INDEPENDENT SCHOOL DISTRICT NO. 831
FOREST LAKE, MINNESOTA

Financial Statements
and Supplemental Information

Year Ended
June 30, 2021

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INDEPENDENT SCHOOL DISTRICT NO. 831

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 831

School Board and Administration
Year Ended June 30, 2021

SCHOOL BOARD

	Board Position During 2020–2021
Jeff Peterson	Chairperson (President)
Jill Olson	Vice Chairperson (Vice President)
Kate Luthner	Clerk
Julie Corcoran	Treasurer
Alex Keto	Director
Robert Rapheal	Director
Gail Theisen	Director

ADMINISTRATION

Dr. Steven Massey	Superintendent
Lawrence Martini	Business Manager

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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. 831
Forest Lake, 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. 831 (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)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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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 other district information, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the District. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

The introductory and other district information 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 December 18, 2020. 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 November 22, 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
November 22, 2021

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This section of Independent School District No. 831's (the District) annual financial statements presents management's narrative overview and analysis 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 annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 by $43,445,924 (deficit net position). The District's total net position decreased by $4,139,510 during the fiscal year ended June 30, 2021.

- Government-wide expenses totaled $102,764,649, and were $4,139,510 more than revenues of $98,625,139.

- The General Fund's total fund balance (under the governmental fund presentation) increased by $246,779 from the prior year, compared to an increase of $348,000 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- 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, except for the fiduciary funds. 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 shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, 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 (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

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 Minnesota statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

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. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for the self-insurance activities of district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds 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:

Table 1
Summary Statement of Net Position
as of June 30, 2021 and 2020

	2021	2020
Assets		
Current and other assets	$ 53,467,655	$ 52,815,672
Capital assets, net of depreciation	200,199,352	198,701,627
Total assets	$ 253,667,007	$ 251,517,299
Deferred outflows of resources		
Bond refunding deferments	$ 364,670	$ 403,229
OPEB plan deferments	468,338	536,687
Pension plan deferments	25,836,566	38,451,138
Total deferred outflows of resources	$ 26,669,574	$ 39,391,054
Liabilities		
Current and other liabilities	$ 17,839,352	$ 15,199,160
Long-term liabilities, including due within one year	232,102,546	221,912,426
Total liabilities	$ 249,941,898	$ 237,111,586
Deferred inflows of resources		
OPEB plan deferments	$ 1,371,735	$ 625,096
Pension plan deferments	44,343,838	65,248,005
Property taxes levied for subsequent year	28,125,034	27,230,080
Total deferred inflows of resources	$ 73,840,607	$ 93,103,181
Net position		
Net investment in capital assets	$ 39,310,681	$ 39,995,043
Restricted	1,065,259	1,064,706
Unrestricted	(83,821,864)	(80,366,163)
Total net position	$ (43,445,924)	$ (39,306,414)

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 current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's increase in net position restricted for capital asset acquisition and community service contributed to the increase in the restricted portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. Unrestricted net position was also impacted by the decline in the internal service fund of $2,188,335.

Table 2 presents a summarized version of the District's Statement of Activities:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2021 and 2020

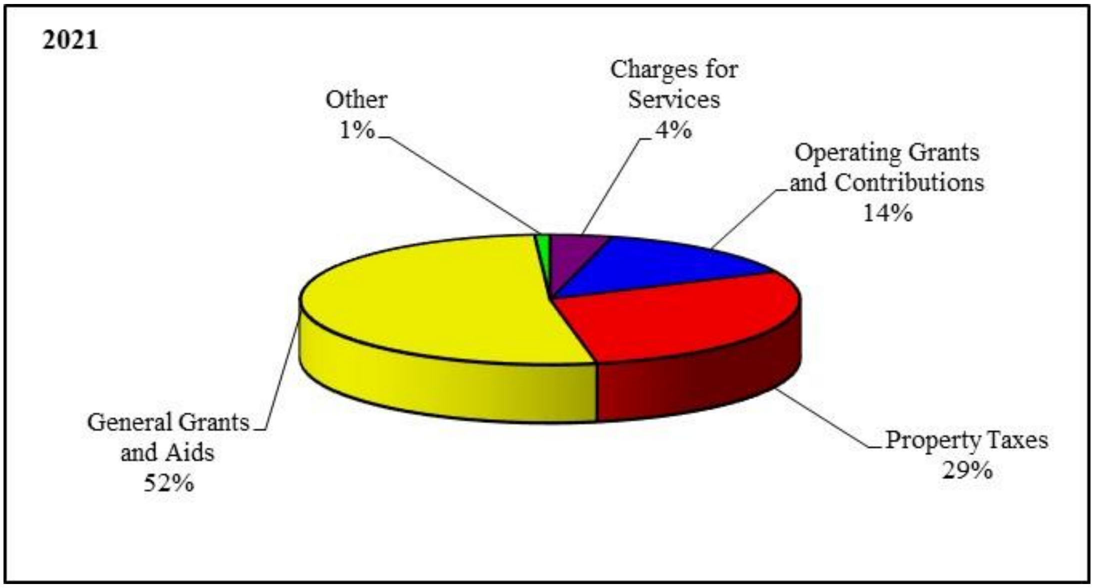
	2021	2020
Revenues		
Program revenues		
Charges for services	$ 3,570,969	$ 5,313,535
Operating grants and contributions	14,315,351	13,010,160
General revenues		
Property taxes	28,190,860	27,031,623
General grants and aids	51,422,933	48,773,418
Other	1,125,026	1,570,554
Total revenues	98,625,139	95,699,290
Expenses		
Administration	3,732,567	3,527,550
District support services	2,920,183	2,825,243
Elementary and secondary regular instruction	32,235,382	29,013,805
Vocational education instruction	1,741,085	1,647,733
Special education instruction	14,439,227	14,352,862
Instructional support services	7,479,775	7,738,382
Pupil support services	11,334,205	11,321,031
Sites and buildings	8,130,514	7,648,115
Fiscal and other fixed cost programs	645,420	650,000
Food service	3,057,501	3,526,004
Community service	4,397,440	4,855,822
Depreciation not allocated to other functions	7,061,377	6,209,276
Interest and fiscal charges	5,589,973	5,489,519
Total expenses	102,764,649	98,805,342
Change in net position	(4,139,510)	(3,106,052)
Net position – beginning	(39,306,414)	(36,200,362)
Net position – ending	$ (43,445,924)	$ (39,306,414)

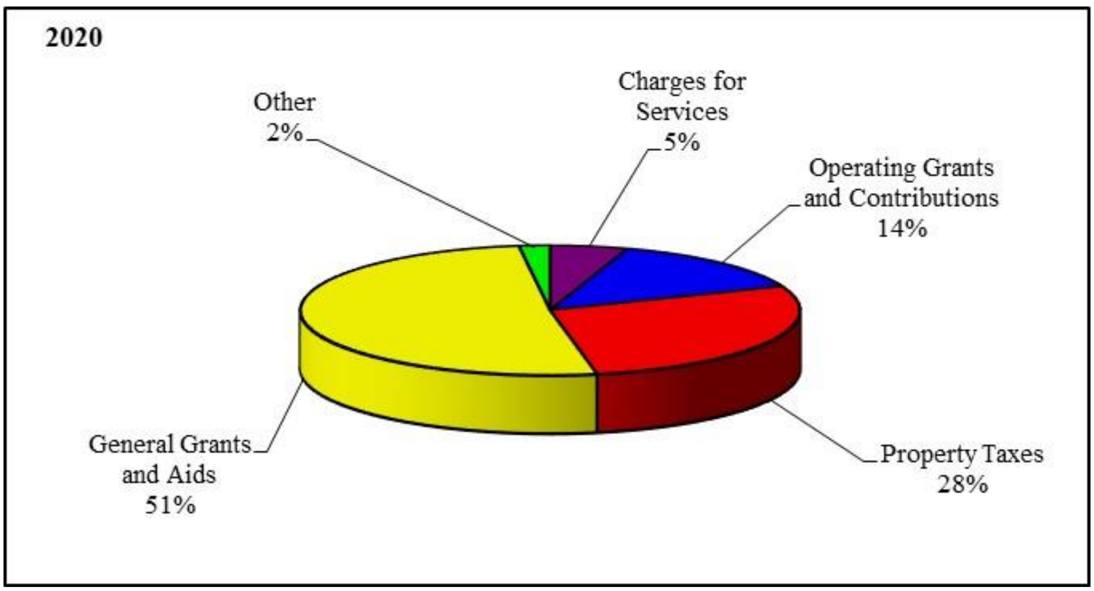
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The COVID-19 pandemic impacted financial activity in several areas in the current year. Revenues shifted with more federal revenues recognized through new pandemic related grants, offset in part by less charges for services and other local sources. Expenses changed to adapt to new distance and hybrid learning models impacting several program areas, including elementary and secondary regular instruction, due to additional teachers hired.

Figure A shows further analysis of these revenue sources:

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





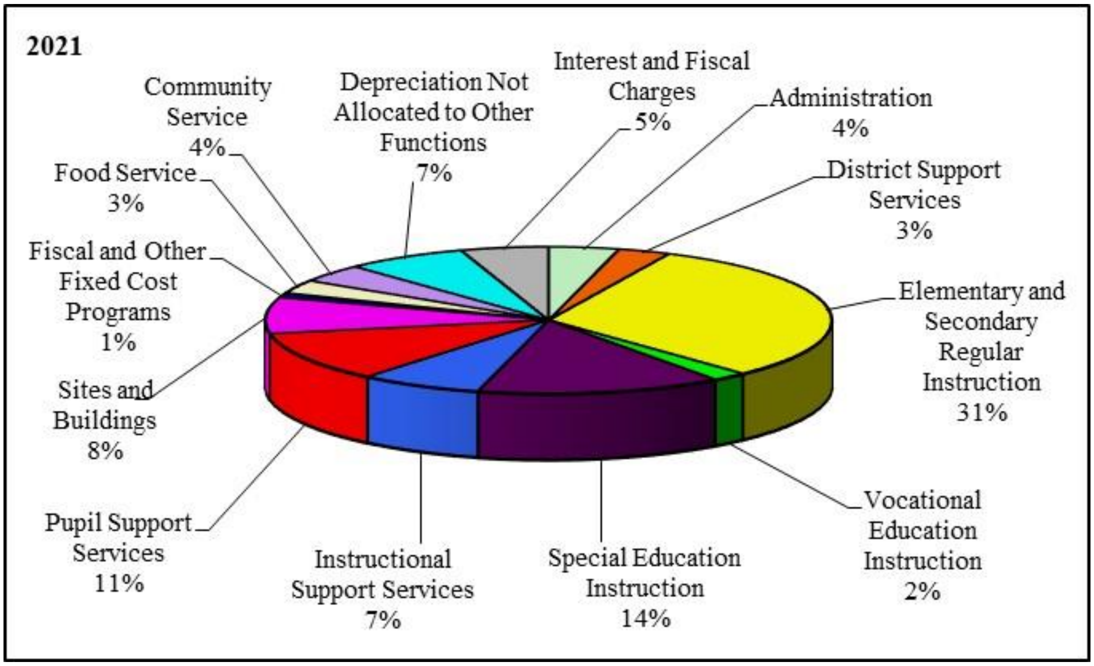
The largest share of the District's revenue is received from the state, including general grants and aids, and most of the operating grants.

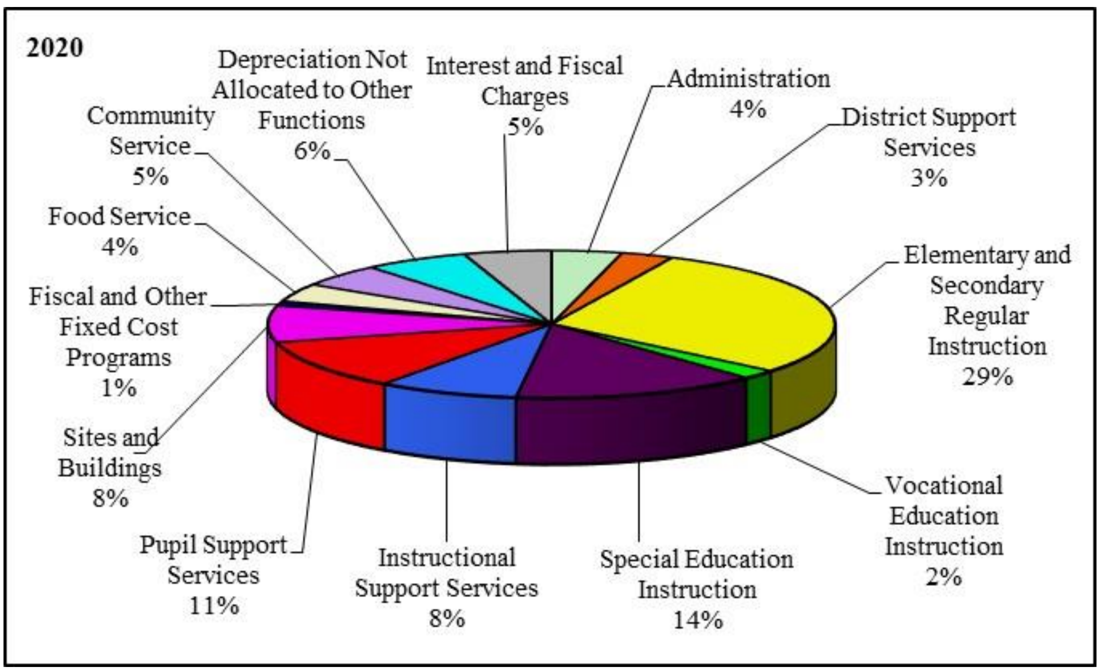
Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety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

The COVID-19 pandemic impacted current year revenue sources compared to the prior year as mentioned on the previous page.

