

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

*Fiscal Year Ended June 30, 2021*

**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, 2021

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

Prepared by:  
Finance Department

Executive Director of Finance  
Greg Hein

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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

December 28, 2021

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, 2021, 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, 2021, 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, 2021, 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 supplemental 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 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 108,821. 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 11,393 students during the 2020–2021 school year. The enrollment reflects a decline of 739 students. The decline reflects changes in delivery of instruction and expanded enrollment choice options in recent years.

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 revenue and expenditure budgets are monitored and modified as conditions change. All revisions to the budget are approved by the School Board.

## **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 2.0 percent for the 2020–2021 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 2021, the District had voter-approved authority of \$1,767 per pupil unit of excess levy authority, which raises a total of approximately \$22.7 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 2021.

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, 2021, the unassigned fund balance of the General Fund (excluding any restricted account deficits) was 5.0 percent of the annual unassigned actual expenditures for the year then ended.

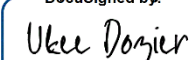
## AWARDS AND ACKNOWLEDGEMENTS

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, 2020. 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,



Ukee Dozier  
Executive Director of Finance

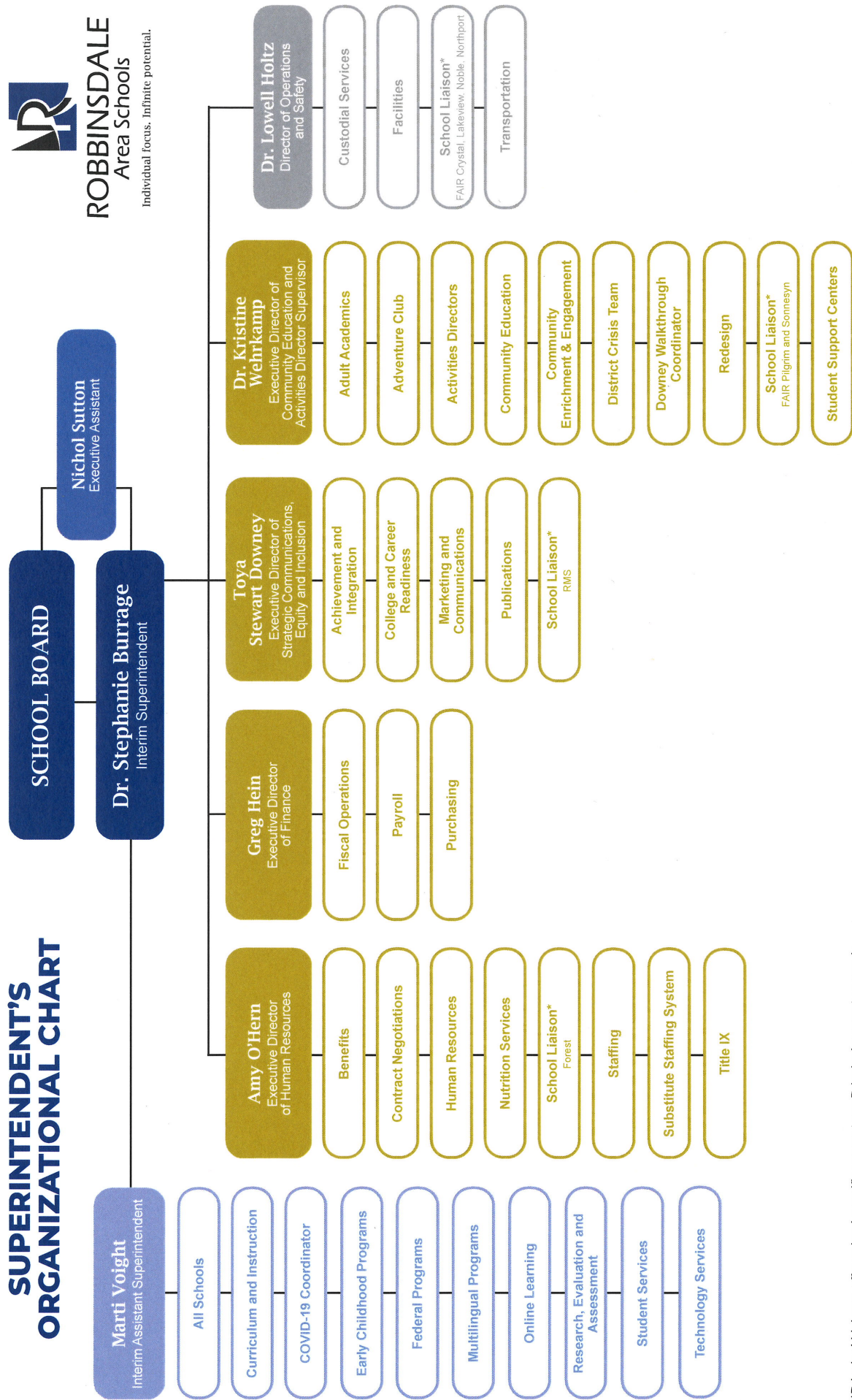
DocuSigned by:



David Engstrom  
Superintendent



# SUPERINTENDENT'S ORGANIZATIONAL CHART



\*Principal Liaisons offer school-specific support per Principal request or needs.

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INDEPENDENT SCHOOL DISTRICT NO. 281

School Board and Administration  
Year Ended June 30, 2021

**SCHOOL BOARD**

	<u>Position</u>
David Boone	Chair
Helen Bassett	Vice Chair
Pam Lindberg	Treasurer
Mike Herring	Clerk
Greta Evans-Becker	Director
Sam Sant	Director
John Vento	Director

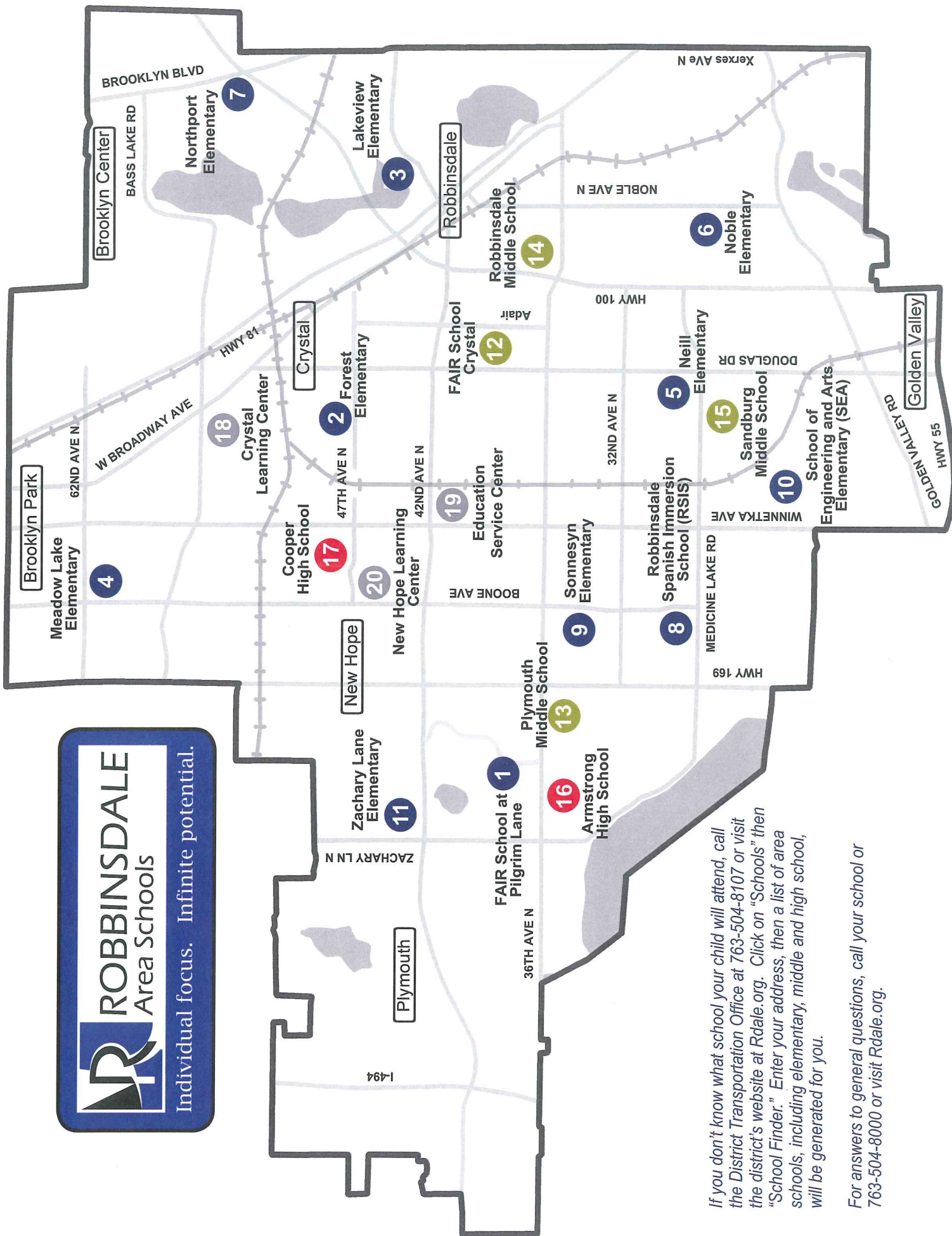
**ADMINISTRATION**

<u>Cabinet</u>	
Dr. Stephanie Burrage	Interim Superintendent
Marti Voight	Interim Assistant Superintendent
Amy O'Hern	Executive Director of Human Resources
Greg Hein	Executive Director of Finance
Toya Stewart Downey	Executive Director of Strategic Communications, Equity, and Inclusion
Dr. Kristine Wehrkamp	Executive Director of Community Education and Activities Director Supervisor
Lowell Holtz	Director of Operations and Safety
Jeffrey Connell	Executive Director of Facilities, Operations, and Transportation



# 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](http://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](http://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](http://fair.rdale.org)
2. **Forest Elementary**  
6800 47th Avenue North  
Crystal, MN 55428  
763-504-7900  
[foe.rdale.org](http://foe.rdale.org)
3. **Lakeview Elementary**  
4110 Lake Drive North  
Robbinsdale, MN 55422  
763-504-4100  
[lve.rdale.org](http://lve.rdale.org)
4. **Meadow Lake Elementary**  
8525 62nd Avenue North  
New Hope, MN 55428  
763-504-7700  
[mle.rdale.org](http://mle.rdale.org)
5. **Neill Elementary**  
6600 Medicine Lake Road  
Crystal, MN 55427  
763-504-7400  
[ene.rdale.org](http://ene.rdale.org)
6. **Noble Elementary**  
2601 Noble Avenue North  
Golden Valley, MN 55422  
763-504-4000  
[noe.rdale.org](http://noe.rdale.org)
7. **Northport Elementary**  
5421 Brooklyn Boulevard  
Brooklyn Center, MN 55429  
763-504-7800  
[npe.rdale.org](http://npe.rdale.org)
8. **Robbinsdale Spanish Immersion School (RSIS)**  
8808 Medicine Lake Road  
New Hope, MN 55427  
763-504-4400  
[rsi.rdale.org](http://rsi.rdale.org)
9. **Sonnesyn Elementary**  
3421 Boone Avenue North  
New Hope, MN 55427  
763-504-7600  
[see.rdale.org](http://see.rdale.org)
10. **School of Engineering and Arts Elementary (SEA)**  
1751 Kelley Dr.  
Golden Valley, MN 55427  
763-504-7200  
[sea.rdale.org](http://sea.rdale.org)
11. **Zachary Lane Elementary**  
4350 Zachary Lane N.  
Plymouth, MN 55442  
763-504-7300  
[zle.rdale.org](http://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](http://fair.rdale.org)
13. **Plymouth Middle School**  
10011 36th Avenue North  
Plymouth, MN 55441  
763-504-7100  
[pms.rdale.org](http://pms.rdale.org)
14. **Robbinsdale Middle School**  
Robbinsdale Area Learning Campus  
3730 Toledo Avenue North  
Robbinsdale, MN 55422  
763-504-4800  
[rms.rdale.org](http://rms.rdale.org)
15. **Sandburg Middle School**  
2400 Sandburg Lane  
Golden Valley, MN 55427  
763-504-8200  
[sms.rdale.org](http://sms.rdale.org)

## High Schools

16. **Armstrong High School**  
10635 36th Avenue North  
Plymouth, MN 55441  
763-504-8800  
[ahs.rdale.org](http://ahs.rdale.org)
17. **Cooper High School**  
8230 47th Avenue North  
New Hope, MN 55428  
763-504-8500  
[chs.rdale.org](http://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 Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

## **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 FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 281, Robbinsdale Area Schools (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position, and, 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.

## **OTHER MATTERS**

### **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, 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

(continued)

### **Prior Year Comparative Information**

We have previously audited the District's 2020 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 January 20, 2021. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
December 28, 2021

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## INDEPENDENT SCHOOL DISTRICT NO. 281

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

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, 2021. 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, 2021 by \$34.6 million (deficit net position).
- Government-wide revenues totaled \$223.4 million and expenses were \$216.0 million, resulting in a \$7.4 million increase in the District's total net position during the year.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$10.9 million during the year, compared to a \$1.2 million increase projected in the final budget.

#### **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
- Supplemental information, consisting of combining and individual fund statements and schedules.

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 are presented as supplemental 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:

<b>Table 1</b> <b>Summary of Net Position</b> <b>as of June 30, 2021 and 2020</b>		
	2021	2020
Assets		
Current and other assets	\$ 114,972,264	\$ 102,822,450
Capital assets, net of depreciation	<u>305,146,648</u>	<u>306,431,953</u>
Total assets	<u><u>\$ 420,118,912</u></u>	<u><u>\$ 409,254,403</u></u>
Deferred outflows of resources		
Pension plan deferments	<u><u>\$ 51,886,026</u></u>	<u><u>\$ 87,119,816</u></u>
Liabilities		
Current and other liabilities	\$ 17,072,212	\$ 21,548,644
Long-term liabilities, including due within one year	<u>328,713,800</u>	<u>312,191,032</u>
Total liabilities	<u><u>\$ 345,786,012</u></u>	<u><u>\$ 333,739,676</u></u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 61,642,618	\$ 61,768,816
OPEB plan deferments	3,268,350	2,419,781
Pension plan deferments	<u>95,859,075</u>	<u>140,465,860</u>
Total deferred inflows of resources	<u><u>\$ 160,770,043</u></u>	<u><u>\$ 204,654,457</u></u>
Net position		
Net investment in capital assets	\$ 119,977,952	\$ 121,514,170
Restricted	13,711,368	8,831,552
Unrestricted	<u>(168,240,437)</u>	<u>(172,365,636)</u>
Total net position	<u><u>\$ (34,551,117)</u></u>	<u><u>\$ (42,019,914)</u></u>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as depreciation estimates and capitalization policies. Unfunded long-term liabilities for compensated absences, severance, and pensions cause many Minnesota school districts to report a deficit in unrestricted net position.

The increase in current assets and the improvement in both the restricted and unrestricted components of net position, can mainly be attributed to the positive operating results across all of the District's governmental funds in the current year. Changes in the District's share of unfunded pension liabilities and related deferments reported for the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the changes in long-term liabilities and deferred outflows/inflows of resources.

