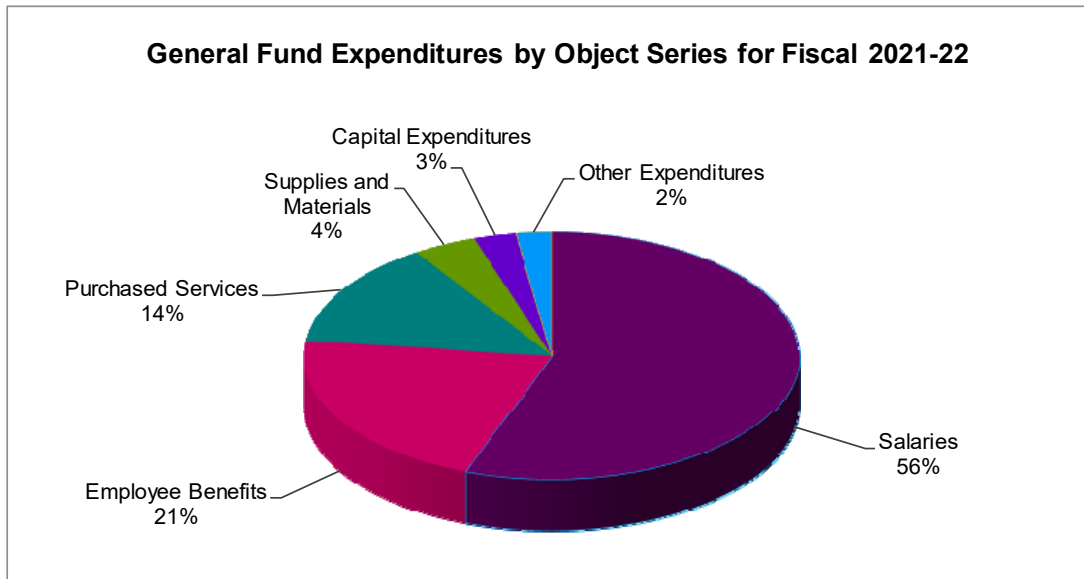
APPENDIX A (CONTINUED)

General Fund Expenditures (Continued)

The following chart summarizes District General Fund budget to actual expenditures by program dimension with capital outlay broken out and one year of comparative actual expenditures.

	2022				2021	Change from the Prior Year
	Final Amended Budget	Actual	Over (Under) Budget	%	Actual	
District and School Admin	\$ 5,398,982	\$ 5,251,721	\$ (147,261)	-2.7%	\$ 5,224,686	\$ 27,035
District Support Services	4,071,608	4,730,714	659,106	16.2%	4,651,153	79,561
Regular Instruction	45,868,702	45,539,379	(329,323)	-0.7%	43,592,426	1,946,953
Vocational Instruction	2,012,070	1,858,296	(153,774)	-7.6%	1,897,445	(39,149)
Special Education Instruction	24,225,331	23,576,557	(648,774)	-2.7%	21,372,548	2,204,009
Instructional Support Services	10,782,226	10,142,573	(639,653)	-5.9%	10,540,032	(397,459)
Pupil Support Services	12,655,791	12,060,245	(595,546)	-4.7%	9,351,072	2,709,173
Operations and Maintenance	7,714,770	8,518,301	803,531	10.4%	9,310,618	(792,317)
Capital Outlay	7,154,449	2,881,794	(4,272,655)	-59.7%	5,110,662	(2,228,868)
Fixed Cost	440,000	647,713	207,713	47.2%	453,063	194,650
Debt Service	-	2,098,927	2,098,927	N/A	-	2,098,927
Total Expenditures	\$ 120,323,929	\$ 117,306,220	\$ (3,017,709)	-2.5%	\$ 111,503,705	\$ 5,802,515

The following graph and chart summarizes District General Fund budget to actual expenditures by object type with two years of comparative actual expenditures.



	2022				2021	2020
	Budget	Actual	Over (Under) Budget	%	Actual	Actual
Salaries	\$ 65,642,157	\$ 65,207,665	\$ (434,492)	-0.7%	\$ 62,217,501	\$ 60,389,255
Employee Benefits	26,216,976	24,948,236	(1,268,740)	-4.8%	24,360,556	24,413,475
Purchased Services	16,858,458	16,339,979	(518,479)	-3.1%	13,579,546	13,208,804
Supplies and Materials	4,179,035	4,876,659	697,624	16.7%	5,259,174	3,785,711
Capital Expenditures	7,154,449	3,230,554	(3,923,895)	-54.8%	5,110,662	1,959,646
Other Expenditures	257,854	2,703,127	2,445,273	948.3%	976,266	129,088
Total Expenditures	\$ 120,308,929	\$ 117,306,220	\$ (3,002,709)	-2.5%	\$ 111,503,705	\$ 103,885,979

As reflected above, total expenditures of the General Fund on a net basis were 0.7% under the budgeted amount.

APPENDIX A (CONTINUED)

General Fund Operations and Financial Position

The following table presents five years of comparative operating results for the District's General Fund.

