

**Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota**

Basic Financial Statements

June 30, 2021



**Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota**

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**Minneapolis Public Schools
Special School District No. 1
Board of Education and Administration
June 30, 2021**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Kim Ellison	Chair	2025
Jenny Arneson	Vice Chair	2023
Josh Pauly	Clerk	2023
Kimberly Caprini	Treasurer	2023
Andriana Cerrillo	Director	2025
Siad Ali	Director	2023
Ira Jourdain	Director	2025
Nelson Inz	Director	2023
Sharon El-Amin	Director	2025
Mary Ghebremeskal	Student Representative	2021
<u>Administration</u>		
Ed Graff	Superintendent	
Ibrahima Diop	Chief Financial Officer	
District Offices	Special School District No. 1 Minneapolis Public Schools 1250 West Broadway Avenue Minneapolis, MN 55411 (612) 668-0000	

Independent Auditor's Report

To the School Board
Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, Minneapolis, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Basic Financial Statements

The management of Minneapolis Public Schools 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, Minneapolis, Minnesota, as of June 30, 2021, and the respective changes in financial position 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, which follows this report letter, 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 Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of 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 basic financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
December 1, 2021

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements that immediately follow this section.

The MD&A is an element of required supplementary information specified in the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

Financial Highlights

- Total combined fund balance of all the District's governmental funds increased \$41 million from the prior year. This net increase was due to current expenditure reduction in Elementary and Secondary Regular Instruction, Instructional Support Services, and Pupil Support Services primarily related to unfilled vacant positions. These reductions were slightly offset by an increase in current expenditures for District Support Services, Vocational instruction, and Special Education Instruction. Total governmental fund revenues were \$748 million, a decrease of about \$11 million over the prior year total of \$759 million. Revenue from property taxes and revenue from state sources decreased from prior year. Property taxes decreased by \$3.6 million or 1.5% primarily due to a negative adjustment from a previous year. State revenues decreased by \$19 million in the general fund primarily due to decreases in enrollment.
- Total governmental fund expenditures were \$796 million, down \$17 million, or a decrease of 2.1% from the prior year. This decrease is primarily related to a decrease of \$14 million related to Regular Instruction, a decrease of \$5 million related Pupil Support Services, and a decrease of \$25 million related to capital outlay. Total current expenditures increased by 0.8% or \$5.3 million. Specifically, current expenditures by program increased in the following programs: District and School Administration by \$0.8 million or 5.53%, District Support Services by \$6.2 million or 30%, Vocational Education by \$0.2 million or 4%, and Special education instruction by \$5.9 million or 5.16%. Additionally, current expenditures decreased in the following programs: Elementary and Secondary Regular Instruction by \$14 million or 5%, Instructional Support Services by \$0.4 million or 0.9%, and Pupil Support Services by \$5.3 million or 7.5%.

Overview of the Financial Statements

The financial section of the annual report consists of four parts: Independent Auditor's Report, required supplementary information, including the MD&A, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Government-Wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial 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:

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

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

Fund Financial Statements

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

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

The District has three categories of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.
- **Proprietary Fund - Internal Service Fund** – Used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund for self-insurance of worker's compensation, property and liability, as well as accumulating and recording the liability for accrued compensated absences (severance and vacation) and health insurance benefits for eligible employees upon retirement.
- **Fiduciary Fund** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as assets held in trust for post-employment benefits. 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.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District - Government-wide

Net Position

The District's *combined* net position was negative \$723 million on June 30, 2021. This was a change of 5.57% from the prior year (see Table A-1).

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

	Primary Government Governmental Activities		Percentage Change
	2021	2020	
Current and other assets	\$ 777,016,320	\$ 726,081,160	7.02%
Capital assets	786,359,670	765,008,459	2.79%
Total assets	<u>1,563,375,990</u>	<u>1,491,089,619</u>	4.85%
Deferred outflows of resources	<u>326,971,331</u>	<u>574,402,160</u>	-43.08%
Total assets and deferred outflows of resources	<u><u>1,890,347,321</u></u>	<u><u>2,065,491,779</u></u>	-8.48%
Current liabilities	151,790,610	148,673,900	2.10%
Long-term liabilities	1,555,275,560	1,482,453,089	4.91%
Total liabilities	<u>1,707,066,170</u>	<u>1,631,126,989</u>	4.66%
Deferred inflows of resources	<u>906,487,574</u>	<u>1,200,218,874</u>	-24.47%
Net position			
Net investment in capital assets	167,231,208	152,437,418	9.70%
Restricted	54,965,174	47,574,870	15.53%
Unrestricted	<u>(945,402,805)</u>	<u>(965,866,372)</u>	2.12%
Total net position	<u><u>\$ (723,206,423)</u></u>	<u><u>\$ (765,854,084)</u></u>	5.57%

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.

The District's increase in current and other assets is due to increase in cash and investments because of a reduction to general fund expenditures (again primarily related to unfilled vacant positions) as well as unspent bond proceeds for building construction. The District's increase in total liabilities is due to increases in long-term liabilities due in more than one year.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District - Government-wide (Continued)

Changes in Net Position

The District's *government-wide* total revenues were approximately \$749 million for the year ended June 30, 2021. Property taxes and unrestricted state aid accounted for 70% of total revenue for the year. The remaining 30% came from program revenues, including 27% from operating grants and contributions (Table A-2).

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

	Primary Government		Percentage Change
	Governmental Activities for the Fiscal Year Ended June 30,		
Revenues	2021	2020	
Program revenues			
Charges for services	\$ 8,602,530	\$ 15,265,473	-43.65%
Operating grants and contributions	202,953,369	174,224,653	16.49%
Capital grants and contributions	11,000,000	11,000,000	0.00%
General revenues			
Property taxes	233,860,338	237,462,421	-1.52%
State formula aid	292,899,839	311,877,276	-6.08%
Other	754	10,468,420	-99.99%
Total revenues	<u>749,316,830</u>	<u>760,298,243</u>	-1.44%
Expenses			
District and school administration	\$ 17,003,242	\$ 16,864,097	0.83%
District support services	24,318,391	19,824,078	22.67%
Regular instruction	279,788,567	309,850,944	-9.70%
Vocational instruction	5,089,516	5,068,728	0.41%
Special education instruction	122,202,296	118,877,734	2.80%
Instructional support services	41,490,014	45,584,282	-8.98%
Pupil support services	63,131,018	73,028,360	-13.55%
Sites, buildings, and equipment	90,914,224	87,021,218	4.47%
Fiscal and other fixed cost programs	6,275,779	932,903	572.72%
Food service	18,174,647	22,816,700	-20.34%
Community education and services	26,261,083	31,916,490	-17.72%
Interest and fiscal charges on long-term debt	25,999,423	25,816,996	0.71%
Total expenses	<u>720,648,200</u>	<u>757,602,530</u>	-4.88%
Change in net position	28,668,630	2,695,713	963.49%
Change in accounting principle (GASB 84)	-	695,903	N/A
Prior period adjustment	13,979,031	-	
Net position - beginning	<u>(765,854,084)</u>	<u>(769,245,700)</u>	
Net position - ending	<u>\$ (723,206,423)</u>	<u>\$ (765,854,084)</u>	-5.57%

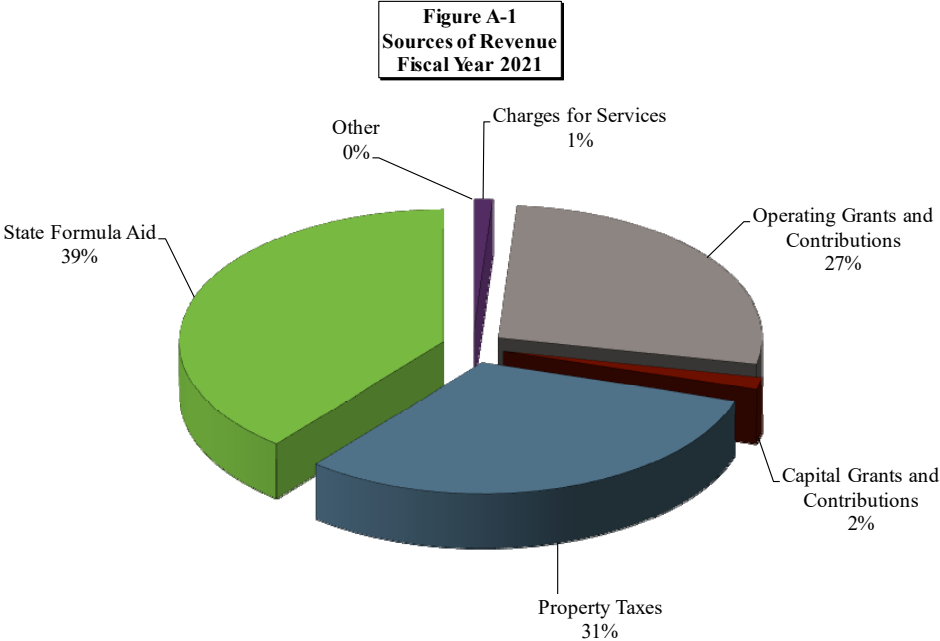
**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District Government-wide (Continued)

Total cost of all programs and services was \$721 million in fiscal 2021. District expenses were primarily related to educating and caring for students (71%). The District's Community and Nutritional Service programs accounted for 3% of expenses while facility maintenance totaled 13% and fiscal/other fixed cost expenses totaled 4%. Community Education and Services accounted for 4% of expenses. District and School Administration and District Support Services accounted for 5% of total expenses during fiscal 2021 (see Figure A-2 on next page).

The cost of all *governmental* activities this year was \$720 million.

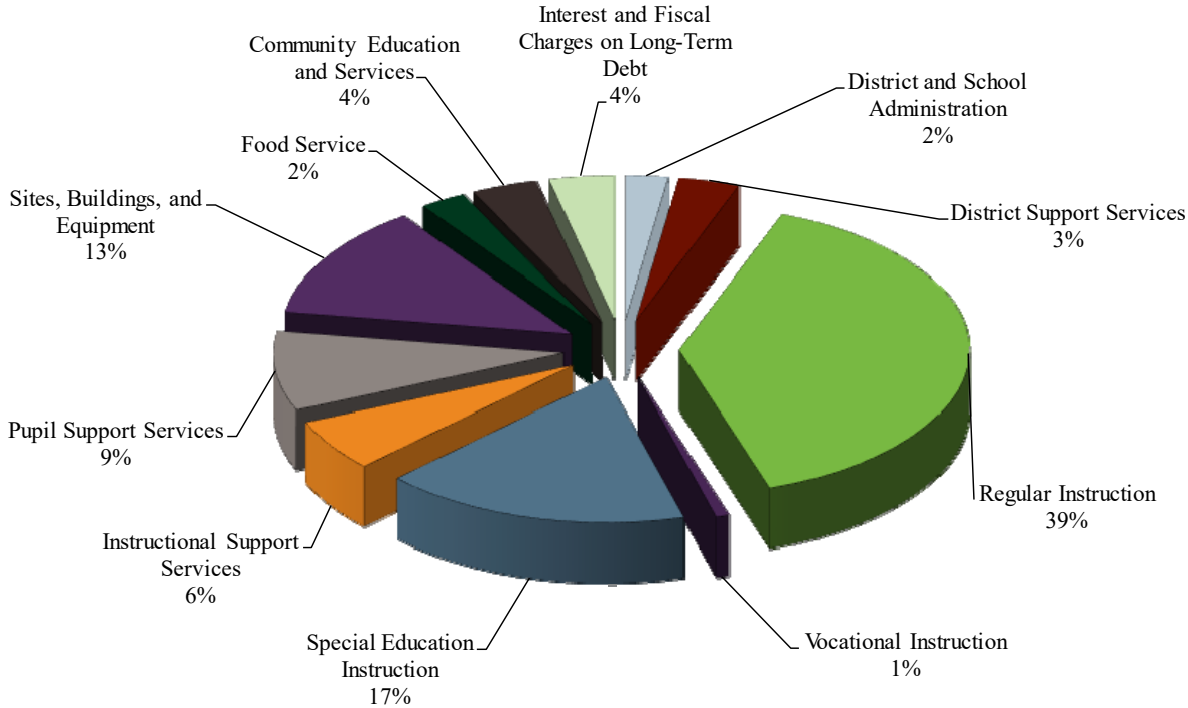
- Some of the costs were paid by the users of the District's programs (Table A-2 previous page, Charges for Services, \$8.6 million).
- The federal and state governments subsidized certain programs with grants and contributions including significant support to respond to the COVID-19 pandemic (Table A-2, Operating and Capital Grants and Contributions, \$203 million).
- Most of the District's costs were paid for with local property taxes of \$234 million and unrestricted state aid of \$293 million.