Figure B shows further analysis of the expense functions:

Figure B – Expenses for Fiscal Years 2021 and 2020





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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2021 and 2020

	2021	2020	Change
Major funds			
General Fund	$ 2,894,023	$ 2,647,244	$ 246,779
Capital Projects – Building Construction	2,674,048	3,909,682	(1,235,634)
Debt Service	1,560,998	1,286,532	274,466
Nonmajor funds			
Food Service Special Revenue	3,214	217,243	(214,029)
Community Service Special Revenue	932,554	671,128	261,426
Total governmental funds	$ 8,064,837	$ 8,731,829	$ (666,992)

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2021, the District's governmental funds reported combined fund balances of $8,064,837, a decrease of $666,992 in comparison with the prior year. Approximately 25.9 percent of this amount ($2,084,878) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form ($244,739), 2) restricted for particular purposes ($5,283,551), or 3) assigned for particular purposes ($451,669).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 77,850,000	$ 80,150,000	$ 2,300,000	3.0 %
Expenditures	$ 77,847,000	$ 79,802,000	$ 1,955,000	2.5 %

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 the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2021 Actual	Amount	Percent	Amount	Percent
Revenues and other financing sources	$ 81,209,257	$ 1,059,257	1.3 %	$ 2,373,644	3.0 %
Expenditures and other financing uses	80,962,478	$ 1,160,478	1.5 %	$ 2,149,676	2.7 %
Net change in fund balances	$ 246,779				

The fund balance of the General Fund increased $246,779, compared to an increase of $348,000 approved in the final budget.

The largest revenue and other financing sources variance to budget occurred in federal sources and property taxes. Federal sources were over budget $546,102 due to more than anticipated COVID-19 pandemic-related grants. Conservative budgeting for property taxes contributed to this source exceeding budget by $371,043. The revenue change from the prior year was mainly in federal sources, which increased $2,026,513, due to more federal sources for coronavirus relief and education stabilization funds recognized in the current year.

The expenditure budget variance was spread across several programs and object categories. Expenditures in purchased services were over budget, mainly due to bipolar ionization work at the high school, additional consultants for achievement and integration, transportation, and insurance costs. This variance was offset by capital expenditures, which were under budget due to the timing of projects. Expenditures increased $2,068,813 from the prior year, mainly in purchased services due to bipolar ionization work at the high school, additional consultants for achievement and integration, and increased long-term facilities maintenance projects.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities financed with voter-approved building bonds, certificates of participation, and as authorized by the District's long-term facilities maintenance program as approved by the Minnesota Department of Education. At June 30, 2021, the District had a fund balance of $1,974,559 restricted for projects funded by certificates of participation, $291,440 restricted for long-term facilities maintenance, and $408,049 restricted for capital projects.

Debt Service Fund

Debt Service Fund revenues and other financing sources exceeded expenditures and other financing uses by $274,466 in the current year, compared to a $125,000 fund balance decrease anticipated in the budget. The funding of the Debt Service Fund is largely controlled with each individual debt obligation's financing plan. The remaining fund balance of $1,560,998 at June 30, 2021 is available for meeting future debt service obligations.

Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by $214,029, compared to a planned fund balance decrease of $467,554. Both revenues and expenditures were under budget and decreased from the prior year, with significant program and participation changes resulting from the ongoing COVID-19 pandemic.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by $261,426, compared to a planned fund balance increase of $10,000. The variance to budget was primarily in revenues from federal sources, due to more education stabilization funds recognized than anticipated and due to salaries being under budget.

Internal Service Funds

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

Operating revenues for the internal service funds for fiscal 2021 totaled $10,732,363. Operating expenses totaled $12,942,402 for self-insured health and dental benefit claims. The internal service funds also reported $21,704 in investment earnings in the current year.

The net position for internal service funds as of June 30, 2021 totaled $1,417,008, which represents a decrease of $2,188,335 in net position from the prior year. This decrease was due to a significant increase in health benefit claims in the current year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2021 and 2020:

Table 6
Capital Assets

	2021	2020	Change
Land	$ 1,885,726	$ 1,885,726	$ –
Construction in progress	8,357,279	317,945	8,039,334
Buildings	78,399,633	78,399,633	–
Building and land improvements	179,049,883	178,526,102	523,781
Furniture and equipment	24,380,073	24,292,056	88,017
Intangibles	1,895,000	1,895,000	–
Less accumulated depreciation	(93,768,242)	(86,614,835)	(7,153,407)
Total	$ 200,199,352	$ 198,701,627	$ 1,497,725
Depreciation expense	$ 7,761,097	$ 6,900,896	$ 860,201

By the end of fiscal year 2021, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2021, including the activity of the Capital Projects – Building Construction Fund.

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

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

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2021	2020	Change
General obligation bonds payable	$ 156,965,000	$ 161,160,000	$ (4,195,000)
Certificates of participation payable	6,820,000	2,305,000	4,515,000
Unamortized premium/discount	4,058,914	3,837,059	221,855
Net pension liability	54,150,649	44,304,266	9,846,383
Net OPEB liability	8,175,950	8,193,036	(17,086)
Severance benefits payable	966,639	1,162,499	(195,860)
Compensated absences payable	965,394	950,566	14,828
Total	$ 232,102,546	$ 221,912,426	$ 10,190,120

The change in general obligation bonds payable is due to the scheduled principal payments in the current year. The increase in certificates of participation payable is due to the sale of certificates of participation offset by the planned principal payments made in fiscal 2021.

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

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

Table 8
Limitations on Debt

District's market value	$ 6,086,754,570
Limit rate	15.0%
Legal debt limit	$ 913,013,186

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $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 COVID-19 pandemic caused numerous financial and operational challenges for school districts in fiscal 2021, and is expected to continue to have a significant impact in fiscal 2022 and possibly beyond.

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 will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are 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 these statements or need additional financial information, contact the Business Services Department at (651) 982-8125. The address is: Independent School District No. 831, 6100 North 210th Street, Forest Lake, Minnesota 55025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ 23,717,868	$ 28,167,911
Receivables		
Current taxes	16,214,427	17,037,068
Delinquent taxes	436,579	403,833
Accounts and interest	126,460	260,888
Due from other governmental units	7,605,784	6,567,835
Due from fiduciary fund	215,000	210,518
Inventory	85,518	129,240
Prepaid items	162,221	38,379
Restricted assets – temporarily restricted		
Cash and investments for future construction and debt service	4,903,798	–
Capital assets		
Not depreciated	10,243,005	2,203,671
Depreciated, net of accumulated depreciation	189,956,347	196,497,956
Total capital assets, net of accumulated depreciation	200,199,352	198,701,627
Total assets	253,667,007	251,517,299
Deferred outflows of resources		
Bond refunding deferments	364,670	403,229
OPEB plan deferments	468,338	536,687
Pension plan deferments	25,836,566	38,451,138
Total deferred outflows of resources	26,669,574	39,391,054
Total assets and deferred outflows of resources	$ 280,336,581	$ 290,908,353
Liabilities		
Salaries payable	$ 490,180	$ 544,264
Accounts and contracts payable	11,613,012	8,980,474
Accrued interest payable	2,212,955	2,267,845
Due to other governmental units	280,263	399,620
Unearned revenue	2,426,676	2,204,987
Claims incurred, but not reported	816,266	801,970
Long-term liabilities		
Due within one year	6,492,092	5,567,028
Due in more than one year	225,610,454	216,345,398
Total long-term liabilities	232,102,546	221,912,426
Total liabilities	249,941,898	237,111,586
Deferred inflows of resources		
OPEB plan deferments	1,371,735	625,096
Pension plan deferments	44,343,838	65,248,005
Property taxes levied for subsequent year	28,125,034	27,230,080
Total deferred inflows of resources	73,840,607	93,103,181
Net position		
Net investment in capital assets	39,310,681	39,995,043
Restricted for		
Capital asset acquisition	42,743	–
Food service	3,214	217,243
Community service	943,596	686,216
Other purposes (state funding restrictions)	75,706	161,247
Unrestricted	(83,821,864)	(80,366,163)
Total net position	(43,445,924)	(39,306,414)
Total liabilities, deferred inflows of resources, and net position	$ 280,336,581	$ 290,908,353

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2021				2020
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 3,732,567	$ –	$ –	$ (3,732,567)	$ (3,527,550)
District support services	2,920,183	–	–	(2,920,183)	(2,825,243)
Elementary and secondary regular instruction	32,235,382	970,936	993,890	(30,270,556)	(27,045,630)
Vocational education instruction	1,741,085	4,083	55,627	(1,681,375)	(1,601,719)
Special education instruction	14,439,227	132,673	9,749,425	(4,557,129)	(4,611,623)
Instructional support services	7,479,775	–	19,842	(7,459,933)	(7,719,559)
Pupil support services	11,334,205	–	203,705	(11,130,500)	(11,154,094)
Sites and buildings	8,130,514	33,752	–	(8,096,762)	(7,602,594)
Fiscal and other fixed cost programs	645,420	–	–	(645,420)	(650,000)
Food service	3,057,501	134,182	2,451,814	(471,505)	(293,564)
Community service	4,397,440	2,295,343	841,048	(1,261,049)	(1,751,276)
Depreciation not allocated to other functions	7,061,377	–	–	(7,061,377)	(6,209,276)
Interest and fiscal charges	5,589,973	–	–	(5,589,973)	(5,489,519)
Total governmental activities	$102,764,649	$ 3,570,969	$ 14,315,351	(84,878,329)	(80,481,647)
General revenues					
Taxes					
Property taxes for general purposes				17,269,501	16,971,277
Property taxes for community service				1,242,419	1,202,570
Property taxes for debt service				9,678,940	8,857,776
General grants and aids				51,422,933	48,773,418
Other general revenues				1,001,739	1,145,527
Investment earnings				123,287	425,027
Total general revenues				80,738,819	77,375,595
Change in net position				(4,139,510)	(3,106,052)
Net position – beginning				(39,306,414)	(36,200,362)
Net position – ending				$ (43,445,924)	$ (39,306,414)

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	$ 12,027,487	$ –	$ 5,989,897
Cash and investments held by trustee	–	4,903,798	–
Receivables			
Current taxes	9,917,123	–	5,817,740
Delinquent taxes	266,383	–	150,052
Accounts and interest	84,081	5,338	–
Due from other governmental units	6,806,104	–	19,873
Due from other funds	565,906	–	–
Inventory	–	–	–
Prepaid items	146,426	–	–
Total assets	$ 29,813,510	$ 4,909,136	$ 11,977,562
Liabilities			
Salaries payable	$ 358,750	$ –	$ –
Accounts and contracts payable	9,128,312	2,159,547	–
Due to other governmental units	280,242	–	–
Due to other funds	–	75,541	–
Unearned revenue	80,575	–	–
Total liabilities	9,847,879	2,235,088	–
Deferred inflows of resources			
Property taxes levied for subsequent year	16,927,911	–	10,336,924
Unavailable revenue – delinquent taxes	143,697	–	79,640
Total deferred inflows of resources	17,071,608	–	10,416,564
Fund balances			
Nonspendable	146,426	–	–
Restricted	118,449	2,674,048	1,560,998
Assigned	451,669	–	–
Unassigned	2,177,479	–	–
Total fund balances	2,894,023	2,674,048	1,560,998
Total liabilities, deferred inflows of resources, and fund balances	$ 29,813,510	$ 4,909,136	$ 11,977,562

Nonmajor Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
$ 1,123,309	$ 19,140,693	$ 21,620,235
–	4,903,798	–
479,564	16,214,427	17,037,068
20,144	436,579	403,833
8,079	97,498	236,144
779,807	7,605,784	6,567,835
–	565,906	210,518
85,518	85,518	129,240
12,795	159,221	38,379
$ 2,509,216	$ 49,209,424	$ 46,243,252
$ 131,430	$ 490,180	$ 544,264
62,293	11,350,152	8,813,174
21	280,263	399,620
275,365	350,906	–
233,098	313,673	207,180
702,207	12,785,174	9,964,238
860,199	28,125,034	27,230,080
11,042	234,379	317,105
871,241	28,359,413	27,547,185
98,313	244,739	167,619
930,056	5,283,551	6,115,732
–	451,669	475,778
(92,601)	2,084,878	1,972,700
935,768	8,064,837	8,731,829
$ 2,509,216	$ 49,209,424	$ 46,243,252