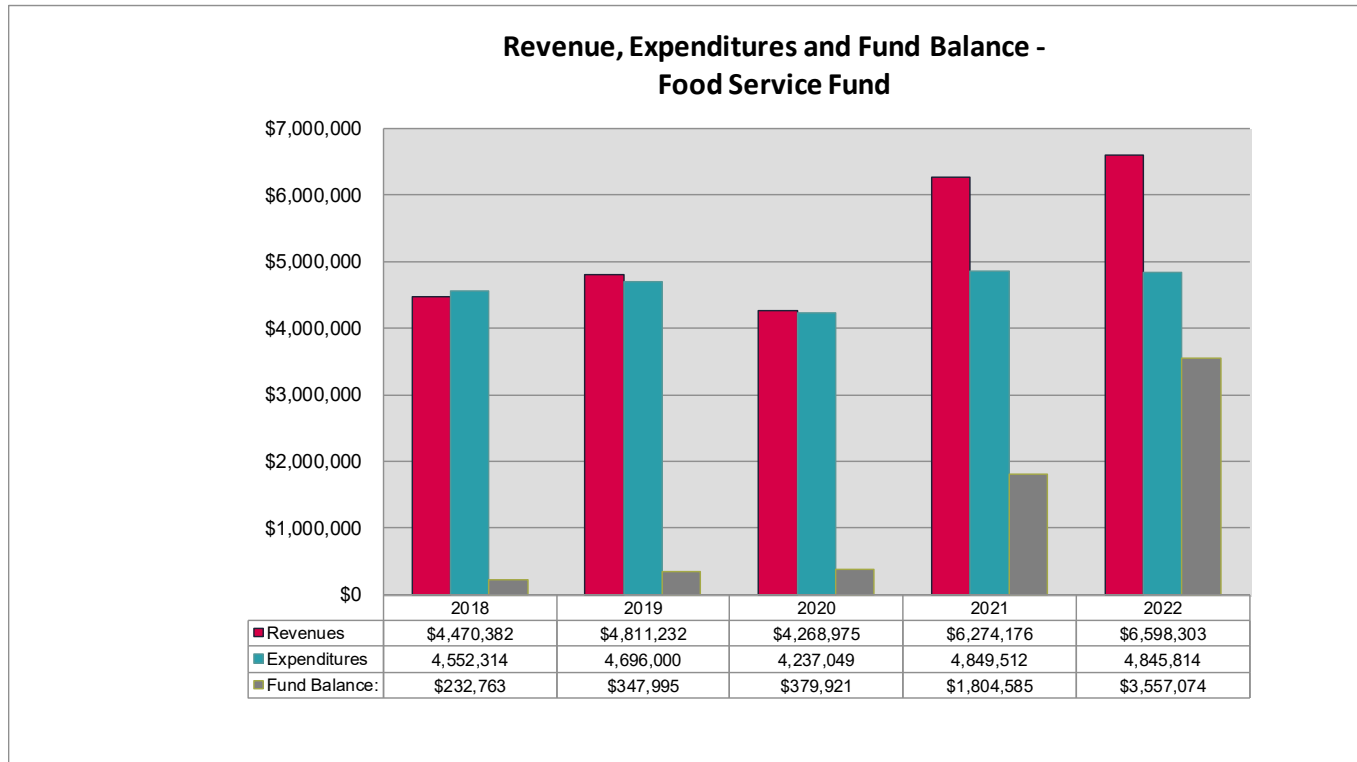
	Year Ended June 30,				
	2018	2019	2020	2021	2022
Revenues	\$ 103,230,150	\$ 103,488,551	\$ 107,941,685	\$ 114,326,270	\$ 118,545,340
Expenditures	104,001,452	103,056,035	103,885,979	111,503,705	117,306,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	(771,302)	432,516	4,055,706	2,822,565	1,239,120
Other Financing Sources (Uses):					
Proceeds from Sale of Equipment	-	-	-	1,500	-
Proceeds from Sale of Real Property	-	316	-	23,852	-
Proceeds from Insurance Recovery	187,984	99,935	45,157	59,152	-
Financed Purchase Agreements	-	-	-	-	359,929
Operating Transfers (Out)	-	-	-	(5,918,000)	-
Total Other Financing Sources	187,984	100,251	45,157	(5,833,496)	359,929
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(583,318)	532,767	4,100,863	(3,010,931)	1,599,049
Fund Balance:					
Beginning of Year	4,800,624	4,217,306	4,750,073	6,731,813	3,720,882
End of Year	\$ 4,217,306	\$ 4,750,073	\$ 8,850,936	\$ 3,720,882	\$ 5,319,931
Nonspendable Fund Balance	\$ 792,020	\$ 749,779	\$ 655,323	\$ 591,417	\$ 395,436
Restricted Fund Balance	1,199,824	1,146,771	1,571,140	(571,773)	921,434
Assigned Fund Balance	-	-	-	576,945	620,504
Unassigned Fund Balance	2,225,462	2,853,523	6,624,473	3,124,293	3,382,553
Total Fund Balance	\$ 4,217,306	\$ 4,750,073	\$ 8,850,936	\$ 3,720,882	\$ 5,319,927
Unassigned Fund Balance as a Percentage of Expenditures	2.14%	2.77%	6.38%	2.80%	2.88%
Total Fund Balance as a Percentage of Expenditures	4.06%	4.61%	8.52%	3.34%	4.54%

The District's General Fund unassigned fund balance increased by \$258,260 during fiscal 2021-2022, increasing from a balance of \$3,124,293 to a balance of \$3,382,553 at June 30, 2022. Total fund balance of the General Fund increased by \$1,599,049, ending at \$5,319,931 as of June 30, 2022. The ending unassigned fund balance as defined by UFARS represents 2.88% of General Fund expenditures.

APPENDIX A (CONTINUED)

Food Service Fund

The following chart reflects the growth of the Food Service Program over the past five years:



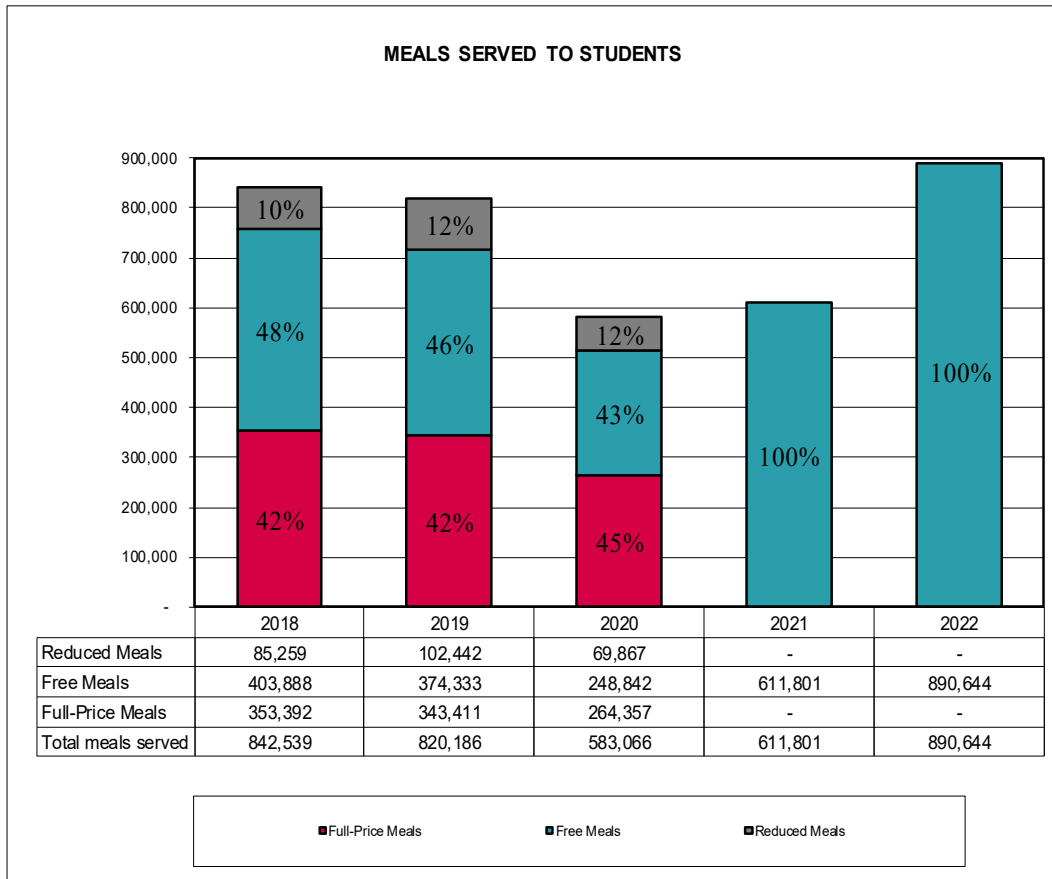
Total revenues exceeded expenditures by \$1,752,489 in the District’s Food Service Fund for fiscal 2022, resulting in a fund balance of \$3,557,074 at June 30, 2022.