**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District Government-wide (Continued)

**Figure A-2
Expenses
Fiscal Year 2021**



Governmental funds include not only funds received for the general operation of the District but also include resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources, (Figure A-2) shown on the previous page, therefore, the District does not include Special Revenue Funds (Food & Community Services) as a component of the general operation of the District, since the District cannot take funds from these restricted areas and use the funds to enhance instruction-related programs.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Financial Analysis of the District Government-wide (Continued)

**Table A-3
Primary Government Cost and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
Administration	\$ 17,003,242	\$ 16,864,097	0.83%	\$ (5,529,642)	\$16,864,097	-132.79%
District Support Services	24,318,391	19,824,078	22.67%	24,318,391	19,032,571	27.77%
Elementary and Secondary Regular Instruction	279,788,567	309,850,944	-9.70%	245,961,042	254,538,527	-3.37%
Vocational Education Instruction	5,089,516	5,068,728	0.41%	4,577,710	4,363,350	4.91%
Special Education Instruction	122,202,296	118,877,734	2.80%	35,571,454	40,594,476	-12.37%
Instructional Support Services	41,490,014	45,584,282	-8.98%	39,261,907	43,400,465	-9.54%
Pupil Support Services	63,131,018	73,028,360	-13.55%	41,859,475	69,993,540	-40.20%
Sites and Buildings	90,914,224	87,021,218	4.47%	77,849,141	73,360,948	6.12%
Fiscal and Other Fixed Cost Programs	6,275,779	932,903	572.72%	6,275,779	932,903	572.72%
Food Service	18,174,647	22,816,700	-20.34%	(3,174,444)	(860,035)	269.11%
Community Education and Services	26,261,083	31,916,490	-17.72%	5,122,065	9,074,566	-43.56%
Interest and Fiscal Charges						
On long-term debt/depreciation	25,999,423	25,816,996	0.71%	25,999,423	25,816,996	0.71%
Total	\$ 720,648,200	\$ 757,602,530	-4.88%	\$498,092,301	\$ 557,112,404	-10.59%

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$420 million, or a \$41 million increase over last year. The increase is primarily attributable to reduced expenditures in the general fund as well as delays in capital projects.

The District's governmental funds reported total expenditures of \$796 million and total revenues of \$749 million. Based on these results, fund balance would have decreased by \$48 million. The District issued bonds that along with their associated premium provided \$89 million in other available resources. These other sources of financing along with revenue exceeded expenditures in the general fund resulted in an overall increase to the *combined* fund balance of \$41 million from the prior year.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

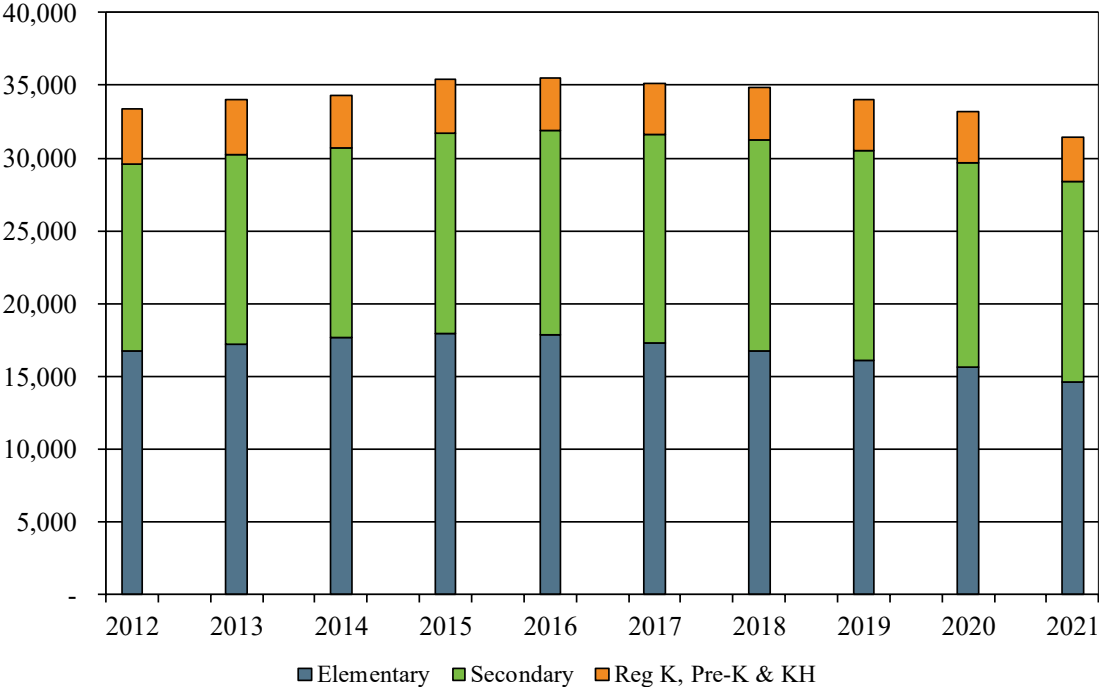
Enrollment

Enrollment is a critical factor in determining revenue. The following chart shows that the number of students has decreased over each of the past ten years. There was a decrease in enrollment over the last year of -5.44%.

**Table A-4
Student Enrollment (Average Daily Membership)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Reg K, Pre-K & KH	3,728	3,789	3,582	3,682	3,587	3,516	3,556	3,508	3,540	3,010
Elementary	16,725	17,218	17,643	17,964	17,866	17,319	16,768	16,098	15,598	14,658
Secondary	12,878	12,985	13,086	13,740	14,019	14,311	14,517	14,444	14,064	13,726
Total students for aid	<u>33,331</u>	<u>33,992</u>	<u>34,311</u>	<u>35,386</u>	<u>35,472</u>	<u>35,146</u>	<u>34,841</u>	<u>34,050</u>	<u>33,202</u>	<u>31,395</u>
Percentage change		1.98%	0.94%	3.13%	0.24%	-0.92%	-0.87%	-2.27%	-2.49%	-5.44%

**Figure A-3
Student Enrollment
(Average Daily Membership)**



**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12. Special Education serves students from birth to 21. The General Fund also includes pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenue.

**Table A-5
General Fund Revenues**

	Year Ended June 30, 2021		Increase (Decrease	Percentage Change
	2021	2020		
Local sources				
Property taxes	\$ 144,092,501	\$ 151,392,761	\$ (7,300,260)	-4.82%
Earnings on investments	121,670	2,955,530	(2,833,860)	-95.88%
Other	13,215,599	13,088,878	126,721	0.97%
State sources	387,675,107	400,306,331	(12,631,224)	-3.16%
Federal sources	58,628,646	39,941,226	18,687,420	46.79%
Sales and other conversion of assets	-	159,552	(159,552)	-100.00%
Total	<u>\$ 603,733,523</u>	<u>\$ 607,844,278</u>	<u>\$ (4,110,755)</u>	-0.68%

General Fund revenue decreased by \$4.1 million or 0.68% from the previous year.

Revenue decreased in fiscal year 2021 primarily due to decreased earnings on investments, a decrease in property taxes due to enrollment adjustments. While revenue from state sources decreased, it was offset by increased revenue from the federal government for CARES/COVID-19 relief funding.

General Fund Revenue is received in three major categories. In summary, the three categories are:

1. State Education Finance Appropriations
 - A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
 - B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e., special education) or promote certain types of programs (i.e., career and technical aid).
2. State Paid Property Tax Levies Credits

The largest share of the levy is from voter-approved levies: the excess operating referendum, which is also enrollment driven. Property tax credits reduce the amount of property taxes paid. To make up for this reduction, the state pays the difference between what was levied in property taxes and what is received in property taxes to school districts and other taxing districts.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

General Fund (Continued)

3. Federal Sources

The largest source of federal funding normally are those received under the 1965 Elementary and Secondary Education Act as reauthorized as the Every Student Succeeds Act (ESSA) in December of 2015, replacing the No Child Left Behind Act (NCLB). It is one of the United States Federal Government's largest assistance programs for schools. However, the District received significant funding to support changes in operations due to the COVID-19 pandemic from CARES funding.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended June 30, 2021		Increase (Decrease)	Percentage Change
	2021	2020		
Salaries	\$ 351,972,595	\$ 360,017,028	\$ (8,044,433)	-2.23%
Employee benefits	134,502,222	128,863,301	5,638,921	4.38%
Purchased services	64,668,154	68,005,925	(3,337,771)	-4.91%
Supplies and materials	27,849,591	15,178,147	12,671,444	83.48%
Capital expenditures	2,532,670	1,201,581	1,331,089	110.78%
Other expenditures	3,308,216	4,078,238	(770,022)	-18.88%
Total	\$ 584,833,448	\$ 577,344,220	\$ 7,489,228	1.30%

Total General Fund expenditures increased by \$7.5 million or 1.3% from the previous year.

General Fund salaries and benefits decreased \$2.4 million combined for the year primarily due to unfilled vacant positions. Purchased services and other expenditures all saw further decreases from FY20 largely due to the impact of the COVID-19 pandemic. Supplies and capital expenditures all saw increases from FY20 due to increased technology needs, additional materials needed to mitigate COVID-19 risks and/or accommodate distance learning.

Debt Service Fund

The Debt Service Fund had excess revenues over expenditures of approximately \$200,000, ending with a fund balance of \$42 million.

Other Non-Major Funds

Revenues exceeded expenditures by about \$2.1 million in the Food Service Fund and resulted in an increase to fund balance bringing the total fund balance to \$5.4 million. In the Community Service Fund, expenditures exceeded revenues by about \$100,000, resulting in an ending fund balance of about \$5 million. The Post-Employment Benefits Debt Services funds saw revenues exceeding expenditures by about \$2.4 million, resulting in an ending fund balance of about \$2.7 million.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Capital Asset and Debt Administration

Capital Assets

By the end of 2021, the District had invested approximately \$786 million (net of accumulated depreciation) in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year totaled approximately \$30 million.

**Table A-7
Capital Assets (Net of Depreciation)**

	2021	2020	Percentage Change
Land and construction in progress	\$ 121,964,788	\$ 143,829,791	-15.20%
Other capital assets	664,394,882	621,188,668	6.96%
Total	<u>\$ 786,359,670</u>	<u>\$ 765,018,459</u>	2.79%

General Fund Budgetary Highlights

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General, Food Service, Community Service, Debt Service, and Capital Projects funds. All annual unencumbered appropriations lapse at fiscal year-end.

In accordance with state statute, the Board of Education adopts the various fund budgets by June 30 of the preceding fiscal year. Over the course of the fiscal year, the Board adopts amendments to the budgets for reinstating prior-year unspent school and department budgets, and increases in appropriations for significant unbudgeted costs.

Factors Bearing on the District's Future

The general education program is the method by which school districts receive the majority of their financial support. The basic general education formula allowance for Minnesota school districts increased slightly in fiscal year 2021 to \$6,567 per pupil or 2% from the prior year. With significant union contracts, mandatory compliance cost, uncertain political environment and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion and Analysis**

Factors Bearing on the District's Future (Continued)

During fiscal year 2017, the District's Executive Leadership proposed to the Board of Education priorities, which focused on four core areas. The areas of focus include four priorities (Equity, Literacy, Social Emotional Learning and Multi- Tiered System of Supports). The plan is bold, ambitious and seeks to address the disparity gap that exists in Minneapolis Public Schools. Specifically, this plan calls for the following:

- All children are ready to start kindergarten
- All third-graders can read at grade level
- All achievement gaps between students are closed
- All students are ready for career and/or post-secondary education
- All students graduate from high school

These targets have been set to reignite a sense of urgency in the system and ensure that everyone is operating with a growth mindset.

In April 2019, the District went public with a Comprehensive District Design (CDD) intended to ensure that all Minneapolis Public Schools graduates have a well-rounded education as defined by the federal Every Student Succeeds Act (ESSA). The Board formally approved the CDD in May 2020 for school changes to be implemented in September 2021.

Beginning in March 2020, district operations were significantly impacted by COVID-19. At first, the pandemic presented challenges including how to provide educational services to students in a remote environment. Prior to COVID-19, MPS was not a 1:1 device district. Previous investments in technology allowed for a relatively smooth transition to the work-from-home and social-distance learning environment.