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

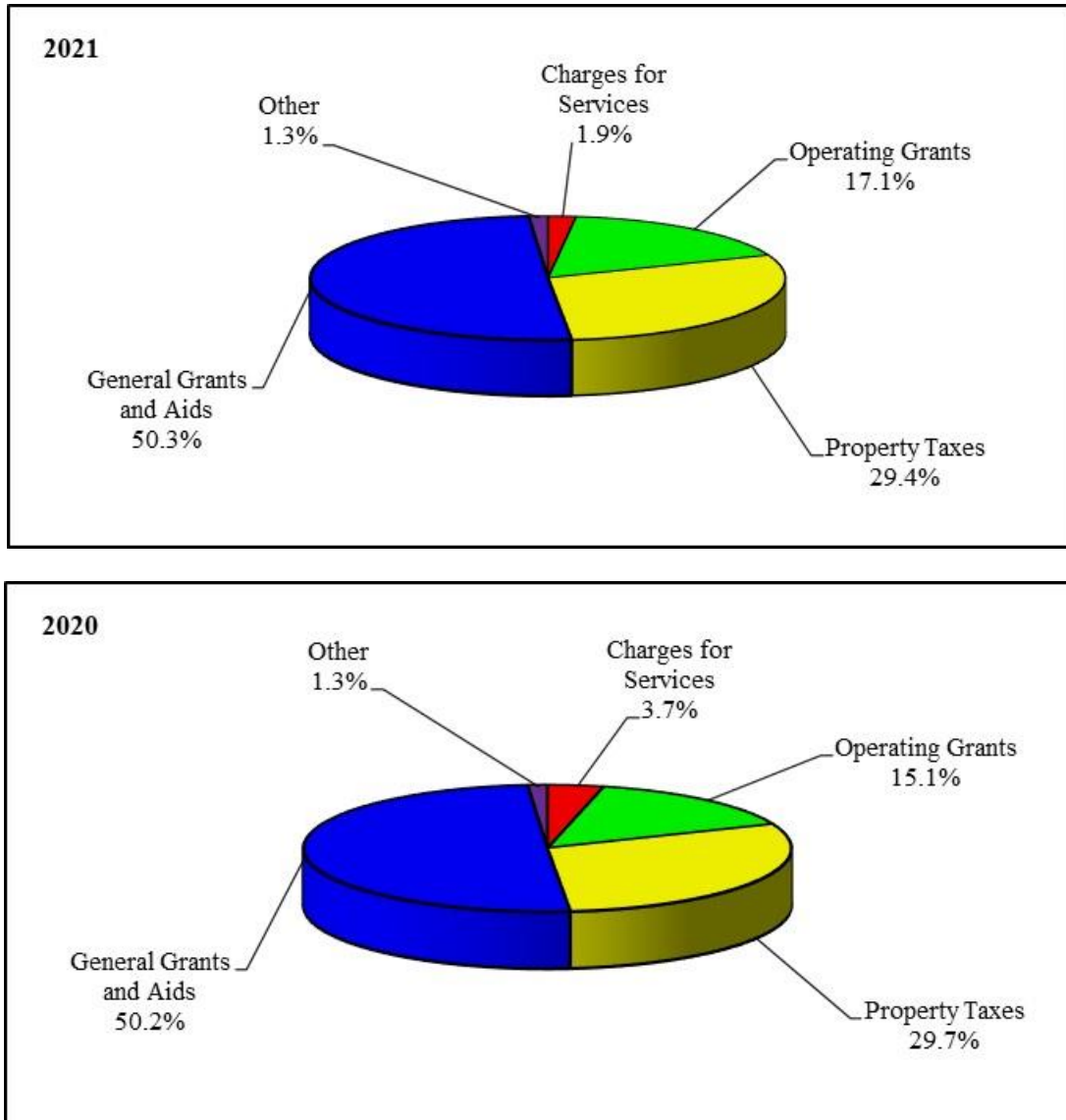
<b>Table 2</b> <b>Change in Net Position</b> <b>for the Years Ended June 30, 2021 and 2020</b>		
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 4,166,195	\$ 8,019,047
Operating grants and contributions	38,111,519	33,198,955
General revenues		
Property taxes	65,708,821	65,122,224
General grants and aids	112,405,410	110,111,808
Other	3,030,886	2,925,751
Total revenues	223,422,831	219,377,785
Expenses		
Administration	7,849,512	7,322,496
District support services	7,689,450	5,842,366
Elementary and secondary regular instruction	82,065,296	84,979,649
Vocational education instruction	1,446,111	1,503,372
Special education instruction	34,249,305	35,301,076
Instructional support services	13,863,745	12,334,356
Pupil support services	12,908,795	18,825,428
Sites and buildings	34,801,921	34,675,198
Fiscal and other fixed cost programs	447,607	432,254
Food service	5,960,895	7,276,407
Community service	9,445,606	10,714,698
Interest and fiscal charges	5,225,791	5,092,272
Total expenses	215,954,034	224,299,572
Change in net position	7,468,797	(4,921,787)
Net position – beginning	(42,019,914)	(37,098,127)
Net position – ending	\$ (34,551,117)	\$ (42,019,914)

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 expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.



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

**Figure A – Sources of Revenues for Fiscal Years 2021 and 2020**

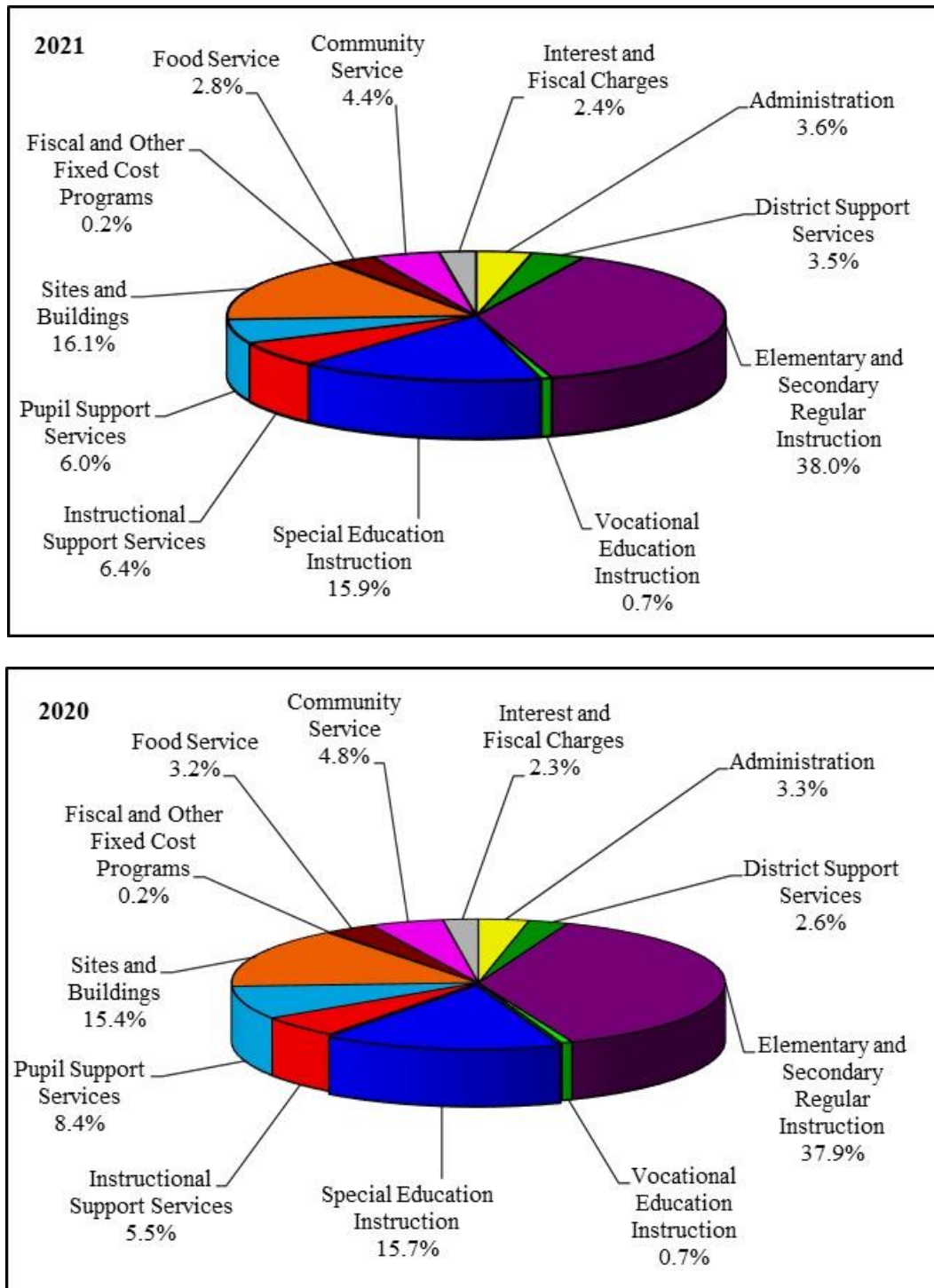


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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.

The decrease in the proportion of revenue provided by charges for services is due to the effects of the COVID-19 pandemic, which reduced activity fees, tuition, and rental income in a number of program areas, including special education instruction, food service, and community service. The increase in general grants and aids is due to multiple new or increased federal grant awards related to COVID-19 relief available during the current year.

**Figure B – Expenses for Fiscal Years 2021 and 2020**



The District's expenses prioritize the delivery of instruction to students. Programs, such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction. Other expenditures are either auxiliary to instruction or related to the operational needs necessary to sustain the learning environment.

The year-to-year fluctuations in expenses incurred in several program areas were due to pandemic-related learning model changes, along with changes in the expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries.

## 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:

<b>Table 3</b> <b>Governmental Fund Balances</b> <b>as of June 30, 2021 and 2020</b>				
	2021	2020	Change	Percent Change
Major funds				
General	\$ 19,096,883	\$ 8,240,928	\$ 10,855,955	131.7%
Capital Projects – Building				
Construction	3,299,531	1,166,797	2,132,734	182.8%
Debt Service	2,954,298	2,866,254	88,044	3.1%
Nonmajor funds				
Food Service Special Revenue	2,177,912	1,102,274	1,075,638	97.6%
Community Service Special Revenue	1,535,374	1,006,548	528,826	52.5%
Total governmental funds	<u>\$ 29,063,998</u>	<u>\$ 14,382,801</u>	<u>\$ 14,681,197</u>	102.1%

### Analysis of the General Fund

The General Fund includes the primary operations of the District in 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:

<b>Table 4</b> <b>General Fund</b> <b>Budget</b>				
	Original Budget	Final Budget	Change	Percent Change
Revenue	<u>\$ 177,071,748</u>	<u>\$ 181,721,748</u>	<u>\$ 4,650,000</u>	<u>2.6%</u>
Expenditures	<u>\$ 175,884,924</u>	<u>\$ 180,534,524</u>	<u>\$ 4,649,600</u>	<u>2.6%</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, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

<b>Table 5</b> <b>General Fund</b> <b>Operating Results</b>					
	2021 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 185,051,830	\$ 3,330,082	1.8%	\$ 3,336,942	1.8%
Expenditures	174,381,850	\$ (6,152,674)	(3.4%)	\$ (6,492,559)	(3.6%)
Other financing sources	<u>185,975</u>	\$ 185,975	–	\$ (619,577)	(76.9%)
Net change in fund balances	<u><u>\$ 10,855,955</u></u>				

General Fund total fund balances increased \$10,855,955 from fiscal 2021 operations, as compared to an increase of \$1,187,224 projected in the final budget. Revenues from state sources and other local sources such as activity fees, tuition, and donations, exceeded the District’s conservative budget, contributing to the positive variance of \$3,330,082 in total revenue. Expenses were under budget in several program areas, most notably district support services (\$4,458,097 under budget) and elementary and secondary regular instruction (\$5,543,455 under budget), due to a decline in enrollment, pandemic-related learning model changes, and conservative spending. Unassigned fund balance in the General Fund was \$7,502,120 as of June 30, 2021.

Approximately 68 percent of General Fund operational revenue is controlled by a complex set of state funding formulas, as such, the local School Board has minimal authority in the establishment of the level of resources. Special education funding is also mostly received through state aid. This funding source is based, in part, on the identified needs of the special education student population and the related expenditures. Other state formulas further determine the portion of revenue provided through property taxes versus state aid.

An increase in federal funding received for COVID-19 relief was the primary reason for the overall increase in General Fund revenue for fiscal 2021. This was partially offset by a decrease in general education state aid, due to lower enrollment.

Expenditures decreased 3.6 percent from the prior year. This was mainly caused by decreases in purchased services and capital expenditures of \$6,290,800 and \$3,071,376, respectively. The decrease in purchased services was primarily the result of lower transportation costs. The decrease in capital expenditures, compared to the prior year, was due to the timing of facilities maintenance projects. These decreases were partially offset by an increase in expenditures for supplies and materials of \$3,290,926, mainly in instructional software and supplies.

## **Capital Projects – Building Construction Fund**

Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures by \$2,132,734 in fiscal 2021, due to the progress on various improvement and facilities maintenance projects financed primarily with the proceeds of facilities maintenance bonds with a par value of \$16,760,000 issued this year. The District had fund balances of \$3,299,531 at year-end available for various capital purposes.

## **Debt Service Fund**

Revenues and other financing sources exceeded expenditures and other financing uses by \$84,044 in the Debt Service Fund. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The District issued general obligation alternative facilities refunding bonds with a par value of \$13,270,000 during the year to refund the outstanding maturities of its Series 2011A and 2012A General Obligation Alternative Facilities Refunding Bonds, thereby reducing future debt service requirements by \$1,667,721. The ending fund balance of \$2,954,298 at June 30, 2021 is available for meeting future debt service obligations.

## **Nonmajor Funds**

Revenues exceeded expenditures in the District's two nonmajor funds by \$1,604,464 in fiscal 2021.

The Food Service Special Revenue fund had an increase in fund balance of \$1,075,638, compared to a break-even budget, ending the year with a fund balance of \$2,177,912. Revenue increased slightly from the prior year and was over budget by \$1,233,458. Federal revenue increased \$1,508,134 from the prior year and was \$3,406,758 greater than budget, due to the District operating its child nutrition program as a COVID-19 – Summer Food Service Program for Children in the current year, which provides federally-funded free meals to all school-aged children. As a result of this program change, revenues from meal sales and state sources decreased from the prior year and were under budget by a combined \$2,172,743. Expenditures were \$157,820 over budget, mainly due to salaries not decreasing as much as expected from prior year levels.

The June 30, 2021 fund balance of the Community Service Special Revenue Fund was \$1,535,374, an increase of \$528,826 from the prior year, compared to a budgeted decrease of \$772,277. Revenues were slightly over the prior year and over budget by \$2,420,486, mainly in federal sources. Expenditures were \$887,246 lower than last year, due to the continuing effects of COVID-19-related restrictions, but did not decrease as much as expected, ending the year \$1,119,383 greater than budget.

## 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 expense for fiscal years ended June 30, 2021 and 2020:

<b>Table 6</b> <b>Capital Assets</b>			
	2021	2020	Change
Land	\$ 1,218,930	\$ 1,218,930	\$ —
Construction in progress	3,591,622	10,924,239	(7,332,617)
Land improvements	9,212,209	8,954,700	257,509
Buildings	493,496,500	472,254,651	21,241,849
Furniture and equipment	35,356,580	31,574,472	3,782,108
Less accumulated depreciation	(237,729,193)	(218,495,039)	(19,234,154)
Total	<u>\$ 305,146,648</u>	<u>\$ 306,431,953</u>	<u>\$ (1,285,305)</u>
Depreciation expense	<u>\$ 19,234,154</u>	<u>\$ 18,035,219</u>	<u>\$ 1,198,935</u>

By the end of 2021, the District had net capital assets of \$305.1 million, representing a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and other equipment for various instructional programs. Total depreciation expense for the year was \$19.2 million, as compared to \$18.0 million the previous year.

The District's 10-year facility plan under the Long-Term Facilities Maintenance Program, which involves performing deferred maintenance and renovation of the District's buildings, accounted for much of the asset additions for the year.

## Long-Term Liabilities

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

<b>Table 7</b> <b>Outstanding Long-Term Liabilities</b>			
	2021	2020	Change
General obligation bonds	\$ 177,780,000	\$ 176,235,000	\$ 1,545,000
Certificates of participation	6,650,000	7,235,000	(585,000)
Unamortized premiums (discounts)	9,083,256	8,531,310	551,946
Capital leases	2,808,629	3,043,677	(235,048)
Compensated absences payable	1,561,281	1,598,751	(37,470)
Severance benefits payable	3,198,313	3,275,778	(77,465)
Net pension liability	127,632,321	112,271,516	15,360,805
Total	<u>\$ 328,713,800</u>	<u>\$ 312,191,032</u>	<u>\$ 16,522,768</u>

At year-end, the District had \$193.5 million in general obligation bonds and certificates of participation payable, including premiums and discounts. The District issued \$16.8 million in general obligation long-term facilities maintenance bonds, and \$13.3 million of general obligation alternative facilities refunding bonds during the year, as previously discussed. The District made scheduled principal payments of \$14.2 million on outstanding bonds, certificates of participation, and capital leases during the year, and refunded an additional \$15.1 million of outstanding bonds to attain a more favorable interest rate.