Total actual revenues were more than the budgeted amount by \$1,683,103. Total expenditures were more than the budgeted amount by \$44,965. The net impact of these variances was an increase in fund balance that was \$1,638,138 more than had been reflected in the budget. As part of any budget update initiated for fiscal 2022-2023, the food service department will want to take these variances into consideration in order to limit budget variances to every extent possible.

APPENDIX A (CONTINUED)

Food Service Fund (Continued)

The following chart reflects the number and type of meals served to students over the past five years:

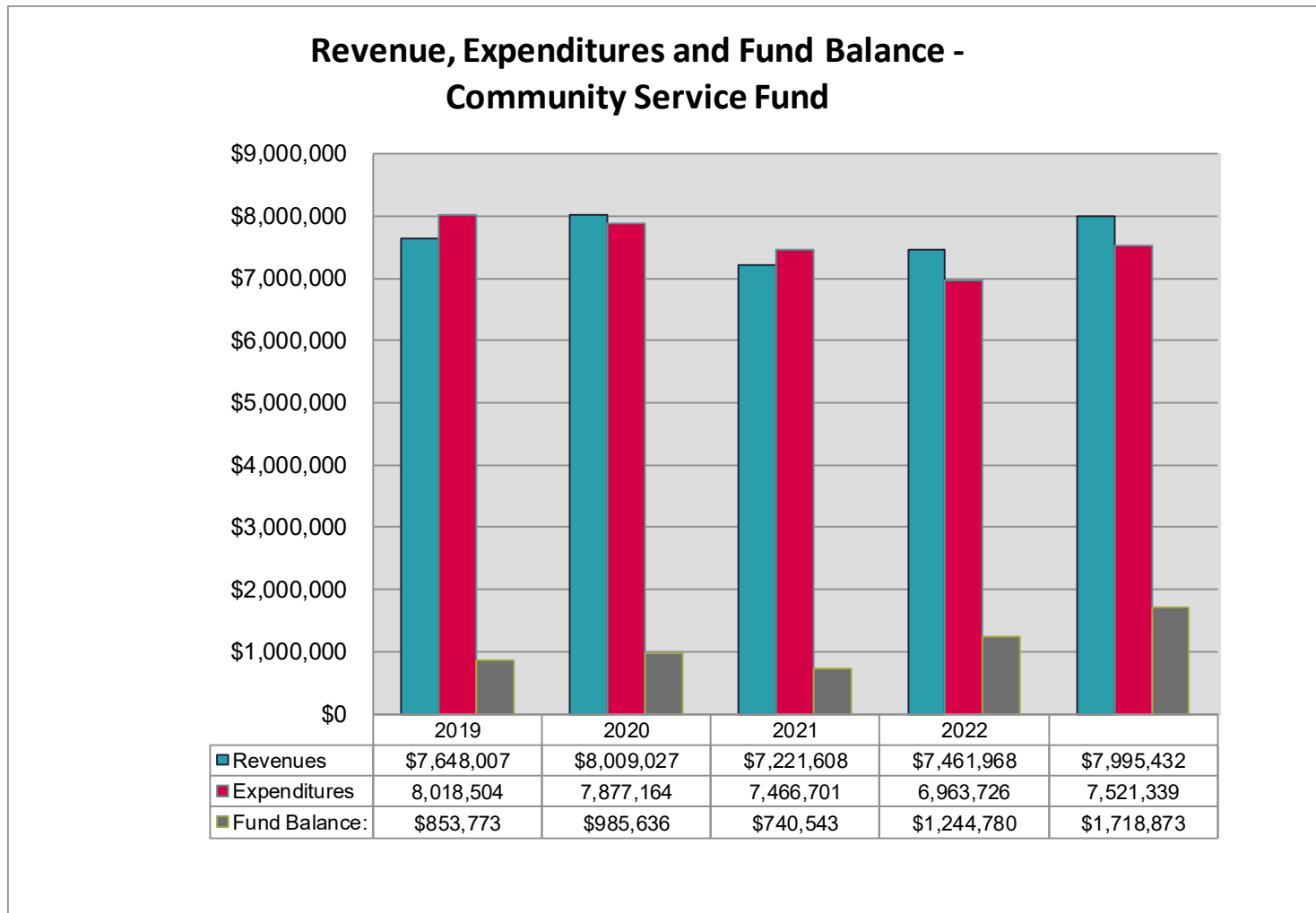


	Year Ended June 30,				
	2018	2019	2020	2021	2022
Percentage of Total Meals Served by Type:					
Full Price Meals	41.9%	41.9%	45.3%	0.0%	0.0%
Reduced Price Meals	10.1%	12.5%	12.0%	0.0%	0.0%
Free Meals	47.9%	45.6%	42.7%	100.0%	100.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX A (CONTINUED)

Community Service Fund

The following table presents five years of comparative operating results for the District's Community Service Fund:



The District's Community Service Fund had an excess of revenues over expenditures of \$474,093 for fiscal 2022, increasing the combined fund balance to \$1,718,873 at June 30, 2022.

Total revenues of the District's Community Service Fund for 2022 were \$54,341 more than the budgeted amount while total expenditures were \$332,706 lower than the budgeted amount. The net impact of these variances was to increase total fund balance by \$278,365 more than had been reflected in the budget. As part of any budget update initiated for fiscal 2022-2023, the community services department will want to take these variances into consideration in order to limit budget variances to every extent possible.

APPENDIX B

The table below reflects the comparative data available from the Minnesota Department of Education for all expenditures incurred for the benefit of pre-elementary through secondary education, except building construction.

