

**Independent School District No. 13  
Columbia Heights, Minnesota**

**Annual Comprehensive  
Financial Report**

**For the Fiscal Year Ended June 30, 2021**



**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**OF THE**  
**INDEPENDENT SCHOOL DISTRICT**  
**NO. 13**  
**COLUMBIA HEIGHTS, MINNESOTA**

**For the Fiscal Year Ended**

**June 30, 2021**

Prepared by

THE BUSINESS DEPARTMENT

*Bryan Hennekens, Director of Finance and Operations*

*Zena Stenvik, Superintendent*

INDEPENDENT SCHOOL DISTRICT NO. 13  
COLUMBIA HEIGHTS  
1440 49<sup>th</sup> Avenue NE  
Columbia Heights, Minnesota 55421



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**Independent School District No. 13  
Board of Education and Administration  
June 30, 2021**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Naty Severson	Chairperson	January 1, 2025
Lorien Mueller	Vice Chairperson	January 1, 2023
Laura Palmer	Clerk	January 1, 2023
Hala Asamarai	Treasurer	January 1, 2023
Mary Granlund	Director	January 1, 2025
Molly Lewis	Director	January 1, 2023
<u>Administration</u>		
Zena Stenvik	Superintendent	
Bryan Hennekens	Director of Finance and Operations	

Independent School District No. 13  
Organizational Chart  
June 30, 2021



## Leadership Organizational Chart







Columbia Heights Public Schools  
1440 49<sup>th</sup> Avenue NE  
Columbia Heights, MN 55421  
763-528-4500  
[www.colheights.k12.mn.us](http://www.colheights.k12.mn.us)

December 8, 2021

To the School Board and Citizens  
Independent School District No. 13  
Columbia Heights, Minnesota

## INTRODUCTION

We are submitting the Comprehensive Annual Financial Report (CAFR) of Columbia Heights Public Schools - Independent School District No. 13 (the District) for the year ended June 30, 2021. This report fairly presents the District's financial position and results of operations and cash flows in accordance with national and state standards. The District is responsible for its contents and has made every effort to ensure the accuracy and completeness of this presentation. An independent firm of certified public accountants audits this report.

As a part of required supplementary information, the Management's Discussion and Analysis (MD&A) allows the District to explain, in layman's terms, its financial position and results of operations of the past year.

## REPORT FORMAT

This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this Letter of Transmittal, an Organizational Chart, and a list of School Board members and administration personnel. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, and the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

## **FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT**

The District is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act amendments of 1996 and the U.S. Office of Management and Budget's Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). The District is also required to undergo an annual Minnesota State legal compliance audit under *Minnesota Statute* 6.65. Independent Auditor Reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document. This report contains no significant findings or questioned costs.

## **REPORTING ENTITY AND ITS SERVICES**

The legal name of the District is Independent School District No. 13 and it is commonly referred to as Columbia Heights Public Schools. The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic education, English Learner education, special education for exceptional children, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with a myriad of classes for lifelong learning experiences for children through adults.

The District was incorporated in 1957 and serves three suburban communities on the northeastern edge of Minneapolis/St. Paul metropolitan area in Anoka County. The District encompasses all or part of the cities of Columbia Heights, Fridley, and Hilltop.

The District is organized as a political subdivision of the state of Minnesota and is governed by an elected six-member School Board. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operations of the District. The District is subject to the general oversight of the Minnesota Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate.

During 2020-2021, the District operated one high school, one middle school, three elementary schools, one on site warehouse located in Valley View, one bus garage, three early childhood sites, one adult basic education location, and a District/Family Center. The instructional program is organized on the basis of PK, K-5, 6-8, and 9-12. The District enrolled 3,307 students from a population of 27,904.

The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

The District is required to adopt an initial budget for the fiscal year no later than June 30<sup>th</sup> preceding the beginning of the fiscal year on July 1<sup>st</sup>. This annual budget serves as the foundation for the District's financial planning and control.

## LOCAL ECONOMIC CONDITION AND OUTLOOK

Situated in the southern portion of Anoka County, The School District is located just north of Minneapolis. The school expanded dramatically during the early 1960s as the suburbs of Columbia Heights, Hill Top, and Fridley grew. All five of the K-12 buildings were built during this short period of time, and although there have been some small additions since this time, the average age of the buildings is now over 50 years old.