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

The District's bonds presently carry a Standard and Poor's long-term rating of "AAA/Stable" and a school-issuer credit rating of "A/Negative."

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):

<b>Table 8</b> <b>Limitations on Debt</b>	
District's market value	\$ 11,273,477,275
Limit rate	<u>15%</u>
Legal debt limit	<u>\$ 1,691,021,591</u>

Additional details of the District's capital assets and long-term liabilities activity can be found in the Notes 3 and 4 to basic financial statements, respectively.

## **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 \$161, or 2.45 percent, per pupil to the basic general education funding formula for fiscal year 2022, and an additional \$135, or 2.00 percent, per pupil to the formula for fiscal year 2023.

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

The COVID-19 pandemic caused numerous financial and operational challenges for school districts in fiscal 2021, including significantly impacting enrollment, and is expected to continue to have a significant impact in fiscal 2022 and possibly beyond.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

## **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, 2021  
(With Partial Comparative Information as of June 30, 2020)

	Governmental Activities	
	2021	2020
Assets		
Cash and temporary investments	\$ 52,995,721	\$ 45,120,227
Receivables		
Current taxes	32,756,982	33,559,471
Delinquent taxes	625,816	526,993
Accounts and interest	385,162	786,015
Due from other governmental units	17,817,399	14,771,912
Due from post-employment benefits trust	488,138	443,570
Inventory	408,110	478,051
Prepaid items	960,246	321,818
Restricted assets – temporarily restricted		
Cash and investments for capital projects	1,799	1,799
Net OPEB asset	8,532,891	6,812,594
Capital assets		
Not depreciated	4,810,552	12,143,169
Depreciated, net of accumulated depreciation	300,336,096	294,288,784
Total capital assets, net of accumulated depreciation	305,146,648	306,431,953
Total assets	420,118,912	409,254,403
Deferred outflows of resources		
Pension plan deferments	51,886,026	87,119,816
Total assets and deferred outflows of resources	\$ 472,004,938	\$ 496,374,219
Liabilities		
Salaries payable	\$ 1,087,840	\$ 1,426,732
Accounts and contracts payable	12,200,301	13,194,338
Accrued interest payable	2,801,689	2,780,568
Due to other governmental units	441,331	1,337,352
Unearned revenue	541,051	2,809,654
Long-term liabilities		
Due within one year	16,618,254	16,353,799
Due in more than one year	312,095,546	295,837,233
Total long-term liabilities	328,713,800	312,191,032
Total liabilities	345,786,012	333,739,676
Deferred inflows of resources		
Property taxes levied for subsequent year	61,642,618	61,768,816
OPEB plan deferments	3,268,350	2,419,781
Pension plan deferments	95,859,075	140,465,860
Total deferred inflows of resources	160,770,043	204,654,457
Net position		
Net investment in capital assets	119,977,952	121,514,170
Restricted for		
Capital asset acquisition	6,420,128	5,142,373
Debt service	264,036	224,810
Food service	2,373,071	1,241,662
Community service	1,599,307	1,018,315
Other purposes (state funding restrictions)	3,054,826	1,204,392
Unrestricted	(168,240,437)	(172,365,636)
Total net position	(34,551,117)	(42,019,914)
Total liabilities, deferred inflows of resources, and net position	\$ 472,004,938	\$ 496,374,219

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Activities  
Year Ended June 30, 2021  
(With Partial Comparative Information for the Year Ended June 30, 2020)

Functions/Programs	2021			2020	
	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	\$ 7,849,512	\$ —	\$ —	\$ (7,849,512)	\$ (7,322,496)
District support services	7,689,450	117,984	—	(7,571,466)	(5,721,681)
Elementary and secondary regular instruction	82,065,296	345,605	3,176,556	(78,543,135)	(81,313,931)
Vocational education instruction	1,446,111	—	21,130	(1,424,981)	(1,463,051)
Special education instruction	34,249,305	380,362	20,642,123	(13,226,820)	(15,965,698)
Instructional support services	13,863,745	3,722	194,314	(13,665,709)	(12,241,261)
Pupil support services	12,908,795	—	2,324,442	(10,584,353)	(16,483,122)
Sites and buildings	34,801,921	193,066	—	(34,608,855)	(33,920,881)
Fiscal and other fixed cost programs	447,607	—	—	(447,607)	(432,254)
Food service	5,960,895	384,656	6,954,581	1,378,342	(32,270)
Community service	9,445,606	2,740,800	4,798,373	(1,906,433)	(3,092,653)
Interest and fiscal charges	5,225,791	—	—	(5,225,791)	(5,092,272)
Total governmental activities	<u>\$ 215,954,034</u>	<u>\$ 4,166,195</u>	<u>\$ 38,111,519</u>	(173,676,320)	(183,081,570)
General revenues					
Taxes					
Property taxes, for general purposes				43,551,802	44,393,003
Property taxes, for community service				2,559,183	2,390,902
Property taxes, for debt service				19,597,836	18,338,319
General grants and aids				112,405,410	110,111,808
Other general revenues				2,964,792	2,463,613
Investment earnings				66,094	462,138
Total general revenues and special item				<u>181,145,117</u>	<u>178,159,783</u>
Change in net position				7,468,797	(4,921,787)
Net position – beginning				<u>(42,019,914)</u>	<u>(37,098,127)</u>
Net position – ending				<u>\$ (34,551,117)</u>	<u>\$ (42,019,914)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Balance Sheet  
Governmental Funds  
as of June 30, 2021  
(With Partial Comparative Information as of June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 28,987,832	\$ 5,709,963	\$ 12,381,883
Cash and investments held by trustee	–	1,799	–
Receivables			
Current taxes	22,099,558	–	9,582,829
Delinquent taxes	412,102	–	190,438
Accounts and interest	132,280	–	–
Due from other governmental units	15,995,115	–	90,006
Due from other funds	488,138	–	–
Inventory	319,309	–	–
Prepaid items	899,307	356	–
Total assets	<u>\$ 69,333,641</u>	<u>\$ 5,712,118</u>	<u>\$ 22,245,156</u>
Liabilities			
Salaries payable	\$ 917,535	\$ –	\$ –
Accounts and contracts payable	7,994,920	2,412,587	1,188
Due to other governmental units	440,809	–	–
Unearned revenue	326,480	–	–
Total liabilities	<u>9,679,744</u>	<u>2,412,587</u>	<u>1,188</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	40,313,773	–	19,178,243
Unavailable revenue – delinquent taxes	243,241	–	111,427
Total deferred inflows of resources	<u>40,557,014</u>	<u>–</u>	<u>19,289,670</u>
Fund balances			
Nonspendable	1,218,616	356	–
Restricted	8,493,612	3,299,175	2,954,298
Assigned	1,882,535	–	–
Unassigned	7,502,120	–	–
Total fund balances	<u>19,096,883</u>	<u>3,299,531</u>	<u>2,954,298</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,333,641</u>	<u>\$ 5,712,118</u>	<u>\$ 22,245,156</u>

Nonmajor Funds	Total Governmental Funds	
	2021	2020
\$ 3,220,397	\$ 50,300,075	\$ 40,501,137
—	1,799	1,799
1,074,595	32,756,982	33,559,471
23,276	625,816	526,993
252,882	385,162	786,015
1,732,278	17,817,399	14,771,912
—	488,138	443,570
88,801	408,110	478,051
26,487	926,150	321,818
<u>\$ 6,418,716</u>	<u>\$ 103,709,631</u>	<u>\$ 91,390,766</u>
\$ 170,305	\$ 1,087,840	\$ 1,426,732
155,856	10,564,551	11,767,762
522	441,331	1,337,352
214,571	541,051	260,612
541,254	12,634,773	14,792,458
2,150,602	61,642,618	61,768,816
13,574	368,242	446,691
2,164,176	62,010,860	62,215,507
115,288	1,334,260	799,869
3,597,998	18,345,083	11,452,691
—	1,882,535	1,507,829
—	7,502,120	622,412
<u>3,713,286</u>	<u>29,063,998</u>	<u>14,382,801</u>
<u>\$ 6,418,716</u>	<u>\$ 103,709,631</u>	<u>\$ 91,390,766</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, 2021  
(With Partial Comparative Information as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Total fund balances – governmental funds	\$ 29,063,998	\$ 14,382,801
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	542,875,841	524,926,992
Accumulated depreciation	(237,729,193)	(218,495,039)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds	(177,780,000)	(176,235,000)
Certificates of participation	(6,650,000)	(7,235,000)
Unamortized (premiums) discounts	(9,083,256)	(8,531,310)
Capital leases	(2,808,629)	(3,043,677)
Compensated absences payable	(1,561,281)	(1,598,751)
Severance benefits payable	(3,198,313)	(3,275,778)
Net pension liability	(127,632,321)	(112,271,516)
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.		
	8,532,891	6,812,594
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,801,689)	(2,780,568)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	1,093,992	643,472
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	51,886,026	87,119,816
Deferred inflows of resources – OPEB plan deferments	(3,268,350)	(2,419,781)
Deferred inflows of resources – pension plan deferments	(95,859,075)	(140,465,860)
Deferred inflows of resources – delinquent property taxes	368,242	446,691
Total net position – governmental activities	<u>\$ (34,551,117)</u>	<u>\$ (42,019,914)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2021  
(With Partial Comparative Information for the Year Ended June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 43,600,567	\$ –	\$ 19,625,533
Investment earnings	19,916	32,758	9,238
Other	3,820,565	(1,009)	–
State sources	126,479,516	–	900,066
Federal sources	11,131,266	–	–
Total revenue	185,051,830	31,749	20,534,837
Expenditures			
Current			
Administration	7,699,766	–	–
District support services	7,179,027	–	–
Elementary and secondary regular instruction	77,205,908	–	–
Vocational education instruction	1,372,645	–	–
Special education instruction	33,070,419	–	–
Instructional support services	13,208,889	–	–
Pupil support services	12,626,379	–	–
Sites and buildings	15,925,083	–	–
Fiscal and other fixed cost programs	447,607	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	5,329,507	14,734,656	–
Debt service			
Principal	235,048	–	13,945,000
Interest and fiscal charges	81,572	502,153	6,637,539
Total expenditures	174,381,850	15,236,809	20,582,539
Excess (deficiency) of revenue over expenditures	10,669,980	(15,205,060)	(47,702)
Other financing sources (uses)			
Bonds and certificates of participation issued	–	16,760,000	–
Refunding bonds issued	–	–	13,270,000
Premiums on debt issued	–	577,794	1,990,746
Payment to refunded bond escrow agent	–	–	(15,125,000)
Capital lease issued	–	–	–
Sale of assets	–	–	–
Insurance recovery	185,975	–	–
Total other financing sources (uses)	185,975	17,337,794	135,746
Net change in fund balances	10,855,955	2,132,734	88,044
Fund balances			
Beginning of year	8,240,928	1,166,797	2,866,254
End of year	\$ 19,096,883	\$ 3,299,531	\$ 2,954,298

See notes to basic financial statements



Nonmajor Funds	Total Governmental Funds	
	2021	2020
\$ 2,561,170	\$ 65,787,270	\$ 65,064,028
1,931	63,843	437,945
3,125,456	6,945,012	9,734,221
3,052,037	130,431,619	131,780,536
8,700,917	19,832,183	11,485,723
17,441,511	223,059,927	218,502,453
—	7,699,766	6,901,168
—	7,179,027	5,766,813
—	77,205,908	78,653,904
—	1,372,645	1,419,272
—	33,070,419	33,233,639
—	13,208,889	11,539,653
—	12,626,379	18,481,931
—	15,925,083	15,709,234
—	447,607	432,254
6,120,818	6,120,818	7,098,859
9,544,358	9,544,358	10,437,784
171,871	20,236,034	28,476,722
—	14,180,048	13,538,285
—	7,221,264	6,569,414
15,837,047	226,038,245	238,258,932
1,604,464	(2,978,318)	(19,756,479)
—	16,760,000	16,605,000
—	13,270,000	10,330,000
—	2,568,540	2,580,174
—	(15,125,000)	(11,295,000)
—	—	57,113
—	—	6,050
—	185,975	742,389
—	17,659,515	19,025,726
1,604,464	14,681,197	(730,753)
2,108,822	14,382,801	15,113,554
\$ 3,713,286	\$ 29,063,998	\$ 14,382,801

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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, 2021  
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Total net change in fund balances – governmental funds	\$ 14,681,197	\$ (730,753)
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 expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	17,948,849	26,039,002
Depreciation expense	(19,234,154)	(18,035,219)
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	(30,030,000)	(26,935,000)
Capital leases issued	–	(57,113)
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	29,070,000	24,585,000
Capital leases	235,048	248,285
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	37,470	(162,005)
Severance benefits payable	77,465	129,489
Net pension liability	(15,360,805)	1,803,823
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.		
	1,720,297	487,410
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.		
	(21,121)	(158,589)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(551,946)	(482,759)
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.		
	450,520	1,172,605
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(35,233,790)	(43,979,578)
Deferred outflows of resources – deferred charges on refundings	–	(461,684)
Deferred inflows of resources – OPEB plan deferments	(848,569)	7,684
Deferred inflows of resources – pension plan deferments	44,606,785	31,549,419
Deferred inflows of resources – delinquent property taxes	(78,449)	58,196
Change in net position – governmental activities	\$ 7,468,797	\$ (4,921,787)

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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, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 43,317,980	\$ 43,317,980	\$ 43,600,567	\$ 282,587
Investment earnings	200,000	200,000	19,916	(180,084)
Other	1,668,000	1,468,000	3,820,565	2,352,565
State sources	126,121,619	124,321,619	126,479,516	2,157,897
Federal sources	5,764,149	12,414,149	11,131,266	(1,282,883)
Total revenue	177,071,748	181,721,748	185,051,830	3,330,082
Expenditures				
Current				
Administration	6,755,651	6,755,651	7,699,766	944,115
District support services	11,822,586	11,637,124	7,179,027	(4,458,097)
Elementary and secondary regular instruction	76,351,574	82,749,363	77,205,908	(5,543,455)
Vocational education instruction	1,074,588	1,074,588	1,372,645	298,057
Special education instruction	34,978,963	34,978,964	33,070,419	(1,908,545)
Instructional support services	13,069,651	13,069,651	13,208,889	139,238
Pupil support services	11,239,086	9,941,436	12,626,379	2,684,943
Sites and buildings	15,167,022	14,817,022	15,925,083	1,108,061
Fiscal and other fixed cost programs	—	—	447,607	447,607
Capital outlay	5,425,803	5,510,725	5,329,507	(181,218)
Debt service				
Principal	—	—	235,048	235,048
Interest and fiscal charges	—	—	81,572	81,572
Total expenditures	175,884,924	180,534,524	174,381,850	(6,152,674)
Excess of revenue over expenditures	1,186,824	1,187,224	10,669,980	9,482,756
Other financing sources				
Insurance recovery	—	—	185,975	185,975
Net change in fund balances	\$ 1,186,824	\$ 1,187,224	10,855,955	\$ 9,668,731
Fund balances				
Beginning of year			8,240,928	
End of year			\$ 19,096,883	