Expenditures Per Student (ADM) Served

	Statewide			ISD No. 623 Roseville		
	All Districts	Seven County Metro Area	Enrollment > than 4,000			
	2021	2021	2021	2020	2021	2022
	\$	\$	\$	\$	\$	\$
District and School Admin and Support Services	1,184	1,205	1,156	1,284	1,342	1,371
Regular Instruction (including Co- & Extra-Curricular)	6,198	6,527	6,348	5,522	5,925	6,256
Vocational Instruction (Career & Technical)	197	179	185	266	258	255
Special Education Instruction	2,625	2,792	2,839	2,641	2,905	3,239
Instructional Support Services	812	917	913	1,219	1,433	1,393
Pupil Support Services (Including Transportation)	1,228	1,285	1,271	1,352	1,269	1,657
Operations and Maintenance and Other	1,083	1,052	1,056	939	1,327	1,259
General Fund Subtotal (excluding Capital Expenditures)	13,327	13,957	13,768	13,223	14,460	15,431
Food Service	532	522	513	533	638	665
Community Service	610	682	658	963	943	1,014
Capital Expenditures (excluding Building Constr Fund)	793	815	784	277	721	415
Debt Service	1,576	1,683	1,583	1,594	1,696	2,509
Total Pre-K - 12 Expenditures	<u>\$ 16,838</u>	<u>\$ 17,659</u>	<u>\$ 17,306</u>	<u>\$ 16,590</u>	<u>\$ 18,458</u>	<u>\$ 20,034</u>
Percent Change from Prior Year				6.26%	11.26%	8.54%

Source of Statewide Data: School District Profiles published by the Minnesota Department of Education

District and school admin and support services - all costs related to providing administration to the District (school board, superintendent,

Regular instruction - includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities and the interaction between teachers and pupils in the classroom (excluding exceptional, vocational and community education instruction) and includes activities of aides or assistants of any type (paraprofessionals, clerks, graders, etc.) who assist in the educational process, except spec ed aides

Vocational instruction - consists of costs related to courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability

Special education instruction - consists of activities providing learning experiences for pupils of any age, who because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided pupils in regular or vocational instruction

Instructional support services - activities for assisting instructional staff with content and process of providing learning experiences for pupils in K-12 (curriculum, staff dev, educ media, libraries and media centers, etc.)

Pupil support services - all services to pupils not classified as instructional (counseling & guidance, health services, psychological services, social work, pupil transportation and safety, etc.)

Operations and maintenance - activities related to the operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the District

Food service - all costs of the Food Service Fund

Community service - all costs of the Community Service Fund

Capital expenditures - all capital expenditures charged to operating funds

Debt service - all debt service costs (principal, interest and fiscal agent costs)

APPENDIX C

LEGISLATIVE ACTIVITY

What follows are some education-related highlights of the 2022 legislative sessions as summarized from information made available by the Minnesota Department of Education, the Minnesota School Boards Association, and the Minnesota House of Representatives.

General Education

The General Education Revenue formula allowance for fiscal year 2023 remains at the level established during the 2021 legislative session. The amount will reflect an increase of 2%, or \$135 per pupil unit, over the 2022 formula to \$6,863 per pupil unit for fiscal year 2023 and later.

Special Education Cross-Subsidy Aid

Both the House and Senate made offers during the negotiations of the E12 supplemental budget bill but were unable to come to an agreement. The House's final offer included increasing the portion of the unreimbursed special education costs that are funded from 6.43% to 37.746% for fiscal year 2023 and 40.49% for fiscal year 2024 and later. The Senate's final offer included increasing the portion of the unreimbursed special education costs that are funded from 6.43% to approximately 40% for fiscal year 2023 and later.

School Board Member Earnings

The amount of yearly earnings that a school board member may receive from the school district for employment was increased from \$8,000 per fiscal year to \$20,000 per fiscal year. This could allow school board members to spend additional time working as substitute teachers, school bus drivers, food service program workers, etc.

Retired Teacher Earnings Limitations

Retired teachers who resume teaching at a public school or charter school may teach without application of an earnings limitation. Application of the earnings limitation would otherwise cause pension payments to be deferred or forfeited. The earnings limit resumes after the year 2024.

Frontline Worker Pay

To thank those Minnesotans who worked on the frontlines during the COVID-19 peacetime emergency, Gov. Tim Walz signed Frontline Worker Payments into law, enabling those workers to apply for Frontline Worker Pay. The law lists fifteen categories of frontline sectors, one of which is schools, including charter schools, state schools, and higher education.

In addition, to be eligible for Frontline Worker Pay, the applicant:

- must have been employed at least 120 hours in Minnesota in one or more frontline sectors between March 15, 2020, and June 30, 2021.
- for the hours worked during this time period the applicant –
 - was not able to telework due to the nature of the individual's work and
 - worked in close proximity to people outside of the individual's household;

APPENDIX C (CONTINUED)

Frontline Worker Pay (Continued)

- must meet the income requirements for at least one year between Dec. 31, 2019, and Jan. 1, 2022 –
 - workers with direct COVID-19 patient care responsibilities must have had an adjusted gross income of less than \$350,000 for married taxpayers filing jointly, or less than \$175,000 for other filers and
 - for workers in occupations without direct COVID-19 patient care responsibilities, the adjusted gross income limit is \$185,000 for married taxpayers filing jointly, or \$85,000 for other filers; and
- must not have received an unemployment insurance benefit payment for more than 20 weeks on a cumulative basis for weeks between March 15, 2

Mental Health Initiatives

A mental health package was passed which appropriates \$92.7 million to fund mental health programs and initiatives, including \$2 million in fiscal year 2023 for school-linked behavior health grants.

APPENDIX D

ACCOUNTING UPDATE

GASB Statement No. 87 – Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Specifically, this statement:

1. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
2. Defines the “lease term” and clarifies when lessees and lessors should reassess the lease term due to lease modifications or terminations.
3. Defines and establishes recognition criteria for short-term leases.
4. Amends accounting and financial reporting requirements for contracts with multiple components, contract combinations, subleases, and leaseback transactions.

The statement was to be effective for reporting periods beginning after December 15, 2019. However, due to the impact of COVID-19, the effective date was moved back one and a half years to reporting periods beginning after June 15, 2021. As such, this statement was implemented for fiscal year 2022. As a result, right-to-use assets that are included in long-term leases, as well as the corresponding amortization of the right-to-use said assets, are being reflected with the District’s capital assets. The related long-term liabilities were also recorded and the financial statement footnotes include additional information to reflect these additions.

GASB Statement No. 91 – Conduit Debt Obligations

The primary objective of GASB Statement No. 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Initially effective for reporting periods beginning after December 15, 2020 but postponed to reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – Omnibus 2020

The primary objectives of this statement are to enhance comparability and consistency by addressing practice issues that have been identified during implementation and application of certain GASB statements.