The District's Average Daily Membership for FY 2021 is 3,307 and the District's future student enrollment is projected to slightly increase for FY 2022. Over the next four years a slight decrease in enrollment is projected. COVID-19 is assumed to continue to have an impact on enrollment within Columbia Heights Public Schools and school districts throughout Minnesota. Source data from the U.S Census Bureau shows that the median household income for Anoka County at \$82,175 with a 6.2% poverty rate. Within Columbia Heights the median household income at \$57,882 with a poverty rate at 12%. The poverty rate within Columbia Heights continues to be higher than the surrounding areas as a whole.

The District is dependent on the state of Minnesota for its revenue authority with exceptions for a voter-approved operating referendum, a capital projects levy, and a bond referendum. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. Minnesota's economic and budget outlook has become more unpredictable based on the COVID-19 pandemic that has impacted the world economy. The state financial forecast is more positive than previously predicted. According to the state budget and economic forecast released from the Minnesota Management and Budget (MMB) in July of 2021, the \$1.6 billion surplus that had been projected turned into a \$2.7 billion surplus. Additionally, significant funds were allocated to state and local governments as part of the American Rescue Plan, including \$2.8 billion to the state. A special session was called, and the final legislative agreement appropriated \$25 billion for E12 education over the next two years, a \$554 million increase from the previous biennium. Included in the increase was 2.45 percent and 2.00 percent per-pupil formula increase for each year of the agreement.

In addition to current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services
- Economic factors, such as unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education
- Compliance and implementation of governmental pronouncements
- Impact to local taxpayers for funding requests
- Increased competition for students from other public schools, as well as charter schools
- Housing development and growth
- Enrollment trends
- Health and general property/liability insurance cost increases
- Pension obligations, both local and state
- Management of federal and other special funded state programs

# STRATEGIC PLANNING AND MISSION STATEMENT

On October 23, 2018 the Columbia Heights Public Schools Board of Education approved the Strategic Roadmap outlines the Districts mission, vision, core values and strategic directions. They are as follows:

## District Mission - Our Core Purpose

*Columbia Heights Public Schools Creating worlds of opportunity for each and every learner. "All Belong, All Succeed."*

## Vision - What we intend to create

- Academic excellence supporting the whole student through individual choices and rigorous learning.
- Engaging and personalized learning, effective communication, and preparation for success in college, career and community.
- Staff supporting, challenging, affirming and caring for all of our students.
- Pride in, and by our students, schools, district and community.
- A district and community culture of collaborative partnerships.
- Safe and secure schools for all; physically and emotionally.
- Irresistible employment and a great place to work and learn.

## Core Values - What drives our work and actions

<b>Community:</b>	<i>where we all belong and believe in ourselves and each other</i>
<b>Excellence:</b>	<i>being our best, expecting our best, every day.</i>
<b>Collaboration:</b>	<i>working together for common goals</i>
<b>Integrity:</b>	<i>doing what is right, even when no one is watching</i>
<b>Respect:</b>	<i>celebrating who we are, honoring our differences, treating others well.</i>
<b>Courage:</b>	<i>facing challenges with hope and persistence</i>
<b>Innovation:</b>	<i>finding new ways to excel and grow</i>

## Strategic Directions - Our key strategies towards vision

- A. Improving Each Student's Experience and School Climate
- B. Improving Each Student's Academic Achievement and Career/College Readiness.
- C. Improving our Daily Interactions with Students, Families and Community.
- D. Securing and Effectively Managing Our Resources, Human Resources, Financial, and Physical.

# STRATEGIC PLANNING AND MISSION STATEMENT (CONTINUED)

The District has a current technology plan built with the districts mission statement as the foundation. Our Technology Philosophy is a belief that technology is a critical tool for excellence and engages all students, families, and staff in collaborative and innovative learning that is equitable, efficient, and effective. This plan gives direction for the use of technology in the Columbia Heights School District by providing a roadmap for the continued integration of technology into the curriculum and classrooms to provide a 21st Century education for our students.

## STUDENT ASSESSMENT AND TESTING

The District uses student assessment data in many ways. The district follows MN Department of Education guidelines for determining an annual assessment calendar for state-wide and national exams.

Minnesota's accountability plan applies to all public schools. Each year, Minnesota Comprehensive Assessments (MCAs) are given to students in reading, math and science. The assessments are used to measure how students are performing based on state standards. All schools and districts are expected to show yearly progress toward meeting required participation and proficiency levels on state assessments. In addition, schools are required to submit a plan to close the achievement gap over time. Each school year the MCAs are given to students in grades 3-8 as well as grades 10 and 11. Each year, the district reviews data through a continuous improvement process and determines strategies for implementing programming that will support identified students.