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Net Position  
Internal Service Funds  
as of June 30, 2021  
(With Partial Comparative Information as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and temporary investments	\$ 2,695,646	\$ 4,619,090
Prepaid items	<u>34,096</u>	<u>—</u>
Total current assets	2,729,742	4,619,090
Liabilities		
Current liabilities		
Claims payable	1,635,750	1,426,576
Unearned revenue	<u>—</u>	<u>2,549,042</u>
Total current liabilities	1,635,750	3,975,618
Net position		
Unrestricted	<u>\$ 1,093,992</u>	<u>\$ 643,472</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenses, and Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2021  
(With Partial Comparative Information for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 20,357,827	\$ 18,822,936
Operating expenses		
Dental benefit claims	1,412,700	1,161,937
Health benefit claims	<u>18,496,858</u>	<u>16,512,587</u>
Total operating expenses	<u>19,909,558</u>	<u>17,674,524</u>
Operating income	448,269	1,148,412
Nonoperating revenue		
Investment earnings	<u>2,251</u>	<u>24,193</u>
Change in net position	450,520	1,172,605
Net position		
Beginning of year	<u>643,472</u>	<u>(529,133)</u>
End of year	<u><u>\$ 1,093,992</u></u>	<u><u>\$ 643,472</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2021  
(With Partial Comparative Information for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 17,774,689	\$ 18,907,971
Payments for dental claims	(1,424,218)	(1,149,465)
Payments for health claims	(18,276,166)	(16,481,554)
Net cash flows from operating activities	<u>(1,925,695)</u>	<u>1,276,952</u>
Cash flows from investing activities		
Investment income received	<u>2,251</u>	<u>24,193</u>
Net change in cash and cash equivalents	(1,923,444)	1,301,145
Cash and cash equivalents		
Beginning of year	<u>4,619,090</u>	<u>3,317,945</u>
End of year	<u><u>\$ 2,695,646</u></u>	<u><u>\$ 4,619,090</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 448,269	\$ 1,148,412
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets and liabilities		
Prepaid items	(34,096)	—
Claims payable	209,174	43,505
Unearned revenue	(2,549,042)	85,035
Net cash flows from operating activities	<u><u>\$ (1,925,695)</u></u>	<u><u>\$ 1,276,952</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Fiduciary Net Position  
Fiduciary Fund  
as of June 30, 2021

	Employee Benefit Trust Fund
Assets	
Investments	
Mutual funds	\$ 16,897,305
Liabilities	
Due to other funds	488,138
Net position	
Held in trust for employee benefits	<u>\$ 16,409,167</u>

Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year Ended June 30, 2021

	Employee Benefit Trust Fund
Additions	
Investment earnings	\$ 2,205,391
Less investment expense	(38,258)
Net investment earnings	<u>2,167,133</u>
Deductions	
Retirement benefits	488,138
Administrative and other expenses	5,577
Total deductions	<u>493,715</u>
Change in net position	1,673,418
Net position	
Beginning of year	<u>14,735,749</u>
End of year	<u>\$ 16,409,167</u>

# INDEPENDENT SCHOOL DISTRICT NO. 281

## Notes to Basic Financial Statements June 30, 2021

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

### D. Fund Financial Statement Presentation

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 and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term 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 \$157,820 in the Food Service Special Revenue Fund and \$1,119,383 in the Community Service Special Revenue Fund. Revenue in excess of budget financed these variances.

## 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	\$ 10,533,405
Due from federal government agencies	7,021,889
Due from other Minnesota school districts	93,360
Due from Hennepin County and others	<u>168,745</u>
Total	<u><u>\$ 17,817,399</u></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 \$3,914,364 of the property tax levy collectible in 2021 as revenue in fiscal 2020–2021. The remaining portion of the taxes collectible in 2021 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. 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 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 purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for furniture and equipment. Land and construction in progress are not depreciated.

## **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 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 Special School District No. 1, Minneapolis Public Schools. 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 2021.

## 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>
2020	\$ 23,896	\$ 1,161,937	\$ 1,149,465	\$ 36,368
2021	\$ 36,368	\$ 1,412,700	\$ 1,424,218	\$ 24,850

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>
2020	\$ 1,359,175	\$ 16,512,587	\$ 16,481,554	\$ 1,390,208
2021	\$ 1,390,208	\$ 18,496,858	\$ 18,276,166	\$ 1,610,900

### 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, 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	\$ 7,258,151
Investments	<u>62,636,674</u>
Total	<u><u>\$ 69,894,825</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 52,995,721
Restricted assets – temporarily restricted – cash and investments for capital projects	1,799
Statement of Fiduciary Net Position	
Investments – Employee Benefit Trust Fund	<u>16,897,305</u>
Total	<u><u>\$ 69,894,825</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 \$7,258,151, while the balance on the bank records was \$8,171,313. At June 30, 2021, 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	
Negotiable certificates of deposit	Not Rated		Level 2	\$ –	\$ 226,285	\$ 226,285
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	\$ 37,512,578	\$ –	37,512,578
MNTrust Term Series	Not Rated		N/A	\$ –	\$ 8,000,000	8,000,000
Mutual funds	AAA	S&P	Level 2	\$ 16,897,811	\$ –	16,897,811
Total investments						<u>\$ 62,636,674</u>

N/A – Not Applicable

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 Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust Term Series Portfolio 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					
Land	\$ 1,218,930	\$ –	\$ –	\$ –	\$ 1,218,930
Construction in progress	10,924,239	10,828,015	–	(18,160,632)	3,591,622
Total capital assets not depreciated	12,143,169	10,828,015	–	(18,160,632)	4,810,552
Capital assets, depreciated					
Land improvements	8,954,700	257,509	–	–	9,212,209
Buildings	472,254,651	3,081,217	–	18,160,632	493,496,500
Furniture and equipment	31,574,472	3,782,108	–	–	35,356,580
Total capital assets, depreciated	512,783,823	7,120,834	–	18,160,632	538,065,289
Less accumulated depreciation for					
Land improvements	(5,557,839)	(269,558)	–	–	(5,827,397)
Buildings	(188,517,712)	(17,700,660)	–	–	(206,218,372)
Furniture and equipment	(24,419,488)	(1,263,936)	–	–	(25,683,424)
Total accumulated depreciation	(218,495,039)	(19,234,154)	–	–	(237,729,193)
Net capital assets, depreciated	294,288,784	(12,113,320)	–	18,160,632	300,336,096
Total capital assets, net	\$ 306,431,953	\$ (1,285,305)	\$ –	\$ –	\$ 305,146,648

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

Administration	\$ 658
District support services	730,992
Elementary and secondary regular instruction	59,705
Vocational education instruction	425
Special education instruction	1,805
Instructional support services	1,058
Pupil support services	12,048
Sites and buildings	18,369,897
Food service	53,558
Community service	4,008
Total depreciation expense	<u>\$ 19,234,154</u>

## 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
2012 Refunding Bonds	11/06/2012	2.00%–5.00%	\$ 24,610,000	02/01/2022	\$ 3,200,000
2013 Capital Facilities Bond	07/18/2013	2.00%–3.00%	\$ 3,200,000	02/01/2023	665,000
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	3,680,000
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	8,910,000
2016 Refunding Bonds	06/01/2016	2.00%–5.00%	\$ 7,080,000	02/01/2027	4,655,000
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	9,045,000
2018 Facilities Maintenance Bonds	05/30/2018	3.00%–5.00%	\$ 14,200,000	02/01/2031	13,295,000
2018 Taxable OPEB Refunding Bonds	11/06/2018	3.00%–3.30%	\$ 9,910,000	02/01/2025	8,835,000
2019 Refunding Bonds	11/21/2019	5.00%	\$ 10,330,000	02/01/2024	8,015,000
2019 Facilities Maintenance Bonds	12/19/2019	3.00%–5.00%	\$ 16,605,000	02/01/2040	16,225,000
2020 Facilities Maintenance Bonds	11/19/2020	2.00%–4.00%	\$ 16,760,000	02/01/2041	16,760,000
2020 Alternative Facilities Refunding Bonds	11/19/2020	2.00%–5.00%	\$ 13,270,000	02/01/2032	13,270,000
Total general obligation bonds payable					<u>\$ 177,780,000</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.

In November 2020, the District issued \$13,270,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2020B. The proceeds of this issue were used to refund, in advance of their stated maturities, the remaining maturities of the District's General Obligation Refunding Bonds, Series 2011A and 2012A. This refunding reduced the District's total future debt service payments by \$1,667,721 and resulted in a present value savings of \$1,606,301. The difference between the carrying amount of the refunded debt and its reacquisition price was not material and was included in current year expense on the government-wide financial statements.

### 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.



## NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

### C. Capital Leases

The District entered into a capital lease agreement to finance the construction of an addition to Pilgrim Lane Elementary School. The lease has an effective interest rate of 2.49 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the lease, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease. The value of capital assets and accumulated depreciation at year-end related to the capital lease was \$1,942,000 and \$233,040, respectively. Net book value of \$1,708,960 is recorded as part of buildings.

The District entered into a capital lease agreement to finance the construction of two additions to the School of Engineering and Arts. The lease has an effective interest rate of 3.04 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. If the District fails to make rental payments specified in the agreement or otherwise defaults on the lease, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease. The value of capital assets and accumulated depreciation at year-end related to the capital lease was \$1,701,000 and \$204,120, respectively. Net book value of \$1,496,880 is recorded as part of buildings.

### D. 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, 2021:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 23,939,860	\$ 2,740,142	\$ 2,279,377	\$ 140,320
TRA	103,692,461	49,145,884	93,579,698	15,365,332
Total	<u>\$ 127,632,321</u>	<u>\$ 51,886,026</u>	<u>\$ 95,859,075</u>	<u>\$ 15,505,652</u>

## NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

### E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 176,235,000	\$ 30,030,000	\$ 28,485,000	\$ 177,780,000	\$ 13,845,000
Certificates of participation	7,235,000	–	585,000	6,650,000	600,000
Unamortized premiums/discount	8,531,310	2,568,540	2,016,594	9,083,256	–
Capital leases	3,043,677	–	235,048	2,808,629	221,973
Compensated absences payable	1,598,751	1,561,281	1,598,751	1,561,281	1,561,281
Severance benefits payable	3,275,778	311,700	389,165	3,198,313	390,000
Net pension liability	112,271,516	25,636,303	10,275,498	127,632,321	–
	<u>\$ 312,191,032</u>	<u>\$ 60,107,824</u>	<u>\$ 43,585,056</u>	<u>\$ 328,713,800</u>	<u>\$ 16,618,254</u>

### F. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, and capital leases are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 13,845,000	\$ 6,314,866	\$ 600,000	\$ 155,256	\$ 221,973	\$ 75,610
2023	14,650,000	5,573,011	610,000	143,256	228,102	69,482
2024	15,055,000	5,032,811	620,000	131,056	234,401	63,182
2025	15,935,000	4,469,481	645,000	106,256	240,876	56,707
2026	16,535,000	3,850,269	660,000	93,356	247,532	50,051
2027–2031	76,645,000	11,546,194	3,515,000	252,762	1,344,188	143,728
2032–2036	14,915,000	1,943,775	–	–	291,557	6,026
2037–2041	10,200,000	487,350	–	–	–	–
	<u>\$ 177,780,000</u>	<u>\$ 39,217,757</u>	<u>\$ 6,650,000</u>	<u>\$ 881,943</u>	<u>\$ 2,808,629</u>	<u>\$ 464,786</u>

## NOTE 5 – FUND BALANCES

### A. Classifications

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
<b>Nonspendable</b>					
Inventory	\$ 319,309	\$ –	\$ –	\$ 88,801	\$ 408,110
Prepaid items	899,307	356	–	26,487	926,150
Total nonspendable	1,218,616	356	–	115,288	1,334,260
<b>Restricted</b>					
Student activities	90,959	–	–	–	90,959
Scholarships	454,650	–	–	–	454,650
Capital projects levy	1,480,663	–	–	–	1,480,663
Operating capital	3,935,052	–	–	–	3,935,052
Basic skills	1,978,869	–	–	–	1,978,869
Safe schools levy	336,224	–	–	–	336,224
Projects funded by COP	–	261,494	–	–	261,494
Long-term facilities maintenance	23,071	3,037,681	–	–	3,060,752
Medical Assistance	194,124	–	–	–	194,124
Food service	–	–	–	2,076,735	2,076,735
Community education programs	–	–	–	637,326	637,326
Early childhood family education programs	–	–	–	429,860	429,860
School readiness	–	–	–	152,795	152,795
Adult basic education	–	–	–	285,294	285,294
Community service	–	–	–	15,988	15,988
Debt service	–	–	2,954,298	–	2,954,298
Total restricted	8,493,612	3,299,175	2,954,298	3,597,998	18,345,083
<b>Assigned</b>					
Building carryover	622,420	–	–	–	622,420
LCTS program	589,825	–	–	–	589,825
Telecom	220,529	–	–	–	220,529
Q Comp	449,761	–	–	–	449,761
Total assigned	1,882,535	–	–	–	1,882,535
<b>Unassigned</b>	7,502,120	–	–	–	7,502,120
<b>Total</b>	<u>\$ 19,096,883</u>	<u>\$ 3,299,531</u>	<u>\$ 2,954,298</u>	<u>\$ 3,713,286</u>	<u>\$ 29,063,998</u>

### B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2021, the unassigned fund balance of the General Fund was 4.2 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.

All full-time and certain 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 (DCP) 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 will be equal to 50.0 percent of the cost of living adjustment (COLA) 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
<b>Basic Plan</b>	
First 10 years of service	2.2 %
All years after	2.7 %
<b>Coordinated Plan</b>	
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 2021 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, 2021, were \$2,082,018. 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,					
	2019		2020		2021	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	11.71 %	11.00 %	11.92 %	11.00 %	12.13 %
<b>Coordinated Plan</b>	7.50 %	7.71 %	7.50 %	7.92 %	7.50 %	8.13 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were \$6,610,498. 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 Comprehensive Annual 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 Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	\$ 425,223
Add employer contributions not related to future contribution efforts	(56)
Deduct the TRA's contributions not included in allocation	<u>(508)</u>
Total employer contributions	424,659
Total nonemployer contributions	<u>35,587</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 460,246</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, 2021, the District reported a liability of \$23,939,860 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 \$738,197. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.3993 percent at the end of the measurement period and 0.3937 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 23,939,860
State's proportionate share of the net pension liability associated with the District	\$ 738,197

For the year ended June 30, 2021, the District recognized pension expense of \$76,074 for its proportionate share of the GERF's pension expense. In addition, the District recognized \$64,246 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 216,095	\$ 90,577
Changes in actuarial assumptions	–	906,992
Net collective difference between projected and actual investment earnings	209,820	–
Changes in proportion	232,209	1,281,808
District's contributions to the GERF subsequent to the measurement date	2,082,018	–
Total	<u>\$ 2,740,142</u>	<u>\$ 2,279,377</u>

The \$2,082,018 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ (2,185,846)
2023	\$ (545,859)
2024	\$ 532,058
2025	\$ 578,394

**2. TRA Pension Costs**

At June 30, 2021, the District reported a liability of \$103,692,461 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 1.4035 percent at the end of the measurement period and 1.4199 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	\$ 103,692,461
State's proportionate share of the net pension liability associated with the District	\$ 8,689,629

For the year ended June 30, 2021, the District recognized pension expense of \$14,569,304. It also recognized \$796,028 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, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,079,454	\$ 1,603,941
Changes in actuarial assumptions	38,442,943	88,974,140
Net difference between projected and actual investment earnings on pension plan investments	1,435,630	–
Changes in proportion	577,359	3,001,617
District's contributions to the TRA subsequent to the measurement date	6,610,498	–
Total	<u>\$ 49,145,884</u>	<u>\$ 93,579,698</u>

A total of \$6,610,498 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, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 2,102,483
2023	\$ (32,967,807)
2024	\$ (22,458,154)
2025	\$ 2,021,889
2026	\$ 257,277

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020 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 growth	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality Table for the GERF Plan and the RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2020 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

### **1. GERP**

#### **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.

#### **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.

### **2. TRA**

#### **CHANGES IN ACTUARIAL ASSUMPTIONS**

- Employer contribution rate increased from 7.92 percent to 8.13 percent in July 2020.

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

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

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

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

### F. Discount Rate

#### 1. GERS

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERS 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 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

### G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 38,367,292	\$ 23,939,860	\$ 12,038,388
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 158,752,060	\$ 103,692,461	\$ 58,326,134

### H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at [www.mnpera.org](http://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](http://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	90
Active plan members	<u>1,847</u>
Total members	<u><u>1,937</u></u>

### E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020 (census date). The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 7,876,276
Plan fiduciary net position	<u>(16,409,167)</u>
District's net OPEB liability (asset)	<u><u>\$ (8,532,891)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u><u>208.3%</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, 2021, 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	2.40%
Inflation rate	2.50%
Payroll growth rate	Service graded table
Medical trend rate	6.50%, grading to 5.00% over 6 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-2019 Generational Improvement Scale.

