

INDEPENDENT SCHOOL DISTRICT NO. 659
SPECIAL SCHOOL BOARD MEETING

~~Thursday, December 22, 2022 ~ 5:15 p.m.~~ Wednesday, December 28, 2022 ~ 10:00 a.m. Special Board Meeting
Northfield District Office Boardroom

Zoom Link: <https://northfieldschools-org.zoom.us/j/89489092022?pwd=aE0wSHZyN0ZVV1J5TU5nZiNtK1RYOT09>
Passcode: 104677

Rescheduled from December 22, 2022 due to forecasted blizzard conditions

AGENDA

1. Call to Order
2. Agenda Approval
3. Items for Discussion and Reports
 - a. FY2022 Audit Results and Presentation
4. Items for Individual Action
 - a. FY2022 Audit
5. Future Meetings
 - a. Monday, January 9, 2023, 6:00 p.m., Organizational Board Meeting followed by the Regular Board Meeting, Northfield DO Boardroom
 - b. Monday, January 23, 2023, 6:00 p.m., Regular Board Meeting, Northfield DO Boardroom
6. Adjournment

NORTHFIELD PUBLIC SCHOOLS

MEMORANDUM

~~Thursday, December 22, 2022 ~ 5:15 p.m.~~ Wednesday, December 28, 2022 ~ 10:00 a.m. Special Board Meeting
Northfield District Office Boardroom

Zoom Link: <https://northfieldschools-org.zoom.us/j/89489092022?pwd=aE0wSHZyN0ZVV1J5TU5nZiNtK1RYQT09>

Passcode: 104677

Rescheduled from December 22, 2022 due to forecasted blizzard conditions

TO: Members of the Board of Education

FROM: Matthew Hillmann, Ed.D., Superintendent

RE: Explanation of Agenda Items for Thursday, December 28, 2022, Special School Board Meeting

1. Call to Order
2. Agenda Approval
3. Items for Discussion and Reports
 - a. FY2022 Audit Results and Presentation. Luke Greden, Manager with CliftonLarsonAllen, LLP, will present the results of the 2021-22 fiscal year audit. A draft of the full audit report is available upon request.
4. Items for Individual Action
 - a. FY2022 Audit. The board is asked to approve the 2021-2022 audit report as presented.
Superintendent's Recommendation: Motion to approve the 2021-2022 audit report as presented.
5. Future Meetings
 - a. Monday, January 9, 2023, 6:00 p.m., Organizational Board Meeting followed by the Regular Board Meeting, Northfield DO Boardroom
 - b. Monday, January 23, 2023, 6:00 p.m., Regular Board Meeting, Northfield DO Boardroom
6. Adjournment



ISD NO. 659 NORTHFIELD

June 30, 2022

*We'll get you
there.*

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Audit Summary

Audit Opinion

The financial statements are fairly stated. We issued what is known as a “clean” audit report.

Internal Control Over Financial Reporting

No deficiencies in internal control over financial reporting were noted.

Compliance and Other Matters (Yellow Book)

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

Compliance Required by Uniform Guidance (Single Audit)

No findings were noted relating to compliance and internal control over compliance.

Minnesota Legal Compliance

No Minnesota legal compliance findings were noted.



Audit Summary

- **UGG Single Audit**
 - Over \$750,000 of Total Federal Expenditures
 - Tested the Child Nutrition, ESSER/GEER and Fiscal Recovery Fund Programs
 - No compliance issues were noted in our review of the federal programs
- **Current-Year Changes**
 - Leases – Effective for July 1, 2021
- **Future Changes**
 - Subscription-Based Information Technology Arrangements – Effective for FY2023
 - Reporting Changes in Accounting Principles, Changes in Estimates and Corrections of Errors – FY2024
 - Compensated Absences – Effective FY2025



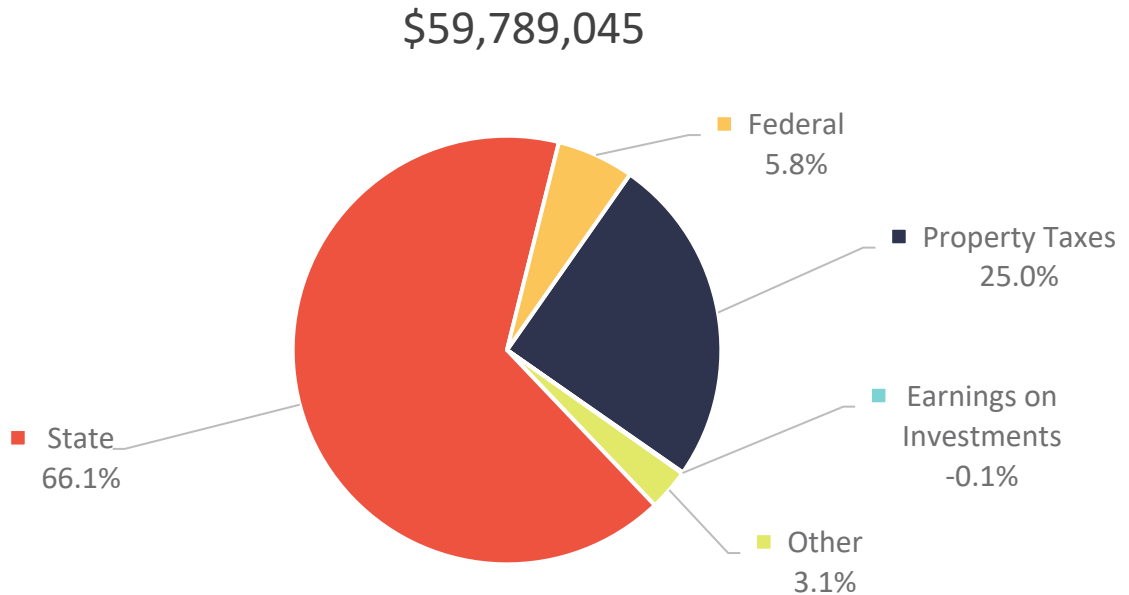
**INDEPENDENT SCHOOL DISTRICT #659
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Nonspendable Assigned & Unassigned	Non-Capital Restrictions	Capital Related Restriction			General Fund Total
			Operating Capital	Long Term Fac. Maint.	Total	
Revenues and Other Financing Sources	\$ 51,568,945	\$ 5,417,408	\$ 1,334,565	\$ 1,487,915	\$ 2,822,480	\$ 59,808,833
Expenditures	<u>54,157,916</u>	<u>5,386,029</u>	<u>1,632,543</u>	<u>1,593,168</u>	<u>3,225,711</u>	<u>\$ 62,769,656</u>
Excess (Deficit) Revenues Over Expenditures	(2,588,971)	31,379	(297,978)	(105,253)	(403,231)	(2,960,823)
Fund Balance June 30, 2021	<u>15,946,114</u>	<u>472,578</u>	<u>554,717</u>	<u>1,180,630</u>	<u>1,735,347</u>	<u>\$ 18,154,039</u>
Fund Balance June 30, 2022	<u><u>\$ 13,357,143</u></u>	<u><u>\$ 503,957</u></u>	<u><u>\$ 256,739</u></u>	<u><u>\$ 1,075,377</u></u>	<u><u>\$ 1,332,116</u></u>	<u><u>\$ 15,193,216</u></u>