The District spent the majority of the year in distance learning, with elementary students returning to classrooms in February 2021 and secondary students returning in April 2021. Some students enjoyed distance learning and as a result, the district has expanded its MPS Online School to include all grades for FY22. One issue that appeared during the pandemic is increased vacancy rates and challenges filling positions.

Request For Information

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. Additional details can be requested by mail at the following address:

Minneapolis Public Schools
Finance Department
1250 West Broadway Avenue
Minneapolis, Minnesota 55411
Or visit our website at <http://www.mpls.k12.mn.us>

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BASIC FINANCIAL STATEMENTS

**Minneapolis Public Schools
Special School District No. 1
Statement of Net Position
June 30, 2021**

	Governmental Activities
Assets	
Cash and investments	\$ 563,031,681
Cash and investments held by trustee	31,837,381
Receivables	
Property taxes	116,023,478
Other governments	60,119,913
Other	1,839,186
Prepaid items	2,308,166
Inventory	1,856,515
Capital assets	
Land and construction in progress	121,964,788
Other capital asset, net of depreciation	664,394,882
Total assets	1,563,375,990
Deferred Outflows of Resources	
Deferred outflows related to OPEB	2,438,667
Deferred outflows related to pensions	324,532,664
Total deferred outflows of resources	326,971,331
 Total assets and deferred outflows of resources	 \$ 1,890,347,321
Liabilities	
Salaries and compensated absences payable	\$ 40,290,125
Accounts and contracts payable	23,346,713
Accrued interest	13,404,270
Due to other governmental units	34
Unearned revenue	2,029,888
Long-term liabilities	
Portion due within one year	72,719,580
Portion due in more than one year	1,555,275,560
Total liabilities	1,707,066,170
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	200,229,018
Deferred charge on refunding	473,964
Deferred inflows related to OPEB	30,913,459
Deferred inflows related to pensions	674,871,133
Total deferred inflows of resources	906,487,574
Net Position	
Net investment in capital assets	167,231,208
Restricted for	
General Fund state-mandated reserves	12,214,531
Food service	5,440,680
Community service	5,119,352
Debt service	32,190,611
Unrestricted	(945,402,805)
Total net position	(723,206,423)
 Total liabilities, deferred inflows of resources, and net position	 \$ 1,890,347,321

**Minneapolis Public Schools
Special School District No. 1
Statement of Activities
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 17,003,242	\$ 1,523,168	\$ 21,009,716	\$ -	\$ 5,529,642
District support services	24,318,391	-	-	-	(24,318,391)
Elementary and secondary regular instruction	280,150,136	361,195	33,466,330	-	(246,322,611)
Vocational education instruction	5,089,516	-	511,806	-	(4,577,710)
Special education instruction	122,202,296	3,679,109	82,951,733	-	(35,571,454)
Instructional support services	41,490,014	39,045	2,189,062	-	(39,261,907)
Pupil support services	63,131,018	44,549	21,226,994	-	(41,859,475)
Sites and buildings	90,552,655	111,374	1,953,709	11,000,000	(77,487,572)
Fiscal and other fixed cost programs	6,275,779	-	-	-	(6,275,779)
Food service	18,174,647	187,554	21,161,537	-	3,174,444
Community education and services	26,261,083	2,656,536	18,482,482	-	(5,122,065)
Interest and fiscal charges on long-term debt	25,999,423	-	-	-	(25,999,423)
Total governmental activities	\$ 720,648,200	\$ 8,602,530	\$ 202,953,369	\$ 11,000,000	(498,092,301)
General revenues					
Taxes					
Property taxes, levied for general purposes					144,175,066
Property taxes, levied for community service					5,530,668
Property taxes, levied for debt service					84,154,604
State aid not restricted to specific purposes					292,899,839
Earnings on investments					754
Total general revenues					<u>526,760,931</u>
Change in net position					28,668,630
Net position - beginning					(765,854,084)
Prior period adjustment (see note 12)					13,979,031
Net position - beginning, as restated					<u>(751,875,053)</u>
Net position - ending					<u>\$ (723,206,423)</u>

See notes to basic financial statements.

**Minneapolis Public Schools
Special School District No. 1
Balance Sheet - Governmental Funds
June 30, 2021**

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
Assets					
Cash and investments	\$ 167,707,285	\$ 247,489,262	\$ 48,805,782	\$ 11,704,718	\$ 475,707,047
Cash and investments held by trustee	-	-	31,018,131	-	31,018,131
Receivables					
Current property taxes receivable	69,818,530	-	39,947,892	3,965,388	113,731,810
Delinquent property taxes receivable	1,403,866	-	810,697	77,105	2,291,668
Due from other Minnesota school districts	-	-	-	92	92
Due from Minnesota Department of Education	36,599,556	-	1,140,383	2,158,633	39,898,572
Due from Federal Government					
through Minnesota Department of Education	15,715,199	-	-	1,861,254	17,576,453
Due from Federal Government received directly	589,365	-	-	229,383	818,748
Due from other governmental units	1,729,072	-	-	96,976	1,826,048
Other receivables	1,365,542	-	-	40,311	1,405,853
Prepaid items	1,290,552	587,894	-	-	1,878,446
Inventory	124,127	-	-	1,732,388	1,856,515
	<u>\$ 296,343,094</u>	<u>\$ 248,077,156</u>	<u>\$ 121,722,885</u>	<u>\$ 21,866,248</u>	<u>\$ 688,009,383</u>
Liabilities					
Salaries and compensated absences payable	\$ 34,462,549	\$ -	\$ -	\$ 522	\$ 34,463,071
Payroll deductions and employer contributions payable	5,827,054	-	-	-	5,827,054
Accounts and contracts payable	13,228,639	9,596,087	12,750	509,237	23,346,713
Due to other governmental units	-	-	-	34	34
Unearned revenue	1,520,220	-	200,000	309,668	2,029,888
Total liabilities	<u>55,038,462</u>	<u>9,596,087</u>	<u>212,750</u>	<u>819,461</u>	<u>65,666,760</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	113,827,009	-	78,602,411	7,799,598	200,229,018
Unavailable revenue - delinquent property taxes	1,403,866	-	810,697	77,105	2,291,668
Total deferred inflows of resources	<u>115,230,875</u>	<u>-</u>	<u>79,413,108</u>	<u>7,876,703</u>	<u>202,520,686</u>
Fund Balances					
Nonspendable					
Prepaid items	1,290,552	587,894	-	-	1,878,446
Inventory	124,127	-	-	1,732,388	1,856,515
Restricted for					
Student activities	572,832	-	-	-	572,832
Graduation standards - gifted and talented	579,035	-	-	-	579,035
Operating capital	5,501,542	-	-	-	5,501,542
Long-term facilities maintenance	156,383	114,145,784	-	-	114,302,167
Community education programs	65,178	-	-	1,120,064	1,185,242
Basic skills extended time	4,610,186	-	-	-	4,610,186
Early childhood and family educations programs	-	-	-	119,623	119,623
School readiness	-	-	-	2,024,215	2,024,215
Adult basic education	-	-	-	879,610	879,610
Basic skills programs	495,016	-	-	-	495,016
QSCB/QZAB	-	-	29,978,730	-	29,978,730
Building construction	-	123,747,391	-	-	123,747,391
Other purposes	234,359	-	12,118,297	7,294,184	19,646,840
Assigned	57,295,506	-	-	-	57,295,506
Unassigned	55,149,041	-	-	-	55,149,041
Total fund balances	<u>126,073,757</u>	<u>238,481,069</u>	<u>42,097,027</u>	<u>13,170,084</u>	<u>419,821,937</u>
	<u>\$ 296,343,094</u>	<u>\$ 248,077,156</u>	<u>\$ 121,722,885</u>	<u>\$ 21,866,248</u>	<u>\$ 688,009,383</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 296,343,094</u>	<u>\$ 248,077,156</u>	<u>\$ 121,722,885</u>	<u>\$ 21,866,248</u>	<u>\$ 688,009,383</u>

See notes to basic financial statements.

**Minneapolis Public Schools
Special School District No. 1
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2021**

Total fund balances - governmental funds \$ 419,821,937

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Land	35,446,301
Construction in progress	86,518,487
Buildings and improvements, net of accumulated depreciation	654,544,710
Equipment, net of accumulated depreciation	9,850,172

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(562,395,000)
Unamortized bond premiums and discounts	(90,870,567)
Certificate of participation payable	(206,090,000)
Net other post employment benefit liability	(41,038,595)
Net pension liability	(677,898,494)
Deferred charge on refunding	(473,964)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred outflows related to pensions	324,532,664
Deferred inflows related to pensions	(674,871,133)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.

Deferred outflows related to OPEB	2,438,667
Deferred inflows related to OPEB	(30,913,459)

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.

(13,404,270)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

2,291,668

Internal service funds are used by management to charge the cost of workers compensation and general liability insurance to individual funds, as well as severance benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

Internal service fund net position	39,304,453
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Total net position - governmental activities

\$ (723,206,423)

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021**

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General	Capital Project- Building Construction	Debt Service		
Revenues					
Local sources					
Property taxes	\$ 144,092,501	\$ -	\$ 81,713,682	\$ 7,904,754	\$ 233,710,937
Earnings on investments	121,670	157,753	(298,576)	9,203	(9,950)
Other	13,215,599	54,305	-	3,145,522	16,415,426
Revenue from state sources	387,675,107	-	11,403,833	14,869,891	413,948,831
Revenue from federal sources	58,628,646	-	429,737	24,646,438	83,704,821
Sales and other conversion of assets	-	-	-	187,560	187,560
Total revenues	<u>603,733,523</u>	<u>212,058</u>	<u>93,248,676</u>	<u>50,763,368</u>	<u>747,957,625</u>
Expenditures					
Current					
Administration	16,049,086	-	-	-	16,049,086
District support services	26,601,884	-	-	-	26,601,884
Elementary and secondary regular instruction	259,680,752	-	-	-	259,680,752
Vocational education instruction	4,797,462	-	-	-	4,797,462
Special education instruction	120,905,966	-	-	-	120,905,966
Instructional support services	43,590,389	-	-	-	43,590,389
Pupil support services	64,371,133	-	-	-	64,371,133
Sites and buildings	40,028,331	38,786,344	-	-	78,814,675
Fiscal and other fixed cost programs	6,275,779	-	-	-	6,275,779
Food service	-	-	-	19,090,261	19,090,261
Community education and services	-	-	-	27,154,272	27,154,272
Capital outlay					
Administration	17,796	-	-	-	17,796
District support services	3,449	-	-	-	3,449
Elementary and secondary regular instruction	85,164	-	-	-	85,164
Vocational education instruction	21,375	-	-	-	21,375
Instructional support services	53,587	-	-	-	53,587
Pupil support services	823,641	-	-	-	823,641
Sites and buildings	1,527,654	32,748,915	-	-	34,276,569
Food service	-	-	-	121,461	121,461
Community education and services	-	-	-	1,368	1,368
Debt service					
Principal	-	-	59,770,000	-	59,770,000
Interest and fiscal charges	-	212,650	33,548,615	-	33,761,265
Total expenditures	<u>584,833,448</u>	<u>71,747,909</u>	<u>93,318,615</u>	<u>46,367,362</u>	<u>796,267,334</u>
Excess of revenues over (under) expenditures	18,900,075	(71,535,851)	(69,939)	4,396,006	(48,309,709)
Other Financing Sources (Uses)					
Bond issuance	-	68,751,356	30,228,644	-	98,980,000
Bond premium	-	20,389,236	-	-	20,389,236
Payment to refunded bond escrow agent	-	-	(29,955,000)	-	(29,955,000)
Total other financing sources (uses)	<u>-</u>	<u>89,140,592</u>	<u>273,644</u>	<u>-</u>	<u>89,414,236</u>
Net change in fund balances	18,900,075	17,604,741	203,705	4,396,006	41,104,527
Fund Balances					
Beginning of year	<u>107,173,682</u>	<u>220,876,328</u>	<u>41,893,322</u>	<u>8,774,078</u>	<u>378,717,410</u>
End of year	<u>\$ 126,073,757</u>	<u>\$ 238,481,069</u>	<u>\$ 42,097,027</u>	<u>\$ 13,170,084</u>	<u>\$ 419,821,937</u>

See notes to basic financial statements.