This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

APPENDIX D (CONTINUED)

GASB Statement No. 92 – Omnibus 2020 (Continued)

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

This statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units. It also modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. Requirements relating to the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately.

GASB Statement No. 98 – The Annual Comprehensive Financial Report

This statement establishes the term *Annual Comprehensive Financial Report* and its acronym *ACFR* to replace the *Comprehensive Annual Financial Report* and its acronym *CAFR*.

GASB Statement No. 99 – Omnibus

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

APPENDIX D (CONTINUED)

GASB Statement No. 99 – Omnibus (Continued)

This Statement addresses a variety of topics and includes specific provisions about the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements

GASB Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101 – Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.



APPENDIX E

FORMAL REQUIRED COMMUNICATIONS

Board of Education
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Roseville Area Schools (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated May 10, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our Statement of Work dated July 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

As described in Note 1, the District changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. This resulted in the District capitalizing right-to-use assets and the corresponding lease liability for long-term lease agreements as well as recording a lease receivable and a related deferred inflow of resources.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets
- Retirement Pay and Other Compensated Absences Payable
- Other Postemployment Benefits Payable
- Estimated proportionate share of PERA's and TRA's net pension liability

Management's estimate of the due from Minnesota Department of Education (MDE) is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2022. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2022 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the District for special education excess cost tuition billing and adds the amount to the District's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from federal through the MDE is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2022. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the SEDRA reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the MDE and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Accounting estimates (Continued)

Management's estimate of Retirement Pay and Other Compensated Absences Payable is based on certain assumptions made by the District. As required by GASB Statement No. 16, the District has recorded a liability for accumulated sick leave convertible to early retirement pay for which it is probable the employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), and the potential use of accumulated sick leave prior to termination.

Management's estimate of other postemployment benefits payable is based on an actuarially determined calculation. The total liability is reduced by the amount held in the Other Postemployment Benefit Trust for the payment of such liabilities.

Management's estimate of the District's proportionate share of PERA's and TRA's Net Pension Liability is based on guidance from GASB Statement No. 68 and each plan's respective allocation tables. Each plan's allocation tables allocate a portion of the plan's net pension liability based on the District's prior fiscal year contributions as a percentage of the total contributions received for the related year by the plan.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures. The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

The completion of our audit was delayed as there were issues with reconciling the District's capital asset activity and balances for the year. We are continuing to work with the District to add efficiencies to this overall process going forward.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The entries below summarize the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

- Interest expense in governmental activities is overstated by \$240,315 in the current year due to the prior year ending accrued interest and interest expense being understated.
- Depreciation expense in governmental activities is overstated by \$1,309,963 in the current year due to the prior year ending accumulated depreciation and depreciation expense being understated.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Capital asset additions and ending Buildings were decreased by \$37,680,483 as a result of initial additions including previously capitalized portions of building projects.
- General Fund expenditures and fund balances were increased \$2,322,336 to correct for a prior year contract payable which was reversed out directly to fund balance.
- Food Service Fund inventory was increased and federal revenue decreased by \$33,360 and federal expenditures were decreased \$66,720 as a result of the District not recording its year-end commodity balance and posting the related year-end adjustment to federal expenditures backwards.
- Contracts payable and expenditures were increased in the current year due year-end payables which were not properly accrued.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis of matter paragraph describing the District's implementation of GASB 87, *Leases*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 10, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- During the audit we identified the following significant risk of material misstatement that has not previously been communicated to you:
 - Completeness risk for leases due to the implementation of a new GASB standard

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

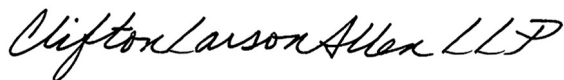
With respect to the individual fund schedules and the Uniform Financial Accounting and Reporting Standards (UFARS) compliance table and the Schedule of Federal Expenditures and Awards (SEFA) (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 10, 2023.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Education and management of the school and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2023

Schedule of Uncorrected Misstatements

Government-Wide Financial Statements

1. To correct for prior year accrued interest being understated and adjustment reflected in the current year interest expense.

Beginning Net Position	240,315	
Interest Expense		240,315

2. To correct for prior year accumulated depreciation being understated and adjustment reflected in current year depreciation expense.

current year:

Beginning Net Position	1,309,963	
Depreciation Expense		1,309,963



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**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER REQUIRED REPORTS**

JUNE 30, 2022



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**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
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SINGLE AUDIT AND OTHER REQUIRED REPORTS



**INDEPENDENT AUDITORS' 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**

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Area Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Roseville Area Schools' basic financial statements, and have issued our report thereon dated May 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Roseville Area Schools' 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 Roseville Area Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Roseville Area Schools' 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Roseville Area Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Roseville Area Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Roseville Area Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Roseville Area Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Roseville Area Schools' major federal programs for the year ended June 30, 2022. Roseville Area Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Roseville Area Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Special Education Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Roseville Area Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Roseville Area Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Roseville Area Schools' compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Special Education Cluster

As described in the accompanying schedule of findings and questioned costs, Roseville Area Schools did not comply with requirements regarding Assistance Listing Numbers 84.027 and 84.173 Special Education Cluster as described in finding numbers 2022-003 and 2022-004 for Procurement and Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for Roseville Area Schools to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Roseville Area Schools' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Roseville Area Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Roseville Area Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Roseville Area Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Roseville Area Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Roseville Area Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-005. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Roseville Area Schools' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Roseville Area Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003, 2022-004, and 2022-005 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

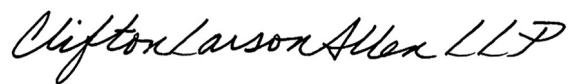
School Board
Independent School District No. 623
Roseville Area Schools

Government Auditing Standards requires the auditor to perform limited procedures on Roseville Area Schools' response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Roseville Area Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Area Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Roseville Area Schools' basic financial statements. We have issued our report thereon, dated May 10, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2023