Changes in assumptions since the previous actuarial valuation include:

- 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.

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 %	7.26 %
International equity	10.00	7.91 %
Fixed income	70.00	4.51 %
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 14.71 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 also 5.50 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, 2020	\$ 7,923,155	\$ 14,735,749	\$ (6,812,594)
Changes for the year			
Service cost	206,124	–	206,124
Interest	433,866	–	433,866
Changes of assumptions	(197,299)	–	(197,299)
Net investment income	–	2,167,133	(2,167,133)
Difference between expected and actual experience	(1,432)	–	(1,432)
Benefit payments from trust	(488,138)	(488,138)	–
Administrative expense	–	(5,577)	5,577
Total net changes	(46,879)	1,673,418	(1,720,297)
Ending balance – June 30, 2021	\$ 7,876,276	\$ 16,409,167	\$ (8,532,891)

**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>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	4.50%	5.50%	6.50%
Net OPEB liability (asset)	\$ (8,215,045)	\$ (8,532,891)	\$ (8,839,038)

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	5.50% grading to 4.00% then 3.00%	6.50% grading to 5.00% then 4.00%	7.50% grading to 6.00% then 5.00%
Net OPEB liability (asset)	\$ (8,930,634)	\$ (8,532,891)	\$ (8,085,882)

**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 \$871,728. 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	\$ —	\$ 1,306,607
Changes in actuarial assumptions	—	633,874
Differences between projected and actual investment earnings	—	1,327,869
Total	<u>\$ —</u>	<u>\$ 3,268,350</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>
2022	\$ (706,475)
2023	\$ (765,814)
2024	\$ (713,536)
2025	\$ (647,760)
2026	\$ (375,480)
Thereafter	\$ (59,285)



## 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, 2021:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds		
General Fund	\$ 488,138	\$ –
Fiduciary fund		
Employee Benefit Trust Fund	<u>–</u>	<u>488,138</u>
Total all funds	<u><u>\$ 488,138</u></u>	<u><u>\$ 488,138</u></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, 2021, the District’s Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$285,133. 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, 2021, the remaining commitment under these contracts is \$6,503,514.

### **B. Federal and State Revenue**

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

### **C. Legal Contingencies**

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits 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 Issues**

In September 2021, the District approved the sale of \$21,200,000 of General Obligation Facilities Maintenance Bonds, Series 2021A, to finance various capital improvements. The bonds will bear annual interest rates ranging from 2.00–5.00 percent, and have a final maturity date of February 1, 2042.

### **B. COVID-19**

The COVID-19 pandemic has caused numerous financial and operational challenges for school districts in fiscal 2021, and is expected to have a significant impact on fiscal 2022 and possibly beyond. Any potential effects it may have on the District's future operations and financial condition cannot be determined at this time and have not been reflected in these financial statements.

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, 2021

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%

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2021

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%

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, 2021

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	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%

Teachers Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2021

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	\$ 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%

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, 2021

	Year Ended June 30,				
	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 374,192	\$ 395,745	\$ 429,786	\$ 247,748	\$ 206,124
Interest	551,130	559,636	554,056	428,049	433,866
Differences between expected and actual experience	—	—	(2,065,851)	—	(1,432)
Changes of assumptions	—	(15,942)	(650,979)	(65,819)	(197,299)
Changes of benefit terms	—	—	186,435	—	—
Benefit payments	(1,014,169)	(583,727)	(681,324)	(443,570)	(488,138)
Net change in total OPEB liability	(88,847)	355,712	(2,227,877)	166,408	(46,879)
Total OPEB liability – beginning of year	9,717,759	9,628,912	9,984,624	7,756,747	7,923,155
Total OPEB liability – end of year	9,628,912	9,984,624	7,756,747	7,923,155	7,876,276
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
Benefit payments – paid from governmental funds	(28,001)	—	—	—	—
Benefit payments – paid from trust	(986,168)	(583,727)	(681,324)	(443,570)	(488,138)
Administrative expense	(7,007)	(86,547)	(6,296)	(5,829)	(5,577)
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
Plan fiduciary net position – beginning of year	18,054,443	18,100,972	18,254,097	14,081,931	14,735,749
Plan fiduciary net position – end of year	18,100,972	18,254,097	14,081,931	14,735,749	16,409,167
Net OPEB liability (asset)	<u>\$ (8,472,060)</u>	<u>\$ (8,269,473)</u>	<u>\$ (6,325,184)</u>	<u>\$ (6,812,594)</u>	<u>\$ (8,532,891)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>187.99%</u>	<u>182.82%</u>	<u>181.54%</u>	<u>185.98%</u>	<u>208.34%</u>
Covered-employee payroll	<u>\$ 115,661,449</u>	<u>\$ 115,803,161</u>	<u>\$ 92,975,942</u>	<u>\$ 116,588,812</u>	<u>\$ 104,349,456</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(7.32%)</u>	<u>(7.14%)</u>	<u>(6.80%)</u>	<u>(5.84%)</u>	<u>(8.18%)</u>

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, 2021

<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%

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, 2021

#### **PERA – GENERAL EMPLOYEES RETIREMENT FUND**

##### **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.

##### **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.

##### **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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)  
June 30, 2021

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**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.

**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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)  
June 30, 2021

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**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, 2021

#### **TEACHERS RETIREMENT ASSOCIATION (TRA)**

##### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- 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.
- The single discount rate changed from 5.12 percent to 7.50 percent.

##### **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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)  
June 30, 2021

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**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.

**2019 CHANGES IN PLAN PROVISIONS**

- OPEB 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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)  
June 30, 2021

**OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**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.

SUPPLEMENTAL INFORMATION

## INDEPENDENT SCHOOL DISTRICT NO. 281

Nonmajor Governmental Funds  
Combining Balance Sheet  
as of June 30, 2021

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 994,559	\$ 2,225,838	\$ 3,220,397
Receivables			
Current taxes	—	1,074,595	1,074,595
Delinquent taxes	—	23,276	23,276
Accounts and interest	246,893	5,989	252,882
Due from other governmental units	1,134,066	598,212	1,732,278
Inventory	88,801	—	88,801
Prepaid items	12,376	14,111	26,487
Total assets	<u>\$ 2,476,695</u>	<u>\$ 3,942,021</u>	<u>\$ 6,418,716</u>
Liabilities			
Salaries payable	\$ 25,506	\$ 144,799	\$ 170,305
Accounts and contracts payable	114,596	41,260	155,856
Due to other governmental units	—	522	522
Unearned revenue	158,681	55,890	214,571
Total liabilities	<u>298,783</u>	<u>242,471</u>	<u>541,254</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	—	2,150,602	2,150,602
Unavailable revenue – delinquent taxes	—	13,574	13,574
Total deferred inflows of resources	<u>—</u>	<u>2,164,176</u>	<u>2,164,176</u>
Fund balances			
Nonspendable	101,177	14,111	115,288
Restricted	2,076,735	1,521,263	3,597,998
Total fund balances	<u>2,177,912</u>	<u>1,535,374</u>	<u>3,713,286</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,476,695</u>	<u>\$ 3,942,021</u>	<u>\$ 6,418,716</u>



INDEPENDENT SCHOOL DISTRICT NO. 281

Nonmajor Governmental Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2021

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 2,561,170	\$ 2,561,170
Investment earnings	466	1,465	1,931
Other	384,656	2,740,800	3,125,456
State sources	—	3,052,037	3,052,037
Federal sources	6,954,581	1,746,336	8,700,917
Total revenue	7,339,703	10,101,808	17,441,511
Expenditures			
Current			
Food service	6,120,818	—	6,120,818
Community service	—	9,544,358	9,544,358
Capital outlay	143,247	28,624	171,871
Total expenditures	6,264,065	9,572,982	15,837,047
Net change in fund balances	1,075,638	528,826	1,604,464
Fund balances			
Beginning of year	1,102,274	1,006,548	2,108,822
End of year	\$ 2,177,912	\$ 1,535,374	\$ 3,713,286

## INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund  
Comparative Balance Sheet  
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	\$ 28,987,832	\$ 19,447,076
Receivables		
Current taxes	22,099,558	22,176,591
Delinquent taxes	412,102	346,237
Accounts and interest	132,280	512,662
Due from other governmental units	15,995,115	13,120,169
Due from other funds	488,138	443,570
Inventory	319,309	391,697
Prepaid items	899,307	321,818
	<u>69,333,641</u>	<u>56,759,820</u>
Total assets	<u>\$ 69,333,641</u>	<u>\$ 56,759,820</u>
Liabilities		
Salaries payable	\$ 917,535	\$ 1,149,780
Accounts and contracts payable	7,994,920	6,285,965
Due to other governmental units	440,809	1,258,058
Unearned revenue	326,480	1,078
Total liabilities	<u>9,679,744</u>	<u>8,694,881</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	40,313,773	39,532,005
Unavailable revenue – delinquent taxes	243,241	292,006
Total deferred inflows of resources	<u>40,557,014</u>	<u>39,824,011</u>
Fund balances		
Nonspendable for inventory	319,309	391,697
Nonspendable for prepaid items	899,307	321,818
Restricted for student activities	90,959	92,997
Restricted for scholarships	454,650	450,170
Restricted for capital projects levy	1,480,663	805,991
Restricted for operating capital	3,935,052	3,195,733
Restricted for basic skills	1,978,869	626,401
Restricted for safe schools levy	336,224	34,824
Restricted for long-term facilities maintenance	23,071	191,056
Restricted for Medical Assistance	194,124	–
Assigned for building carryover	622,420	584,228
Assigned for LCTS program	589,825	645,937
Assigned for telecom	220,529	–
Assigned for Q comp	449,761	277,664
Unassigned	7,502,120	622,412
Total fund balances	<u>19,096,883</u>	<u>8,240,928</u>
	<u>\$ 69,333,641</u>	<u>\$ 56,759,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,333,641</u>	<u>\$ 56,759,820</u>

## INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 43,317,980	\$ 43,600,567	\$ 282,587	\$ 44,343,444
Investment earnings	200,000	19,916	(180,084)	145,485
Other	1,468,000	3,820,565	2,352,565	3,788,625
State sources	124,321,619	126,479,516	2,157,897	127,595,185
Federal sources	12,414,149	11,131,266	(1,282,883)	5,842,149
Total revenue	181,721,748	185,051,830	3,330,082	181,714,888
Expenditures				
Current				
Administration				
Salaries	5,132,900	5,713,872	580,972	5,048,589
Employee benefits	1,509,249	1,695,049	185,800	1,605,416
Purchased services	35,550	84,122	48,572	65,465
Supplies and materials	21,667	119,664	97,997	86,767
Capital expenditures	7,750	13,253	5,503	—
Other expenditures	56,285	87,059	30,774	94,931
Total administration	6,763,401	7,713,019	949,618	6,901,168
District support services				
Salaries	3,085,327	3,174,800	89,473	3,029,563
Employee benefits	776,073	954,685	178,612	928,758
Purchased services	352,711	856,892	504,181	822,085
Supplies and materials	1,025,410	739,527	(285,883)	1,093,366
Capital expenditures	3,479,876	2,668,462	(811,414)	3,767,161
Other expenditures	6,397,603	1,453,123	(4,944,480)	(106,959)
Total district support services	15,117,000	9,847,489	(5,269,511)	9,533,974
Elementary and secondary regular instruction				
Salaries	59,157,628	54,443,373	(4,714,255)	56,753,011
Employee benefits	16,905,832	17,486,851	581,019	16,581,347
Purchased services	3,575,718	2,761,937	(813,781)	3,291,239
Supplies and materials	2,689,232	1,936,038	(753,194)	1,219,305
Capital expenditures	470,282	823,689	353,407	1,070,787
Other expenditures	420,953	577,709	156,756	809,002
Total elementary and secondary regular instruction	83,219,645	78,029,597	(5,190,048)	79,724,691

## INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Vocational education instruction			
Salaries	796,602	1,002,203	205,601
Employee benefits	245,041	274,976	29,935
Purchased services	750	69,020	68,270
Supplies and materials	2,250	19,601	17,351
Capital expenditures	—	2,746	2,746
Other expenditures	29,945	6,845	(23,100)
Total vocational education instruction	1,074,588	1,375,391	300,803
Special education instruction			
Salaries	23,157,274	23,522,350	365,076
Employee benefits	7,388,940	7,659,181	270,241
Purchased services	238,382	1,203,051	964,669
Supplies and materials	4,205,882	550,433	(3,655,449)
Capital expenditures	107,500	41,648	(65,852)
Other expenditures	(11,514)	135,404	146,918
Total special education instruction	35,086,464	33,112,067	(1,974,397)
Instructional support services			
Salaries	7,990,444	7,826,141	(164,303)
Employee benefits	2,170,995	2,336,983	165,988
Purchased services	263,255	290,779	27,524
Supplies and materials	2,626,550	2,682,913	56,363
Capital expenditures	(3,300)	685,445	688,745
Other expenditures	18,407	72,073	53,666
Total instructional support services	13,066,351	13,894,334	827,983
Pupil support services			
Salaries	5,133,806	5,111,377	(22,429)
Employee benefits	1,493,573	1,604,164	110,591
Purchased services	3,253,151	5,579,790	2,326,639
Supplies and materials	60,906	221,118	160,212
Capital expenditures	—	193,022	193,022
Other expenditures	—	109,930	109,930
Total pupil support services	9,941,436	12,819,401	2,877,965

## INDEPENDENT SCHOOL DISTRICT NO. 281

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Sites and buildings			
Salaries	4,888,469	4,940,255	51,786
Employee benefits	1,610,435	1,764,769	154,334
Purchased services	7,386,133	7,642,187	256,054
Supplies and materials	700,500	1,418,128	717,628
Capital expenditures	1,448,617	901,242	(547,375)
Other expenditures	231,485	159,744	(71,741)
Total sites and buildings	16,265,639	16,826,325	560,686
Fiscal and other fixed cost programs			
Purchased services	—	435,657	435,657
Other expenditures	—	11,950	11,950
Total fiscal and other fixed cost programs	—	447,607	447,607
Debt service			
Principal	—	235,048	235,048
Interest and fiscal charges	—	81,572	81,572
Total debt service	—	316,620	316,620
Total expenditures	180,534,524	174,381,850	(6,152,674)
Excess of revenue over expenditures	1,187,224	10,669,980	9,482,756
Other financing sources			
Capital lease issued	—	—	—
Sale of assets	—	—	—
Insurance recovery	—	185,975	185,975
Total other financing sources	—	185,975	185,975
Net change in fund balances	\$ 1,187,224	10,855,955	\$ 9,668,731
Fund balances			
Beginning of year		8,240,928	6,594,897
End of year		\$ 19,096,883	\$ 8,240,928

## INDEPENDENT SCHOOL DISTRICT NO. 281

Food Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 994,559	\$ 5,021
Receivables		
Accounts and interest	246,893	232,403
Due from other governmental units	1,134,066	1,130,697
Inventory	88,801	86,354
Prepaid items	<u>12,376</u>	<u>—</u>
Total assets	<u><u>\$ 2,476,695</u></u>	<u><u>\$ 1,454,475</u></u>
Liabilities		
Salaries payable	\$ 25,506	\$ 51,333
Accounts and contracts payable	114,596	100,397
Unearned revenue	<u>158,681</u>	<u>200,471</u>
Total liabilities	298,783	352,201
Fund balances		
Nonspendable for inventory	88,801	86,354
Nonspendable for prepaid items	12,376	—
Restricted for food service	<u>2,076,735</u>	<u>1,015,920</u>
Total fund balances	<u><u>2,177,912</u></u>	<u><u>1,102,274</u></u>
Total liabilities and fund balances	<u><u>\$ 2,476,695</u></u>	<u><u>\$ 1,454,475</u></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, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ 1,023	\$ 466	\$ (557)	\$ (746)
Other – primarily meal sales	2,131,142	384,656	(1,746,486)	1,477,502
State sources	426,257	–	(426,257)	320,188
Federal sources	3,547,823	6,954,581	3,406,758	5,446,447
Total revenue	<u>6,106,245</u>	<u>7,339,703</u>	<u>1,233,458</u>	<u>7,243,391</u>
Expenditures				
Current				
Salaries	1,745,278	2,228,317	483,039	2,503,270
Employee benefits	1,032,292	924,095	(108,197)	983,486
Purchased services	291,000	108,984	(182,016)	169,747
Supplies and materials	2,957,675	2,832,486	(125,189)	3,410,437
Other expenditures	30,000	26,936	(3,064)	31,919
Capital outlay	50,000	143,247	93,247	56,659
Total expenditures	<u>6,106,245</u>	<u>6,264,065</u>	<u>157,820</u>	<u>7,155,518</u>
Net change in fund balances	<u>\$ –</u>	1,075,638	<u>\$ 1,075,638</u>	87,873
Fund balances				
Beginning of year		<u>1,102,274</u>		<u>1,014,401</u>
End of year		<u>\$ 2,177,912</u>		<u>\$ 1,102,274</u>