**Minneapolis Public Schools
Special School District No. 1
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021**

Net change in fund balances - total governmental funds \$ 41,104,527

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital asset additions	37,520,995
Depreciation expense	(30,148,814)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of discounts and premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bond proceeds	(69,595,000)
Long-term facility maintenance proceeds	(29,385,000)
Bond premium	(20,389,236)
Repayment of certificates of participation payable	21,625,000
Repayment of bond principal	38,145,000
Refunding payment to bond escrow agent	29,955,000
Change in accrued interest expense	104,768
Amortization of bond premiums and discounts	7,674,559
Amortization of deferred charge on refunding	(17,485)

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities. 17,254,970

Net other post employment benefit liabilities are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (1,265,812)

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective. (14,064,243)

Pension expense

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 149,401

Change in net position - governmental activities \$ 28,668,630

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Local property taxes	\$ 142,737,828	\$ 142,737,828	\$ 144,092,501	\$ 1,354,673
Earnings on investments	3,000,000	3,000,000	121,670	(2,878,330)
Other local and county revenues	12,429,142	12,289,347	13,174,349	885,002
Revenue from state sources	395,993,023	386,952,639	387,675,107	722,468
Revenue from federal sources	46,442,106	73,500,867	58,628,646	(14,872,221)
Sales and other conversion of assets	-	28,786	41,250	12,464
Total revenues	<u>600,602,099</u>	<u>618,509,467</u>	<u>603,733,523</u>	<u>(14,775,944)</u>
Expenditures				
Current				
Administration	22,824,182	9,309,033	16,049,086	6,740,053
District support services	28,223,415	30,395,780	26,601,884	(3,793,896)
Elementary and secondary regular instruction	277,091,013	276,942,723	259,680,752	(17,261,971)
Vocational education instruction	5,130,321	5,077,991	4,797,462	(280,529)
Special education instruction	126,337,806	122,677,865	120,905,966	(1,771,899)
Instructional support services	39,768,295	41,823,432	43,590,389	1,766,957
Pupil support services	75,111,105	79,316,177	64,371,133	(14,945,044)
Sites and buildings	36,968,207	41,745,129	40,028,331	(1,716,798)
Fiscal and other fixed cost programs	1,280,000	1,310,000	6,275,779	4,965,779
Capital outlay				
Administration	-	17,422	17,796	374
District support services	1,000	-	3,449	3,449
Elementary and secondary regular instruction	20,484	232,912	85,164	(147,748)
Vocational education instruction	-	51,880	21,375	(30,505)
Instructional support services	8,776	13,807	53,587	39,780
Pupil support services	-	-	823,641	823,641
Sites and buildings	103,571	2,652,339	1,527,654	(1,124,685)
Total expenditures	<u>612,868,175</u>	<u>611,566,490</u>	<u>584,833,448</u>	<u>(26,733,042)</u>
Excess of revenues over (under) expenditures	<u>\$ (12,266,076)</u>	<u>\$ 6,942,977</u>	18,900,075	<u>\$ 11,957,098</u>
Fund Balance				
Beginning of year			<u>107,173,682</u>	
End of year			<u>\$ 126,073,757</u>	

**Minneapolis Public Schools
Special District No. 1
Statement of Net Position - Proprietary Fund
Internal Service Fund
June 30, 2021**

Assets

Current assets	
Cash and cash equivalents	\$ 87,324,634
Cash with fiscal agent	819,250
Accounts receivable	433,333
Prepaid items	<u>429,720</u>
Total assets	<u><u>\$ 89,006,937</u></u>

Liabilities

Current liabilities	
Accrued severance	\$ 3,521,936
Loss and loss adjustment reserves	
Workers' compensation	2,678,042
Incurred but not reported reserves	
Accrued health insurance benefits	<u>3,449,602</u>
Total current liabilities	<u><u>9,649,580</u></u>
Noncurrent liabilities	
Loss and loss adjustment reserves	
Workers' compensation	3,690,242
Incurred but not reported reserves	
Workers' compensation	3,690,242
Property/casualty	975,000
Accrued severance	<u>31,697,420</u>
Total noncurrent liabilities	<u><u>40,052,904</u></u>
Total liabilities	<u><u>\$ 49,702,484</u></u>

Net Position

Unrestricted	<u><u>\$ 39,304,453</u></u>
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**Minneapolis Public Schools
Special District No. 1
Statement of Revenues, Expenses, and Change in Fund
Net Position - Proprietary Fund
Internal Service Fund
Year Ended June 30, 2021**

Operating Revenue	
Local sources - charges for services	\$ 85,214,335
Operating Expenses	
Claims administration	5,332,164
Workers compensation and other benefits	5,827,628
Self-insured medical benefits	53,521,331
Severance	3,288,946
Total operating expenses	67,970,069
Operating income	17,244,266
Nonoperating Revenue	
Earnings on investments	10,704
Change in net position	17,254,970
Net Position	
Beginning of year	22,049,483
End of year	\$ 39,304,453

**Minneapolis Public Schools
Special District No. 1
Statement of Cash Flows - Proprietary Fund
Internal Service Fund
June 30, 2021**

Cash Flows - Operating Activities	
Receipts from premiums	\$ 85,089,246
Claims administration	(5,336,374)
Claims and severance benefits paid	<u>(61,365,624)</u>
Net cash flows - operating activities	18,387,248
 Cash Flows - Investing Activities	
Investment earnings	<u>10,704</u>
Net change in cash and cash equivalents	18,397,952
 Cash and Cash Equivalents (Including Cash with Fiscal Agent)	
Beginning of year	<u>69,745,932</u>
End of year	<u><u>\$ 88,143,884</u></u>
 Reconciliation of Operating Loss to	
Net Cash Flows - Operating Activities	
Operating loss	\$ 17,244,266
Adjustments to reconcile operating loss to net cash flows - operating activities	
Accounts payable	(4,210)
Prepaid insurance	(90,337)
Accounts receivable	(125,089)
Loss and loss adjustment reserves	1,068,269
Accrued health insurance benefits	351,941
Accrued compensated absences	<u>(57,592)</u>
Net adjustments	<u>1,142,982</u>
Net cash flows - operating activities	<u><u>\$ 18,387,248</u></u>

**Minneapolis Public Schools
Special School District No. 1
Statement of Fiduciary Net Position
June 30, 2021**

	Other Post Employment Benefits Irrevocable Trust Fund
Assets	
Current	
Cash and investments	\$ 26,504,022
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 26,504,022</u>

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

	Other Post Employment Benefits Irrevocable Trust Fund
Additions	
Investment income	\$ 4,737,472
Change in net position	4,737,472
Net Position Restricted for Postemployment Benefits Other than Pensions	
Beginning of year	<u>21,766,550</u>
End of year	<u>\$ 26,504,022</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The basic financial statements of Minneapolis Public Schools Special School District No. 1 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) 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

Minneapolis Public Schools Special School District No. 1 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's basic financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's basic financial statements are to include all component units – entities for which the District is financially accountable. The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of service performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District. The District has no component units.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these basic financial statements. As of July 1, 2019, these accounts have been taken under board control and will not be reported separately.

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

As of July 1, 2019, the student activity accounts of the District have been taken under board control and will not be reported separately.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

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

Separate fund financial statements are provided for the governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: Other Post Employment Benefits (OPEB) Irrevocable 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 statements.

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 fund is charges for service in the form of insurance premiums and early retirement incentive costs. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

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

2. Recording of Expenditures

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

The District reports unearned revenue on its balance sheet and government-wide Statement of Net Position. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when the District has a legal claim to the resources, the unearned revenue is removed and revenue is recognized.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

The existence of the various District funds has been established by the Minnesota Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report are as follows:

Major Governmental Funds:

General Fund – This fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Capital Projects Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities. The fund was established for building construction activity authorized by specific voter-approved bond issues and for large-scale construction activity authorized by the Board under provisions of state law. Revenues are from property taxes restricted for property maintenance and bond proceeds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond debt service except for refunding bond issues, for which a separate refunding bond trust account has been established. Revenues included in this fund are state and federal aid and property taxes.

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures. Revenues recorded in this fund include charges for meals along with state and federal reimbursement for meals.

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues included in this fund include property taxes restricted for Community Service purposes and tuition and fees charged for Community Education along with state and federal aid.

Post Employment Benefits Debt Service – This fund is used to account for the accumulation of resources for and payment of MERF bonds used to finance the District's obligation related to this now defunct pension plan.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Proprietary Fund:

Internal Service Fund – This fund accounts for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The District's Internal Service Fund has two main purposes:

1. Self-insurance activities for property, liability, health, and workers' compensation risks.
2. Accumulate and record the liability for accrued compensated absences (severance and vacation).

Fiduciary Fund:

The District has established an OPEB Irrevocable Trust Fund for other post employment benefit payments.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Debt Service, and Capital Projects Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

The District employs the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of applicable appropriation. All unencumbered appropriations lapse at fiscal year-end. Encumbrances are generally re-appropriated in the ensuing year's budget.

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

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

F. Cash and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following pages.

District Governmental Funds

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and investment balances from all funds, with the exception of the investments related to the OPEB Irrevocable Trust Fund, are combined, and invested to the extent available in various securities as authorized by *Minnesota Statutes*. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee can be used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow account.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

Cash and investments at June 30, 2021, were comprised of deposits, negotiable certificates of deposit, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), government securities, FHLB, FHLMC, FNMA, and money market funds.

Minnesota Statutes require all deposits be protected by federal deposit insurance corporate surety bond or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

District Governmental Funds (Continued)

Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX 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. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

OPEB Irrevocable Trust Fund

These funds represent investments administered by the District's OPEB Irrevocable Trust Fund investment managers. As of June 30, 2021, they were comprised of mutual funds. The District's investment policy extends to the OPEB Irrevocable Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days, and in the State Board of Investments. Investments are stated at fair value.

G. Accounts Receivable

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

H. Inventory

Inventory is recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on weighted average cost method, along with processing costs, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

J. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County is the collecting agency for the levy and remits the collections to the District three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represent uncollected taxes for the past six years, and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2020, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2021. The remaining portion of the levy will be recognized when measurable and available.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. A deferred outflows of resources related to pensions is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has five types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is a deferred charge on refunding and is reported in the government-wide Statement of Net Position. A deferred charge on refunding 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 fourth item is a deferred inflows of resources related to pensions and is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. The fifth item is deferred inflows of resources related to OPEB for various estimate differences related to this liability that will be amortized and recognized in future years.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District records all asset purchases in a capital asset group if the purchase is equal or greater than approximately \$5,000 for all equipment. All vehicles and land are capitalized if greater than \$5,000 and all building and site improvements are capitalized if greater than \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. The District's capital assets have estimated useful lives as listed on the following page.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

<u>Asset</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Equipment	10 years
Vehicles	8 years
Computers	5 years

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

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

N. Compensated Absences

The District's employee vacation and sick leave policies grant to certain groups of employees, if certain conditions are met (see Note 11), a specific number of days of vacation with pay and payment for unused sick leave upon retirement. On June 30, 1998, the District established an internal service fund to accrue for and fund the liability for vacation earned and not yet taken, vested sick pay, salary-related payments, and retiree health insurance benefits due to certain active and retired employees.

Significant assumptions made in estimating the District's severance liability are as follows: (1) annual salary increases of 3.5% annually, and (2) discount rate of 3.25%.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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

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

P. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance and is self-insured for some risks as indicated in Note 10. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2021.

Q. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these basic financial statements are labeled "Cash and Investments Held by Trustee".

R. Net Position

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

S. Fund Balance

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

Nonspendable Fund Balances – Portions of fund balance related to prepaids, inventory, long-term receivables, and corpus on any permanent fund.

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance (Continued)

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

Assigned Fund Balances – These consist of internally imposed constraints. The Board of Education policy authorized the Superintendent and Superintendent's administration to assign fund balances and their intended uses.

Unassigned Fund Balances – These funds are the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of no less than 8% of the estimated General Fund expenditures for the following year.

T. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

U. Postemployment Benefits Other than Pensions (OPEB) – Trust Fund

Information about the fiduciary net position of the District 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, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and the Balance Sheet as "Cash and Investments." In accordance with *Minnesota Statutes*, the District maintains deposits at financial institutions which are authorized by the District's Board.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits. *Minnesota Statutes* require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of June 30, 2021, the District's deposits with a bank balance of \$1,090,520 were not exposed to custodial credit risk because the balances were fully insured by FDIC or secured by pledged collateral or letters of credit.