General Fund Revenue by Source

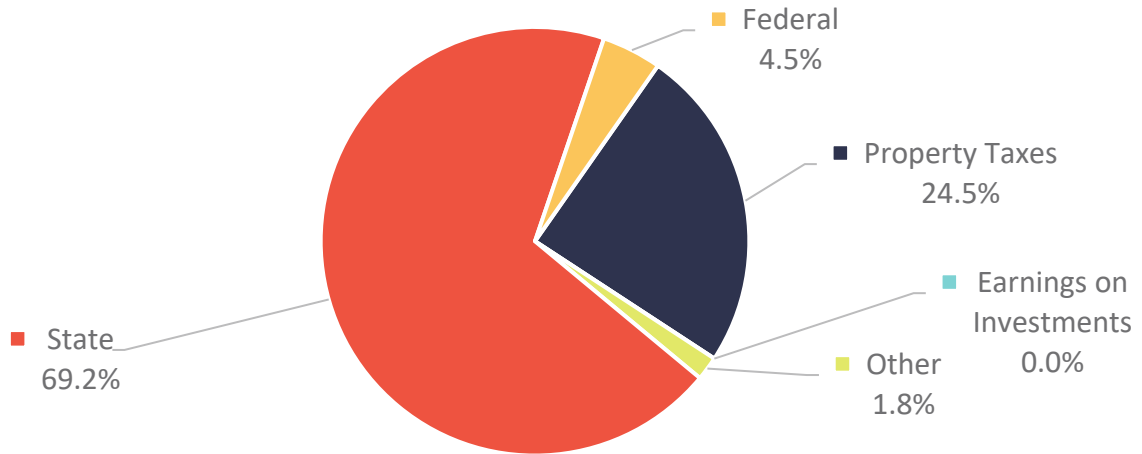
Fiscal Year Ended June 30, 2022



General Fund Revenue by Source

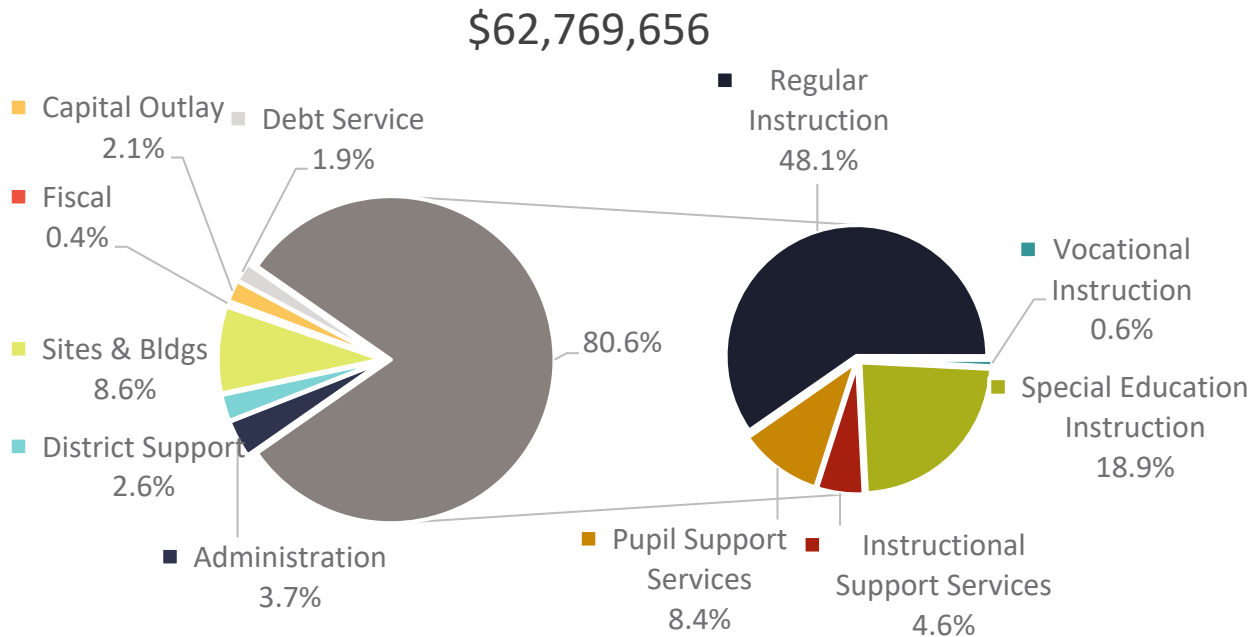
Fiscal Year Ended June 30, 2021

\$57,997,965



General Fund Expenditures by Program

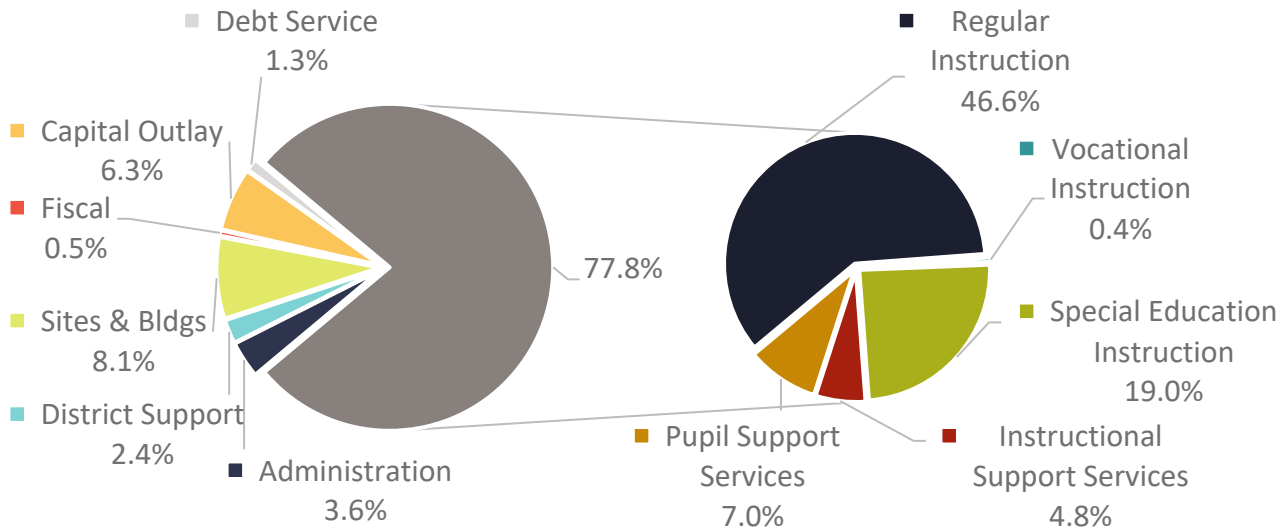
Fiscal Year Ended June 30, 2021



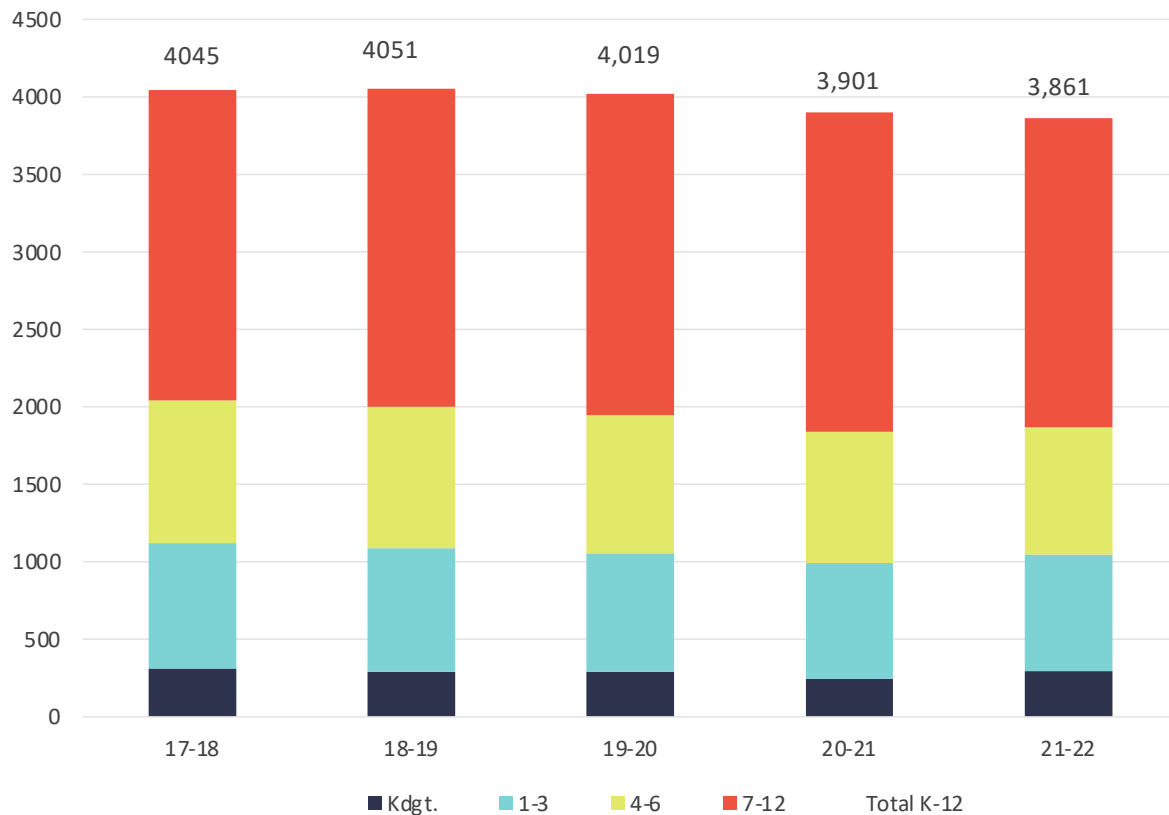
General Fund Expenditures by Program

Fiscal Year Ended June 30, 2021

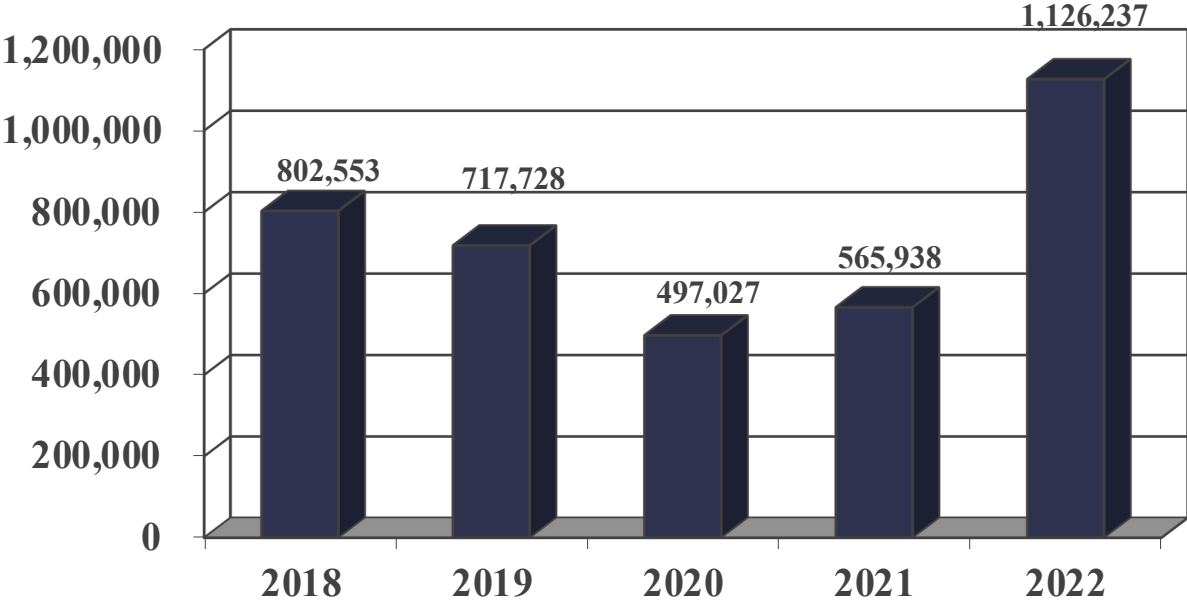
\$59,010,193



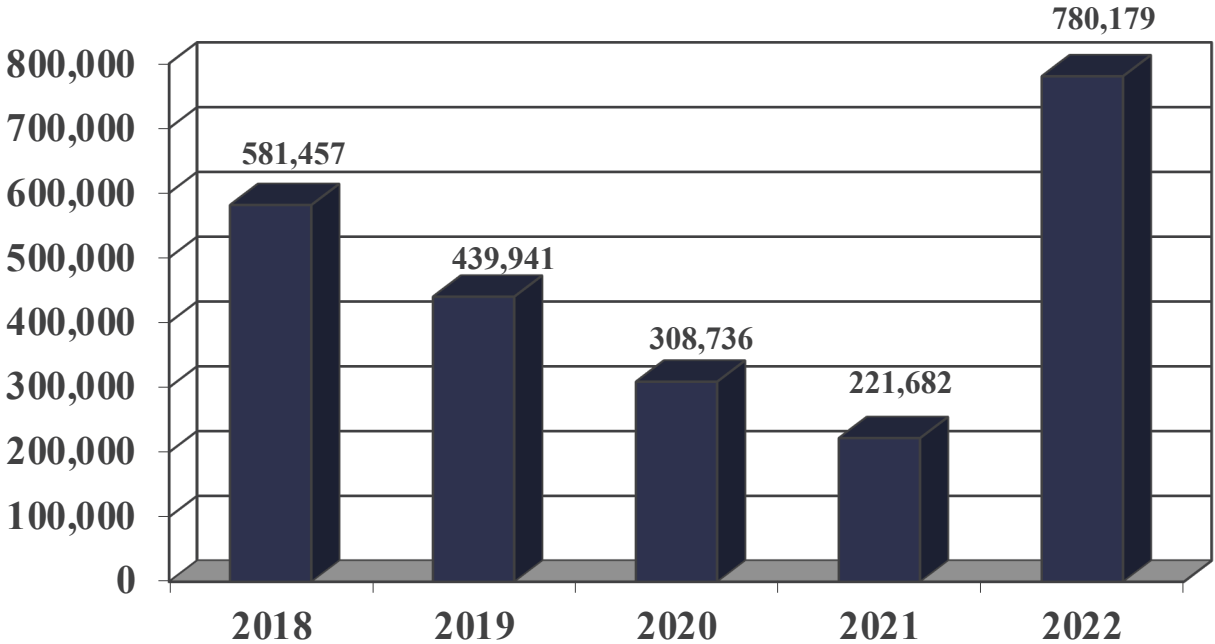
Five-Year Enrollment Trend



ISD NO. 659 NORTHFIELD
Food Service Fund Balance



ISD NO. 659 NORTHFIELD
Community Education Fund Balance





THANK YOU!

*We'll get you
there.*

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Craig.Popenhagen@claconnect.com

507-280-2327

Luke Greden, Manager

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 659
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INDEPENDENT SCHOOL DISTRICT NO. 659
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INTRODUCTORY SECTION

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2022**

BOARD OF EDUCATION

Claudia Gonzalez-George	Chair
Amy Goerwitz	Vice Chair
Noel Stratmoen	Clerk
Jeff Quinnell	Treasurer
Julie Pritchard	Director
Corey Butler	Director
Tom Baraniak	Director

ADMINISTRATION

Dr. Matthew Hillmann	Superintendent
Val Mertesdorf	Director of Finance

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 659
Northfield, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northfield Public Schools Independent School District No. 659, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of revenues, expenditures, and changes in fund balance – budget and actual – debt service fund, the schedule of changes in fund equities, the Uniform Financial Accounting and Reporting Standards Compliance Table, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the statement of revenues, expenditures, and changes in fund balance – budget and actual – debt service fund, the schedule of changes in fund equities, the Uniform Financial Accounting and Reporting Standards Compliance Table, and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Rochester, Minnesota
REPORT DATE

REQUIRED SUPPLEMENTARY INFORMATION

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

This section of Independent School District No. 659's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021-22 include the following:

- The net position of governmental activities increased by \$2,959,302 to a positive \$575,971. The change in net position is primarily from the current year operations of the district. The increase in current year operations is mostly related to changes in net pension related deferred inflows, deferred outflows and long-term liabilities in the state pension plans the district participates in.
- The District's governmental funds reported a combined fund balance of \$19,364,162, a net decrease of \$965,125 in comparison with the prior year. This decrease is primarily due to a planned general fund budget deficit. Approximately 46% of the total fund balance is unassigned.
- Total General Fund revenues and other financing sources were \$59,808,833 and total General Fund expenditures and other financing uses were \$62,769,656 for the fiscal year ended June 30, 2022. Total governmental fund revenues and other financing sources were \$75,621,231 total governmental fund expenditures and other financing uses were \$76,586,356.
- The General Fund Unassigned fund balance decreased by \$1,949,449 to \$8,890,172 or 14% of general fund expenditures. The District intentionally planned to spend down a portion of the unassigned fund balance. In the spring of 2022 the District used a priority-based budget process to reduce \$4.5 million of expenditures over the next two years. The District is in a great financial position to be able to serve the Northfield Community.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of the following:

- Independent Auditors' Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to the financial statements;
- Required supplementary information; and
- Supplementary information

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The basic financial statements include two kinds of statements that present different views of the District:

- **Government-Wide Financial Statements** – The government-wide financial statements, including the Statement of Net Position and Statement of Activities, are designed to provide short-term and long-term information about the District's overall financial status, using accounting methods similar to those used by private sector companies.
- **Fund Financial Statements** – The fund financial statements focus on individual parts of the District, reporting the District's operation in more detail than the government-wide financial statements. The District maintains three groups of fund financial statements:

Governmental Funds Statements – Governmental funds statements review 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 – Proprietary funds statements offer short-term and long-term financial information about the activities the District operates like a business.

Fiduciary Funds Statements – 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, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes.

The District maintains three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one proprietary fund; an internal service fund for health and dental insurance benefits.
- **Fiduciary Funds** – *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the custodial funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position from Governmental activities was a positive \$575,971 on June 30, 2022. (See Table A-1) This represents an increase in net position of \$2,959,302.

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

	Governmental Activities as of June 30,		Percentage Change
	2022	2021	
Current and Other Assets	\$ 50,443,753	\$ 50,849,367	(0.80)%
Capital Assets	95,672,577	95,394,371	0.29
Total Assets	146,116,330	146,243,738	(0.09)
Deferred Outflows of Resources	21,609,010	16,984,265	27.23
Current Liabilities	13,096,457	11,912,717	9.94
Long-Term Liabilities	89,696,235	101,824,640	(11.91)
Total Liabilities	102,792,692	113,737,357	(9.62)
Deferred Inflows of Resources	64,356,677	51,873,977	24.06
Net Position:			
Net Investment in Capital Assets	41,847,643	40,825,809	2.50
Restricted	4,369,747	3,738,032	16.90
Unrestricted	(45,641,419)	(46,947,172)	(2.78)
Total Net Position	\$ 575,971	\$ (2,383,331)	(124.17)

The District's net position reflects its net investment in capital assets (e.g. land, buildings and furniture and equipment) increased to \$41,847,643. The restricted category of the District's net position represents those resources that are restricted as to how they may be used, such as state mandated reserves, capital assets acquisition and debt service payments.

You will note that our unrestricted net position increased to a negative \$45,641,419 in 2021-22. The increase in the unrestricted net position is primarily due to the changes in actuarial assumptions of the Minnesota Teacher Retirement Association (TRA) pension liability.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Total revenues surpassed expenses, increasing net position \$1,676,469 over the prior year.