FastBridge Learning Assessments are given to all students in grades **K-8**. In grades K-6, students are given an oral fluency test or phonics assessment through CBM reading. In grades 7-8 students are given Reading assessments through FastBridge. These assessments are given three times a year (Fall, Winter, Spring). Using these assessments, we can compare scores to national norms and look at individual growth in students.

Schools use these scores to monitor student progress toward standards and provide multi-tiered interventions. This data is also used to set goals and improve achievement. These assessments support Columbia Height's K-8 Literacy Plans as well as the federal Read Well by Third Grade plan.

The PSAT assessment is given to 8<sup>th</sup> grade and 10<sup>th</sup> grade students as an indicator of progress toward college readiness, indicators for 11<sup>th</sup> grade students as measured by the SAT exams. Students also take a career interest inventory as part of college and career readiness goals. Student achievement is analyzed and presented on a comprehensive basis in the Annual Report for the World's Best Workforce. This information is published annually and is presented to the public. Student achievement on standardized assessments is combined with other information as a basis to monitor, develop and improve curriculum and instruction.

## MANAGEMENT SYSTEMS AND CONTROLS

The District is committed to developing, maintaining, and improving effective management systems and controls. The District makes conscientious efforts to employ highly qualified employees through active recruitment and interview processes. Significant continuing professional education opportunities are provided to employees, and managers are encouraged to provide imbedded professional development activities as a means to ensure that an environment of continuous improvement is fostered. Further, operations are annually evaluated to assure they function effectively and provide appropriate levels of supervision and segregation of duties.

## BUDGET AND FINANCIAL MANAGEMENT

The District's budget and financial management practices include the following district purposes:

- **Budget Timeline** -Establishes a timeline for the major processes related to the preparation, approval, execution, and review of the District's fiscal year financial budget. Each year's budget spans a three-year period and includes the following activities:

## BUDGET AND FINANCIAL MANAGEMENT (CONTINUED)

- **Budget Preparation** - The budget preparation cycle occurs during the 12 months prior to the District's upcoming year, which begins on the following July 1st. Major processes during the budget preparation cycle include development of a projection model to accurately predict student enrollment, revenue resources, and programmatic expenditures. Enrollment and other data are submitted to the state to generate both the local property tax levy as well as state and federal aid entitlement amounts for the upcoming year. A budget guideline is established to determine the proper allocation of district resources to the various expenditure categories based upon budget parameters and district priorities as included in the District's mission and vision statements. Recommendations and actions taken by the administration and the School Board during the budget preparation cycle are also included in the completed budget. A proposed financial and operational budget document is then submitted to the School Board for review and subsequent approval prior to July 1st.
- **Budget Approval and Execution** - The School Board is required by Minnesota Statute to adopt a preliminary budget prior to July 1st. Once original budget is adopted, the District's administration begins its execution July 1st. During the 12-month period that the budget is executed, the administration is directed to update the budget to reflect changes that have taken place after the original approval of the budget occurred. The adopted budget is typically revised to reflect actual enrollment changes, grant awards, employee contract settlements, and changes in estimates and projections that may have occurred since the budget was originally approved. Buildings receive monthly budget reports comparing the current year's year-to-date results to the prior year's results.
- **Budget Approval and Execution** - The School Board is required by Minnesota Statute to adopt a preliminary budget prior to July 1<sup>st</sup>. Once original budget is adopted, the District's administration begins its execution July 1<sup>st</sup>. During the 12-month period that the budget is executed, the administration is directed to update the budget to reflect changes that have taken place after the original approval of the budget occurred. The adopted budget is typically revised to reflect actual enrollment changes, grant awards, employee contract settlements, and changes in estimates and projections that may have occurred since the budget was originally approved. Buildings receive monthly budget reports comparing the current year's year-to-date results to the prior year's results.
- **Budget Review** - During the year and upon completion, the actual financial results for the year are compared to the budgeted amounts. Significant variations are investigated to determine if subsequent financial projections should be adjusted. In addition, as several state aid formulas are not finalized until state-wide data is available, the District's administration is constantly reviewing historical and current data and trends to further refine its projection models for future budget cycles.
- **Finance Committee** - The District has a finance committee that consists of administration and staff, parents, and community members. This committee reviews financial data quarterly and provides input for budget considerations to the administration.