As of June 30, 2021, the book value of the District's deposits is \$982,054.

B. Investments

Investment Policy

In accordance with the *Minnesota Statutes* Chapter 118A and other applicable law, including regulations, the District's investment policy permits making deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in the State of Minnesota. The District is allowed to invest in U.S. Treasury or Federal Agency obligations, commercial paper rated "A-1" or higher and that matures in 270 days or less at the time of purchase, collateralized certificates of deposit, repurchase agreements backed by government collateral, and bankers' acceptances of the top 40 U.S. banks.

The District's investment policy establishes limitations on the holdings on non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

U.S. Treasury/U.S. Government Agencies	100% Maximum
Domestic Commercial Paper ("A-1"/"P-1")	100% Maximum
Collateralized Investment Agreements	100% Maximum
Eligible Bankers' Acceptances	30% Maximum
Repurchase Agreements	25% Maximum
Collateralized Certificates of Deposit	30% Maximum

The District's investment policy with regards to its deposits and investments are in accordance with statutory authority.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than \$5,000,000 of the District's portfolio will be invested in the securities of any single commercial paper issuer.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. GASB 40 requires disclosure of all uninsured investment securities purchased by the District or held as collateral on deposits or investments that are not registered in the name of the Minneapolis Public Schools, and held by the counterparty to the investment transactions. The District's investments held by one broker-dealer were insured by SIPC or other supplemental insurance as of June 30, 2021. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the District's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the District's portfolio is unknown.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's investment policy states that investments shall be managed in a manner to attain a market rate of return through various economic and budgetary cycles, taking into account constraints on risk and other criteria requirements. As of June 30, 2021, the market values, duration, and percent allocation of the District's investments were as listed below.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturities (in Years)</u>	<u>Percent Allocation</u>	<u>Credit Rating</u>
Pooled				
MSDLAF+ Liquid Class	\$ 35,800,887	N/A	6.88%	AAAm
MSDLAF+ Max Class	364,098,048	N/A	69.99%	AAAm
Federal Home Loan Bank (FHLB)	2,394,892	0.82	0.46%	AA+
Federal Farm Credit Bank (FFCB)	8,087,722	0.96	1.55%	AA+
U.S. Treasury Securities	29,000,211	1.29	5.57%	N/A
Fannie Mae	4,037,615	1.34	0.78%	AA+
Freddie Mac	2,086,616	0.99	0.40%	AA+
Mortgage Backed Securities	3,694,897	1.80	0.71%	AA+
Commercial Paper Pool	56,741,068	N/A	10.91%	N/A
Commercial Paper	14,293,404	0.15	2.75%	A-1
Total pooled investments	<u>520,235,360</u>		<u>100.00%</u>	
Non-pooled				
Cash with fiscal agent				
Cash held by trustee	1,858,651	N/A	5.84%	N/A
U.S. Treasury Securities	29,978,730	4.38	94.16%	N/A
Total cash with fiscal agent	<u>31,837,381</u>		<u>100.00%</u>	
Health insurance				
Cash/money market	<u>41,814,275</u>	NA	<u>100.00%</u>	N/A
OPEB Trust Fund				
Mutual Funds	26,428,707	N/A	99.72%	N/A
Cash/Money Market Funds	75,307	N/A	0.28%	N/A
Total OPEB Trust Fund	<u>26,504,014</u>		<u>100.00%</u>	
Total non-pooled investments	<u>100,155,670</u>			
Total investments	<u>\$ 620,391,030</u>			

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk (Continued)

The District has the following recurring fair value measurements as of June 30, 2020:

- Pooled investments of \$29,000,211 are valued using Level 1 inputs
- Pooled investments of \$91,336,214 are valued using Level 2 inputs
- Nonpooled OPEB investments of \$26,504,022 are valued using a matrix pricing model (Level 2 inputs)

C. Deposits and Investments

The following is a summary of total deposits and investments:

Deposits (Note 2.A.)	\$ 982,054
Investments - pooled (Note 2.B.)	520,235,360
Investments - non-pooled (Note 2.B.)	<u>100,155,670</u>
Total deposits and investments	<u><u>\$ 621,373,084</u></u>

Deposits and investments are presented in the June 30, 2021, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 563,031,681
Cash with fiscal agent	31,837,381
Statement of Fiduciary Net Position	
Cash and investments	<u>26,504,022</u>
Total deposits and investments	<u><u>\$ 621,373,084</u></u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 35,446,301	\$ -	\$ -	\$ -	\$ 35,446,301
Construction in progress	108,383,490	13,979,031	36,503,910	72,347,944	86,518,487
Total capital assets not being depreciated	<u>143,829,791</u>	<u>13,979,031</u>	<u>36,503,910</u>	<u>72,347,944</u>	<u>121,964,788</u>
Capital assets being depreciated					
Buildings	1,278,599,288	-	72,105,217	-	1,350,704,505
Machinery and equipment	50,541,413	-	1,259,811	-	51,801,224
Total capital assets being depreciated	<u>1,329,140,701</u>	<u>-</u>	<u>73,365,028</u>	<u>-</u>	<u>1,402,505,729</u>
Less accumulated depreciation for					
Buildings	667,941,739	-	28,218,056	-	696,159,795
Machinery and equipment	40,020,294	-	1,930,758	-	41,951,052
Total accumulated depreciation	<u>707,962,033</u>	<u>-</u>	<u>30,148,814</u>	<u>-</u>	<u>738,110,847</u>
Total capital assets being depreciated, net	<u>621,178,668</u>	<u>-</u>	<u>43,216,214</u>	<u>-</u>	<u>664,394,882</u>
Governmental activities, capital assets net	<u>\$ 765,008,459</u>	<u>\$ 13,979,031</u>	<u>\$ 79,720,124</u>	<u>\$ 72,347,944</u>	<u>\$ 786,359,670</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$30,148,814 for the year ended June 30, 2021, was charged to the following governmental functions:

Administration	\$ 87,559
District support services	118,616
Regular instruction	10,289,533
Vocational education instruction	46,442
Special education instruction	230,965
Community education	30,376
Instructional support services	32,391
Pupil support services	959,508
Food service	216,252
Sites and buildings	<u>18,137,172</u>
Total depreciation expense, governmental activities	<u>\$ 30,148,814</u>

NOTE 4 – LEASES

The District leases data processing equipment, buildings, and other miscellaneous equipment through various operating leases. All of the leases include the provision that the District has the right to terminate the agreement at the end of any fiscal year during the term as required by *Minnesota Statutes*. The annual operating lease rental expense is not considered material to the financial position or results of operations of the District.

NOTE 5 – LONG-TERM LIABILITIES

The District has issued general obligation school building bonds, alternative facilities bonds, and long-term facilities maintenance bonds to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds and loans. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. bonds, including						
refunding bonds						
	12/15/09	1.15%	\$ 17,200,000	12/15/2025	\$ 17,200,000	\$ -
	12/28/10	5.13%	19,785,000	12/15/2025	19,785,000	-
	12/01/11	2.00-4.00%	4,260,000	12/15/2025	4,260,000	-
	12/18/12	2.00%-3.00%	21,220,000	2/1/2033	11,810,000	1,060,000
	12/18/12	2.00%-3.00%	18,550,000	2/1/2033	11,615,000	990,000
	12/18/12	3.00%-4.00%	9,285,000	2/1/2022	1,195,000	1,195,000
	12/18/12	2.00%	16,530,000	2/1/2022	2,220,000	2,220,000
	12/04/13	3.00%-4.00%	20,525,000	2/1/2029	10,110,000	1,245,000
	12/04/13	4.00%-5.00%	38,090,000	2/1/2034	28,480,000	1,685,000
	12/23/14	2.00%-3.00%	21,840,000	2/1/2030	10,860,000	1,565,000
	12/23/14	3.00%-4.00%	45,270,000	2/1/2030	30,135,000	2,915,000
	12/23/14	2.00%-5.00%	11,300,000	2/1/2023	3,240,000	1,580,000
	12/29/15	2.34%	21,275,000	2/1/2031	11,770,000	1,330,000
	12/29/15	2.51%	34,755,000	2/1/2031	25,325,000	2,145,000
	12/29/15	1.69%	10,830,000	2/1/2024	4,605,000	1,455,000
	12/22/16	5.00%	41,905,000	2/1/2037	32,805,000	2,715,000
	12/22/16	4.00%-5.00%	51,910,000	2/1/2035	44,440,000	2,265,000
	12/06/17	4.00%-5.00%	28,895,000	2/1/2033	20,975,000	2,985,000
	12/06/17	4.00%-5.00%	51,565,000	2/1/2038	44,065,000	2,590,000
	12/01/18	4.00%-5.00%	40,395,000	2/1/2039	34,170,000	3,510,000
	12/01/18	4.00%-5.00%	51,275,000	2/1/2038	48,190,000	1,865,000
	12/01/19	5.00%	42,735,000	2/1/2040	39,315,000	3,825,000
	12/01/19	5.00%	29,385,000	2/1/2038	28,475,000	1,115,000
	12/01/19	5.00%	5,385,000	2/1/2027	4,425,000	1,040,000
	12/29/20	4.00%-5.00%	46,785,000	2/1/2041	46,785,000	3,395,000
	12/29/20	1.00%-5.00%	<u>26,140,000</u>	2/1/2041	<u>26,140,000</u>	<u>745,000</u>
Total			<u>727,090,000</u>		<u>562,395,000</u>	<u>45,435,000</u>
Certificates of participation						
	12/01/11	6.50%	19,705,000	2/1/2023	4,065,000	2,005,000
	12/23/14	1.40-6.5%	125,570,000	2/1/2030	87,035,000	7,905,000
	12/29/15	2.00-3.20%	44,475,000	2/1/2031	31,860,000	2,780,000
	12/22/16	5.00%	22,025,000	2/1/2032	18,215,000	1,280,000
	12/06/17	4.00-5.00%	38,565,000	2/1/2033	33,025,000	2,130,000
	12/01/19	2.67%	6,715,000	2/1/2035	6,430,000	330,000
	09/29/20	5.00%	<u>26,055,000</u>	4/1/2036	<u>25,460,000</u>	<u>1,205,000</u>
Total			<u>283,110,000</u>		<u>206,090,000</u>	<u>17,635,000</u>
Bond premium					90,870,567	-
Self insurance liability and compensated absences					<u>49,702,484</u>	<u>9,649,580</u>
Total long-term liabilities					<u>\$ 909,058,051</u>	<u>\$ 72,719,580</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Year Ending June 30,	Certificates of Participation Payable		G.O. Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 17,635,000	\$ 8,836,270	\$ 45,435,000	\$ 24,468,233
2023	18,415,000	8,050,220	43,040,000	22,149,324
2024	17,120,000	7,223,750	41,135,000	20,188,624
2025	17,865,000	6,473,650	39,635,000	18,361,474
2026	18,700,000	5,641,100	79,635,000	15,928,343
2027-2031	94,980,000	14,693,200	161,340,000	53,539,588
2032-2036	21,375,000	9,726,300	107,700,000	22,629,413
2037-2040	-	-	44,475,000	4,222,700
Total	<u>\$ 206,090,000</u>	<u>\$ 60,644,490</u>	<u>\$ 562,395,000</u>	<u>\$ 181,487,699</u>

C. Description of Long-Term Liabilities

General Obligation School Building Bonds

On September 29, 2020, the District issued \$26,055,000 of Refunding Certificates of Participation, Series 2020A. The proceeds of this issue were deposited into the Debt Service Fund and used on October 1, 2020, to refund, in advance of their stated maturities, the remaining fiscal 2021 through 2036 maturities of the District's COP 2010A, totaling \$12,990,000 and 2010B, totaling \$16,965,000. After the current refunding, the District assumes full debt service of the principal and interest payments on the 2020A issue. The refunding reduced the District's total future debt service payments for the series of bonds by \$6,068,557 and resulted in a present value savings of approximately \$5,559,946.

On December 29, 2020, the District issued \$29,385,000 of General Obligation Long-Term Facilities Maintenance Bonds, Series 2020B. The proceeds of this issue were deposited into the construction fund to finance certain long-term facilities maintenance projects of the District.

On December 29, 2020, the District issued \$6,715,000 of COP Bonds, Series 2020C. The proceeds of this issue were deposited into the construction fund to finance certain long-term facilities maintenance projects of the District.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Liabilities

See Notes 10 and 11 for detailed information on the District's Self Insurance Plan and Compensated Absences.

