

Financial Advisory Council Meeting

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4. Appointment of FAC Chair and Secretary
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7. FY24 Audit Update
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9. Future Meetings
 - January 14, 2025
 - March 18, 2025
 - May 13, 2025
 - TBD - presentation of 2024-2025 report to the School Board
10. Other
11. Adjourn

**ROBBINSDALE AREA SCHOOLS – INDEPENDENT SCHOOL DISTRICT 281
FINANCIAL ADVISORY COUNCIL (FAC)
MINUTES FOR May 14, 2024
DRAFT**

FAC Members			
X	Lennie Kaufman, Chair	X	April Gulley
	Walter Gray	X	Katherine Lankford
X	Greg Kugler		Nicole Sandback
X	Edwin Ochoa		
School Board Member			
X	John Vento, Treasurer		
District 281 Staff			
X	Marti Voight, Interim Superintendent		
X	Virginia Verbrugge, Assistant Director of Finance		
X	Karylanne Marchand, Business Office Manager		

Agenda Item 1: Welcome and Introductions

Chair Lennie Kaufman called the meeting to order at 6:35 p.m., with the FAC members and others noted above in attendance. The meeting was held in person at the Education Service Center. Mr. Kaufman opened the meeting by welcoming the attendees.

Agenda Item 2: Acceptance of Agenda

The agenda had been distributed to the members prior to the meeting. A motion was properly made and seconded to accept the distributed agenda. The motion passed unanimously.

Agenda Item 3: Approve January 16, 2024, Meeting Minutes

The minutes had been distributed to the members prior to the meeting. A motion was properly made and seconded to approve the minutes. The motion passed unanimously.

Agenda Item 4: Approve April 29, 2024, Meeting Minutes

The minutes had been distributed to the members prior to the meeting. A motion was properly made and seconded to approve the minutes. The motion passed unanimously.

Agenda Item 5: Capital Projects (Tech) Levy Discussion

Our outside communications consultant, Jeff Dehler, led a discussion regarding the presentation of District 281’s request for an extension of our current Tech levy. The District is asking voters to approve a ten year extension of its authority to levy taxes in support of maintaining our technology structure and improving safety and security in the school buildings. The tax rate of 4.207% will remain the same, and the levy is expected to generate approximately \$7,000,000 of revenue in its first year (fiscal 25-26). Jeff talked about a process to engage the community and provided a facilitation guide to assist with internal and external meetings in support of the upcoming referendum. He asked for FAC feedback regarding the questions being asked, and for any questions the FAC thought should be asked. Jeff also presented information regarding prior referendum voting results and discussed impacts of both passage and defeat of the proposed referendum.

Agenda Item 6: LTFM Projects and Bonding

Alissa Pier discussed the current LTFM plan for 2025. She walked through planned activity at the following schools: Forest, Lakeview, Neill, Spanish Immersion, Zachery Lane, Fair Crystal, and Sandberg. The total cost of the planned work is approximately \$19,000,000.

Michael Hart from PMA Securities, the District’s financial advisory firm, then gave a presentation covering:

- LTFM Funding Uses
- LTFM funding options (Annual Levy and LTFM Bonds)
- Anticipated Future LTFM project costs over the next five years (not including Health and Safety Levy)crr
- Projected District Debt & LTFM Tax Levies
- Projected Impact on Residential Property Taxes
- Other Related Items

Agenda Item 7: FY25 Budget Update

Ginny Verbrugge led a discussion regarding the District’s plan to close the gap between revenues and expenses in the FY25 General Fund Budget. The goal is to close a \$17.4MM gap. She discussed the proposed changes impacting each of the Cabinet departments in the District. A great deal of information gathering, discussions, and constituent input was undertaken to reach the decisions necessary to close the budget gap. This required significant FTE reductions, and other non-personnel expense reductions. She also discussed changes made to expenses in FY24 that would have a positive impact in FY25. Additional changes could still occur as further discussions occur during the approval process. A final budget must be approved before the end of the fiscal year (June 30).

Agenda Item 8: FAC Member Appointments

At the end of this fiscal year, the terms of two FAC members will come to an end. Public notice will be given to solicit applications for three-year terms to fill these positions on the FAC. The two members with expiring terms are Walter Gray and Lennie Kaufman.

Agenda Item 9: Future Meetings/FAC Timeline

This is the final scheduled FAC regular meeting for fiscal year 2024. The August 5 School Board meeting is the date for the presentation of the 2023-2024 FAC annual report to the School Board. The FAC was invited to attend the School Board’s budget discussion at their work session on May 20.

Agenda Item 10: Other

A brief discussion occurred regarding the completion of the FY23 audit. Completion was expected before the end of August.

Agenda Item 11: Adjournment

A proper motion was made and seconded to adjourn the meeting, and the motion passed unanimously.

These minutes respectfully submitted by Lennie Kaufman



Preliminary Proposed Levy Taxes Payable 2025

Kristen Hoheisel
Chief Financial Officer

Sept. 16, 2024



ROBBINSDALE
Area Schools

Purpose

- Provide an overview of the proposed, preliminary property tax levy for Payable 2025
- Review significant changes from prior year levy





Key Messages

- Preliminary certification is a component of the overall levy process
- Revisions to the levy are still being made which will likely change the total amount
- Certifying the “Maximum” allows for greater flexibility
- The school board will have one more chance to act on the 2025 property tax levy
 - Dec. 2, 2024 - Truth in Taxation hearing
 - Dec. 16, 2024 - Certification



ROBBINSDALE
Area Schools

Timelines

Sept. 16	Board adopts Preliminary Proposed 2024 Levy Payable 2025
Sept. 30	Deadline for school board to certify proposed property tax levies to county auditor
Mid-November	County mails property tax statements showing estimated Payable 2025 property taxes and meeting date/time/location for the final levy and budget discussions

General Fund Levies



	Pay 2024 RMV Information	Pay 2024 NTC Information	Total	Est. Pay 2025 RMV Information	Est. Pay 2025 NTC Information	Total
Op Ref - Voter Approved	26,268,560.84		26,268,560.84	25,029,898.99		25,029,898.99
PY Adjustments			0.00			0.00
Equity	576,100.00		576,100.00	795,874.43		795,874.43
Local Optional Revenue (LOR)	8,341,490.52		8,341,490.52	8,165,558.52		8,165,558.52
Transition	222,259.38		222,259.38	217,571.91		217,571.91
CY Adjustments	119,134.05		119,134.05	204,250.11		204,250.11
PY Adjustments	118,801.18		118,801.18	96,408.42		96,408.42
Cap Proj Ref - Voter Approved	0.00	6,642,659.85	6,642,659.85	9,479,663.39	0.00	9,479,663.39
Sub Total		6,642,659.85	6,642,659.85	9,479,663.39	0.00	9,479,663.39

	Pay 2024 RMV Information	Pay 2024 NTC Information	Total	Est. Pay 2025 RMV Information	Est. Pay 2025 NTC Information	Total
Operating Capital		1,797,252.96	1,797,252.96		1,863,961.46	1,863,961.46
Alt Teach Comp		1,004,017.56	1,004,017.56		970,686.08	970,686.08
Achieve & Integration		823,282.78	823,282.78		819,211.57	819,211.57
Reemployment Ins		100,000.00	100,000.00		200,000.00	200,000.00
Safe Schools		414,792.00	414,792.00		406,044.00	406,044.00
Safe Schools Intermed		172,830.00	172,830.00		169,185.00	169,185.00
Career and Technical		368,192.91	368,192.91		368,192.91	368,192.91
LTFM		2,014,546.57	2,014,546.57		137,864.63	137,864.63
Building / Land Lease		3,156,773.21	3,156,773.21		3,124,283.00	3,124,283.00
Before Adjustments		9,851,687.99	9,851,687.99		8,059,428.65	8,059,428.65
PY Adjustments		(2,084,492.24)	(2,084,492.24)		(1,662,650.78)	(1,662,650.78)
Sub Total	0.00	7,767,195.75	7,767,195.75	0.00	6,396,777.87	6,396,777.87
Total General	35,646,345.97	14,409,855.60	50,056,201.57	34,509,562.38	6,396,777.87	40,906,340.25

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Community Service Levies



	Pay 2024 RMV Information	Pay 2024 NTC Information	Total	Est. Pay 2025 RMV Information	Est. Pay 2025 NTC Information	Total
Basic Community Education		652,634.86	652,634.86		593,316.50	593,316.50
Early Child Family		348,545.30	348,545.30		359,636.51	359,636.51
Home Visiting		17,697.42	17,697.42		18,244.21	18,244.21
Adults w/ Disabilities		10,442.15	10,442.15		9,534.80	9,534.80
School Age Care		1,400,000.00	1,400,000.00		1,350,000.00	1,350,000.00
Prior Years Adjustments		(32,998.36)	(32,998.36)		276,758.10	276,758.10
Total	0.00	2,396,321.37	2,396,321.37	0.00	2,607,490.12	2,607,490.12

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Debt Service Levies

	Pay 2024			Est. Pay 2025		
	RMV Information	Pay 2024 NTC Information	Total	RMV Information	Est. Pay 2025 NTC Information	Total
Debt Service Voter-Approved		0.00	0.00		0.00	0.00
Debt Service Other		21,765,355.53	21,765,355.53		24,701,249.16	24,701,249.16
Debt Excess		(88,661.99)	(88,661.99)		0.00	0.00
Adjustments		58,810.38	58,810.38		68,592.23	68,592.23
Total Debt Service	0.00	21,735,503.92	21,735,503.92	0.00	24,769,841.39	24,769,841.39
OPEB Debt Service Other		1,843,905.00	1,843,905.00		0.00	0.00
Debt Excess		(176,434.26)	(176,434.26)		(245,062.79)	(245,062.79)
Prior Years Adjustments		13,952.62	13,952.62		245,062.79	245,062.79
Total OPEB Debt	0.00	1,681,423.36	1,681,423.36	0.00	0.00	0.00

Totals



	Pay 2024 RMV Information	Pay 2024 NTC Information	Total	Est. Pay 2025 RMV Information	Est. Pay 2025 NTC Information	Total
General	35,646,345.97	14,409,855.60	50,056,201.57	34,509,562.38	6,396,777.87	40,906,340.25
Community Service	0.00	2,396,321.37	2,396,321.37	0.00	2,607,490.12	2,607,490.12
Debt Service	0.00	21,735,503.92	21,735,503.92	0.00	24,769,841.39	24,769,841.39
OPEB Debt Service	0.00	1,681,423.36	1,681,423.36	0.00	0.00	0.00
Total	35,646,345.97	40,223,104.25	75,869,450.22	34,509,562.38	33,774,109.38	68,283,671.76

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Area Schools

Next Steps

- Administration recommends the school board adopt a “maximum” proposed 2025 property tax levy at the Sept.16, 2024 business meeting
- School board will act on final levy certification on Dec.16, 2024
 - Taxpayers will have an opportunity to provide input during the Truth in Taxation meeting



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ROBBINSDALE
Area Schools

Questions?



INDEPENDENT SCHOOL DISTRICT NO. 281

Audit Report for Year Ended June 30, 2023

AUDITOR'S ROLE



OPINION ON FINANCIAL STATEMENTS

- DISTRICT AUDIT
- SINGLE AUDIT OF FEDERAL AWARDS EXPENDITURES

INTERNAL CONTROLS AND COMPLIANCE

- FINANCIAL STATEMENT AUDIT
- FEDERAL SINGLE AUDIT
- STATE LAWS AND REGULATIONS

AUDIT RESULTS



DISTRICT FINANCIAL AUDIT

- Opinions on Basic Financial Statements
 - Unmodified “Clean” Opinion

AUDIT RESULTS (CONTINUED)



INTERNAL CONTROL AND COMPLIANCE – FINANCIAL AUDIT

- Internal Controls Over Financial Reporting
 - Material Weakness – Compliance With Regulatory Reporting Deadlines
- Compliance Over Financial Reporting
 - No Findings Reported for Current Year

AUDIT RESULTS (CONTINUED)



MN LEGAL COMPLIANCE

- Minnesota Legal Compliance
 - Timely Submission of Audited Financial Data and Financial Statements
 - Annual Broker Certifications not Obtained Prior to Investment Transactions

AUDIT RESULTS – FEDERAL SINGLE AUDIT



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

- Opinion on SEFA
 - Fairly Stated in Relation to Financial Statements
- Internal Control and Compliance
 - Compliance with Federal Reporting Deadline
 - Significant Deficiency in Internal Control Over Compliance With Federal Allowable Cost Requirements – Title I Program

FOLLOWUP ON PRIOR YEAR FINDINGS



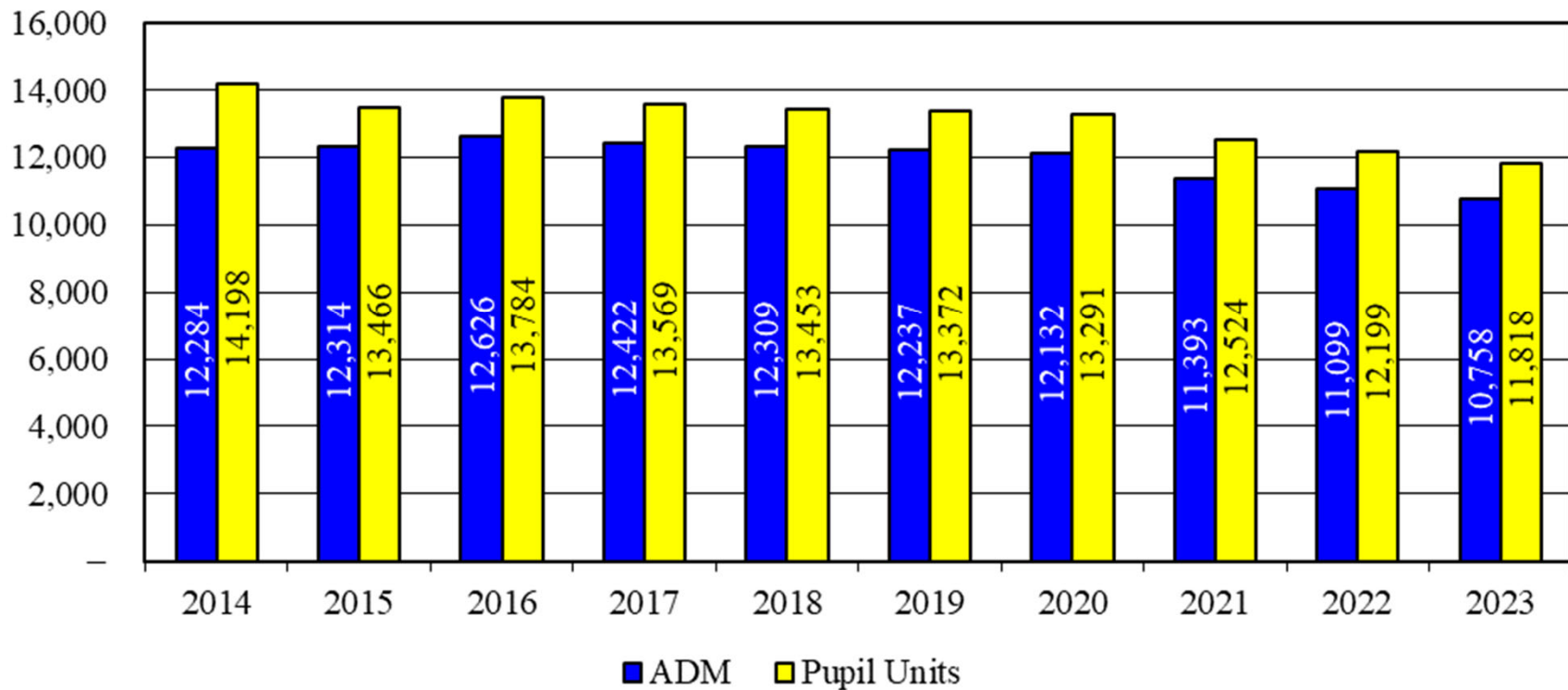
Internal Control Over Financial Reporting

- Material Weakness Reported For Fiscal Year (FY) 2022, Corrected in FY 2023
 - Material Audit Adjustment
 - No Similar Finding For FY 2023

ADJUSTED ADM AND PUPIL UNITS SERVED



Adjusted ADM and Pupil Units Served

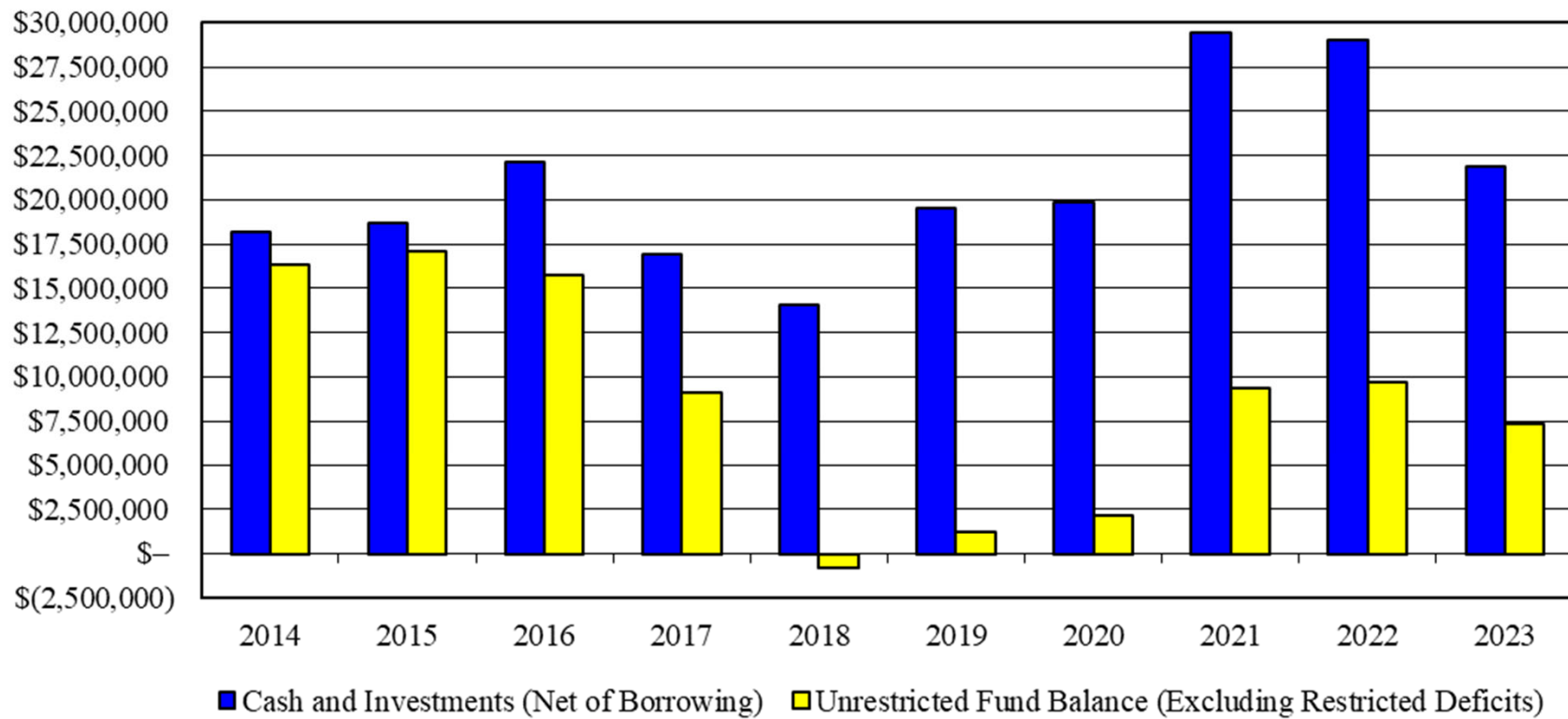


GENERAL FUND FINANCIAL POSITION



TREND ANALYSIS

General Fund Financial Position
Year Ended June 30,



GENERAL FUND

FINANCIAL POSITION (continued)

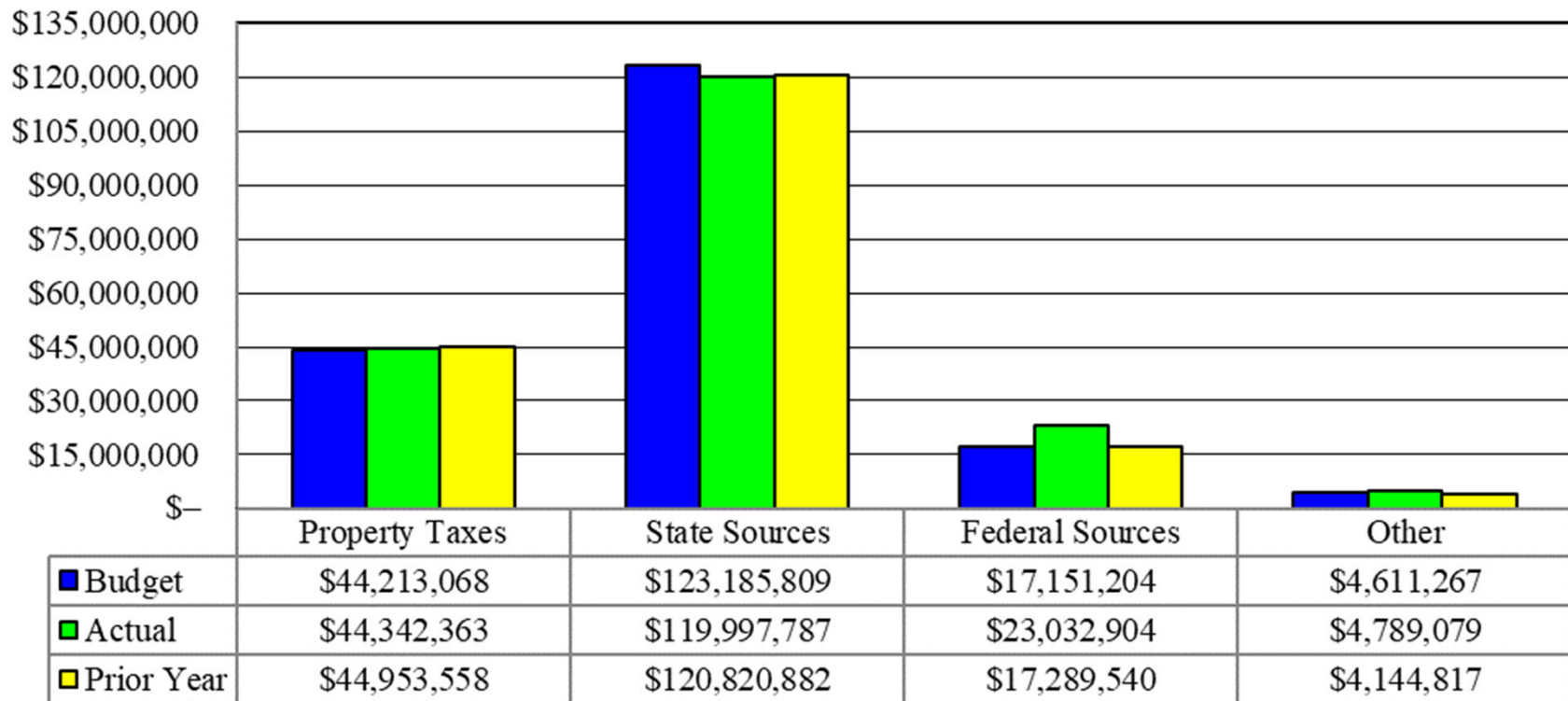
	June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 264,546	\$ 713,515	\$ 1,218,616	\$ 1,687,909	\$ 1,054,268
Restricted fund balances (1)	4,579,465	5,397,172	8,493,612	9,147,685	9,857,244
Unrestricted fund balances					
Assigned	1,210,419	1,507,829	1,882,535	6,960,051	1,734,895
Unassigned	—	622,412	7,502,120	2,739,848	5,644,195
Total fund balance	\$ 6,054,430	\$ 8,240,928	\$ 19,096,883	\$ 20,535,493	\$ 18,290,602
Unrestricted fund balances as a percentage of expenditures	<u>0.7%</u>	<u>1.2%</u>	<u>5.4%</u>	<u>5.2%</u>	<u>3.7%</u>
Unassigned fund balances as a percentage of expenditures	<u>—</u>	<u>0.3%</u>	<u>4.3%</u>	<u>1.5%</u>	<u>2.8%</u>

(1) Includes any deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

GENERAL FUND REVENUE



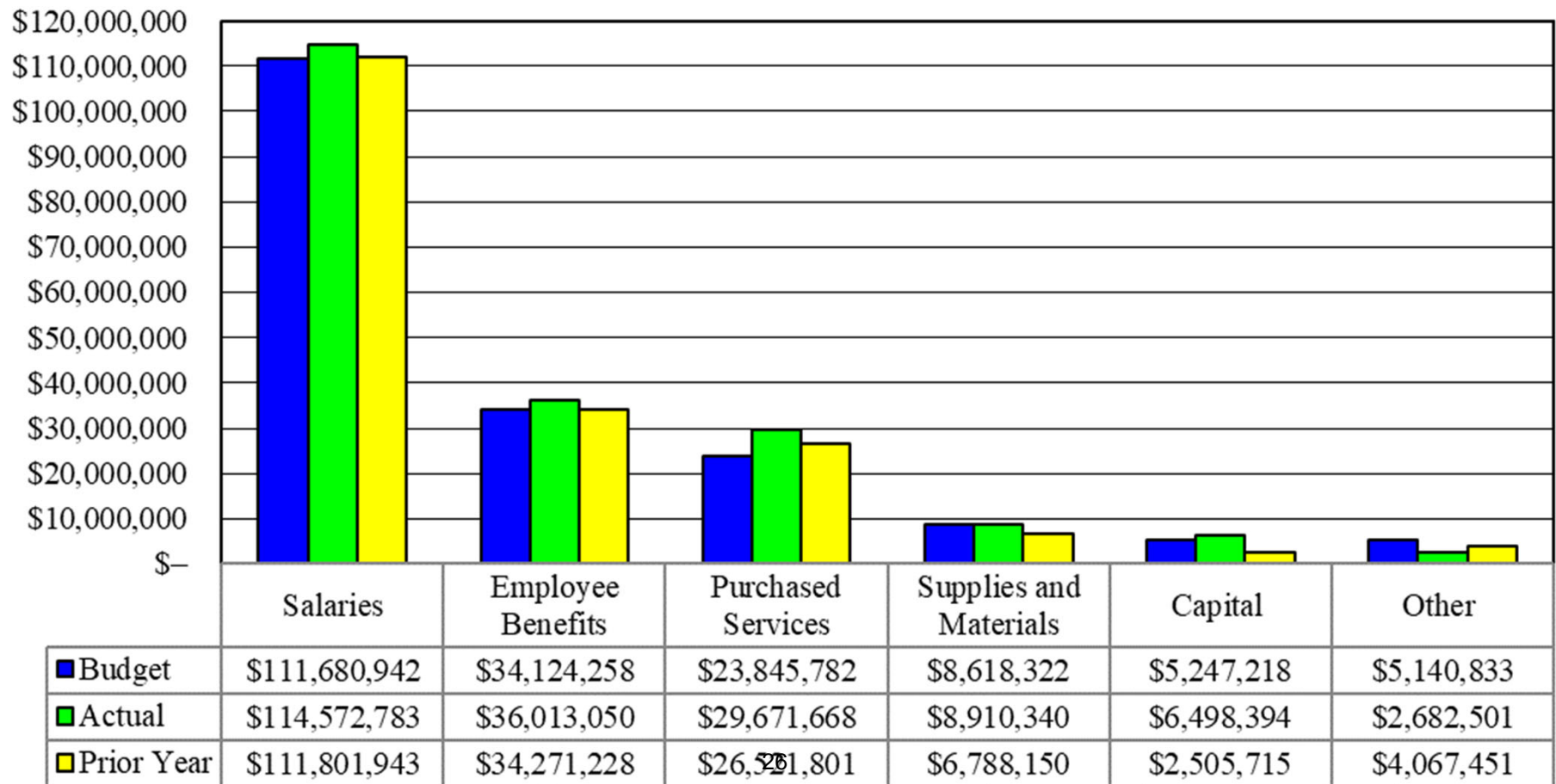
General Fund Revenue



GENERAL FUND EXPENDITURES



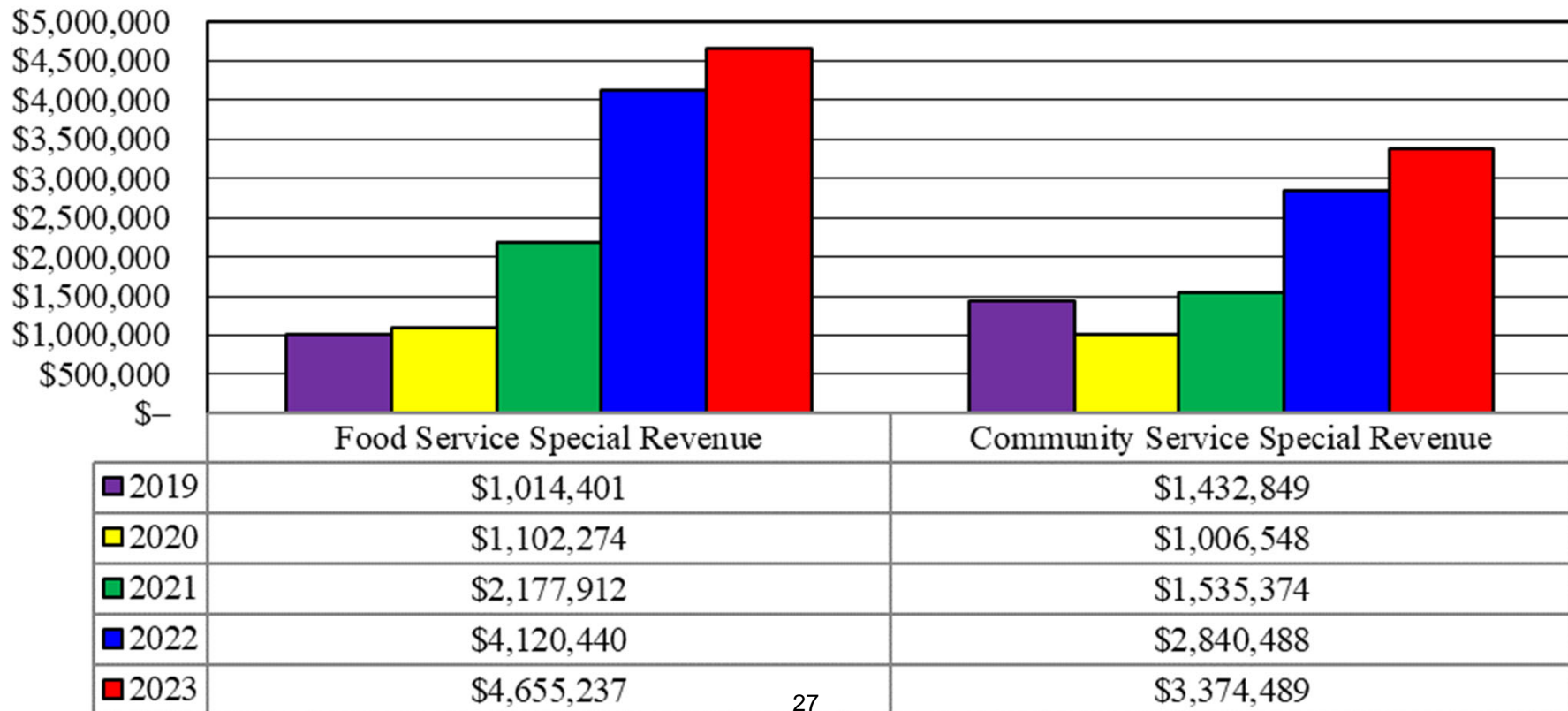
General Fund Expenditures



OTHER GOVERNMENTAL OPERATING FUNDS



Other Operating Funds
Total Fund Balances



INTERNAL SERVICE FUNDS – NET POSITION

	<u>Self-Insured Dental Benefits</u>	<u>Self-Insured Health Benefits</u>
Change in net position		
Operating revenue – contributions	\$ 1,294,710	\$ 19,864,315
Operating expenses – benefits	1,302,617	19,228,089
Operating income (loss)	(7,907)	636,226
Nonoperating revenue (expense)	31,823	2,874
Change in net position	23,916	639,100
Net position – Beginning of Year	1,322,003	(1,854,363)
Net position – End of Year	<u>\$ 1,345,919</u>	<u>\$ (1,215,263)</u>

DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		Change
	2023	2022	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 37,793,897	\$ 41,415,082	\$ (3,621,185)
Total capital assets, net of depreciation/amortization	304,251,616	303,825,003	426,613
OPEB asset, net of deferments	5,879,713	5,615,407	264,306
Bonds, COPs, financed purchases, and leases	(214,286,318)	(209,392,887)	(4,893,431)
PERA and TRA pensions, net of deferments	(129,334,266)	(162,105,824)	32,771,558
Other adjustments	(5,449,451)	(6,889,768)	1,440,317
Total net position – governmental activities	<u>\$ (1,144,809)</u>	<u>\$ (27,532,987)</u>	<u>\$ 26,388,178</u>
Net position			
Net investment in capital assets	\$ 102,505,704	\$ 111,931,629	\$ (9,425,925)
Restricted	19,107,831	17,685,336	1,422,495
Unrestricted	<u>(122,758,344)</u>	<u>(157,149,952)</u>	<u>34,391,608</u>
Total net position	<u>\$ (1,144,809)</u>	<u>\$ (27,532,987)</u>	<u>\$ 26,388,178</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

**INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA**

**4148 Winnetka Avenue North
New Hope, Minnesota 55427-1288**



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA

Prepared by:
Finance Department

Executive Director of Finance
Ukee Dozier

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INDEPENDENT SCHOOL DISTRICT NO. 281

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INTRODUCTORY SECTION



Robbinsdale Area Schools

Independent School District 281

4148 Winnetka Ave N.
New Hope, MN 55427
763-504-8000 | rdale.org

September 24, 2024

To: Independent School District No. 281, Robbinsdale Area Schools School Board Members,
Citizens, and Employees

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 281, Robbinsdale Area Schools (the District) presents the financial position of the District as of June 30, 2023, and the results of its operations for the fiscal year then ended. This report is prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. State law requires the District to publish a complete set of audited financial statements within six months of the close of the District's fiscal year.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established internal controls. The internal controls are designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not be more than the benefits, the District's internal controls are designed to provide reasonable, rather than absolute, assurance that these financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this ACFR is complete and reliable, in all material respects.

These financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2023, are fairly presented, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District was part of a broader, federally mandated, "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statutes, Section 6.65. These reports are available in a separate document.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this letter of transmittal, organizational chart, information on the School Board and Administration, a map of the District, and the Certificate of Excellence in Financial Reporting Award. The financial section contains the independent auditor's report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplementary information. The statistical section contains supplemental financial and other statistical data, generally presented on a multi-year basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

DISTRICT GOALS

The Mission of the District is to inspire and educate all learners to develop their unique potential and positively contribute to their community.

Unified District Vision: The District is committed to ensuring every student graduates career and college ready. We believe each student has limitless possibilities and we strive to ignite the potential in every student. We expect high intellectual performance from all of our students. We are committed to ensuring an equitable and respectful educational experience for every student, family, and staff member, focusing on strengths related to: race, culture, ethnicity, home or first language, national origin, socioeconomic status, gender, sexual orientation, age, ability, religion, or physical appearance.

The Unified District Vision Consists of Four Key Goals:

- Implement policies and practices that open pathways to academic excellence for all students.
- Utilize culturally relevant teaching and personalized learning for all students.
- Engage family and community members as partners.
- Engage and empower students by amplifying student voice.

The School Board determines the mission and vision of the District and establishes goals. These goals are then monitored through workshops and frequent reports at public School Board meetings. The established district goals are used as guides in setting the annual superintendent goals. The School Board evaluates its performance and the performance of the superintendent annually.

The laws of the state of Minnesota give the authority to the District's School Board, whose members are elected officials, to direct the District's business operations and educational functions. The School Board has the authority to levy taxes, set fees, approve budgets, and staff positions, along with other business and educational functions without prior approval from any other governmental unit. The School Board can issue debt generally with prior district voter approval. The Minnesota Department of Education (MDE) does have some minor oversight responsibility over the District that is generally related to compliance and approval of certain laws and procedures, but not substantive in nature.

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.

LOCATION AND LEARNING ENVIRONMENT

The District is located in Hennepin County, which is one of seven counties that make up the Twin Cities metropolitan area. This seven-county area is the most populated area of Minnesota with service division jobs constituting the greatest growth of the area's employment. Within the metropolitan area, health services, business services, and retail trade are the most significant industries.

As a Minneapolis suburban school district, the District serves a general population of approximately 102,224. The geographic boundary, spanning about 32 square miles, wholly covers the cities of Crystal, New Hope, and Robbinsdale, and partially the cities of Brooklyn Center, Brooklyn Park, Golden Valley, and Plymouth. The District is Minnesota's ninth largest school district, in terms of student numbers, serving 10,758 students during the 2022–2023 school year. The enrollment reflects a decline of 341 students. The decline reflects changes in delivery of instruction and expanded enrollment choice options in recent years. The District is projected to serve 10,500 students for the 2023–2024 school year based on its October 2023 enrollment.

The District owns and operates 23 facilities in Brooklyn Center, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. For the audit period covered in this report, the District operated the following configuration of buildings: 4 high schools (2 traditional high schools, an alternative high school, and a fully accredited online high school), 4 middle schools, 11 elementary schools, 2 learning centers, 2 warehouses, an administration building, and bus garage. The majority of the District's facilities were originally constructed between 1954 and 1971, except for one middle school constructed in 2000 and one elementary school constructed in 2005.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic education, special education for exceptional children, and career/vocational education. Child nutrition, transportation, and before and after school care are provided as supporting programs. The District's community education program also provides early childhood and family education programs, an adult basic education program, and a myriad of classes for lifelong learning and engagement experiences for children and adults within the community.

The District is an award-winning district committed to academic excellence. We take pride in the options we provide students, families, and our community:

- The District has received the 2020 Best Communities for Music Education designation.
- Robbinsdale Cooper High School is an International Baccalaureate (IB) site. The academic curriculum of an IB site must follow an international standard and, as such, our IB diplomas are recognized world-wide.
- Robbinsdale Armstrong High School is designated as an Advanced Placement (AP) Capstone school, one of the first two schools in Minnesota to offer this program from the College Board. There is a full continuum of AP courses and one of the largest course selections in the state of Minnesota.
- The School of Engineering and Arts has received the prestigious National School of Excellence Blue Ribbon and Green Ribbon designation.
- The District has a fully authorized K–12 IB Programme, including the Primary Years, Middle Years, and Diploma Programmes. The Middle Years Programme was recognized by the international organization in Geneva for outstanding program design. The District's Middle Years Programme is the only one in Minnesota to achieve this distinction and was one of four schools chosen world-wide to be used as a model for a Harvard University publication on best practices of interdisciplinary teaching methods among IB Middle Years Programs.
- The District offers Advancement Via Individual Determination (AVID) programming in both of our middle schools and both of our high schools. This program accelerates student learning, uses research-based methods of effective instruction, raises expectations of students, and puts in place a system of supports that help students succeed.
- Students in our district regularly achieve great success in enrichment programs. We have teams in *FIRST* LEGO League and Destination Imagination that have competed in national competitions. We have students who have placed nationally in competitions, such as National History Day, and students in world language who consistently rank at the top in national exams.
- Teachers in our district have also been recognized for their dedication to excellence in teaching, representing Minnesota in national and international institutes in such areas as economics and history.

BUDGETARY PROCESS

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student 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. The plan is developed as a partnership between the School Board members and the District's administration, which follows a timeline with completion and adoption in June, prior to the start of the school year.

Enrollment is a critical factor in determining funding levels. Approximately 70 percent of the General Fund revenue is enrollment driven and, as such, the administration places a high premium on enrollment projections as a determinant of both funding and staffing levels needed for the forthcoming year. A preliminary financial forecast is prepared by the executive director of finance and staffing levels are determined keeping the financial projection in focus. The administration then recommends staffing and other budgetary changes in line with the District's mission to the School Board for approval.

The executive director of finance has responsibility for the financial integrity of the District. 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. To accurately track and report financial activities with a focus on site-based accounting, approximately 15,000 accounts have been defined within the District's chart of accounts. Each site and department administrator have access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility.

The School Board adopts annual budgets for all governmental funds, prepared on the same basis of accounting as the financial statements. Legal budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund level. The revenue and expenditure budgets are monitored and modified as conditions change. All revisions to the budget are approved by the School Board. The 2023 governmental funds revenue budget was \$245.6 million and the expenditures were \$248.0 million. It is the goal of the executive director of finance to monitor these budgets for control and to submit the ACFR within 6 months of year-end.

ECONOMIC FACTORS

The state of Minnesota guarantees each school district a base amount of funding per pupil unit through the General Education Funding Program. This funding relationship intertwines the District's economic outlook to that of the state. The funding increases in the biennium, while modest, still fall short of the inflationary costs incurred by school districts. The basic formula allowance was increased 2.00 percent for the 2022–2023 school year.

Minnesota school districts also have the ability to raise additional revenue through voter-approved excess levy referendums. The referendum formula determines the amount of the referendum that is state aid as compared to local levy, a process called equalization. For fiscal 2023, the District had voter-approved authority of \$1,834.72 per pupil unit of excess levy authority, which raises a total of approximately \$21.6 million. Most of this revenue is provided from property taxes.

CONFORMANCE WITH STATE ACCOUNTING REGULATIONS

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 MDE by December 31, subsequent to year-end on June 30.

FINANCIAL POLICIES

The cash management policy of the District is to invest idle funds. Cash is invested in certificates of deposit, mutual funds, external investment pools, and interest-bearing checking accounts. Short-term borrowing, which is sometimes needed by the District, was not utilized for fiscal year 2023.

The District has adopted a formal fund balance policy that establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2023, the unassigned fund balance of the General Fund (excluding any restricted fund balance account deficits, while including fund balance assigned for subsequent year's budget) was 3.0 percent of the budgeted expenditures for the year then ended.

AWARDS AND ACKNOWLEDGEMENTS

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its ACFR for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Excellence, the District published an easily readable and efficiently organized ACFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Excellence Program's requirements and we are submitting it to the ASBO International to determine its eligibility for another certificate.

This report could not have been completed without the dedicated services of the District's Finance Department. We would like to express our sincere thanks to all members of the District who assisted and contributed to the preparation of this report.

Our appreciation is also given to the School Board for its continued support in leading the District in sound and responsible financial management as well as academic excellence.

Respectfully submitted,

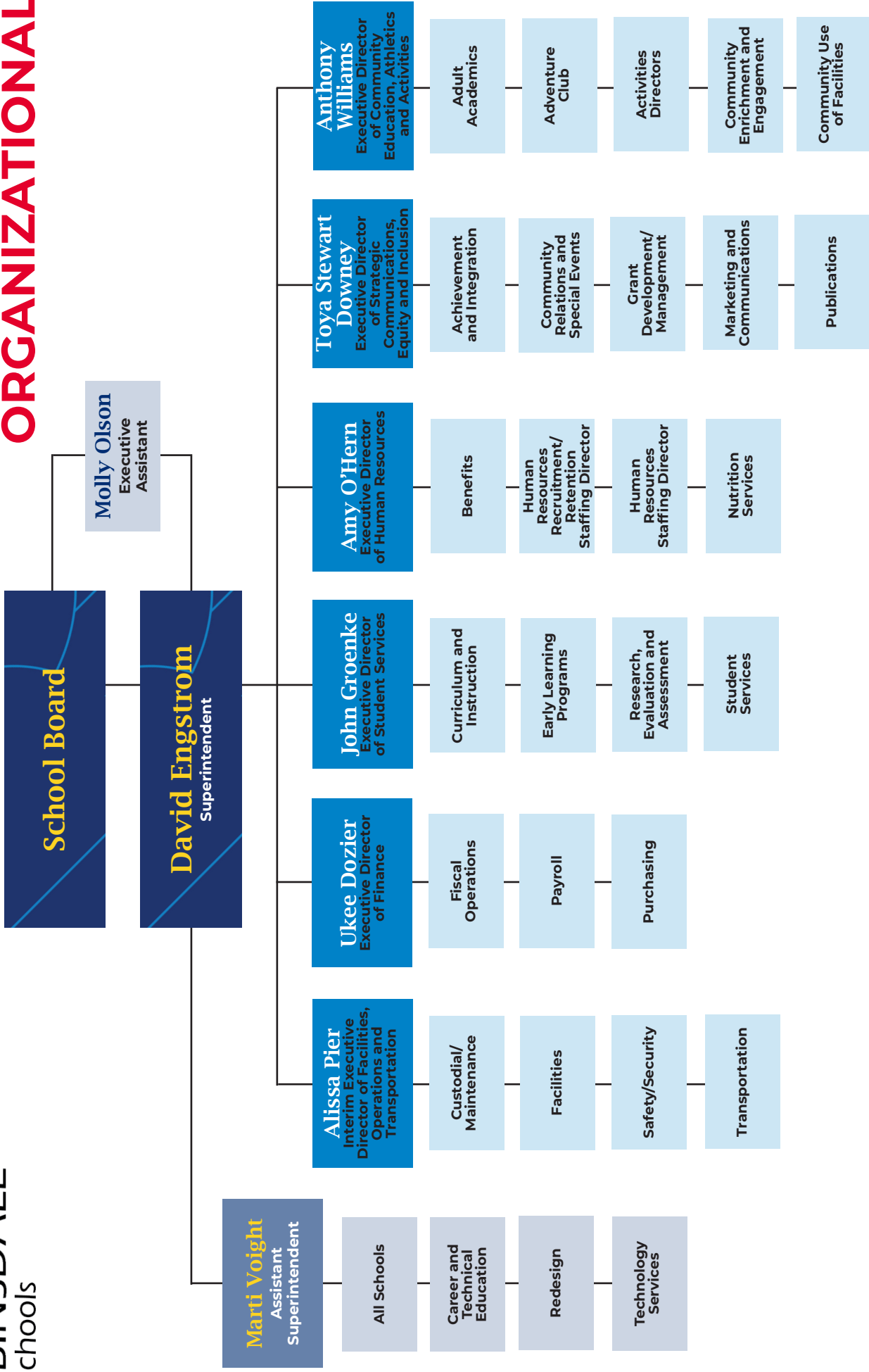


Virginia R. Verbrugge
Assistant Director of Finance



Marti Voight
Interim Superintendent

SUPERINTENDENT'S ORGANIZATIONAL CHART



INDEPENDENT SCHOOL DISTRICT NO. 281

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

	<u>Position</u>
Greta Evans-Becker	Chair
Kim Holmes	Vice Chair
John Vento	Treasurer
Sharon Brooks	Clerk
Helen Bassett	Director
ReNae Bowman	Director
Caroline Long	Director

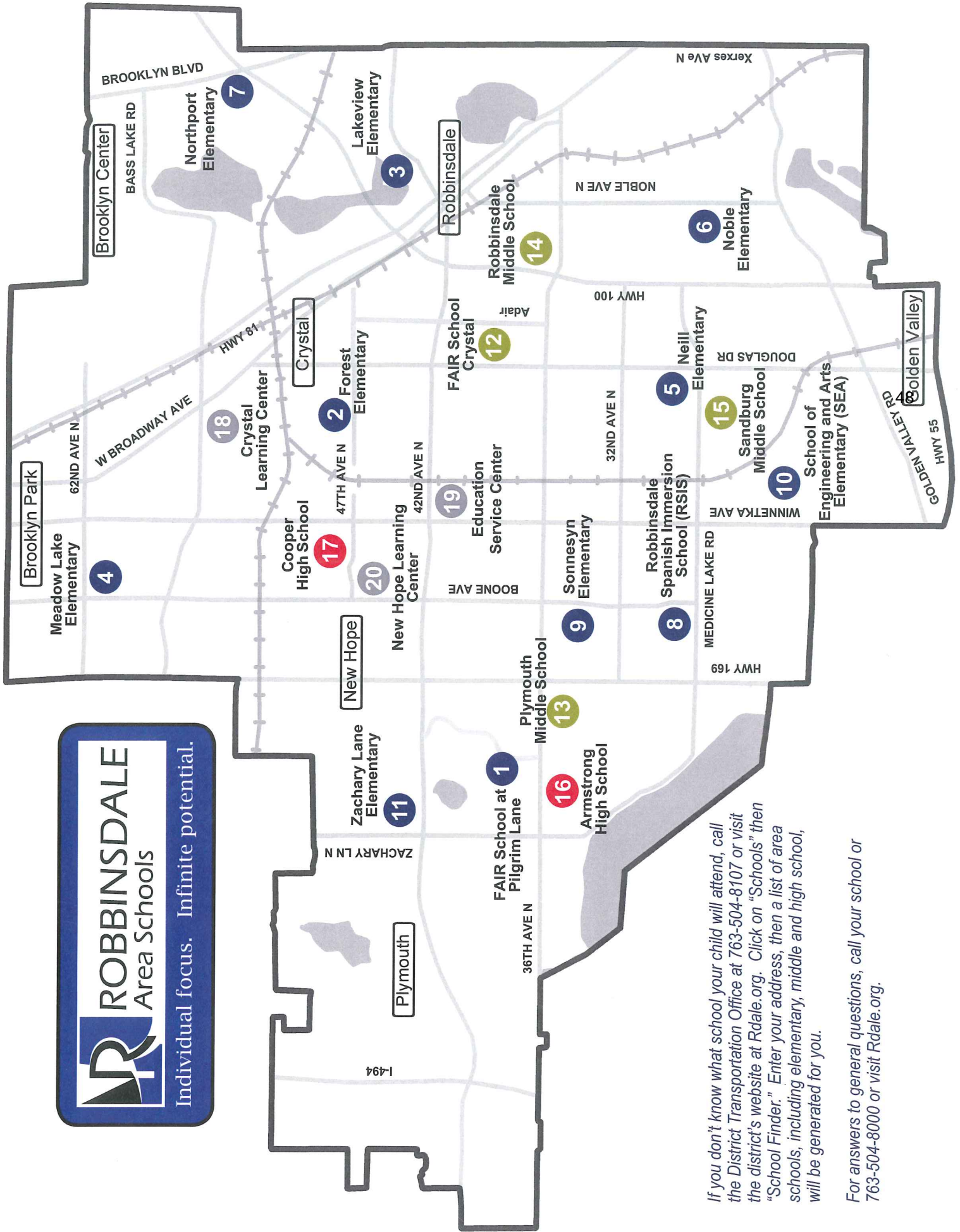
ADMINISTRATION

<u>Cabinet</u>	
David Engstrom	Superintendent
Marti Voight	Assistant Superintendent
Alissa Pier	Interim Executive Director of Facilities, Operations, and Transportation
Ukee Dozier	Executive Director of Finance
John Groenke	Executive Director of Student Services
Amy O'Hern	Executive Director of Human Resources
Toya Stewart Downey	Executive Director of Strategic Communications, Equity, and Inclusion
Anthony Williams	Executive Director of Community Education, Athletics and Activities



ROBBINSDALE Area Schools

Individual focus. Infinite potential.



If you don't know what school your child will attend, call the District Transportation Office at 763-504-8107 or visit the district's website at Rdale.org. Click on "Schools" then "School Finder." Enter your address, then a list of area schools, including elementary, middle and high school, will be generated for you.

For answers to general questions, call your school or 763-504-8000 or visit Rdale.org.

Robbinsdale Area Schools

Elementary Schools

1. **FAIR School at Pilgrim Lane**
3725 Pilgrim Lane North
Plymouth MN 55441
763-504-8400
fair.rdale.org
2. **Forest Elementary**
6800 47th Avenue North
Crystal, MN 55428
763-504-7900
foe.rdale.org
3. **Lakeview Elementary**
4110 Lake Drive North
Robbinsdale, MN 55422
763-504-4100
lve.rdale.org
4. **Meadow Lake Elementary**
8525 62nd Avenue North
New Hope, MN 55428
763-504-7700
mle.rdale.org
5. **Neill Elementary**
6600 Medicine Lake Road
Crystal, MN 55427
763-504-7400
ene.rdale.org
6. **Noble Elementary**
2601 Noble Avenue North
Golden Valley, MN 55422
763-504-4000
noe.rdale.org
7. **Northport Elementary**
5421 Brooklyn Boulevard
Brooklyn Center, MN 55429
763-504-7800
npe.rdale.org
8. **Robbinsdale Spanish
Immersion School (RSIS)**
8808 Medicine Lake Road
New Hope, MN 55427
763-504-4400
rsi.rdale.org
9. **Sonnensyn Elementary**
3421 Boone Avenue North
New Hope, MN 55427
763-504-7600
see.rdale.org
10. **School of Engineering and
Arts Elementary (SEA)**
1751 Kelley Dr.
Golden Valley, MN 55427
763-504-7200
sea.rdale.org
11. **Zachary Lane Elementary**
4350 Zachary Lane N.
Plymouth, MN 55442
763-504-7300
zle.rdale.org

Revised 6-13-2018

Middle Schools

12. **FAIR School Crystal**
3915 Adair Ave N
Crystal, MN 55422
(763) 971-4500
fair.rdale.org
13. **Plymouth Middle School**
10011 36th Avenue North
Plymouth, MN 55441
763-504-7100
pms.rdale.org
14. **Robbinsdale Middle School**
Robbinsdale Area Learning Campus
3730 Toledo Avenue North
Robbinsdale, MN 55422
763-504-4800
rms.rdale.org
15. **Sandburg Middle School**
2400 Sandburg Lane
Golden Valley, MN 55427
763-504-8200
sms.rdale.org

High Schools

16. **Armstrong High School**
10635 36th Avenue North
Plymouth, MN 55441
763-504-8800
ahs.rdale.org
17. **Cooper High School**
8230 47th Avenue North
New Hope, MN 55428
763-504-8500
chs.rdale.org

Learning and Service Centers

18. **Crystal Learning Center**
305 Willow Bend
Crystal, MN 55428
763-504-8300
19. **Education Service Center**
4148 Winnetka Avenue North
New Hope, MN 55427
763-504-8000 (Main Switchboard)
763-504-8107 (Transportation)
20. **New Hope Learning Center**
8301 47th Avenue North
New Hope, MN 55428
763-504-4160



ROBBINSDALE
Area Schools

Individual focus. Infinite potential.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

**Independent School District 281 -
Robbinsdale Area Schools**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 281
New Hope, 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 the Independent School District No. 281 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 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 June 29, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
September 24, 2024

INDEPENDENT SCHOOL DISTRICT NO. 281

Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by \$1.1 million (deficit net position).
- Government-wide revenues totaled \$234.1 million and expenses were \$207.7 million, resulting in a \$26.4 million increase in the District's total net position during the year.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$2.2 million during the year, compared to a \$0.5 million increase projected in the final budget.
- The District's long-term liabilities of \$358.4 million at year-end represented an increase of \$69.2 million from the previous year. This change was mainly related to increases of \$65.2 million in the District's proportionate share of unfunded pension liabilities for two state-wide pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of the following parts:

- Independent Auditor's Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information, consisting of combining and individual fund statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2023	2022
Assets		
Current and other assets	\$ 127,275,933	\$ 124,024,600
Capital assets, net of depreciation/amortization	304,251,616	303,825,003
Total assets	\$ 431,527,549	\$ 427,849,603
Deferred outflows of resources		
OPEB plan deferments	\$ 1,546,226	\$ 1,268,955
Pension plan deferments	41,256,546	43,051,713
Total deferred outflows of resources	\$ 42,802,772	\$ 44,320,668
Liabilities		
Current and other liabilities	\$ 17,579,451	\$ 16,383,663
Long-term liabilities, including due within one year	358,444,631	289,233,565
Total liabilities	\$ 376,024,082	\$ 305,617,228
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 68,757,234	\$ 63,296,440
OPEB plan deferments	1,187,623	1,564,052
Pension plan deferments	29,506,191	129,225,538
Total deferred inflows of resources	\$ 99,451,048	\$ 194,086,030
Net position		
Net investment in capital assets	\$ 102,505,704	\$ 111,931,629
Restricted	19,107,831	17,685,336
Unrestricted	(122,758,344)	(157,149,952)
Total net position	\$ (1,144,809)	\$ (27,532,987)

The District's financial position is the product of many factors. For example, the determination of the net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. Differences in useful lives and capitalization policies may produce a significant difference in the calculated amounts. The other major factors in determining net position, as compared to fund balances are the liabilities for long-term severance, compensated absences, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The decrease in net investment in capital assets was mainly due to current year depreciation/amortization. Increases in net position restricted for food service, community service, and other state funding restrictions contributed to the overall increase in restricted net position. The improvement in unrestricted net position, along with the changes in long-term liabilities and deferred outflows/inflows of resources, are mainly attributable to changes in the District's share of unfunded pension liabilities and related deferments reported for the state-wide PERA and TRA pension plans.