## INDEPENDENT SCHOOL DISTRICT NO. 281

Community Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 2,225,838	\$ 2,249,344
Receivables		
Current taxes	1,074,595	1,312,010
Delinquent taxes	23,276	18,383
Accounts and interest	5,989	39,941
Due from other governmental units	598,212	431,039
Prepaid items	<u>14,111</u>	<u>—</u>
Total assets	<u><u>\$ 3,942,021</u></u>	<u><u>\$ 4,050,717</u></u>
Liabilities		
Salaries payable	\$ 144,799	\$ 224,840
Accounts and contracts payable	41,260	137,192
Due to other governmental units	522	44,461
Unearned revenue	<u>55,890</u>	<u>59,063</u>
Total liabilities	242,471	465,556
Deferred inflows of resources		
Property taxes levied for subsequent year	2,150,602	2,563,052
Unavailable revenue – delinquent taxes	<u>13,574</u>	<u>15,561</u>
Total deferred inflows of resources	2,164,176	2,578,613
Fund balances		
Nonspendable for prepaid items	14,111	—
Restricted for community education programs	637,326	125,667
Restricted for early childhood family education programs	429,860	375,011
Restricted for school readiness	152,795	279,577
Restricted for adult basic education	285,294	173,317
Restricted for community service	<u>15,988</u>	<u>52,976</u>
Total fund balances	<u><u>1,535,374</u></u>	<u><u>1,006,548</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 3,942,021</u></u>	<u><u>\$ 4,050,717</u></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, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,589,311	\$ 2,561,170	\$ (28,141)	\$ 2,388,215
Investment earnings	—	1,465	1,465	23,667
Other – primarily tuition and fees	2,032,183	2,740,800	708,617	4,468,094
State sources	2,859,119	3,052,037	192,918	2,956,824
Federal sources	200,709	1,746,336	1,545,627	197,127
Total revenue	<u>7,681,322</u>	<u>10,101,808</u>	<u>2,420,486</u>	<u>10,033,927</u>
Expenditures				
Current				
Salaries	5,559,275	6,878,468	1,319,193	7,089,478
Employee benefits	1,967,494	2,271,227	303,733	2,223,432
Purchased services	601,143	271,553	(329,590)	863,494
Supplies and materials	244,444	110,983	(133,461)	243,441
Other expenditures	26,117	12,127	(13,990)	17,939
Capital outlay	55,126	28,624	(26,502)	22,444
Total expenditures	<u>8,453,599</u>	<u>9,572,982</u>	<u>1,119,383</u>	<u>10,460,228</u>
Net change in fund balances	<u>\$ (772,277)</u>	528,826	<u>\$ 1,301,103</u>	(426,301)
Fund balances				
Beginning of year		<u>1,006,548</u>		<u>1,432,849</u>
End of year		<u>\$ 1,535,374</u>		<u>\$ 1,006,548</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Capital Projects – Building Construction Fund  
Comparative Balance Sheet  
as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 5,709,963	\$ 6,443,809
Cash and investments held by trustee	1,799	1,799
Receivables		
Accounts and interest	–	1,009
Prepaid items	<u>356</u>	<u>–</u>
Total assets	<u><u>\$ 5,712,118</u></u>	<u><u>\$ 6,446,617</u></u>
Liabilities		
Salaries payable	\$ –	\$ 779
Accounts and contracts payable	2,412,587	5,244,208
Due to other governmental units	<u>–</u>	<u>34,833</u>
Total liabilities	<u>2,412,587</u>	<u>5,279,820</u>
Fund balances		
Nonspendable for prepaid items	356	–
Restricted for projects funded by certificates of participation	261,494	261,494
Restricted for long-term facilities maintenance	<u>3,037,681</u>	<u>905,303</u>
Total fund balances	<u>3,299,531</u>	<u>1,166,797</u>
Total liabilities and fund balances	<u><u>\$ 5,712,118</u></u>	<u><u>\$ 6,446,617</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, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ 32,758	\$ 32,758	\$ 142,894
Other (refunds)	–	(1,009)	(1,009)	–
Total revenue	–	31,749	31,749	142,894
Expenditures				
Capital outlay				
Salaries	–	82,936	82,936	113,180
Employee benefits	–	18,054	18,054	20,534
Purchased services	1,751,710	72,011	(1,679,699)	58,026
Supplies and materials	–	19,770	19,770	–
Capital expenditures	16,248,290	14,540,079	(1,708,211)	19,804,996
Other expenditures	–	1,806	1,806	–
Debt service				
Fiscal charges and other	–	502,153	502,153	145,724
Total expenditures	18,000,000	15,236,809	(2,763,191)	20,142,460
Excess (deficiency) of revenue over expenditures	(18,000,000)	(15,205,060)	2,794,940	(19,999,566)
Other financing sources				
Bonds issued	17,422,206	16,760,000	(662,206)	16,605,000
Premiums on bonds issued	577,794	577,794	–	1,536,211
Total other financing sources	18,000,000	17,337,794	(662,206)	18,141,211
Net change in fund balances	\$ –	2,132,734	\$ 2,132,734	(1,858,355)
Fund balances				
Beginning of year		1,166,797		3,025,152
End of year		\$ 3,299,531		\$ 1,166,797

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## INDEPENDENT SCHOOL DISTRICT NO. 281

Debt Service Fund  
Balance Sheet by Account  
as of June 30, 2021  
(With Comparative Totals as of June 30, 2020)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2021	2020
Assets				
Cash and temporary investments	\$ 10,740,662	\$ 1,641,221	\$ 12,381,883	\$ 12,355,887
Receivables				
Current taxes	8,285,614	1,297,215	9,582,829	10,070,870
Delinquent taxes	177,464	12,974	190,438	162,373
Due from other governmental units	90,006	–	90,006	90,007
Total assets	<u>\$ 19,293,746</u>	<u>\$ 2,951,410</u>	<u>\$ 22,245,156</u>	<u>\$ 22,679,137</u>
Liabilities				
Accounts payable	\$ 1,188	\$ –	\$ 1,188	\$ –
Deferred inflows of resources				
Property taxes levied for subsequent year	16,582,110	2,596,133	19,178,243	19,673,759
Unavailable revenue – delinquent taxes	104,519	6,908	111,427	139,124
Total deferred inflows of resources	<u>16,686,629</u>	<u>2,603,041</u>	<u>19,289,670</u>	<u>19,812,883</u>
Fund balances				
Restricted for debt service	<u>2,605,929</u>	<u>348,369</u>	<u>2,954,298</u>	<u>2,866,254</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,293,746</u>	<u>\$ 2,951,410</u>	<u>\$ 22,245,156</u>	<u>\$ 22,679,137</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, 2021  
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 21,470,922	\$ 18,208,880	\$ 1,416,653	\$ 19,625,533
Investment earnings	—	8,208	1,030	9,238
State sources	—	900,063	3	900,066
Total revenue	21,470,922	19,117,151	1,417,686	20,534,837
Expenditures				
Debt service				
Principal	14,575,941	12,870,000	1,075,000	13,945,000
Interest	6,819,981	6,165,630	316,193	6,481,823
Fiscal charges and other	75,000	155,316	400	155,716
Total expenditures	21,470,922	19,190,946	1,391,593	20,582,539
Excess (deficiency) of revenue over expenditures	—	(73,795)	26,093	(47,702)
Other financing sources (uses)				
Refunding bonds issued	—	13,270,000	—	13,270,000
Premiums on debt issued	—	1,990,746	—	1,990,746
Payment to refunded bond escrow agent	—	(15,125,000)	—	(15,125,000)
Total other financing sources (uses)	—	135,746	—	135,746
Net change in fund balances	\$ —	61,951	26,093	88,044
Fund balances				
Beginning of year		2,543,978	322,276	2,866,254
End of year		\$ 2,605,929	\$ 348,369	\$ 2,954,298

	2020
Over (Under) Budget	Actual
\$ (1,845,389)	\$ 18,332,369
9,238	126,645
900,066	908,339
(936,085)	19,367,353
(630,941)	13,290,000
(338,158)	6,238,462
80,716	97,855
(888,383)	19,626,317
(47,702)	(258,964)
13,270,000	10,330,000
1,990,746	1,043,963
(15,125,000)	(11,295,000)
135,746	78,963
\$ 88,044	(180,001)
	3,046,255
	\$ 2,866,254

INDEPENDENT SCHOOL DISTRICT NO. 281

Internal Service Funds  
Combining Statement of Net Position  
as of June 30, 2021  
(With Comparative Totals as of June 30, 2020)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2021	2020
Assets				
Cash and temporary investments	\$ 1,403,975	\$ 1,291,671	\$ 2,695,646	\$ 4,619,090
Prepaid items	—	34,096	34,096	—
Total current assets	1,403,975	1,325,767	2,729,742	4,619,090
Liabilities				
Current liabilities				
Claims payable	24,850	1,610,900	1,635,750	1,426,576
Unearned revenue	—	—	—	2,549,042
Total current liabilities	24,850	1,610,900	1,635,750	3,975,618
Net position				
Unrestricted	\$ 1,379,125	\$ (285,133)	\$ 1,093,992	\$ 643,472



INDEPENDENT SCHOOL DISTRICT NO. 281

Internal Service Funds  
Combining Statement of Revenue, Expenses, and Changes in Net Position  
Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2021	2020
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 1,456,080	\$ 18,901,747	\$ 20,357,827	\$ 18,822,936
Operating expenses				
Dental benefit claims	1,412,700	—	1,412,700	1,161,937
Health benefit claims	—	18,496,858	18,496,858	16,512,587
Total operating expenses	1,412,700	18,496,858	19,909,558	17,674,524
Operating income	43,380	404,889	448,269	1,148,412
Nonoperating revenue				
Investment earnings	849	1,402	2,251	24,193
Change in net position	44,229	406,291	450,520	1,172,605
Net position				
Beginning of year	1,334,896	(691,424)	643,472	(529,133)
End of year	\$ 1,379,125	\$ (285,133)	\$ 1,093,992	\$ 643,472

INDEPENDENT SCHOOL DISTRICT NO. 281

Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2021	2020
Cash flows from operating activities				
Contributions from governmental funds	\$ 1,314,562	\$ 16,460,127	\$ 17,774,689	\$ 18,907,971
Payments for dental claims	(1,424,218)	—	(1,424,218)	(1,149,465)
Payments for health claims	—	(18,276,166)	(18,276,166)	(16,481,554)
Net cash flows from operating activities	(109,656)	(1,816,039)	(1,925,695)	1,276,952
Cash flows from investing activities				
Investment income received	849	1,402	2,251	24,193
Net change in cash and cash equivalents	(108,807)	(1,814,637)	(1,923,444)	1,301,145
Cash and cash equivalents				
Beginning of year	1,512,782	3,106,308	4,619,090	3,317,945
End of year	<u>\$ 1,403,975</u>	<u>\$ 1,291,671</u>	<u>\$ 2,695,646</u>	<u>\$ 4,619,090</u>
Reconciliation of operating income to net cash flows from operating activities				
Operating income	\$ 43,380	\$ 404,889	\$ 448,269	\$ 1,148,412
Adjustments to reconcile operating income to cash flows from operating activities				
Changes in assets and liabilities				
Prepaid items	—	(34,096)	(34,096)	—
Claims payable	(11,518)	220,692	209,174	43,505
Unearned revenue	(141,518)	(2,407,524)	(2,549,042)	85,035
Net cash flows from operating activities	<u>\$ (109,656)</u>	<u>\$ (1,816,039)</u>	<u>\$ (1,925,695)</u>	<u>\$ 1,276,952</u>

**STATISTICAL SECTION  
(UNAUDITED)**



## **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)

	2012	2013	2014	Fiscal Year 2015
Governmental activities				
Net investment in capital assets	\$ 93,870,910	\$ 95,833,155	\$ 106,560,557	\$ 107,207,460
Restricted	18,157,806	14,265,052	4,501,991	5,848,970
Unrestricted	19,053,209	16,714,922	14,680,171	(83,516,985)
Total governmental activities	<u>\$ 131,081,925</u>	<u>\$ 126,813,129</u>	<u>\$ 125,742,719</u>	<u>\$ 29,539,445</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 122,266,332	\$ 115,303,157	\$ 117,654,573	\$ 116,151,974	\$ 121,514,170	\$ 119,977,952
8,691,982	9,768,518	11,038,463	11,057,047	8,831,552	13,711,368
<u>(86,000,673)</u>	<u>(142,988,687)</u>	<u>(199,663,718)</u>	<u>(164,847,615)</u>	<u>(172,365,636)</u>	<u>(168,240,437)</u>
<u>\$ 44,957,641</u>	<u>\$ (17,917,012)</u>	<u>\$ (70,970,682)</u>	<u>\$ (37,638,594)</u>	<u>\$ (42,019,914)</u>	<u>\$ (34,551,117)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Expenses				
Administration	\$ 5,254,684	\$ 4,939,023	\$ 5,323,237	\$ 5,390,640
District support services	4,007,776	3,296,804	4,655,575	5,367,003
Elementary and secondary regular instruction	67,086,723	71,691,366	74,585,367	75,849,372
Vocational education instruction	3,257,103	2,454,349	1,891,133	1,928,738
Special education instruction	22,327,429	23,808,735	24,965,365	25,746,822
Instructional support services	7,210,665	8,280,859	8,669,006	11,497,919
Pupil support services	13,986,891	13,881,436	13,749,311	13,480,522
Sites and buildings	26,014,078	29,182,133	28,589,660	27,603,972
Fiscal and other fixed cost programs	467,751	501,766	396,227	533,245
Food service	6,441,276	6,615,100	6,482,286	7,054,514
Community service	8,081,600	8,167,201	8,449,009	8,295,446
Interest and fiscal charges on debt	7,174,191	8,588,804	5,792,505	5,644,096
Total expenses	171,310,167	181,407,576	183,548,681	188,392,289
Program revenues				
Charges for services				
Administration	—	—	800	165
District support services	250	—	14,161	162,582
Elementary and secondary regular instruction	2,012,918	1,151,548	1,410,509	1,101,536
Vocational education instruction	1,415	—	2,415	2,326
Special education instruction	11,222	9,568	147,548	208,893
Instructional support services	45,705	14,343	15,070	8,675
Pupil support services	63,398	56,462	22,363	47,177
Sites and buildings	1,512,452	287,425	2,037,673	282,482
Food service	2,541,098	2,304,145	2,226,066	2,217,047
Community service	3,396,561	3,596,651	4,199,608	3,894,381
Total charges for services	9,585,019	7,420,142	10,076,213	7,925,264
Operating grants and contributions	25,617,442	25,623,668	26,227,085	27,540,323
Capital grants and contributions	973,129	—	—	—
Total program revenues	36,175,590	33,043,810	36,303,298	35,465,587
Net (expense) revenue	(135,134,577)	(148,363,766)	(147,245,383)	(152,926,702)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	27,699,645	30,424,159	18,184,240	31,895,867
Property taxes, levied for community service	1,721,469	1,844,255	972,623	1,784,695
Property taxes, levied for building construction	6,084,113	3,252,849	2,320,542	2,540,747
Property taxes, levied for debt service	17,427,622	17,775,903	17,988,593	18,626,998
General grants and aids	86,221,137	88,456,839	104,689,723	99,826,289
Other general revenues	3,431,905	2,290,343	1,146,041	3,130,188
Gain on disposal of capital assets	—	—	859,894	—
Investment earnings	110,936	50,622	13,317	12,767
Special item – conveyance of FAIR School	—	—	—	—
Special item – OPEB trust draw	—	—	—	—
Total general revenues and other changes in net position	142,696,827	144,094,970	146,174,973	157,817,551
Change in net position	\$ 7,562,250	\$ (4,268,796)	\$ (1,070,410)	\$ 4,890,849