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

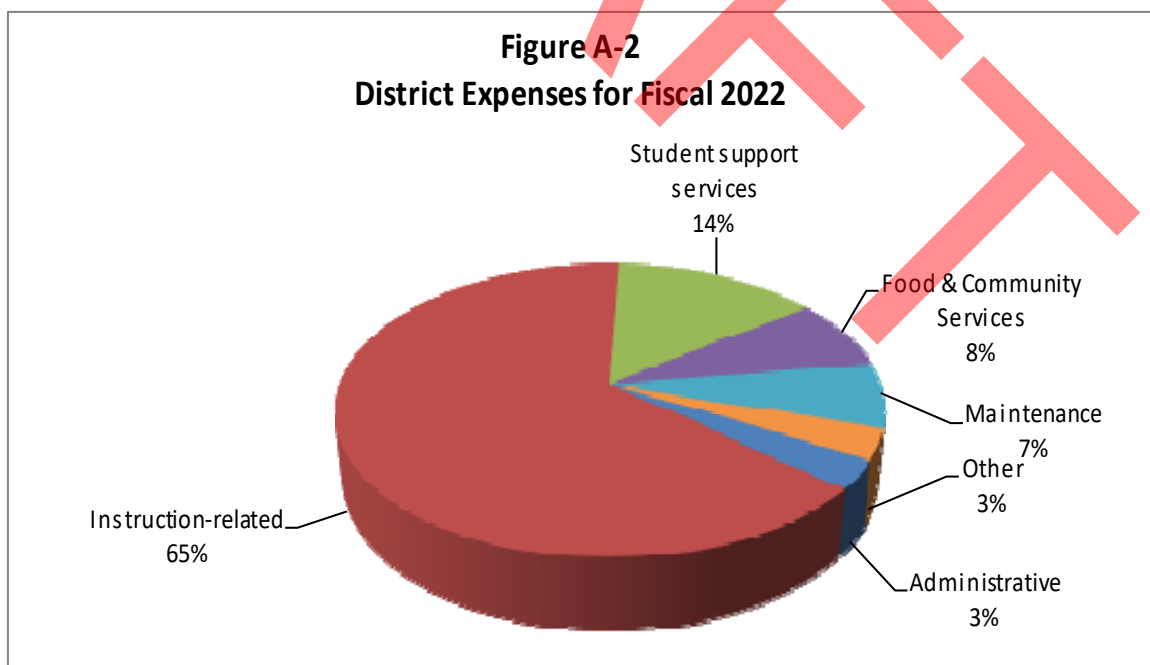
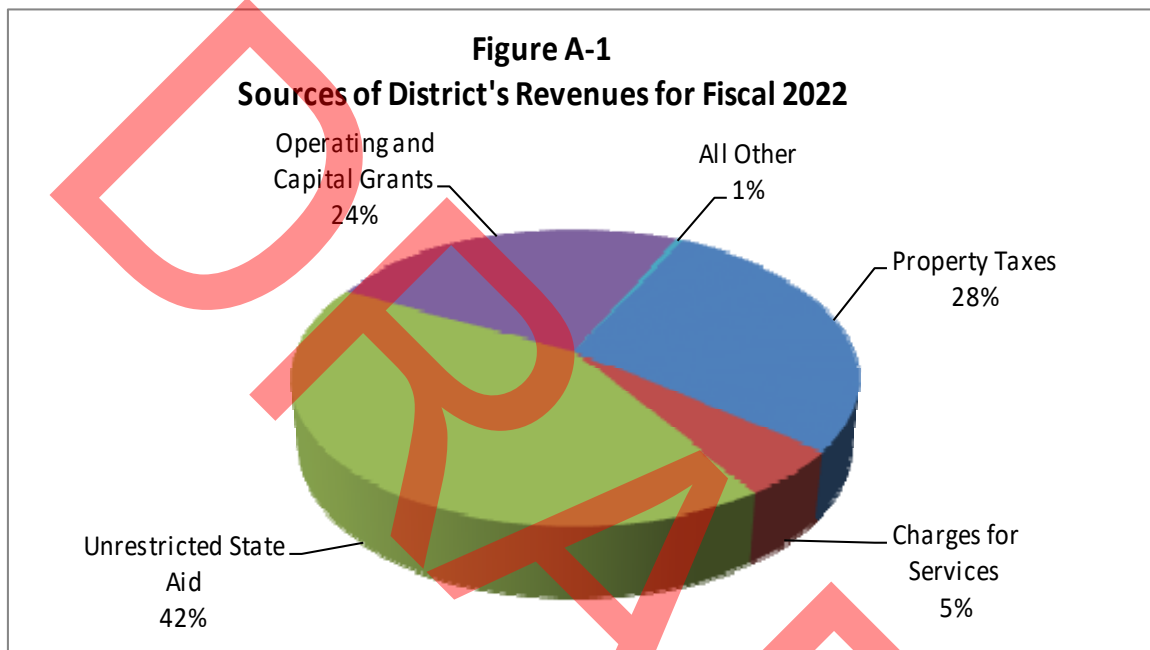
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2022	2021	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 3,702,818	\$ 2,160,898	71.36 %
Operating Grants and Contributions	17,098,453	15,957,042	7.15
Capital Grants and Contributions	606,138	663,857	(8.69)
<u>General Revenues</u>			
Property Taxes	20,350,767	19,553,884	4.08
Unrestricted State Aid	30,278,673	29,766,075	1.72
Investment Earnings	(41,925)	121,945	(134.38)
Other	388,343	478,050	(18.77)
Total Revenues	<u>72,383,267</u>	<u>68,701,751</u>	5.36
Expenses			
Administration	2,228,153	2,322,629	(4.07)
District Support Services	1,619,754	1,425,316	13.64
Regular Instruction	33,671,513	22,078,685	52.51
Vocational Education Instruction	385,304	270,391	42.50
Special Education Instruction	11,508,317	11,934,604	(3.57)
Instructional Support Services	3,289,015	3,541,781	(7.14)
Pupil Support Services	5,162,055	4,245,053	21.60
Sites and Buildings	4,975,369	15,599,492	(68.11)
Fiscal and Other Fixed Cost Programs	260,360	315,265	(17.42)
Food Service	2,282,028	1,755,151	30.02
Community Service	3,284,997	2,798,655	17.38
Interest and Fiscal Charges on Long-Term Liabilities	2,039,933	1,642,204	24.22
Total Expenses	<u>70,706,798</u>	<u>67,929,226</u>	4.09
Change in Net Position	1,676,469	772,525	
Beginning Net Position	(1,100,498)	(3,155,856)	
Ending Net Position	<u>\$ 575,971</u>	<u>\$ (2,383,331)</u>	

Changes in net position. The District's total revenues were \$72,383,267 for the year ended June 30, 2022. Property taxes and state formula aid accounted for 70% of total revenue for the year. (See Figure A-1). Another 30% came from program revenues. Investment earnings and other general revenues were negligible.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The total cost of all programs and services was \$70,706,798. The District's total expenses are predominantly related to educating and supporting students (79%) (See Figure A-2.) The administrative activities of the District accounted for 3% of total expenses.



**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

- The cost of all governmental activities this year was \$70,706,798 which is \$2,777,572 or 4.09% more than the prior year.
- Some of the expenses were paid by the patrons of the District's programs \$3,702,818.
- The federal and state governments subsidized certain programs with grants and contributions \$17,704,591.
- Local property taxes financed \$20,350,767, state aid based on the statewide education aid formula funded \$30,278,673, and investment earnings and other general revenues provided \$346,418 in revenue.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
Administration	\$ 2,228,153	\$ 2,322,629	(4.07)%	\$ 2,218,278	\$ 2,312,955	(4.09)%
District Support Services	1,619,754	1,425,316	13.64	1,617,771	1,422,863	13.70
Regular Instruction	33,671,513	22,078,685	52.51	28,574,568	18,022,577	58.55
Vocational Education Instruction	385,304	270,391	42.50	380,873	262,612	45.03
Special Education Instruction	11,508,317	11,934,604	(3.57)	3,674,886	3,206,876	14.59
Instructional Support Services	3,289,015	3,541,781	(7.14)	2,710,314	2,893,574	(6.33)
Pupil Support Services	5,162,055	4,245,053	21.60	4,829,869	3,840,200	25.77
Sites and Buildings	4,975,369	15,599,492	(68.11)	3,772,218	14,698,092	(74.34)
Fiscal and Other Fixed Cost Programs	260,360	315,265	(17.42)	260,360	315,265	(17.42)
Food Service	2,282,028	1,755,151	30.02	(557,413)	(64,413)	765.37
Community Service	3,284,997	2,798,655	17.38	(222,268)	594,624	(137.38)
Interest and Fiscal Charges on Long-Term Liabilities	2,039,933	1,642,204	24.22	2,039,933	1,642,204	24.22
Total	<u>\$ 70,706,798</u>	<u>\$ 67,929,226</u>	4.09	<u>\$ 49,299,389</u>	<u>\$ 49,147,429</u>	0.31

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 \$19,364,162, which is a decrease of \$965,125 from the prior year ending fund balance of \$20,329,287.

Revenues and other financing sources for the District's governmental funds were \$75,621,231 while total expenditures and other financing uses were \$76,586,356, resulting in expenditures exceeding revenues by \$965,125. This is primarily due to a planned general fund budget deficit.

GENERAL FUND

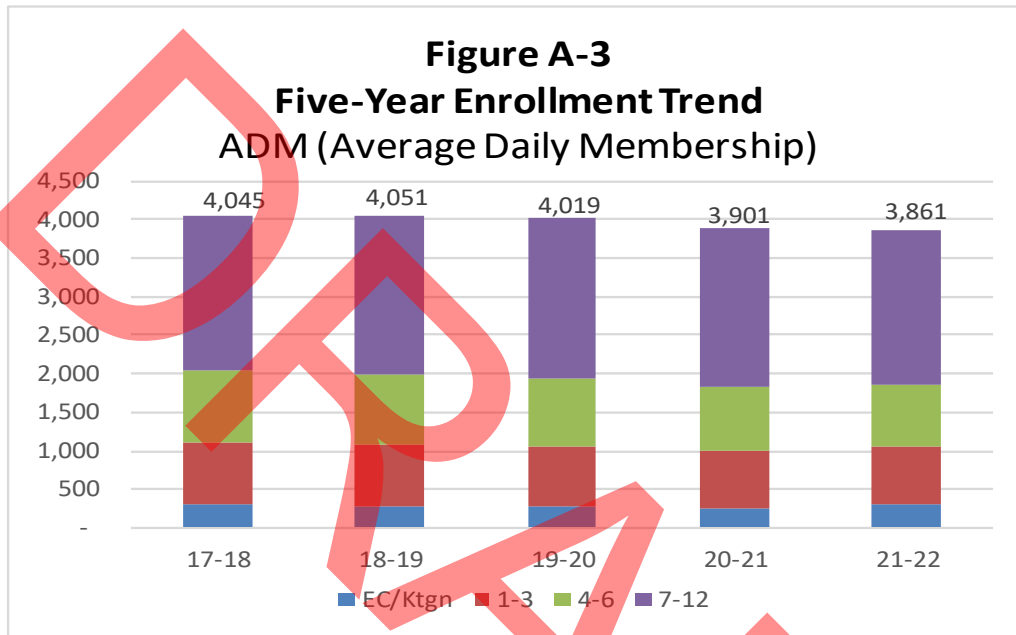
The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

Funding for Minnesota school districts is largely driven by enrollment. Over the last five years, the District's enrollment has declined slightly in the number of students. Based on past historical trends and using a traditional cohort survival technique, the District anticipates that the total number of students will continue to decline slightly.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND (CONTINUED)

The following graph shows that the number of students has been increasing slightly over the last few years.



The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 14,971,027	\$ 14,217,639	\$ 753,388	5.3 %
Earnings on Investments	(52,123)	21,085	(73,208)	(347.2)
Other	1,870,286	1,030,683	839,603	81.5
State Sources	39,514,216	40,135,486	(621,270)	(1.5)
Federal Sources	3,485,639	2,593,072	892,567	34.4
Total General Fund Revenue	<u>\$ 59,789,045</u>	<u>\$ 57,997,965</u>	<u>\$ 1,791,080</u>	3.1

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND (CONTINUED)

Total General Fund Revenues increased by \$1,791,080 or 3.1% from the previous year. This increase is related to additional federal revenue received due to the pandemic as well as additional property tax revenue. Other sources increased as well and this is due to the district resuming pre-pandemic levels of operations. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue.

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended			
	June 30, 2022	June 30, 2021	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	\$ 35,858,969	\$ 33,309,153	\$ 2,549,816	7.7 %
Employee Benefits	13,520,261	12,177,650	1,342,611	11.0
Purchased Services	7,849,125	6,068,611	1,780,514	29.3
Supplies and Materials	2,914,936	2,491,657	423,279	17.0
Capital Expenditures	1,325,150	3,705,274	(2,380,124)	(64.2)
Other Expenditures	1,301,215	1,257,848	43,367	3.4
Total Expenditures	<u>\$ 62,769,656</u>	<u>\$ 59,010,193</u>	<u>\$ 3,759,463</u>	6.4

Total General Fund expenditures increased \$3,759,463 or 6.4%. The District saw increased expenditures in salaries and benefits. The District used some of the federal pandemic funds to reduce class sizes and add student support services. The District saw increased expenditures in purchased services related to our transportation contract primarily. The District has been diligent in controlling expenditures in anticipation of little or no funding increases from the State. The District used a priority-based budget process in the spring of 2022 to reduce \$4.5 million from the general fund budget over two years.

In 2021-22, General Fund revenues and other financing sources were less than expenditures by \$2,960,823 or 5.0% of total expenditures. After deducting statutory restrictions, the unassigned fund balance decreased from \$10,854,621 at June 30, 2021 to \$8,905,172 at June 30, 2022, a decrease of \$1,949,449. The unassigned fund balance represents 14% of general fund expenditures which is the Board designated minimum. The District intentionally spent down the fund balance. We ran a priority-based budget reduction process that will reduce \$4.5 million dollars between the 2022-23 and 2023-24 school years.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1), referred to as the preliminary budget. Over the course of the year, the District chose to revise the preliminary budget to account for changes in estimates that were used in planning the preliminary budget.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights (Continued)

The District's final budget for the General Fund anticipated that revenues and other financing sources would be less than expenditures and other financing uses by \$2,542,381. The actual results show expenditures being more than revenues by \$2,960,823.

- Actual revenues and other financing sources were \$1,320,820 more than expected. This was primarily related to operations returning to pre-pandemic levels and additional federal pandemic revenue.
- Actual expenditures and other financing uses were \$1,739,262 more than expected. This was primarily related to the budget items that were tampered by the pandemic and saw a full return in 2021-22 such as substitute costs and transportation.

**Table A-6
General Fund Budget to Actual**

	Final Budget	Actual	Over (Under) Final Budget	Percent Over (Under)
Revenue and Other Financing Sources	\$ 58,488,013	\$ 59,808,833	\$ 1,320,820	2.2 %
Expenditures and Other Financing Uses	61,030,394	62,769,656	1,739,262	2.8
Total	<u>\$ (2,542,381)</u>	<u>\$ (2,960,823)</u>	<u>\$ (418,442)</u>	

FOOD SERVICE FUND

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the Child Nutrition Services program is self-contained and does not pull resources away from direct K-12 instruction. The District served 399,425 lunches and 195,274 breakfasts to students, in addition to a la carte sales and summer programming meals during the 2021-22 school year.

The fund balance increased by \$560,299 to \$1,126,237 during 2021-22. This was due primarily to the nutrition model required by the federal government. The meal reimbursement rate was higher than our pre-pandemic model resulting in a surplus.

Food Service Fund Revenues for 2021-22 totaled \$2,842,327. This was an increase of \$1,018,265 or approximately 56% from 2020-21. The Child Nutrition department was limited due to pandemic protocols in 2020-21, operations returned to mostly normal in 2021-22. In addition, the reimbursement rate for meals from the federal government was higher in 2021-22.

Food Service Fund Expenditures for 2021-22 totaled \$2,282,028. This was an increase of \$526,877 or 30.0% from 2020-21. The Child Nutrition department was limited due to pandemic protocols in 2020-21, operations returned to mostly normal in 2021-22.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

COMMUNITY SERVICE FUND

The Community Service Fund accounts for the activities related to providing lifelong learning, recreation, and community involvement. They provide programming for all ages. The fund is self-sustaining and helps support many District programs and initiatives.