Table 2 presents a condensed version of the Change in Net Position of the District:

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 7,715,184	\$ 5,555,089
Operating grants and contributions	34,457,865	37,634,633
General revenues		
Property taxes	67,238,749	66,246,526
General grants and aids	120,609,840	114,267,827
Other	4,058,843	3,007,823
Total revenues	<u>234,080,481</u>	<u>226,711,898</u>
Expenses		
Administration	6,341,329	7,022,554
District support services	7,642,191	10,102,689
Elementary and secondary regular instruction	64,957,769	75,765,485
Vocational education instruction	940,887	1,241,992
Special education instruction	24,573,782	29,940,336
Instructional support services	12,247,396	12,265,884
Pupil support services	23,397,500	24,241,745
Sites and buildings	44,587,236	37,321,186
Fiscal and other fixed cost programs	591,978	506,401
Food service	7,238,539	7,354,712
Community service	9,682,718	8,404,889
Interest and fiscal charges	5,490,978	5,525,895
Total expenses	<u>207,692,303</u>	<u>219,693,768</u>
Change in net position	26,388,178	7,018,130
Net position – beginning	<u>(27,532,987)</u>	<u>(34,551,117)</u>
Net position – ending	<u>\$ (1,144,809)</u>	<u>\$ (27,532,987)</u>

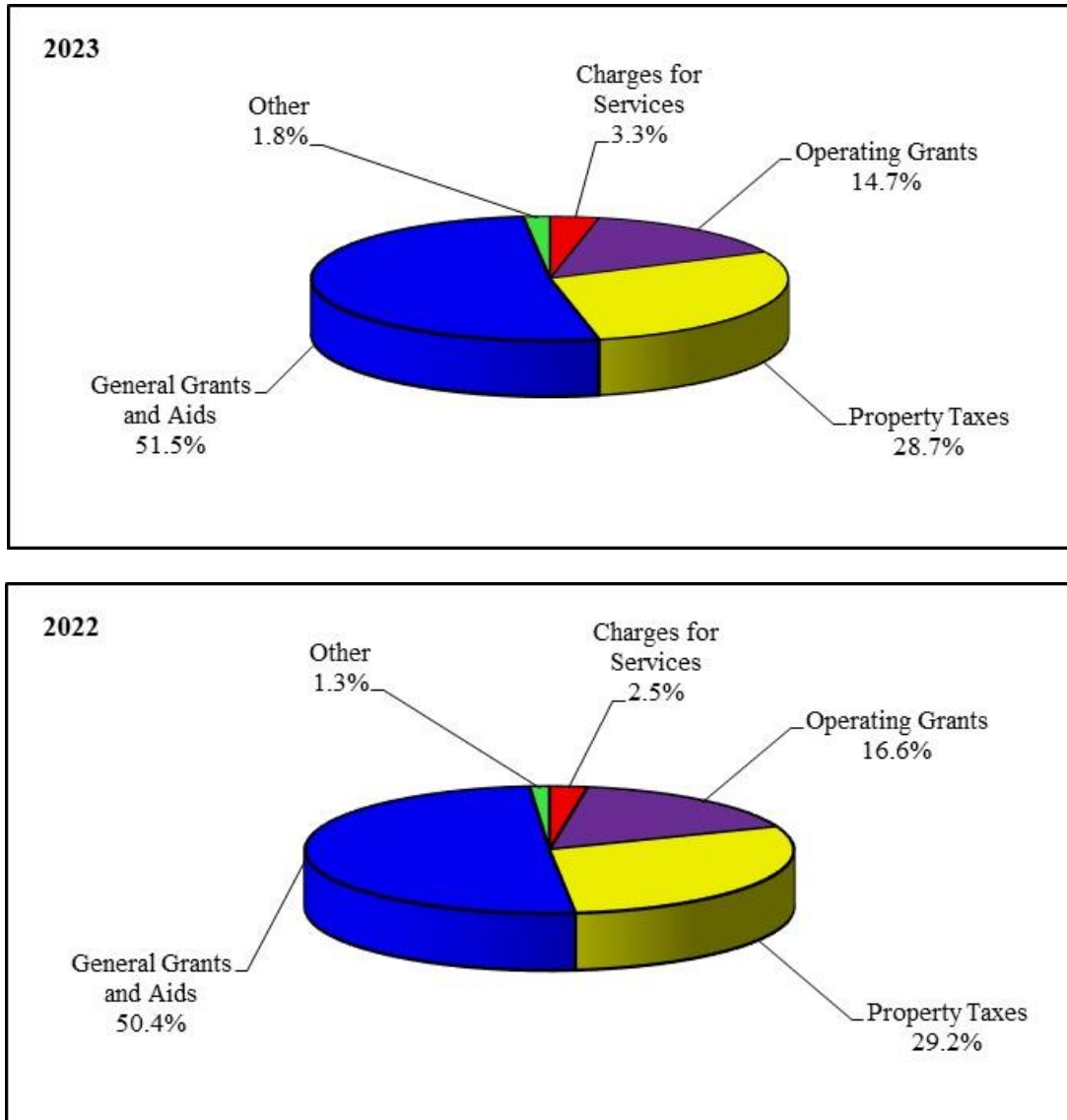
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Government-wide revenues increased \$7.4 million (3.3 percent) from the prior year. The increase in charges for services and decrease in operating grants both resulted mainly from child nutrition program changes, which returned to a more traditional model in the current year after operating under a program that provided free federally-funded meals to all students in the prior year. The increase in general grants and aids related mainly to the District utilizing more federal COVID-19 relief grant funding in fiscal 2023. Other revenue was up due to improved investment earnings.

Government-wide expenses decreased \$12.0 (5.5 percent) from last year. The largest factor in this decrease was the impact of changes to reported pension expenses from the state-wide pension plans.

Figures A and B show further analysis of these revenue sources and expense functions:

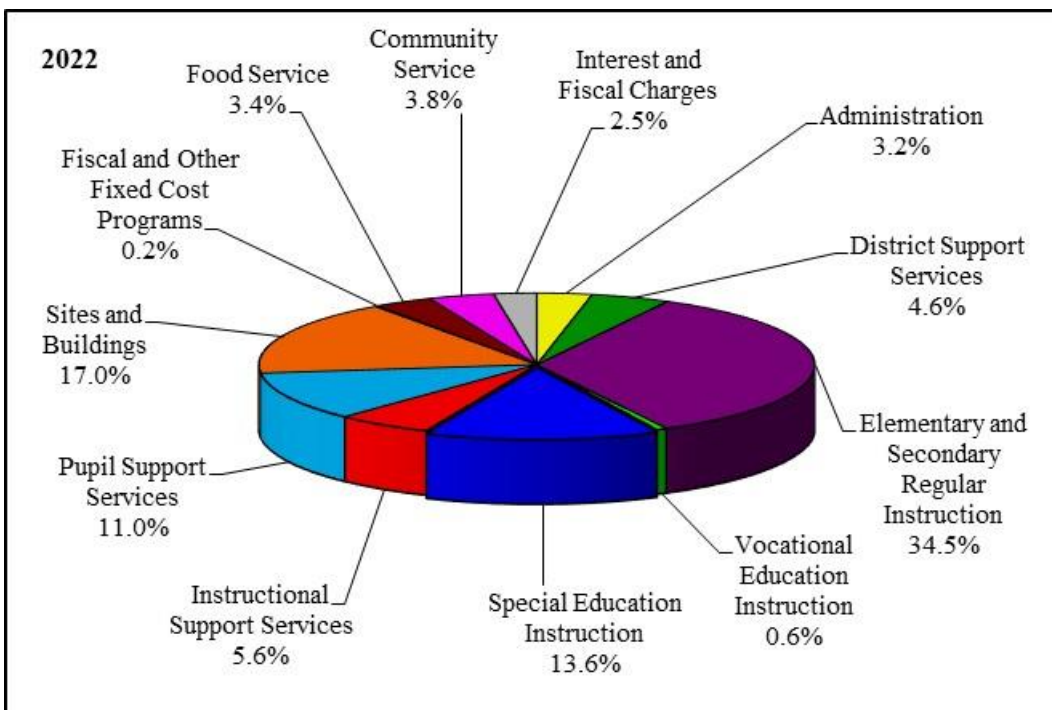
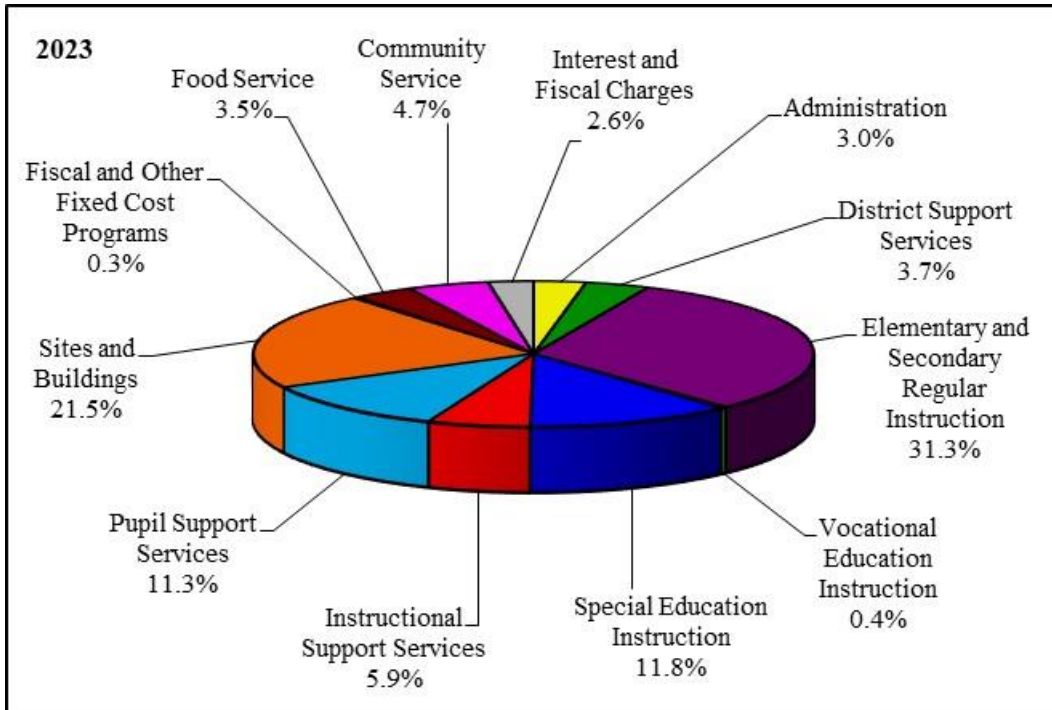
Figure A – Sources of Revenues for Fiscal Years 2023 and 2022



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

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

Figure B – Expenses for Fiscal Years 2023 and 2022



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

Fluctuations of expenses between programs in recent years have mainly been due to changes in PERA and TRA pension costs, which have a greater impact in program areas with higher proportions of personnel costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
Major funds				
General	\$ 18,290,602	\$ 20,535,493	\$ (2,244,891)	(10.9%)
Capital Projects – Building				
Construction	9,503,879	11,876,897	(2,373,018)	(20.0%)
Debt Service	1,969,690	2,041,764	(72,074)	(3.5%)
Nonmajor funds				
Food Service Special Revenue	4,655,237	4,120,440	534,797	13.0%
Community Service Special Revenue	3,374,489	2,840,488	534,001	18.8%
Total governmental funds	<u>\$ 37,793,897</u>	<u>\$ 41,415,082</u>	<u>\$ (3,621,185)</u>	(8.7%)

Analysis of the General Fund

The General Fund includes the primary operations of the District, providing educational services to students from pre-kindergarten through Grade 12, including pupil transportation and capital outlay projects.

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 185,695,070</u>	<u>\$ 189,161,348</u>	<u>\$ 3,466,278</u>	<u>1.9%</u>
Expenditures	<u>\$ 190,770,270</u>	<u>\$ 188,657,355</u>	<u>\$ (2,112,915)</u>	<u>(1.1%)</u>
Other financing sources	<u>\$ –</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>–</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended that budget for known changes in circumstances, such as enrollment levels, legislative funding, availability of federal grant awards, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2023 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 192,162,133	\$ 3,000,785	1.6%	\$ 4,953,336	2.6%
Expenditures	198,348,736	\$ 9,691,381	5.1%	\$ 12,392,448	6.7%
Other financing sources	<u>3,941,712</u>	\$ 3,921,712	19,608.6%	\$ 3,755,611	2,018.0%
Net change in fund balances	<u><u>\$ (2,244,891)</u></u>				

The fund balance of the General Fund decreased \$2,244,891 from the prior year, compared to a \$523,993 increase planned in the final budget.

General Fund revenues were 1.6 percent over budget, primarily due to revenue from pandemic-related federal grants, partially offset by state revenue sources coming in below projections. The revenue growth over the prior year was also primarily due to more federal sources recognized through pandemic-related grants, partially offset by decreases in state aids due to declining enrollment.

General Fund expenditures were 5.1 percent over budget and up 6.7 percent from last year, primarily related to contractual and inflationary increases to salaries and benefits, higher transportation service costs, and increased leasing activity.

The budget variance and increase in other financing sources mainly relate to a new building lease valued at \$3.8 million entered into during the year, which is reflected as a capital outlay expenditure and an offsetting other financing source.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund expenditures exceeded revenues and other financing sources exceeded expenditures by \$2,373,018 in fiscal 2023, due to the progress on various improvement and facilities maintenance projects financed with the proceeds of facilities maintenance bonds issued over the last two fiscal years. The District had fund balances of \$9,503,879 at year-end available for various capital purposes.

Debt Service Fund

Expenditures exceeded revenues and other financing sources by \$72,074 in the Debt Service Fund. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The year-end fund balance of \$1,969,690 is available for meeting future debt service obligations.

Nonmajor Governmental Funds

Revenue and other financing sources exceeded expenditures in the District's two nonmajor funds by a total of \$1,068,798 in fiscal 2023.

The Food Service Special Revenue Fund had an increase in fund balance of \$534,797, compared to an increase of \$931,878 planned in the budget, ending the year with a fund balance of \$4,655,237. Revenue for the year was \$7,854,690, a decrease \$1,716,746 from the prior year and \$198,706 under budget. Federal revenue decreased \$3,122,171 from the prior year, due to the District operating its child nutrition program as a Seamless Summer Option program in fiscal 2022, which provided federally-funded free meals to all school-aged children. This was partially offset by an increase of \$1,297,845 in meal sales, as the District returned to a more traditional child nutrition program model in fiscal 2023. Expenditures were \$199,650 over budget, mainly in personnel costs.

The June 30, 2023 fund balance of the Community Service Special Revenue Fund was \$3,374,489, an increase of \$534,001 from the prior year, compared to a budgeted increase of \$189,816. Revenue was \$600,349 higher than last year, mainly in program fees and improved investment earnings. Expenditures were \$1,371,462 higher than last year, mainly in salaries, benefits, and purchased services.

Analysis of Internal Service Funds

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

Operating revenues (charges assessed to the governmental funds) for the internal service funds for fiscal 2023 totaled \$21,159,025, which was an increase of \$1,421,835 from fiscal year 2022 operating revenues of \$19,737,190. Operating expenses totaled \$20,530,706, which represents a decrease of \$834,197 from the fiscal year 2022 operating expenditures of \$834,197, due to a decrease in medical claims.

The net position balance for all internal service funds as of June 30, 2023 was \$130,656, an increase of \$663,016 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation and amortization expense for fiscal years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 1,218,930	\$ 1,218,930	\$ -
Construction in progress	9,507,107	4,318,239	5,188,868
Land improvements	10,768,822	9,556,492	1,212,330
Buildings	515,623,853	505,889,614	9,734,239
Furniture and equipment	38,328,686	35,700,390	2,628,296
Leases – buildings and improvements	9,725,807	6,131,555	3,594,252
Leases – equipment	457,272	425,591	31,681
Less accumulated depreciation/amortization	<u>(281,378,861)</u>	<u>(259,415,808)</u>	<u>(21,963,053)</u>
Total	<u><u>\$ 304,251,616</u></u>	<u><u>\$ 303,825,003</u></u>	<u><u>\$ 426,613</u></u>
Depreciation/amortization expense	<u><u>\$ 22,178,584</u></u>	<u><u>\$ 21,686,615</u></u>	<u><u>\$ 491,969</u></u>

By the end of 2023, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2023, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

The additions of lease assets and the increase in depreciation/amortization expense were impacted by the addition of a new lease for building space during the year.

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

Additional details about capital assets can be found in Note 3 of the notes to basic financial statements.

Long-Term Liabilities

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General obligation bonds	\$ 188,495,000	\$ 185,135,000	\$ 3,360,000
Certificates of participation	5,440,000	6,050,000	(610,000)
Unamortized premiums	9,099,167	9,819,882	(720,715)
Financed purchases	2,358,554	2,586,656	(228,102)
Lease liabilities	8,893,597	5,801,349	3,092,248
Compensated absences payable	1,543,847	1,473,197	70,650
Severance benefits payable	1,529,845	2,435,482	(905,637)
Net pension liability	<u>141,084,621</u>	<u>75,931,999</u>	<u>65,152,622</u>
Total	<u>\$ 358,444,631</u>	<u>\$ 289,233,565</u>	<u>\$ 69,211,066</u>

The increase in general obligation bonds is due to the issuance of general obligation facilities maintenance bonds during fiscal year 2023, offset by scheduled principal payments. The change in certificates of participation and financed purchases was due to the scheduled principal payments during the current year. The increase in lease liabilities is mainly due to a new lease for building space as previously discussed.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

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

District's market value	\$ 13,629,682,300
Limit rate	<u>15%</u>
Legal debt limit	<u>\$ 2,044,452,345</u>

Additional details about the District's long-term liabilities activity can be found in Note 4 of the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$275, or 4.00 percent, per pupil to the basic general education funding formula for fiscal year 2024, and an additional \$143, or 2.00 percent, per pupil to the formula for fiscal year 2025. The Legislature also increased special education cross-subsidy aid from 6.4 percent of the cross-subsidy to 44.0 percent.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR 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 ACFR, or need additional financial information, contact the Finance Department, Independent School District No. 281, 4148 Winnetka Avenue North, New Hope, Minnesota 55427.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Net Position
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 56,845,997	\$ 64,115,809
Receivables		
Current taxes	35,812,914	33,371,830
Delinquent taxes	562,340	560,421
Accounts and interest	640,233	452,174
Due from other governmental units	25,805,561	16,774,833
Due from post-employment benefits trust	945,795	1,055,343
Inventory	367,291	417,697
Prepaid items	772,893	1,364,190
Restricted assets – temporarily restricted		
Cash and investments for capital projects	1,799	1,799
Net OPEB asset	5,521,110	5,910,504
Capital assets		
Not depreciated/amortized	10,726,037	5,537,169
Depreciated/amortized, net	293,525,579	298,287,834
Total capital assets, net	<u>304,251,616</u>	<u>303,825,003</u>
Total assets	431,527,549	427,849,603
Deferred outflows of resources		
OPEB plan deferments	1,546,226	1,268,955
Pension plan deferments	41,256,546	43,051,713
Total deferred outflows of resources	<u>42,802,772</u>	<u>44,320,668</u>
Total assets and deferred outflows of resources	<u>\$ 474,330,321</u>	<u>\$ 472,170,271</u>
Liabilities		
Salaries payable	\$ 1,579,882	\$ 1,751,032
Accounts and contracts payable	12,399,343	10,754,944
Accrued interest payable	2,945,437	2,835,673
Due to other governmental units	423,546	715,647
Unearned revenue	231,243	326,367
Long-term liabilities		
Due within one year	19,156,017	18,093,656
Due in more than one year	339,288,614	271,139,909
Total long-term liabilities	<u>358,444,631</u>	<u>289,233,565</u>
Total liabilities	376,024,082	305,617,228
Deferred inflows of resources		
Property taxes levied for subsequent year	68,757,234	63,296,440
OPEB plan deferments	1,187,623	1,564,052
Pension plan deferments	29,506,191	129,225,538
Total deferred inflows of resources	<u>99,451,048</u>	<u>194,086,030</u>
Net position		
Net investment in capital assets	102,505,704	111,931,629
Restricted for		
Capital asset acquisition	8,629,453	8,714,248
Food service	4,770,050	4,256,789
Community service	3,352,064	2,763,530
Other purposes (state funding restrictions)	2,356,264	1,950,769
Unrestricted	<u>(122,758,344)</u>	<u>(157,149,952)</u>
Total net position	<u>(1,144,809)</u>	<u>(27,532,987)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 474,330,321</u>	<u>\$ 472,170,271</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Activities
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

Functions/Programs	2023			2022	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 6,341,329	\$ -	\$ -	\$ (6,341,329)	\$ (7,022,554)
District support services	7,642,191	140,096	-	(7,502,095)	(9,921,699)
Elementary and secondary regular instruction	64,957,769	565,398	3,495,432	(60,896,939)	(70,898,591)
Vocational education instruction	940,887	-	41,903	(898,984)	(1,201,729)
Special education instruction	24,573,782	868,063	19,988,152	(3,717,567)	(11,073,197)
Instructional support services	12,247,396	4,271	169,837	(12,073,288)	(12,117,578)
Pupil support services	23,397,500	60,795	297,319	(23,039,386)	(23,157,245)
Sites and buildings	44,587,236	29,300	-	(44,557,936)	(37,219,191)
Fiscal and other fixed cost programs	591,978	-	-	(591,978)	(506,401)
Food service	7,238,539	1,378,103	6,374,889	514,453	2,214,459
Community service	9,682,718	4,669,158	4,090,333	(923,227)	(74,425)
Interest and fiscal charges	5,490,978	-	-	(5,490,978)	(5,525,895)
Total governmental activities	\$ 207,692,303	\$ 7,715,184	\$ 34,457,865	(165,519,254)	(176,504,046)
General revenues					
Taxes					
Property taxes, for general purposes				44,375,882	44,967,173
Property taxes, for community service				2,197,606	2,145,322
Property taxes, for debt service				20,665,261	19,134,031
General grants and aids				120,609,840	114,267,827
Other general revenues				2,517,473	3,028,496
Investment earnings (charges)				1,541,370	(20,673)
Total general revenues				191,907,432	183,522,176
Change in net position				26,388,178	7,018,130
Net position – beginning				(27,532,987)	(34,551,117)
Net position – ending				\$ (1,144,809)	\$ (27,532,987)

INDEPENDENT SCHOOL DISTRICT NO. 281

Balance Sheet
 Governmental Funds
 as of June 30, 2023

(With Partial Comparative Information as of June 30, 2022)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 20,966,784	\$ 12,305,218	\$ 13,081,164
Cash and investments held by trustee	–	1,799	–
Receivables			
Current taxes	23,884,200	–	11,058,980
Delinquent taxes	370,655	–	172,684
Accounts and interest	287,365	–	–
Due from other governmental units	24,150,813	–	90,006
Due from other funds	945,795	–	–
Inventory	281,592	–	–
Prepaid items	772,676	–	–
	<u>71,659,880</u>	<u>12,307,017</u>	<u>24,402,834</u>
Total assets	\$ 71,659,880	\$ 12,307,017	\$ 24,402,834
Liabilities			
Salaries payable	\$ 1,304,312	\$ –	\$ –
Accounts and contracts payable	6,646,831	2,803,138	–
Due to other governmental units	423,042	–	–
Unearned revenue	460	–	–
	<u>8,374,645</u>	<u>2,803,138</u>	<u>–</u>
Total liabilities	8,374,645	2,803,138	–
Deferred inflows of resources			
Property taxes levied for subsequent year	44,704,258	–	22,299,251
Unavailable revenue – delinquent taxes	290,375	–	133,893
	<u>44,994,633</u>	<u>–</u>	<u>22,433,144</u>
Total deferred inflows of resources	44,994,633	–	22,433,144
Fund balances			
Nonspendable	1,054,268	–	–
Restricted	9,857,244	9,503,879	1,969,690
Assigned	1,734,895	–	–
Unassigned	5,644,195	–	–
	<u>18,290,602</u>	<u>9,503,879</u>	<u>1,969,690</u>
Total fund balances	18,290,602	9,503,879	1,969,690
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,659,880	\$ 12,307,017	\$ 24,402,834

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 7,900,286	\$ 54,253,452	\$ 62,537,972
–	1,799	1,799
869,734	35,812,914	33,371,830
19,001	562,340	560,421
352,868	640,233	452,174
1,564,742	25,805,561	16,774,833
–	945,795	1,055,343
85,699	367,291	417,697
217	772,893	1,364,190
<u>\$ 10,792,547</u>	<u>\$ 119,162,278</u>	<u>\$ 116,536,259</u>
\$ 275,570	\$ 1,579,882	\$ 1,751,032
487,485	9,937,454	8,644,747
504	423,546	715,647
230,783	231,243	326,367
994,342	12,172,125	11,437,793
1,753,725	68,757,234	63,296,440
14,754	439,022	386,944
1,768,479	69,196,256	63,683,384
85,916	1,140,184	1,781,887
7,943,810	29,274,623	30,518,244
–	1,734,895	6,960,051
–	5,644,195	2,154,900
<u>8,029,726</u>	<u>37,793,897</u>	<u>41,415,082</u>
<u>\$ 10,792,547</u>	<u>\$ 119,162,278</u>	<u>\$ 116,536,259</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 37,793,897	\$ 41,415,082
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	585,630,477	563,240,811
Accumulated depreciation/amortization	(281,378,861)	(259,415,808)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds	(188,495,000)	(185,135,000)
Certificates of participation	(5,440,000)	(6,050,000)
Unamortized premiums	(9,099,167)	(9,819,882)
Financed purchases	(2,358,554)	(2,586,656)
Lease liabilities	(8,893,597)	(5,801,349)
Compensated absences payable	(1,543,847)	(1,473,197)
Severance benefits payable	(1,529,845)	(2,435,482)
Net pension liability	(141,084,621)	(75,931,999)
Net OPEB obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.	5,521,110	5,910,504
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,945,437)	(2,835,673)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	130,656	(532,360)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – OPEB plan deferments	1,546,226	1,268,955
Deferred outflows of resources – pension plan deferments	41,256,546	43,051,713
Deferred inflows of resources – OPEB plan deferments	(1,187,623)	(1,564,052)
Deferred inflows of resources – pension plan deferments	(29,506,191)	(129,225,538)
Deferred inflows of resources – delinquent property taxes	439,022	386,944
Total net position – governmental activities	<u>\$ (1,144,809)</u>	<u>\$ (27,532,987)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 44,342,363	\$ –	\$ 20,647,914
Investment earnings (charges)	707,818	315,218	257,865
Other	4,081,261	2,612	–
State sources	119,997,787	–	901,555
Federal sources	23,032,904	–	–
Total revenue	<u>192,162,133</u>	<u>317,830</u>	<u>21,807,334</u>
Expenditures			
Current			
Administration	7,691,838	–	–
District support services	7,268,857	–	–
Elementary and secondary regular instruction	84,854,890	–	–
Vocational education instruction	1,283,188	–	–
Special education instruction	31,317,678	–	–
Instructional support services	14,921,721	–	–
Pupil support services	25,083,239	–	–
Sites and buildings	17,565,351	–	–
Fiscal and other fixed cost programs	591,978	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	6,498,394	21,512,611	–
Debt service			
Principal	977,318	–	15,310,000
Interest and fiscal charges	294,284	192,063	6,571,058
Total expenditures	<u>198,348,736</u>	<u>21,704,674</u>	<u>21,881,058</u>
Excess (deficiency) of revenue over expenditures	(6,186,603)	(21,386,844)	(73,724)
Other financing sources			
Bonds and certificates of participation issued	–	18,060,000	–
Premiums on debt issued	–	953,826	1,650
Leases issued	3,841,464	–	–
Sale of assets	28,295	–	–
Insurance recovery	71,953	–	–
Total other financing sources	<u>3,941,712</u>	<u>19,013,826</u>	<u>1,650</u>
Net change in fund balances	(2,244,891)	(2,373,018)	(72,074)
Fund balances			
Beginning of year	<u>20,535,493</u>	<u>11,876,897</u>	<u>2,041,764</u>
End of year	<u>\$ 18,290,602</u>	<u>\$ 9,503,879</u>	<u>\$ 1,969,690</u>

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 2,196,394	\$ 67,186,671	\$ 66,227,824
225,772	1,506,673	(22,034)
6,047,261	10,131,134	8,503,152
3,357,430	124,256,772	125,044,334
7,107,792	30,140,696	27,494,826
<u>18,934,649</u>	<u>233,221,946</u>	<u>227,248,102</u>
–	7,691,838	7,527,435
–	7,268,857	7,889,919
–	84,854,890	79,668,997
–	1,283,188	1,342,465
–	31,317,678	31,954,641
–	14,921,721	12,700,529
–	25,083,239	24,573,092
–	17,565,351	16,026,078
–	591,978	506,401
7,183,795	7,183,795	7,510,452
10,300,264	10,300,264	9,095,991
383,067	28,394,072	17,309,064
–	16,287,318	15,422,770
–	7,057,405	7,094,079
<u>17,867,126</u>	<u>259,801,594</u>	<u>238,621,913</u>
1,067,523	(26,579,648)	(11,373,811)
–	18,060,000	21,200,000
–	955,476	2,338,794
–	3,841,464	105,668
1,275	29,570	71,020
–	71,953	9,413
<u>1,275</u>	<u>22,958,463</u>	<u>23,724,895</u>
1,068,798	(3,621,185)	12,351,084
<u>6,960,928</u>	<u>41,415,082</u>	<u>29,063,998</u>
<u>\$ 8,029,726</u>	<u>\$ 37,793,897</u>	<u>\$ 41,415,082</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ (3,621,185)	\$ 12,351,084
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	22,605,197	13,913,492
Depreciation/amortization expense	(22,178,584)	(21,686,615)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds and certificates of participation	(18,060,000)	(21,200,000)
Lease liabilities	(3,841,464)	(105,668)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	15,310,000	14,445,000
Financed purchases	228,102	221,973
Lease liabilities	749,216	755,797
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(70,650)	88,084
Severance benefits payable	905,637	762,831
Net pension liability	(65,152,622)	51,700,322
Net OPEB obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	(389,394)	(2,622,387)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(109,764)	(33,984)
Debt issuance premiums or discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	720,715	(736,626)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	663,016	(1,626,352)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – OPEB plan deferments	277,271	1,268,955
Deferred outflows of resources – pension plan deferments	(1,795,167)	(8,834,313)
Deferred inflows of resources – OPEB plan deferments	376,429	1,704,298
Deferred inflows of resources – pension plan deferments	99,719,347	(33,366,463)
Deferred inflows of resources – delinquent property taxes	52,078	18,702
Change in net position – governmental activities	<u>\$ 26,388,178</u>	<u>\$ 7,018,130</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 43,526,356	\$ 44,213,068	\$ 44,342,363	\$ 129,295
Investment earnings	200,000	75,000	707,818	632,818
Other	1,579,105	4,536,267	4,081,261	(455,006)
State sources	123,252,199	123,185,809	119,997,787	(3,188,022)
Federal sources	17,137,410	17,151,204	23,032,904	5,881,700
Total revenue	<u>185,695,070</u>	<u>189,161,348</u>	<u>192,162,133</u>	<u>3,000,785</u>
Expenditures				
Current				
Administration	7,411,138	7,681,831	7,691,838	10,007
District support services	11,268,059	9,114,660	7,268,857	(1,845,803)
Elementary and secondary regular instruction	80,085,802	80,710,981	84,854,890	4,143,909
Vocational education instruction	1,478,551	1,199,732	1,283,188	83,456
Special education instruction	35,348,577	32,197,268	31,317,678	(879,590)
Instructional support services	15,005,892	14,740,361	14,921,721	181,360
Pupil support services	19,746,327	21,533,873	25,083,239	3,549,366
Sites and buildings	15,655,181	13,516,431	17,565,351	4,048,920
Fiscal and other fixed cost programs	–	495,000	591,978	96,978
Capital outlay	4,473,159	5,247,218	6,498,394	1,251,176
Debt service				
Principal	228,102	1,600,000	977,318	(622,682)
Interest and fiscal charges	69,482	620,000	294,284	(325,716)
Total expenditures	<u>190,770,270</u>	<u>188,657,355</u>	<u>198,348,736</u>	<u>9,691,381</u>
Excess (deficiency) of revenue over expenditures	(5,075,200)	503,993	(6,186,603)	(6,690,596)
Other financing sources				
Lease issued	–	–	3,841,464	3,841,464
Sale of assets	–	–	28,295	28,295
Insurance recovery	–	20,000	71,953	51,953
Total other financing sources	<u>–</u>	<u>20,000</u>	<u>3,941,712</u>	<u>3,921,712</u>
Net change in fund balances	<u>\$ (5,075,200)</u>	<u>\$ 523,993</u>	<u>(2,244,891)</u>	<u>\$ (2,768,884)</u>
Fund balances				
Beginning of year			<u>20,535,493</u>	
End of year			<u>\$ 18,290,602</u>	

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Net Position
 Internal Service Funds
 as of June 30, 2023
 (With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and temporary investments	\$ 2,592,545	\$ 1,577,837
Liabilities		
Current liabilities		
Claims payable	<u>2,461,889</u>	<u>2,110,197</u>
Net position		
Unrestricted	<u>\$ 130,656</u>	<u>\$ (532,360)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenses, and Changes in Net Position
 Internal Service Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 21,159,025	\$ 19,737,190
Operating expenses		
Dental benefit claims	1,302,617	1,384,785
Health benefit claims	<u>19,228,089</u>	<u>19,980,118</u>
Total operating expenses	<u>20,530,706</u>	<u>21,364,903</u>
Operating income (loss)	628,319	(1,627,713)
Nonoperating revenue		
Investment earnings	<u>34,697</u>	<u>1,361</u>
Change in net position	663,016	(1,626,352)
Net position		
Beginning of year	<u>(532,360)</u>	<u>1,093,992</u>
End of year	<u><u>\$ 130,656</u></u>	<u><u>\$ (532,360)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Cash Flows
 Internal Service Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 21,159,025	\$ 19,771,286
Payments for dental claims	(1,321,303)	(1,367,063)
Payments for health claims	<u>(18,857,711)</u>	<u>(19,523,393)</u>
Net cash flows from operating activities	980,011	(1,119,170)
Cash flows from investing activities		
Investment income received	<u>34,697</u>	<u>1,361</u>
Net change in cash and cash equivalents	1,014,708	(1,117,809)
Cash and cash equivalents		
Beginning of year	<u>1,577,837</u>	<u>2,695,646</u>
End of year	<u>\$ 2,592,545</u>	<u>\$ 1,577,837</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 628,319	\$ (1,627,713)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Prepaid items	-	34,096
Claims payable	<u>351,692</u>	<u>474,447</u>
Net cash flows from operating activities	<u>\$ 980,011</u>	<u>\$ (1,119,170)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Fiduciary Net Position
 Fiduciary Fund
 as of June 30, 2023

	<u>Employee Benefit Trust Fund</u>
Assets	
Investments	
Mutual funds	\$ 13,958,513
Liabilities	
Due to other funds	<u>945,795</u>
Net position	
Held in trust for employee benefits	<u><u>\$ 13,012,718</u></u>

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund
 Year Ended June 30, 2023

	<u>Employee Benefit Trust Fund</u>
Additions	
Investment earnings	\$ 551,012
Less investment expense	<u>(40,123)</u>
Net investment earnings	<u>510,889</u>
Deductions	
Retirement benefits	<u>945,795</u>
Change in net position	(434,906)
Net position	
Beginning of year	<u>13,447,624</u>
End of year	<u><u>\$ 13,012,718</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Basic Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 281, Robbinsdale Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District, located in Hennepin County, serves pre-kindergarten through Grade 12 students in all or parts of the cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenue, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Internal service funds are presented in the proprietary fund financial statements, which are reported using the accrual basis of accounting and economic resources measurement focus as described earlier in these notes. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

Fiduciary funds are presented in the fiduciary fund financial statements by type. Fiduciary funds are also reported using the accrual basis of accounting and economic resources measurement focus. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs. The other post-employment benefits (OPEB) debt service account is used for OPEB bond issues. The regular debt service account is used for all other general obligation bonds debt service.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – This fund is used to account for the District’s child nutrition program.