2016	2017	2018	2019	2020	2021
\$ 6,098,358	\$ 7,886,010	\$ 7,721,781	\$ 5,515,211	\$ 7,322,496	\$ 7,849,512
7,218,076	8,291,512	7,836,267	9,766,522	5,842,366	7,689,450
84,552,454	115,652,948	106,754,453	53,979,385	84,979,649	82,065,296
1,794,043	2,284,209	1,986,611	773,463	1,503,372	1,446,111
28,164,535	36,782,980	39,746,365	25,976,927	35,301,076	34,249,305
10,769,418	17,235,990	19,570,243	9,105,680	12,334,356	13,863,745
15,015,158	17,528,400	19,034,575	17,315,538	18,825,428	12,908,795
25,787,522	34,887,431	30,324,113	33,669,988	34,675,198	34,801,921
454,428	557,141	521,264	452,980	432,254	447,607
7,822,574	8,429,759	8,020,908	7,706,006	7,276,407	5,960,895
8,840,567	11,033,134	11,745,783	10,154,134	10,714,698	9,445,606
6,107,024	6,758,127	5,864,901	5,636,378	5,092,272	5,225,791
202,624,157	267,327,641	259,127,264	180,052,212	224,299,572	215,954,034
652	625	330	330	—	—
247,734	145,124	134,508	225,115	120,685	117,984
1,119,601	1,264,788	1,182,309	940,917	485,766	345,605
18	14	—	—	—	—
195,777	267,964	483,254	400,456	709,428	380,362
903	222	1,503	1,871	3,255	3,722
38,486	—	2,768	166,538	—	—
93,200	113,621	15,008	20,618	754,317	193,066
2,172,672	2,052,382	2,101,585	2,104,594	1,477,502	384,656
4,368,503	4,939,077	5,291,223	5,642,264	4,468,094	2,740,800
8,237,546	8,783,817	9,212,488	9,502,703	8,019,047	4,166,195
28,424,275	29,846,808	29,103,055	34,578,208	33,198,955	38,111,519
—	—	—	—	—	—
36,661,821	38,630,625	38,315,543	44,080,911	41,218,002	42,277,714
(165,962,336)	(228,697,016)	(220,811,721)	(135,971,301)	(183,081,570)	(173,676,320)
35,886,676	37,576,196	35,777,957	37,273,204	44,393,003	43,551,802
1,690,354	1,729,633	1,841,325	2,044,276	2,390,902	2,559,183
1,440,091	—	—	—	—	—
18,175,924	18,800,718	19,973,568	20,827,352	18,338,319	19,597,836
107,504,169	109,188,461	107,954,995	101,589,910	110,111,808	112,405,410
1,914,060	1,512,981	1,701,133	1,960,668	2,463,613	2,964,792
—	—	—	—	—	—
106,758	377,622	509,073	858,243	462,138	66,094
14,662,500	—	—	—	—	—
—	—	—	4,749,736	—	—
181,380,532	169,185,611	167,758,051	169,303,389	178,159,783	181,145,117
\$ 15,418,196	\$ (59,511,405)	\$ (53,053,670)	\$ 33,332,088	\$ (4,921,787)	\$ 7,468,797

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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				
	General Purposes	Community Service	Building Construction	Debt Service	Total
2012	\$ 27,699,645	\$ 1,721,469	\$ 6,084,113	\$ 17,427,622	\$ 52,932,849
2013	30,424,159	1,844,255	3,252,849	17,775,903	53,297,166
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

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			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 1,005,846	\$ 914,253	\$ 890,495	\$ 800,112
Restricted	3,486,453	1,158,322	1,560,153	1,506,725
Assigned	—	1,835,483	1,231,939	930,246
Unassigned	17,383,851	13,409,077	14,953,578	15,855,654
Total General Fund	<u>\$ 21,876,150</u>	<u>\$ 17,317,135</u>	<u>\$ 18,636,165</u>	<u>\$ 19,092,737</u>
All other governmental funds				
Nonspendable, reported in				
Special revenue funds	\$ 87,550	\$ 79,068	\$ 123,085	\$ 92,131
Capital Projects – Building				
Construction Fund	—	—	496	769
Debt Service Fund	—	—	—	—
Restricted, reported in				
Special revenue funds	2,916,759	2,995,585	3,245,474	3,198,194
Capital Projects – Building				
Construction Fund	16,886,988	11,072,844	8,274,406	—
Debt Service Fund	10,685,888	3,013,158	2,617,489	2,679,063
Unassigned, reported in				
Capital Projects – Building				
Construction Fund	—	—	—	(276,195)
Total all other governmental funds	<u>\$ 30,577,185</u>	<u>\$ 17,160,655</u>	<u>\$ 14,260,950</u>	<u>\$ 5,693,962</u>

2016	2017	2018	2019	2020	2021
\$ 552,260	\$ 375,117	\$ 486,096	\$ 264,546	\$ 713,515	\$ 1,218,616
2,265,076	4,348,161	5,813,165	4,994,822	5,397,172	8,493,612
1,839,081	873,292	—	1,210,419	1,507,829	1,882,535
13,580,091	7,963,180	(1,319,348)	(415,357)	622,412	7,502,120
<u>\$ 18,236,508</u>	<u>\$ 13,559,750</u>	<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>	<u>\$ 8,240,928</u>	<u>\$ 19,096,883</u>
\$ 71,158	\$ 102,859	\$ 81,060	\$ 66,365	\$ 86,354	\$ 115,288
—	—	—	—	—	356
900	1,350	1,500	—	—	—
3,325,652	2,883,772	2,336,296	2,380,885	2,022,468	3,597,998
47,102,855	12,695,833	12,386,151	3,025,152	1,166,797	3,299,175
11,408,622	2,303,961	2,426,303	3,046,255	2,866,254	2,954,298
—	—	—	—	—	—
<u>\$ 61,909,187</u>	<u>\$ 17,987,775</u>	<u>\$ 17,231,310</u>	<u>\$ 8,518,657</u>	<u>\$ 6,141,873</u>	<u>\$ 9,967,115</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Local sources				
Taxes	\$ 52,832,586	\$ 53,406,864	\$ 39,592,903	\$ 54,844,379
Investment earnings	106,565	48,062	13,317	12,767
Other	13,622,717	10,319,044	11,222,254	11,055,452
State sources	99,893,311	103,111,825	120,362,250	116,764,176
Federal sources	12,312,604	10,360,123	10,554,558	10,398,015
Total revenues	178,767,783	177,245,918	181,745,282	193,074,789
Expenditures				
Current				
Administration	4,948,012	4,928,293	5,352,963	5,457,327
District support services	3,247,017	3,073,635	3,955,195	3,996,042
Elementary and secondary regular instruction	63,837,775	68,702,102	71,812,151	75,446,692
Vocational education instruction	3,201,878	2,393,168	1,851,632	1,950,594
Special education instruction	21,918,570	23,296,305	24,373,242	25,753,766
Instructional support services	6,981,737	7,900,411	8,265,307	11,484,753
Pupil support services	13,263,280	13,284,375	13,181,909	13,018,795
Sites and buildings	12,026,127	13,296,728	13,546,358	13,427,858
Fiscal and other fixed cost programs	467,751	501,766	396,227	533,245
Food service	6,298,281	6,102,084	6,322,283	6,956,562
Community service	7,845,731	7,950,731	8,175,526	8,167,323
Capital outlay	18,049,095	27,099,007	25,252,839	16,241,393
Debt service				
Principal	11,038,778	11,545,312	12,465,481	12,492,199
Interest and fiscal charges	9,245,568	7,592,003	6,816,235	6,378,142
Total expenditures	182,369,600	197,665,920	201,767,348	201,304,691
Excess of revenues over (under) expenditures	(3,601,817)	(20,420,002)	(20,022,066)	(8,229,902)
Other financing sources (uses)				
Refunding debt issued	20,630,000	24,610,000	—	9,640,000
Debt issued	—	8,535,000	16,625,000	—
Premiums on debt issued	2,525,262	3,182,260	161,221	1,603,918
Payment to refunded bond escrow agent	(57,990,000)	(34,765,000)	—	(11,125,000)
Sale of capital assets and insurance recoveries	2,723	882,197	1,655,170	568
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Capital leases	783,216	—	—	—
Total other financing sources (uses)	(34,048,799)	2,444,457	18,441,391	119,486
Special item – OPEB trust draw	—	—	—	—
Net change in fund balances	\$ (37,650,616)	\$ (17,975,545)	\$ (1,580,675)	\$ (8,110,416)
Debt service as a percentage of noncapital expenditures	12.0%	10.8%	10.6%	9.4%

2016	2017	2018	2019	2020	2021
\$ 57,309,754	\$ 58,167,629	\$ 57,519,158	\$ 60,250,102	\$ 65,064,028	\$ 65,787,270
106,758	349,903	462,688	812,707	437,945	63,843
10,151,606	10,296,798	10,913,571	11,463,371	9,734,221	6,945,012
124,317,336	123,539,976	125,976,478	129,898,661	131,780,536	130,431,619
11,611,108	11,099,637	11,127,379	12,615,853	11,485,723	19,832,183
203,496,562	203,453,943	205,999,274	215,040,694	218,502,453	223,059,927
5,876,647	6,057,838	6,211,188	6,668,226	6,901,168	7,699,766
4,460,021	7,539,458	5,654,002	7,116,200	5,766,813	7,179,027
82,611,441	80,495,431	76,052,466	77,514,144	78,653,904	77,205,908
1,799,623	1,505,730	1,386,757	1,229,923	1,419,272	1,372,645
27,740,788	27,998,488	31,490,066	32,635,544	33,233,639	33,070,419
10,468,901	13,890,413	15,458,739	13,123,834	11,539,653	13,208,889
14,674,569	15,417,357	17,171,870	18,357,090	18,481,931	12,626,379
13,598,259	14,352,208	15,743,020	15,460,915	15,709,234	15,925,083
454,428	557,141	521,264	452,980	432,254	447,607
7,499,503	7,434,021	7,461,961	7,461,022	7,098,859	6,120,818
8,779,365	9,529,583	10,366,492	10,854,534	10,437,784	9,544,358
29,095,514	51,330,006	21,610,466	14,118,571	28,476,722	20,236,034
12,375,776	13,312,096	14,113,584	15,499,567	13,538,285	14,180,048
6,640,092	8,148,233	7,218,300	7,031,016	6,569,414	7,221,264
226,074,927	257,568,003	230,460,175	227,523,566	238,258,932	226,038,245
(22,578,365)	(54,114,060)	(24,460,901)	(12,482,872)	(19,756,479)	(2,978,318)
9,380,000	12,170,000	—	9,910,000	10,330,000	13,270,000
67,135,000	9,535,000	14,200,000	—	16,605,000	16,760,000
3,932,191	1,476,967	924,549	—	2,580,174	2,568,540
(2,515,000)	(21,309,077)	—	(9,815,000)	(11,295,000)	(15,125,000)
5,170	—	50	—	748,439	185,975
9,238	—	—	—	—	—
(9,238)	—	—	—	—	—
—	3,643,000	—	—	57,113	—
77,937,361	5,515,890	15,124,599	95,000	19,025,726	17,659,515
—	—	—	4,749,736	—	—
\$ 55,358,996	\$ (48,598,170)	\$ (9,336,302)	\$ (7,638,136)	\$ (730,753)	\$ 14,681,197
9.5%	10.0%	10.1%	10.4%	9.5%	10.3%

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		
2012	\$ 27,659,448	\$ 1,716,530	\$ 6,084,113	\$ 17,372,495	\$ 52,832,586	
2013	30,507,654	1,848,270	3,252,849	17,798,091	53,406,864	
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	

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
2012	\$ 29,375,978 19.14%	\$ 98,213,652 64.01%	\$ 12,312,604 8.02%	\$ 13,557,721 8.82%	\$ 153,459,955 100.00%
2013	32,355,924 20.84%	102,210,710 65.84%	10,360,123 6.67%	10,327,046 6.64%	155,253,803 100.00%
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%

(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
2012	\$ 4,954,561 3.23%	\$ 4,125,691 2.69%	\$ 65,577,766 42.77%	\$ 3,238,651 2.11%	\$ 22,019,090 14.36%
2013	4,948,560 3.08%	3,823,897 2.38%	70,441,755 43.85%	2,449,812 1.53%	23,399,623 14.57%
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 4.05%	9,847,489 5.18%	78,029,597 41.02%	1,375,391 0.72%	33,112,067 17.41%

(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
\$ 7,903,018 5.15%	\$ 7,140,788 4.66%	\$ 20,905,495 13.63%	\$ 16,296,968 10.63%	\$ 1,178,099 0.77%	\$ 153,340,127 100.00%
7,996,246 4.98%	8,178,000 5.09%	19,962,399 12.43%	18,458,669 11.49%	965,710 0.60%	160,624,671 100.00%
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%

## 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
2012	\$ 2,142	\$ 84,396,807	\$ (8,672,925)	\$ 15,191,476
2013	2,176	79,534,454	(8,230,582)	14,688,145
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

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>
\$ (2,501,570)	\$ 88,415,930	32.810 %	\$ 7,681,019,073	1.15 %
(1,868,438)	84,125,755	32.347	7,219,687,475	1.17
(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

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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

Tax Collection Year	Sales Ratio	Taxable Net Tax Capacity	Estimated Market Value	Percent Total Tax Capacity of Estimated Market Value	Indicated Market Value (1)
2012	100.3	\$ 88,415,930	\$ 7,681,019,073	1.15 %	\$ 7,658,044,938
2013	101.3	84,125,755	7,219,687,475	1.17	7,127,036,007
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

(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
2012	32.810	64.359	56.087	51.341	55.796
2013	32.347	72.202	62.741	57.630	58.204
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

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
2012	153.393	145.121	140.375	144.830	143.843
2013	163.621	154.160	149.049	149.623	150.231
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
2020	141.538	124.711	122.804	128.349	141.038
2021	137.090	117.959	120.337	123.426	134.770

- (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, and Hennepin County Regional Railroad Authority.
- (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
54.809	28.146	48.642	7.993	48.231
58.812	29.816	55.282	9.611	49.461
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

Plymouth Resident	Robbinsdale Resident	ISD No. 281 Market Value Base Tax (3)
117.180	137.676	0.27612
121.235	146.701	0.29668
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
101.155	122.460	0.25032
97.339	122.973	0.24121

INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Bigos Management, Inc.	\$ 834,463	1	0.63 %	\$ 352,830	4	0.40 %
Abbott Laboratories	699,250	2	0.53	—	—	—
FW MN–Rockford Road, LLC	688,250	3	0.52	—	—	—
Crystal Shopping Center Association	584,050	4	0.44	389,250	2	0.44
Boom (Minnesota), LLC	582,250	5	0.44	—	—	—
Liberty Crossing Investment Partnership	545,088	6	0.41	324,522	5	0.37
Alatus New Hope I LLC	469,225	7	0.36	—	—	—
Individuals	407,325	8	0.31	—	—	—
Columbia II Rockridge Center	402,050	9	0.31	273,246	9	0.31
Plymouth Ponds, LLLP	397,050	10	0.30	—	—	—
United Health Care Services, Inc.	—	—	—	402,130	1	0.45
U.S. Retail Partners, LLC	—	—	—	384,810	3	0.44
Target Corporation	—	—	—	303,332	6	0.34
AGA Medical Corporation	—	—	—	279,144	7	0.32
Honeywell, Inc.	—	—	—	274,750	8	0.31
CRW Plymouth, LLC	—	—	—	262,692	10	0.30
Total	<u>\$ 5,609,001</u>		<u>4.27 %</u>	<u>\$ 3,246,706</u>		<u>3.67 %</u>
Total district tax capacity	<u>\$ 131,495,210</u>			<u>\$ 88,415,930</u>		

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

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

				Capital Projects –			
	Year	General	Community	Building			
	Collectible	Fund	Service Special	Construction	Debt	OPEB Debt	Total
			Revenue Fund	Fund	Service Fund	Service Fund	All Funds
Levies (1)							
	2012	\$ 30,918,858	\$ 1,809,057	\$ 3,285,126	\$ 15,921,133	\$ 1,951,236	\$ 53,885,410
	2013	29,745,257	1,905,421	3,252,849	16,071,319	1,979,247	52,954,093
	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
Tax capacity rates							
	2012	0.06481	0.02074	0.03766	0.18252	0.02237	0.32810
	2013	0.05762	0.02274	0.02770	0.19179	0.02362	0.32347
	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
Referendum market							
value tax rate (2)							
	2012	0.00276	–	–	–	–	0.00276
	2013	0.00297	–	–	–	–	0.00297
	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

(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
2012	\$ 53,885,410	\$ 53,275,701	98.87 %	\$ 609,709	\$ 53,885,410	100.00 %
2013	52,954,093	52,537,173	99.21	416,920	52,954,093	100.00
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	807,968	56,739,552	99.93
2016	58,215,371	57,585,191	98.92	597,195	58,182,386	99.94
2017	57,678,971	57,085,020	98.97	593,951	57,678,971	100.00
2018	59,829,907	59,491,659	99.43	278,689	59,770,348	99.90
2019	64,983,933	64,690,177	99.55	181,837	64,872,014	99.83
2020	65,559,471	65,176,341	99.42	—	65,176,341	99.42
2021	65,556,982	32,800,000	50.03	—	32,800,000	50.03

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	Homestead Market Value Credit Aid	Total Levy
2012	\$ 45,233,941	\$ 8,651,394	\$ 75	\$ 53,885,410
2013	43,880,638	9,073,455	—	52,954,093
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

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids, most of which were eliminated in 2012.