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INDEPENDENT SCHOOL DISTRICT NO. 831

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)

	2021	2020
Total fund balances – governmental funds	$ 8,064,837	$ 8,731,829
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	293,967,594	285,316,462
Accumulated depreciation	(93,768,242)	(86,614,835)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(156,965,000)	(161,160,000)
Certificates of participation payable	(6,820,000)	(2,305,000)
Unamortized premium/discount	(4,058,914)	(3,837,059)
Net pension liability	(54,150,649)	(44,304,266)
Net OPEB liability	(8,175,950)	(8,193,036)
Severance benefits payable	(966,639)	(1,162,499)
Compensated absences payable	(965,394)	(950,566)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,212,955)	(2,267,845)
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.	1,417,008	3,605,343
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 – bond refunding deferments	364,670	403,229
Deferred outflows of resources – OPEB plan deferments	468,338	536,687
Deferred outflows of resources – pension plan deferments	25,836,566	38,451,138
Deferred inflows of resources – OPEB plan deferments	(1,371,735)	(625,096)
Deferred inflows of resources – pension plan deferments	(44,343,838)	(65,248,005)
Deferred inflows of resources – unavailable revenue – delinquent taxes	234,379	317,105
Total net position – governmental activities	$ (43,445,924)	$ (39,306,414)

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ 17,321,043	$ –	$ 9,706,078
Investment earnings	68,777	25,034	5,689
Other	2,142,430	753	–
State sources	57,516,905	–	198,726
Federal sources	4,146,102	–	–
Total revenue	81,195,257	25,787	9,910,493
Expenditures			
Current			
Administration	3,615,285	–	–
District support services	2,903,287	–	–
Elementary and secondary regular instruction	29,556,070	–	–
Vocational education instruction	1,638,936	–	–
Special education instruction	13,484,153	–	–
Instructional support services	6,999,335	–	–
Pupil support services	10,792,226	–	–
Sites and buildings	11,011,143	–	–
Fiscal and other fixed cost programs	645,420	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	6,149,622	–
Debt service			
Principal	125,000	–	4,195,000
Interest and fiscal charges	110,760	155,400	5,553,936
Total expenditures	80,881,615	6,305,022	9,748,936
Excess (deficiency) of revenue over expenditures	313,642	(6,279,235)	161,557
Other financing sources (uses)			
Debt issued	–	4,690,000	2,130,000
Premium on debt issued	–	299,423	136,224
Payment of refunded debt	–	–	(2,180,000)
Sale of assets	14,000	–	–
Transfers in	–	54,178	26,685
Transfers out	(80,863)	–	–
Total other financing sources (uses)	(66,863)	5,043,601	112,909
Net change in fund balances	246,779	(1,235,634)	274,466
Fund balances			
Beginning of year	2,647,244	3,909,682	1,286,532
End of year	$ 2,894,023	$ 2,674,048	$ 1,560,998

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
$ 1,246,465	$ 28,273,586	$ 27,000,532
2,083	101,583	333,964
2,429,525	4,572,708	6,459,062
894,897	58,610,528	58,357,157
2,880,232	7,026,334	3,412,462
7,453,202	98,584,739	95,563,177
–	3,615,285	3,372,758
–	2,903,287	2,906,337
–	29,556,070	27,191,856
–	1,638,936	1,555,531
–	13,484,153	13,637,180
–	6,999,335	7,467,572
–	10,792,226	11,471,940
–	11,011,143	10,325,268
–	645,420	650,000
3,081,156	3,081,156	3,510,116
4,318,977	4,318,977	4,748,616
5,672	6,155,294	10,834,383
–	4,320,000	3,975,000
–	5,820,096	5,875,491
7,405,805	104,341,378	107,522,048
47,397	(5,756,639)	(11,958,871)
–	6,820,000	9,610,000
–	435,647	388,922
–	(2,180,000)	–
–	14,000	25,575
–	80,863	–
–	(80,863)	–
–	5,089,647	10,024,497
47,397	(666,992)	(1,934,374)
888,371	8,731,829	10,666,203
$ 935,768	$ 8,064,837	$ 8,731,829

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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	$ (666,992)	$ (1,934,374)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as 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	9,273,572	14,707,475
Depreciation expense	(7,761,097)	(6,900,896)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(14,750)	(335,797)
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.		
Certificates of participation payable	(6,820,000)	–
General obligation bonds payable	–	(9,610,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	4,195,000	3,855,000
Certificates of participation payable	2,305,000	120,000
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.	54,890	232,713
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.	(221,855)	(197,104)
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.		
Net pension liability	(9,846,383)	2,073,762
Net OPEB liability	17,086	(1,180,949)
Severance benefits payable	195,860	343,747
Compensated absences payable	(14,828)	5,902
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.	(2,188,335)	140,945
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 – bond refunding deferments	(38,559)	(38,559)
Deferred outflows of resources – OPEB plan deferments	(68,349)	283,282
Deferred outflows of resources – pension plan deferments	(12,614,572)	(18,910,072)
Deferred inflows of resources – OPEB plan deferments	(746,639)	93,908
Deferred inflows of resources – pension plan deferments	20,904,167	14,113,874
Deferred inflows of resources – unavailable revenue – delinquent taxes	(82,726)	31,091
Change in net position – governmental activities	$ (4,139,510)	$ (3,106,052)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Final Budget
Revenue				
Local sources				
Property taxes	$ 16,800,000	$ 16,950,000	$ 17,321,043	$ 371,043
Investment earnings	85,000	85,000	68,777	(16,223)
Other	2,213,900	2,113,900	2,142,430	28,530
State sources	57,051,100	57,401,100	57,516,905	115,805
Federal sources	1,700,000	3,600,000	4,146,102	546,102
Total revenue	77,850,000	80,150,000	81,195,257	1,045,257
Expenditures				
Current				
Administration	3,535,001	3,535,001	3,615,285	80,284
District support services	2,829,532	2,919,132	2,903,287	(15,845)
Elementary and secondary regular instruction	28,771,085	29,473,485	29,556,070	82,585
Vocational education instruction	1,414,599	1,426,599	1,638,936	212,337
Special education instruction	13,149,612	13,239,212	13,484,153	244,941
Instructional support services	6,430,215	6,435,215	6,999,335	564,120
Pupil support services	10,274,847	10,282,914	10,792,226	509,312
Sites and buildings	10,448,042	11,601,442	11,011,143	(590,299)
Fiscal and other fixed cost programs	755,067	650,000	645,420	(4,580)
Debt service				
Principal	125,000	125,000	125,000	–
Interest and fiscal charges	114,000	114,000	110,760	(3,240)
Total expenditures	77,847,000	79,802,000	80,881,615	1,079,615
Excess (deficiency) of revenue over expenditures	3,000	348,000	313,642	(34,358)
Other financing sources (uses)				
Sale of assets	–	–	14,000	14,000
Transfers out	–	–	(80,863)	(80,863)
Total other financing sources (uses)	–	–	(66,863)	(66,863)
Net change in fund balances	$ 3,000	$ 348,000	246,779	$ (101,221)
Fund balances				
Beginning of year			2,647,244	
End of year			$ 2,894,023	

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2021	2020
Assets		
Current assets		
Cash and temporary investments	$ 4,577,175	$ 6,547,676
Receivables		
Accounts and interest	28,962	24,744
Prepaid items	3,000	–
Total current assets	4,609,137	6,572,420
Liabilities		
Current liabilities		
Accounts and contracts payable	262,860	167,300
Unearned revenue	2,113,003	1,997,807
Claims incurred, but not reported	816,266	801,970
Total current liabilities	3,192,129	2,967,077
Net position		
Unrestricted	$ 1,417,008	$ 3,605,343

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 831

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)

	2021	2020
Operating revenue		
Charges for services		
Contributions from governmental funds	$ 10,732,363	$ 10,133,409
Operating expenses		
Health benefit claims	12,314,075	9,586,574
Dental benefit claims	628,327	496,953
Total operating expenses	12,942,402	10,083,527
Operating income (loss)	(2,210,039)	49,882
Nonoperating revenue		
Investment earnings	21,704	91,063
Change in net position	(2,188,335)	140,945
Net position		
Beginning of year	3,605,343	3,464,398
End of year	$ 1,417,008	$ 3,605,343

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2021	2020
Cash flows from operating activities		
Contributions from governmental funds	$ 10,843,341	$ 10,428,555
Payment for health claims	(12,205,919)	(9,450,506)
Payment for dental claims	(629,627)	(487,884)
Net cash flows from operating activities	(1,992,205)	490,165
Cash flows from investing activities		
Investment income received	21,704	91,063
Net change in cash and cash equivalents	(1,970,501)	581,228
Cash and cash equivalents		
Beginning of year	6,547,676	5,966,448
End of year	$ 4,577,175	$ 6,547,676
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (2,210,039)	$ 49,882
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(4,218)	10,941
Prepaid items	(3,000)	–
Accounts and contracts payable	95,560	(35,337)
Unearned revenue	115,196	284,205
Claims incurred, but not reported	14,296	180,474
Net cash flows from operating activities	$ (1,992,205)	$ 490,165

See notes to basic financial statements

Statement of Fiduciary Net Position
as of June 30, 2021

	Post-Employment Benefits Trust Fund
Assets	
Cash and temporary investments	$ 749,000
Investments	
State and local bonds	335,972
MNTrust Investment Shares Portfolio	618,935
Accounts and interest receivable	3,064
Total assets	1,706,971
Liabilities	
Due to other funds	215,000
Net position	
Held in trust for employee benefits	$ 1,491,971

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	$ 20,957
Deductions	
Benefits paid to plan members and administrative fees	215,250
Change in net position	(194,293)
Net position	
Beginning of year	1,686,264
End of year	$ 1,491,971

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 831 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The 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 (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit 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 the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues are recognized when all eligibility requirements imposed by the provider have been met.

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as "depreciation not allocated to other functions." Interest on 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 revenues, 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. 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. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

The proprietary (internal service) funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental activities 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 service. 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, for which the District has one Post-Employment Benefits Trust Fund. 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.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described earlier in these notes.

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 the government's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and as authorized by the District's MDE-approved long-term facilities maintenance program.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to record financial activities of the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue 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 District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Fund

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures in the General and Capital Projects – Building Construction Funds exceeded budgeted appropriations by $1,079,615 and $2,805,022, respectively, during the year ended June 30, 2021. Revenues in excess of budget, along with available fund balance, financed these variances.

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. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund, an escrow account is established for cash and investments held for future construction and debt service related to the issuance of certificates of participation. In the Post-Employment Benefits Trust Fund, assets were contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Earnings from these investments are allocated directly to these funds.

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 equivalent. 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 investments in 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 delinquent property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food and surplus commodities received from the federal government. Purchased food inventory is 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.

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 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 $841,680 of the property tax levy collectible in 2021 as revenue to the District in fiscal year 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 to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county 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 that are purchased or constructed by the District are recorded at historical cost. Donated capital 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.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus 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 buildings and building and land improvements, 5 to 15 years for furniture and equipment, and 10 to 20 years for intangible assets. Land and construction in progress are not depreciated.

The District does not possess 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.

L. 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. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

M. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued when earned in the government-wide financial statements. 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, due to employee termination or similar circumstances.

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance 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. Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan. The amount of any severance or retirement benefit due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual’s employment.

Severance benefits payable are recorded as a liability in the government-wide financial statements as they are earned and it becomes probable they will vest at some point in the future. Severance benefits payable are accrued in the governmental fund financial statements as the liability matures, due to employee termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB 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 money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Q. 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 of resources related to bond refunding deferments in the government-wide Statement of Net Position. A bond refunding deferment results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District also reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings on pension and OPEB Plan investments, changes in proportion, 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.

R. Net Position

In the government-wide, internal service, 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 Net Position** – 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 Net Position** – 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.

S. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance 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.

- **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, 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.

T. 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 and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

U. 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 for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.

2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

   The District makes premium payments, that include both employer and employee contributions to the internal service funds on behalf of program participants based on 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 of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on 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 take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2020	$ 10,665	$ 496,953	$ 497,618	$ 10,000
2021	$ 10,000	$ 628,327	$ 624,812	$ 13,515

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2020	$ 610,831	$ 9,586,574	$ 9,405,435	$ 791,970
2021	$ 791,970	$ 12,314,075	$ 12,303,294	$ 802,751

V. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee."