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

Proprietary Funds

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

Fiduciary Fund

Employee Benefit Trust Fund – This fund is used to administer assets held in an irrevocable trust to fund post-employment benefits for eligible employees.

E. Budgetary Information

The School Board adopts annual budgets for all governmental funds, prepared on the same basis of accounting as the financial statements. Legal budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund level. Budgeted expenditure appropriations lapse at year-end.

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. Actual expenditures exceeded final budgeted appropriations by \$9,691,381 in the General Fund, \$199,650 in the Food Service Special Revenue Fund, \$78,294 in the Community Service Special Revenue Fund, and \$22,000 in the Debt Service Fund. These variances were financed with revenue or other financing sources in excess of budget, along with available fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

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

Cash and investments held by trustee reported in the Capital Projects – Building Construction Fund represent assets held in escrow accounts for future capital projects in accordance with applicable debt provisions. In the government-wide financial statements, these accounts are reported as restricted assets.

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

G. Receivables

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

Amounts due from other governmental units at year-end consist of the following:

Due from the MDE	\$	8,429,712
Due from federal government agencies		16,401,474
Due from other Minnesota school districts		353,674
Due from Hennepin County and others		<u>620,701</u>
Total	\$	<u>25,805,561</u>

H. Inventories

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

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

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Minnesota Legislature based on education funding priorities. Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,455,680 of the property tax levy collectible in 2023 as revenue in fiscal 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes 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 reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements, because it is not known to be available to finance the operations of the District in the current year.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of donation. Lease assets are recorded based on the measurement of payments applicable to the lease term. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets are reported in the government-wide financial statements, but not in the governmental fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation/amortization purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for furniture and equipment. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Land and construction in progress are not depreciated/amortized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

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

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

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

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

M. Long-Term Obligations

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

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

N. Compensated Absences

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Severance Benefits Payable

The District provides lump sum severance benefits to certain eligible employee groups in accordance with provisions in collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. State-Wide Pension Plans

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

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

Q. Other Post-Employment Benefits (OPEB) Plan

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

R. Use of Estimates

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

S. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation. The District carries commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Self-Insurance** – The District has established two internal service funds to account for and finance its uninsured risk of loss for respective employee dental and health insurance plans. The plans provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans. The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2022	\$ 24,850	\$ 1,384,785	\$ 1,367,063	\$ 42,572
2023	\$ 42,572	\$ 1,302,617	\$ 1,321,303	\$ 23,886

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

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2022	\$ 1,610,900	\$ 19,980,118	\$ 19,523,393	\$ 2,067,625
2023	\$ 2,067,625	\$ 19,228,089	\$ 18,857,711	\$ 2,438,003

T. Net Position

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Classifications

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

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

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

V. Prior Period Comparative Financial Information/Reclassification

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 14,279,408
Investments	<u>56,526,901</u>
Total	<u><u>\$ 70,806,309</u></u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 56,845,997
Restricted assets – temporarily restricted – cash and investments for capital projects	1,799
Statement of Fiduciary Net Position	
Investments – Employee Benefit Trust Fund	<u>13,958,513</u>
Total	<u><u>\$ 70,806,309</u></u>

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$14,279,408, while the balance on the bank records was \$18,479,656. At June 30, 2023, all of these deposits were fully covered by federal deposit insurance or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years		Total
	Rating	Agency		No Maturity Date	Less Than 1	
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	\$ 35,604,285	\$ –	\$ 35,604,285
MNTrust Term Series	Not Rated		Amortized Cost	\$ –	\$ 4,000,000	4,000,000
Mutual funds	AAA	S&P	Level 1	\$ 31,283	\$ –	31,283
Mutual funds	Not Rated		Level 1	\$ 13,927,770	\$ –	13,927,770
U.S. Treasuries	Not Applicable		Level 2	\$ –	\$ 2,963,563	2,963,563
Total investments						<u>\$ 56,526,901</u>

The MNTrust Investment Shares Portfolio and MNTrust Term Series are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District’s investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio. MNTrust Term Series are intended to be held until maturity; a participant’s withdrawal prior to maturity will require 7-days’ notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

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

For assets held in the District’s irrevocable OPEB (Post-Employment Benefits) trust account, the investment options available are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 1,218,930	\$ –	\$ –	\$ –	\$ 1,218,930
Construction in progress	4,318,239	15,730,751	–	(10,541,883)	9,507,107
Total capital assets not depreciated/amortized	5,537,169	15,730,751	–	(10,541,883)	10,726,037
Capital assets, depreciated/amortized					
Land improvements	9,556,492	394,359	–	817,971	10,768,822
Buildings	505,889,614	10,327	–	9,723,912	515,623,853
Furniture and equipment	35,700,390	2,628,296	–	–	38,328,686
Leases – buildings and improvements	6,131,555	3,807,083	(212,831)	–	9,725,807
Leases – equipment	425,591	34,381	(2,700)	–	457,272
Total capital assets, depreciated/amortized	557,703,642	6,874,446	(215,531)	10,541,883	574,904,440
Less accumulated depreciation/amortization for					
Land improvements	(6,120,790)	(324,899)	–	–	(6,445,689)
Buildings	(224,859,472)	(18,838,507)	–	–	(243,697,979)
Furniture and equipment	(27,671,127)	(2,018,544)	–	–	(29,689,671)
Leases – buildings and improvements	(644,481)	(817,469)	212,831	–	(1,249,119)
Leases – equipment	(119,938)	(179,165)	2,700	–	(296,403)
Total accumulated depreciation/amortization	(259,415,808)	(22,178,584)	215,531	–	(281,378,861)
Net capital assets, depreciated/amortized	298,287,834	(15,304,138)	–	10,541,883	293,525,579
Total capital assets, net	\$ 303,825,003	\$ 426,613	\$ –	\$ –	\$ 304,251,616

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

Administration	\$ 1,095
District support services	274,254
Elementary and secondary regular instruction	12,332
Vocational education instruction	572
Special education instruction	1,242
Sites and buildings	21,882,590
Food service	1,485
Community service	5,014
Total depreciation/amortization expense	\$ 22,178,584

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2014 Alternative Facilities Bond	05/01/2014	3.00%	\$ 13,425,000	02/01/2026	\$ 13,325,000
2014 Refunding Bonds	11/20/2014	2.00%–5.00%	\$ 9,640,000	02/01/2024	1,290,000
2015 Alternative Facilities Bonds	08/25/2015	3.00%–4.00%	\$ 17,100,000	02/01/2028	17,100,000
2016 Capital Facilities Bonds	03/10/2016	2.00%–4.00%	\$ 9,235,000	02/01/2031	7,645,000
2016 Refunding Bonds	06/01/2016	2.00%–5.00%	\$ 7,080,000	02/01/2027	3,240,000
2016 Facilities Maintenance Bonds	06/01/2016	2.00%–3.00%	\$ 40,800,000	02/01/2032	40,800,000
2017 Alternative Facilities Refunding Bonds	05/24/2017	2.00%–5.00%	\$ 12,170,000	02/01/2029	6,875,000
2018 Facilities Maintenance Bonds	05/30/2018	3.00%–5.00%	\$ 14,200,000	02/01/2031	13,015,000
2018 Taxable OPEB Refunding Bonds	11/06/2018	3.00%–3.30%	\$ 9,910,000	02/01/2025	4,165,000
2019 Refunding Bonds	11/21/2019	5.00%	\$ 10,330,000	02/01/2024	2,805,000
2019 Facilities Maintenance Bonds	12/19/2019	3.00%–5.00%	\$ 16,605,000	02/01/2040	15,350,000
2020 Facilities Maintenance Bonds	11/19/2020	2.00%–4.00%	\$ 16,760,000	02/01/2041	16,160,000
2020 Alternative Facilities Refunding Bonds	11/19/2020	2.00%–5.00%	\$ 13,270,000	02/01/2032	7,515,000
2021 Alternative Facilities Bonds	10/21/2021	2.00%–5.00%	\$ 21,200,000	02/01/2042	21,150,000
2022 Facilities Maintenance Bonds	10/27/2022	4.25%–5.00%	\$ 18,060,000	02/01/2040	18,060,000
Total general obligation bonds payable					<u>\$ 188,495,000</u>

These bonds were issued to finance acquisition and/or construction of capital facilities, to finance the retirement (refunding) of prior bond issues, or pay OPEB liabilities. 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 percent of the principal and interest due each year, and are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Certificates of Participation Payable

On July 19, 2016, the District sold \$9,535,000 of certificates of participation to finance the construction of additions to several elementary sites and one middle school site. The certificates bear interest rates ranging from 2.00–4.00 percent, with a final maturity of April 1, 2031. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates.

C. Financed Purchases

The District has entered into two agreements to finance the construction of an addition to Pilgrim Lane Elementary School and the construction of two additions to the School of Engineering and Arts (SEA). If the District fails to make the payments specified in these agreements or otherwise defaults on the agreement, the lender may 1) enter the property and take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the payments due under this agreement, 2) exclude the District from possession of the property and attempt to sell or lease the property, holding the District responsible for the payments due under this agreement until the property is sold or leased, or 3) take legal action to force performance under the terms of the agreement. These liabilities are being paid from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

At year-end, the District has the following financed purchases outstanding:

Financed Purchases Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Pilgrim Lane addition	2.49%	10/27/2026	02/01/2032	\$ 1,258,429
SEA School addition	3.04%	06/01/2017	02/01/2032	<u>1,100,125</u>
Total financed purchases				<u><u>\$ 2,358,554</u></u>

D. Lease Liabilities

The District has obtained the use of certain building space and equipment (copiers) through lease financing agreements. The total amount of underlying leases assets by major class and the related accumulated amortization is presented in Note 3 to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessors generally may also repossess the property and seek full recovery of any losses upon default. The District currently has the following lease liabilities outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
5420-5440 Highway 169 North space lease	2.95%	04/01/2023	05/31/2033	\$ 3,731,692
Crystal Learning Center space lease	3.72%	09/06/2016	09/30/2031	5,003,341
Copiers	3.22%	Various	Various	<u>158,564</u>
Total lease liabilities				<u><u>\$ 8,893,597</u></u>

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund and special revenue funds.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 30,373,327	\$ 10,007,651	\$ 933,843	\$ 3,376,526
TRA	<u>110,711,294</u>	<u>31,248,895</u>	<u>28,572,348</u>	<u>(25,154,141)</u>
Total	<u><u>\$ 141,084,621</u></u>	<u><u>\$ 41,256,546</u></u>	<u><u>\$ 29,506,191</u></u>	<u><u>\$ (21,777,615)</u></u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 185,135,000	\$ 18,060,000	\$ 14,700,000	\$ 188,495,000	\$ 15,560,000
Certificates of participation	6,050,000	–	610,000	5,440,000	620,000
Unamortized premiums	9,819,882	955,476	1,676,191	9,099,167	–
Financed purchases	2,586,656	–	228,102	2,358,554	234,401
Lease liabilities	5,801,349	3,841,464	749,216	8,893,597	828,986
Compensated absences payable	1,473,197	1,543,847	1,473,197	1,543,847	1,543,847
Severance benefits payable	2,435,482	1,176,626	2,082,263	1,529,845	368,783
Net pension liability	75,931,999	74,526,519	9,373,897	141,084,621	–
	<u>\$ 289,233,565</u>	<u>\$ 100,103,932</u>	<u>\$ 30,892,866</u>	<u>\$ 358,444,631</u>	<u>\$ 19,156,017</u>

G. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, financed purchases, and lease liabilities are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 15,560,000	\$ 6,636,436	\$ 620,000	\$ 131,056	\$ 234,401	\$ 63,182	\$ 828,986	\$ 311,082
2025	16,520,000	5,715,069	645,000	106,256	240,876	56,707	844,963	280,147
2026	17,150,000	5,126,369	660,000	93,356	247,532	50,051	889,872	248,638
2027	16,080,000	4,541,669	675,000	80,157	254,374	43,209	930,976	215,359
2028	16,635,000	3,994,069	685,000	66,656	261,406	36,177	977,577	181,051
2029–2033	68,385,000	11,448,500	2,155,000	105,950	1,119,965	70,368	4,421,223	347,504
2034–2038	23,880,000	4,221,222	–	–	–	–	–	–
2039–2042	14,285,000	756,837	–	–	–	–	–	–
	<u>\$ 188,495,000</u>	<u>\$ 42,440,171</u>	<u>\$ 5,440,000</u>	<u>\$ 583,431</u>	<u>\$ 2,358,554</u>	<u>\$ 319,694</u>	<u>\$ 8,893,597</u>	<u>\$ 1,583,781</u>

NOTE 5 – FUND BALANCES

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

A summary of the District’s governmental fund balance classifications at year-end are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 281,592	\$ –	\$ –	\$ 85,699	\$ 367,291
Prepaid items	772,676	–	–	217	772,893
Total nonspendable	1,054,268	–	–	85,916	1,140,184
Restricted					
Student activities	105,948	–	–	–	105,948
Scholarships	472,847	–	–	–	472,847
Capital projects levy	4,696,692	–	–	–	4,696,692
Operating capital	2,277,543	–	–	–	2,277,543
Area learning center	798,560	–	–	–	798,560
Achievement and integration	395,696	–	–	–	395,696
Safe schools levy	43,618	–	–	–	43,618
Medical Assistance	539,595	–	–	–	539,595
Long-term facilities maintenance	526,745	9,364,127	–	–	9,890,872
Capital projects	–	139,752	–	–	139,752
Food service	–	–	–	4,569,321	4,569,321
Community education programs	–	–	–	2,266,290	2,266,290
Early childhood family education programs	–	–	–	453,920	453,920
School readiness	–	–	–	256,911	256,911
Adult basic education	–	–	–	386,935	386,935
Community service	–	–	–	10,433	10,433
Debt service	–	–	1,969,690	–	1,969,690
Total restricted	9,857,244	9,503,879	1,969,690	7,943,810	29,274,623
Assigned					
Building carryover	646,626	–	–	–	646,626
LCTS program	775,508	–	–	–	775,508
Telecom	246,648	–	–	–	246,648
Q Comp	66,113	–	–	–	66,113
Total assigned	1,734,895	–	–	–	1,734,895
Unassigned					
	5,644,195	–	–	–	5,644,195
Total	\$ 18,290,602	\$ 9,503,879	\$ 1,969,690	\$ 8,029,726	\$ 37,793,897

Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2023, the unassigned fund balance of the General Fund was 3.0 percent of budgeted expenditures for the year then ended, which was below the minimum established in the School Board policy.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2023, were \$2,256,037. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
Coordinated Plan	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2023, were \$7,435,994. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

	<i>in thousands</i>
Employer contributions reported in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679
Add employer contributions not related to future contribution efforts	(2,178)
Deduct the TRA’s contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total nonemployer contributions	<u>35,590</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u>\$ 515,519</u>

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$30,373,327 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$890,358. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.3835 percent at the end of the measurement period and 0.3856 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 30,373,327
State’s proportionate share of the net pension liability associated with the District	\$ 890,358

For the year ended June 30, 2023, the District recognized pension expense of \$3,243,486 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$133,040 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

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

At June 30, 2023, the District reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 253,701	\$ 327,271
Changes in actuarial assumptions	6,910,538	128,624
Net collective difference between projected and actual investment earnings on pension plan investments	509,972	–
Changes in proportion	77,403	477,948
District’s contributions to the GERF subsequent to the measurement date	<u>2,256,037</u>	<u>–</u>
Total	<u><u>\$ 10,007,651</u></u>	<u><u>\$ 933,843</u></u>

The \$2,256,037 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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
<u> </u>	<u> </u>
2024	\$ 2,518,077
2025	\$ 2,564,414
2026	\$ (1,011,535)
2027	\$ 2,746,815

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$110,711,294 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 1.3826 percent at the end of the measurement period and 1.3588 percent for the beginning of the period.

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

District’s proportionate share of the net pension liability	\$ 110,711,294
State’s proportionate share of the net pension liability associated with the District	\$ 8,210,046

For the year ended June 30, 2023, the District recognized negative pension expense of \$26,283,047. It also recognized \$1,128,906 as an increase to pension expense for the support provided by direct aid.

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

At June 30, 2023, the District had deferred resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,637,966	\$ 972,501
Changes in actuarial assumptions	17,431,861	24,279,390
Net collective difference between projected and actual investment earnings on pension plan investments	3,875,108	–
Changes in proportion	867,966	3,320,457
District’s contributions to the TRA subsequent to the measurement date	<u>7,435,994</u>	<u>–</u>
Total	<u>\$ 31,248,895</u>	<u>\$ 28,572,348</u>

A total of \$7,435,994 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (22,075,093)
2025	\$ 2,404,950
2026	\$ 640,338
2027	\$ 14,018,707
2028	\$ 251,651

E. Long-Term Expected Return on Investment

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	<u>25.00</u>	<u>0.75 %</u>
Total	<u>100.00 %</u>	

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

1. GERF

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

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

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

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

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 47,976,260	\$ 30,373,327	\$ 15,936,204
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 174,530,326	\$ 110,711,294	\$ 58,399,586

I. Pension Plan Fiduciary Net Position

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

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

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

A. Plan Description

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

The assets of the plan are reported in the Employee Benefit Trust Fund, administered by the District. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

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

B. Benefits Provided

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

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

C. Contributions

Required contributions are based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District did not make any pay-as-you-go contributions to the plan in the current fiscal year.

D. Membership

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

Retirees and beneficiaries receiving benefits	100
Active plan members	<u>1,824</u>
Total members	<u><u>1,924</u></u>

E. Net OPEB Liability (Asset) of the District

The District’s net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2022 (census date). The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 7,491,608
Plan fiduciary net position	<u>(13,012,718)</u>
District’s net OPEB liability (asset)	<u><u>\$ (5,521,110)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u><u>173.7%</u></u>

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

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation with a measurement date of June 30, 2023, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.50%
Expected long-term investment return	5.50%
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Payroll growth rate	Service graded table
Medical trend rate	6.25%, grading to 5.00% over 5 years, then to 4.00% over the next 48 years
Post-age 65 medical trend rate	4.00%

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies. Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables for teachers with MP-2021 Generational Improvement Scale.

Changes in assumptions since the previous actuarial valuation include:

- The discount rate and expected long-term investment return was changed from 5.20 percent to 5.50 percent.
- Medical trend rates and withdrawal rates were updated to reflect recent experience.
- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- Salary increase scales for nonteachers were updated.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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

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

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 Rate of Return
Domestic equity	20.00 %	7.70 %
International equity	10.00	7.50 %
Fixed income	70.00	4.60 %
Total (net of investment expense)	100.00 %	5.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 3.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used at the prior measurement date was 5.20 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2022	\$ 7,537,120	\$ 13,447,624	\$ (5,910,504)
Changes for the year			
Service cost	200,124	–	200,124
Interest	378,058	–	378,058
Differences between expected and actual experience	305,941	–	305,941
Changes of assumptions	16,160	–	16,160
Net investment income	–	510,889	(510,889)
Benefit payments from trust	(945,795)	(945,795)	–
Total net changes	(45,512)	(434,906)	389,394
Ending balance – June 30, 2023	\$ 7,491,608	\$ 13,012,718	\$ (5,521,110)

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

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	4.50%	5.50%	6.50%
Net OPEB liability (asset)	\$ (5,224,248)	\$ (5,521,110)	\$ (5,808,681)

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

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Medical trend rate	5.25% grading to 4.00% then 3.00%	6.25% grading to 5.00% then 4.00%	7.25% grading to 6.00% then 5.00%
Net OPEB liability (asset)	\$ (5,886,552)	\$ (5,521,110)	\$ (5,111,199)

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

For the current year, the District recognized negative OPEB expense of \$350,866. As of year-end, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 254,950	\$ 799,171
Changes in actuarial assumptions	64,360	388,452
Differences between projected and actual investment earnings	1,226,916	–
Total	<u>\$ 1,546,226</u>	<u>\$ 1,187,623</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2024	\$ (50,591)
2025	\$ 15,185
2026	\$ 287,465
2027	\$ 54,079
2028	\$ 52,465

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC. Employee eligibility is determined by the terms of the various District collective bargaining agreements or contracts. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments of insurance premiums (health, dental, and disability) are made by the District directly to the internal service funds or designated insurance companies from the District’s General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate district account on a monthly basis. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. On June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made. The medical reimbursement and dependent care activity of the Plan is included in the financial statements of the General Fund. The Plan is administered by a third party that handles all record keeping duties.

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

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2023:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds		
General Fund	\$ 945,795	\$ –
Fiduciary fund		
Employee Benefit Trust Fund	<u>–</u>	<u>945,795</u>
Total all funds	<u>\$ 945,795</u>	<u>\$ 945,795</u>

The interfund balances represent post-employment benefit reimbursements due from the trust to the governmental funds. Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables or payables due between fiduciary funds and other district funds are not eliminated.

NOTE 10 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2023, the District’s Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$1,215,263. This deficit is expected to be eliminated through future premiums paid from the District’s governmental funds.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

The District is committed to a number of contracts for the construction and improvement of various district properties. At June 30, 2023, the remaining commitment under these contracts is approximately \$10,595,000.

B. Federal and State Receivables

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

C. Legal Claims

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

NOTE 12 – SUBSEQUENT EVENTS

A. Future Bond Issue

In November 2023, the District approved the sale of \$19,260,000 of General Obligation Facilities Maintenance Bonds, Series 2023A, to finance various capital improvements. The bonds have a true interest cost of 4.52 percent and a final maturity of February 1, 2044.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4714%	\$ 22,144,010	\$ -	\$ 22,144,010	\$ 23,850,298	92.85%	78.70%
06/30/2016	06/30/2015	0.4383%	\$ 22,714,981	\$ -	\$ 22,714,981	\$ 25,717,752	88.32%	78.20%
06/30/2017	06/30/2016	0.4506%	\$ 36,586,485	\$ 477,849	\$ 37,064,334	\$ 27,936,974	130.96%	68.90%
06/30/2018	06/30/2017	0.4442%	\$ 28,357,435	\$ 356,565	\$ 28,714,000	\$ 28,513,259	99.45%	75.90%
06/30/2019	06/30/2018	0.4341%	\$ 24,082,088	\$ 789,866	\$ 24,871,954	\$ 29,158,626	82.59%	79.50%
06/30/2020	06/30/2019	0.3937%	\$ 21,766,792	\$ 676,471	\$ 22,443,263	\$ 27,844,660	78.17%	80.20%
06/30/2021	06/30/2020	0.3993%	\$ 23,939,860	\$ 738,197	\$ 24,678,057	\$ 28,476,086	84.07%	79.10%
06/30/2022	06/30/2021	0.3856%	\$ 16,466,848	\$ 502,895	\$ 16,969,743	\$ 27,760,306	59.32%	87.00%
06/30/2023	06/30/2022	0.3835%	\$ 30,373,327	\$ 890,358	\$ 31,263,685	\$ 28,720,979	105.75%	76.70%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,900,180	\$ 1,900,180	\$ -	\$ 25,717,752	7.39%
06/30/2016	\$ 2,095,274	\$ 2,095,274	\$ -	\$ 27,936,974	7.50%
06/30/2017	\$ 2,144,453	\$ 2,144,453	\$ -	\$ 28,513,259	7.52%
06/30/2018	\$ 2,186,897	\$ 2,186,897	\$ -	\$ 29,158,626	7.50%
06/30/2019	\$ 2,088,247	\$ 2,088,247	\$ -	\$ 27,844,660	7.50%
06/30/2020	\$ 2,135,477	\$ 2,135,477	\$ -	\$ 28,476,086	7.50%
06/30/2021	\$ 2,082,018	\$ 2,082,018	\$ -	\$ 27,760,306	7.50%
06/30/2022	\$ 2,154,182	\$ 2,154,182	\$ -	\$ 28,720,979	7.50%
06/30/2023	\$ 2,256,037	\$ 2,256,037	\$ -	\$ 30,170,498	7.48%

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.4456%	\$ 66,612,207	\$ 4,686,092	\$ 71,298,299	\$ 65,989,556	100.94%	81.50%
06/30/2016	06/30/2015	1.3943%	\$ 86,251,245	\$ 10,579,374	\$ 96,830,619	\$ 70,765,080	121.88%	76.80%
06/30/2017	06/30/2016	1.4503%	\$345,931,154	\$ 34,723,065	\$380,654,219	\$ 75,456,567	458.45%	44.88%
06/30/2018	06/30/2017	1.4426%	\$287,969,129	\$ 27,837,905	\$315,807,034	\$ 77,542,890	371.37%	51.57%
06/30/2019	06/30/2018	1.4328%	\$ 89,993,251	\$ 8,455,056	\$ 98,448,307	\$ 79,157,830	113.69%	78.07%
06/30/2020	06/30/2019	1.4199%	\$ 90,504,724	\$ 8,009,618	\$ 98,514,342	\$ 80,619,743	112.26%	78.21%
06/30/2021	06/30/2020	1.4035%	\$103,692,461	\$ 8,689,629	\$112,382,090	\$ 81,580,317	127.10%	75.48%
06/30/2022	06/30/2021	1.3588%	\$ 59,465,151	\$ 5,015,220	\$ 64,480,371	\$ 81,311,353	73.13%	86.63%
06/30/2023	06/30/2022	1.3826%	\$110,711,294	\$ 8,210,046	\$118,921,340	\$ 85,465,864	129.54%	76.17%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 5,307,332	\$ 5,307,332	\$ -	\$ 70,765,080	7.50%
06/30/2016	\$ 5,658,083	\$ 5,658,083	\$ -	\$ 75,456,567	7.50%
06/30/2017	\$ 5,812,034	\$ 5,812,034	\$ -	\$ 77,542,890	7.50%
06/30/2018	\$ 5,927,137	\$ 5,927,137	\$ -	\$ 79,157,830	7.49%
06/30/2019	\$ 6,215,604	\$ 6,215,604	\$ -	\$ 80,619,743	7.71%
06/30/2020	\$ 6,459,413	\$ 6,459,413	\$ -	\$ 81,580,317	7.92%
06/30/2021	\$ 6,610,498	\$ 6,610,498	\$ -	\$ 81,311,353	8.13%
06/30/2022	\$ 7,127,826	\$ 7,127,826	\$ -	\$ 85,465,864	8.34%
06/30/2023	\$ 7,435,994	\$ 7,435,994	\$ -	\$ 86,989,080	8.55%

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Net
 OPEB Liability (Asset) and Related Ratios
 Year Ended June 30, 2023

	Year Ended June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 374,192	\$ 395,745	\$ 429,786	\$ 247,748	\$ 206,124	\$ 223,017	\$ 200,124
Interest	551,130	559,636	554,056	428,049	433,866	416,828	378,058
Differences between expected and actual experience	—	—	(2,065,851)	—	(1,432)	—	305,941
Changes of assumptions	—	(15,942)	(650,979)	(65,819)	(197,299)	76,342	16,160
Changes of benefit terms	—	—	186,435	—	—	—	—
Benefit payments	(1,014,169)	(583,727)	(681,324)	(443,570)	(488,138)	(1,055,343)	(945,795)
Net change in total OPEB liability	(88,847)	355,712	(2,227,877)	166,408	(46,879)	(339,156)	(45,512)
Total OPEB liability – beginning of year	9,717,759	9,628,912	9,984,624	7,756,747	7,923,155	7,876,276	7,537,120
Total OPEB liability – end of year	9,628,912	9,984,624	7,756,747	7,923,155	7,876,276	7,537,120	7,491,608
Plan fiduciary net position							
Contributions – paid from governmental funds	28,001	—	—	—	—	—	—
Net investment income	1,039,704	823,399	1,265,190	1,103,217	2,167,133	(1,900,673)	510,889
Benefit payments – paid from governmental funds	(28,001)	—	—	—	—	—	—
Benefit payments – paid from trust	(986,168)	(583,727)	(681,324)	(443,570)	(488,138)	(1,055,343)	(945,795)
Administrative expense	(7,007)	(86,547)	(6,296)	(5,829)	(5,577)	(5,527)	—
Other deductions – special item (Note 2)	—	—	(4,749,736)	—	—	—	—
Net change in plan fiduciary net position	46,529	153,125	(4,172,166)	653,818	1,673,418	(2,961,543)	(434,906)
Plan fiduciary net position – beginning of year	18,054,443	18,100,972	18,254,097	14,081,931	14,735,749	16,409,167	13,447,624
Plan fiduciary net position – end of year	18,100,972	18,254,097	14,081,931	14,735,749	16,409,167	13,447,624	13,012,718
Net OPEB liability (asset)	\$ (8,472,060)	\$ (8,269,473)	\$ (6,325,184)	\$ (6,812,594)	\$ (8,532,891)	\$ (5,910,504)	\$ (5,521,110)
Plan fiduciary net position as a percentage of the total OPEB liability	187.99%	182.82%	181.54%	185.98%	208.34%	178.42%	173.70%
Covered-employee payroll	\$115,661,449	\$115,803,161	\$ 92,975,942	\$116,588,812	\$104,349,456	\$107,479,939	\$112,242,701
Net OPEB liability (asset) as a percentage of covered-employee payroll	(7.32%)	(7.14%)	(6.80%)	(5.84%)	(8.18%)	(5.50%)	(4.92%)

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note 2: In fiscal 2019, the District made a draw from the trust to reimburse the District for OPEB costs incurred since the trust was established (fiscal years 2009 through 2018) that had not previously been reimbursed.