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Payments
U.S. Department of Agriculture				
Passed Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
National School Lunch Program	N/A	10.555	* \$ 347,351	\$ -
Cash Assistance:				
School Breakfast Program	202020N109942	10.553	* 1,162,416	-
National School Lunch Program	202020N109942	10.555	* 3,972,128	-
COVID-19 Supply Chain Assistance	Unknown	10.555	* 125,379	-
COVID-19 Emergency Operations	Unknown	10.555	* 129,221	-
Total ALN 10.555			<u>4,226,728</u>	<u>-</u>
Child and Adult Care Food Program	202020N109942	10.558	339,996	-
COVID-19 CACFP Emergency Operations	Unknown	10.558	41,734	-
Total ALN 10.558			<u>381,730</u>	<u>-</u>
Summer Food Program	202020N109942	10.559	* 33,459	-
Fresh Fruit and Vegetable Grant Program	202020L160342	10.582	* 77,507	-
Total Cash Assistance			<u>5,881,840</u>	<u>-</u>
Total U.S. Department of Agriculture			6,229,191	-
U.S. Department of the Treasury				
Passed Through Minnesota Department of Education:				
COVID-19 Summer Preschool Program	Unknown	21.027	20,138	-
COVID-19 Adult Basic Education	Unknown	21.027	106,157	-
COVID-19 Summer Academic Enrichment and Mental Health	Unknown	21.027	182,207	-
Total U.S. Department of the Treasury			<u>308,502</u>	<u>-</u>
U.S. Department of Education				
Passed Through Minnesota Department of Education:				
Adult Basic Education	V002A190024	84.002	87,527	-
Title I, Part A Grants to Local Educational Agencies	S010A190023	84.010	1,788,958	-
IDEA, Part B - Special Education Grants to States	H027A190087	84.027	** 1,790,404	-
COVID-19 IDEA, Part B - Special Education Grants to States	H027A190087	84.027	** 232,042	-
Total ALN 84.027			<u>2,022,446</u>	<u>-</u>
IDEA, Preschool Grants	H173A180086	84.173	** 36,150	-
Special Education Grants for Infants and Families	H181A190029	84.181	34,682	-
Title IV, Part B - Twenty-First Century Community Learning Centers	S287C190023	84.287	661,133	-
Title III, Part A - English Language Acquisition Grants	S365A200023	84.365	155,634	-
Title II, Part A - Supporting Effective Instruction	S367A200022	84.367	271,957	-
Title IV, Part A - Student Support and Academic Enrichment	S424A200024	84.424	123,069	-
COVID-19 - Governor's Emergency Education Relief Fund	Unknown	84.425C	*** 56,800	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	Unknown	84.425D	*** 6,046,700	-
COVID-19 - ARP Elementary and Secondary School Emergency Relief Fund	Unknown	84.425U	*** 594,602	-
			<u>11,879,658</u>	<u>-</u>
Pass-Through Intermediate School District No. 916:				
Cash Assistance:				
Career and Technical Education	V048A190023A	84.048	22,450	-
Total U.S. Department of Education			<u>11,902,108</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Education:				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	Unknown	93.323	81,479	-
COVID-19 Child Care Stabilization Grants		93.575	274,161	-
			<u>355,640</u>	<u>-</u>
Total Federal Awards Expended			<u>\$ 18,795,441</u>	<u>\$ -</u>

* Total Child Nutrition Cluster = \$5,847,461

** Total Special Education Cluster = \$2,058,596

*** Total Education Stabilization Fund = \$6,698,102

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Roseville Area Schools (the District) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Independent School District No. 623 has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

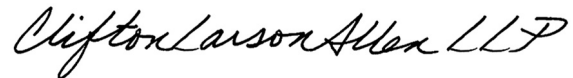
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Area Schools (the District) as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 10, 2023.

In connection with our audit, we noted that Roseville Area Schools failed to comply with provisions of the Claims and Disbursements and Contracting and Bidding sections of *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as items 2022-006 and 2022-007. Also, in connection with our audit, nothing came to our attention that caused us to believe that Roseville Area Schools failed to comply with the provisions of the deposits and investments, conflicts of interest, public indebtedness, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The District's written response to the legal compliance findings identified in our audit is described in the schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

School Board
Independent School District No. 623
Roseville Area Schools

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on the District's compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2023

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

1. Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported

2. Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported

1. Type of auditors’ report issued on compliance for major federal programs: Qualified opinion on Child Nutrition Cluster
Unmodified opinion on Education Stabilization Fund

2. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027 and 84.173 84.425C, 84.425D, 84.425U	Special Education Cluster COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? yes x no

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit procedures performed over capital assets it was noted that there were again some errors in the District's capital asset reconciliations. Specifically, the beginning balances of accumulated depreciation did not agree to the previous year audited and reconciled balances by \$1,300,963. In addition, it was noted that the District added the total ending amount of two large building projects to its current year Building additions, despite portions of these projects being put into service in previous years. As a result, the ending balance of Building capital assets had to be decreased by \$37,680,483.

Criteria or specific requirement: The District should have sufficient procedures and controls in place to properly reconcile capital assets at year-end and.

Effect: The District had errors in its capital asset reconciliations and ending asset balances.

Repeat Finding: Yes.

Cause: The District used total ending project balances as the value of assets placed into service in the current year and did not take into account that portions of the projects were already placed into service in previous years.

Recommendation: We recommend that the Roseville Area Schools reviews its procedures and controls over capital asset reconciliations to ensure all amounts are properly reconciled and ending balances agree to detailed system records.

Views of responsible officials and planned corrective actions: Management does not disagree with the finding. The District will review its procedures over capital asset reconciliations to ensure all amounts agree to finance records and are properly reconciled at year-end.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

2022 – 002

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit procedures we noted several material adjustments which needed to be posted to District records, including the following:

Contracts payable – It was noted that a prior year contracts payable amount was reversed by debiting contracts payable and crediting fund balance, with the payment of the payable being expensed again. Thus, an adjustment was posted in the General Fund to credit expenditures and debit fund balance in the amount of \$2,322,336.

Food Service Fund inventory, federal revenue, and federal expenditures – It was noted that in the past the District has historically removed the amount of year-end commodities still on hand from federal revenues and expenditures, as they have not yet been used. Though these items should remain in revenue and instead post the offset to expenditures as a debit to inventory, the amounts have been immaterial in prior years. In the current year these amounts were much larger. In addition, the District's year-end adjustment was posted backwards, adding to both federal revenue and federal expenditures. The result was an adjustment posted to increase inventory by \$33,360, decrease federal revenue by \$33,360, and decrease expenditures by \$66,720.

Contracts payable – It was noted that \$98,187 in contracts payable in the General Fund had not properly been accrued at year-end.

Criteria or specific requirement: The District should have procedures and controls in place to ensure all year-end adjustments are properly recorded and all ending balances are properly reconciled.

Effect: Material audit adjustments were posted to the District's records to correct certain ending balances.

Repeat Finding: Yes.

Cause: Adjustments to reverse prior year contracts payable and to adjust federal expenditures were posted incorrectly and a year-end adjustment to accrued contracts payable was missed

Recommendation: We recommend that the District review its procedures and controls over year-end reconciliations and adjustments and make any necessary changes to ensure all ending balances are properly adjusted.