W. 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 prior year financial statements, 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	$	19,514,137
Investments		10,811,436
Total deposits and investments	$	30,325,573

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position		
Cash and temporary investments	$	23,717,868
Restricted assets – temporarily restricted		
Cash and investments for future construction and debt service		4,903,798
Statement of Fiduciary Net Position		
Cash and temporary investments		749,000
Investments – state and local bonds		335,972
Investments – MNTrust Investment Shares Portfolio		618,935
Total deposits and investments	$	30,325,573

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 $19,514,137, while the balance on the bank records was $21,045,525. At June 30, 2021, all deposits were fully covered by federal deposit insurance, surety bonds, 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:

Deposits/Investments	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years Less Than 1	Interest Risk – Maturity Duration in Years 1 to 5	Total
State and local bonds	AA	S&P	Level 2	$ –	$ 335,972	$ 335,972
Negotiable certificates of deposit	N/R	N/A	Level 2	$ 248,000	$ –	248,000
Investment pools/mutual funds						
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized cost	N/A	N/A	109,512
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized cost	N/A	N/A	8,781,894
MNTrust Limited Term Duration	N/R	N/A	Amortized cost	N/A	N/A	1,030,332
Wells Fargo Federal Treasury Obligation I	AAA	S&P	Level 1	N/A	N/A	305,726
Total investments						$ 10,811,436

N/R – Not Rated
N/A – Not Applicable

The District's investments include investment pools managed by MNTrust and the Minnesota School District Liquid Asset Fund (MSDLAF), which 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 or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. Investments in the MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

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. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. 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.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 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 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 Post-Employment Benefits Trust Fund, the investment options available to the District 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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated					
Land	$ 1,885,726	$ –	$ –	$ –	$ 1,885,726
Construction in progress	317,945	8,756,555	–	(717,221)	8,357,279
Total capital assets, not depreciated	2,203,671	8,756,555	–	(717,221)	10,243,005
Capital assets, depreciated					
Buildings	78,399,633	–	–	–	78,399,633
Building and land improvements	178,526,102	156,721	–	367,060	179,049,883
Furniture and equipment	24,292,056	360,296	(622,440)	350,161	24,380,073
Intangibles	1,895,000	–	–	–	1,895,000
Total capital assets, depreciated	283,112,791	517,017	(622,440)	717,221	283,724,589
Less accumulated depreciation for					
Buildings	(52,621,200)	(1,445,143)	–	–	(54,066,343)
Building and land improvements	(16,971,647)	(4,935,049)	–	–	(21,906,696)
Furniture and equipment	(16,568,352)	(1,268,483)	607,690	–	(17,229,145)
Intangibles	(453,636)	(112,422)	–	–	(566,058)
Total accumulated depreciation	(86,614,835)	(7,761,097)	607,690	–	(93,768,242)
Net capital assets, depreciated	196,497,956	(7,244,080)	(14,750)	717,221	189,956,347
Total capital assets, net	$ 198,701,627	$ 1,512,475	$ (14,750)	$ –	$ 200,199,352

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following governmental functions:

Administration	$ 28,327
District support services	46,066
Elementary and secondary regular instruction	127,213
Vocational education instruction	14,054
Special education instruction	5,548
Instructional support services	34,692
Pupil support services	437,520
Community service	6,300
Depreciation not allocated to other functions	7,061,377
Total depreciation expense	$ 7,761,097

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
School building bonds	05/05/2016	2.00–5.00%	$ 75,000,000	02/01/2046	$ 72,020,000
School building bonds	12/15/2016	3.00–5.00%	$ 67,070,000	02/01/2046	64,010,000
Taxable OPEB refunding bonds	12/15/2016	1.25–3.35%	$ 5,365,000	02/01/2030	4,285,000
Facilities maintenance and tax abatement bonds	08/16/2018	3.00–5.00%	$ 8,250,000	02/01/2029	7,040,000
Facilities maintenance and capital facilities bonds	04/30/2020	2.00–4.00%	$ 9,610,000	02/01/2035	9,610,000
Total general obligation bonds payable					$ 156,965,000

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities; to finance the retirement (refunding) of prior bond issues; or to finance OPEB obligations. 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. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Certificates of participation	06/17/2021	2.00–4.00%	$ 6,820,000	04/01/2031	$ 6,820,000

On June 17, 2021, the District issued $6,820,000 of Certificates of Participation, Series 2021A. The proceeds were used for the Forest Lake Area High School improvements and for the current refunding of the remaining maturities of the District’s 2014A Certificates of Participation. This current refunding reduced the District’s total future debt service payments by $602,396, and resulted in a present value savings of approximately $479,116. 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. The certificates of participation are paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pensions, severance benefits, compensated absences, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established an Employee Benefits Trust Fund to finance OPEB obligations.

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 for the current year:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 12,518,514	$ 1,452,374	$ 1,082,946	$ 202,831
TRA	41,632,135	24,384,192	43,260,892	5,507,485
Total	$ 54,150,649	$ 25,836,566	$ 44,343,838	$ 5,710,316

D. Minimum Debt Payments

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

Year Ending	General Obligation Bonds		Certificates of Participation	
June 30,	Principal	Interest	Principal	Interest
2022	$ 4,705,000	$ 5,311,093	$ 610,000	$ 158,212
2023	5,045,000	5,090,780	600,000	176,150
2024	5,255,000	4,921,123	630,000	152,150
2025	5,520,000	4,674,033	655,000	126,950
2026	5,745,000	4,450,658	675,000	107,300
2027–2031	30,540,000	19,246,114	3,650,000	243,900
2032–2036	30,370,000	14,693,663	–	–
2037–2041	32,000,000	9,802,606	–	–
2042–2046	37,785,000	4,021,166	–	–
	$ 156,965,000	$ 72,211,236	$ 6,820,000	$ 964,662

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable	$ 161,160,000	$ –	$ 4,195,000	$ 156,965,000	$ 4,705,000
Certificates of participation payable	2,305,000	6,820,000	2,305,000	6,820,000	610,000
Unamortized premium/discount	3,837,059	435,647	213,792	4,058,914	–
Total bonds and certificates payable	167,302,059	7,255,647	6,713,792	167,843,914	5,315,000
Net pension liability	44,304,266	13,888,261	4,041,878	54,150,649	–
Net OPEB liability	8,193,036	817,612	834,698	8,175,950	–
Severance benefits payable	1,162,499	90,922	286,782	966,639	451,669
Compensated absences payable	950,566	740,251	725,423	965,394	725,423
	$ 221,912,426	$ 22,792,693	$ 12,602,573	$ 232,102,546	$ 6,492,092

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have 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.

Classifications

At June 30, 2021, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ –	$ –	$ –	$ 85,518	$ 85,518
Prepaid items	146,426	–	–	12,795	159,221
Total nonspendable	146,426	–	–	98,313	244,739
Restricted					
Student activities	75,706	–	–	–	75,706
Operating capital	42,743	–	–	–	42,743
Projects funded by COP	–	1,974,559	–	–	1,974,559
Long-term facilities maintenance	–	291,440	–	–	291,440
Capital projects	–	408,049	–	–	408,049
Debt service	–	–	1,560,998	–	1,560,998
Community education programs	–	–	–	640,963	640,963
Early childhood family education programs	–	–	–	181,087	181,087
School readiness	–	–	–	107,480	107,480
Community service	–	–	–	526	526
Total restricted	118,449	2,674,048	1,560,998	930,056	5,283,551
Assigned					
Severance	451,669	–	–	–	451,669
Unassigned					
Long-term facilities maintenance restricted account deficit	(538,489)	–	–	–	(538,489)
Unassigned	2,715,968	–	–	(92,601)	2,623,367
Total unassigned	2,177,479	–	–	(92,601)	2,084,878
Total	$ 2,894,023	$ 2,674,048	$ 1,560,998	$ 935,768	$ 8,064,837

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.

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 the Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

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

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent 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 $1,062,123. 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
Basic Plan	11.00 %	11.71 %	11.00 %	11.92 %	11.00 %	12.13 %
Coordinated Plan	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 $2,756,049. The District's contributions were equal to the required contributions for each year as set by state statutes.

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:

	in thousands
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	(508)
Total employer contributions	424,659
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 460,246

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 $12,518,514 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 $386,136. 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 0.2088 percent at the end of the measurement period and 0.2053 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 12,518,514
State's proportionate share of the net pension liability associated with the District	$ 386,136

For the year ended June 30, 2021, the District recognized pension expense of $169,241 for its proportionate share of the GERF's pension expense. In addition, the District recognized $33,590 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	$ 112,493	$ 47,364
Changes in actuarial assumptions	–	467,776
Net collective difference between projected and actual investment earnings	132,627	–
Changes in proportion	145,131	567,806
District's contributions to the GERF subsequent to the measurement date	1,062,123	–
Total	$ 1,452,374	$ 1,082,946

The $1,062,123 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	$ (1,136,940)
2023	$ (144,280)
2024	$ 286,072
2025	$ 302,453

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of $41,632,135 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 0.5635 percent at the end of the measurement period and 0.5170 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	$ 41,632,135
State's proportionate share of the net pension liability associated with the District	$ 3,488,762

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

For the year ended June 30, 2021, the District recognized pension expense of $5,187,891. It also recognized $319,594 as an increase to pension expense for the support provided by direct aid.

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	$ 834,893	$ 634,614
Changes in actuarial assumptions	15,437,607	34,611,066
Net difference between projected and actual investment earnings on pension plan investments	540,225	–
Changes in proportion	4,815,418	8,015,212
District's contributions to the TRA subsequent to the measurement date	2,756,049	–
Total	$ 24,384,192	$ 43,260,892

A total of $2,756,049 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	$ 182,152
2023	$ (13,346,744)
2024	$ (10,265,925)
2025	$ 1,130,536
2026	$ 667,232

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 increase	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.

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 GERF 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. GERF

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 Minnesota 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. GERF

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 GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.50 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	$ 20,062,836	$ 12,518,514	$ 6,295,055
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 63,738,358	$ 41,632,135	$ 23,417,725

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.

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

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

A. Plan Description

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

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. 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.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical 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. 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

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

Membership in the plan consisted of the following as of the most recent study:

Retirees and beneficiaries receiving benefits	92
Active plan members	770
Total members	862

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

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 9,667,921
Plan fiduciary net position	(1,491,971)
District's net OPEB liability	$ 8,175,950
Plan fiduciary net position as a percentage of the total OPEB liability	15.4%

F. Actuarial Method and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.10%
Expected long-term investment return	2.40% (net of investment expenses)
20-year municipal bond yield	2.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50%, grading to 5.00% over 6 years and then 4.00% over the next 48 years
Dental trend rate	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.

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.

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.

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

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	95.00 %	2.50 %
Cash	5.00	1.00 %
Total	100.00 %	2.40 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 1.2 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 2.10 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 in the prior measurement date was 2.40 percent.

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

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	$ 9,879,300	$ 1,686,264	$ 8,193,036
Changes for the year			
Service cost	642,830	–	642,830
Interest	249,731	–	249,731
Assumption changes	(224,076)	–	(224,076)
Plan changes	76,387	–	76,387
Employer contributions	–	19,710	(19,710)
Net investment income	–	40,470	(40,470)
Differences between expected and actual experience	(721,541)	(19,513)	(702,028)
Benefit payments – employer financed	(19,710)	(19,710)	–
Benefit payments – paid by trust	(215,000)	(215,000)	–
Administrative expenses	–	(250)	250
Total net changes	(211,379)	(194,293)	(17,086)
Ending balance	$ 9,667,921	$ 1,491,971	$ 8,175,950

Plan changes since the prior measurement date include the following:

- A subsidy was added for the superintendent. Unused sick days over 200 times half of the daily rate of pay will be held by the District to pay medical premiums upon retirement.
- The coordinators' sick leave accrual increased from 18 days per year to 20 days per year.
- The substitute teachers' daily rate of pay increased from $120 to $130.

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 2.90 percent to 2.40 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	1.10%	2.10%	3.10%
Net OPEB liability	$ 8,758,295	$ 8,175,950	$ 7,615,866

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

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical trend rate	5.50% decreasing to 4.00% then 3.00%	6.50% decreasing to 5.00% then 4.00%	7.50% decreasing to 6.00% then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 7,316,320	$ 8,175,950	$ 9,189,085

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

For the current year ended, the District recognized OPEB expense of $817,612. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ –	$ 1,011,300
Changes in actuarial assumptions	441,295	360,435
Differences between projected and actual investment earnings	27,043	–
Total	$ 468,338	$ 1,371,735

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

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

Year Ending June 30,		OPEB Expense Amount
2022	$	(120,159)
2023	$	(125,092)
2024	$	(128,279)
2025	$	(128,323)
2026	$	(132,221)
Thereafter	$	(269,323)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a cafeteria plan (the Plan) established under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from September 1 to August 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

The Plan is administered by the District for child care, medical expense reimbursements, and health insurance premiums. The District withholds amounts from employee payroll checks equal to the amount of the health insurance premiums owing and makes the premium payments when due. These payments are recorded in the General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the 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 – HEALTHCARE REIMBURSEMENT PLAN

The District also maintains a healthcare reimbursement plan (the Healthcare Plan) under § 105 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Participants may use the funds contributed by the District to be reimbursed for uninsured health expenses paid, additional costs associated with health insurance coverage, or insurance premiums paid under a spouse or dependent plan.