INDEPENDENT SCHOOL DISTRICT NO. 281

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2023

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	5.76%
2018	4.11%
2019	6.93%
2020	7.84%
2021	14.71%
2022	(11.60)%
2023	3.80%

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

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INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate and expected long-term investment return was changed from 5.20 percent to 5.50 percent.
- Medical trend rates and withdrawal rates were updated to reflect recent experience.
- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- Salary increase scales for nonteachers were updated.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate and expected long-term investment return was changed from 5.50 percent to 5.20 percent.
- The 20-year municipal bond yield was changed from 2.40 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The 20-year municipal bond yield was changed from 2.45 percent to 2.40 percent.
- Medical trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2015 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The payroll growth rate was changed from a flat 3.00 percent to rates that vary by service and contract group.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The 20-year municipal bond yield was changed from 3.13 percent to 2.45 percent.
- The medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans, due to its repeal.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- Other post-employment benefits were added for the child nutrition, office employees, program directors, and program assistant contract groups.
- Retiree premiums and district-provided contribution amounts were updated to current levels.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Mortality and salary increase rates were updated to those used in the current PERA and TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 2.75 percent to 2.50 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The discount rate was changed from 5.75 percent to 5.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Withdrawal, disability, retirement, mortality, and salary increase rates were updated to correct the PERA and the TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 3.00 percent to 2.75 percent.
- The discount rate was changed from 4.00 percent to 5.75 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2023

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 3,675,319	\$ 4,224,967	\$ 7,900,286
Receivables			
Current taxes	–	869,734	869,734
Delinquent taxes	–	19,001	19,001
Accounts and interest	340,891	11,977	352,868
Due from other governmental units	962,681	602,061	1,564,742
Inventory	85,699	–	85,699
Prepaid items	217	–	217
	<u>5,064,807</u>	<u>5,727,740</u>	<u>10,792,547</u>
Total assets	<u>\$ 5,064,807</u>	<u>\$ 5,727,740</u>	<u>\$ 10,792,547</u>
Liabilities			
Salaries payable	\$ 47,908	\$ 227,662	\$ 275,570
Accounts and contracts payable	223,121	264,364	487,485
Due to other governmental units	–	504	504
Unearned revenue	138,541	92,242	230,783
Total liabilities	<u>409,570</u>	<u>584,772</u>	<u>994,342</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,753,725	1,753,725
Unavailable revenue – delinquent taxes	–	14,754	14,754
Total deferred inflows of resources	<u>–</u>	<u>1,768,479</u>	<u>1,768,479</u>
Fund balances			
Nonspendable	85,916	–	85,916
Restricted	4,569,321	3,374,489	7,943,810
Total fund balances	<u>4,655,237</u>	<u>3,374,489</u>	<u>8,029,726</u>
	<u>\$ 5,064,807</u>	<u>\$ 5,727,740</u>	<u>\$ 10,792,547</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,064,807</u>	<u>\$ 5,727,740</u>	<u>\$ 10,792,547</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2023

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 2,196,394	\$ 2,196,394
Investment earnings	101,698	124,074	225,772
Other	1,378,103	4,669,158	6,047,261
State sources	270,972	3,086,458	3,357,430
Federal sources	6,103,917	1,003,875	7,107,792
Total revenue	<u>7,854,690</u>	<u>11,079,959</u>	<u>18,934,649</u>
Expenditures			
Current			
Food service	7,183,795	-	7,183,795
Community service	-	10,300,264	10,300,264
Capital outlay	137,373	245,694	383,067
Total expenditures	<u>7,321,168</u>	<u>10,545,958</u>	<u>17,867,126</u>
Excess of revenue over expenditures	533,522	534,001	1,067,523
Other financing sources			
Sale of assets	1,275	-	1,275
Net change in fund balances	534,797	534,001	1,068,798
Fund balances			
Beginning of year	<u>4,120,440</u>	<u>2,840,488</u>	<u>6,960,928</u>
End of year	<u>\$ 4,655,237</u>	<u>\$ 3,374,489</u>	<u>\$ 8,029,726</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 20,966,784	\$ 27,952,751
Receivables		
Current taxes	23,884,200	22,007,611
Delinquent taxes	370,655	372,424
Accounts and interest	287,365	124,632
Due from other governmental units	24,150,813	15,712,851
Due from other funds	945,795	1,055,343
Inventory	281,592	335,710
Prepaid items	<u>772,676</u>	<u>1,352,199</u>
Total assets	<u>\$ 71,659,880</u>	<u>\$ 68,913,521</u>
Liabilities		
Salaries payable	\$ 1,304,312	\$ 1,552,647
Accounts and contracts payable	6,646,831	5,498,861
Due to other governmental units	423,042	715,575
Unearned revenue	<u>460</u>	<u>—</u>
Total liabilities	8,374,645	7,767,083
Deferred inflows of resources		
Property taxes levied for subsequent year	44,704,258	40,354,089
Unavailable revenue – delinquent taxes	<u>290,375</u>	<u>256,856</u>
Total deferred inflows of resources	44,994,633	40,610,945
Fund balances		
Nonspendable for inventory	281,592	335,710
Nonspendable for prepaid items	772,676	1,352,199
Restricted for student activities	105,948	95,154
Restricted for scholarships	472,847	455,788
Restricted for capital projects levy	4,696,692	3,326,573
Restricted for operating capital	2,277,543	4,455,291
Restricted for area learning center	798,560	—
Restricted for basic skills programs	—	536,982
Restricted for achievement and integration	395,696	—
Restricted for safe schools levy	43,618	319,215
Restricted for long-term facilities maintenance	526,745	—
Restricted for Medical Assistance	539,595	543,630
Assigned for building carryover	646,626	599,399
Assigned for LCTS program	775,508	715,607
Assigned for telecom	246,648	221,066
Assigned for Q comp	66,113	348,780
Assigned for subsequent year's budget	—	5,075,199
Unassigned – long-term facilities maintenance account deficit	—	(584,948)
Unassigned	<u>5,644,195</u>	<u>2,739,848</u>
Total fund balances	<u>18,290,602</u>	<u>20,535,493</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,659,880</u>	<u>\$ 68,913,521</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 44,213,068	\$ 44,342,363	\$ 129,295	\$ 44,953,558
Investment earnings	75,000	707,818	632,818	11,140
Other	4,536,267	4,081,261	(455,006)	4,133,677
State sources	123,185,809	119,997,787	(3,188,022)	120,820,882
Federal sources	17,151,204	23,032,904	5,881,700	17,289,540
Total revenue	189,161,348	192,162,133	3,000,785	187,208,797
Expenditures				
Current				
Administration				
Salaries	5,727,771	5,522,643	(205,128)	5,496,141
Employee benefits	1,726,912	1,792,583	65,671	1,731,882
Purchased services	87,000	221,990	134,990	149,631
Supplies and materials	81,280	66,213	(15,067)	54,815
Capital expenditures	4,000	24,835	20,835	414
Other expenditures	58,868	88,409	29,541	94,966
Total administration	7,685,831	7,716,673	30,842	7,527,849
District support services				
Salaries	3,688,019	3,725,520	37,501	3,605,534
Employee benefits	962,579	1,386,330	423,751	1,044,603
Purchased services	745,662	617,642	(128,020)	669,680
Supplies and materials	1,595,400	1,517,185	(78,215)	1,163,215
Capital expenditures	2,678,353	1,470,029	(1,208,324)	1,463,207
Other expenditures	2,123,000	22,180	(2,100,820)	1,406,887
Total district support services	11,793,013	8,738,886	(3,054,127)	9,353,126
Elementary and secondary regular instruction				
Salaries	59,650,506	59,884,945	234,439	57,899,164
Employee benefits	17,058,593	17,431,636	373,043	16,587,921
Purchased services	2,251,916	3,458,128	1,206,212	2,853,593
Supplies and materials	1,282,463	3,475,512	2,193,049	1,725,078
Capital expenditures	428,268	741,789	313,521	394,464
Other expenditures	467,503	604,669	137,166	603,241
Total elementary and secondary regular instruction	81,139,249	85,596,679	4,457,430	80,063,461

INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	817,643	863,350	45,707	901,507
Employee benefits	279,789	243,278	(36,511)	256,403
Purchased services	60,765	100,999	40,234	125,705
Supplies and materials	11,590	70,064	58,474	51,992
Capital expenditures	–	15,597	15,597	1,089
Other expenditures	29,945	5,497	(24,448)	6,858
Total vocational education instruction	1,199,732	1,298,785	99,053	1,343,554
Special education instruction				
Salaries	22,428,501	22,254,324	(174,177)	22,783,908
Employee benefits	7,953,166	7,684,787	(268,379)	7,724,265
Purchased services	1,549,095	981,022	(568,073)	1,138,745
Supplies and materials	266,506	270,500	3,994	173,555
Capital expenditures	109,500	26,388	(83,112)	13,274
Other expenditures	–	127,045	127,045	134,168
Total special education instruction	32,306,768	31,344,066	(962,702)	31,967,915
Instructional support services				
Salaries	8,137,551	10,101,386	1,963,835	8,373,614
Employee benefits	2,349,945	2,943,189	593,244	2,617,963
Purchased services	135,794	828,099	692,305	507,638
Supplies and materials	4,098,039	984,819	(3,113,220)	1,131,887
Capital expenditures	–	22,163	22,163	923
Other expenditures	19,032	64,228	45,196	69,427
Total instructional support services	14,740,361	14,943,884	203,523	12,701,452
Pupil support services				
Salaries	6,001,007	6,469,895	468,888	7,311,649
Employee benefits	1,963,589	2,108,050	144,461	2,067,257
Purchased services	13,004,233	15,522,848	2,518,615	14,074,759
Supplies and materials	565,044	938,761	373,717	1,050,520
Capital expenditures	–	230	230	107,167
Other expenditures	–	43,685	43,685	68,907
Total pupil support services	21,533,873	25,083,469	3,549,596	24,680,259

INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,229,944	5,750,720	520,776	5,430,426
Employee benefits	1,829,685	2,423,197	593,512	2,240,934
Purchased services	5,516,317	7,355,985	1,839,668	6,507,361
Supplies and materials	718,000	1,587,286	869,286	1,437,088
Capital expenditures	2,027,097	4,197,363	2,170,266	525,177
Other expenditures	222,485	448,163	225,678	410,269
Total sites and buildings	15,543,528	21,762,714	6,219,186	16,551,255
Fiscal and other fixed cost programs				
Purchased services	495,000	584,955	89,955	494,689
Other expenditures	—	7,023	7,023	11,712
Total fiscal and other fixed cost programs	495,000	591,978	96,978	506,401
Debt service				
Principal	1,600,000	977,318	(622,682)	977,770
Interest and fiscal charges	620,000	294,284	(325,716)	283,246
Total debt service	2,220,000	1,271,602	(948,398)	1,261,016
Total expenditures	188,657,355	198,348,736	9,691,381	185,956,288
Excess (deficiency) of revenue over expenditures	503,993	(6,186,603)	(6,690,596)	1,252,509
Other financing sources				
Lease issued	—	3,841,464	3,841,464	105,668
Sale of assets	—	28,295	28,295	71,020
Insurance recovery	20,000	71,953	51,953	9,413
Total other financing sources	20,000	3,941,712	3,921,712	186,101
Net change in fund balances	\$ 523,993	(2,244,891)	\$ (2,768,884)	1,438,610
Fund balances				
Beginning of year		20,535,493		19,096,883
End of year		\$ 18,290,602		\$ 20,535,493

INDEPENDENT SCHOOL DISTRICT NO. 281

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 3,675,319	\$ 3,714,233
Receivables		
Accounts and interest	340,891	247,684
Due from other governmental units	962,681	347,097
Inventory	85,699	81,987
Prepaid items	<u>217</u>	<u>2,276</u>
Total assets	<u>\$ 5,064,807</u>	<u>\$ 4,393,277</u>
Liabilities		
Salaries payable	\$ 47,908	\$ 55,486
Accounts and contracts payable	223,121	34,591
Unearned revenue	<u>138,541</u>	<u>182,760</u>
Total liabilities	409,570	272,837
Fund balances		
Nonspendable for inventory	85,699	81,987
Nonspendable for prepaid items	217	2,276
Restricted for food service	<u>4,569,321</u>	<u>4,036,177</u>
Total fund balances	<u>4,655,237</u>	<u>4,120,440</u>
Total liabilities and fund balances	<u>\$ 5,064,807</u>	<u>\$ 4,393,277</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 101,698	\$ 101,698	\$ 2,265
Other – primarily meal sales	2,089,623	1,378,103	(711,520)	80,258
State sources	419,242	270,972	(148,270)	262,825
Federal sources	5,544,531	6,103,917	559,386	9,226,088
Total revenue	<u>8,053,396</u>	<u>7,854,690</u>	<u>(198,706)</u>	<u>9,571,436</u>
Expenditures				
Current				
Salaries	2,224,795	2,391,835	167,040	2,440,888
Employee benefits	928,880	1,081,296	152,416	1,087,728
Purchased services	202,000	128,417	(73,583)	86,362
Supplies and materials	3,463,943	3,557,724	93,781	3,872,126
Other expenditures	33,900	24,523	(9,377)	23,348
Capital outlay	268,000	137,373	(130,627)	118,456
Total expenditures	<u>7,121,518</u>	<u>7,321,168</u>	<u>199,650</u>	<u>7,628,908</u>
Excess (deficiency) of revenue over expenditures	931,878	533,522	(398,356)	1,942,528
Other financing sources				
Sale of assets	-	1,275	1,275	-
Net change in fund balances	<u>\$ 931,878</u>	<u>534,797</u>	<u>\$ (397,081)</u>	<u>1,942,528</u>
Fund balances				
Beginning of year		<u>4,120,440</u>		<u>2,177,912</u>
End of year		<u>\$ 4,655,237</u>		<u>\$ 4,120,440</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 4,224,967	\$ 3,590,071
Receivables		
Current taxes	869,734	1,092,536
Delinquent taxes	19,001	19,407
Accounts and interest	11,977	79,858
Due from other governmental units	602,061	626,366
Prepaid items	–	9,715
	<u>–</u>	<u>9,715</u>
Total assets	<u>\$ 5,727,740</u>	<u>\$ 5,417,953</u>
Liabilities		
Salaries payable	\$ 227,662	\$ 142,899
Accounts and contracts payable	264,364	71,708
Due to other governmental units	504	72
Unearned revenue	92,242	143,607
Total liabilities	<u>584,772</u>	<u>358,286</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	1,753,725	2,205,637
Unavailable revenue – delinquent taxes	14,754	13,542
Total deferred inflows of resources	<u>1,768,479</u>	<u>2,219,179</u>
Fund balances		
Nonspendable for prepaid items	–	9,715
Restricted for community education programs	2,266,290	1,716,401
Restricted for early childhood family education programs	453,920	470,364
Restricted for school readiness	256,911	222,848
Restricted for adult basic education	386,935	421,100
Restricted for community service	10,433	60
Total fund balances	<u>3,374,489</u>	<u>2,840,488</u>
	<u>–</u>	<u>–</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,727,740</u>	<u>\$ 5,417,953</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,230,018	\$ 2,196,394	\$ (33,624)	\$ 2,145,354
Investment earnings	–	124,074	124,074	3,792
Other – primarily tuition and fees	4,652,175	4,669,158	16,983	4,289,217
State sources	2,928,996	3,086,458	157,462	3,062,049
Federal sources	846,291	1,003,875	157,584	979,198
Total revenue	<u>10,657,480</u>	<u>11,079,959</u>	<u>422,479</u>	<u>10,479,610</u>
Expenditures				
Current				
Salaries	7,177,924	6,925,306	(252,618)	6,282,535
Employee benefits	2,064,956	2,235,471	170,515	2,010,366
Purchased services	930,320	905,915	(24,405)	592,968
Supplies and materials	201,498	229,398	27,900	191,313
Other expenditures	14,511	4,174	(10,337)	18,809
Capital outlay	78,455	245,694	167,239	78,505
Total expenditures	<u>10,467,664</u>	<u>10,545,958</u>	<u>78,294</u>	<u>9,174,496</u>
Net change in fund balances	<u>\$ 189,816</u>	534,001	<u>\$ 344,185</u>	1,305,114
Fund balances				
Beginning of year		<u>2,840,488</u>		<u>1,535,374</u>
End of year		<u>\$ 3,374,489</u>		<u>\$ 2,840,488</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 12,305,218	\$ 14,914,685
Cash and investments held by trustee	<u>1,799</u>	<u>1,799</u>
Total assets	<u><u>\$ 12,307,017</u></u>	<u><u>\$ 14,916,484</u></u>
Liabilities		
Accounts and contracts payable	\$ 2,803,138	\$ 3,039,587
Fund balances		
Restricted for long-term facilities maintenance	9,364,127	11,615,403
Restricted for capital projects	<u>139,752</u>	<u>261,494</u>
Total fund balances	<u><u>9,503,879</u></u>	<u><u>11,876,897</u></u>
Total liabilities and fund balances	<u><u>\$ 12,307,017</u></u>	<u><u>\$ 14,916,484</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2023

(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ –	\$ 315,218	\$ 315,218	\$ (48,958)
Other	–	2,612	2,612	–
Total revenue	–	317,830	317,830	(48,958)
Expenditures				
Capital outlay				
Salaries	–	215,046	215,046	174,472
Employee benefits	–	66,139	66,139	50,992
Purchased services	–	1,802,711	1,802,711	1,399,475
Supplies and materials	–	–	–	13,655
Capital expenditures	22,500,000	19,428,715	(3,071,285)	12,967,794
Debt service				
Fiscal charges and other	–	192,063	192,063	306,082
Total expenditures	22,500,000	21,704,674	(795,326)	14,912,470
Excess (deficiency) of revenue over expenditures	(22,500,000)	(21,386,844)	1,113,156	(14,961,428)
Other financing sources				
Bonds issued	18,060,000	18,060,000	–	21,200,000
Premiums on debt issued	740,000	953,826	213,826	2,338,794
Total other financing sources	18,800,000	19,013,826	213,826	23,538,794
Net change in fund balances	\$ (3,700,000)	(2,373,018)	\$ 1,326,982	8,577,366
Fund balances				
Beginning of year		11,876,897		3,299,531
End of year		\$ 9,503,879		\$ 11,876,897

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INDEPENDENT SCHOOL DISTRICT NO. 281

Debt Service Fund
 Balance Sheet by Account
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2023	2022
Assets				
Cash and temporary investments	\$ 11,245,056	\$ 1,836,108	\$ 13,081,164	\$ 12,366,232
Receivables				
Current taxes	9,738,110	1,320,870	11,058,980	10,271,683
Delinquent taxes	152,847	19,837	172,684	168,590
Due from other governmental units	90,005	1	90,006	88,519
Total assets	<u>\$ 21,226,018</u>	<u>\$ 3,176,816</u>	<u>\$ 24,402,834</u>	<u>\$ 22,895,024</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 19,635,858	\$ 2,663,393	\$ 22,299,251	\$ 20,736,714
Unavailable revenue – delinquent taxes	117,998	15,895	133,893	116,546
Total deferred inflows of resources	<u>19,753,856</u>	<u>2,679,288</u>	<u>22,433,144</u>	<u>20,853,260</u>
Fund balances				
Restricted for debt service	<u>1,472,162</u>	<u>497,528</u>	<u>1,969,690</u>	<u>2,041,764</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,226,018</u>	<u>\$ 3,176,816</u>	<u>\$ 24,402,834</u>	<u>\$ 22,895,024</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 31, 2022)

	2023			Total
	Budget	Regular Debt Service Account	Actual OPEB Debt Service Account	
Revenue				
Local sources				
Property taxes	\$ 21,635,020	\$ 17,961,508	\$ 2,686,406	\$ 20,647,914
Investment earnings	-	217,042	40,823	257,865
State sources	-	901,550	5	901,555
Total revenue	<u>21,635,020</u>	<u>19,080,100</u>	<u>2,727,234</u>	<u>21,807,334</u>
Expenditures				
Debt service				
Principal	15,310,000	12,920,000	2,390,000	15,310,000
Interest	6,549,058	6,336,365	212,693	6,549,058
Fiscal charges and other	-	21,600	400	22,000
Total expenditures	<u>21,859,058</u>	<u>19,277,965</u>	<u>2,603,093</u>	<u>21,881,058</u>
Excess (deficiency) of revenue over expenditures	(224,038)	(197,865)	124,141	(73,724)
Other financing sources				
Premiums on debt issued	-	1,650	-	1,650
Net change in fund balances	<u>\$ (224,038)</u>	(196,215)	124,141	(72,074)
Fund balances				
Beginning of year		<u>1,668,377</u>	<u>373,387</u>	<u>2,041,764</u>
End of year		<u>\$ 1,472,162</u>	<u>\$ 497,528</u>	<u>\$ 1,969,690</u>

	<u>2022</u>	
	<u>Over (Under)</u>	<u>Actual</u>
	<u>Budget</u>	
\$	(987,106)	\$ 19,128,912
	257,865	9,727
	<u>901,555</u>	<u>898,578</u>
	172,314	20,037,217
	–	14,445,000
	–	6,490,548
	<u>22,000</u>	<u>14,203</u>
	<u>22,000</u>	<u>20,949,751</u>
	150,314	(912,534)
	<u>1,650</u>	<u>–</u>
<u>\$</u>	<u>151,964</u>	<u>(912,534)</u>
		<u>2,954,298</u>
		<u>\$ 2,041,764</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			<u>2023</u>	<u>2022</u>
Assets				
Cash and temporary investments	\$ 1,369,805	\$ 1,222,740	\$ 2,592,545	\$ 1,577,837
Liabilities				
Current liabilities				
Claims payable	<u>23,886</u>	<u>2,438,003</u>	<u>2,461,889</u>	<u>2,110,197</u>
Net position				
Unrestricted	<u>\$ 1,345,919</u>	<u>\$ (1,215,263)</u>	<u>\$ 130,656</u>	<u>\$ (532,360)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2023	2022
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 1,294,710	\$ 19,864,315	\$ 21,159,025	\$ 19,737,190
Operating expenses				
Dental benefit claims	1,302,617	-	1,302,617	1,384,785
Health benefit claims	-	19,228,089	19,228,089	19,980,118
Total operating expenses	<u>1,302,617</u>	<u>19,228,089</u>	<u>20,530,706</u>	<u>21,364,903</u>
Operating income (loss)	(7,907)	636,226	628,319	(1,627,713)
Nonoperating revenue				
Investment earnings	<u>31,823</u>	<u>2,874</u>	<u>34,697</u>	<u>1,361</u>
Change in net position	23,916	639,100	663,016	(1,626,352)
Net position				
Beginning of year	<u>1,322,003</u>	<u>(1,854,363)</u>	<u>(532,360)</u>	<u>1,093,992</u>
End of year	<u>\$ 1,345,919</u>	<u>\$ (1,215,263)</u>	<u>\$ 130,656</u>	<u>\$ (532,360)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2023	2022
Cash flows from operating activities				
Contributions from governmental funds	\$ 1,294,710	\$ 19,864,315	\$ 21,159,025	\$ 19,771,286
Payments for dental claims	(1,321,303)	-	(1,321,303)	(1,367,063)
Payments for health claims	-	(18,857,711)	(18,857,711)	(19,523,393)
Net cash flows from operating activities	(26,593)	1,006,604	980,011	(1,119,170)
Cash flows from investing activities				
Investment income received	31,823	2,874	34,697	1,361
Net change in cash and cash equivalents	5,230	1,009,478	1,014,708	(1,117,809)
Cash and cash equivalents				
Beginning of year	1,364,575	213,262	1,577,837	2,695,646
End of year	<u>\$ 1,369,805</u>	<u>\$ 1,222,740</u>	<u>\$ 2,592,545</u>	<u>\$ 1,577,837</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (7,907)	\$ 636,226	\$ 628,319	\$ (1,627,713)
Adjustments to reconcile operating income (loss) to cash flows from operating activities				
Changes in assets and liabilities				
Prepaid items	-	-	-	34,096
Claims payable	(18,686)	370,378	351,692	474,447
Net cash flows from operating activities	<u>\$ (26,593)</u>	<u>\$ 1,006,604</u>	<u>\$ 980,011</u>	<u>\$ (1,119,170)</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

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**STATISTICAL SECTION
(UNAUDITED)**

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) 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.

Contents

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.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

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.

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.