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Governmental activities				
Bonds payable				
General obligation bonds	\$ 530,255,000	\$ 72,925,000	\$ (40,785,000)	\$ 562,395,000
Bond premium	78,155,890	20,389,236	(7,674,559)	90,870,567
Certificates of participation payable	228,975,000	26,055,000	(48,940,000)	206,090,000
Self insurance reserves and compensated absences	<u>48,339,866</u>	<u>1,362,618</u>	<u>-</u>	<u>49,702,484</u>
 Total governmental activity long-term liabilities	 <u>\$ 885,725,756</u>	 <u>\$ 120,731,854</u>	 <u>\$ (97,399,559)</u>	 <u>\$ 909,058,051</u>

The internal service fund typically liquidates the liability related to self-insurance and compensated absences.

NOTE 6 – FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Administration also has the authority to internally assign portions of fund balance for specific purposes. Other amounts are identified as nonspendable as disbursement has been made for a good or service that will benefit future periods.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 – FUND BALANCES (CONTINUED)

Restricted and nonspendable/assigned fund balances at June 30, 2021, are as follows:

	Restricted	Nonspendable/ Assigned
General Fund		
Nonspendable for prepaid items	\$ -	\$ 1,290,552
Nonspendable for inventory	-	124,127
Restricted for student activities	572,832	-
Restricted for long-term facilities maintenance	156,383	-
Restricted for basic skills extended time	4,610,186	-
Restricted for Contract Alternative Schools	65,178	-
Restricted for Basic Skills	495,016	-
Restricted for area learning center	5,501,542	-
Restricted for gifted and talented	579,035	-
Restricted for other purposes	234,359	-
Assigned for referendum - class size	-	36,301,597
Assigned for Capital Projects Referendum	-	4,482,593
Assigned for alternative compensation	-	2,693,995
Assigned for Curriculum Adoption/Replacement	-	2,000,000
Assigned for Funded Projects and Reemployment Insurance	-	4,317,321
Assigned for contingency	-	4,000,000
Assigned for comprehensive district design	-	3,500,000
Total General Fund	12,214,531	58,710,185
Special Revenue Funds		
Food Service Fund		
Restricted for other purposes	3,708,292	-
Nonspendable for inventory	-	1,732,388
Community Service Fund		
Restricted for school readiness	2,024,215	-
Restricted for adult basic education	879,610	-
Restricted for community education programs	1,120,064	-
Restricted for early childhood and family	119,623	-
Restricted for Grants & Funded Programs	916,897	-
Total Special Revenue Funds	8,768,701	1,732,388
Capital Projects - Building Construction Fund		
Nonspendable for prepaid items	-	587,894
Restricted for long-term facilities maintenance	114,145,784	-
Restricted for building construction	123,747,391	-
Total Building Construction Fund	237,893,175	587,894
Debt Service Fund		
Restricted for QSCB/QZAB	29,978,730	-
Restricted for other purposes	12,118,297	-
Total Debt Service Fund	42,097,027	-
Post Employment Benefits Debt Service Fund		
Restricted for other purposes	2,668,995	-
Total all funds	\$ 303,642,429	\$ 61,030,467

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 – FUND BALANCES (CONTINUED)

Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

Restricted for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

Restricted for Community Education Programs – The fund balance restriction represents accumulated resources available to provide general community education programming.

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* 126C.15, subd. 1.

Restricted for Early Childhood and Family Education Programs – This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

Restricted for School Readiness Programs – The fund balance restriction represents accumulated resources available to provide school readiness programming (*Minnesota Statutes* 124D.16).

Restricted for Adult Basic Education – The fund balance restriction represents accumulated resources available to provide adult basic education services.

Restricted for QSCB/QZAB – The fund balance restriction represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the District and will pay off the debt at maturity.

Restricted for Building Construction – Restricted for building construction represents available resources to fund construction expenditures on current and future contracts.

Restricted for Other Purposes – Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association

The District participates in various pension plans, total pension expense for the year ended June 30, 2021, was \$62,946,572. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

A. Plan Description

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

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

B. Benefits Provided

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

C. Contribution Rate

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

	June 30, 2019		June 30, 2020		June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0%	11.71%	11.0%	11.92%	11.0%	12.13%
Coordinated	7.5%	7.71%	7.5%	7.92%	7.5%	8.13%

In an agreement related to the merger of the Minneapolis Teachers Retirement Association, the District has agreed to pay an additional 3.64% for a total employer contribution of 11.77%.

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223
Deduct employer contributions not related to future contribution efforts	(56)
Deduct TRA's contributions not included in allocation	(508)
Total employer contributions	424,659
Total non-employer contributions	35,587
Total contributions reported in <i>Schedule of Employer and Non-Employer Pension Allocations</i>	\$ 460,246

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

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

D. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2020
Experience study	June 5, 2015
	November 6, 2017, (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumption

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of set rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	<u>100 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions and methods for the July 1, 2020, valuation:

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2021, the District reported a liability of \$492,005,396 for its proportionate share of the net pension liability. In addition, the net pension liability allocated to the district under a lump sum direct aid payment related to the District's merger into the fund is \$36,120,587 for a total liability allocated to the District of \$528,125,983. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 6.6594% at the end of the measurement period and 6.8056% for the beginning of the year. An additional 0.4889% was allocated at June 30, 2020, under the direct aid payment agreement.

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

District's proportionate share of net pension liability	\$ 528,125,983
State's proportionate share of the net pension liability associated with the District	41,243,603

For the year ended June 30, 2021, the District recognized pension expense of \$71,245,624. Included in this amount, the District recognized \$3,778,191 as pension expense for the support provided by direct aid.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 10,591,064	\$ 8,821,961
Net difference between projected and actual earnings on plan investments	3,221,155	-
Changes of assumptions	243,130,704	494,740,827
Changes in proportion	10,908,990	144,177,838
Contributions to TRA subsequent to the measurement date	<u>32,764,440</u>	<u>-</u>
Total	<u>\$ 300,616,353</u>	<u>\$ 647,740,626</u>

The \$32,764,440 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
<u> </u>	<u> </u>
2022	\$ (4,587,629)
2023	(235,684,382)
2024	(143,971,220)
2025	3,976,560
2026	<u>377,958</u>
Total	<u>\$ (379,888,713)</u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5%) and 1 percent higher (8.5%) than the current rate.

	District proportionate share of NPL		
	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Standard share	\$ 753,255,056	\$ 492,005,396	\$ 276,748,881
Direct aid share	55,300,237	36,120,587	20,317,525

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

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association

B. Benefits Provided

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$12,905,340. The District's contributions were equal to the required contributions as set by state statute.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$149,772,511 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$4,618,393. 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 2.4981% at the end of the measurement period and 2.9200% for the beginning of the period.

District's proportionate share of net pension liability	\$	149,772,511
State of Minnesota's proportionate share of the net pension liability associated with the District		4,618,393
Total	\$	154,390,904

For the year ended June 30, 2021, the District recognized pension expense of \$(8,299,052) for its proportionate share of General Employees Plan's pension expense. Included in this amount, the District recognized an additional \$401,940 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,589,888	\$ 566,669
Changes in actuarial assumptions	-	5,894,999
Difference between projected and actual investments earnings	1,479,707	-
Changes in proportion and differences between contributions made and District's proportion share of contributions	7,941,376	20,668,839
District's contributions to PERA subsequent to the measurement date	<u>12,905,340</u>	<u>-</u>
Total	<u><u>\$ 23,916,311</u></u>	<u><u>\$ 27,130,507</u></u>

The \$12,905,340 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2022	\$ (14,655,511)
2023	(2,136,196)
2024	(2,946,376)
2025	<u>3,618,547</u>
Total	<u><u>\$ (16,119,536)</u></u>

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

Inflation	2.50% Per year
Active member payroll growth	3.25% Per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2020, valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

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

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was change from two years older for females to one year older.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	<u>100 %</u>	

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Discount Rates

The discount rate used to measure the total pension liability in 2020 was 7.5%. 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The table on the following page 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 240,033,386	\$ 149,772,511	\$ 75,314,542

H. Pension Plan Fiduciary Net Position

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

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District provides a single-employer defined benefit health care plan to eligible retirees and their families. The plan offers medical and dental coverage administered by HealthPartners and Delta Dental, respectively. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

B. Benefits Provided

Employees of the District who retire and have met the age and service requirements necessary to receive an annuity from PERA, TRA, or MERF are eligible to remain in the group health insurance plans. Employees who are at least age 55 or have 30 years or more service (including 10 years of service with the District) at retirement and are not qualified to participate in such program of medical insurance provided by another employer will receive health insurance. The District will contribute the same amount towards retiree health insurance as it would for active employees. The District will contribute the prevailing employer contribution from the master agreement in effect at the time of retirement until the earlier of age 65 or death. The General Fund, Capital Projects Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

Dental insurance is covered by the District in the group plan for active employees and retirees contribute COBRA rates. For MPSASP and ELT plan members dental coverage through the District is only for those who were hired prior to July 1, 2010. Retirees for those plans still contribute the COBRA rates.

C. Members

As of June 30, 2021, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	70
Active employees	<u>5,560</u>
Total	<u><u>5,630</u></u>

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2021, the District contributed \$618,046 to the plan.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	4.50%, net of investment expense
Salary Scale	3.00%
Inflation	2.50%
Healthcare cost trend increases	8.0% , decreasing to 4.5% over eight years
 Mortality Assumption	 RP-2014 Employee Mortality Table, adjusted for white collar and mortality improvements using projection scale MP- 2015

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

Changes in Actuarial Assumptions

- Discount rate was decreased from 2.90% to 2.53%.

The discount rate used to measure the total OPEB liability was 2.53% based on the long-term expected rate of return and the municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale).

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	50 %	0.00 %
Domestic equity	33	3.60
International equity	17	4.50
Unallocated cash	0	0.00
Other	0	0.00
Total	<u>100 %</u>	

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 22.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.53%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2019	\$ 60,134,976	\$ 21,766,558	\$ 38,368,418
Changes for the year			
Service cost	5,213,029	-	5,213,029
Interest	1,886,130	-	1,886,130
Differences between expected and actual economic experience	(1,045,632)	3,845,709	(4,891,341)
Employer contributions	-	618,046	(618,046)
Changes in assumptions	1,972,160	-	1,972,160
Benefit payments	(618,046)	(618,046)	-
Projected earnings on fiduciary net position	-	977,564	(977,564)
Administrative expense	-	(85,809)	85,809
Net changes	7,407,641	4,737,464	2,670,177
Balances at June 30, 2020	\$ 67,542,617	\$ 26,504,022	\$ 41,038,595

Plan fiduciary net position as a percentage of the total OPEB liability 39.24%

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 2.53% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (1.53%)	Current Discount Rate (2.53%)	1% Increase in Discount Rate (3.53%)
Net OPEB Liability	\$ 46,604,026	\$ 41,038,595	\$ 35,821,428

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)

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 trend rates that are 1% lower and 1% higher than the trend rates.

	1% Decrease in Trend Rate (8.00%)	Current Trend Rate (9.00%)	1% Increase in Trend Rate (10.00%)
Net OPEB Liability	\$ 32,104,451	\$ 41,038,595	\$ 51,817,902

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,883,858. At June 30, 2021, 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
Net difference between projected and actual investment earnings	\$ -	\$ 3,450,314
Differences between expected and actual economic experience	-	17,507,001
Changes of assumptions	2,438,667	9,956,144
Total	\$ 2,438,667	\$ 30,913,459

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

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

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (4,323,549)
2023	(4,260,775)
2024	(4,048,874)
2025	(4,086,484)
2026	(3,317,342)
2027+	<u>(8,437,768)</u>
Total	<u>\$ (28,474,792)</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management has accrued claims payable in the amount of \$11,033,526 as disclosed in Note 10 for general liability, auto liability, and worker's compensation claims.

C. Teachers Retirement Association

The District is required to levy for and contribute amounts to Minnesota Teachers Retirement Association under *Minnesota statutes* totaling \$2,250,000 each year, due by October 1. These amounts are further described in Note 7 as direct aid contributions.

D. Construction Commitments

The District has in process various multi-year construction and repair projects which were not completed in the current fiscal year. As of June 30, 2021, outstanding commitments for these multi-year projects total approximately \$18,319,586.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 10 – COMPENSATED ABSENCES

Employees of the District are eligible for severance pay based on unused sick leave as follows:

A. Administrators

Employees who are at least 55 years of age or who are credited with 30 years of service by the Minneapolis Teachers Retirement Fund Association (MORFA) may be eligible to receive payment for 50% of unused sick leave.