All assets of the Healthcare Plan are held by the District. The Healthcare Plan is administered by an independent contract administrator and is included in the financial statements in the various district funds.

All property of the Healthcare Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Healthcare Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare 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 10 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

The District's General Fund has an interfund receivable from the fiduciary Post-Employment Benefits Trust Fund relating to post-employment benefit costs of $215,000 to be reimbursed as of June 30, 2021.

The District's General Fund had an interfund receivable from the Food Service Special Revenue Fund and Capital Projects – Building Construction Fund of $275,365 and $75,541, respectively, to eliminate temporary cash balance deficits.

Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables and payables between the District's governmental activities and the fiduciary fund are not eliminated.

B. Interfund Transfers

The District's General Fund transferred $54,178 to the Capital Projects – Building Construction Fund and $26,685 to the Debt Service Fund as required with the certificates of participation debt issued in the current year.

Interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

NOTE 11 – OPERATING LEASES

The District has operating bus leases for student transportation. The leases have monthly payments ranging from $1,124 to $34,467, and expire at various times through September 2027. Operating lease expenditures for the year ended June 30, 2021 were $1,171,326.

The District is currently utilizing space under an operating lease agreement for the Step Program. The lease has monthly payments ranging from $12,553 to $13,931, and will expire in November 2024. Operating lease expenditures for the year ended June 30, 2021 were $158,889.

NOTE 11 – OPERATING LEASES (CONTINUED)

Future commitments on these leases are as follows:

Year Ending June 30,	Bus Leases	Space Lease
2022	$ 1,202,984	$ 161,272
2023	1,423,154	163,691
2024	1,373,234	166,145
2025	694,846	69,657
2026	173,796	–
2027–2028	150,432	–
	$ 5,018,446	$ 560,765

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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 that may be disallowed by the agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

B. Legal Claims

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

C. Construction Contracts

At June 30, 2021, the District had commitments totaling $6,147,620 under various construction contracts for which the work was not yet completed.

D. Guaranteed Energy Savings Commitment

During fiscal year 2016, the District entered into a guaranteed energy savings agreement under Minnesota Statutes, Section 471.345, Subd. 13, not to exceed 20 years. This agreement is for the purpose of implementing comprehensive utility cost-saving measures to improve the energy efficiency of school district facilities. As of June 30, 2021, the District has recorded $1,895,000 as an intangible asset related to this energy savings contract. Total accumulated depreciation on these intangible assets at year-end was $566,058. The District is also required to purchase the energy generated by the solar panels owned by the provider that are installed on various buildings of the District.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

E. Purchase Power Commitment

During fiscal year 2018, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 36.94 percent of the annual delivered energy of three solar systems, 29.77 percent of the annual delivered energy of one solar system, and 34.25 percent of the annual delivered energy of one solar system for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2018, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 23.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of December 31, 2017 to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 40.00 percent of the annual delivered energy for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 36.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of September 30, 2018 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 6.70 percent of the annual delivered energy of one solar system and 2.00 percent of the annual delivered energy of one solar system. These agreements are for a period of 25 years from the estimated commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 5.22 percent of the annual delivered energy for a period of 25 years from the estimated commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 6.70 percent of the annual delivered energy for a period of 25 years from the estimated commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 2.57 percent of the annual delivered energy for a period of 25 years from the estimated commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 10.00 percent of the annual delivered energy for a period of 25 years from the estimated commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

F. COVID-19

The COVID-19 pandemic has caused numerous financial and operation challenges for districts in fiscal 2021, and is expected to have a significant impact for 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. 831

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	0.2504%	$ 11,762,537	$ –	$ 11,762,537	$ 13,148,109	89.46%	78.70%
06/30/2016	06/30/2015	0.2348%	$ 12,168,555	$ –	$ 12,168,555	$ 13,777,131	88.32%	78.20%
06/30/2017	06/30/2016	0.2280%	$ 18,512,470	$ 241,803	$ 18,754,273	$ 14,132,795	130.99%	68.90%
06/30/2018	06/30/2017	0.2318%	$ 14,797,960	$ 186,086	$ 14,984,046	$ 14,933,242	99.09%	75.90%
06/30/2019	06/30/2018	0.2176%	$ 12,071,556	$ 396,078	$ 12,467,634	$ 14,645,936	82.42%	79.50%
06/30/2020	06/30/2019	0.2053%	$ 11,350,577	$ 352,818	$ 11,703,395	$ 14,467,360	78.46%	80.20%
06/30/2021	06/30/2020	0.2088%	$ 12,518,514	$ 386,136	$ 12,904,650	$ 14,891,478	84.06%	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	$ 1,018,736	$ 1,018,736	$ –	$ 13,777,131	7.39%
06/30/2016	$ 1,060,550	$ 1,060,550	$ –	$ 14,132,795	7.50%
06/30/2017	$ 1,120,066	$ 1,120,066	$ –	$ 14,933,242	7.50%
06/30/2018	$ 1,096,981	$ 1,096,981	$ –	$ 14,645,936	7.49%
06/30/2019	$ 1,084,088	$ 1,084,088	$ –	$ 14,467,360	7.49%
06/30/2020	$ 1,116,340	$ 1,116,340	$ –	$ 14,891,478	7.50%
06/30/2021	$ 1,062,123	$ 1,062,123	$ –	$ 14,171,781	7.49%

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. 831

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	0.6615%	$ 30,481,444	$ 2,144,221	$ 32,625,665	$ 30,196,677	100.94%	81.50%
06/30/2016	06/30/2015	0.6052%	$ 37,437,605	$ 4,591,853	$ 42,029,458	$ 30,724,443	121.85%	76.80%
06/30/2017	06/30/2016	0.5824%	$ 138,916,297	$ 13,944,490	$ 152,860,787	$ 30,285,682	458.69%	44.88%
06/30/2018	06/30/2017	0.6119%	$ 122,146,340	$ 11,808,367	$ 133,954,707	$ 32,939,487	370.82%	51.57%
06/30/2019	06/30/2018	0.5462%	$ 34,306,472	$ 3,223,106	$ 37,529,578	$ 30,174,216	113.69%	78.07%
06/30/2020	06/30/2019	0.5170%	$ 32,953,689	$ 2,916,546	$ 35,870,235	$ 29,353,536	112.26%	78.21%
06/30/2021	06/30/2020	0.5635%	$ 41,632,135	$ 3,488,762	$ 45,120,897	$ 32,746,274	127.14%	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	$ 2,304,333	$ 2,304,333	$ –	$ 30,724,443	7.50%
06/30/2016	$ 2,271,426	$ 2,271,426	$ –	$ 30,285,682	7.50%
06/30/2017	$ 2,470,228	$ 2,470,228	$ –	$ 32,939,487	7.50%
06/30/2018	$ 2,267,163	$ 2,267,163	$ –	$ 30,174,216	7.51%
06/30/2019	$ 2,262,283	$ 2,262,283	$ –	$ 29,353,536	7.71%
06/30/2020	$ 2,593,206	$ 2,593,206	$ –	$ 32,746,274	7.92%
06/30/2021	$ 2,756,049	$ 2,756,049	$ –	$ 33,899,760	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.

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2021

	District Fiscal Year-End Date				
	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	$ 492,508	$ 458,783	$ 499,612	$ 577,722	$ 642,830
Interest	245,576	257,179	315,686	289,203	249,731
Assumption changes	–	(290,265)	233,741	367,034	(224,076)
Plan changes	–	–	25,530	–	76,387
Differences between expected and actual experience	–	–	(554,899)	–	(721,541)
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)	(234,710)
Net change in total OPEB liability	397,236	158,561	155,230	1,023,441	(211,379)
Total OPEB liability – beginning of year	8,144,832	8,542,068	8,700,629	8,855,859	9,879,300
Total OPEB liability – end of year	8,542,068	8,700,629	8,855,859	9,879,300	9,667,921
Plan fiduciary net position					
Employer contributions	–	–	14,440	–	19,710
Net investment income	19,917	32,754	51,796	53,470	40,470
Differences between expected and actual experience	–	–	(15,935)	(210)	(19,513)
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)	(234,710)
Administrative expenses	(250)	(250)	(250)	(250)	(250)
Net change in plan fiduciary net position	(321,181)	(234,632)	(314,389)	(157,508)	(194,293)
Plan fiduciary net position – beginning of year	2,713,974	2,392,793	2,158,161	1,843,772	1,686,264
Plan fiduciary net position – end of year	2,392,793	2,158,161	1,843,772	1,686,264	1,491,971
Net OPEB liability	$ 6,149,275	$ 6,542,468	$ 7,012,087	$ 8,193,036	$ 8,175,950
Fiduciary net position as a percentage of the total OPEB liability	28.0%	24.8%	20.8%	17.1%	15.4%
Covered-employee payroll	$ 39,738,394	$ 40,930,546	$ 37,903,982	$ 39,041,102	$ 42,337,029
Net OPEB liability as a percentage of covered-employee payroll	15.5%	16.0%	18.5%	21.0%	19.3%

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.

INDEPENDENT SCHOOL DISTRICT NO. 831

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2021

Year	Annual Money-Weighted Rate of Return Net of Investment Expense
2017	0.70%
2018	1.40%
2019	1.70%
2020	2.90%
2021	1.20%

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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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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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.

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 PLAN PROVISIONS

- A subsidy was added for the superintendent. Unused sick days over 200 times half of the daily rate of pay will be held by the District to pay medical premiums upon retirement.
- The coordinators' sick leave accrual increased from 18 days per year to 20 days per year.
- The substitute teachers' daily rate of pay increased from $120 to $130.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 2.90 percent to 2.40 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 2.40 percent to 2.90 percent.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN PLAN PROVISIONS

- Unused sick days over 100 but limited to 50 days, times the daily rate of pay, is being held by the District to pay medical premiums for the superintendent, who retired during 2017. This benefit was not valued in the prior valuation.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.50 percent to 3.10 percent.
- The trend on estimated post-age 65 premiums, which are assumed to be withdrawn from unused sick leave balances held by the District, was changed from being the same as the healthcare trend rates noted above to, 4.00 percent per year.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- For current and future retirees, except directors, we previously assumed the full pre- and post-age 65 premium amounts would be withdrawn from unused sick leave balances each year. This valuation we are assuming 50.00 percent of these amounts will be withdrawn each year. For directors, we are assuming $5,000 (increasing 4.00 percent per year) will be withdrawn each year, starting after the 10 years of district-paid premiums ends. This is the same assumption used in the prior valuation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.50 percent.