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District's ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 281

Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 106,560,557	\$ 107,207,460	\$ 122,266,332	\$ 115,303,157
Restricted	4,501,991	5,848,970	8,691,982	9,768,518
Unrestricted	<u>14,680,171</u>	<u>(83,516,985)</u>	<u>(86,000,673)</u>	<u>(142,988,687)</u>
Total governmental activities	<u>\$ 125,742,719</u>	<u>\$ 29,539,445</u>	<u>\$ 44,957,641</u>	<u>\$ (17,917,012)</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by approximately \$101.1 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$3.4 million. Prior year amounts have not been restated.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$0.5 million. Prior year amounts have not been restated.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 117,654,573	\$ 116,151,974	\$ 121,514,170	\$ 119,977,952	\$ 111,931,629	\$ 102,505,704
11,038,463	11,057,047	8,831,552	13,711,368	17,685,336	19,107,831
<u>(199,663,718)</u>	<u>(164,847,615)</u>	<u>(172,365,636)</u>	<u>(168,240,437)</u>	<u>(157,149,952)</u>	<u>(122,758,344)</u>
<u>\$ (70,970,682)</u>	<u>\$ (37,638,594)</u>	<u>\$ (42,019,914)</u>	<u>\$ (34,551,117)</u>	<u>\$ (27,532,987)</u>	<u>\$ (1,144,809)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Expenses				
Administration	\$ 5,323,237	\$ 5,390,640	\$ 6,098,358	\$ 7,886,010
District support services	4,655,575	5,367,003	7,218,076	8,291,512
Elementary and secondary regular instruction	74,585,367	75,849,372	84,552,454	115,652,948
Vocational education instruction	1,891,133	1,928,738	1,794,043	2,284,209
Special education instruction	24,965,365	25,746,822	28,164,535	36,782,980
Instructional support services	8,669,006	11,497,919	10,769,418	17,235,990
Pupil support services	13,749,311	13,480,522	15,015,158	17,528,400
Sites and buildings	28,589,660	27,603,972	25,787,522	34,887,431
Fiscal and other fixed cost programs	396,227	533,245	454,428	557,141
Food service	6,482,286	7,054,514	7,822,574	8,429,759
Community service	8,449,009	8,295,446	8,840,567	11,033,134
Interest and fiscal charges on debt	5,792,505	5,644,096	6,107,024	6,758,127
Total expenses	<u>183,548,681</u>	<u>188,392,289</u>	<u>202,624,157</u>	<u>267,327,641</u>
Program revenues				
Charges for services				
Administration	800	165	652	625
District support services	14,161	162,582	247,734	145,124
Elementary and secondary regular instruction	1,410,509	1,101,536	1,119,601	1,264,788
Vocational education instruction	2,415	2,326	18	14
Special education instruction	147,548	208,893	195,777	267,964
Instructional support services	15,070	8,675	903	222
Pupil support services	22,363	47,177	38,486	-
Sites and buildings	2,037,673	282,482	93,200	113,621
Food service	2,226,066	2,217,047	2,172,672	2,052,382
Community service	4,199,608	3,894,381	4,368,503	4,939,077
Total charges for services	<u>10,076,213</u>	<u>7,925,264</u>	<u>8,237,546</u>	<u>8,783,817</u>
Operating grants and contributions	<u>26,227,085</u>	<u>27,540,323</u>	<u>28,424,275</u>	<u>29,846,808</u>
Total program revenues	<u>36,303,298</u>	<u>35,465,587</u>	<u>36,661,821</u>	<u>38,630,625</u>
Net (expense) revenue	(147,245,383)	(152,926,702)	(165,962,336)	(228,697,016)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	18,184,240	31,895,867	35,886,676	37,576,196
Property taxes, levied for community service	972,623	1,784,695	1,690,354	1,729,633
Property taxes, levied for building construction	2,320,542	2,540,747	1,440,091	-
Property taxes, levied for debt service	17,988,593	18,626,998	18,175,924	18,800,718
General grants and aids	104,689,723	99,826,289	107,504,169	109,188,461
Other general revenues	1,146,041	3,130,188	1,914,060	1,512,981
Gain on disposal of capital assets	859,894	-	-	-
Investment earnings (charges)	13,317	12,767	106,758	377,622
Special item – conveyance of FAIR School	-	-	14,662,500	-
Special item – OPEB trust draw	-	-	-	-
Total general revenues and other changes in net position	<u>146,174,973</u>	<u>157,817,551</u>	<u>181,380,532</u>	<u>169,185,611</u>
Change in net position	<u>\$ (1,070,410)</u>	<u>\$ 4,890,849</u>	<u>\$ 15,418,196</u>	<u>\$ (59,511,405)</u>

	2018	2019	2020	2021	2022	2023
\$	7,721,781	\$ 5,515,211	\$ 7,322,496	\$ 7,849,512	\$ 7,022,554	\$ 6,341,329
	7,836,267	9,766,522	5,842,366	7,689,450	10,102,689	7,642,191
	106,754,453	53,979,385	84,979,649	82,065,296	75,765,485	64,957,769
	1,986,611	773,463	1,503,372	1,446,111	1,241,992	940,887
	39,746,365	25,976,927	35,301,076	34,249,305	29,940,336	24,573,782
	19,570,243	9,105,680	12,334,356	13,863,745	12,265,884	12,247,396
	19,034,575	17,315,538	18,825,428	12,908,795	24,241,745	23,397,500
	30,324,113	33,669,988	34,675,198	34,801,921	37,321,186	44,587,236
	521,264	452,980	432,254	447,607	506,401	591,978
	8,020,908	7,706,006	7,276,407	5,960,895	7,354,712	7,238,539
	11,745,783	10,154,134	10,714,698	9,445,606	8,404,889	9,682,718
	5,864,901	5,636,378	5,092,272	5,225,791	5,525,895	5,490,978
	259,127,264	180,052,212	224,299,572	215,954,034	219,693,768	207,692,303
	330	330	—	—	—	—
	134,508	225,115	120,685	117,984	180,990	140,096
	1,182,309	940,917	485,766	345,605	503,279	565,398
	—	—	—	—	—	—
	483,254	400,456	709,428	380,362	477,905	868,063
	1,503	1,871	3,255	3,722	6,713	4,271
	2,768	166,538	—	—	—	60,795
	15,008	20,618	754,317	193,066	16,727	29,300
	2,101,585	2,104,594	1,477,502	384,656	80,258	1,378,103
	5,291,223	5,642,264	4,468,094	2,740,800	4,289,217	4,669,158
	9,212,488	9,502,703	8,019,047	4,166,195	5,555,089	7,715,184
	29,103,055	34,578,208	33,198,955	38,111,519	37,634,633	34,457,865
	38,315,543	44,080,911	41,218,002	42,277,714	43,189,722	42,173,049
	(220,811,721)	(135,971,301)	(183,081,570)	(173,676,320)	(176,504,046)	(165,519,254)
	35,777,957	37,273,204	44,393,003	43,551,802	44,967,173	44,375,882
	1,841,325	2,044,276	2,390,902	2,559,183	2,145,322	2,197,606
	—	—	—	—	—	—
	19,973,568	20,827,352	18,338,319	19,597,836	19,134,031	20,665,261
	107,954,995	101,589,910	110,111,808	112,405,410	114,267,827	120,609,840
	1,701,133	1,960,668	2,463,613	2,964,792	3,028,496	2,517,473
	—	—	—	—	—	—
	509,073	858,243	462,138	66,094	(20,673)	1,541,370
	—	—	—	—	—	—
	—	4,749,736	—	—	—	—
	167,758,051	169,303,389	178,159,783	181,145,117	183,522,176	191,907,432
\$	(53,053,670)	\$ 33,332,088	\$ (4,921,787)	\$ 7,468,797	\$ 7,018,130	\$ 26,388,178

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INDEPENDENT SCHOOL DISTRICT NO. 281

Governmental Activities Tax Revenues by Source and Levy Type
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	Property Tax				Total
	General Purposes	Community Service	Building Construction	Debt Service	
2014	\$ 18,184,240	\$ 972,623	\$ 2,320,542	\$ 17,988,593	\$ 39,465,998
2015	31,895,867	1,784,695	2,540,747	18,626,998	54,848,307
2016	35,886,676	1,690,354	1,440,091	18,175,924	57,193,045
2017	37,576,196	1,729,633	–	18,800,718	58,106,547
2018	35,777,957	1,841,325	–	19,973,568	57,592,850
2019	37,273,204	2,044,276	–	20,827,352	60,144,832
2020	44,393,003	2,390,902	–	18,338,319	65,122,224
2021	43,551,802	2,559,183	–	19,597,836	65,708,821
2022	44,967,173	2,145,322	–	19,134,031	66,246,526
2023	44,375,882	2,197,606	–	20,665,261	67,238,749

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal year 2014. This change was offset by an adjustment to state aid payments of an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 281

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 890,495	\$ 800,112	\$ 552,260	\$ 375,117
Restricted	1,560,153	1,506,725	2,265,076	4,348,161
Assigned	1,231,939	930,246	1,839,081	873,292
Unassigned	14,953,578	15,855,654	13,580,091	7,963,180
Total General Fund	<u>\$ 18,636,165</u>	<u>\$ 19,092,737</u>	<u>\$ 18,236,508</u>	<u>\$ 13,559,750</u>
All other governmental funds				
Nonspendable, reported in				
Special revenue funds	\$ 123,085	\$ 92,131	\$ 71,158	\$ 102,859
Capital Projects – Building				
Construction Fund	496	769	–	–
Debt Service Fund	–	–	900	1,350
Restricted, reported in				
Special revenue funds	3,245,474	3,198,194	3,325,652	2,883,772
Capital Projects – Building				
Construction Fund	8,274,406	–	47,102,855	12,695,833
Debt Service Fund	2,617,489	2,679,063	11,408,622	2,303,961
Unassigned, reported in				
Capital Projects – Building				
Construction Fund	–	(276,195)	–	–
Total all other governmental funds	<u>\$ 14,260,950</u>	<u>\$ 5,693,962</u>	<u>\$ 61,909,187</u>	<u>\$ 17,987,775</u>

2018	2019	2020	2021	2022	2023
\$ 486,096	\$ 264,546	\$ 713,515	\$ 1,218,616	\$ 1,687,909	\$ 1,054,268
5,813,165	4,994,822	5,397,172	8,493,612	9,732,633	9,857,244
–	1,210,419	1,507,829	1,882,535	6,960,051	1,734,895
(1,319,348)	(415,357)	622,412	7,502,120	2,154,900	5,644,195
<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>	<u>\$ 8,240,928</u>	<u>\$ 19,096,883</u>	<u>\$ 20,535,493</u>	<u>\$ 18,290,602</u>
\$ 81,060	\$ 66,365	\$ 86,354	\$ 115,288	\$ 93,978	\$ 85,916
–	–	–	356	–	–
1,500	–	–	–	–	–
2,336,296	2,380,885	2,022,468	3,597,998	6,866,950	7,943,810
12,386,151	3,025,152	1,166,797	3,299,175	11,876,897	9,503,879
2,426,303	3,046,255	2,866,254	2,954,298	2,041,764	1,969,690
–	–	–	–	–	–
<u>\$ 17,231,310</u>	<u>\$ 8,518,657</u>	<u>\$ 6,141,873</u>	<u>\$ 9,967,115</u>	<u>\$ 20,879,589</u>	<u>\$ 19,503,295</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Taxes	\$ 39,592,903	\$ 54,844,379	\$ 57,309,754	\$ 58,167,629
Investment earnings (charges)	13,317	12,767	106,758	349,903
Other	11,222,254	11,055,452	10,151,606	10,296,798
State sources	120,362,250	116,764,176	124,317,336	123,539,976
Federal sources	10,554,558	10,398,015	11,611,108	11,099,637
Total revenues	<u>181,745,282</u>	<u>193,074,789</u>	<u>203,496,562</u>	<u>203,453,943</u>
Expenditures				
Current				
Administration	5,352,963	5,457,327	5,876,647	6,057,838
District support services	3,955,195	3,996,042	4,460,021	7,539,458
Elementary and secondary regular instruction	71,812,151	75,446,692	82,611,441	80,495,431
Vocational education instruction	1,851,632	1,950,594	1,799,623	1,505,730
Special education instruction	24,373,242	25,753,766	27,740,788	27,998,488
Instructional support services	8,265,307	11,484,753	10,468,901	13,890,413
Pupil support services	13,181,909	13,018,795	14,674,569	15,417,357
Sites and buildings	13,546,358	13,427,858	13,598,259	14,352,208
Fiscal and other fixed cost programs	396,227	533,245	454,428	557,141
Food service	6,322,283	6,956,562	7,499,503	7,434,021
Community service	8,175,526	8,167,323	8,779,365	9,529,583
Capital outlay	25,252,839	16,241,393	29,095,514	51,330,006
Debt service				
Principal	12,465,481	12,492,199	12,375,776	13,312,096
Interest and fiscal charges	6,816,235	6,378,142	6,640,092	8,148,233
Total expenditures	<u>201,767,348</u>	<u>201,304,691</u>	<u>226,074,927</u>	<u>257,568,003</u>
Excess of revenues over (under) expenditures	(20,022,066)	(8,229,902)	(22,578,365)	(54,114,060)
Other financing sources (uses)				
Refunding debt issued	-	9,640,000	9,380,000	12,170,000
Debt issued	16,625,000	-	67,135,000	13,178,000
Premiums on debt issued	161,221	1,603,918	3,932,191	1,476,967
Payment to refunded bond escrow agent	-	(11,125,000)	(2,515,000)	(21,309,077)
Sale of capital assets and insurance recoveries	1,655,170	568	5,170	-
Transfers in	-	-	9,238	-
Transfers (out)	-	-	(9,238)	-
Total other financing sources (uses)	<u>18,441,391</u>	<u>119,486</u>	<u>77,937,361</u>	<u>5,515,890</u>
Special item – OPEB trust draw	-	-	-	-
Net change in fund balances	<u>\$ (1,580,675)</u>	<u>\$ (8,110,416)</u>	<u>\$ 55,358,996</u>	<u>\$ (48,598,170)</u>
Debt service as a percentage of noncapital expenditures	<u>10.6%</u>	<u>9.4%</u>	<u>9.5%</u>	<u>10.0%</u>

2018	2019	2020	2021	2022	2023
\$ 57,519,158	\$ 60,250,102	\$ 65,064,028	\$ 65,787,270	\$ 66,227,824	\$ 67,186,671
462,688	812,707	437,945	63,843	(22,034)	1,506,673
10,913,571	11,463,371	9,734,221	6,945,012	8,503,152	10,131,134
125,976,478	129,898,661	131,780,536	130,431,619	125,044,334	124,256,772
11,127,379	12,615,853	11,485,723	19,832,183	27,494,826	30,140,696
205,999,274	215,040,694	218,502,453	223,059,927	227,248,102	233,221,946
6,211,188	6,668,226	6,901,168	7,699,766	7,527,435	7,691,838
5,654,002	7,116,200	5,766,813	7,179,027	7,889,919	7,268,857
76,052,466	77,514,144	78,653,904	77,205,908	79,668,997	84,854,890
1,386,757	1,229,923	1,419,272	1,372,645	1,342,465	1,283,188
31,490,066	32,635,544	33,233,639	33,070,419	31,954,641	31,317,678
15,458,739	13,123,834	11,539,653	13,208,889	12,700,529	14,921,721
17,171,870	18,357,090	18,481,931	12,626,379	24,573,092	25,083,239
15,743,020	15,460,915	15,709,234	15,925,083	16,026,078	17,565,351
521,264	452,980	432,254	447,607	506,401	591,978
7,461,961	7,461,022	7,098,859	6,120,818	7,510,452	7,183,795
10,366,492	10,854,534	10,437,784	9,544,358	9,095,991	10,300,264
21,610,466	14,118,571	28,476,722	20,236,034	17,309,064	28,394,072
14,113,584	15,499,567	13,538,285	14,180,048	15,422,770	16,287,318
7,218,300	7,031,016	6,569,414	7,221,264	7,094,079	7,057,405
230,460,175	227,523,566	238,258,932	226,038,245	238,621,913	259,801,594
(24,460,901)	(12,482,872)	(19,756,479)	(2,978,318)	(11,373,811)	(26,579,648)
–	9,910,000	10,330,000	13,270,000	–	–
14,200,000	–	16,662,113	16,760,000	21,305,668	21,901,464
924,549	–	2,580,174	2,568,540	2,338,794	955,476
–	(9,815,000)	(11,295,000)	(15,125,000)	–	–
50	–	748,439	185,975	80,433	101,523
–	–	–	–	–	–
–	–	–	–	–	–
15,124,599	95,000	19,025,726	17,659,515	23,724,895	22,958,463
–	4,749,736	–	–	–	–
\$ (9,336,302)	\$ (7,638,136)	\$ (730,753)	\$ 14,681,197	\$ 12,351,084	\$ (3,621,185)
10.1%	10.4%	9.5%	10.3%	10.0%	9.8%

INDEPENDENT SCHOOL DISTRICT NO. 281

General Governmental Tax Revenues by Source and Levy Type
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax					Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund		
2014	\$ 18,272,948	\$ 976,762	\$ 2,317,001	\$ 18,026,192	\$ 39,592,903	
2015	31,906,847	1,784,355	2,538,546	18,614,631	54,844,379	
2016	35,915,801	1,694,733	1,445,833	18,253,387	57,309,754	
2017	37,616,397	1,731,656	–	18,819,576	58,167,629	
2018	35,734,126	1,838,995	–	19,946,037	57,519,158	
2019	37,343,094	2,046,923	–	20,860,085	60,250,102	
2020	44,343,444	2,388,215	–	18,332,369	65,064,028	
2021	43,600,567	2,561,170	–	19,625,533	65,787,270	
2022	44,953,558	2,145,354	–	19,128,912	66,227,824	
2023	44,342,363	2,196,394	–	20,647,914	67,186,671	

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal year 2014, which was offset by an equal adjustment to state aid payments.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Revenue by Source (1)
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous (2)	Total
2014	\$ 19,249,710 12.00%	\$ 119,462,108 74.45%	\$ 10,554,558 6.58%	\$ 11,200,301 6.98%	\$ 160,466,677 100.00%
2015	33,691,202 19.70%	115,864,130 67.75%	10,398,015 6.08%	11,064,587 6.47%	171,017,934 100.00%
2016	37,610,534 20.57%	123,417,289 67.50%	11,611,108 6.35%	10,197,238 5.58%	182,836,169 100.00%
2017	39,348,053 21.44%	122,665,128 66.84%	11,099,637 6.05%	10,409,678 5.67%	183,522,496 100.00%
2018	37,573,121 20.32%	125,060,231 67.64%	11,127,379 6.02%	11,143,557 6.02%	184,904,288 100.00%
2019	39,390,017 20.44%	128,966,425 66.91%	12,615,853 6.54%	11,786,123 6.11%	192,758,418 100.00%
2020	46,731,659 23.48%	130,872,197 65.77%	11,485,723 5.77%	9,902,627 4.98%	198,992,206 100.00%
2021	46,161,737 22.80%	129,531,553 63.97%	19,832,183 9.79%	6,967,868 3.44%	202,493,341 100.00%
2022	47,098,912 22.72%	124,145,756 59.90%	27,494,826 13.27%	8,520,349 4.11%	207,259,843 100.00%
2023	46,538,757 22.04%	123,355,217 58.44%	30,140,696 14.28%	11,062,112 5.24%	211,096,782 100.00%

(1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

(2) Includes interest earnings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Expenditures by Function (1) (2)
Last Ten Fiscal Years

Year Ended June 30,	District and School Administration	District Support Services	Regular Instruction	Vocational Instruction	Special Education Instruction
2014	\$ 5,371,076 3.28%	\$ 4,361,338 2.67%	\$ 73,588,280 44.97%	\$ 1,852,246 1.13%	\$ 24,511,412 14.98%
2015	5,467,794 3.20%	5,286,447 3.10%	76,169,169 44.64%	1,951,604 1.14%	25,867,207 15.16%
2016	5,886,622 3.21%	6,978,242 3.80%	83,354,768 45.40%	1,799,623 0.98%	27,811,806 15.15%
2017	6,062,513 3.21%	7,997,649 4.24%	81,026,361 42.96%	1,505,730 0.80%	28,045,053 14.87%
2018	6,212,265 3.20%	7,666,347 3.95%	76,401,709 39.37%	1,407,700 0.73%	31,536,703 16.25%
2019	6,668,576 3.39%	9,682,414 4.93%	77,781,159 39.60%	1,251,339 0.64%	32,656,479 16.63%
2020	6,901,168 3.47%	9,533,974 4.80%	79,724,691 40.16%	1,419,272 0.72%	33,359,875 16.81%
2021	7,713,019 4.06%	9,847,489 5.18%	78,029,597 41.02%	1,375,391 0.72%	33,112,067 17.41%
2022	7,527,849 3.71%	9,353,126 4.61%	80,063,461 39.49%	1,343,554 0.66%	31,967,915 15.77%
2023	7,716,673 3.57%	8,738,886 4.04%	85,596,679 39.59%	1,298,785 0.60%	31,344,066 14.50%

- (1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.
- (2) Capital expenditures are included by function.
- (3) Includes food service.

Community Education	Instructional Support Services	Pupil Support Services (3)	Sites, Buildings, and Equipment	Other	Total
\$ 8,293,743 5.07%	\$ 8,596,851 5.25%	\$ 19,633,674 12.00%	\$ 16,580,964 10.13%	\$ 860,172 0.53%	\$ 163,649,756 100.00%
8,279,318 4.85%	11,704,553 6.86%	20,064,106 11.76%	15,119,911 8.86%	730,055 0.43%	170,640,164 100.00%
8,830,748 4.81%	10,559,425 5.75%	22,346,244 12.17%	15,363,128 8.37%	651,239 0.36%	183,581,845 100.00%
9,580,335 5.08%	13,899,807 7.37%	23,827,014 12.63%	15,911,020 8.44%	753,951 0.40%	188,609,433 100.00%
10,425,417 5.37%	15,462,127 7.97%	25,181,556 12.98%	18,940,779 9.76%	818,847 0.42%	194,053,450 100.00%
10,908,310 5.55%	13,123,859 6.68%	25,881,212 13.18%	16,945,081 8.63%	1,505,314 0.77%	196,403,743 100.00%
10,460,228 5.27%	11,564,570 5.83%	25,694,562 12.95%	19,063,903 9.60%	767,912 0.39%	198,490,155 100.00%
9,572,982 5.03%	13,894,334 7.30%	19,083,466 10.03%	16,826,325 8.85%	764,227 0.40%	190,218,897 100.00%
9,174,496 4.53%	12,701,452 6.26%	32,309,167 15.94%	16,551,255 8.16%	1,767,417 0.87%	202,759,692 100.00%
10,545,958 4.88%	14,943,884 6.91%	32,404,637 14.99%	21,762,714 10.06%	1,863,580 0.86%	216,215,862 100.00%

INDEPENDENT SCHOOL DISTRICT NO. 281

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation			
	Agricultural	Nonagricultural	Fiscal Disparities	
			Contribution	Distribution
2014	\$ 2,261	\$ 79,030,536	\$ (8,449,034)	\$ 14,712,766
2015	2,259	86,141,492	(8,633,147)	14,813,573
2016	8,043	89,754,553	(8,340,302)	14,346,780
2017	444	95,900,642	(9,078,698)	15,883,569
2018	440	103,737,702	(9,371,466)	16,328,556
2019	440	111,522,449	(10,121,106)	17,069,047
2020	3,760	122,772,521	(10,522,700)	18,052,967
2021	3,940	129,689,663	(11,547,527)	18,490,328
2022	3,946	136,809,242	(12,560,063)	19,954,575
2023	4,737	156,665,153	(12,256,155)	18,774,476

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (2,096,844)	\$ 83,199,685	34.777 %	\$ 7,149,705,435	1.16 %
(2,247,092)	90,077,085	33.226	7,691,217,200	1.17
(2,451,835)	93,317,239	33.833	7,994,981,425	1.17
(2,804,981)	99,900,976	31.612	8,497,124,725	1.18
(3,365,469)	107,329,763	31.957	9,160,183,925	1.17
(3,747,880)	114,722,950	29.909	9,847,024,275	1.17
(4,793,813)	125,512,735	26.447	10,739,561,575	1.17
(5,141,194)	131,495,210	25.529	11,273,477,275	1.17
(4,847,724)	139,359,976	26.507	11,952,166,700	1.17
(5,302,816)	157,885,395	24.092	13,629,682,300	1.16

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INDEPENDENT SCHOOL DISTRICT NO. 281

Taxable Net Tax Capacity and Estimated Market Value
of All Taxable Property
Last Ten Fiscal Years

<u>Tax Collection Year</u>	<u>Sales Ratio</u>	<u>Taxable Net Tax Capacity</u>	<u>Estimated Market Value</u>	<u>Percent Total Tax Capacity of Estimated Market Value</u>	<u>Indicated Market Value (1)</u>
2014	99.9	\$ 83,199,685	\$ 7,149,705,435	1.16 %	\$ 7,156,862,297
2015	94.3	90,077,085	7,691,217,200	1.17	8,156,115,801
2016	94.3	93,317,239	7,994,981,425	1.17	8,478,241,172
2017	93.5	99,900,976	8,497,124,725	1.18	9,087,833,930
2018	93.9	107,329,763	9,160,183,925	1.17	9,758,372,137
2019	94.4	114,722,950	9,847,024,275	1.17	10,431,169,783
2020	94.2	125,512,735	10,739,561,575	1.17	11,400,808,466
2021	93.5	131,495,210	11,273,477,275	1.17	12,057,194,947
2022	94.7	139,359,976	11,952,166,700	1.17	12,621,084,161
2023	90.7	157,885,395	13,629,682,300	1.16	15,027,213,120

(1) Calculated by dividing the estimated market value by the sales ratio.

Note: Taxable net tax capacity is as adjusted for fiscal disparities and tax increments.

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Capacity Rates
All Overlapping Governmental Units
Last Ten Fiscal Years

Tax Collection Year	Property Tax Rate – Based on Tax Capacity Values				
	ISD No. 281 (1)	City of Brooklyn Center	City of Brooklyn Park	City of Crystal	City of Golden Valley
2014	34.777	75.742	62.034	56.015	61.839
2015	33.226	71.256	57.494	50.498	54.626
2016	33.833	73.292	56.690	50.498	54.452
2017	31.612	70.498	55.207	50.360	56.109
2018	31.957	68.432	52.373	50.416	55.152
2019	29.909	71.860	52.695	48.771	53.780
2020	26.447	66.589	49.762	47.855	53.400
2021	25.529	66.260	47.129	49.507	52.596
2022	26.507	57.109	48.338	47.373	54.736
2023	24.092	55.969	43.148	47.407	53.828

Tax Collection Year	Total Tax Capacity Rate for Taxpayers as a				
	Brooklyn Center Resident	Brooklyn Park Resident	Crystal Resident	Golden Valley Resident	New Hope Resident
2014	170.424	156.716	150.697	156.521	153.278
2015	160.665	146.903	139.907	144.035	145.387
2016	162.011	145.409	139.217	143.171	146.124
2017	155.019	139.728	134.881	140.630	144.452
2018	151.713	135.654	133.697	138.433	141.870
2019	152.180	133.015	129.091	134.100	148.310
2020	141.538	124.711	122.804	128.349	141.038
2021	137.090	117.959	120.337	123.426	134.770
2022	130.000	121.229	120.264	127.627	137.214
2023	121.547	108.726	112.985	119.406	124.082

- (1) The rate does not include the referendum, which is spread on School District Referendum Market Value.
- (2) Special districts include the Metropolitan Mosquito Control, Metropolitan Council, Metro Transit, Three Rivers Park District, Park Museum, Hennepin County Regional Railroad Authority, and Hennepin HRA.
- (3) District voters have authorized additional school funding through an operating referendum.

Source: Hennepin County Auditor

City of New Hope	City of Plymouth	City of Robbinsdale	Special Districts (2)	Hennepin County
58.596	30.114	57.436	10.047	49.858
55.978	28.374	51.134	9.785	46.398
57.405	27.838	53.785	9.530	45.356
59.931	26.959	50.574	8.822	44.087
58.589	26.804	50.346	8.516	42.808
67.990	26.355	50.807	8.550	41.861
66.089	26.206	47.511	7.418	41.084
63.940	26.509	52.143	7.091	38.210
64.323	27.574	51.201	7.849	38.535
58.504	24.643	49.696	6.944	34.542

Plymouth Resident	Robbinsdale Resident	ISD No. 281 Market Value Base Tax (3)
124.796	152.118	0.30399
117.783	140.543	0.28484
116.557	142.504	0.28216
111.480	135.095	0.24959
110.085	133.627	0.23433
106.675	131.127	0.26683
101.155	122.460	0.25032
97.339	122.973	0.24121
100.465	124.092	0.21608
90.221	115.274	0.21763

INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Bigos Management, Inc.	\$ 908,025	1	0.58 %	\$ 400,050	3	0.48 %
Abbott Laboratories	776,250	2	0.49	–	–	–
FW MN–Rockford Road, LLC	722,710	3	0.46	–	–	–
Alatus New Hope I LLC	614,375	4	0.39	–	–	–
Liberty Crossing Investment Partnership	595,550	5	0.38	341,620	8	0.41
Individual – Commercial	582,250	6	0.37	–	–	–
MN-Crystal Center-HA LLC	508,250	7	0.32	389,250	4	0.47
Individual – Apartment	506,475	8	0.32	–	–	–
Pointe Properties	485,000	9	0.31	–	–	–
Parker Station Flats, LLC	480,925	10	0.30	–	–	–
U.S. Retail Partners, LLC	–	–	–	466,560	1	0.56
United Health Care Services, Inc.	–	–	–	402,130	2	0.48
Columbia II Rockridge Center	–	–	–	374,668	5	0.45
AGA Medical Corporation	–	–	–	351,256	6	0.42
Walmart Corporation	–	–	–	344,250	7	0.41
Target Corporation	–	–	–	331,176	9	0.40
Honeywell, Inc.	–	–	–	274,750	10	0.33
Total	<u>\$ 6,179,810</u>		<u>3.91 %</u>	<u>\$ 3,675,710</u>		<u>4.42 %</u>
Total district net tax capacity	<u>\$ 157,885,395</u>			<u>\$ 83,199,685</u>		

INDEPENDENT SCHOOL DISTRICT NO. 281

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

Year Collectible	General Fund	Community Service Special Revenue Fund	Capital Projects –		Debt Service Fund	OPEB Debt Service Fund	Total All Funds
			Building Construction Fund				
Levies (1)							
2014	\$ 31,819,451	\$ 1,793,663	\$ 2,550,206	\$ 16,784,964	\$ 1,930,734	\$ 54,879,018	
2015	35,345,951	1,698,476	1,478,895	16,354,011	1,904,762	56,782,094	
2016	37,577,972	1,734,090	–	16,992,968	1,910,341	58,215,371	
2017	35,768,682	1,849,437	–	18,147,591	1,913,261	57,678,971	
2018	36,844,663	2,054,024	–	19,013,924	1,917,296	59,829,907	
2019	44,154,574	2,400,734	–	18,197,604	231,021	64,983,933	
2020	43,322,660	2,563,052	–	18,253,473	1,420,286	65,559,471	
2021	44,228,137	2,150,602	–	16,582,110	2,596,133	65,556,982	
2022	44,429,480	2,205,636	–	18,037,008	2,699,706	67,371,830	
2023	48,159,938	1,753,725	–	19,635,858	2,663,393	72,212,914	
Tax capacity rates							
2014	0.06830	0.02174	0.03090	0.20343	0.02340	0.34777	
2015	0.09733	0.01865	0.01584	0.17953	0.02091	0.33226	
2016	0.11712	0.01859	–	0.18214	0.02048	0.33833	
2017	0.10015	0.01823	–	0.17888	0.01886	0.31612	
2018	0.10618	0.01907	–	0.17652	0.01780	0.31957	
2019	0.11698	0.02099	–	0.15910	0.00202	0.29909	
2020	0.08991	0.02012	–	0.14329	0.01115	0.26447	
2021	0.09394	0.01627	–	0.12544	0.01964	0.25529	
2022	0.10115	0.01576	–	0.12887	0.01929	0.26507	
2023	0.08965	0.01103	–	0.12349	0.01675	0.24092	
Referendum market value tax rate (2)							
2014	0.00304	–	–	–	–	0.00304	
2015	0.00285	–	–	–	–	0.00285	
2016	0.00282	–	–	–	–	0.00282	
2017	0.00250	–	–	–	–	0.00250	
2018	0.00234	–	–	–	–	0.00234	
2019	0.00267	–	–	–	–	0.00267	
2020	0.00250	–	–	–	–	0.00250	
2021	0.00241	–	–	–	–	0.00241	
2022	0.00216	–	–	–	–	0.00216	
2023	0.00218	–	–	–	–	0.00218	

(1) The levies include the Homestead and Agricultural Credit Aid, Education Homestead Credit adjustment, and the Homestead Market Value adjustment.