Views of responsible officials and planned corrective actions: Management does not disagree with the finding. The District will reviews it year-end adjustment procedures and make any necessary changes to ensure balances are properly reconciled and adjusted.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2022-003

Federal agency: U.S. Department of Education

Federal program name: Special Education Cluster

Assistance Listing Number: 84.027 and 84.173

Federal Award Identification Number and Year: H027A220087, 2022

Pass-Through Agency: Minnesota Department of Education

Pass-Through Number: H027A190087

Award Period: Fiscal year 2022

Type of Finding: Material Weakness in Internal Control over Compliance and Material Noncompliance (Modified Opinion)

Criteria or specific requirement: 2 CFR § 180.300 requires that before the District enters into a covered transaction with an entity at a lower tier, the District must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition: In our testing for the Special Education Cluster, we noted instances where there was no documentation of this verification being performed.

Questioned Costs: None

Context: During testing of the program, it was noted that five of seven contacts that were tested were entered into without the District verifying and retaining documentation of said verification that the vendors were not suspended or debarred by the federal government.

Cause: The District's practice of ensuring sam.gov was checked for all contracts entered into and documentation retained was not performed as expected during the pandemic, and shortly thereafter during fiscal year 2022.

Effect: The District was not in compliance with federal suspension and debarment requirements.

Repeat Finding: Yes, this is a repeat finding. It was presented as Finding 2021-010 in the previous report for fiscal year 2021.

Recommendation: We recommend the District ensure that this suspension and debarment verification occurs before entering covered transactions and that supporting documentation of this internal control is retained.

Views of responsible officials: There is no disagreement with the audit finding.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2022-004

Federal agency: U.S. Department of Education

Federal program name: Special Education Cluster

Assistance Listing Number: 84.027 and 84.173

Federal Award Identification Number and Year: H027A220087, 2022

Pass-Through Agency: Minnesota Department of Education

Pass-Through Number: H027A190087

Award Period: Fiscal year 2022

Type of Finding: Material Weakness in Internal Control over Compliance and Material Noncompliance (Modified Opinion)

Criteria or specific requirement: Non-federal entities other than states must follow the procurement standards set out at CFR sections 200.318 through 200.326. This includes utilizing one of the five allowable procurement methods, including small purchase guidelines for items over the micro-purchase threshold and sealed bids, competitive proposals, or noncompetitive proposals when items exceed the simplified acquisition threshold. In addition, the Uniform Guidance requires that the entity maintain records sufficient to detail the history of the procurement.

Condition: During our testing of the District's procurements within the Special Education program, it was noted that not all procurements followed the appropriate method and history of the transaction was not sufficiently documented.

Questioned Costs: ALN 84.027 - \$173,812.24.

Context: Out of seven procurement which were tested, we noted five of them for which the District did not retain documentation detailing the history of the procurement, including the rationale for choosing the particular vendor.

Cause: The District during the pandemic and shortly thereafter, was not able to properly ensure all contracts has procurement documentation retained and performed as required by the Uniform Guidance.

Effect: The District was not in compliance with Uniform Guidance requirements for the proper documentation of all procurement transactions.

Repeat Finding: Yes, this is a repeat finding. It was presented as Finding 2021-012 in the previous report for fiscal year 2021.

Recommendation: We recommend the District reviews its procedures and controls over procurement to ensure that all procurements are documented such that a third party can clearly see and understand the detailed history of the procurement.

Views of responsible officials: There is no disagreement with the audit finding.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2022-005

Federal agency: U.S. Department of Education

Federal program name: Special Education Cluster

Assistance Listing Number: 84.027 and 84.173

Federal Award Identification Number and Year: H027A220087, 2022

Pass-Through Agency: Minnesota Department of Education

Pass-Through Number: H027A190087

Award Period: Fiscal year 2022

Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity,
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Finding 2022-005 (Continued)

Condition: During our testing of a sample of payroll transactions charged to the grant we noted not all transactions were supported by properly approved documentation.

Questioned Costs: ALN 84.027– Known \$2,884

Context: Of a sample of 40 payroll disbursement charged to the grant we noted one disbursement which was not properly supported by time and effort documentation and one disbursement where documentation of the approval of the rate paid was not provided.

Cause: The District was not documenting time and effort for this individual as their wages were initially coded to FIN 161 during the year. The District thought the special education department would be tracking time and effort but the special education department only determined who should be tracked based on the finance code that the employee was coded to for payroll. The employee paid an incorrect amount was paid a wage of \$25, which has historically been what interpreters are paid, however there was no documentation available to show that amount was approved.

Effect: The District was not in compliance with time and effort documentation requirements of the Uniform Guidance.

Repeat Finding: No

Recommendation: We recommend the District reviews its procedures for charging wages and benefits to federal grants to ensure all are properly supported by time and effort documentation.

Views of responsible officials: There is no disagreement with the finding.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section IV – MN Legal Compliance Findings

Finding 2022-006

Criteria or specific requirement: Minnesota Statute §471.425 requires municipalities to pay each vendor obligation according to the terms of the contract, or if no contract terms apply, within the standard payment period, which is defined as within 35 days from the date of receipt for municipalities which have regularly scheduled board meetings at least once a month.

Condition: We noted invoices in our testing sample that were not paid by the District within the standard payment period, as defined by Minnesota Statutes.

Context: Five of the forty disbursements we selected for testing were not in compliance with Minnesota Statutes 471.425.

Cause: Invoices were not processed and paid within the required period.

Effect: The District was not in compliance with state statutes related to payment of local government bills.

Recommendation: We recommend the District make every effort possible to ensure that invoices are routed to the District's Business Services Department so that they can be processed in a timely manner. Additionally, we recommend the District stamp each invoice received with a "received date", so that it has documentation of when an invoice was actually received by the District.

Views of responsible officials: There is no disagreement with the audit finding.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will immediately implement the recommendation.

Officials Responsible for Ensuring CAP:

The District's Director of Finance and Operations is the school official responsible for carrying out the corrective action plan.

Planned Completion Date for CAP:

The planned completion date for the CAP is June 30, 2023.

Plan to Monitor Completion of CAP:

The Board of Education and administration will be monitoring this corrective action plan.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section IV – MN Legal Compliance Findings (Continued)

Finding 2022-007

Criteria or specific requirement: Minnesota Statute §471.345, subd. 4a requires that each contract between the school district and a prime contractor must require the prime contractor to pay subcontractors within ten days of receipt of payment from the government entity or pay interest at the rate of 1 1/2 percent per month or any part of a month.