Community Service Fund Revenues for 2021-22 totaled \$3,926,068. This was an increase of \$1,305,731 or 50% from 2020-21. The Community Education department returned to pre-pandemic operations and expanded some areas of programming. In addition, the Community Education department received a substantial amount of federal funding for childcare stabilization.

Community Service Fund Expenditures for 2021-22 totaled \$3,367,571. This was an increase of \$660,180 or 24% from 2020-21. The Community Education department returned to pre-pandemic operations and expanded some areas of programming.

The fund balance increased from \$221,682 on June 30, 2021 to \$780,179 on June 30, 2022. The majority of the fund balance is reserved for specific purposes based on state requirements.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for revenues and expenditures related to the school district's long-term capital and facility projects that are funded by the sale of bonds or capital loans. The Capital Project Fund includes activity related to our 2022A Long Term Facilities Maintenance Bonds that were issued to replace the Middle School roof.

Capital Projects Fund Revenues and other financing sources for 2021-22 totaled \$3,254,127. This was an increase of \$3,070,946 or 1,676% from 2020-21.

Capital Projects Fund Expenditures and other financing uses for 2021-22 totaled \$2,326,621. This was a decrease of \$5,360,131 or 70% from 2020-21.

The fund balance increased from \$0 on June 30, 2021 to \$927,506 on June 30, 2022. The project was completed in September 2022.

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the district to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

The Debt Service Fund Balance decreased by \$50,604 in 2021-22. The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. The June 30, 2022, fund balance of \$1,337,024 plus future levies that include an additional 5% levy to cover late or delinquent property tax payments will provide adequate cash flow for timely payment of principal and interest.

The District's current general obligation bond rating from Standard and Poor's is AA+. There are only three school districts in the state of Minnesota with a higher rating.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the District had invested \$152,134,471 in a broad range of capital assets, including school buildings; land, technology equipment, and other equipment for various instructional programs (see Table A-7). The change in capital assets for Right-to-Use Lease assets and accumulated amortization relates to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Total accumulated depreciation and amortization as of June 30, 2022 was \$56,461,894. The current year depreciation and amortization expense for Governmental Activities totaled \$4,370,419. More detailed information about capital assets can be found in Note 3 to the financial statements.

**Table A-7
Capital Assets**

	2022	2021	Percentage Change
Land	\$ 1,147,910	\$ 1,147,910	-
Construction in Progress	2,596,551	5,500	47110.0
Land Improvements	4,710,736	4,681,836	0.6
Buildings and Improvements	136,083,117	135,106,767	0.7
Equipment	6,699,066	6,572,270	1.9
Less: Accumulated Depreciation	(55,897,895)	(52,119,912)	7.2
Right-to-Use Lease Asset	897,091	-	#VALUE!
Less: Accumulated Amortization	(563,999)	-	#VALUE!
Total District Capital Assets	<u>\$ 95,672,577</u>	<u>\$ 95,394,371</u>	0.3

Long-Term Liabilities

For the fiscal year ended June 30, 2022, the District had \$55,405,330 in long-term liabilities outstanding. This is a decrease of 2.2% from the prior year (see Table A-8). More detailed information about the District's long-term liabilities is presented in Note 4 of the financial statements.

**Table A-8
The District's Long-Term Liabilities**

	2022	2021	Percentage Change
General Obligation Bonds	\$ 50,485,000	\$ 51,015,000	(1.0)%
Net Bond Premium and Discount	2,602,438	3,002,818	(13.3)
Certificates of Participation Payable	770,006	947,405	(18.7)
Leases Payable	858,120	897,170	(4.4)
Severance Payable	461,753	532,904	(13.4)
Compensated Absences Payable	228,013	237,910	(4.2)
Total Long-Term Liabilities	<u>\$ 55,405,330</u>	<u>\$ 56,633,207</u>	(2.2)
Long-Term Liabilities:			
Due Within One Year	\$ 4,140,162	\$ 3,827,400	
Due in More Than One Year	51,265,168	52,671,912	
Total	<u>\$ 55,405,330</u>	<u>\$ 56,499,312</u>	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OTHER SELECTED INFORMATION

The government-wide financial statements now recognize liabilities for severance pay, compensated absences, pensions and other postemployment benefits. This liability does include an amount for future health benefit costs to employees who have not retired as of June 30, 2022. The District continues to assign funds as available to meet future obligations. A total of \$4,000,000 has been classified as Assigned Fund Balance from the Unassigned Fund Balance over the last several years to begin to address this long-term liability.

Under the pay-as-you-go method, the recent annual cost of severance, compensated absences, and retiree health benefits for retired employees remains consistently at approximately 2.0% of the General Fund expenditures. The costs are budgeted and funded out of current revenues of the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information please visit our website at www.northfieldschools.org or contact the Finance Department, Independent School District No. 659, 201 Orchard Street South, Northfield, Minnesota 55057.

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BASIC FINANCIAL STATEMENTS

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 32,512,180
Receivables:	
Property Taxes	9,711,909
Other Governments	7,453,324
Other	603,884
Prepaid Items	101,715
Inventories	60,741
Capital Assets:	
Land and Construction in Progress	3,744,461
Other Capital Assets, Net of Depreciation	91,595,024
Other Capital Assets, Net of Amortization	333,092
Total Assets	<u>146,116,330</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	20,190,685
Other Postemployment Benefits Related	1,418,325
Total Deferred Outflows	<u>21,609,010</u>
LIABILITIES	
Salaries Payable	5,524,813
Accounts Payable	2,311,634
Accrued Interest	724,575
Due to Other Governmental Units	92,215
Unearned Revenue	303,058
Long-Term Liabilities:	
Long-Term Liabilities - Due Within One Year	4,140,162
Long-Term Liabilities - Due in More Than One Year	51,265,168
Net Pension Liability	24,106,028
Other Postemployment Benefits Liability - Due Within One Year	1,082,447
Other Postemployment Benefits Liability - Due in More Than One Year	13,242,592
Total Liabilities	<u>102,792,692</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	19,568,561
Gains on Debt Refunding	36,876
Pension Related	43,400,981
Other Postemployment Benefits Related	1,350,259
Total Deferred Inflows of Resources	<u>64,356,677</u>
NET POSITION	
Net Investment in Capital Assets	41,847,643
Restricted for:	
Operating Capital Purposes	256,739
State-Mandated Reserves	1,559,468
Food Service	1,126,237
Community Service	782,792
Debt Service	644,511
Unrestricted	(45,641,419)
Total Net Position	<u><u>\$ 575,971</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Administration	\$ 2,228,153	\$ 3,310	\$ 6,565
District Support Services	1,619,754	-	1,983
Regular Instruction	33,671,513	638,795	4,458,150
Vocational Education Instruction	385,304	-	4,431
Special Education Instruction	11,508,317	470,107	7,363,324
Instructional Support Services	3,289,015	-	578,701
Pupil Support Services	5,162,055	-	332,186
Sites and Buildings	4,975,369	31,006	566,007
Fiscal and Other Fixed Cost Programs	260,360	-	-
Food Service	2,282,028	186,579	2,652,862
Community Service	3,284,997	2,373,021	1,134,244
Interest and Fiscal Charges on Long-Term Liabilities	2,039,933	-	-
Total School District	<u>\$ 70,706,798</u>	<u>\$ 3,702,818</u>	<u>\$ 17,098,453</u>

GENERAL REVENUES

Property Taxes Levied for:
 General Purposes
 Community Service
 Debt Service
 State Aid Not Restricted to Specific Purposes
 Earnings on Investments
 Miscellaneous
 Total General Revenues

CHANGE IN NET POSITION

Net Position - Before Restatement
 Restatement
 Net Position - Beginning
NET POSITION - ENDING

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Net (Expense) Revenue and Change in Net Position
Capital Grants and Contributions	Total Governmental Activities
\$ -	\$ (2,218,278)
-	(1,617,771)
-	(28,574,568)
-	(380,873)
-	(3,674,886)
-	(2,710,314)
-	(4,829,869)
606,138	(3,772,218)
-	(260,360)
-	557,413
-	222,268
-	(2,039,933)
<u>\$ 606,138</u>	<u>(49,299,389)</u>
	14,963,783
	415,572
	4,971,412
	30,278,673
	(41,925)
	<u>388,343</u>
	<u>50,975,858</u>
	1,676,469
	(2,383,331)
	<u>1,282,833</u>
	<u>(1,100,498)</u>
	<u>\$ 575,971</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Major Funds		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 21,101,361	\$ 1,183,417	\$ 850,610
Receivables:			
Current Property Taxes	6,683,172	-	202,438
Delinquent Property Taxes	84,810	-	2,613
Accounts Receivable	395,818	112	140,622
Due from Other Minnesota School Districts	332,170	-	210
Due from Minnesota Department of Education	4,555,330	1,992	35,263
Due from Federal through Minnesota Department of Education	2,120,757	94,219	124,612
Due from Other Governmental Units	-	-	108,456
Due from Other Funds	118,907	-	-
Inventory	38,729	22,012	-
Prepays	101,615	-	100
Total Assets	<u>\$ 35,532,669</u>	<u>\$ 1,301,752</u>	<u>\$ 1,464,924</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Salaries and Payroll Deductions Payable	\$ 5,377,762	\$ 4,016	\$ 143,035
Accounts and Contracts Payable	907,697	23,286	17,377
Due to Other Governmental Units	92,216	-	(1)
Due to Other Funds	-	-	-
Unearned Revenue	61,687	148,213	93,158
Total Liabilities	<u>6,439,362</u>	<u>175,515</u>	<u>253,569</u>
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes Levied for Subsequent Year	13,815,281	-	428,563
Unavailable Revenue - Delinquent Property Taxes	84,810	-	2,613
Total Deferred Inflows of Resources	<u>13,900,091</u>	<u>-</u>	<u>431,176</u>
Fund Balance:			
Nonspendable:			
Inventory	38,729	22,012	-
Prepays	101,615	-	100
Restricted for:			
Student Activity	247,165	-	-
Scholarships	211,223	-	-
Operating Capital	256,739	-	-
Community Education	-	-	369,636
Early Childhood and Family Education	-	-	297,925
Teacher Development and Evaluation	25,703	-	-
School Readiness	-	-	92,001
Achievement and Integration Revenue	19,866	-	-
Safe Schools Levy	-	-	-
Long-Term Facilities Maintenance	1,075,377	-	-
Restricted for Other Purposes	-	1,104,225	20,517
Assigned for:			
Tobacco Settlement	17,827	-	-
Security System Camera Upgrades	293,800	-	-
Severance - Insurance Premiums	4,000,000	-	-
Unassigned	8,905,172	-	-
Total Fund Balance	<u>15,193,216</u>	<u>1,126,237</u>	<u>780,179</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 35,532,669</u>	<u>\$ 1,301,752</u>	<u>\$ 1,464,924</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Capital Projects	Debt Service	Total Governmental Funds 2022
\$ 1,802,923	\$ 3,874,612	\$ 28,812,923
-	2,706,814	9,592,424
-	32,062	119,485
-	-	536,552
-	-	332,380
-	80,315	4,672,900
-	-	2,339,588
-	-	108,456
-	-	118,907
-	-	60,741
-	-	101,715
<u>\$ 1,802,923</u>	<u>\$ 6,693,803</u>	<u>\$ 46,796,071</u>
\$ -	\$ -	\$ 5,524,813
756,510	-	1,704,870
-	-	92,215
118,907	-	118,907
-	-	303,058
<u>875,417</u>	<u>-</u>	<u>7,743,863</u>
-	5,324,717	19,568,561
-	32,062	119,485
<u>-</u>	<u>5,356,779</u>	<u>19,688,046</u>
-	-	60,741
-	-	101,715
-	-	247,165
-	-	211,223
-	-	256,739
-	-	369,636
-	-	297,925
-	-	25,703
-	-	92,001
-	-	19,866
-	-	-
927,506	-	2,002,883
-	1,337,024	2,461,766
-	-	17,827
-	-	293,800
-	-	4,000,000
-	-	8,905,172
<u>927,506</u>	<u>1,337,024</u>	<u>19,364,162</u>
<u>\$ 1,802,923</u>	<u>\$ 6,693,803</u>	<u>\$ 46,796,071</u>

See accompanying Notes to Basic Financial Statements.

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balance for Governmental Funds \$ 19,364,162

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	1,147,910
Construction in Progress	2,596,551
Land Improvements, Net of Accumulated Depreciation	1,729,570
Buildings and Improvements, Net of Accumulated Depreciation	87,454,766
Equipment, Net of Accumulated Depreciation	2,410,688
Right-to-Use Asset, Net of Accumulated Amortization	333,092

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.