(2) The referendum levy was converted to a market value referendum in 1999, resulting in a separate tax rate computed on the total market value of the District's property.

Source: School Tax Report

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INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2014	\$ 54,879,018	\$ 54,146,763	98.67 %	\$ 732,255	\$ 54,879,018	100.00 %
2015	56,782,094	55,931,584	98.50	850,510	56,782,094	100.00
2016	58,215,371	57,585,191	98.92	630,180	58,215,371	100.00
2017	57,678,971	57,085,020	98.97	588,368	57,673,388	99.99
2018	59,829,907	59,491,659	99.43	290,898	59,782,557	99.92
2019	64,983,933	64,690,177	99.55	263,052	64,953,229	99.95
2020	65,559,471	65,176,341	99.42	322,661	65,499,002	99.91
2021	65,556,982	65,283,083	99.58	181,750	65,464,833	99.86
2022	67,371,830	67,045,745	99.52	–	67,045,745	99.52
2023	72,212,914	36,400,000	50.41	–	36,400,000	50.41

Note 1: Total tax levy includes certified levy (including fiscal disparities) less tax credits.

Note 2: Property taxes are remitted to the District based on a calendar fiscal year; the current tax collections for the most recent levy represent collections through the District’s fiscal year-end of June 30.

Source: Hennepin County Auditor and district records

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy		
	Local Spread	Fiscal Disparities	Total Levy
2014	\$ 45,551,752	\$ 9,327,266	\$ 54,879,018
2015	46,911,686	9,870,408	56,782,094
2016	49,272,306	8,943,065	58,215,371
2017	47,767,783	9,911,188	57,678,971
2018	50,546,470	9,283,437	59,829,907
2019	55,482,277	9,501,656	64,983,933
2020	55,303,400	10,256,071	65,559,471
2021	56,041,674	9,515,308	65,556,982
2022	57,476,955	9,894,875	67,371,830
2023	63,176,759	9,036,155	72,212,914

Note: 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

Uncollected Taxes Receivable as of June 30, 2023

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
5,583	0.01	-	-
47,350	0.08	-	-
30,704	0.05	-	-
60,469	0.09	-	-
92,149	0.14	-	-
326,085	0.48	-	-
-	-	35,812,914	49.59
<u>\$ 562,340</u>		<u>\$ 35,812,914</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 281

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation (1)	Leases and Financed Purchases			
2014	\$ 165,971,526	\$ —	\$ 495,071	\$ 166,466,597	0.23 %	\$ 1,634
2015	153,041,516	—	322,872	153,364,388	0.20	1,488
2016	217,763,960	—	142,096	217,906,056	0.26	2,091
2017	196,769,592	9,079,612	3,643,000	209,492,204	0.25	2,010
2018	197,200,309	8,513,989	3,439,416	209,153,714	0.24	2,007
2019	181,230,185	7,938,366	3,234,849	192,403,400	0.21	1,846
2020	184,648,567	7,352,743	3,043,677	195,044,987	0.20	1,872
2021	186,756,137	6,757,119	2,808,629	196,321,885	0.22	1,804
2022	194,858,386	6,146,496	8,388,005	209,392,887	0.19	2,057
2023	197,508,295	5,525,872	11,252,151	214,286,318	0.18	2,096

(1) Net of unamortized premiums and discounts.

(2) 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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Ratio of Net General Obligation Bonded Debt
to Tax Capacity, Indicated Market Value, and Estimated Market Value
and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds on Hand (1)	Net Bonded Debt	Tax Capacity (2)	Percent of Net Debt to Tax Capacity	Indicated Market Value (IMV) (3)
2014	\$ 165,971,526	\$ 2,617,489	\$ 163,354,037	\$ 83,199,685	196.34 %	\$7,156,862,297
2015	153,041,516	2,679,063	150,362,453	90,077,085	166.93	8,156,115,801
2016	217,763,960	11,409,522	206,354,438	93,317,239	221.13	8,478,241,172
2017	196,769,592	2,305,311	194,464,281	99,900,976	194.66	9,087,833,930
2018	197,200,309	2,427,803	194,772,506	107,329,763	181.47	9,758,372,137
2019	181,230,185	3,046,255	178,183,930	114,722,950	155.32	10,431,169,783
2020	184,648,567	2,866,254	181,782,313	125,512,735	144.83	11,400,808,466
2021	186,756,137	2,954,298	183,801,839	131,495,210	139.78	12,057,194,947
2022	194,858,386	2,041,764	192,816,622	139,359,976	138.36	12,621,084,161
2023	197,508,295	1,969,690	195,538,605	157,885,395	123.85	15,027,213,120

- (1) The gross bonded debt includes refunding issues. The amount held in escrow for these bonds is included in debt service funds on hand.
- (2) See the Schedule of Tax Capacities and Market Values for tax capacity data.
- (3) See the Schedule of Tax Capacity and Estimated Market Value for IMV and EMV data.
- (4) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Percent of Net Debt to IMV	Estimated Market Value (EMV) (3)	Percent of Net Debt to EMV	Estimated Population (4)	Net Bonded Debt per Capita
2.28 %	\$7,149,705,435	2.28 %	101,885	\$ 1,603
1.84	7,691,217,200	1.95	103,064	1,459
2.43	7,994,981,425	2.58	104,207	1,980
2.14	8,497,124,725	2.29	104,207	1,866
2.00	9,160,183,925	2.13	104,207	1,869
1.71	9,847,024,275	1.81	104,207	1,710
1.59	10,739,561,575	1.69	104,207	1,744
1.52	11,273,477,275	1.63	108,821	1,689
1.53	11,952,166,700	1.61	101,797	1,894
1.30	13,629,682,300	1.43	102,224	1,913

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INDEPENDENT SCHOOL DISTRICT NO. 281

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Expenditures (1)</u>	<u>Percent of Debt Service to General Expenditures</u>
2014	\$ 12,005,000	\$ 6,775,869	\$ 18,780,869	\$ 201,767,348	9.31 %
2015	12,320,000	6,353,531	18,673,531	201,304,691	9.28
2016	12,195,000	6,624,057	18,819,057	226,074,927	8.32
2017	13,170,000	7,880,048	21,050,048	257,568,003	8.17
2018	13,910,000	6,932,545	20,842,545	230,460,175	9.04
2019	14,730,000	6,748,249	21,478,249	227,523,566	9.44
2020	13,290,000	6,336,317	19,626,317	238,258,932	8.24
2021	13,945,000	6,637,539	20,582,539	226,038,245	9.11
2022	14,445,000	6,504,751	20,949,751	238,621,913	8.78
2023	15,310,000	6,571,058	21,881,058	259,801,594	8.42

(1) General expenditures include all governmental funds.

Note: Debt service expenditures included only general obligation bonds debt and do not include refundings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Direct and Overlapping Debt
June 30, 2023

Governmental Unit	Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 281	Portion Allocable to ISD No. 281
ISD No. 281	<u>\$ 157,885,395</u>	\$ 214,286,318	100.00 %	\$ 214,286,318
Overlapping debt				
Hennepin County	\$ 2,672,668,521	1,439,270,000	5.91 %	85,060,857
City of Brooklyn Center	41,448,937	58,277,445	22.36 %	13,030,837
City of Brooklyn Park	129,178,534	35,475,000	4.86 %	1,724,085
City of Crystal	31,946,113	9,690,000	100.00 %	9,690,000
City of Golden Valley	58,166,987	57,605,000	44.26 %	25,495,973
City of New Hope	32,122,922	43,271,000	100.00 %	43,271,000
City of Plymouth	189,110,888	67,765,000	17.67 %	11,974,076
City of Robbinsdale	19,108,888	56,764,854	100.00 %	56,764,854
Hennepin County Regional Railroad Authority	2,672,668,521	86,235,000	5.91 %	5,096,489
Metropolitan Council	2,670,713,808	1,180,836,171	5.91 %	69,787,418
Three Rivers Park District	1,911,697,254	58,975,000	8.26 %	4,871,335
Metro Transit	<u>2,521,802,393</u>	536,350,000	6.26 %	<u>33,575,510</u>
Total overlapping debt	<u>\$ 12,950,633,766</u>			<u>360,342,432</u>
Total direct and overlapping debt				<u>\$ 574,628,750</u>

Source: Hennepin County Property Tax Division

INDEPENDENT SCHOOL DISTRICT NO. 281

Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2014	\$ 7,149,705,435	\$ 1,072,455,815	\$ 163,354,037	\$ 914,743,304	15.23 %
2015	7,691,217,200	1,153,682,580	150,362,453	1,003,320,127	13.03
2016	7,994,981,425	1,199,247,214	206,354,438	992,892,776	17.21
2017	8,497,124,725	1,274,568,709	194,464,281	1,080,104,428	15.26
2018	9,160,183,925	1,374,027,589	194,772,506	1,188,510,392	14.18
2019	9,847,024,275	1,477,053,641	178,183,930	1,298,869,711	12.06
2020	10,739,561,575	1,610,934,236	181,782,313	1,429,151,923	11.28
2021	11,273,477,275	1,691,021,591	183,801,839	1,507,219,752	10.87
2022	11,952,166,700	1,792,825,005	192,816,622	1,600,008,383	10.75
2023	13,629,682,300	2,044,452,345	195,538,605	1,848,913,740	9.56

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	<u>\$ 13,629,682,300</u>
Debt limit (15% of market value)	\$ 2,044,452,345
Debt applicable to limit	
General obligation bonds	197,508,295
Less amount set aside for repayment of general obligation debt	<u>1,969,690</u>
Total net debt applicable to limit	<u>195,538,605</u>
Legal debt margin	<u>\$ 1,848,913,740</u>

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

INDEPENDENT SCHOOL DISTRICT NO. 281

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Hennepin County			
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age
2014	1,195,058	\$ 72,626,064,776	\$ 60,772	36.1
2015	1,210,720	77,923,149,920	64,361	36.1
2016	1,221,703	82,242,602,554	67,318	36.2
2017	1,237,604	84,476,373,832	68,258	36.2
2018	1,249,512	87,483,333,168	70,014	36.2
2019	1,261,104	93,066,952,992	73,798	36.5
2020	1,279,981	98,436,938,805	76,905	36.5
2021	1,281,565	90,259,341,385	70,429	36.5
2022	1,289,645	110,271,095,725	85,505	37.4
2023	1,293,651	116,235,836,001	89,851	37.2

Sources:

- (1) Hennepin County and Minnesota State Demographer
- (2) Estimated

ISD No. 281

Labor Force (1)	Unemployment Rate	Population (1)	School Enrollment
672,114	3.7 %	101,885	12,284
679,549	3.3	103,064	12,314
679,285	3.4	104,207	12,626
694,060	3.2	104,207 (2)	12,422
703,310	3.2	104,207 (2)	12,309
715,567	2.4	104,207 (2)	12,237
706,189	6.2	104,207 (2)	12,132
700,247	3.7	108,821	11,393
710,823	2.7	101,797	11,099
703,017	3.2	102,224	10,758

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INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Employers
Current and Nine Years Prior

Employer	2023			2014		
	Approximate Number of Employees	Rank	Percent of Total (1) Employees	Approximate Number of Employees	Rank	Percent of Total (1) Employees
North Memorial Medical Center	5,100	1	36.6 %	4,300	1	31.1 %
Honeywell, Inc.	2,000	2	14.4	2,000	2	14.5
ISD No. 281	1,971	3	14.1	1,778	4	12.9
United Health Care Services, Inc.	1,000	4	7.2	1,800	3	13.0
Metro Building Company	1,000	4	7.2	1,000	5	7.2
North Ridge Care Center	720	6	5.2	720	6	5.2
All Around Taxi	620	7	4.4	620	8	4.5
US Food Service	550	8	3.9	500	9	3.6
St. Therese of New Hope	525	9	3.8	701	7	5.1
Courage Center	450	10	3	400	10	2.9
Total	<u>13,936</u>		<u>100.0 %</u>	<u>13,819</u>		<u>100.0 %</u>

(1) Total employees for the area encompassed by district boundaries is not available. Percentages represent the proportion of the total for the 10 largest employers as presented above.

Note: Residents of the District are employed throughout the metropolitan area. Major employers in close proximity to the District are listed above.

Sources: Minnesota Department of Employment and Economic Development and Ehlers Public Sector Advisor

INDEPENDENT SCHOOL DISTRICT NO. 281

FTE Staff Allocation
Last Ten Fiscal Years

	<u>2013–2014</u>	<u>2014–2015</u>	<u>2015–2016</u>	<u>2016–2017</u>	<u>2017–2018</u>
Superintendent	1.00	1.00	1.00	1.00	1.00
Cabinet	7.00	7.00	7.00	7.00	6.00
Principals	14.00	14.00	15.00	16.00	17.00
Assistant principals	13.00	13.00	20.00	21.00	22.00
Program directors	36.00	36.00	34.00	32.00	31.00
Program assistants	96.33	103.00	96.00	75.00	100.00
Teachers	779.97	735.00	759.00	757.00	750.47
Counselors	20.00	20.00	17.00	17.00	16.20
Social workers	14.30	14.30	17.00	17.00	16.80
Psychologists	11.80	11.80	12.00	13.00	12.20
Nurses	9.40	9.40	12.00	10.00	8.60
Special assignments	60.80	60.80	77.00	63.00	57.40
Education assistants	335.60	328.00	287.00	342.00	342.70
Bus monitor	6.00	6.00	6.00	6.00	6.38
Custodians	104.25	92.00	81.00	102.00	74.50
Custodial/bus drivers	18.00	13.00	9.00	10.00	10.00
Community education	85.00	85.00	72.00	80.00	52.73
Office employees	73.25	72.00	53.00	65.00	58.80
Food service	92.00	93.00	95.00	96.00	88.00
Total	<u>1,777.70</u>	<u>1,714.30</u>	<u>1,670.00</u>	<u>1,730.00</u>	<u>1,671.78</u>

Source: The District's Human Resources Department

<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
1.00	1.00	1.00	1.00	1.00
6.00	6.00	6.00	6.72	7.00
18.00	19.00	18.00	20.90	21.00
22.00	24.00	22.00	19.31	20.00
32.00	33.00	39.87	37.31	47.90
70.00	126.00	103.58	86.23	104.56
781.00	772.10	803.11	756.70	767.27
17.00	20.20	19.84	18.29	31.41
17.00	20.50	22.90	21.39	23.66
13.00	12.60	16.60	16.60	17.97
9.00	9.00	12.00	12.40	12.88
88.00	79.65	72.59	82.07	93.24
318.00	346.70	278.54	279.72	311.98
6.00	3.35	3.33	3.35	3.64
74.00	72.00	65.89	70.28	81.50
8.00	7.40	7.00	6.32	4.67
50.00	47.45	43.98	35.84	38.18
70.00	63.55	61.73	61.23	61.12
92.00	91.30	77.70	75.24	78.04
<u>1,692.00</u>	<u>1,754.80</u>	<u>1,675.66</u>	<u>1,610.90</u>	<u>1,727.02</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Physical Plant Characteristics
as of June 30, 2023

Facility	Grades Housed	Year Built	Year of Major Additions	Acreage	Total Square Footage	Actual Enrollment
Cooper	9-12	1964	2000	40	293,816	1,546
Armstrong	9-12	1970	1997	52	328,600	1,722
Plymouth	6-8	1968	1990	22	180,500	812
Robbinsdale	6-8	1956	1976	18.34	269,107	626
FAIR School – Crystal	5-8	2000	–	9.89	106,427	253
Forest	K-5	2005	–	14	75,870	415
Lakeview	K-5	1964	–	5.75	55,648	366
Meadow Lake	K-5	1961	1965	15	79,860	488
Neill	K-5	1957	1968 and 2000	14	71,037	355
Noble	K-5	1954	1956, 2000, and 2006	10	56,800	255
Northport	K-5	1956	1957 and 1984	14	65,300	459
Pilgrim Lane	K-5	1966	–	11.5	58,168	394
SEA School at Olson	K-5	1971	–	9.2	44,000	427
Sonnesyn	K-5	1962	1968	15	76,187	344
RSI at Sunny Hollow	K-5	1960	1965	14	74,564	698
Zachary Lane	K-5	1969	1993	14	73,596	389
<u>Multi-Purpose Facilities</u>						
Sandburg	Various	1959	–	36	174,939	416
New Hope	Various	1960	–	14	55,902	125
Highview, TASC RTC	Various	N/A	–	–	–	534
Transportation		1966	–	10.5	48,843	–
Administration		1968	–	3.32	41,412	–
Out of district tuition						134
Totals					<u>2,230,576</u>	<u>10,758</u>

N/A – Not Applicable

Source: The District’s Buildings and Grounds Department

INDEPENDENT SCHOOL DISTRICT NO. 281

Miscellaneous Statistical Facts
as of June 30, 2023

Old district changed to ISD No. 281	1957
Form of government	School Board – Superintendent
Fiscal year begins	July 1
Area of ISD No. 281	32 square miles
Number of high schools	2
Number of middle schools	4
Number of elementary schools	11
Number of auxiliary buildings	6
Number of communities served	7
Staffing ratio	
Elementary school	25–31
Middle school	25.22
High school	28.1
Extracurricular activities at high school	
Athletic	30
Nonathletic	30 +
Teacher education	
Bachelor’s degree	100%
Master’s degree or doctorate	76%

Source: Various district departments

INDEPENDENT SCHOOL DISTRICT NO. 281

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option ADM)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	138.25	851.78	5,488.05	5,805.52	12,283.60	14,198.17
2015	177.15	865.91	5,479.86	5,791.06	12,313.98	13,466.10
2016	193.89	817.95	5,815.32	5,798.67	12,625.83	13,784.02
2017	187.69	784.97	5,707.53	5,742.06	12,422.25	13,569.14
2018	368.80	764.98	5,442.00	5,732.89	12,308.67	13,453.48
2019	396.47	770.35	5,384.57	5,685.23	12,236.62	13,371.94
2020	392.64	790.80	5,145.32	5,803.45	12,132.21	13,291.27
2021	335.43	649.86	4,747.87	5,659.43	11,392.59	12,524.21
2022	387.98	697.46	4,509.34	5,503.81	11,098.59	12,199.38
2023 *	415.25	608.26	4,427.24	5,306.84	10,757.59	11,818.25

* Estimated

Source: Minnesota Department of Education

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

	Early Childhood	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2023	1.000	1.000	0.550	1.000	1.000	1.000	1.200

INDEPENDENT SCHOOL DISTRICT NO. 281

Expenditures per Student
 Year Ended June 30, 2023
 (With Comparative Amounts for the Year Ended June 30, 2022)

	State Average	Metro Average	ISD No. 281	
	2022	2022	2022	2023
Expenditures (1) per student (ADM) (2)				
General Fund				
Administration and district support	\$ 1,249	\$ 1,300	\$ 1,377	\$ 1,381
Elementary and secondary				
regular instruction	6,494	6,838	7,116	7,835
Vocational education instruction	210	191	120	118
Special education instruction	2,724	2,883	2,854	2,892
Instructional support services	816	939	1,134	1,378
Pupil support services	1,429	1,558	2,195	2,316
Sites and buildings and other	1,113	1,076	1,589	1,794
Total General Fund expenditures	<u>\$ 14,035</u>	<u>\$ 14,785</u>	<u>\$ 16,385</u>	<u>\$ 17,714</u>
ADM used per profiles model format			<u>11,196</u>	<u>10,830</u>

(1) Excludes capital expenditures.

(2) Average daily membership (ADM) is a measure of student attendance.

Source: Minnesota Department of Education School District Profiles Report

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Management Report
for
Independent School District No. 281
New Hope, Minnesota
June 30, 2023

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PRINCIPALS

Thomas A. Karnowski, CPA
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To the School Board and Management of
Independent School District No. 281
New Hope, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 281, Robbinsdale Area Schools' (the District) financial statements for the year ended June 30, 2023. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
September 24, 2024

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY 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)*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope previously discussed and coordinated in order to obtain sufficient audit evidence. Completion of the District's audit was delayed, due primarily to the turnover of several key positions within the District's finance department.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2023:

- We have issued unmodified opinions on the District's basic financial statements.
- We reported one deficiency in the District's internal control over financial reporting that we considered to be a material weakness:
 - For the year ended June 30, 2023, the District's internal controls over financial reporting were not adequate to ensure that the District's financial records and year-end closing process were completed in a timely manner. As a result, the District was unable to comply with state and federal deadlines for the submission of audited financial data and annual financial statements.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.

- The results of our tests indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. We did however, note one incidence of reportable noncompliance that applied to all federal programs awarded under the Uniform Guidance:
 - 2CFR Part 200, Subpart F, § 200.512(a)(1) requires the District’s audited Schedule of Expenditures Federal Awards (SEFA) and federal reporting package to be submitted to the federal audit clearinghouse within the earlier of 30 calendar days after the receipt of the auditor’s report(s), or 9 months after the end of the audit period. The District’s audited SEFA and federal reporting package for the fiscal year ended June 30, 2023, were not submitted to the federal audit clearinghouse within 9 months after the end of the audit period.
- We reported one deficiency in the District’s internal controls over compliance that we considered to be a significant deficiency with the types of compliance requirements that could have a direct and material effect on each of its major federal programs:
 - The District’s internal control system for documenting employee time supporting salaries charged to the Title I program for teachers assigned to the program as a single cost objective, requires the completion of semi-annual certifications approved by the employees’ supervisor. For three of five Title I teacher salaries tested, this documentation was either missing, incomplete, or lacking documentation of approval.
- We reported two findings based on our testing of the District’s compliance with Minnesota laws and regulations:
 - Minnesota Statutes § 6.65, 123B.77, Subd. 3 requires that the District submit audited fund balance, revenue, and expenditure data to the Minnesota Department of Education (MDE) annually by November 30, and audited financial statements by December 31. The fund balance, revenue, and expenditure data for the fiscal year ended June 30, 2023, that was submitted to the MDE by the following November 30 was inaccurate due to the process not being complete, which resulted in several material adjustments to the data after the deadline. Further, the District did not meet the deadline for submitting audited financial statements to the MDE for the fiscal year ended June 30, 2023.
 - Minnesota Statutes § 118A.04, Subd. 9 requires that annually, prior to completing an initial investment transaction with each broker, districts provide to that broker a written statement of investment restrictions and that the broker acknowledge receipt of the investment restrictions and agree to handle a district’s account in accordance with the restrictions. The District did not obtain such certifications from its investment brokers for the year ended June 30, 2023.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the District’s financial statements for the year ended June 30, 2023, we performed procedures to follow-up on any findings and recommendations that resulted from our prior year audit. We reported the following finding that was corrected by the District in the current year:

- 2022-001 – Material weakness in internal controls over financial reporting; material audit adjustment. There was no similar finding noted in fiscal 2023.

SIGNIFICANT 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 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023.

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 AND MANAGEMENT JUDGMENTS

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:

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 state-wide database—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 the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable 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), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies, primarily described in GASB Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation/amortization of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed on the previous page in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated September 24, 2024.

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 auditor's 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.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention 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 retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements, and the separately issued Schedule of Expenditures of Federal Awards and Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which are not RSI. With respect to this supplementary information, 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, 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 were not engaged to report on the introductory and statistical sections, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

This section provides some state-wide funding and financial trends in public education in Minnesota.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The 2023 Legislature approved a per pupil increase of \$275 for fiscal 2024 and \$143 for fiscal 2025. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.00 percent, state-wide.

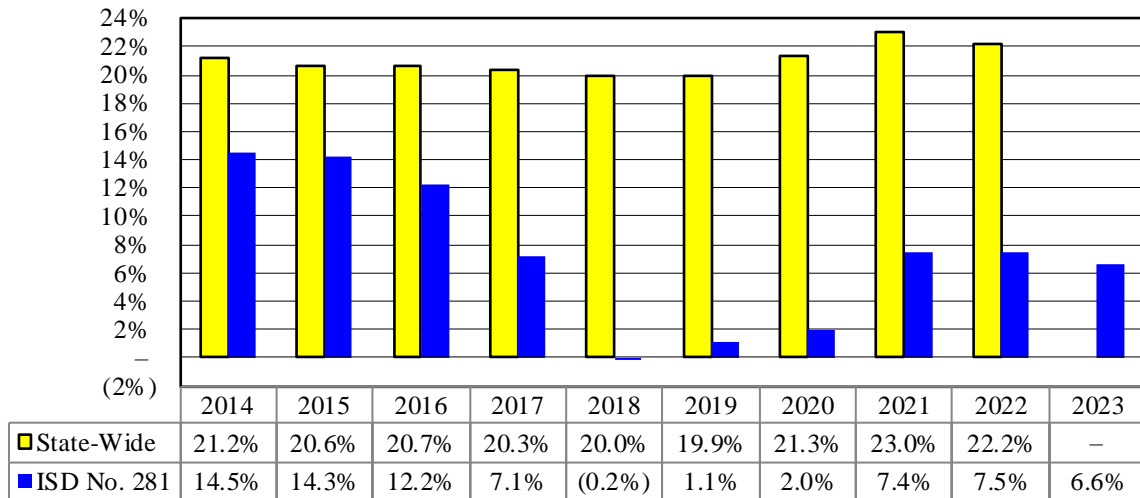
Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.50 %
2015	\$ 5,831	2.00 %
2016	\$ 5,948	2.00 %
2017	\$ 6,067	2.00 %
2018	\$ 6,188	2.00 %
2019	\$ 6,312	2.00 %
2020	\$ 6,438	2.00 %
2021	\$ 6,567	2.00 %
2022	\$ 6,728	2.45 %
2023	\$ 6,863	2.00 %
2024	\$ 7,138	4.00 %
2025	\$ 7,281	2.00 %

For fiscal 2026 and beyond, the actual increase will be equal to the Consumer Price Index-Urban (CPI-U), with a floor of 2.00 percent and a cap of 3.00 percent. CPI-U is determined based upon the prior two fourth-quarter totals. The inclusion of inflationary increases to this formula does not prevent future legislative increases from being approved.

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2023.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 21.2 percent at the end of fiscal 2014 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state’s economic condition and school funding. This ratio began rising again during the fiscal years impacted by the COVID-19 pandemic, increasing to 23.0 percent at the end of fiscal 2021. In 2022, the state-wide ratio decreased to 22.2 percent as districts returned to more traditional learning models and program operations with the relaxation of pandemic restrictions.

The District’s unrestricted operating fund balance as a percentage of operating expenditures was 6.6 percent at the end of the current year, as compared to 7.5 percent at June 30, 2022.

Having an appropriate fund balance is an important factor in assessing the District’s financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 281 – Robbinsdale Area Schools			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Property taxes	\$ 2,576	\$ 2,645	\$ 3,411	\$ 3,506	\$ 3,813	\$ 4,015	\$ 4,094	
Other local sources	438	571	323	446	336	370	442	
State	10,514	10,504	10,517	10,536	11,062	10,791	11,080	
Federal	992	1,335	956	1,397	974	1,544	2,127	
Total General Fund	<u>14,520</u>	<u>15,055</u>	<u>15,207</u>	<u>15,885</u>	<u>16,185</u>	<u>16,720</u>	<u>17,743</u>	
Special revenue funds								
Food Service	576	803	568	770	642	855	725	
Community Service	612	731	684	836	883	936	1,023	
Debt Service Fund	<u>1,512</u>	<u>1,508</u>	<u>1,549</u>	<u>1,537</u>	<u>1,672</u>	<u>1,558</u>	<u>1,780</u>	
Total revenue	<u>\$ 17,220</u>	<u>\$ 18,097</u>	<u>\$ 18,008</u>	<u>\$ 19,028</u>	<u>\$ 19,382</u>	<u>\$ 20,069</u>	<u>\$ 21,271</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>11,434</u>	<u>11,196</u>	<u>10,830</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

ADM used in the table above is based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables. Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The mix of local and state revenues vary from year-to-year, primarily based on funding formulas and the state’s financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

The District earned approximately \$230.4 million in the governmental funds reflected above in fiscal 2023, an increase of \$5.7 million (2.5 percent) from the prior year. Total revenue per ADM served increased by \$1,202, with declining enrollment.