Note 2: 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, 2021

Delinquent			Current		
Amount		Percent	Amount		Percent
\$	—	— %	\$	—	— %
	—	—		—	—
	—	—		—	—
	38,223	0.07		—	—
	32,985	0.06		—	—
	—	—		—	—
	59,559	0.10		—	—
	111,919	0.45		—	—
	383,130	0.45		—	—
	—	—		32,756,982	49.97
\$	625,816		\$	32,756,982	

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INDEPENDENT SCHOOL DISTRICT NO. 281

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation (1)	Capital Leases	Total		
2012	\$ 171,392,767	\$ —	\$ 1,400,864	\$ 172,793,631	0.25 %	\$ 1,696
2013	161,939,769	—	955,552	162,895,321	0.22	1,599
2014	165,971,526	—	495,071	166,466,597	0.21	1,634
2015	153,041,516	—	322,872	153,364,388	0.19	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	0.24	2,010
2018	197,200,309	8,513,989	3,439,416	209,153,714	0.22	2,007
2019	181,230,185	7,938,366	3,234,849	192,403,400	0.20	1,846
2020	184,648,567	7,352,743	3,043,677	195,044,987	N/A	1,872
2021	186,756,137	6,757,119	2,808,629	196,321,885	N/A	1,804

N/A – Not Available

(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)
2012	\$ 171,392,767	\$ 10,685,888	\$ 160,706,879	\$ 88,415,930	181.76 %	\$7,658,044,938
2013	161,939,769	3,013,158	158,926,611	84,125,755	188.92	7,127,036,007
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

(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
2.10 %	\$7,681,019,073	2.09 %	101,885	\$ 1,577
2.23	7,219,687,475	2.20	101,885	1,560
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

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>
2012	\$ 10,355,000	\$ 9,182,095	\$ 19,537,095	\$ 182,369,600	10.71 %
2013	11,100,000	7,536,469	18,636,469	197,665,920	9.43
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

(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, 2021

Governmental Unit	Tax Capacity	General Obligation Debt	Percent Allocable to ISD No. 281	Portion Allocable to ISD No. 281
ISD No. 281	<u>\$ 131,495,210</u>	\$ 177,780,000	100.00 %	\$ 177,780,000
Overlapping debt				
Hennepin County	\$ 2,261,068,019	1,017,430,000	5.80 %	59,010,940
City of Brooklyn Center	30,738,953	23,620,000	22.40 %	5,290,880
City of Brooklyn Park	102,673,807	39,780,000	5.10 %	2,028,780
City of Crystal	26,699,344	11,060,000	100.00 %	11,060,000
City of Golden Valley	49,736,593	56,855,000	43.90 %	24,959,345
City of New Hope	27,085,553	42,215,000	100.00 %	42,215,000
City of Plymouth	155,173,737	42,855,000	18.52 %	7,937,755
City of Robbinsdale	15,688,547	9,450,000	100.00 %	9,450,000
Hennepin County Regional Railroad Authority	2,261,068,019	94,705,000	5.80 %	5,492,890
Metropolitan Council	4,884,516,308	8,825,000	2.70 %	238,275
Three Rivers Park District	1,563,969,505	50,610,000	8.40 %	4,251,240
Metro Transit	<u>3,920,143,380</u>	182,200,000	3.49 %	<u>6,364,800</u>
Total overlapping debt	<u>\$ 15,298,561,765</u>			<u>178,299,905</u>
Total direct and overlapping debt				<u>\$ 356,079,905</u>

Source: Hennepin County Property Tax Division

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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
2012	\$ 7,681,019,073	\$ 1,152,152,861	\$ 157,744,112	\$ 994,408,749	13.69 %
2013	7,219,687,475	1,082,953,121	152,696,842	930,256,279	14.10
2014	7,149,705,435	1,072,455,815	157,712,511	914,743,304	14.71
2015	7,691,217,200	1,153,682,580	143,845,937	1,009,836,643	12.47
2016	7,994,981,425	1,199,247,214	196,920,478	1,002,326,736	16.42
2017	8,497,124,725	1,274,568,709	184,794,689	1,089,774,020	14.50
2018	9,160,183,925	1,374,027,589	185,517,197	1,188,510,392	13.50
2019	9,847,024,275	1,477,053,641	170,263,745	1,306,789,896	11.53
2020	10,739,561,575	1,610,934,236	173,368,746	1,437,565,490	10.76
2021	11,273,477,275	1,691,021,591	174,825,702	1,516,195,889	10.34

Legal Debt Margin Calculation for Fiscal Year 2021

Market value	<u>\$ 11,273,477,275</u>
Debt limit (15% of market value)	\$ 1,691,021,591
Debt applicable to limit	
General obligation bonds	177,780,000
Less amount set aside for repayment of general obligation debt	<u>2,954,298</u>
Total net debt applicable to limit	<u>174,825,702</u>
Legal debt margin	<u>\$ 1,516,195,889</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
2012	1,184,576	\$ 69,769,157,248	\$ 58,898	35.9
2013	1,198,778	72,647,145,578	60,601	36.0
2014	1,212,064	78,824,158,112	65,033	36.1
2015	1,223,149	79,787,232,419	65,231	36.1
2016	1,232,483	83,102,631,241	67,427	36.2
2017	1,252,024	89,070,239,384	71,141	36.2
2018	1,252,024	94,043,278,712	75,113	36.2
2019	1,259,428	96,411,732,256	76,552	36.5
2020	1,273,760	N/A	N/A	36.5
2021	1,281,565	N/A	N/A	36.5

N/A – Not Available

Sources:

- (1) Hennepin County
- (2) Estimated



		ISD No. 281	
Labor Force (1)	Unemployment Rate	Population (1)	School Enrollment
665,282	5.7 %	101,885	12,174
636,064	4.6	101,885	12,181
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

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INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Employers  
Current and Nine Years Prior

Employer	2021			2012		
	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	36.7 %	5,000	1	36.4 %
Honeywell, Inc.	2,000	2	14.4	2,000	2	14.6
ISD No. 281	1,920	3	13.8	1,780	4	13.0
United Health Care Services, Inc.	1,000	4	7.2	1,800	3	13.1
Metro Building Company	1,000	4	7.2	1,000	5	7.3
North Ridge Care Center	720	6	5.2	—	—	—
All Around Taxi	620	7	4.5	400	8	2.9
US Food Service	550	8	4.0	350	10	2.5
St. Therese of New Hope	525	9	3.8	514	6	3.7
Courage Center	450	10	3.2	400	8	2.9
Trade Secret	—	—	—	501	7	3.6
Total	13,885		100.0 %	13,745		100.0 %

- (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>2011–2012</u>	<u>2012–2013</u>	<u>2013–2014</u>	<u>2014–2015</u>	<u>2015–2016</u>
Superintendent	1.00	1.00	1.00	1.00	1.00
Cabinet	7.00	7.00	7.00	7.00	7.00
Principals	13.00	14.00	14.00	14.00	15.00
Assistant principals	12.00	13.00	13.00	13.00	20.00
Program directors	37.00	36.00	36.00	36.00	34.00
Program assistants	91.98	88.83	96.33	103.00	96.00
Teachers	761.68	776.97	779.97	735.00	759.00
Counselors	17.00	18.00	20.00	20.00	17.00
Social workers	13.70	14.30	14.30	14.30	17.00
Psychologists	10.80	11.80	11.80	11.80	12.00
Nurses	9.30	9.40	9.40	9.40	12.00
Special assignments	51.10	57.80	60.80	60.80	77.00
Education assistants	324.91	329.50	335.60	328.00	287.00
Bus monitor	13.50	6.00	6.00	6.00	6.00
Custodians	102.00	104.25	104.25	92.00	81.00
Custodial/bus drivers	27.00	21.00	18.00	13.00	9.00
Mechanics	5.00	–	–	–	–
Transportation part-time	45.00	–	–	–	–
Community education	78.68	81.00	85.00	85.00	72.00
Office employees	70.27	73.25	73.25	72.00	53.00
Food service	88.18	92.00	92.00	93.00	95.00
Total	<u>1,780.10</u>	<u>1,755.10</u>	<u>1,777.70</u>	<u>1,714.30</u>	<u>1,670.00</u>

Source: The District's Human Resources Department

<u>2016–2017</u>	<u>2017–2018</u>	<u>2018–2019</u>	<u>2019–2020</u>	<u>2020–2021</u>
1.00	1.00	1.00	1.00	1.00
7.00	6.00	6.00	6.00	6.00
16.00	17.00	18.00	19.00	18.00
21.00	22.00	22.00	24.00	22.00
32.00	31.00	32.00	33.00	39.87
75.00	100.00	70.00	126.00	103.58
757.00	750.47	781.00	772.10	803.11
17.00	16.20	17.00	20.20	19.84
17.00	16.80	17.00	20.50	22.90
13.00	12.20	13.00	12.60	16.60
10.00	8.60	9.00	9.00	12.00
63.00	57.40	88.00	79.65	72.59
342.00	342.70	318.00	346.70	278.54
6.00	6.38	6.00	3.35	3.33
102.00	74.50	74.00	72.00	65.89
10.00	10.00	8.00	7.40	7.00
–	–	–	–	–
–	–	–	–	–
80.00	52.73	50.00	47.45	43.98
65.00	58.80	70.00	63.55	61.73
96.00	88.00	92.00	91.30	77.70
<u>1,730.00</u>	<u>1,671.78</u>	<u>1,692.00</u>	<u>1,754.80</u>	<u>1,675.66</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Physical Plant Characteristics  
as of June 30, 2021

Facility	Grades Housed	Year Built	Year of Major Additions	Acreage	Total Square Footage	Actual Enrollment
Cooper	9–12	1964	2000	40	293,816	1,620
Armstrong	9–12	1970	1997	52	328,600	1,859
Plymouth	6–8	1968	1990	22	180,500	1,002
Robbinsdale	6–8	1956	1976	18.34	269,107	778
FAIR School – Crystal	5–8	2000	–	9.89	106,427	224
Forest	K–5	2005	–	14	75,870	490
Lakeview	K–5	1964	–	5.75	55,648	395
Meadow Lake	K–5	1961	1965	15	79,860	484
Neill	K–5	1957	1968 and 2000	14	71,037	350
Noble	K–5	1954	1956, 2000, and 2006	10	56,800	281
Northport	K–5	1956	1957 and 1984	14	65,300	489
Pilgrim Lane	K–5	1966	–	11.5	58,168	359
SEA School at Olson	K–5	1971	–	9.2	44,000	436
Sonnesyn	K–5	1962	1968	15	76,187	359
RSI at Sunny Hollow	K–5	1960	1965	14	74,564	718
Zachary Lane	K–5	1969	1993	14	73,596	437
<u>Multi-Purpose Facilities</u>						
Sandburg	Various	1959	–	36	174,939	575
New Hope	Various	1960	–	14	55,902	93
Highview, TASC RTC	Various	N/A	–	–	–	336
Transportation		1966	–	10.5	48,843	–
Administration		1968	–	3.32	41,412	–
Out of district tuition						108
Totals					<u>2,230,576</u>	<u>11,393</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, 2021

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	18–31
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	71%

Source: Various district departments

## INDEPENDENT SCHOOL DISTRICT NO. 281

Schedule of Insurance Coverage  
June 30, 2021

Type of Coverage	Amount of Coverage
Property coverage	
Real and personal property (all locations)	\$ 604,330,163
Demolition cost	1,000,000
Increased cost of construction	1,000,000
Exterior signs	60,000
Supplementary accounts receivable	100,000
Supplementary valuable papers and records	100,000
Boiler and machinery coverage	100,000,000
Flood and furnace (each)	250,000
Environmental insurance (Robbinsdale Middle School– <b>Expired 06/01/2021</b> )	2,000,000
Inland marine coverage	
Miscellaneous equipment	100,000
Mini-computer equipment and media	13,050,000
Musical equipment and instruments and fine arts	850,000
Liability coverage	
Bodily injury and property damage per occurrence	1,000,000
Combined single limit annual aggregate	2,000,000
Medical payments	5,000
Employee benefits liability	
Each occurrence	1,000,000
Aggregate	3,000,000
Volunteer liability	250,000
International general liability	
Each occurrence	1,000,000
Aggregate	2,000,000
Employee benefits	
Each occurrence	1,000,000
Aggregate	1,000,000
Auto liability	1,000,000
Crime coverage	
Employee dishonesty	250,000
Faithful performance	250,000
Money and securities on and off premises	50,000
Computer fraud, funds transfers, and forgery – alterations	350,000
Automobile coverage	
Liability protection	1,000,000
Personal injury protection	40,000
Uninsured and underinsured motorist protection	1,000,000
Collision and comprehensive	Varies
Excess liability coverage	
Excess amount coverage per occurrence	5,000,000
School leaders legal liability coverage annual aggregate	1,000,000
Business income and extra expense	5,100,000
Law Enforcement	1,000,000
Cyber liability coverage	1,500,000
Source: District Finance Department	



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	Elementary	Secondary	Total	
2012	132.40	782.86	5,316.91	5,941.93	12,174.10	14,139.37
2013	124.04	836.07	5,366.02	5,855.08	12,181.21	14,105.52
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

\* 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 2012 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2021	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, 2021  
(With Comparative Amounts for the Year Ended June 30, 2020)

	State Average 2020	Metro Average 2020	ISD No. 281	
			2020	2021
Expenditures (1) per student (ADM) (2)				
General Fund				
Administration and district support	\$ 1,093	\$ 1,100	\$ 1,034	\$ 1,302
Elementary and secondary				
regular instruction	5,881	6,231	6,420	6,758
Vocational education instruction	186	171	116	120
Special education instruction	2,481	2,626	2,713	2,895
Instructional support services	683	787	942	1,156
Pupil support services	1,203	1,316	1,508	1,105
Sites and buildings and other	952	910	1,345	1,461
Total General Fund expenditures	<u>\$ 12,479</u>	<u>\$ 13,141</u>	<u>\$ 14,078</u>	<u>\$ 14,797</u>
ADM used per profile model format			<u>12,252</u>	<u>11,425</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