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ –	$ 1,123,309	$ 1,123,309
Receivables			
Current taxes	–	479,564	479,564
Delinquent taxes	–	20,144	20,144
Accounts and interest	–	8,079	8,079
Due from other governmental units	451,752	328,055	779,807
Inventory	85,518	–	85,518
Prepaid items	10,297	2,498	12,795
Total assets	$ 547,567	$ 1,961,649	$ 2,509,216
Liabilities			
Salaries payable	$ 13,604	$ 117,826	$ 131,430
Accounts and contracts payable	28,286	34,007	62,293
Due to other governmental units	–	21	21
Due to other funds	275,365	–	275,365
Unearned revenue	227,098	6,000	233,098
Total liabilities	544,353	157,854	702,207
Deferred inflows of resources			
Property taxes levied for subsequent year	–	860,199	860,199
Unavailable revenue – delinquent taxes	–	11,042	11,042
Total deferred inflows of resources	–	871,241	871,241
Fund balances			
Nonspendable	95,815	2,498	98,313
Restricted	–	930,056	930,056
Unassigned	(92,601)	–	(92,601)
Total fund balances	3,214	932,554	935,768
Total liabilities, deferred inflows of resources, and fund balances	$ 547,567	$ 1,961,649	$ 2,509,216

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ –	$ 1,246,465	$ 1,246,465
Investment earnings	–	2,083	2,083
Other	134,182	2,295,343	2,429,525
State sources	56,137	838,760	894,897
Federal sources	2,677,956	202,276	2,880,232
Total revenue	2,868,275	4,584,927	7,453,202
Expenditures			
Current			
Food service	3,081,156	–	3,081,156
Community service	–	4,318,977	4,318,977
Capital outlay	1,148	4,524	5,672
Total expenditures	3,082,304	4,323,501	7,405,805
Excess (deficiency) of revenue over expenditures	(214,029)	261,426	47,397
Fund balances			
Beginning of year	217,243	671,128	888,371
End of year	$ 3,214	$ 932,554	$ 935,768

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

	2021	2020
Assets		
Cash and temporary investments	$ 12,027,487	$ 10,715,425
Receivables		
Current taxes	9,917,123	10,349,315
Delinquent taxes	266,383	250,528
Accounts and interest	84,081	226,881
Due from other governmental units	6,806,104	6,319,907
Due from other funds	565,906	210,518
Prepaid items	146,426	37,519
Total assets	$ 29,813,510	$ 28,110,093
Liabilities		
Salaries payable	$ 358,750	$ 414,334
Accounts and contracts payable	9,128,312	8,263,651
Due to other governmental units	280,242	397,486
Unearned revenue	80,575	1,000
Total liabilities	9,847,879	9,076,471
Deferred inflows of resources		
Property taxes levied for subsequent year	16,927,911	16,191,139
Unavailable revenue – delinquent taxes	143,697	195,239
Total deferred inflows of resources	17,071,608	16,386,378
Fund balances (deficits)		
Nonspendable for prepaid items	146,426	37,519
Restricted for student activities	75,706	86,960
Restricted for operating capital	42,743	–
Restricted for achievement and integration	–	74,287
Assigned for severance	451,669	475,778
Unassigned – long-term facilities maintenance restricted account deficit	(538,489)	(978,498)
Unassigned	2,715,968	2,951,198
Total fund balances	2,894,023	2,647,244
Total liabilities, deferred inflows of resources, and fund balances	$ 29,813,510	$ 28,110,093

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ 16,950,000	$ 17,321,043	$ 371,043	$ 16,942,049
Investment earnings	85,000	68,777	(16,223)	188,443
Other	2,113,900	2,142,430	28,530	2,372,320
State sources	57,401,100	57,516,905	115,805	57,199,212
Federal sources	3,600,000	4,146,102	546,102	2,119,589
Total revenue	80,150,000	81,195,257	1,045,257	78,821,613
Expenditures				
Current				
Administration				
Salaries	2,389,890	2,453,482	63,592	2,230,326
Employee benefits	1,036,848	1,051,121	14,273	1,049,777
Purchased services	41,089	50,973	9,884	32,356
Supplies and materials	16,674	6,731	(9,943)	8,965
Capital expenditures	–	392	392	–
Other expenditures	50,500	52,586	2,086	51,334
Total administration	3,535,001	3,615,285	80,284	3,372,758
District support services				
Salaries	1,121,068	1,103,362	(17,706)	1,327,397
Employee benefits	655,431	558,888	(96,543)	587,190
Purchased services	998,133	1,130,107	131,974	834,531
Supplies and materials	137,500	101,984	(35,516)	147,013
Other expenditures	7,000	8,946	1,946	10,206
Total district support services	2,919,132	2,903,287	(15,845)	2,906,337
Elementary and secondary regular instruction				
Salaries	19,607,551	19,367,681	(239,870)	17,843,907
Employee benefits	7,969,767	7,683,156	(286,611)	7,384,858
Purchased services	891,838	1,189,688	297,850	992,854
Supplies and materials	769,029	739,828	(29,201)	829,909
Capital expenditures	225,000	427,819	202,819	–
Other expenditures	10,300	147,898	137,598	140,328
Total elementary and secondary regular instruction	29,473,485	29,556,070	82,585	27,191,856

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 831

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	1,000,351	1,102,925	102,574	1,063,448
Employee benefits	336,498	426,886	90,388	395,819
Purchased services	28,300	24,321	(3,979)	36,311
Supplies and materials	41,450	55,017	13,567	52,792
Capital expenditures	20,000	22,119	2,119	1,994
Other expenditures	–	7,668	7,668	5,167
Total vocational education instruction	1,426,599	1,638,936	212,337	1,555,531
Special education instruction				
Salaries	9,596,792	9,377,258	(219,534)	9,368,808
Employee benefits	3,238,519	3,456,578	218,059	3,453,447
Purchased services	334,810	485,728	150,918	664,919
Supplies and materials	23,700	93,934	70,234	63,635
Capital expenditures	–	11,773	11,773	30,894
Other expenditures	45,391	58,882	13,491	55,477
Total special education instruction	13,239,212	13,484,153	244,941	13,637,180
Instructional support services				
Salaries	4,907,860	4,663,684	(244,176)	5,439,104
Employee benefits	1,232,720	1,518,858	286,138	1,607,240
Purchased services	199,400	639,814	440,414	284,021
Supplies and materials	80,135	117,592	37,457	103,999
Capital expenditures	1,000	21,287	20,287	–
Other expenditures	14,100	38,100	24,000	33,208
Total instructional support services	6,435,215	6,999,335	564,120	7,467,572
Pupil support services				
Salaries	4,893,800	4,908,238	14,438	5,009,748
Employee benefits	2,019,572	2,092,550	72,978	2,156,501
Purchased services	2,656,030	3,217,465	561,435	2,803,557
Supplies and materials	713,512	548,356	(165,156)	699,443
Capital expenditures	–	5,181	5,181	781,466
Other expenditures	–	20,436	20,436	21,225
Total pupil support services	10,282,914	10,792,226	509,312	11,471,940

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 831

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	2,280,834	2,388,795	107,961	2,444,367
Employee benefits	1,117,085	1,131,863	14,778	1,141,889
Purchased services	2,266,400	3,388,941	1,122,541	2,778,762
Supplies and materials	307,000	423,945	116,945	55,541
Capital expenditures	5,511,414	3,668,079	(1,843,335)	3,895,898
Other expenditures	118,709	9,520	(109,189)	8,811
Total sites and buildings	11,601,442	11,011,143	(590,299)	10,325,268
Fiscal and other fixed cost programs				
Purchased services	650,000	645,420	(4,580)	650,000
Debt service				
Principal	125,000	125,000	–	120,000
Interest and fiscal charges	114,000	110,760	(3,240)	114,360
Total debt service	239,000	235,760	(3,240)	234,360
Total expenditures	79,802,000	80,881,615	1,079,615	78,812,802
Excess (deficiency) of revenue over expenditures	348,000	313,642	(34,358)	8,811
Other financing sources (uses)				
Sale of assets	–	14,000	14,000	14,000
Transfers out	–	(80,863)	(80,863)	–
Total other financing sources (uses)	–	(66,863)	(66,863)	14,000
Net change in fund balances	$ 348,000	246,779	$ (101,221)	22,811
Fund balances				
Beginning of year		2,647,244		2,624,433
End of year		$ 2,894,023		$ 2,647,244

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2021	2020
Assets		
Cash and temporary investments	$ –	$ 254,581
Receivables		
Due from other governmental units	451,752	69,276
Inventory	85,518	129,240
Prepaid items	10,297	–
Total assets	$ 547,567	$ 453,097
Liabilities		
Salaries payable	$ 13,604	$ 15,784
Accounts and contracts payable	28,286	20,346
Due to other funds	275,365	–
Unearned revenue	227,098	199,724
Total liabilities	544,353	235,854
Fund balances		
Nonspendable for inventory	85,518	129,240
Nonspendable for prepaid items	10,297	–
Restricted for food service	–	88,003
Unassigned for food service	(92,601)	–
Total fund balances	3,214	217,243
Total liabilities and fund balances	$ 547,567	$ 453,097

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ –	$ –	$ –	$ 11,310
Other – primarily meal sales	1,210,464	134,182	(1,076,282)	1,768,431
State sources	207,844	56,137	(151,707)	174,707
Federal sources	1,823,905	2,677,956	854,051	1,289,302
Total revenue	3,242,213	2,868,275	(373,938)	3,243,750
Expenditures				
Current				
Salaries	1,372,946	1,340,592	(32,354)	1,368,593
Employee benefits	415,797	403,415	(12,382)	533,592
Purchased services	153,028	63,888	(89,140)	125,805
Supplies and materials	1,694,558	1,271,718	(422,840)	1,480,466
Other expenditures	1,868	1,543	(325)	1,660
Capital outlay	71,570	1,148	(70,422)	10,589
Total expenditures	3,709,767	3,082,304	(627,463)	3,520,705
Excess (deficiency) of revenue over expenditures	(467,554)	(214,029)	253,525	(276,955)
Other financing sources				
Sale of assets	–	–	–	11,575
Net change in fund balances	$ (467,554)	(214,029)	$ 253,525	(265,380)
Fund balances				
Beginning of year		217,243		482,623
End of year		$ 3,214		$ 217,243

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2021	2020
Assets		
Cash and temporary investments	$ 1,123,309	$ 1,141,495
Receivables		
Current taxes	479,564	749,919
Delinquent taxes	20,144	18,937
Accounts and interest	8,079	7,561
Due from other governmental units	328,055	158,577
Prepaid items	2,498	860
Total assets	$ 1,961,649	$ 2,077,349
Liabilities		
Salaries payable	$ 117,826	$ 114,146
Accounts and contracts payable	34,007	24,837
Due to other governmental units	21	321
Unearned revenue	6,000	6,456
Total liabilities	157,854	145,760
Deferred inflows of resources		
Property taxes levied for subsequent year	860,199	1,245,373
Unavailable revenue – delinquent taxes	11,042	15,088
Total deferred inflows of resources	871,241	1,260,461
Fund balances		
Nonspendable for prepaid items	2,498	860
Restricted for community education programs	640,963	586,470
Restricted for early childhood family education programs	181,087	40,000
Restricted for school readiness	107,480	40,000
Restricted for community service	526	3,798
Total fund balances	932,554	671,128
Total liabilities, deferred inflows of resources, and fund balances	$ 1,961,649	$ 2,077,349

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ 1,241,817	$ 1,246,465	$ 4,648	$ 1,202,192
Investment earnings	–	2,083	2,083	24,797
Other – primarily tuition and fees	2,481,488	2,295,343	(186,145)	2,318,311
State sources	725,195	838,760	113,565	782,664
Federal sources	1,500	202,276	200,776	3,571
Total revenue	4,450,000	4,584,927	134,927	4,331,535
Expenditures				
Current				
Salaries	2,979,943	2,806,171	(173,772)	3,105,909
Employee benefits	934,337	998,144	63,807	1,032,900
Purchased services	328,920	371,547	42,627	455,514
Supplies and materials	169,700	139,111	(30,589)	149,636
Other expenditures	5,950	4,004	(1,946)	4,657
Capital outlay	21,150	4,524	(16,626)	11,795
Total expenditures	4,440,000	4,323,501	(116,499)	4,760,411
Net change in fund balances	$ 10,000	261,426	$ 251,426	(428,876)
Fund balances				
Beginning of year		671,128		1,100,004
End of year		$ 932,554		$ 671,128

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2021	2020
Assets		
Cash and temporary investments	$ –	$ 4,412,320
Cash and investments held by trustee	4,903,798	–
Receivables		
Accounts and interest	5,338	1,702
Total assets	$ 4,909,136	$ 4,414,022
Liabilities		
Accounts and contracts payable	$ 2,159,547	$ 504,340
Due to other funds	75,541	–
Total liabilities	2,235,088	504,340
Fund balances		
Restricted for projects funded by COP	1,974,559	–
Restricted for long-term facilities maintenance	291,440	2,352,188
Restricted for capital projects	408,049	1,557,494
Total fund balances	2,674,048	3,909,682
Total liabilities and fund balances	$ 4,909,136	$ 4,414,022

INDEPENDENT SCHOOL DISTRICT NO. 831

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	$ 50,000	$ 25,034	$ (24,966)	$ 54,393
Other	–	753	753	–
Total revenue	50,000	25,787	(24,213)	54,393
Expenditures				
Capital outlay				
Salaries	–	–	–	47,238
Employee benefits	–	–	–	20,140
Purchased services	500,000	267,364	(232,636)	1,287,987
Capital expenditures	3,000,000	5,882,258	2,882,258	9,456,634
Debt service				
Fiscal charges and other	–	155,400	155,400	173,692
Total expenditures	3,500,000	6,305,022	2,805,022	10,985,691
Excess (deficiency) of revenue over expenditures	(3,450,000)	(6,279,235)	(2,829,235)	(10,931,298)
Other financing sources				
Debt issued	–	4,690,000	4,690,000	9,610,000
Premium on debt issued	–	299,423	299,423	296,338
Transfers in	–	54,178	54,178	–
Total other financing sources	–	5,043,601	5,043,601	9,906,338
Net change in fund balances	$ (3,450,000)	(1,235,634)	$ 2,214,366	(1,024,960)
Fund balances				
Beginning of year		3,909,682		4,934,642
End of year		$ 2,674,048		$ 3,909,682

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INDEPENDENT SCHOOL DISTRICT NO. 831