B. Teachers

Employees who are at least 55 years of age or who are credited with 30 years of service by the MTRFA receive payment for 50% of unused sick leave. All amounts of vested sick pay are accrued as liabilities in the Internal Service Post Retirement Benefits Fund.

C. Principals

Employees hired on or before July 1, 2014, and who are at least 55 years of age or who are credited with 30 years of service receive severance pay amounting to 60% of unused sick leave. Employees hired after July 1, 2014, receive payment up to 80 hours of unused sick leave at 60% of the daily rate of pay.

NOTE 11 – RISK MANAGEMENT

The District accounts for the risk management activities of workers' compensation and general liability exposure in its Self-Insurance Fund, a proprietary-type Internal Service Fund. Inter-fund premiums for coverage are charged to activities of user funds as quasi-external transactions. The District purchases insurance coverage for its property exposure, with an aggregate coverage amount of \$250,000,000.

The District is self-insured for workers' compensation coverage and caps its liability with the purchase of reinsurance coverage. The District is a member of Workers' Compensation Reinsurance Association (WCRA), which reimburses members for individual claim losses exceeding a member's chosen retention limit. The retention limit for the District at June 30, 2021 and 2019, was \$2,000,000.

Liabilities of \$10,058,526 have been recorded in the Self-Insurance Fund for known workers' compensation claims and for claims incurred but not reported as of June 30, 2021. The recorded reserves are actuarially evaluated annually and adjusted accordingly. The discount rate used at June 30, 2021, was 2.5%.

The District became self-insured for general liability for claims incurred after January 1, 1990, through June 30, 1999, and for claims incurred after July 1, 2001 (the self-insurance period). The District purchased general liability insurance from Royal Insurance covering the period from July 1, 1999 through June 30, 2001. Claims incurred during the self-insurance period are the responsibility of the District. *Minnesota Statutes* limit the maximum liability of a public employer to \$300,000 per claimant and \$1,500,000 for claims from a single event. There are several lawsuits pending in which the District is involved. The District estimates that the potential claims against the District that are not covered by insurance or reserves resulting from such litigation would not materially affect the District's basic financial statements. Liabilities of \$975,000 have been established to cover such claims as of June 30, 2021.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 11 – RISK MANAGEMENT (CONTINUED)

The following summarizes claims activity in the District's self-insurance internal service fund related to general liability and workers' compensation:

Claims incurred but not reported or case reserves at June 30, 2018	\$ 11,670,393
Claims incurred, fiscal year 2019	6,294,517
Claims paid, fiscal year 2019	<u>(8,662,540)</u>
Claims incurred but not reported or case reserves at June 30, 2019	9,302,370
Claims incurred, fiscal year 2020	985,458
Claims paid, fiscal year 2020	<u>(322,571)</u>
Claims incurred but not reported or case reserves at June 30, 2020	9,965,257
Claims incurred, fiscal year 2021	6,097,603
Claims paid, fiscal year 2021	<u>(5,029,334)</u>
Claims incurred but not reported or case reserves at June 30, 2021	<u><u>\$ 11,033,526</u></u>

The District maintains commercial coverage for property insurance.

The District is self-insured for health benefits. A stop-loss policy was purchased that limits the District's loss to \$300,000 at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 120% of the prior year's claims. Settled claims have not exceeded this commercial coverage in any of the past three years.

The governmental funds of the District participate in the program and make payments to the Self Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2021, is \$3,449,602 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 11 – RISK MANAGEMENT (CONTINUED)

Changes in the Fund's claims liability amounts for the past three years were as follows:

	Balance, Beginning of Year	Claims, Expense and Estimates	Claims Payments	Balance, End of Year
2018-2019	\$ 2,779,093	\$ 47,255,243	\$ (46,656,228)	\$ 3,378,108
2019-2020	3,378,108	48,258,549	(48,538,996)	3,097,661
2020-2021	3,097,661	53,521,331	(53,169,390)	3,449,602

NOTE 12 – PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2021, a prior period adjustment was required to adjustment beginning net position for governmental activities to correct a prior year misstatement. Beginning net position was adjusted for the following prior year misstatement, an increase of \$13,979,031 as capital assets were understated.

NOTE 13 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

**Minneapolis Public Schools
Special School District No. 1
Schedule of Changes in Net OPEB Liability
and Related Ratios**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability			
Service cost	\$ 6,076,552	\$ 6,419,803	\$ 6,069,488
Interest	3,005,357	2,178,073	2,804,957
Differenced between expected and actual experience	-	(7,083,960)	-
Changes of assumptions	-	(2,164,523)	939,873
Benefit payments	(285,922)	(1,376,822)	(1,782,208)
Implicit rate subsidies	(1,920,313)	-	-
Net change in total OPEB liability	<u>6,875,674</u>	<u>(2,027,429)</u>	<u>8,032,110</u>
Beginning of year	<u>67,888,829</u>	<u>74,764,503</u>	<u>72,737,074</u>
End of Year	<u>\$ 74,764,503</u>	<u>\$ 72,737,074</u>	<u>\$ 80,769,184</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ -	\$ 3,376,822	\$ 1,782,208
Net investment income	1,272,204	-	-
Projected earnings on fiduciary net position	-	773,287	863,995
Net difference between projected and actual earnings	-	313,862	1,059,510
Benefit payments	-	(1,376,822)	(1,782,208)
Administrative expense	-	(69,058)	(73,760)
Net change in plan fiduciary net position	<u>1,272,204</u>	<u>3,018,091</u>	<u>1,849,745</u>
Beginning of year	<u>14,946,492</u>	<u>16,218,695</u>	<u>19,236,786</u>
End of year	<u>\$ 16,218,696</u>	<u>\$ 19,236,786</u>	<u>\$ 21,086,531</u>
Net OPEB liability	<u>\$ 58,545,807</u>	<u>\$ 53,500,288</u>	<u>\$ 59,682,653</u>
Plan FNP as a percentage of the total OPEB liability	21.69%	26.45%	26.11%
Covered-employee payroll	\$ 363,751,046	\$ 360,122,986	\$ 372,727,291
Net OPEB liability as a percentage of covered-employee payroll	16.10%	14.86%	16.01%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

<u>June 30, 2020</u>	<u>June 30, 2021</u>
\$ 4,623,805	\$ 5,213,029
1,939,402	1,886,130
(15,311,149)	(1,045,632)
(10,786,001)	1,972,160
(1,100,265)	(618,046)
-	-
(20,634,208)	7,407,641
80,769,184	60,134,976
\$ 60,134,976	\$ 67,542,617
\$ 1,100,265	\$ 618,046
-	-
947,116	977,564
(188,054)	3,845,709
(1,100,265)	(618,046)
(79,035)	(85,809)
680,027	4,737,464
21,086,531	21,766,558
\$ 21,766,558	\$ 26,504,022
\$ 38,368,418	\$ 41,038,595
36.20%	39.24%
\$ 331,585,577	\$ 371,887,319
11.57%	11.04%

**Minneapolis Public Schools
Special School District No. 1
Schedule of Employer Contributions - OPEB**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Actuarially determined contribution	\$ 8,990,196	\$ 1,251,751	\$ 1,778,462	\$ 1,037,462	\$ 618,046
Contributions in relation to the actuarially determined contribution	<u>2,356,085</u>	<u>3,376,822</u>	<u>1,782,208</u>	<u>1,100,265</u>	<u>618,046</u>
Contribution deficiency (excess)	<u>\$ 6,634,111</u>	<u>\$ (2,125,071)</u>	<u>\$ (3,746)</u>	<u>\$ (62,803)</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 363,751,046</u>	<u>\$ 360,122,986</u>	<u>\$ 372,727,291</u>	<u>\$ 331,585,577</u>	<u>\$ 371,887,319</u>
Contributions as a percentage of covered-employee payroll	0.65%	0.94%	0.48%	0.33%	0.17%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Minneapolis Public Schools
Special School District No. 1
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Annual money-weighted rate of return, net of investment expense	8.97%	6.72%	10.02%	3.61%	22.20%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Minneapolis Public Schools
Special School District No. 1
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	1.9676%	\$ 92,427,990	\$ -	\$ 92,427,990	\$ 103,293,324	89.5%	78.7%
2015	3.5536%	184,165,995	-	184,165,995	110,161,680	167.2%	78.2%
2016	3.3730%	273,870,870	3,577,010	277,447,880	114,079,707	240.1%	78.8%
2017	2.8326%	180,831,314	2,273,787	183,105,101	87,249,667	207.3%	75.9%
2018	2.6337%	146,106,878	4,792,584	150,899,462	81,788,760	178.6%	79.5%
2019	2.9200%	161,440,259	5,017,615	166,457,874	111,419,373	144.9%	80.2%
2020	2.4981%	149,772,511	4,618,393	154,390,904	82,920,813	180.6%	79.1%

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

**Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - TRA Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	8.6534%	\$ 398,742,430	\$ 25,768,509	\$ 424,510,939	\$ 238,717,909	167.0%	81.5%
2015	8.1323%	503,063,183	57,223,106	560,286,289	257,683,734	195.2%	76.8%
2016	9.1760%	2,188,694,939	192,864,529	2,394,574,710	301,171,984	726.7%	44.9%
2017	8.3442%	1,665,653,683	150,258,878	1,815,912,561	282,186,562	590.3%	51.6%
2018	7.8961%	495,950,319	43,395,549	539,345,868	273,509,336	181.3%	78.1%
2019	7.3196%	466,552,841	38,392,377	504,945,218	262,426,079	177.8%	78.2%
2020	7.1483%	528,125,983	41,243,603	569,369,586	265,187,388	199.2%	75.5%

The District's Proportion and Proportionate Share of the Net Pension Liability include the percentage and amount under a special funding situation.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

See notes to required supplementary information.

**Minneapolis Public Schools
Special School District No. 1
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 7,488,766	\$ 7,488,766	\$ -	\$ 103,293,324	7.25%
2015	8,262,126	8,262,126	-	110,161,680	7.50%
2016	8,555,978	8,555,978	-	114,079,707	7.50%
2017	6,543,725	6,543,725	-	87,249,667	7.50%
2018	6,134,157	6,134,157	-	81,788,760	7.50%
2019	8,356,453	8,356,453	-	111,419,373	7.50%
2020	6,219,061	6,219,061	-	82,920,813	7.50%
2021	5,762,940	5,762,940	-	76,839,200	7.50%

In addition to these contributions, the District made an annual contribution of \$ 7,142,400 under a special funding situation for fiscal year 2015, 2016, 2017, 2018, 2019, 2020, and 2021.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

**Schedule of District Contributions
TRA Retirement Fund
Last Ten Years***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 25,399,585	\$ 25,399,585	\$ -	\$ 228,003,456	11.14%
2015	28,705,968	28,705,968	-	257,683,734	11.14%
2016	33,550,559	33,550,559	-	301,171,984	11.14%
2017	31,435,583	31,435,583	-	282,186,562	11.14%
2018	30,468,940	30,468,940	-	273,509,336	11.14%
2019	29,785,360	29,785,360	-	262,426,079	11.35%
2020	30,655,662	30,655,662	-	265,187,388	11.56%
2021	30,514,423	30,514,423	-	259,255,930	11.77%

In addition to these contributions, the District makes an annual contribution of \$ 2,250,000 under a special funding situation.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes of Benefit Terms

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

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds (Continued)

2015 Changes (Continued)

Changes in Actuarial Assumptions

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

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changes prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

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

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2018 Changes (Continued)

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 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

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

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

Post Employment Health Care Plan

2020 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 2.90% to 2.53%.

2019 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.46% to 2.90%.
- Annual wage increase rate was decreased from 3.50% to 3.00%
- Loads on healthcare trend were removed due to the repeal of the so-call "Cadillac Tax"
- Per-capita costs were updated to reflect experience since the previous valuation, including increase in morbidity assumption from 3.00% to 4.00%
- Future retiree plan election was updated for Plan 1, Plan 2, and Plan 3 from 75%, 23%, 2% to 50%, 40%, 10%, respectively
- Mortality improvement scale was updated from MP-2015 to MP-2018 for all groups except Teachers and Principals

2018 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.60% to 3.46%.