Condition: During our testing of a selection of contracts we noted that not all of them contained the proper subcontractor language.

Context: Of the six contracts tested none of the contracts contained the required subcontractor language.

Cause: The district did not have that contract language in the template contract utilized for the contract in question.

Effect: The District was not in compliance with state statutes related to contracting and bidding.

Recommendation: We recommend the District review its procedures over contracting and bidding to ensure all contracts contain all required language.

Views of responsible officials: There is no disagreement with the audit finding.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will immediately implement the recommendation.

Officials Responsible for Ensuring CAP:

The District's Director of Finance and Operations is the school official responsible for carrying out the corrective action plan.

Planned Completion Date for CAP:

The planned completion date for the CAP is June 30, 2023.

Plan to Monitor Completion of CAP:

The Board of Education and administration will be monitoring this corrective action plan.



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Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Agenda Item: 7b

Agenda Topic: Approval of New Course Proposals for 2024-2025
Meeting Date: May 23, 2023
Contact Person: Jake Von De Linde

Background:

Administration is requesting approval of three new courses proposed for the 2024-2025 school year. Please see the attached summary document for course descriptions.

Recommendation:

It is recommended that the board approve the new courses as presented for the 2024-2025 school year.

XX Action Required _____ Informational – No Board Action Requested

NEW COURSE PROPOSALS FOR 2024-25

Course Title: Cybersecurity

Department: Roseville Area High School (RAHS)- Business and Computer Technology

Type: New Course/Course Removal

Background:

If approved, this one trimester elective course will focus on protecting internet-connected networks, programs and individuals from digital attacks (hackers). This is a relevant and important topic for students as our world becomes increasingly dependent on technology. The Cybersecurity course will lay a foundation of understanding cyber law and policy, Linux, networking technology basics, risk assessment, cryptography, and a variety of essential cybersecurity tools - all the essential knowledge and skills needed to begin a future in the cyber workforce.

This course will be open to students in grades 10-12 after they have taken any of the other three computer science courses (Intro to Computer Science, AP Computer Science Principles, or AP Java).

Approving this course includes the removal and consolidation of the current course Microsoft Office, into the existing Keyboarding for Employment course.

Feedback/Input:

DCAC: unanimously approved the course.

Course Title: Medical Terminology

Department: Roseville Area High School (RAHS)- Science

Type: Major Adaptation to course

Background:

This currently existing course would additionally offer concurrent enrollment at St. Paul College. When students pass the course by meeting the St. Paul College requirements, they will earn college credit at St. Paul College and other Minnesota State Colleges and Universities.

The course focuses on building a foundation in terminology and basic concepts of the human body. Students will earn one college credit, as well as two high school credits over two trimesters. The course will also help prepare students before taking the faster paced Anatomy and Physiology course at RAHS. Medical Terminology is available to students after taking Biology.

Feedback/Input:

DCAC: unanimously approved the course.

Course Title: AP Pre-Calculus

Department: Roseville Area High School (RAHS)- Math

Type: New Course/Course Removal

Background:

If approved, Advanced Placement (AP) Pre-Calculus would be a replacement for the current course, Accelerated Pre-Calculus. AP Pre-Calculus is a two-semester course that would include an optional third semester for test preparation.

This course would help prepare students to take the AP Calculus courses and the AP Pre-Calculus test. Students in the course will develop and apply procedural and symbolic fluency, multiple representations and communication and reasoning on a regular basis over the span of the course. When students pass the AP exam, they may earn college credit for the course.

Students need to take either Advanced Algebra or Accelerated Advanced Algebra prior to taking AP Pre-Calculus. If approved, the Accelerated Pre-Calculus course will be removed.

Feedback/Input:

DCAC: unanimously approved the course.



Roseville Area Schools

Quality Teaching & Learning for All...Equity in All We Do

Agenda Item: 7c

Agenda Topic: Non-Renewal of Licensed Probationary Employees
Meeting Date: May 23, 2023
Contact Person: Kenyatta McCarty

Background:

The school district makes a determination to non-renew probationary teachers at the close of the school year based on one or more of the following reasons:

- Discontinuance of position
- Decrease in enrollment
- Financial condition of the district
- District performance standards

Kenyatta McCarty, director of human resources, will review the process and rationale for the recommended action.

The resolution should be read once with the names of all individuals read.

Recommendation:

It is recommended that the board approve the resolution terminating the teaching contracts of the following probationary teachers (as listed) at the close of the 2022-23 school year.

XX Action Required ___ Informational – No Board Action Requested

Memorandum

To: Dr. Jenny Loeck, School Board
From: Kenyatta McCarty, Human Resources
Date: May 23, 2023
Re: Non-Renewal of Probationary Teachers

The following probationary teachers are being non-renewed at the close of the current 2022-2023 school year for one or more of the following reasons:

Discontinuance of Position,
Decrease in Enrollment,
The Financial Condition of the School District,
District Performance Standards.

<u>Name</u>	<u>Building</u>	<u>Position</u>
Rebecca Berg	Little Canada	Kindergarten
Leeann Bloom	Edgerton/Parkview	Grade 5/SEL/Interventions
Chris Brennan	Roseville Middle School	Special Education – Setting 3
Madeline Clark	Parkview	Special Education
Natalia Petkovich	Falcon Heights/FAHS	EL
Steven Powers	FAHS	Work Based Learning/Social Studies
Dalianna Ramos	Little Canada	2 nd Grade - DLI

Written notice will be sent regarding termination and non-renewal of contracts as provided by law.

May 23, 2023

Board Member _____ introduced the following resolution and moved its adoption:

RESOLUTION RELATING TO THE TERMINATION AND
NON-RENEWAL OF THE TEACHING CONTRACT OF
A PROBATIONARY TEACHER

WHEREAS, the following are probationary teachers in Independent School District No. 623,

BE IT RESOLVED, by the School Board of Independent School District No. 623, that pursuant to Minnesota Statutes 122A.40, Subd. 5, that the teaching contract of the following probationary teachers in Independent School District No. 623, is hereby terminated at the close of the current 2022-2023 school year for one or more of the following reasons:

Discontinuance of Position,
Decrease in Enrollment,
The Financial Condition of the School District,
District Performance Standards.

Rebecca Berg
Leeann Bloom
Chris Brennan
Madeline Clark
Natalia Petkovich
Steven Powers
Dalianna Ramos

BE IT FURTHER RESOLVED, that written notice be sent to said teacher regarding termination and non-renewal of his or her contract as provided by law.

The motion for the adoption of the foregoing resolution was duly seconded by Board Member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Clerk