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	Totals 2020
Assets				
Cash and temporary investments	$ 5,651,090	$ 338,807	$ 5,989,897	$ 5,096,414
Receivables				
Current taxes	5,519,500	298,240	5,817,740	5,937,834
Delinquent taxes	141,570	8,482	150,052	134,368
Due from other governmental units	19,773	100	19,873	20,075
Total assets	$ 11,331,933	$ 645,629	$ 11,977,562	$ 11,188,691
Liabilities				
Due to other governmental units	$ –	$ –	$ –	$ 1,813
Deferred inflows of resources				
Property taxes levied for subsequent year	9,801,967	534,957	10,336,924	9,793,568
Unavailable revenue – delinquent taxes	74,896	4,744	79,640	106,778
Total deferred inflows of resources	9,876,863	539,701	10,416,564	9,900,346
Fund balances				
Restricted for debt service	1,455,070	105,928	1,560,998	1,286,532
Total liabilities, deferred inflows of resources, and fund balances	$ 11,331,933	$ 645,629	$ 11,977,562	$ 11,188,691

INDEPENDENT SCHOOL DISTRICT NO. 831

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	
	Budget	Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	$ 9,790,000	$ 9,181,960	$ 524,118
Investment earnings	–	5,581	108
State sources	–	197,729	997
Total revenue	9,790,000	9,385,270	525,223
Expenditures			
Debt service			
Principal	4,195,000	3,790,000	405,000
Interest	5,428,700	5,336,853	131,700
Fiscal charges and other	291,300	85,383	–
Total expenditures	9,915,000	9,212,236	536,700
Excess (deficiency) of revenue over expenditures	(125,000)	173,034	(11,477)
Other financing sources (uses)			
Debt issued	–	2,130,000	–
Premium on debt issued	–	136,224	–
Payment on refunded debt	–	(2,180,000)	–
Transfers in	–	26,685	–
Total other financing sources (uses)	–	112,909	–
Net change in fund balances	$ (125,000)	285,943	(11,477)
Fund balances			
Beginning of year		1,169,127	117,405
End of year		$ 1,455,070	$ 105,928

		2020
Total	Over (Under) Budget	Actual
$ 9,706,078	$ (83,922)	$ 8,856,291
5,689	5,689	55,021
198,726	198,726	200,574
9,910,493	120,493	9,111,886
4,195,000	–	3,855,000
5,468,553	39,853	5,573,542
85,383	(205,917)	13,897
9,748,936	(166,064)	9,442,439
161,557	286,557	(330,553)
2,130,000	2,130,000	–
136,224	136,224	92,584
(2,180,000)	(2,180,000)	–
26,685	26,685	–
112,909	112,909	92,584
274,466	$ 399,466	(237,969)
1,286,532		1,524,501
$ 1,560,998		$ 1,286,532

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals 2021	Totals 2020
Assets				
Current assets				
Cash and temporary investments	$ 3,995,300	$ 581,875	$ 4,577,175	$ 6,547,676
Receivables				
Accounts and interest	27,530	1,432	28,962	24,744
Prepaid items	3,000	–	3,000	–
Total current assets	4,025,830	583,307	4,609,137	6,572,420
Liabilities				
Current liabilities				
Accounts and contracts payable	247,700	15,160	262,860	167,300
Unearned revenue	1,991,613	121,390	2,113,003	1,997,807
Claims incurred, but not reported	802,751	13,515	816,266	801,970
Total current liabilities	3,042,064	150,065	3,192,129	2,967,077
Net position				
Unrestricted	$ 983,766	$ 433,242	$ 1,417,008	$ 3,605,343

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)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals 2021	Totals 2020
Operating revenue				
Charges for services				
Contributions from governmental funds	$ 10,123,274	$ 609,089	$ 10,732,363	$ 10,133,409
Operating expenses				
Health benefit claims	12,314,075	–	12,314,075	9,586,574
Dental benefit claims	–	628,327	628,327	496,953
Total operating expenses	12,314,075	628,327	12,942,402	10,083,527
Operating income (loss)	(2,190,801)	(19,238)	(2,210,039)	49,882
Nonoperating revenue				
Investment earnings	19,366	2,338	21,704	91,063
Change in net position	(2,171,435)	(16,900)	(2,188,335)	140,945
Net position				
Beginning of year	3,155,201	450,142	3,605,343	3,464,398
End of year	$ 983,766	$ 433,242	$ 1,417,008	$ 3,605,343

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals 2021	Totals 2020
Cash flows from operating activities				
Contributions from governmental funds	$ 10,230,353	$ 612,988	$ 10,843,341	$ 10,428,555
Payment for health claims	(12,205,919)	–	(12,205,919)	(9,450,506)
Payment for dental claims	–	(629,627)	(629,627)	(487,884)
Net cash flows from operating activities	(1,975,566)	(16,639)	(1,992,205)	490,165
Cash flows from investing activities				
Investment income received	19,366	2,338	21,704	91,063
Net change in cash and cash equivalents	(1,956,200)	(14,301)	(1,970,501)	581,228
Cash and cash equivalents				
Beginning of year	5,951,500	596,176	6,547,676	5,966,448
End of year	$ 3,995,300	$ 581,875	$ 4,577,175	$ 6,547,676
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (2,190,801)	$ (19,238)	$ (2,210,039)	$ 49,882
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	(4,290)	72	(4,218)	10,941
Prepaid items	(3,000)	–	(3,000)	–
Accounts and contracts payable	100,375	(4,815)	95,560	(35,337)
Unearned revenue	111,369	3,827	115,196	284,205
Claims incurred, but not reported	10,781	3,515	14,296	180,474
Net cash flows from operating activities	$ (1,975,566)	$ (16,639)	$ (1,992,205)	$ 490,165

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OTHER DISTRICT INFORMATION

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INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Revenue by Type
Last Ten Fiscal Years

	Program Revenues		General Revenues			
Year Ended June 30,	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	Total
2012	$ 6,148,601	$ 11,485,954	$ 15,230,036	$ 44,173,101	$ 591,559	$ 77,629,251
	8%	14%	20%	57%	1%	100%
2013	6,115,186	11,490,994	16,176,424	43,429,388	553,293	77,765,285
	8%	14%	21%	56%	1%	100%
2014	5,954,935	12,220,938	11,742,462	50,084,696	855,420	80,858,451
	7%	15%	15%	62%	1%	100%
2015	6,423,354	11,968,641	17,571,864	49,259,872	1,193,682	86,417,413
	7%	14%	21%	57%	1%	100%
2016	6,847,529	12,672,382	17,057,514	49,382,999	629,701	86,590,125
	8%	14%	20%	57%	1%	100%
2017	6,437,175	13,194,175	19,430,966	50,352,014	1,585,486	90,999,816
	7%	15%	21%	55%	2%	100%
2018	6,697,514	13,334,671	23,571,789	48,177,917	1,955,966	93,737,857
	7%	14%	25%	52%	2%	100%
2019	6,891,345	13,306,489	22,372,109	46,735,121	2,605,932	91,910,996
	8%	14%	24%	51%	3%	100%
2020	5,313,535	13,010,160	27,031,623	48,773,418	1,570,554	95,699,290
	5%	14%	28%	51%	2%	100%
2021	3,570,969	14,315,351	28,190,860	51,422,933	1,125,026	98,625,139
	4%	14%	29%	52%	1%	100%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2012	$ 3,100,536	$ 2,197,394	$ 25,576,188	$ 810,798	$ 10,620,873	$ 2,077,860	$ 9,731,943
	4%	3%	35%	1%	15%	3%	13%
2013	3,201,925	2,254,471	27,594,183	781,880	10,918,573	2,369,743	9,928,802
	4%	3%	36%	1%	14%	3%	13%
2014	3,323,552	2,417,192	29,596,211	758,648	11,736,976	3,541,782	10,017,084
	4%	3%	37%	1%	15%	4%	12%
2015	3,226,706	3,072,069	29,472,957	863,577	12,018,150	5,120,151	10,278,319
	4%	4%	36%	1%	14%	6%	12%
2016	3,796,645	2,322,473	29,008,857	954,911	12,558,342	4,610,217	11,046,015
	4%	3%	33%	1%	14%	5%	13%
2017	4,923,047	2,052,095	39,074,208	1,727,610	17,305,271	6,333,778	12,344,131
	4%	2%	35%	1%	16%	6%	11%
2018	3,618,600	2,774,376	36,792,292	1,604,135	16,690,659	6,380,709	11,308,606
	3%	3%	34%	1%	16%	6%	11%
2019	2,404,931	2,914,489	15,406,822	551,470	9,188,795	3,770,996	9,919,553
	3%	4%	22%	1%	13%	5%	14%
2020	3,527,550	2,825,243	29,013,805	1,647,733	14,352,862	7,738,382	11,321,031
	4%	3%	29%	2%	14%	8%	11%
2021	3,732,567	2,920,183	32,235,382	1,741,085	14,439,227	7,479,775	11,334,205
	4%	3%	31%	2%	14%	7%	11%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation Not Allocated to Other Functions	Interest and Fiscal Charges	Total
$ 6,538,037	$ 296,349	$ 4,037,265	$ 4,085,559	$ 2,126,662	$ 1,428,442	$ 72,627,906
9%	–	6%	6%	3%	2%	100%
7,684,483	317,174	3,891,749	4,113,757	2,098,391	1,275,898	76,431,029
10%	1%	5%	5%	3%	2%	100%
7,639,633	351,205	3,959,013	4,007,281	2,535,075	1,158,034	81,041,686
9%	1%	5%	5%	3%	1%	100%
7,444,141	379,529	4,138,798	4,321,014	2,488,510	1,019,716	83,843,637
9%	–	5%	5%	3%	1%	100%
8,776,019	526,412	4,276,582	4,531,548	2,545,922	2,243,227	87,197,170
10%	1%	5%	5%	3%	3%	100%
8,490,188	574,212	3,957,910	4,990,631	2,835,218	5,475,005	110,083,304
8%	1%	4%	4%	3%	5%	100%
10,704,394	635,768	3,775,043	4,956,962	2,946,179	4,860,767	107,048,490
10%	1%	3%	5%	3%	4%	100%
9,509,308	520,000	3,642,072	4,447,056	4,393,215	5,170,398	71,839,105
13%	1%	5%	6%	6%	7%	100%
7,648,115	650,000	3,526,004	4,855,822	6,209,276	5,489,519	98,805,342
8%	1%	4%	5%	6%	5%	100%
8,130,514	645,420	3,057,501	4,397,440	7,061,377	5,589,973	102,764,649
8%	1%	3%	4%	7%	5%	100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2012	$ 10,361,414	$ 50,606,450	$ 2,975,539	$ 1,531,090	$ 65,474,493
	16%	77%	5%	2%	100%
2013	10,599,904	50,759,534	2,183,794	1,616,894	65,160,126
	16%	78%	4%	2%	100%
2014	5,017,095	57,937,865	1,944,413	2,032,995	66,932,368
	7%	87%	3%	3%	100%
2015	10,566,174	56,971,250	2,000,562	2,639,541	72,177,527
	14%	79%	3%	4%	100%
2016	10,143,433	57,995,977	1,833,859	2,255,801	72,229,070
	14%	80%	3%	3%	100%
2017	12,003,610	57,412,440	1,902,513	2,374,673	73,693,236
	16%	78%	3%	3%	100%
2018	13,421,398	57,201,749	1,953,798	2,589,135	75,166,080
	18%	76%	3%	3%	100%
2019	11,976,441	58,120,768	1,943,362	3,110,611	75,151,182
	16%	77%	3%	4%	100%
2020	16,942,049	57,199,212	2,119,589	2,560,763	78,821,613
	21%	73%	3%	3%	100%
2021	17,321,043	57,516,905	4,146,102	2,211,207	81,195,257
	21%	71%	5%	3%	100%

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2012	$ 3,112,219	$ 2,178,896	$ 26,302,525	$ 808,428	$ 10,542,937
	5%	4%	42%	1%	17%
2013	3,159,778	2,232,860	27,755,921	779,510	10,809,283
	5%	3%	43%	1%	17%
2014	3,364,983	2,434,106	30,818,312	764,300	11,842,041
	5%	3%	43%	1%	16%
2015	3,298,590	3,085,780	29,877,813	872,825	12,139,538
	5%	4%	40%	1%	16%
2016	3,654,157	2,299,936	28,929,355	942,709	12,427,639
	5%	3%	41%	1%	18%
2017	3,706,541	1,981,718	27,796,600	1,331,649	13,191,811
	5%	3%	38%	2%	18%
2018	3,305,470	2,794,017	27,505,436	1,228,503	12,505,873
	4%	4%	37%	2%	17%
2019	3,237,724	2,967,753	26,064,394	1,059,116	12,741,535
	4%	4%	35%	1%	17%
2020	3,372,758	2,906,337	27,191,856	1,555,531	13,637,180
	4%	4%	35%	2%	17%
2021	3,615,285	2,903,287	29,556,070	1,638,936	13,484,153
	4%	4%	36%	2%	17%