## FINANCIAL REPORTING

This is the fourteenth year the District has prepared a CAFR. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for their 2007 through 2020 CAFR.

## FINANCIAL REPORTING (CONTINUED)

The District has quantified its liability for Other Post-Employment Benefits (OPEB) under GASB Statement No. 75. GASB Statement No. 75 is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts will need to report liabilities for future benefits promised under collective bargaining agreements related to health insurance and other post-employment benefits. The District has taken active steps to limit future liabilities of this nature by negotiating defined contribution plans to replace defined benefit plans currently included in many of the District's employment agreements. The District's goal is to eventually sunset, and finally eliminate, unfunded defined benefit plans for these types of arrangements.

## ACCOMPLISHMENTS

Columbia Heights Public Schools is focused on its mission of *Creating worlds of opportunity for each and every learner "All Belong, All Succeed"* by developing strong academic programming to prepare students to be college and career ready.

Columbia Heights Public Schools has an articulated college and career readiness pathway with key benchmarks identified for parents and students at each stage along the way. In addition, the District identified the key life skills that are explicitly taught and support what is essential for success in the 21<sup>st</sup> century.

To ensure students can reach these benchmarks and develop these life skills, the District has continued to expand and improve its college readiness programs throughout the district. The Early College Program is a partnership between Columbia Heights High School and Anoka Ramsey Community College. Early College allows students to earn dual credit, college and high school credit, for free, without having to leave campus. This program, along with our robust Advanced Placement Program not only gives Columbia Heights students a head start in college, but also saves them thousands of dollars.

Our Career and Technical Education program began to develop pathways to support students with transferable workplace skills in applied learning contexts to provide opportunities to explore high-demand career options, and gives students the technology and skills needed for success in adult life.

The Advancement Via Individual Determination (AVID) program is offered in grades K-12. AVID is a program that teaches students the skills to be successful in rigorous coursework and prepares them for college and career. All seniors in the AVID program at the high school were accepted into college.

ENCORE, our after-school enrichment program is offered to students in grades 1-12. This enrichment program, funded by the 21st Century Community Learning Grant, provides opportunities for students to build on their passions while focusing on mathematics and literacy.

Other areas of note from this past year are:

- Columbia Heights continues to offer free Voluntary Pre-K for four-year old's.
- Columbia Heights High School students saved hundreds of thousands in college credits through Early College, Advanced Placement and Post-Secondary Education Options.


## ACCOMPLISHMENTS (CONTINUED)

- Columbia Heights High School Students received over \$356,000 in local and regional scholarships to support post-secondary education.
- Approximately 75% of licensed staff have a master's degree or higher education.

While Columbia Height Public Schools faces great challenges in achieving its goal of college and career readiness for all students, we are proud of the strides our students and teachers havemade over the past several years. We continue to strive for excellence in all that we do as we help our students become all that they can be.

## ACKNOWLEDGEMENTS

The time, effort, and attention that go into the timely preparation of a CAFR require the commitment and cooperation of many people. Special appreciation is hereby extended to the entire Business Services Office staff for the dedication and to the School Board for their encouragement and leadership.



---

Zena Stenvik  
Superintendent



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Bryan Hennekens

Director of Finance and Operations



**Independent School District No. 13  
Certificate of Excellence in Financial Reporting**



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

**Columbia Heights Public Schools**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

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



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

W. Edward Chabal  
President

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

David J. Lewis  
Executive Director

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## Independent Auditor's Report

To the School Board  
Independent School District No. 13  
Columbia Heights, Minnesota

### Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 13, Columbia Heights, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Basic Financial Statements

The management of Independent School District No. 13 is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 13, Columbia Heights, Minnesota, as of June 30, 2021, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## **Other Matters (Continued)**

### *Other Information (Continued)*

The Introductory and Statistical Sections have not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Bergan KDV Ltd." with a small flourish at the end.

Minneapolis, Minnesota  
December 8, 2021

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**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

This section of Columbia Heights Independent School District No. 13's (the "District") annual financial report presents a discussion and analysis of the District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follows this section.