119,485

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(724,575)

The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Liability	(24,106,028)
Deferred Outflows of Resources - Pensions	20,190,685
Deferred Inflows of Resources - Pensions	(43,400,981)

The District's Other Postemployment Benefits Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:

Other Postemployment Benefits Liability	(14,325,039)
Deferred Outflows of Resources - Other Postemployment Benefits	1,418,325
Deferred Inflows of Resources - Other Postemployment Benefits	(1,350,259)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable	(50,485,000)
Unamortized Premiums	(2,602,438)
Certificates of Participation Payable	(770,006)
Lease Liability	(858,120)
Unamortized Gain on Bond Refunding	(36,876)
Severance and Health Benefits Payable	(461,753)
Compensated Absences Payable	(228,013)

Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end are:

3,159,825

Total Net Position of Governmental Activities

\$ 575,971

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

		Major Funds	
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 14,971,027	\$ -	\$ 416,243
Investment Income	(52,123)	1,057	720
Other	1,870,286	189,455	2,584,245
State Sources	39,514,216	80,988	297,078
Federal Sources	3,485,639	2,570,827	627,782
Total Revenues	59,789,045	2,842,327	3,926,068
EXPENDITURES			
Current:			
Administration	2,331,514	-	-
District Support Services	1,647,682	-	-
Elementary and Secondary Regular Instruction	30,218,465	-	-
Vocational Education Instruction	389,709	-	-
Special Education Instruction	11,852,671	-	-
Instructional Support Services	3,320,888	-	-
Pupil Support Services	5,247,394	-	-
Sites and Buildings	5,382,989	-	-
Fiscal and Other Fixed Cost Programs	260,360	-	-
Food Service	-	2,282,028	-
Community Service	-	-	3,343,711
Capital Outlay	1,325,150	-	18,727
Debt Service:			
Principal	733,357	-	5,133
Interest and Fiscal Charges	59,477	-	-
Total Expenditures	62,769,656	2,282,028	3,367,571
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,980,611)	560,299	558,497
OTHER FINANCING SOURCES (USES)			
Sale of Real Property	19,788	-	-
Issuance of Refunding Bonds	-	-	-
Bond Premium	-	-	-
Right-to-Use Lease Proceeds	-	-	-
Total Other Financing Sources (Uses)	19,788	-	-
NET CHANGE IN FUND BALANCES	(2,960,823)	560,299	558,497
FUND BALANCES			
Beginning of Year	18,154,039	565,938	221,682
End of Year	\$ 15,193,216	\$ 1,126,237	\$ 780,179

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Capital Projects	Debt Service	Total Governmental Funds 2022
\$ -	\$ 4,981,365	\$ 20,368,635
3,580	4,843	(41,923)
-	-	4,643,986
-	803,668	40,695,950
-	-	6,684,248
<u>3,580</u>	<u>5,789,876</u>	<u>72,350,896</u>
-	-	2,331,514
-	-	1,647,682
-	-	30,218,465
-	-	389,709
-	-	11,852,671
-	-	3,320,888
-	-	5,247,394
-	-	5,382,989
-	-	260,360
-	-	2,282,028
-	-	3,343,711
2,246,083	-	3,589,960
-	3,650,000	4,388,490
80,538	2,190,480	2,330,495
<u>2,326,621</u>	<u>5,840,480</u>	<u>76,586,356</u>
(2,323,041)	(50,604)	(4,235,460)
-	-	19,788
3,120,000	-	3,120,000
130,547	-	130,547
-	-	-
<u>3,250,547</u>	<u>-</u>	<u>3,270,335</u>
927,506	(50,604)	(965,125)
-	1,387,628	20,329,287
<u>\$ 927,506</u>	<u>\$ 1,337,024</u>	<u>\$ 19,364,162</u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance - Total Governmental Funds

\$ (965,125)

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

Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.

Capital Outlays	3,774,018
Gain (Loss) on Disposal of Capital Assets	(2,696)
Proceeds from the Sales of Capital Assets	(19,788)
Depreciation Expense	(3,806,420)
Amortization Expense	(563,999)

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	(17,868)
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The use of some capital assets are structured as leases. In governmental funds, a lease arrangement is considered a source of financing, and in the statement of net position, the lease liability is reported. Repayment of lease principal is an expenditure in the government funds, but repayment reduces the lease liability in the statement of net position.

Repayment of Lease Principal	39,050
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Pension expenses in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	2,206,730
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Other postemployment benefits expenditures in the governmental funds are measured by current year employer contributions. Other postemployment benefits expense on the statement of activities are measured by the change in the total other postemployment benefits liability and the related deferred inflows and outflows of resources.	266,978
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In the statement of activities, certain operating expenses - severance benefits, and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	81,048
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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 premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation Bond Proceeds	(3,120,000)
Bond Premium or Discount	(130,547)
Repayment of Bond Principal	3,650,000
Change in Accrued Interest Liability	115,039
Repayment of Certificates of Participation Payable	177,399
Amortization of Bond Premium	530,927
Amortization of Deferred Charges on Refunding Bonds	86,099

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(624,376)
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Change in Net Position of Governmental Activities

\$ 1,676,469

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	Governmental Activities - Internal Service Funds
ASSETS	
Cash and Investments	\$ 3,699,257
Accounts Receivable	<u>67,332</u>
Total Assets	<u>3,766,589</u>
LIABILITIES	
Accounts Payable	<u>606,764</u>
NET POSITION	
Unrestricted	<u><u>\$ 3,159,825</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022**

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for Services:	
Health Insurance Premiums	\$ 8,561,645
Dental Insurance Premiums	643,521
Total Operating Revenues	<u>9,205,166</u>
OPERATING EXPENSES	
Health Insurance Claims	8,148,921
Dental Insurance Claims	630,301
General Administration Fees	1,055,026
Total Operating Expenses	<u>9,834,248</u>
OPERATING LOSS	(629,082)
NONOPERATING INCOME	
Earnings on Investments	<u>4,706</u>
CHANGE IN NET POSITION	(624,376)
Net Position - Beginning	3,784,201
Net Position - Ending	<u><u>\$ 3,159,825</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022**

	Governmental Activities - Internal Service Funds <u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Interfund Services Provided	\$ 9,137,913
Payments for Health and Dental Insurance Claims	(9,027,672)
Payments for Administrative Fees	(1,055,026)
Net Cash Used by Operating Activities	<u>(944,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>4,706</u>
Net Cash Provided by Investing Activities	<u>4,706</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(940,079)
Cash and Cash Equivalents - Beginning of Year	<u>4,639,336</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,699,257</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (629,082)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Accounts Receivable	(67,253)
Increase in Accounts Payable	(248,450)
Total Adjustments	<u>(315,703)</u>
Net Cash Used by Operating Activities	<u><u>\$ (944,785)</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

ASSETS

Cash and Investments	\$ 11,270
Total Assets	<u>\$ 11,270</u>

LIABILITIES

Accounts and Contracts Payable	\$ 11,270
Total Liabilities	<u>\$ 11,270</u>

NET POSITION

Held In Trust	<u>\$ -</u>
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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

ADDITIONS

Miscellaneous Local Revenue	\$ 22,288
Total Additions	<u>22,288</u>

DEDUCTIONS

Other Expenses	22,288
Total Deductions	<u>22,288</u>

CHANGE IN NET POSITION

Net Position - Beginning of Year	-
Net Position - End of Year	<u>\$ -</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 659 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

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

GAAP require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on these criteria, there are no organizations considered to be component units of the District.

The board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financially accountable for these activities. Accordingly, the accounts and transactions are included in the financial statements within the General Fund.

C. Basic Financial Statement Presentation

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 funds. The Fiduciary Funds are only reported in the Statement of Fiduciary Net Position and statement of Changes in Fiduciary Net Position at the Fund Financial Statement level.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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 purposes for which both restricted and unrestricted net position is 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 governmental, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The fiduciary funds are presented in the fiduciary fund financial statements by type (trust and custodial). Since by definition these assets are being held for the benefit of a third-party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the Government-wide statements. The District has one fiduciary fund that is considered a custodial fund.

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related eligible expenditures are 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. Expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Description of Funds

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Major Governmental Funds

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

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund come from user fees, and reimbursements from the federal and state governments.

Community Service Special Revenue Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, and state credits.

Capital Projects Fund – Accounts for financial resources from the bonds issued for the addition/renovation of District buildings.

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

Proprietary Funds

Internal Service Funds – The Internal Service Fund accounts for the financing of a self-insured health and dental plan provided for the District's employees on a cost reimbursement basis.

Fiduciary Funds

Custodial Fund – The Custodial Fund is established to account for cash and other assets held by the District as the agent for others.

E. Budgeting

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

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

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

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

F. Cash and Investments

Cash of the individual funds is combined for investment purposes. Investments consist primarily of certificates of deposit, and money market funds. Investments with an original maturity of less than one year are recorded at amortized cost, which approximates fair value. Investments with an original maturity of more than one year are recorded at fair value based on quoted market prices. Interest earned as a result of these investments and the combined deposit account is distributed to the appropriate funds based on average cash and investment balances of each fund.

G. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers all demand accounts, savings accounts, certificates of deposits, and money market funds, to be cash and cash equivalents while all deposits in the MN Trust and Minnesota School District Liquid Asset Fund (MSDLAF) are considered investments.

H. Receivables

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. The only receivables not expected to be collected within one year are current property taxes receivable.

I. Inventories

Inventories are recorded using the consumption method of accounting and consist of fuel, food, and other supplies on hand at June 30, 2022, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

K. Property Taxes

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

The majority of District revenue in the General (and to a lesser extent the Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy which is frozen at \$374,466. Starting in fiscal year 2011, the shift was expanded to include all other general and community service fund levies. State aids are then reduced by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. Certain other portions of the District's 2021 pay 2022 levy, normally revenue for the 2022-23 fiscal year, are also advance recognized at June 30, 2022, as required by state statute to match revenue with the same fiscal year as the related expenditures.

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Government-wide financial statement but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment and furnishings.

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

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

M. Deferred Outflows of Resources

In addition to assets, the financial statements reports 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 or resources (expense) until that time. The District has two types of items that qualify as this reporting element, pension related, and other postemployment benefit related.

N. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits

Compensated Absences

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave, vacation leave, and termination benefits. The District accounts for the employee benefits as follows:

Vacation leave vests and may be carried forward but must be used by the end of the following contract year. A liability of \$228,013 is included in long-term debt for earned but unpaid vacation.

Sick Pay

Sick leave does not vest and is accounted for as an expenditure when paid, except as discussed below.

Severance

Severance pay is available for certain eligible employees. The maximum benefit is generally based on accumulated unused sick leave. The total amounts cannot exceed certain contract limits.

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the District provides Health and Dental Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75, at June 30, 2022.

P. 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 Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger 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 in 2015.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The District has five types of deferred inflows. Two types occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflow is related to refunding of debt. The fourth type of deferred inflow is pension related. The fifth type of deferred inflow is other postemployment benefit related.

R. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for Food and Community Service accounts, grants, and 2021-2022 school year deposits.

S. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable portions of fund balance relate to prepaids and inventories. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the board of education. The District currently doesn't report any committed fund balances. The board of education passed a resolution authorizing the Director of Finance the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

In accordance with the District's fund balance policy, 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 fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

The District's liabilities for compensated absences, severance, pension, and OPEB are generally liquidated by the General Fund.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Leases

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

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction.

Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease.

Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

U. Self-Insurance Claims

This liability represents an estimate of health and dental claims incurred but not reported as of June 30, 2022. These claims are included in accounts payable in the Statement of Net Position.

V. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investments 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 imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

W. Adoption of New Accounting Standards

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Adoption of New Accounting Standards (Continued)

The District adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits will not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for 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 combined 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.

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.

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2022, the District's investment balances were as follows:

	<u>2022</u>
External Investment Pools:	
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 9,897,803
MN Trust Investment Shares Portfolio	3,428,992
MN Trust Term Series	10,815,606
MN Trust Limited Term Duration Series	6,325,200
Negotiable Certificates of Deposit	
Total District Investments	<u>\$ 30,467,601</u>

The Minnesota Municipal Money Market Fund Trust (MN Trust) is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota Statutes as described above.

The Investment Shares Portfolio and Term Series are external investment pools. Investments in these external investment pools are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments. Redemption prior to the maturity date of the Term Series may result in a penalty.

The Limited Term Duration Series investments are valued at net asset value, the fair value established by the series. The MN Trust Limited Term Duration Series maintains a quarterly redemption frequency requirement with a 30-day redemption notice

The MSDLAF+ is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The MSDLAF+ elects to measure its investments at amortized cost.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District's investment in the MSDLAF+ is included in two share classes, as follows:

Class	
MSDLAF Liquid Class	\$ 9,440,256
MSDLAF Max Class	457,547
Total MSDLAF+	<u>\$ 9,897,803</u>

The Liquid Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

Interest Rate Risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

The following table summarizes interest rate risk of the District's investments at June 30, 2022:

Type	Total	Maturity Duration in Years			
		Less Than 1	1 to 2	2 to 5	5 to 10
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 9,897,803	\$ 9,897,803	\$ -	\$ -	\$ -
MN Trust	20,569,798	20,569,798	-	-	-
Negotiable Certificates of Deposit	-	-	-	-	-
Total	<u>\$ 30,467,601</u>	<u>\$ 30,467,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk.

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy requires insurance of all balances held with each investment account. As of June 30, 2022, the investment balances were fully covered by insurance for each brokerage firm.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policies do not limit the amount that the District may invest in any one issuer. The following chart summarizes year-end ratings for the District's investments:

<u>Investment</u>	<u>Rated by</u>	<u>Credit Rating</u>
MSDLAF+ Liquid Class and Max Class	S&P	AAAm
MN Trust Investment Shares Portfolio	S&P	AAAm
MN Trust Term Series		Not rated
MN Trust Limited Term Duration Series		Not rated
Negotiable Certificates of Deposit		Not rated

Concentration of Credit Risk.

The District's investment policies place no limit on the amount the District may invest in any one issuer. The District had no investments at June 30, 2022 which individually comprised more than 5% of total investments.