Instructional Support Services	Pupil Support Services	Sites and Buildings	Other Programs	Total
$ 2,058,433	$ 9,481,775	$ 7,526,899	$ 355,588	$ 62,367,700
3%	15%	12%	1%	100%
2,345,242	9,699,810	8,058,856	394,099	65,235,359
3%	15%	12%	1%	100%
3,560,499	9,949,597	8,718,984	412,317	71,865,139
5%	14%	12%	1%	100%
5,312,438	10,214,856	8,657,555	692,148	74,151,543
7%	14%	12%	1%	100%
4,571,268	11,113,359	7,306,746	842,963	72,088,132
6%	15%	10%	1%	100%
4,875,659	11,214,282	8,252,564	899,378	73,250,202
7%	15%	11%	1%	100%
5,258,752	10,874,254	10,193,913	946,706	74,612,924
7%	14%	14%	1%	100%
5,286,816	11,736,493	10,863,761	828,465	74,786,057
7%	16%	15%	1%	100%
7,467,572	11,471,940	10,325,268	884,360	78,812,802
9%	15%	13%	1%	100%
6,999,335	10,792,226	11,011,143	881,180	80,881,615
9%	13%	14%	1%	100%

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

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2012	$ 9,886,190	$ 903,832	$ 4,750,683	$ 15,540,705
	2013	11,377,392	882,776	4,755,527	17,015,695
	2014	11,573,258	927,114	4,637,561	17,137,933
	2015	11,337,029	915,154	4,658,652	16,910,835
	2016	11,996,073	986,419	6,482,348	19,464,840
	2017	12,927,090	1,057,994	9,197,425	23,182,509
	2018	11,282,541	1,137,354	9,300,188	21,720,083
	2019	16,981,566	1,212,469	9,005,584	27,199,619
	2020	17,087,846	1,245,373	9,793,569	28,126,788
	2021	17,769,591	860,199	10,336,924	28,966,714
Tax rates					
Tax capacity rates					
	2012	5.458	1.901	9.972	17.331
	2013	8.949	2.050	11.020	22.019
	2014	11.328	2.097	10.471	23.896
	2015	9.898	1.849	9.398	21.145
	2016	10.145	1.952	12.806	24.903
	2017	11.781	2.005	17.427	31.213
	2018	8.426	1.940	15.864	26.230
	2019	8.625	1.926	14.306	24.857
	2020	8.641	1.857	14.599	25.097
	2021	9.229	1.218	14.642	25.089
Market value rates					
	2012	0.15390	–	–	0.15390
	2013	0.17389	–	–	0.17389
	2014	0.14626	–	–	0.14626
	2015	0.13351	–	–	0.13351
	2016	0.13979	–	–	0.13979
	2017	0.12865	–	–	0.12865
	2018	0.11395	–	–	0.11395
	2019	0.20186	–	–	0.20186
	2020	0.17344	–	–	0.17344
	2021	0.16723	–	–	0.16723

Note: A tax rate based on market value is used primarily for the District’s referendum, equity, and transition levies.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 831

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities				
				Fiscal Disparities	
	Agricultural	Nonagricultural	Tax Increment	Contribution	Distribution
2012	$ 1,739,170	$ 46,408,764	$ (1,294,513)	$ (3,580,022)	$ 4,830,499
2013	1,741,624	42,273,461	(1,232,190)	(3,176,279)	4,443,326
2014	1,798,181	42,261,513	(858,721)	(3,136,170)	4,528,567
2015	1,947,446	46,296,615	(828,748)	(3,089,582)	4,621,327
2016	1,958,007	48,029,784	(197,609)	(3,149,763)	4,689,654
2017	2,010,419	50,174,007	(316,163)	(3,216,864)	5,264,712
2018	2,083,679	53,722,499	(327,428)	(3,169,145)	5,521,366
2019	2,127,411	58,412,990	(437,588)	(3,258,899)	5,834,684
2020	2,241,354	63,039,694	(761,940)	(3,495,850)	6,144,151
2021	2,446,212	66,057,877	(898,774)	(3,495,118)	6,456,084

Note: Market value is used primarily for extension of the District's referendum levy.

Source: State of Minnesota School Tax Report

Total Taxable	Market Value
$ 48,103,898	$ 4,290,135,700
44,049,942	3,939,600,600
44,593,370	3,956,177,800
48,947,058	4,328,284,000
51,330,073	4,484,223,100
53,916,111	4,672,890,900
57,830,971	4,992,499,000
62,678,598	5,413,348,800
67,167,409	5,831,765,400
70,566,281	6,086,754,570

INDEPENDENT SCHOOL DISTRICT NO. 831

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread
2012	$ 14,095,828	$ 1,444,877	$ –	$ 15,540,705
2013	15,567,747	1,447,948	–	17,015,695
2014	15,357,515	1,780,418	–	17,137,933
2015	15,139,104	1,771,731	–	16,910,835
2016	17,861,854	1,602,986	–	19,464,840
2017	21,163,913	2,018,596	–	23,182,509
2018	19,314,437	2,405,646	–	21,720,083
2019	24,932,058	2,164,987	102,574	27,199,619
2020	25,294,660	2,708,298	123,830	28,126,788
2021	26,132,524	2,690,687	143,503	28,966,714

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2021			
Delinquent		Current	
Amount	Percent	Amount	Percent
$ –	– %	$ –	– %
–	–	–	–
–	–	–	–
39,802	0.24	–	–
14,005	0.07	–	–
22,700	0.10	–	–
27,830	0.13	–	–
82,050	0.30	–	–
250,192	0.89	–	–
–	–	16,214,427	55.98
$ 436,579		$ 16,214,427	

INDEPENDENT SCHOOL DISTRICT NO. 831

Student Enrollment
Last Ten Fiscal Years

	Adjusted Average Daily Membership (ADM)					
Year Ended June 30,	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2012	95.96	401.75	2,980.94	3,214.68	6,693.33	7,779.21
2013	102.14	394.47	2,962.30	3,202.66	6,661.57	7,741.35
2014	107.06	429.29	2,969.74	3,102.01	6,608.10	7,642.50
2015	116.37	384.90	2,960.46	3,164.73	6,626.46	7,259.42
2016	111.89	351.77	2,814.95	3,173.63	6,452.24	7,086.98
2017	109.78	389.39	2,701.60	3,091.89	6,292.66	6,911.03
2018	113.01	361.39	2,620.92	3,028.80	6,124.12	6,729.89
2019	109.07	342.53	2,609.78	2,997.49	6,058.87	6,658.37
2020	110.99	337.05	2,476.35	2,980.92	5,905.31	6,501.51
2021	98.69	330.85	2,473.35	2,943.66	5,846.55	6,435.28

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

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	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

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures		
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child nutrition cluster				
School Breakfast Program	10.553	$ 1,535		
COVID-19 – School Breakfast Program	10.553	547,344		
Total ALN 10.553			$ 548,879	
National School Lunch Program	10.555	272,703		
COVID-19 – National School Lunch Program	10.555	1,574,093		
Total ALN 10.555			1,846,796	
Total child nutrition cluster				$ 2,395,675
U.S. Department of the Treasury				
Passed through Minnesota Department of Education				
COVID-19 – Coronavirus Relief Fund	21.019		1,522,586	
Passed through Chisago County				
COVID-19 – Coronavirus Relief Fund	21.019		74,754	
Passed through Washington County				
COVID-19 – Coronavirus Relief Fund	21.019		208,296	
Total ALN 21.019				1,805,636
U.S. Department of Education				
Direct				
Indian Education Grants to Local Educational Agencies	84.060			19,842
Passed through Minnesota Department of Education				
Special education cluster				
Special Education – Grant to States	84.027		1,152,029	
Special Education – Preschool Grants	84.173		37,638	
Total special education cluster				1,189,667
Title I Grants to Local Educational Agencies	84.010			250,468
Special Education – Grants for Infants and Families	84.181			25,417
English Language Acquisition State Grants	84.365			19,151
Supporting Effective Instruction State Grants	84.367			138,948
Education Stabilization Fund				
COVID-19 – Governor's Emergency Education Relief (GEER) Fund	84.425C		43,327	
COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		1,080,287	
Total ALN 84.425				1,123,614
Passed through Independent School District No. 622				
Adult Education – Basic Grants to States	84.002			2,288
Passed through Northeast Metropolitan Intermediate School District No. 916				
Career and Technical Education – Basic Grants to States	84.048			55,627
Total federal awards				$ 7,026,333

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same Assistance Listing Numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had $17,216 transferred into Supporting Effective Instruction State Grants ALN 84.367 from other Title programs.

Note 5: The District had $267,128 of noncash assistance included in the National School Lunch Program, ALN 10.555.

Note 6: Unaudited Disclosure – The District received donated personal protective equipment (PPE) with an estimated value of $24,638. The District was unable to determine whether federal dollars were used to purchase the donated PPE.

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Independent School District No. 831
Forest Lake, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (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, and have issued our report thereon dated November 22, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

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COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
November 22, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 831
Forest Lake, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 831's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

(continued)

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OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
November 22, 2021

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INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 831
Forest Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (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, and have issued our report thereon dated November 22, 2021.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
November 22, 2021

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Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued?		X Unmodified __ Qualified __ Adverse __ Disclaimer
Internal control over financial reporting:		
Material weakness(es) identified?	__ Yes	X No
Significant deficiencies identified?	__ Yes	X None reported
Noncompliance material to the financial statements noted?	__ Yes	X No

Federal Awards

Internal controls over major federal award programs:		
Material weakness(es) identified?	__ Yes	X No
Significant deficiencies identified?	__ Yes	X None reported
Type of auditor's report issued on compliance for major programs?		
U.S. Department of the Treasury – COVID-19 – Coronavirus Relief Fund		Unmodified
U.S. Department of Education – COVID-19 – Education Stabilization Fund		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__ Yes	X No

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of the Treasury – COVID-19 – Coronavirus Relief Fund	21.019
U.S. Department of Education – COVID-19 – Education Stabilization Fund	84.425

Threshold for distinguishing between type A and B programs.	$ 750,000	
Does the auditee qualify as a low-risk auditee?	X Yes	__ No

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT SCHOOL DISTRICT NO. 831

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2021

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 81,195,257	$ 81,195,257	$ –
Total expenditures		$ 80,881,615	$ 80,881,615	$ –
Nonspendable				
460	Nonspendable fund balance	$ 146,426	$ 146,426	$ –
Restricted				
401	Student activities	$ 75,706	$ 75,706	$ –
402	Scholarships	$ –	$ –	$ –
403	Staff development	$ –	$ –	$ –
407	Capital projects levy	$ –	$ –	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
424	Operating capital	$ 42,743	$ 42,743	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative programs	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ (538,489)	$ (538,489)	$ –
472	Medical Assistance	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – Impact Aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 451,669	$ 451,669	$ –
Unassigned				
422	Unassigned fund balance	$ 2,715,968	$ 2,715,968	$ –
Food Service				
Total revenue		$ 2,868,275	$ 2,868,274	$ 1
Total expenditures		$ 3,082,304	$ 3,082,304	$ –
Nonspendable				
460	Nonspendable fund balance	$ 95,815	$ 95,815	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ (92,601)	$ (92,601)	$ –
Community Service				
Total revenue		$ 4,584,927	$ 4,584,927	$ –
Total expenditures		$ 4,323,501	$ 4,323,501	$ –
Nonspendable				
460	Nonspendable fund balance	$ 2,498	$ 2,498	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ 640,963	$ 640,963	$ –
432	ECFE	$ 181,087	$ 181,087	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 107,480	$ 107,480	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
473	PPP loans	$ –	$ –	$ –
474	EIDL loans	$ –	$ –	$ –
464	Restricted fund balance	$ 526	$ 526	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

INDEPENDENT SCHOOL DISTRICT NO. 831

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2021

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 25,787	$ 25,787	$ –
Total expenditures		$ 6,305,022	$ 6,305,022	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ 1,974,559	$ 1,974,559	$ –
467	Long-term facilities maintenance	$ 291,440	$ 291,440	$ –
464	Restricted fund balance	$ 408,049	$ 408,049	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 9,385,270	$ 9,385,270	$ –
Total expenditures		$ 9,212,236	$ 9,212,236	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 1,455,070	$ 1,455,070	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 10,754,067	$ 10,754,066	$ 1
Total expenditures		$ 12,942,402	$ 12,942,402	$ –
422	Net position	$ 1,417,008	$ 1,417,008	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ 20,957	$ 20,957	$ –
Total expenditures		$ 215,250	$ 215,250	$ –
422	Net position	$ 1,491,971	$ 1,491,971	$ –
OPEB Debt Service Fund				
Total revenue		$ 525,223	$ 525,223	$ –
Total expenditures		$ 536,700	$ 536,700	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ 105,928	$ 105,928	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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