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

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2020-2021 year include the following:

- The District's enrollment has partially rebounded from the enrollment drop related to the COVID-19 pandemic.
- The overall fund balance of the District's General Fund for 2020-2021 is \$3,064,569, which is a decrease of \$498,188. The unassigned fund balance made up \$1,880,323 of this total fund balance amount and decreased by \$839,933 in the past year.
- The District's OPEB trust continues to be well funded, keeping this future liability in check.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

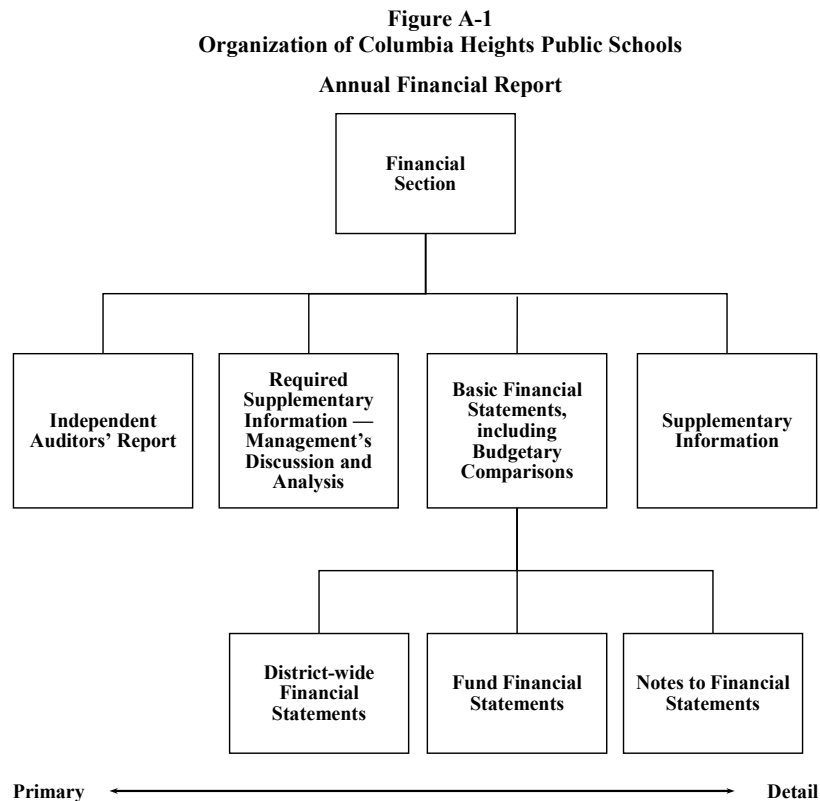
- The first two statements are the government-wide financial statements that provide both short and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about District's self-insured risk management and other post-employment benefit activities.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The financial statements also include notes that explain in more detail information in the basic financial statements. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.



**Government-Wide Statements**

The government-wide statements report information about the District as a whole position 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. The term "net position" is defined as the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and is one way to measure the District's financial health or position.



**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Statements (Continued)**

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District	The activities of the District that are not proprietary, such as special education, building maintenance, food service, and community education	Activities the District operates similar to private businesses <ul style="list-style-type: none"> <li>• Internal service fund</li> </ul>	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be consumed and liabilities paid during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital and short-term and long-term	All Assets and liabilities, both short-term funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, 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.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Statements (Continued)**

In the government-wide financial statements, the District's activities are shown in one category:

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

**Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts).
- The District has 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 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 to determine whether the District's working capital will be sufficient to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide reconciliations between the governmental funds statements and the government-wide statements, which do present a long-term focus.

**Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same manner as the government-wide statements.

- The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund that accounts for the District's self-insured risks. The internal service fund accounts for the District's Self-Insured Employee Dental Insurance Program.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring the assets reported in these funds are used only by those to whom the assets belong. The District's fiduciary activities (consisting of a trust fund held for scholarships, an agency fund for the Summer Academy, and an OPEB Irrevocable Trust Fund) are reported in a separate Statement of Fiduciary Net Position. The District excludes these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-1  
Independent School District No. 13  
Net Position - Governmental Activities  
June 30, 2021**

	6/30/21	6/30/20
<b>Assets</b>		
Current and other assets	\$ 27,826,167	\$ 31,106,948
Capital assets	42,727,325	38,171,809
Total assets	<u>70,553,492</u>	<u>69,278,757</u>
<b>Deferred outflows of resources related to pensions</b>	<u>13,421,388</u>	<u>21,629,723</u>
Total assets and deferred outflows of resources	<u>\$ 83,974,880</u>	<u>\$ 90,908,480</u>
<b>Liabilities</b>		
Noncurrent liabilities other than pensions	27,168,529	30,164,462
Other liabilities	8,688,061	10,707,272
Net pension liability	30,528,832	26,270,976
Total liabilities	<u>66,385,422</u>	<u>67,142,710</u>
<b>Deferred inflows of resources</b>	<u>34,304,144</u>	<u>42,854,206</u>
<b>Net position</b>		
Net investment in capital assets	15,879,009	8,303,513
Restricted	3,253,691	5,661,417
Unrestricted	(35,847,386)	(33,053,366)
Total net position	<u>(16,714,686)</u>	<u>(19,088,436)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 83,974,880</u>	<u>\$ 90,908,480</u>

Net position: The District's consolidated net position was \$(16,714,686) on June 30, 2021 (See Table A-1).