General Fund revenue increased by \$5.0 million, or \$1,023 per ADM, with declining enrollment. The majority of this increase was in federal sources, which increased by \$5.7 million, due to increased use of available federal COVID-19 relief funding. The decrease in food service revenue was due to the District returning to operating under the traditional child nutrition program in fiscal 2023, which has lower federal meal reimbursement rates than the pandemic-era program it operated under in the previous year. Community service revenues continue to grow with post-COVID-19 increases in program participation.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 281 – Robbinsdale Area Schools			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Administration and district support	\$ 1,184	\$ 1,249	\$ 1,205	\$ 1,300	\$ 1,301	\$ 1,377	\$ 1,381	
Elementary and secondary regular instruction	6,198	6,494	6,527	6,838	6,752	7,116	7,835	
Vocational education instruction	197	210	179	191	120	120	118	
Special education instruction	2,626	2,724	2,792	2,883	2,892	2,854	2,892	
Instructional support services	812	816	917	939	1,155	1,134	1,378	
Pupil support services	1,228	1,429	1,285	1,558	1,104	2,195	2,316	
Sites and buildings and other	1,083	1,113	1,052	1,076	1,460	1,589	1,794	
Total General Fund – noncapital	<u>13,328</u>	<u>14,035</u>	<u>13,957</u>	<u>14,785</u>	<u>14,784</u>	<u>16,385</u>	<u>17,714</u>	
General Fund capital expenditures	793	876	815	897	466	224	600	
Total General Fund	<u>14,121</u>	<u>14,911</u>	<u>14,772</u>	<u>15,682</u>	<u>15,250</u>	<u>16,609</u>	<u>18,314</u>	
Special revenue funds								
Food Service	532	670	522	659	548	681	676	
Community Service	610	689	682	774	837	819	974	
Debt Service Fund	<u>1,576</u>	<u>1,599</u>	<u>1,609</u>	<u>1,561</u>	<u>1,678</u>	<u>1,642</u>	<u>1,780</u>	
Total expenditures	<u>\$ 16,839</u>	<u>\$ 17,869</u>	<u>\$ 17,585</u>	<u>\$ 18,676</u>	<u>\$ 18,313</u>	<u>\$ 19,751</u>	<u>\$ 21,744</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>11,434</u>	<u>11,196</u>	<u>10,830</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District spent \$235.5 million in the governmental funds reflected above in fiscal 2023, an increase of \$14.3 million (6.5 percent) from the prior year. On a per student basis, this represents an increase of \$1,993, with declining enrollment. General Fund expenditures increased \$1,705 per student, with the largest increases in elementary and secondary regular instruction (\$719 per ADM), instructional support services (\$244 per ADM), sites and buildings and other (\$205 per ADM), and capital expenditures (\$376 per ADM). The \$155 per ADM increase in community service spending is consistent with the discussion on the previous page for revenues with increased program participation in the current year.

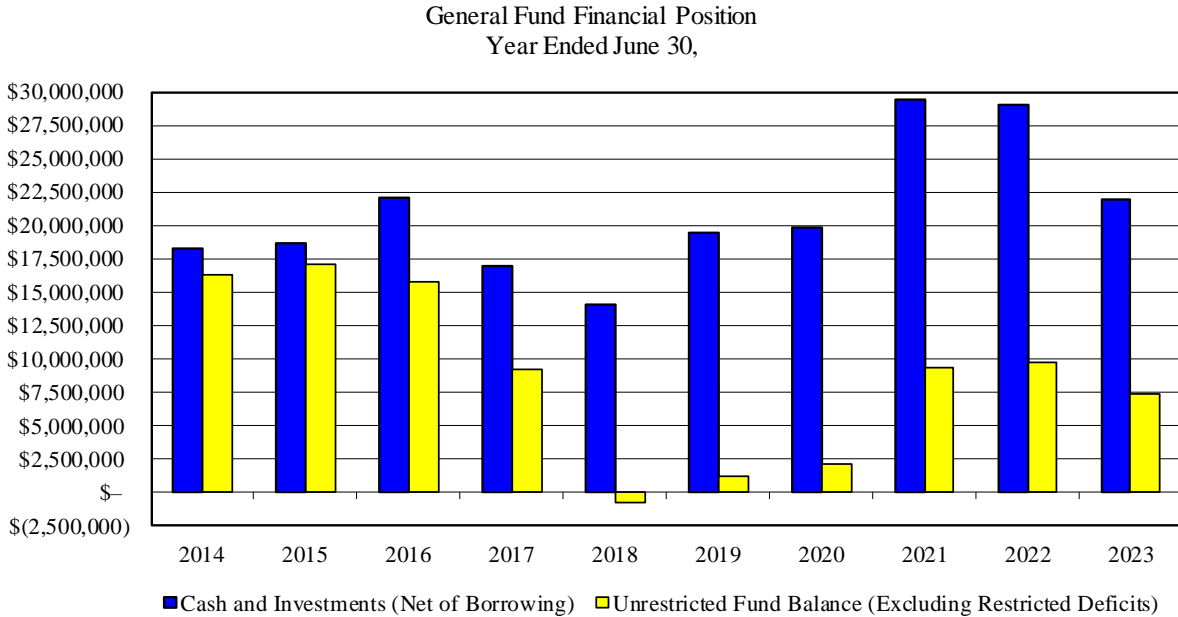
SUMMARY

The COVID-19 pandemic caused numerous financial and operational challenges for districts in recent years; creating instability in student populations, requiring numerous shifts in the delivery of educational services, and resulted in substantial new and unfamiliar federal revenue streams, to name a few. Challenges remain, with tight labor markets, inflationary increases, and the end of many federal pandemic-related funding programs. District school boards, administrators, and employees continue to manage these issues, as districts strive to provide a safe and effective learning experience for their students.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District’s General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health.



The District ended fiscal year 2023 with a General Fund cash balance, net of interfund borrowing, of \$21,912,579, a decrease of \$7,095,515 from the previous year. The decline in cash was mainly due to the timing of state aid and federal grant revenue receipts, as receivables from other governmental units at year-end were \$8,437,962 higher than last year.

Total fund balance at year-end was \$18,290,062, a decrease of \$2,244,891 from current year operations, as compared to a budgeted increase of \$523,993. Year-end unrestricted fund balances, as shown above (consisting of assigned and unassigned fund balances), totaled \$7,379,090 at year-end, an increase of \$2,320,809 from the previous year.

Legislatively-approved changes in the metering of state aid payments to school districts and in the tax shift significantly impacted cash and investment balances in certain years presented in the graph above.

The following table presents the components of the General Fund balance for the past five years:

	June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 264,546	\$ 713,515	\$ 1,218,616	\$ 1,687,909	\$ 1,054,268
Restricted fund balances (1)	4,579,465	5,397,172	8,493,612	9,147,685	9,857,244
Unrestricted fund balances					
Assigned	1,210,419	1,507,829	1,882,535	6,960,051	1,734,895
Unassigned	—	622,412	7,502,120	2,739,848	5,644,195
Total fund balance	\$ 6,054,430	\$ 8,240,928	\$ 19,096,883	\$ 20,535,493	\$ 18,290,602
Unrestricted fund balances as a percentage of expenditures	<u>0.7%</u>	<u>1.2%</u>	<u>5.4%</u>	<u>5.2%</u>	<u>3.7%</u>
Unassigned fund balances as a percentage of expenditures	<u>—</u>	<u>0.3%</u>	<u>4.3%</u>	<u>1.5%</u>	<u>2.8%</u>
<p>(1) Includes any deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.</p>					

The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula.

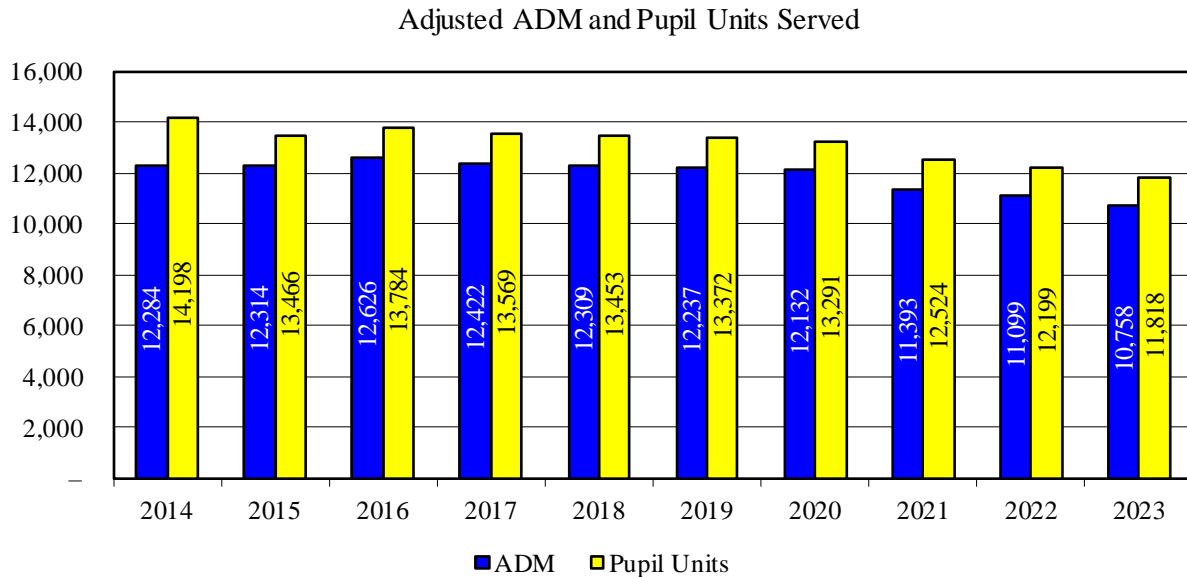
The resources represented by this fund balance are critical to a district’s ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2023, the unassigned fund balance of the General Fund represented 3.0 percent of budgeted expenditures for the year, which was below the minimum goal established by policy.

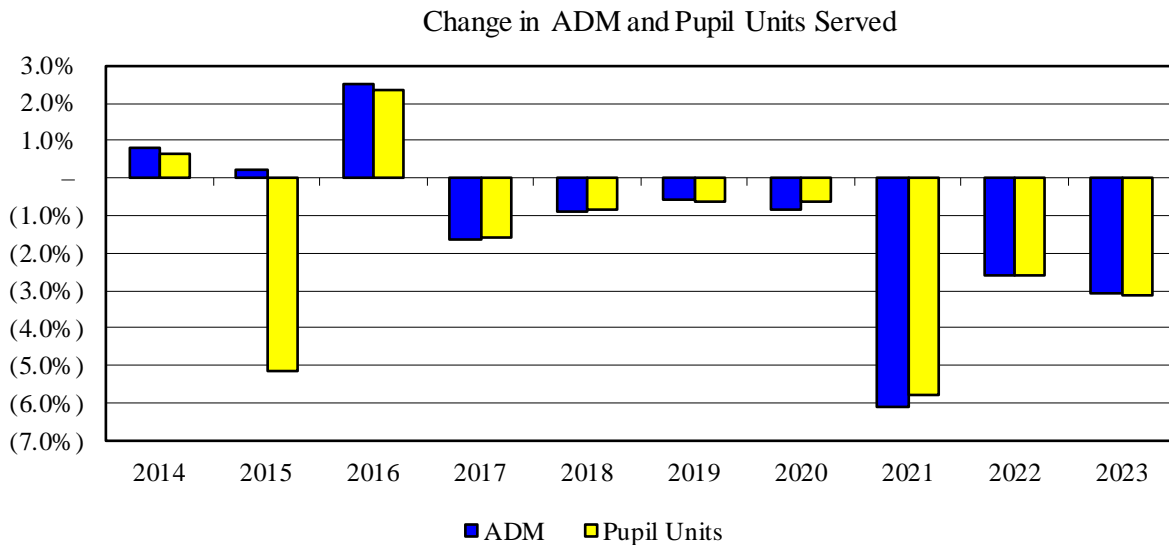
At June 30, 2023, unrestricted fund balance in the General Fund represented 3.7 percent of actual annual expenditures, as shown in the graph above, which represents approximately two weeks of operations, assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

The following graph presents the District’s adjusted ADM and pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year to year, along with the change in the resulting pupil units:



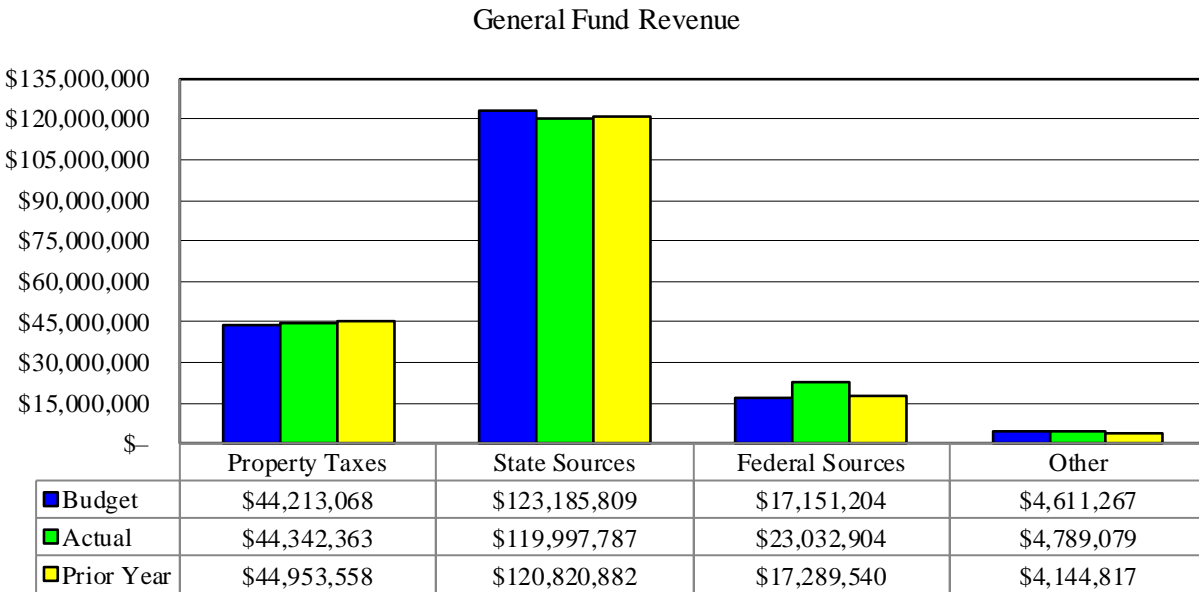
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments which affect this year’s revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated adjusted ADM of 10,758 in 2023, a decrease of 341 from the previous year. The resulting number of pupil units served by the District for fiscal 2023 was 11,818, a decrease of 381 (3.1 percent) from the prior year.

GENERAL FUND REVENUE

The following graph summarizes the District’s General Fund revenue sources for 2023 compared to budget and the previous year:



Total General Fund revenues were \$192,162,133 for the year ended June 30, 2023, which was \$3,000,785 (1.6 percent) over the final budget, and \$4,953,336 (2.6 percent) more than the prior year.

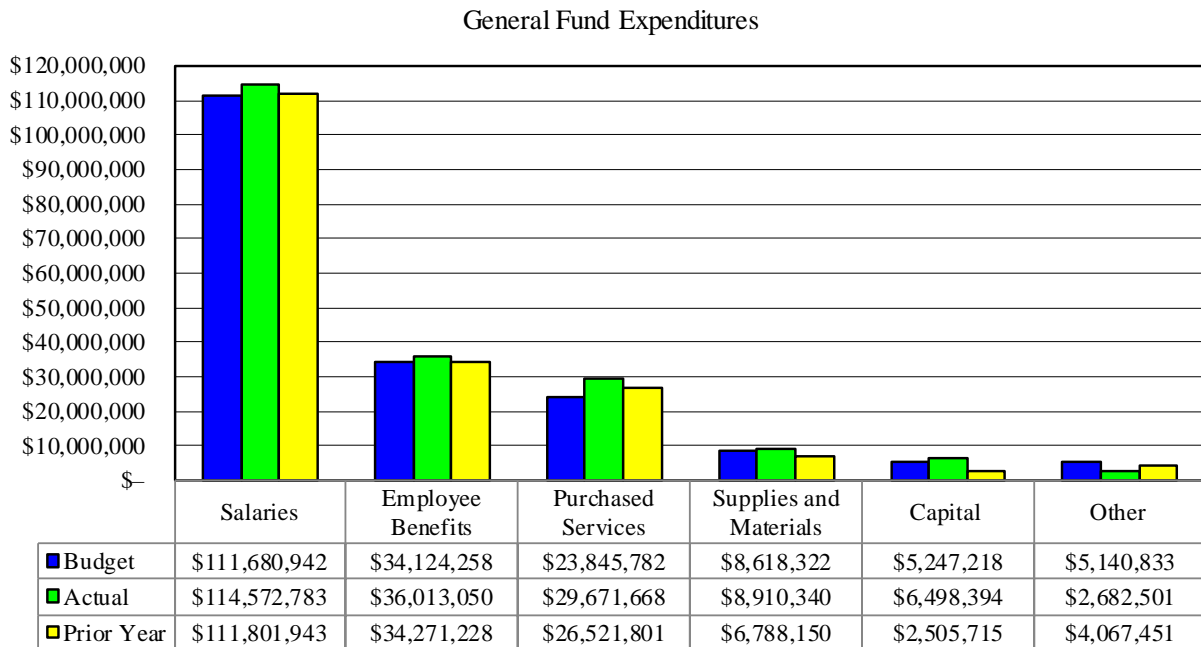
The budget variance was mainly due to federal revenues, which exceeded budget by \$5,881,700, due to greater use of available pandemic relief funding than anticipated. This was partially offset by state revenue sources ending the year \$3,188,022 under budget, mainly in general education state aid, due to declining enrollment.

The overall increase in General Fund revenue was also primarily attributable to federal revenue sources, which were \$5,743,364 higher than last year with the increased use of available pandemic relief funding. Revenue from “other” local sources, as shown above, also increased by \$644,262 from the prior year, due to improve investment income. These increases were partially offset by declines in property tax revenue (\$611,195), due to a decrease in the adopted levy, and state sources (\$823,095), which decreased from declining enrollment.

The graph above reflects the concentration of state sources (62.4 percent), followed by property taxes (23.1 percent) used to finance General Fund operations.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2023 compared to budget and the previous year:



Total General Fund expenditures were \$198,348,736 for the year ended June 30, 2023, which was \$9,691,381 (5.1 percent) over the final budget and \$12,392,448 (6.7 percent) more than the prior year.

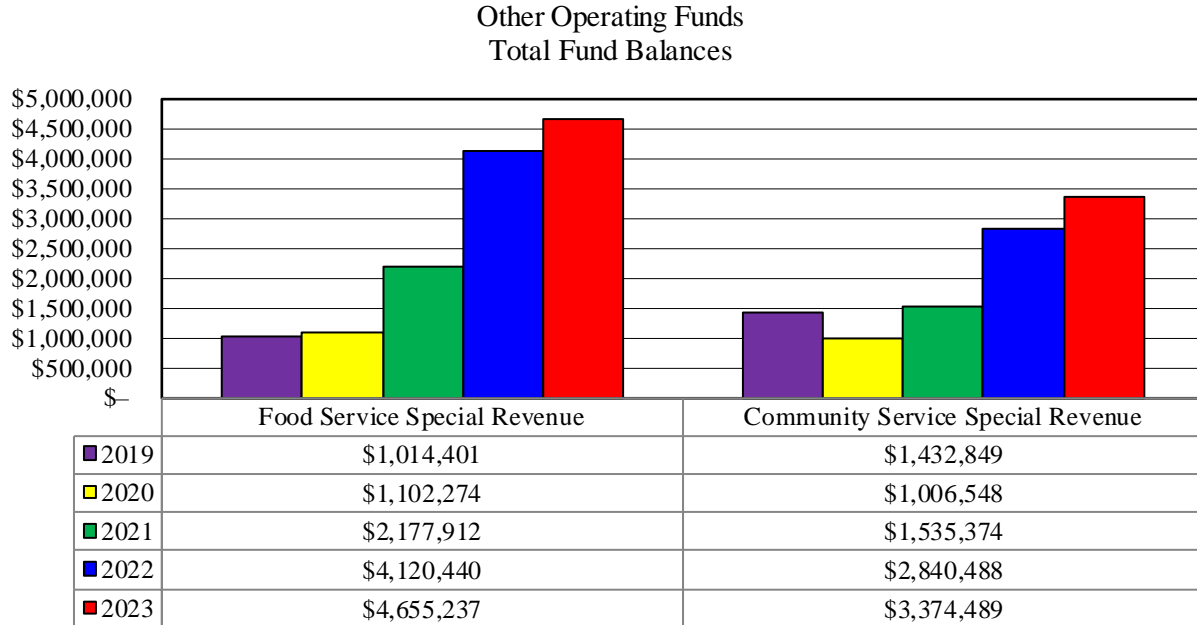
Salary and employee benefits, which accounted for 75.9 percent of General Fund spending, were \$4,512,662 (3.1 percent) more than the prior year and \$4,780,633 (3.3 percent) over budget.

Expenditures exceeded budget in most categories shown above. Salaries and benefits exceeded budget mainly in the instructional support and pupil support program areas. Purchased services were \$5,825,886 over budget, mainly in the elementary and secondary instruction and pupil support services (including transportation) program areas. Capital expenditures were also \$1,251,176 higher than budget, due to a new \$3.8 million building space lease agreement, for which the full value of the lease is reported as an expenditure in the year the agreement is executed, along with an equal and offsetting other financing source.

The expenditure increases from the prior year were also spread across most categories shown above, with the largest increases in the elementary and secondary regular instruction (\$5,533,218), instructional support services (\$2,242,432), and sites and buildings (\$5,211,459) program areas. The increase in the sites and buildings program area was primarily due to the new building space lease discussed above.

OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended the year with an increase in fund balance of \$534,797 in 2023, compared to a budgeted increase of \$931,878. Revenue was \$198,706 under budget, mainly due to lower direct meal sales than anticipated. Expenditures were over budget by \$199,650, mainly in personnel costs. The Food Service Special Revenue Fund had a year-end fund balance of \$4,655,237, representing 63.6 percent of annual expenditures, which totaled \$7,321,168. Programming changes financing school meal programs also contributed to the variances in revenues and expenditures compared to budget.

This operation has maintained a healthy fund balance for several years and has also been able to assist in funding a portion of several capital improvements to food service facilities in recent years. The District should continue reviewing upcoming capital needs of the operation and incorporate that information in establishing an optimal level of fund balance that is also within state and federal fund balance limits.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with an increase in fund balance of \$534,001, compared to a budgeted increase of \$189,816. Revenues were \$422,479 over budget, while expenditures were over budget by \$78,294. The Community Service Special Revenue Fund had a year-end fund balance of \$3,374,489, representing 32.0 percent of annual expenditures, which totaled \$10,545,958.

The Community Service Special Revenue Fund, like the Food Service Special Revenue Fund, needs to be self-sustaining. In addition to cost controls, financial analysis of the costs of providing programs, including overhead, is important. Fees and tuition charges should be sufficient to cover these costs, as well as potential funding shortfalls from state, federal, or property tax sources.

Capital Projects – Building Construction Fund

This fund reported a fund balance decrease of \$2,373,018 in fiscal 2023, compared to a budgeted decrease of \$3,700,000. The District issued general obligation facilities maintenance bonds with a par value of \$18,060,000 during fiscal 2023 to finance its ongoing long-term facilities maintenance program. The budget variance was mainly due to timing of the related construction projects. The ending fund balance for fiscal 2023 was \$9,503,879, which is available for future capital improvements of various types.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan, and the resources of the Debt Service Fund are dedicated to the payment of outstanding debt obligations of the District. As of June 30, 2023, the District has \$1,969,690 available for future debt service.

Internal Service Funds

The District maintains two internal service funds established to finance the costs of its self-insured dental benefits and health benefits.

At June 30, 2023, the Self-Insured Dental Benefits Internal Service Fund had a net position of \$1,345,919 available to pay future dental benefits for the participating members of the District, including estimated claims payable of \$23,886 accrued at year-end. The cost of these benefits for fiscal 2023 was \$1,302,617.

At June 30, 2023, the Self-Insured Health Benefits Internal Service Fund had a deficit net position of \$1,215,263, an improvement of \$639,100 from the previous year, including estimated claims payable of \$2,438,003 accrued at year-end.

Employee Benefit Trust Fund

The District's Employee Benefit Trust Fund ended the year with cash and investments (net of interfund payables) and a net position of \$13.0 million available to pay future OPEB. The assets in this fund represent the proceeds from the District's 2009 Taxable OPEB Bonds, which were contributed to an irrevocable trust the District established to finance its OPEB liabilities, and can only be used to pay future OPEB costs, which were estimated to be approximately \$7.5 million at year-end.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available 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, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		Change
	2023	2022	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 37,793,897	\$ 41,415,082	\$ (3,621,185)
Total capital assets, net of depreciation/amortization	304,251,616	303,825,003	426,613
OPEB asset, net of deferments	5,879,713	5,615,407	264,306
Bonds, COPs, financed purchases, and leases	(214,286,318)	(209,392,887)	(4,893,431)
PERA and TRA pensions, net of deferments	(129,334,266)	(162,105,824)	32,771,558
Other adjustments	(5,449,451)	(6,889,768)	1,440,317
Total net position – governmental activities	<u>\$ (1,144,809)</u>	<u>\$ (27,532,987)</u>	<u>\$ 26,388,178</u>
Net position			
Net investment in capital assets	\$ 102,505,704	\$ 111,931,629	\$ (9,425,925)
Restricted	19,107,831	17,685,336	1,422,495
Unrestricted	<u>(122,758,344)</u>	<u>(157,149,952)</u>	<u>34,391,608</u>
Total net position	<u>\$ (1,144,809)</u>	<u>\$ (27,532,987)</u>	<u>\$ 26,388,178</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for Food Service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as vacation payable, severance payable, net pension, and net OPEB liabilities.

Total net position increased by \$26,388,178 during fiscal 2023. The District's net investment in capital assets decreased \$9,425,925 this year. The change in this category of net position typically depends on the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

Increases in net position restricted for food service, community service, and other state funding restrictions contributed to an overall increase in restricted net position. The improvement in unrestricted net position was mainly due to changes in the District's proportionate share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plan liabilities and related deferments.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 100, *ACCOUNTING CHANGES AND ERROR CORRECTIONS – AN AMENDMENT OF GASB STATEMENT NO. 62*

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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State of the Budget

Kristen Hoheisel
Chief Financial Officer

November 18, 2024 School Board Business Meeting

Mission

*The mission of Robbinsdale Area Schools is to **inspire** and **educate** all learners to develop their **unique potential** and **positively contribute** to their community.*

Compensatory Revenue

Compensatory revenue has previously been used as focal point in prior district budgets to cover specific salaries and benefits.

Reality



In reality, our budget consists of \$20 million in Compensatory revenue and \$180 million of other revenue, for a TOTAL of \$200 million.

Error



2024-25 Planned Reductions (Spring 2024)

ESC Departments	Planned Reduction	Actual Reduction
Administration (ESC)	\$ 973,152	\$784,950
Technology (ESC)	\$ 665,600	\$ 665,600
Communications (ESC)	\$ 84,828	\$ 84,828
Business Services (ESC)	\$ 138,450	\$ 138,450
HR / Nutrition Services (ESC)	\$ 205,174	\$ 72,452
C&I, Enrollment, Assessment (ESC)	\$ 1,706,845	\$ 1,087,000
Community Education (ESC)	\$ 35,079	\$ 10,000

2024-25 Planned Reductions (Spring 2024)

Schools and Other Categories	Projected Reduction	Actual Reduction
School-based Reductions	\$ 11,115,081	\$ 0
Non-Personnel Reductions	\$ 2,450,000	\$400,000

Total planned
general fund
reduction:

\$17.4 million

Reality of Planned 2024-25 Reductions

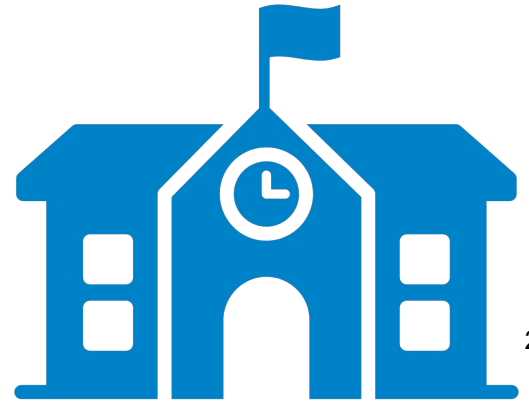
By Category	Projected Reduction	Actual Reduction
School-Based Reductions	\$ 11,115,081	\$ 0
ESC Department Reductions	\$ 3,835,301	\$ 2,843,280
Non-Personnel Reductions	\$ 2,450,000	\$ 400,000
TOTAL	\$17,374,209	\$ 3,243,280

Difference: -\$14,130,929

FY 2024-25: Statutory Operating Debt (SOD)

Moving forward, Rdale entering Statutory Operating Debt (SOD) is likely.

- SOD is when a Minnesota school district's year-end deficit exceeds 2.5% of its annual operating expenses, requiring state corrective action.
- For Rdale, our approximate deficit to be in SOD is \$4.3 million or greater.



FY 2024-25: Statutory Operating Debt (SOD)

What does that mean for Rdale?

- By Jan. 31 of the following fiscal year (2026), the district must develop and approve a Special Operating Plan, then submit it to the Minnesota Department of Education (MDE) for approval.
- The state could monitor district finances more closely to ensure the plan is followed.



First Glance: 2025-26 budget

What is needed to
balance revenues and
expenditures?

➔ **\$19 - \$21 million
shortfall**



Next Steps: 2025-26 Budget

Short Term Solution: Budget Reduction Process

- Review and analyze stakeholder budget reduction data collected last year
- Engage stakeholders in current process
- Prioritize impact of potential reductions
- Inform our board members and school community throughout process



Next: **Long-Range** Community Engaged Planning Process

1. Academic Visioning: What do our students want, need and deserve?
2. Program Audit and Alignment
3. Facility Assessment and Enrollment
4. Repurposing, Renovating, and Potentially Closing Buildings
5. Possible Bond Request



Timeline

Nov. 20, 2024

- Town Hall meeting

December 2024

- Truth in Taxation Hearing

January 2025

- Adopt 2023-24 Audit
- Start developing list of potential reductions for 2025-26

March - April 2025

- Revised 2024-25 budget

March - June

- School board action on proposed reductions
- School board adoption of 2025-2026 preliminary budget





ROBBINSDALE
Area Schools

Questions?