C. Balance Sheet Presentation

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

Deposits	\$ 2,054,899
Cash on Hand	950
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	9,897,803
MN Trust	20,569,798
Total Cash and Investments	<u>\$ 32,523,450</u>
Cash and Investments - Statement of Net Position	\$ 32,512,180
Cash and Investments - Statement of Fiduciary Net Position	11,270
Total Cash and Investments	<u>\$ 32,523,450</u>

D. Fair Value Measurements

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements (Continued)

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

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

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

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

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

The negotiable certificates of deposit are all categorized as Level 2.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,147,910	\$ -	\$ -	\$ -	\$ 1,147,910
Construction in Progress	5,500	2,596,551	-	(5,500)	2,596,551
Total Capital Assets, Not Being Depreciated	1,153,410	2,596,551	-	(5,500)	3,744,461
Capital Assets, Being Depreciated:					
Land Improvements	4,681,836	28,900	-	-	4,710,736
Buildings and Improvements	135,106,767	970,850	-	5,500	136,083,117
Equipment	6,572,270	177,717	(50,921)	-	6,699,066
Total Capital Assets, Being Depreciated	146,360,873	1,177,467	(50,921)	5,500	147,492,919
Accumulated Depreciation for:					
Land Improvements	(2,823,488)	(157,678)	-	-	(2,981,166)
Buildings and Improvements	(45,372,122)	(3,256,229)	-	-	(48,628,351)
Equipment	(3,924,302)	(392,513)	28,437	-	(4,288,378)
Total Accumulated Depreciation	(52,119,912)	(3,806,420)	28,437	-	(55,897,895)
Total Capital Assets, Being Depreciated, Net	94,240,961	(2,628,953)	(22,484)	5,500	91,595,024
Capital Assets, Being Amortized					
Intangible Asset: Equipment Lease Asset	897,091	-	-	-	897,091
Total Capital Assets, Being Amortized	897,091	-	-	-	897,091
Accumulated Amortization for:					
Intangible Asset: Right-to-Use Lease Asset	-	(563,999)	-	-	(563,999)
Total Accumulated Amortization	-	(563,999)	-	-	(563,999)
Total Capital Assets, Being Amortized, Net	897,091	(563,999)	-	-	333,092
Governmental Activities Capital Assets, Net	<u>\$ 96,291,462</u>	<u>\$ (596,401)</u>	<u>\$ (22,484)</u>	<u>\$ -</u>	<u>\$ 95,672,577</u>

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

Governmental Activities	
Administration	\$ -
District Support Services	50,586
Regular Instruction	4,063,979
Special Education Instruction	1,255
Instructional Support Services	74,788
Pupil Support Services	36,972
Sites and Buildings	16,350
Food Service	19,422
Community Service	107,067
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 4,370,419</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

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

Issue Date	Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
5/13/2014	2.0 - 3.0%	2014A	1,525,000	2/1/2025	\$ 160,000	\$ 485,000
3/23/2017	3.0%	2017A	1,325,000	2/1/2027	135,000	710,000
1/31/2019	3.0 - 5.0%	2019A	39,255,000	2/1/2039	515,000	38,470,000
10/9/2020	5.0%	2020A	9,665,000	2/1/2025	3,145,000	7,700,000
2/17/2022	2.0 - 4.0%	2022A	3,120,000	2/1/2030	-	3,120,000
Total General Obligation Bonds					3,955,000	50,485,000
Bond Premiums					-	2,602,438
Certificates of Participation Payable					185,162	770,006
Right-of-Use Lease Payable					-	858,120
Severance and Health Benefits Payable					-	461,753
Compensated Absences Payable					-	228,013
Total					<u>\$ 4,140,162</u>	<u>\$ 55,405,330</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments necessary to retire long-term debt, not including certificate of participation, compensated absences payable and severance and health benefits payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Lease Liability	
	Principal	Interest	Principal	Interest
2023	\$ 3,955,000	\$ 1,964,053	\$ 562,719	\$ 18,171
2024	4,130,000	1,775,509	171,760	6,189
2025	2,445,000	1,575,009	123,641	2,339
2026	2,085,000	1,458,859	-	-
2027	2,230,000	1,357,509	-	-
2028-2032	12,885,000	5,128,393	-	-
2033-2037	15,235,000	2,774,825	-	-
2038-2042	7,520,000	419,328	-	-
Total	<u>\$ 50,485,000</u>	<u>\$ 16,453,485</u>	<u>\$ 858,120</u>	<u>\$ 26,699</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities

General Obligation Bonds

On December 7, 2011, the District issued \$9,750,000 of General Obligation Refunding Bonds, Series 2011A to refund the portion of General Obligation School Building Refunding Bonds, Series 2003A totaling \$9,350,000, which were scheduled to mature in 2016 through 2024. This bond was refunded by General Obligation School Building Refunding Bonds, Series 2020A in the year ended June 30, 2021.

On December 19, 2012, the District issued \$9,825,000 of General Obligation Alternative Facility Refunding Bonds, Series 2012A to refund the portion of General Obligation Alternative Facilities Refunding Bonds, Series 2004A and 2005A totaling \$9,950,000, which were scheduled to mature in 2015 through 2025. The Series 2012A bonds were issued at a premium of \$386,172. This bond was refunded by General Obligation School Building Refunding Bonds, Series 2020A in the year ended June 30, 2021.

On May 13, 2014, the District issued \$1,525,000 of General Obligation Capital Facilities Bonds, Series 2014A. The proceeds of this issue were used to finance certain capital improvements to school facilities.

On March 23, 2017, the District issued \$1,325,000 of General Obligation Facilities Maintenance Bonds, Series 2017A. The proceeds of this issue were used to finance the roof replacement project at Bridgewater Elementary School.

On November 15, 2018, the District issued \$7,325,000 of General Obligation School Building Refunding Bonds, Series 2018A. The proceeds of this issue were used for a current refunding of the outstanding principal and interest of the District's General Obligation School Building Refunding Bonds, Series 2010A. The refunding resulted in an economic savings of \$169,508 for the District, with a present value of \$158,512.

On January 31, 2019, the District issued \$39,255,000 of General Obligation School Building Bonds, Series 2019A. The proceeds of this issue will be used to finance the acquisition and betterment of school sites and facilities, including construction and equipping of a new elementary school and improvements and additions at the Bridgewater and Sibley Elementary Schools sites, construction and renovations and improvements to the Longfellow School, and the construction of renovations and improvements to the Greenvale Park Elementary School to convert the facility for use as an early childhood center.

On October 9, 2020, the District issued \$9,665,000 of General Obligation School Building Refunding Bonds, Series 2020A. The proceeds of this issue were used for a current refunding of the 2022 through 2024 maturities and 2022 through 2025 maturities of the District's General Obligation School Building Refunding Bonds, Series 2011A and 2012A, respectively. The refunding resulted in an economic savings of \$367,681 for the District, with a present value of \$364,734.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

On February 14, 2022, the District issued \$3,120,000 of General Obligation Facilities Maintenance Bonds, Series 2022A. The proceeds of this issue were used to finance the roof replacement project at Northfield Middle School.

Compensated Absences Payable

The amount of the estimated obligation at June 30, 2022 is \$228,013. The District's General Fund finances compensated absences on a pay-as-you-go basis.

Severance Payable

Severance pay is available for certain eligible employees. The maximum benefit is generally based on accumulated unused sick leave, and years of service. The amount of the estimated obligation at June 30, 2022 is \$461,753. The District's General Fund finances severance benefits on a pay-as-you-go basis.

Certificate of Participation

On December 1, 2009, the District raised funds through the issuance of a loan payable. The maximum amount that could be drawn on the loan was \$1,495,000 and was used to finance capital improvements made to an elementary school. The loan was structured as a lease purchase agreement. Repayment of the principal is made through rental payments.

On July 23, 2019, the District raised funds through the issuance of a loan payable. The maximum amount that could be drawn on the loan was \$606,402.50 and was used to purchase an existing property used for storage of building and grounds equipment and supplies. The loan was structured as a lease purchase agreement. Repayment of the principal is made through rental payments.

Leases

The District entered into leases for the use of copy machines and iPads. Due to the implementation of GASB 87 in the fiscal year ended June 30, 2022, these assets were capitalized as intangible right-to-use assets.

D. Changes in Long-Term Liabilities

	June 30, 2021	Additions	Retirements	June 30, 2022
General Obligation Bonds	\$ 51,015,000	\$ 3,120,000	\$ 3,650,000	\$ 50,485,000
Bond Premiums	3,002,818	130,547	530,927	2,602,438
Certificates of Participation Payable	947,405	-	177,399	770,006
Right-of-Use Lease Payable	897,170	-	39,050	858,120
Severance Payable	532,904	-	71,151	461,753
Compensated Absences Payable	237,910	-	9,897	228,013
Total	<u>\$ 56,633,207</u>	<u>\$ 3,250,547</u>	<u>\$ 4,478,424</u>	<u>\$ 55,405,330</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RESTRICTED 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. The following is a summary of the restricted fund balances for the governmental funds:

A. Student Activities

In accordance with state statute, the fund balance represents available resources dedicated exclusively for student activities.

B. Scholarships

In accordance with state statute, the fund balance represents available resources dedicated exclusively for scholarships.

C. Operating Capital

The fund balance restriction represents available resources in the General Fund to be used to purchase equipment and facilities.

D. Teacher Development and Evaluation

The fund balance restriction represents available resources to be expended for teacher development and evaluation programs.

E. Long Term Facilities Maintenance (LTFM)

The fund balance restriction represents accumulated resources available to be used for LTFM projects in accordance with the District's 10-year plan.

F. Safe Schools Levy

The fund balance restriction represents accumulated resources available to be used for safe school levy purposes.

G. Early Childhood and Family Education Programs

The fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

H. School Readiness

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

I. Restricted for Other Purposes

The fund balance restriction represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

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

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple employer, cost sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 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 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 Defined Contribution Plan (DCR) administered by Minnesota State.

B. Benefits Provided

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

1. GERF Benefits

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Teachers Retirement Fund (TRA)

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

2. TRA Benefits

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

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

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:

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

or

Tier II Benefits

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

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

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

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

C. Contributions

1. GERS Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature. 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, 2022 were \$707,018. The District's contributions were equal to the required contributions for each year as set by state statute.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 contribution rates for the fiscal year for the coordinated plan were 7.5% for the employee and 8.13% for the employer. Basic plan rates were 11% for the employee and 12.13% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2022 were \$2,341,434. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. GERS Pension Costs

At June 30, 2022, the District reported a liability of \$5,064,751 for its proportionate share of the GERS's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District was \$154,639. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .1186% at the end of the measurement period and .1245% for the beginning of the period.

District's Proportionate Share of the Net	
Pension Liability	\$ 5,064,751
State of Minnesota's Proportionate Share of the	
Net Liability Associated with the District	<u>230,104</u>
Total	<u><u>\$ 5,294,855</u></u>

For the year ended June 30, 2022, the District recognized pension expense of \$140,977 for its proportionate share of GERS's pension expense. It also recognized \$12,477 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Plan.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

At June 30, 2022, the District reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 31,116	\$ 154,996
Changes in Actuarial Assumptions	3,092,432	112,035
Net Difference Between Projected and Actual Earnings on Plan Investments		4,386,289
Changes in Proportion	130,596	280,026
District Contributions Subsequent to the Measurement Date	707,018	-
Total	<u>\$ 3,961,162</u>	<u>\$ 4,933,346</u>

The \$707,018 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows and deferred inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	\$ (253,197)
2024	(100,471)
2025	(129,164)
2026	(1,196,370)

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of \$19,041,277 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, city of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.4351% at the end of the measurement period and 0.3742% for the beginning of the period.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 19,041,277
State's Proportionate Share of the Net Pension Liability Associated with the District	1,605,932
Total	<u>\$ 20,647,209</u>

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2022, the District recognized a decrease in pension expense of \$688,376. It also recognized \$153,840 as a decrease to pension expense for the support provided by direct aid.

At June 30, 2022, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 515,722	\$ 539,343
Changes in Actuarial Assumptions	6,977,910	17,179,267
Net Difference Between Projected and Actual Earnings on Plan Investments		15,966,005
Changes in Proportion	6,394,457	4,783,020
District Contributions Subsequent to the Measurement Date	2,341,434	-
Total	<u>\$ 16,229,523</u>	<u>\$ 38,467,635</u>

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Of the resources related to pensions resulting from the District contributions to TRA subsequent to the measure date, \$2,341,434 is reported as deferred outflows and will be recognized as a reduction in the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2023	\$ (12,209,864)
2024	\$ (9,769,829)
2025	(2,178,383)
2026	(2,860,599)
2027	2,439,129

3. Aggregate Pension Costs

At June 30, 2022, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	<u>TRA</u>	<u>GERF</u>	<u>Total</u>
Net Pension Liability	\$ 19,041,277	\$ 5,064,751	\$ 24,106,028
Deferred Outflows of Resources	16,229,523	3,961,162	20,190,685
Deferred Inflows of Resources	38,467,635	4,933,346	43,400,981
Pension Expense	842,216	(153,474)	688,742

E. Actuarial Assumptions

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

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
Inflation	2.25% per year	2.50%
Active Member Payroll Growth	3.00 per year	2.85% before July 1, 2028 and 3.25% to 9.25% thereafter
Investment Rate of Return	6.50%	7.00%

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

PERA salary growth assumptions were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality table for General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan. The assumption for long-term rate of return on pension plan investments is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the PERA General Employees Plan was completed in 2019. The assumption changes were adopted and became effective with July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions for PERA occurred in 2021:

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

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

- The investment return assumption was changed from 7.5% to 7.00%.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Long-Term Expected Return on Investment

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

Asset Class	PERA Target Allocation	TRA Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	35.5 %	5.10%
International Equity	16.5	17.5	5.30%
Private Markets	25.0	25.0	5.90%
Fixed Income	25.0	20.0	0.75%
Unallocated Cash	-	2.0	0.00%
Totals	100.0 %	100.0 %	

G. Discount Rate

The discount rate used to measure the total GERP pension liability in 2021 was 6.50% (7.50% at the prior measurement date). There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

The discount rate used to measure the total TRA pension liability was 7.00% (7.5% at the prior measurement date). 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 year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase
<u>GERF Discount Rate</u>	5.50%	6.50%	7.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 10,329,507	\$ 5,064,751	\$ 744,698
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 38,464,306	\$ 19,041,277	\$ 3,112,845

I. Pension Plan Fiduciary Net Position

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

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

NOTE 7 DEFINED CONTRIBUTION BENEFIT PLAN

The District has a retirement plan qualifying under the Internal Revenue Code 403(b) for the benefit of employees hired on or after July 1, 2002. For qualifying employees, the District's annual maximum contribution is based contractual requirements for the employee class. Maximum career contribution limits range \$25,000 to no limit depending on the employee class.

The District contributions for the years ended June 30, 2022 and 2021 were \$536,350 and \$542,082, respectively. The related employee contributions were \$1,318,639 and \$1,397,429 for the years ended June 30, 2022 and 2021, respectively.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 593 active participants and 66 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. There are no assets accumulated in a trust and the plan is currently being funded on a pay as you go basis. The Plan does not issue a publicly available financial report.

B. Benefits Provided

Teachers hired before July 1, 2009, who are at least 55 years of age upon retirement and have been employed by the District for a minimum of 10 years are also eligible, along with their spouses, to remain on the District's dental insurance for six years (nine years if hired before September 1, 1987). The District will pay dental insurance at the same rate as active employees.

Certain other nonteaching staff who are at least 55 years of age upon retirement and have been employed by the District for a minimum of 10 years are eligible to remain on the District's health and dental insurance for three to nine years, depending on their contract group. The District will pay the health insurance premiums up to 80% of \$1,000 CMM health plan premium rate, limited to \$400 per month toward the Medicare supplement after age 65. The District will pay dental insurance at the same rate as active employees.

C. Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of July 1, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2020 and rolled forward to measurement date of June 30, 2021, using the following actuarial assumptions, applied to periods included in the measurement date, unless specified otherwise.

Inflation	2.50 %
Salary Increases	varies by service and contract group
	6.25% Decreasing to 5.00% over 6 years
Healthcare Cost Trend Rates	and then to 4% over the next 48 years
Dental Trend Rate	4.00 %

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale (MP-2019 Generational Improvement Scale as of the previous measurement date). (RP-2014 White Collar Mortality Tables (General, Teachers) with MP-2017 Generational Improvement Scale as of the measurement date of July 1, 2019).