Net Position Discussion: A large portion of the District's net position is accounted for in the net investment in capital assets. This represents the value of the District's investment in land, buildings and equipment net of the related outstanding debt and, therefore, is not available for funding ongoing operating expenses of the District. In addition to the investment in capital assets, the District has portions of the net position that are restricted in their use. They total \$3,253,691 and are restricted for purposes mandated by the state. The actual unrestricted net position is \$(35,847,386).

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Table A-2  
Independent School District No. 13  
Change in Net Position  
Year Ended June 30, 2021**

	<u>6/30/21</u>	<u>6/30/20</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 696,243	\$ 1,272,136
Operating grants and contributions	22,820,068	22,416,844
Capital grants and contributions	1,293,266	1,007,703
General revenues		
Property taxes	10,580,898	10,170,063
State aid	22,112,383	23,240,088
Other	1,245,355	745,218
Total revenues	<u>58,748,213</u>	<u>58,852,052</u>
<b>Expenses</b>		
District and school administration	1,692,527	1,685,639
District support services	1,434,818	1,846,535
Regular instruction	26,356,650	26,142,896
Vocational instruction	538,450	525,892
Special education instruction	9,523,193	9,577,049
Instructional support services	2,512,613	1,923,798
Pupil support services	5,435,177	6,903,971
Sites, buildings and equipment	4,389,972	8,298,837
Fiscal and other fixed costs	272,918	251,758
Food service	1,564,635	1,929,686
Community education and services	1,900,942	2,155,603
Interest on long-term debt	752,568	916,059
Total expenses	<u>56,374,463</u>	<u>62,157,723</u>
<b>Change in Net Position</b>	2,373,750	(3,305,671)
Beginning of year net position	(19,088,436)	(16,017,347)
Change in accounting principle	-	234,582
Beginning of year net position, as restated	<u>(19,088,436)</u>	<u>(15,782,765)</u>
<b>End of Year Net Position</b>	<u>\$ (16,714,686)</u>	<u>\$ (19,088,436)</u>

The District's total revenues were \$58,748,213 for the year ended June 30, 2021, and \$58,852,052 for the year ended June 30, 2020.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

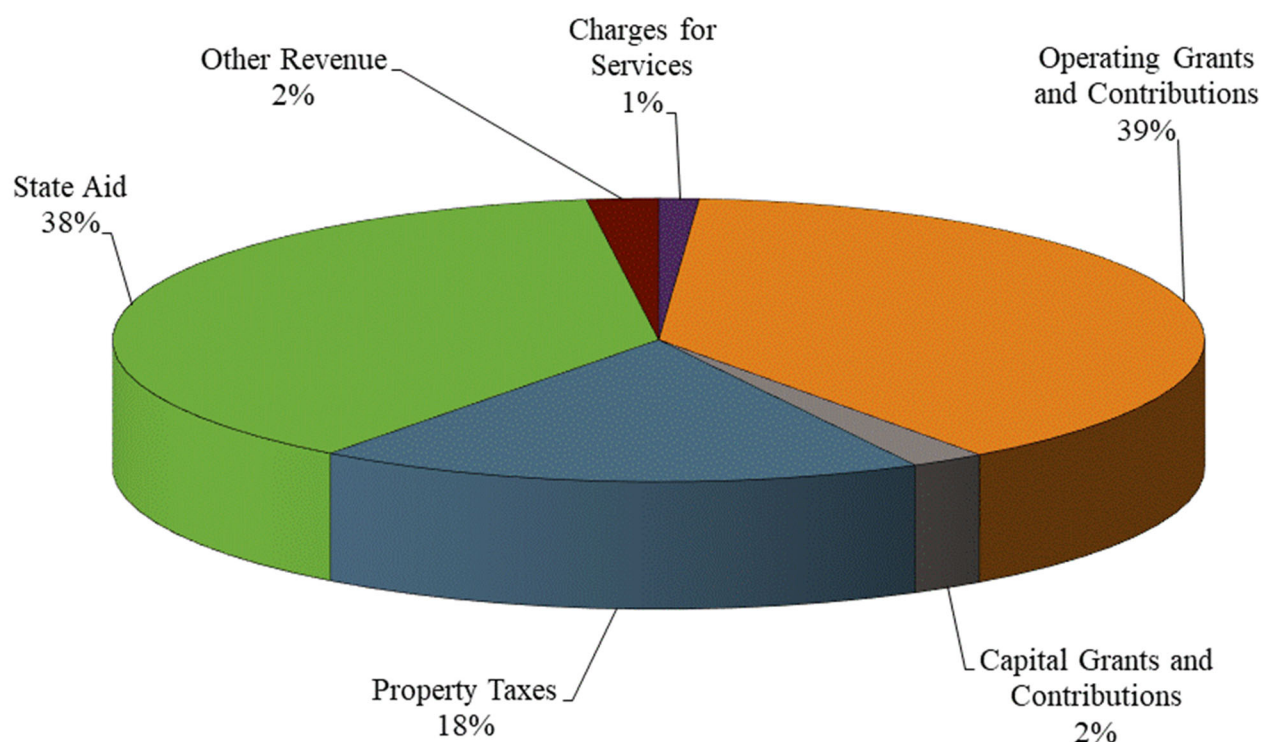
**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