SUPPLEMENTARY INFORMATION

**Minneapolis Public Schools
Special School District No. 1
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2021**

	Special Revenue			Debt Service	
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	Total Nonmajor Funds
Assets					
Cash and investments	\$ 2,925,204	\$ 4,959,083	\$ 7,884,287	\$ 3,820,431	\$ 11,704,718
Current property taxes receivable	-	2,771,812	2,771,812	1,193,576	3,965,388
Delinquent property taxes receivable	-	58,943	58,943	18,162	77,105
Accounts receivable	13,063	27,248	40,311	-	40,311
Due from Department of Education	9,779	2,147,678	2,157,457	1,176	2,158,633
Due from other Minnesota school districts	-	92	92	-	92
Due from Federal Government through Department of Education	1,165,971	695,283	1,861,254	-	1,861,254
Due from Federal Government received directly	9,137	220,246	229,383	-	229,383
Due from other governmental units	44,424	52,552	96,976	-	96,976
Inventory	1,732,388	-	1,732,388	-	1,732,388
Total assets	\$ 5,899,966	\$ 10,932,937	\$ 16,832,903	\$ 5,033,345	\$ 21,866,248
Liabilities					
Accounts payable	\$ 206,788	\$ 302,449	\$ 509,237	\$ -	\$ 509,237
Salaries and benefits payable	522	-	522	-	522
Due to other governmental units	34	-	34	-	34
Deferred revenue	251,942	57,726	309,668	-	309,668
Total liabilities	459,286	360,175	819,461	-	819,461
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	5,453,410	5,453,410	2,346,188	7,799,598
Unavailable revenue - delinquent property taxes	-	58,943	58,943	18,162	77,105
Total deferred inflows of resources	-	5,512,353	5,512,353	2,364,350	7,876,703
Fund Balances					
Nonspendable	1,732,388	-	1,732,388	-	1,732,388
Restricted					
Restricted for other purposes	3,708,292	916,897	4,625,189	2,668,995	7,294,184
Community education programs	-	1,120,064	1,120,064	-	1,120,064
Adult basic education	-	879,610	879,610	-	879,610
Early childhood and family Education programs	-	119,623	119,623	-	119,623
School readiness	-	2,024,215	2,024,215	-	2,024,215
Total fund balances	5,440,680	5,060,409	10,501,089	2,668,995	13,170,084
Total liabilities, deferred inflows of resources and fund balances	\$ 5,899,966	\$ 10,932,937	\$ 16,832,903	\$ 5,033,345	\$ 21,866,248

**Minneapolis Public Schools
Special School District No. 1
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021**

	Special Revenue Funds			Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	
Revenues					
Local sources					
Local property taxes	\$ -	\$ 5,528,142	\$ 5,528,142	\$ 2,376,612	\$ 7,904,754
Earnings on investments	485	5,647	6,132	3,071	9,203
Other local and county revenues	63,444	3,082,078	3,145,522	-	3,145,522
Revenue from state sources	88,386	14,769,747	14,858,133	11,758	14,869,891
Revenue from federal sources	21,009,700	3,636,738	24,646,438	-	24,646,438
Sales and other conversion of assets	187,560	-	187,560	-	187,560
Total revenues	21,349,575	27,022,352	48,371,927	2,391,441	50,763,368
Expenditures					
Current					
Food service	19,090,261	-	19,090,261	-	19,090,261
Community education and services	-	27,154,272	27,154,272	-	27,154,272
Capital outlay					
Food service	121,461	-	121,461	-	121,461
Community education and services	-	1,368	1,368	-	1,368
Total expenditures	19,211,722	27,155,640	46,367,362	-	46,367,362
Excess of revenues over (under) expenditures	2,137,853	(133,288)	2,004,565	2,391,441	4,396,006
Fund Balances					
Beginning of year	3,302,827	5,193,697	8,496,524	277,554	8,774,078
End of year	\$ 5,440,680	\$ 5,060,409	\$ 10,501,089	\$ 2,668,995	\$ 13,170,084

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Special Revenue Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 6,412	\$ 6,412	\$ 485	\$ (5,927)
Other local and county revenues	150,000	150,000	63,444	(86,556)
Revenue from state sources	789,650	789,650	88,386	(701,264)
Revenue from federal sources	19,377,245	16,330,971	21,009,700	4,678,729
Sales and other conversion of assets	3,697,156	3,697,156	187,560	(3,509,596)
Total revenues	<u>24,020,463</u>	<u>20,974,189</u>	<u>21,349,575</u>	<u>375,386</u>
Expenditures				
Current				
Food service	23,940,463	20,857,669	19,090,261	(1,767,408)
Capital outlay				
Food service	80,000	116,520	121,461	4,941
Total expenditures	<u>24,020,463</u>	<u>20,974,189</u>	<u>19,211,722</u>	<u>(1,762,467)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	2,137,853	<u>\$ 2,137,853</u>
Fund Balance				
Beginning of year			<u>3,302,827</u>	
End of year			<u>\$ 5,440,680</u>	

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Special Revenue Fund
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local sources				
Local property taxes	\$ 5,530,035	\$ 5,530,035	\$ 5,528,142	\$ (1,893)
Earnings on investments	-	-	5,647	5,647
Other local and county revenues	10,683,634	9,270,970	3,082,078	(6,188,892)
Revenue from state sources	13,312,258	13,312,258	14,769,747	1,457,489
Revenue from federal sources	2,711,536	2,711,536	3,636,738	925,202
Total revenues	<u>32,237,463</u>	<u>30,824,799</u>	<u>27,022,352</u>	<u>(3,802,447)</u>
Expenditures				
Current				
Community education and services	35,351,001	33,136,799	27,154,272	(5,982,527)
Capital outlay				
Community education and services	121,810	34,872	1,368	(33,504)
Total expenditures	<u>35,472,811</u>	<u>33,171,671</u>	<u>27,155,640</u>	<u>(6,016,031)</u>
Excess of revenues over (under) expenditures	<u>\$ (3,235,348)</u>	<u>\$ (2,346,872)</u>	(133,288)	<u>\$ 2,213,584</u>
Fund Balance				
Beginning of year			<u>5,193,697</u>	
End of year			<u>\$ 5,060,409</u>	

**Minneapolis Public Schools
Special School District No. 1
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2021**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND							
Total revenue	\$603,733,523	\$603,733,524		(1)			
Total expenditures	584,833,448	584,833,448					
<i>Nonspendable:</i>							
4.60 Nonspendable fund balance	1,414,679	1,414,679					
<i>Restricted/reserved:</i>							
4.01 Student Activities	572,832	572,832					
4.02 Scholarships	-	-					
4.03 Staff Development	-	-					
4.05 Deferred Maintenance	-	-					
4.07 Capital Projects Levy	-	-					
4.08 Cooperative Programs	-	-					
4.13 Building Projects Funded by COP/LP	-	-					
4.14 Operating Debt	-	-					
4.16 Levy Reduction	-	-					
4.17 Taconite Building Maintenance	-	-					
4.23 Certain Teacher Programs	-	-					
4.24 Operating Capital	5,501,542	5,501,542					
4.26 \$25 Taconite	-	-					
4.27 Disabled Accessibility	-	-					
4.28 Learning and Development	-	-					
4.34 Area Learning Center	-	-					
4.35 Contracted Alternative Programs	65,178	65,178					
4.36 State Approved Alternative Program	-	-					
4.38 Gifted and Talented	579,035	579,035					
4.40 Teacher Development and Evaluation	-	-					
4.41 Basic Skills Programs	495,016	495,016					
4.45 Career Technical Programs	-	-					
4.48 Achievement and Integration	-	-					
4.49 Safe School Crime	-	-					
4.51 QZAB and QSCB Payments	-	-					
4.52 OPEB Liabilities not Held in Trust	-	-					
4.53 Unfunded Severance and Retirement Levy	-	-					
4.59 Basic Skills Extended Time	4,610,186	4,610,186					
4.67 Long-term Facilities Maintenance	156,383	156,383					
<i>Restricted:</i>							
4.72 Medical Assistance	-	-					
4.64 Restricted fund balance	234,359	234,359					
4.75 Title VII - Impact Aid	-	-					
4.76 Payments in Lieu of Taxes	-	-					
<i>Committed:</i>							
4.18 Committed for separation	-	-					
4.61 Committed	-	-					
<i>Assigned:</i>							
4.62 Assigned fund balance	57,295,506	57,295,506					
<i>Unassigned:</i>							
4.22 Unassigned fund balance (net position)	55,149,041	55,149,040	1				
02 FOOD SERVICE FUND							
Total revenue	\$ 21,349,575	\$ 21,349,576		(1)			
Total expenditures	19,211,722	19,211,722					
<i>Nonspendable:</i>							
4.60 Nonspendable fund balance	1,732,388	1,732,388					
<i>Restricted/reserved:</i>							
4.52 OPEB liabilities not held in trust	-	-					
<i>Restricted:</i>							
4.64 Restricted fund balance	3,708,292	3,708,293	(1)				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-					
04 COMMUNITY SERVICE FUND							
Total revenue	\$ 27,022,352	\$ 27,022,351		1			
Total expenditures	27,155,640	27,155,640					
<i>Nonspendable:</i>							
4.60 Nonspendable fund balance	-	-					
<i>Restricted/reserved:</i>							
4.26 \$25 Taconite	-	-					
4.31 Community Education	1,120,064	1,120,064					
4.32 ECFE	119,623	119,623					
4.40 Teacher Development and Evaluation	-	-					
4.44 School Readiness	2,024,215	2,024,215					
4.47 Adult Basic Education	879,610	879,610					
4.52 OPEB Liabilities not Held in trust	-	-					
<i>Restricted:</i>							
4.64 Restricted fund balance	916,897	916,897					
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-					
06 BUILDING CONSTRUCTION FUND							
Total revenue	\$ 212,058	\$ 212,059		(1)			
Total expenditures	71,747,909	71,747,909					
<i>Nonspendable:</i>							
4.60 Nonspendable fund balance	587,894	587,894					
<i>Restricted/reserved:</i>							
4.07 Capital Projects Levy	-	-					
4.13 Building Projects Funded by COP/LP	-	-					
4.67 Long-term Facilities Maintenance	114,145,784	114,145,784					
<i>Restricted:</i>							
4.64 Restricted fund balance	123,747,391	123,747,393	(2)				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-					
07 DEBT SERVICE FUND							
Total revenue	\$ 93,248,676	\$ 93,248,677		(1)			
Total expenditures	93,318,615	93,318,615					
<i>Nonspendable:</i>							
4.60 Nonspendable fund balance	-	-					
<i>Restricted/reserved:</i>							
4.25 Bond refundings	-	-					
4.33 Maximum effort loan aid	-	-					
4.51 QZAB payments	29,978,730	29,978,730					
4.67 LTFM	-	-					
<i>Restricted:</i>							
4.64 Restricted fund balance	12,118,297	12,118,297					
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-					
08 TRUST FUND							
Total revenue	\$ -	\$ -					
Total expenditures	-	-					
<i>Unassigned:</i>							
4.01 Student Activities	-	-					
4.02 Scholarships	-	-					
4.22 Net position	-	-					
18 CUSTODIAL							
Total revenue	\$ -	\$ -					
Total expenditures	-	-					
<i>Restricted/reserved:</i>							
4.01 Student Activities	-	-					
4.02 Scholarships	-	-					
4.48 Achievement and Integration	-	-					
4.65 Restricted	-	-					
20 INTERNAL SERVICE FUND							
Total revenue	\$ 85,225,039	\$ 85,225,039					
Total expenditures	67,970,069	67,970,069					
<i>Unassigned:</i>							
4.22 Net position	39,304,453	39,304,451	2				
25 OPEB REVOCABLE TRUST							
Total revenue	\$ -	\$ -					
Total expenditures	-	-					
<i>Unassigned:</i>							
4.22 Net position	-	-					
45 OPEB IRREVOCABLE TRUST							
Total revenue	\$ 4,737,472	\$ 4,737,472					
Total expenditures	-	-					
<i>Unassigned:</i>							
4.22 Net position	26,504,022	26,504,022					
47 OPEB DEBT SERVICE							
Total revenue	\$ 2,391,441	\$ 2,391,441					
Total expenditures	-	-					
<i>Nonspendable:</i>							
4.60 Nonspendable fund balance	-	-					
<i>Restricted:</i>							
4.25 Bond refundings	-	-					
4.64 Restricted fund balance	2,668,995	2,668,995					
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-					