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.10% (2.40% at the prior measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

D. Changes in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balances at July 1, 2021	\$ 14,041,987
Changes for the Year:	
Service Cost	824,321
Interest on the Total OPEB Liability	344,127
Differences Between Expected and Actual Experience	-
Changes of assumptions	176,287
Benefit Payments	(1,061,683)
Net Changes	283,052
Balances at July 1, 2022	\$ 14,325,039

E. Total OPEB Liability Sensitivity

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

	1% Decrease 1.10 %	Discount Rate 2.10 %	1% Increase 3.10 %
Total OPEB Liability	\$ 15,038,924	\$ 14,325,039	\$ 13,622,349

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate:

	1% Decrease	Selected Trend Rates	1% Increase
		Healthcare Cost Trend Rate	
	5.50% Decreasing to 3.00%	6.50% Decreasing to 4.00%	7.50% Decreasing to 5.00%
	Dental Trend Rate 3%	Dental Trend Rate 4%	Dental Trend Rate 5%
Total OPEB Liability	\$ 13,413,208	\$ 14,325,039	\$ 15,365,283

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. OPEB Expense

For the year ended June 30, 2022, the District recognized OPEB expense of \$925,371. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,330,380
Changes of Assumptions	335,878	19,879
District Payment of Benefits Subsequent to the Measurement Date	1,082,447	-
Total	<u>\$ 1,418,325</u>	<u>\$ 1,350,259</u>

District payment of benefits of \$1,082,447 were made subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	(243,078)
2024	(243,078)
2025	(243,078)
2026	(133,849)
2027	(176,485)
2028	25,187

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan that is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions for the health care portion of the plan, whether or not such contributions have been made.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

NOTE 10 SELF-INSURED HEALTH AND DENTAL PLAN

The District has elected to self-insure their employee dental insurance program and their health insurance program. The District established an internal service fund to account for contributions from other funds for health and dental insurance. Contributions during the year were based on claims history. The amounts charged to expenses include administrative fees, claims paid, and accruals for claims incurred but not paid at year-end. The District recorded total expenses of \$9,834,248 for the year ended June 30, 2022.

The liability for unpaid claims is included in the Internal Service Fund as accounts payable.

	2022	2021
Beginning Liability - July 1	\$ 855,214	\$ 454,593
Incurred Claims	8,779,222	8,463,773
Claims Payments	9,027,672	8,063,152
Ending Liability - June 30	<u>\$ 606,764</u>	<u>\$ 855,214</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

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.

NOTE 12 JOINTLY GOVERNED ORGANIZATIONS

The Cannon Valley Special Education Cooperative (CVSEC) was established by a joint powers agreement pursuant to Minnesota Statutes section 471.59. The purpose of the agreement was to optimize resources and increase efficiencies by creating a special education cooperative to serve children with low incidence disabilities. CVSEC is comprised of four member districts. Each member district shares in the costs of providing all off-site special education programs.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 INTERFUND TRANSACTIONS

Due from/to other funds between the General Fund and the Capital Projects Fund of \$118,907 was outstanding at June 30, 2022, to eliminate deficit cash in the Capital Projects Fund. This balance is expected to be repaid within one year.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers' compensation. The District purchases commercial insurance coverage for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The District self-insures for health and dental insurance offered to its employees. The District is covered by a specific stop-loss policy for health claims in excess of \$125,000 and dental claims in excess of \$1,500.

NOTE 15 STEWARDSHIP

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds:

	Budget	Expenditures	Excess
General Fund	\$ 61,030,394	\$ 62,769,656	\$ 1,739,262
Special Revenue Funds:			
Community Service Fund	3,126,588	3,367,571	240,983

These excess expenditures were funded with higher than anticipated revenues and existing fund balances.

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REQUIRED SUPPLEMENTARY INFORMATION

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 14,528,579	\$ 14,486,305	\$ 14,971,027	\$ 484,722
Investment Income	100,000	50,000	(52,123)	(102,123)
Other	1,150,993	1,279,391	1,870,286	590,895
State Sources	39,321,725	39,714,569	39,514,216	(200,353)
Federal Sources	2,639,748	2,957,748	3,485,639	527,891
Total Revenues	<u>57,741,045</u>	<u>58,488,013</u>	<u>59,789,045</u>	<u>1,301,032</u>
EXPENDITURES				
Current:				
Administration	2,005,516	2,266,532	2,331,514	64,982
District Support Services	1,568,851	1,574,638	1,647,682	73,044
Elementary and Secondary Regular Instruction	29,767,187	29,540,632	30,218,465	677,833
Vocational Education Instruction	363,989	464,719	389,709	(75,010)
Special Education Instruction	11,722,992	12,118,289	11,852,671	(265,618)
Instructional Support Services	2,886,680	2,676,662	3,320,888	644,226
Pupil Support Services	4,534,349	5,276,114	5,247,394	(28,720)
Sites and Buildings	4,461,737	4,717,087	5,382,989	665,902
Fiscal and Other Fixed Cost Programs	222,900	222,900	260,360	37,460
Capital Outlay	1,204,974	1,055,470	1,325,150	269,680
Debt Service:				
Principal	1,060,495	1,060,495	733,357	(327,138)
Interest and Fiscal Charges	56,856	56,856	59,477	2,621
Total Expenditures	<u>59,856,526</u>	<u>61,030,394</u>	<u>62,769,656</u>	<u>1,739,262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,115,481)</u>	<u>(2,542,381)</u>	<u>(2,980,611)</u>	<u>(438,230)</u>
OTHER FINANCING SOURCES				
Sale of Real Property	-	-	19,788	19,788
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>19,788</u>	<u>19,788</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,115,481)</u>	<u>\$ (2,542,381)</u>	<u>(2,960,823)</u>	<u>\$ (418,442)</u>
FUND BALANCE				
Beginning of Year			18,154,039	
End of Year			<u>\$ 15,193,216</u>	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Investment Income	\$ 8,000	\$ 8,000	\$ 1,057	\$ (6,943)
Other - Primarily Meal Sales	1,225,100	450,100	189,455	(260,645)
State Sources	111,987	111,987	80,988	(30,999)
Federal Sources	863,532	1,638,532	2,570,827	932,295
Total Revenues	<u>2,208,619</u>	<u>2,208,619</u>	<u>2,842,327</u>	<u>633,708</u>
EXPENDITURES				
Current:				
Food Service	2,408,599	2,408,599	2,282,028	(126,571)
Capital Outlay	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
Total Expenditures	<u>2,416,599</u>	<u>2,416,599</u>	<u>2,282,028</u>	<u>(134,571)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (207,980)</u>	<u>\$ (207,980)</u>	560,299	<u>\$ 768,279</u>
FUND BALANCE				
Beginning of Year			<u>565,938</u>	
End of Year			<u>\$ 1,126,237</u>	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 419,487	\$ 419,487	\$ 416,243	\$ (3,244)
Investment Income	5,000	5,000	720	(4,280)
Other - Primarily Tuition and Fees	2,353,250	2,298,862	2,584,245	285,383
State Sources	295,408	295,408	297,078	1,670
Federal Sources	-	313,485	627,782	314,297
Total Revenues	<u>3,073,145</u>	<u>3,332,242</u>	<u>3,926,068</u>	<u>593,826</u>
EXPENDITURES				
Current:				
Community Service	3,262,783	3,125,188	3,343,711	218,523
Capital Outlay	3,900	1,400	18,727	17,327
Debt Service	9,025	-	5,133	5,133
Total Expenditures	<u>3,275,708</u>	<u>3,126,588</u>	<u>3,367,571</u>	<u>240,983</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (202,563)</u>	<u>\$ 205,654</u>	558,497	<u>\$ 352,843</u>
FUND BALANCE				
Beginning of Year			221,682	
End of Year			<u>\$ 780,179</u>	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS**

Measurement Date	<u>July 1, 2021</u>	<u>July 1, 2020</u>	<u>July 1, 2019</u>	<u>July 1, 2018</u>	<u>July 1, 2017</u>
Total OPEB Liability					
Service Cost	\$ 824,321	\$ 766,224	\$ 730,675	\$ 666,600	\$ 718,218
Interest	344,127	477,609	516,743	515,935	503,567
Changes of Benefit Terms	-	-	-	-	(845,157)
Difference Between Expected and Actual Experience	-	(1,431,607)	298,446	(718,209)	-
Changes of Assumptions	176,287	19,928	-	(46,383)	-
Benefit Payments	<u>(1,061,683)</u>	<u>(854,835)</u>	<u>(1,020,426)</u>	<u>(766,961)</u>	<u>-</u>
Net Change in Total OPEB Liability	283,052	(1,022,681)	525,438	(349,018)	376,628
Total OPEB Liability - Beginning	14,041,987	15,064,668	14,539,230	14,888,248	14,511,620
Total OPEB Liability - Ending	<u>\$ 14,325,039</u>	<u>\$ 14,041,987</u>	<u>\$ 15,064,668</u>	<u>\$ 14,539,230</u>	<u>\$ 14,888,248</u>
 Covered-Employee Payroll	 \$ 35,292,327	 \$ 34,264,395	 \$ 32,658,560	 \$ 31,707,340	 \$ 28,953,340
 District's Net OPEB Liability as a Percentage of the Covered-Employee Payroll	 40.59%	 40.98%	 46.13%	 45.85%	 51.42%

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

No assets are accumulated in a trust.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PERIODS**

	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
PERA								
District's Proportion of the Net Pension Liability	0.1186%	0.1245%	0.1204%	0.1211%	0.1306%	0.1171%	0.1188%	0.1183%
District's Proportionate Share of the Net Pension Liability	\$ 5,064,751	\$ 7,464,344	\$ 6,656,646	\$ 6,718,131	\$ 8,337,418	\$ 9,507,939	\$ 6,156,833	\$ 5,567,224
State's Proportionate Share of the Net Pension Liability Associated with District	1,605,932	230,104	206,991	220,416	104,856	124,147	-	-
Total	<u>\$ 6,670,683</u>	<u>\$ 7,694,448</u>	<u>\$ 6,863,637</u>	<u>\$ 6,938,547</u>	<u>\$ 8,442,274</u>	<u>\$ 9,632,086</u>	<u>\$ 6,156,833</u>	<u>\$ 5,567,224</u>
District's Covered Payroll	\$ 8,534,878	\$ 8,875,532	\$ 8,521,586	\$ 8,076,280	\$ 8,479,931	\$ 7,264,732	\$ 6,969,875	\$ 6,211,247
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	78.16%	86.69%	80.54%	85.91%	99.56%	132.59%	88.33%	89.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.10%	79.50%	79.50%	75.90%	68.90%	78.20%	78.70%
TRA								
District's Proportion of the Net Pension Liability	0.4351%	0.3742%	0.4373%	0.4314%	0.4442%	0.4014%	0.3928%	0.4172%
District's Proportionate Share of the Net Pension Liability	\$ 19,041,277	\$ 27,646,397	\$ 27,873,594	\$ 27,093,120	\$ 88,670,378	\$ 95,743,477	\$ 24,298,565	\$ 19,224,276
State's Proportionate Share of the Net Pension Liability Associated with District	1,605,932	2,317,082	2,466,730	2,545,572	8,570,788	9,610,363	2,980,581	1,333,077
Total	<u>\$ 20,647,209</u>	<u>\$ 29,963,479</u>	<u>\$ 30,340,324</u>	<u>\$ 29,638,692</u>	<u>\$ 97,241,166</u>	<u>\$ 105,353,840</u>	<u>\$ 27,279,146</u>	<u>\$ 20,557,353</u>
District's Covered Payroll	\$ 26,036,396	\$ 21,744,520	\$ 24,826,654	\$ 23,831,907	\$ 23,885,558	\$ 20,803,603	\$ 19,836,024	\$ 18,972,883
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	73.13%	127.14%	112.27%	113.68%	371.23%	460.23%	122.50%	101.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.63%	75.48%	78.07%	78.07%	51.57%	44.88%	76.80%	81.50%

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
LAST NINE FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
PERA									
Statutorily Required Contribution	\$ 707,018	\$ 640,117	\$ 665,666	\$ 639,117	\$ 605,674	\$ 635,996	\$ 544,855	\$ 514,948	\$ 450,316
Contributions in Relation to the Statutorily Required Contribution	(707,018)	(640,117)	(665,666)	(639,117)	(605,674)	(635,996)	(544,855)	(514,948)	(450,316)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 9,427,509	\$ 8,534,878	\$ 8,875,532	\$ 8,521,586	\$ 8,076,280	\$ 8,479,931	\$ 7,264,732	\$ 6,969,875	\$ 6,211,247
Contributions as a Percentage of Covered-Employee Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.39%	7.25%
TRA									
Statutorily Required Contribution	\$ 2,116,759	\$ 1,722,166	\$ 2,010,880	\$ 1,912,879	\$ 1,773,835	\$ 1,791,417	\$ 1,560,272	\$ 1,487,706	\$ 1,328,100
Contributions in Relation to the Statutorily Required Contribution	(2,116,759)	(1,722,166)	(2,010,880)	(1,912,879)	(1,773,835)	(1,791,417)	(1,560,272)	(1,487,706)	(1,328,100)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,036,396	\$ 21,744,520	\$ 24,826,654	\$ 24,810,810	\$ 23,651,122	\$ 23,885,558	\$ 20,803,603	\$ 19,836,024	\$ 18,972,883
Contributions as a Percentage of Covered-Employee Payroll	8.13%	7.92%	8.10%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5 % to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019

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

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% 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 in Actuarial Assumption

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

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017 (Continued)

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 in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

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.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

2020

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January to 1.0, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for first COLA changes to normal retirement age (age 65 to 66, age 62 with 30 years of service credit are exempt).
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 2 years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumptions

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- 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 nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016

Changes in Actuarial Assumptions

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at 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 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- 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 forms of payment at retirement were made.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

2021

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- The discount rate was changed from 2.40% to 2.10%.

2020

Changes in Plan Provisions

- There were no changes in plan provisions.
- Mortality rates were updated from MP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Headcount-Weighted Mortality Tables (General Teachers) with MP-2019 Generational Improvement Scales.

Changes in Actuarial Assumptions

- The discount rate was changed from 3.10% to 2.40%.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022 AND 2021**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.10%.

2018

Changes in Plan Provisions

- Postemployment subsidized payments for all head custodians are now paid for three years.

Changes in Actuarial Assumptions

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.

2017

Changes in Actuarial Assumptions

- The discount rate was changed from 3.00% to 3.40%.