Two of the District's largest revenue sources are general state aid, which makes up 38% of total revenue and property taxes, which accounts for 18% of the total revenue (See Figure A-3). The mix between local tax revenue and state aid is controlled by state law and is subject to change each year by legislative action. The District's funding pattern has shifted over the years to rely more heavily on state aid. Property tax revenue is derived from a combination of levies based on both market value as well as net tax capacity.

The total cost of all programs and services was \$56,374,463. Approximately 81% of the District's expenses are predominantly related to educating and caring for students. The purely administrative activities of the District accounted for just 3% of total costs (See Figure A-4).

- The District's operations resulted in total revenues over expenses, increasing the net position \$2,373,750 from last year. The decrease in spending for Sites, Building, and equipment is operating capital and long-term facilities maintenance.

**Figure A-3 - Sources of Revenues for Fiscal Year 2021**

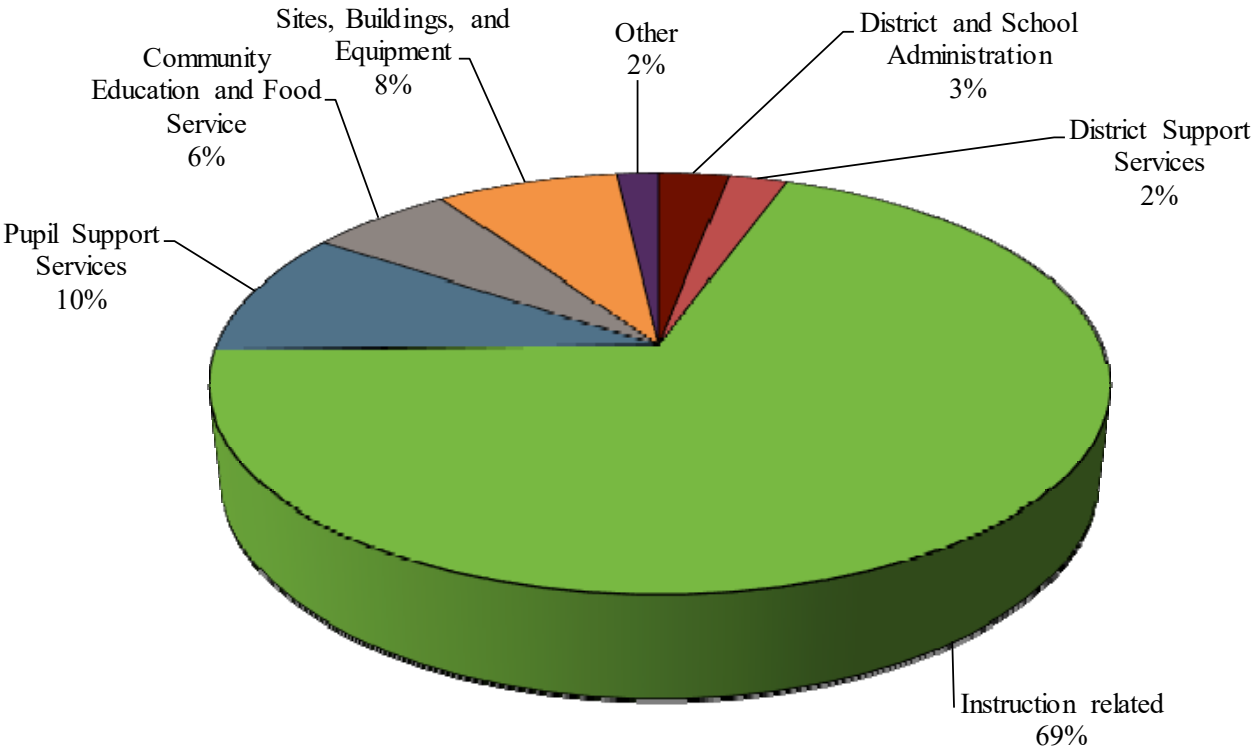


**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

The cost of all governmental activities this year was \$56,374,463.

**Figure A-4 - Expenses for Year 2021**



**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

Some of the cost was paid by the users of the District's programs (\$696,243). The federal and state governments subsidized certain programs with grants and contributions (\$22,820,068) for operating purposes and (\$1,293,266) for capital purposes. The remaining portion of governmental activities were paid for with \$10,580,898 in property taxes, \$22,112,383 of state aid based on the state-wide education aid formula and \$1,245,355 with investment earnings and other general revenues.

**Table A-3  
Independent School District No. 13  
Net Cost of Governmental Activities**

	6/30/2021 Total Cost of Services	6/30/2021 Net Cost of Services	6/30/2020 Total Cost of Services	6/30/2020 Net Cost of Services
District and school administration	\$ 1,692,527	\$ 1,692,527	\$ 1,685,639	\$ 1,685,639
District support services	1,434,818	1,434,818	1,846,535	1,846,535
Regular instruction	26,356,650	14,036,020	26,142,896	13,786,545