SUPPLEMENTARY INFORMATION

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 5,364,977	\$ 5,364,977	\$ 4,981,365	\$ (383,612)
Earnings and Investments	75,000	75,000	4,843	(70,157)
State Sources	<u>650,000</u>	<u>650,000</u>	<u>803,668</u>	<u>153,668</u>
Total Revenues	6,089,977	6,089,977	5,789,876	(300,101)
EXPENDITURES				
Debt Service:				
Bond Principal	3,650,000	3,650,000	3,650,000	-
Bond Interest	2,185,017	2,185,017	2,185,017	-
Paying Agent Fees and Other	<u>7,000</u>	<u>7,000</u>	<u>5,463</u>	<u>(1,537)</u>
Total Expenditures	<u>5,842,017</u>	<u>5,842,017</u>	<u>5,840,480</u>	<u>(1,537)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 247,960</u>	<u>\$ 247,960</u>	(50,604)	<u>\$ (298,564)</u>
FUND BALANCE				
Beginning of Year			<u>1,387,628</u>	
End of Year			<u>\$ 1,337,024</u>	

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF CHANGES IN FUND EQUITIES
YEAR ENDED JUNE 30, 2022**

	Fund Equities June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Transfers	Total
GOVERNMENTAL FUNDS					
General Fund:					
Nonspendable	\$ 573,031	\$ -	\$ -	\$ (432,687)	\$ 140,344
Restricted for Student Activities	222,156	192,180	167,171	-	247,165
Restricted for Scholarships	169,341	110,723	68,841	-	211,223
Restricted for Staff Development	-	572,833	572,833	-	-
Restricted for Capital Project Levy	-	750,000	750,000	-	-
Restricted for Operating Capital	554,717	1,250,375	1,632,543	84,190	256,739
Restricted for Learning and Development	-	781,509	781,509	-	-
Restricted for Area Learning Center	-	1,261,152	1,102,323	(158,829)	-
Restricted for Gifted and Talented	-	55,375	55,375	-	-
Restricted for Teacher Development and Evaluation	39,308	-	13,605	-	25,703
Restricted for Basic Skills	-	760,913	1,479,795	718,882	-
Reserved for Achievement and Integration	-	334,274	314,408	-	19,866
Restricted for Safe Schools	41,778	160,714	202,492	-	-
Restricted for LTFM	1,180,630	1,487,915	1,593,168	-	1,075,377
Restricted for Medical Assistance	-	468,848	468,848	-	-
Assigned for Severance	4,000,000	-	-	-	4,000,000
Assigned for Special Education	500,000	-	-	(206,200)	293,800
Assigned for Tobacco Settlement	18,457	-	-	(630)	17,827
Unassigned	10,854,621	51,622,031	53,566,754	(4,726)	8,905,172
Total General Fund	18,154,039	59,808,842	62,769,665	-	15,193,216
Food Service Fund:					
Nonspendable	15,265	-	-	6,747	22,012
Restricted for Other Purposes	550,673	2,842,324	2,282,025	(6,747)	1,104,225
Total Food Service Fund	565,938	2,842,324	2,282,025	-	1,126,237
Community Service Fund:					
Nonspendable	500	-	-	(400)	100
Restricted for Community Education	(122,882)	2,628,906	2,089,304	(47,084)	369,636
Restricted for E.C.F.E.	233,407	255,000	190,482	-	297,925
Restricted for School Readiness	136,944	408,152	453,095	-	92,001
Restricted for Other Purposes	-	634,010	634,690	21,197	20,517
Unassigned	(26,287)	-	-	26,287	-
Total Community Service Fund	221,682	3,926,068	3,367,571	-	780,179
Capital Projects Fund					
Restricted for Other Purposes	-	3,580	-	(3,580)	-
Restricted LTFM	-	3,250,547	2,326,621	3,580	927,506
Total Capital Projects Fund	-	3,254,127	2,326,621	-	927,506
Debt Service Fund:					
Restricted for Other Purposes	1,387,628	5,789,876	5,840,480	-	1,337,024
Total Debt Service Fund	1,387,628	5,789,876	5,840,480	-	1,337,024
TOTAL GOVERNMENTAL FUNDS	20,329,287	75,621,237	76,586,362	-	19,364,162
FIDUCIARY FUNDS					
Custodial Fund:					
Unassigned	-	22,288	22,288	-	-
Total Trust Fund	-	22,288	22,288	-	-
TOTAL FIDUCIARY FUNDS	-	22,288	22,288	-	-
PROPRIETARY FUNDS					
Internal Service Fund:					
Unassigned	3,784,201	9,209,872	9,834,248	-	3,159,825
Total Internal Service Fund	3,784,201	9,209,872	9,834,248	-	3,159,825
TOTAL PROPRIETARY FUNDS	3,784,201	9,209,872	9,834,248	-	3,159,825
GRAND TOTAL	\$ 24,113,488	\$ 84,853,397	\$ 86,442,898	\$ -	\$ 22,523,987

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture Pass-Through Minnesota Department of Education Child Nutrition Cluster:					
Noncash Assistance (Commodities): National School Lunch Program	10.555	1-0659-000	\$ 167,142		\$ -
Cash Assistance:					
National School Lunch Program	10.555	1-0659-000	1,786,220		-
Supply Chain Assistance	10.555	1-0659-000	26,372		-
After School Snack	10.555	1-0659-000	761		-
Subtotal Assistance Listing No. 10.555			<u>1,980,495</u>		
School Breakfast Program	10.553	1-0659-000	498,175		-
Summer Program	10.559	1-0659-000	<u>88,124</u>		-
Total Child Nutrition Cluster				<u>\$ 2,566,794</u>	
U.S. Department of Education Pass-Through Minnesota Department of Education					
Title I, Part A - Grants to Local Educational Agencies	84.010	S010A210023		333,387	-
Title II, Part A - Supporting Effective Instruction State Grant	84.367	S367A210022		34,853	-
Title III, Part A - English Language Acquisition Grants	84.365	S365A210023		22,809	-
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.424	S424A210024		35,763	-
Title IV, Part A - Student Support and Academic Enrichment Grants	84.181	H181A210029			
Subtotal Assistance Listing No. 84.181			<u>23,405</u>		
Title IV, Part B - Twenty-First Century Community Learning Centers	84.287C	S287C190023		23,405	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund 2	84.425D	S425D200045	2,288		-
COVID-19 - Expanded Summer Programming	84.425DC	S425D200045	80,076		-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	**	7,196		-
COVID-19 - Governors Emergency Education Relief Fund	84.425C	S425C200015	983,293		-
COVID-19 - Elementary and Secondary School Emergency Relief Fund 3	84.425C	**	427,987		-
COVID-19 - Elementary and Secondary School Fund 3: Learning Recovery	84.425C	**	48,600		-
COVID-19 - Elementary and Secondary School Emergency Relief Fund 4	84.425DC	**	21,134		-
COVID-19 American Rescue Plan - Expand Summer Programming	84.425DC	**	37,935		-
COVID-19 American Rescue Plan - Homeless Children and Youth	84.425W	S425W210024-21A	9,709		-
Summer School Age Care	84.425CC	**	<u>58,950</u>		-
Total Assistance Listing 84.425				<u>1,677,168</u>	-
Special Education Cluster:				<u>2,325,672</u>	-
Multi-Tiered Systems of Support	84.027A	H027A210087	29,138		-
Special Education - Grants to States	84.027	H027A210087	739,686		-
Special Education - Preschool Grants	84.173	H173A210086	14,335		-
COVID-19 American Rescue Plan - Individuals with Disabilities Education Act	84.027	H027X210087	75,483		-
COVID-19 American Rescue Plan - Preschool Incentive	84.173	H173X210086	<u>6,543</u>		-
Total Special Education Cluster				<u>865,185</u>	-
Pass-Through Independent School District #917 Carl Perkins Vocational Education Basic Grants to States	84.048A	V048A190023A		<u>4,129</u>	-
Total U.S. Department of Education				<u>3,194,986</u>	-
U.S. Department of Treasury Pass-Through Minnesota Department of Education					
COVID-19 Summer Preschool	21.027C	**	24,000		-
COVID-19 Pandemic Enrollment Loss	21.027C	**	103,478		-
COVID-19 ICAP Grant	21.027C	**	<u>23,398</u>		-
COVID-19 ARP Summer Academic / Mental Health	21.027C	**	132,048		-
COVID-19 Subtotal Assistance Listing No. 21.027C				282,924	-
Farm to School Grant	21.019C	**	4,033		-
Subtotal Assistance Listing No. 21.019C				<u>4,033</u>	-
Total U.S. Department of Treasury				<u>286,957</u>	-
U.S. Department of Health and Human Services Childcare Development Fund Cluster:					
COVID 19 Testing	93.323	**	210,935		-
Childcare Grant	93.575	**	14,000		-
Childcare Stabilization	93.575	**	406,219		-
Total Childcare Development Fund Cluster and total U.S. Department of Health and Human Services				631,154	-
Total Federal Awards Expended				<u>\$ 6,679,891</u>	<u>\$ -</u>

** Not available

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northfield Public Schools (the District) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Board of Education
Independent School District No. 659
Northfield, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 659 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

Rochester, Minnesota
REPORT DATE

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

Board of Education
Independent School District No. 659
Northfield, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northfield Public Schools Independent School District No. 659's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

Rochester, Minnesota
REPORT DATE

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Independent School District No. 659
Northfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 659 (the District) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated REPORT DATE.

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Rochester, Minnesota
REPORT DATE

DRAFT

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**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

**Federal Assistance
Listing Number(s)**

10.553, 10.555, and 10.559
84.425
21.027

Name of Federal Program or Cluster

Child Nutrition Cluster
COVID-19 – Education Stabilization Fund Cluster
COVID-19– State & Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Section II – Findings Related to Basic Financial Statements

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Awards Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – Minnesota Legal Compliance

None

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2022**

	Audit	UFARS	Difference		Audit	UFARS	Difference
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 59,789,045	\$ 59,789,054	\$ (9)	Total Revenue	\$ 3,580	\$ 3,580	\$ -
Total Expenditures	62,769,656	62,769,663	(7)	Total Expenditures	2,326,621	2,326,621	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	140,344	140,344	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activity	247,165	247,162	3	407 Capital Projects Levy	-	-	-
402 Scholarships	211,223	211,222	1	413 Projects Funded by COP	-	-	-
403 Staff Development	-	-	-	467 LTFM	927,506	927,506	-
406 Health and Safety	-	-	-	<i>Restricted:</i>			
407 Capital Project Levy	-	-	-	464 Restricted Fund Balance	-	-	-
408 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
413 Projects Funded by COP	-	-	-	463 Unassigned Fund Balance	-	-	-
414 Operating Debt	-	-	-				
416 Levy Reduction	-	-	-	07 DEBT SERVICE			
417 Taconite Building Maintenance	-	-	-	Total Revenue	5,789,876	5,789,875	1
424 Operating Capital	256,739	256,739	-	Total Expenditures	5,840,480	5,840,479	1
426 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
427 Disabled Accessibility	-	-	-	460 Nonspendable Fund Balance	-	-	-
428 Learning and Development	-	-	-	<i>Restricted/Reserved:</i>			
434 Area Learning Center	-	-	-	425 Bond Refunding	-	-	-
435 Contracted Alternative Programs	-	-	-	451 QZAB and QSCB Payments	-	-	-
436 State Approved Alternative Programs	-	-	-	<i>Restricted:</i>			
438 Gifted and Talented	-	-	-	464 Restricted Fund Balance	1,337,024	1,337,024	-
440 Teacher Development and Evaluations	25,703	25,703	-	<i>Unassigned:</i>			
441 Basic Skills Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
445 Career and Technical Programs	-	-	-				
448 Achievement and Integration	19,866	19,866	-	08 TRUST			
449 Safe Schools Crime Levy	-	-	-	Total Revenue	-	-	-
450 Pre-Kindergarten	-	-	-	Total Expenditures	-	-	-
451 QZAB Payments	-	-	-	<i>Net Position:</i>			
452 OPEB Liability Not Held in Trust	-	-	-	422 Net Position	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-				
459 Basic Skills Extended Time	-	-	-	18 CUSTODIAL			
467 LTFM	1,075,377	1,075,377	-	Total Revenue	22,288	22,288	-
472 Medical Assistance	-	-	-	Total Expenditures	22,288	22,288	-
<i>Restricted:</i>				<i>Net Position:</i>			
464 Restricted Fund Balance	-	-	-	422 Net Position	-	-	-
<i>Committed:</i>							
418 Committed for Separation	-	-	-	20 INTERNAL SERVICE			
461 Committed Fund Balance	-	-	-	Total Revenue	9,209,872	9,209,872	-
<i>Assigned:</i>				Total Expenditures	9,834,248	9,834,248	-
462 Assigned Fund Balance	4,310,108	4,310,109	(1)	<i>Net Position:</i>			
<i>Unassigned:</i>				422 Net Position	3,159,825	3,159,825	-
422 Unassigned Fund Balance	8,906,691	8,906,698	(7)				
02 FOOD SERVICE				25 OPEB REVOCABLE TRUST			
Total Revenue	2,842,327	2,842,324	3	Total Revenue	-	-	-
Total Expenditures	2,282,028	2,282,024	4	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	22,012	22,012	-	422 Net Position	-	-	-
<i>Restricted/Reserved:</i>							
452 OPEB Liability Not Held in Trust	-	-	-	45 OPEB IRREVOCABLE TRUST			
<i>Restricted:</i>				Total Revenue	-	-	-
464 Restricted Fund Balance	1,104,225	1,104,225	-	Total Expenditures	-	-	-
<i>Unassigned:</i>				<i>Net Position:</i>			
463 Unassigned Fund Balance	-	-	-	422 Net Position	-	-	-
04 COMMUNITY SERVICE				47 OPEB DEBT SERVICE			
Total Revenue	3,926,068	3,926,066	2	Total Revenue	-	-	-
Total Expenditures	3,367,571	3,367,567	4	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	100	100	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted:</i>			
426 \$25 Taconite	-	-	-	425 Bond Refunding	-	-	-
431 Community Education	369,636	369,636	-	464 Restricted Fund Balance	-	-	-
432 E.C.F.E.	297,925	297,925	-	<i>Unassigned:</i>			
440 Teacher Development and Evaluations	-	-	-	463 Unassigned Fund Balance	-	-	-
444 School Readiness	92,001	92,001	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liability Not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	20,517	20,517	-				