Vocational instruction	538,450	522,370	525,892	513,569
Special education instruction	9,523,193	2,636,480	9,577,049	2,724,662
Instructional support services	2,512,613	1,518,515	1,923,798	1,445,485
Pupil support services	5,435,177	5,435,177	6,903,971	6,419,690
Sites, buildings and equipment	4,389,972	2,803,106	8,298,837	7,276,849
Fiscal and other fixed costs	272,918	272,918	251,758	251,758
Food service	1,564,635	(160,747)	1,929,686	4,098
Community education and services	1,900,942	621,134	2,155,603	590,151
Interest on long-term debt	752,568	752,568	916,059	916,059
Total	<u>\$ 56,374,463</u>	<u>\$ 31,564,886</u>	<u>\$ 62,157,723</u>	<u>\$ 37,461,040</u>

**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 \$5,451,490.

Revenues for the District's governmental funds were \$58,815,681, while total expenditures were \$62,125,203. This resulted in a net decrease to fund balances of \$3,309,522.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**GENERAL FUND**

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

The following schedule presents a summary of General Fund revenues.

	Year Ended June 30, 2021	Year Ended June 30, 2020	Amount of Increase (Decrease)	Percent Increase (Decrease)
Property taxes	\$ 6,045,133	\$ 5,627,860	\$ 417,273	7.4%
Other local and county revenue	661,839	1,089,910	(428,071)	-39.3%
State sources	40,147,799	41,094,393	(946,594)	-2.3%
Federal sources	4,076,674	2,612,239	1,464,435	56.1%
Sales and conversion of assets	135,643	(748)	136,391	-18234.1%
Total general fund revenue	<u>\$ 51,067,088</u>	<u>\$ 50,423,654</u>	<u>\$ 643,434</u>	<u>1.3%</u>

Total General Fund revenue increased by \$643,434 or 1.3%, from the previous year. State funds decreased by 2.3% due to enrollment loss and property taxes increased 7.4%.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2021	Year Ended June 30, 2020	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	\$ 25,021,839	\$ 24,980,600	\$ 41,239	0.2%
Employees benefits	10,024,569	10,058,158	(33,589)	-0.3%
Purchased services	10,617,846	12,146,945	(1,529,099)	-12.6%
Supplies, material and equipment	4,682,218	5,639,692	(957,474)	-17.0%
Other expenditures	1,218,804	1,277,736	(58,932)	-4.6%
Total general fund expenditures	<u>\$ 51,565,276</u>	<u>\$ 54,103,131</u>	<u>\$ (2,537,855)</u>	<u>-4.7%</u>



**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

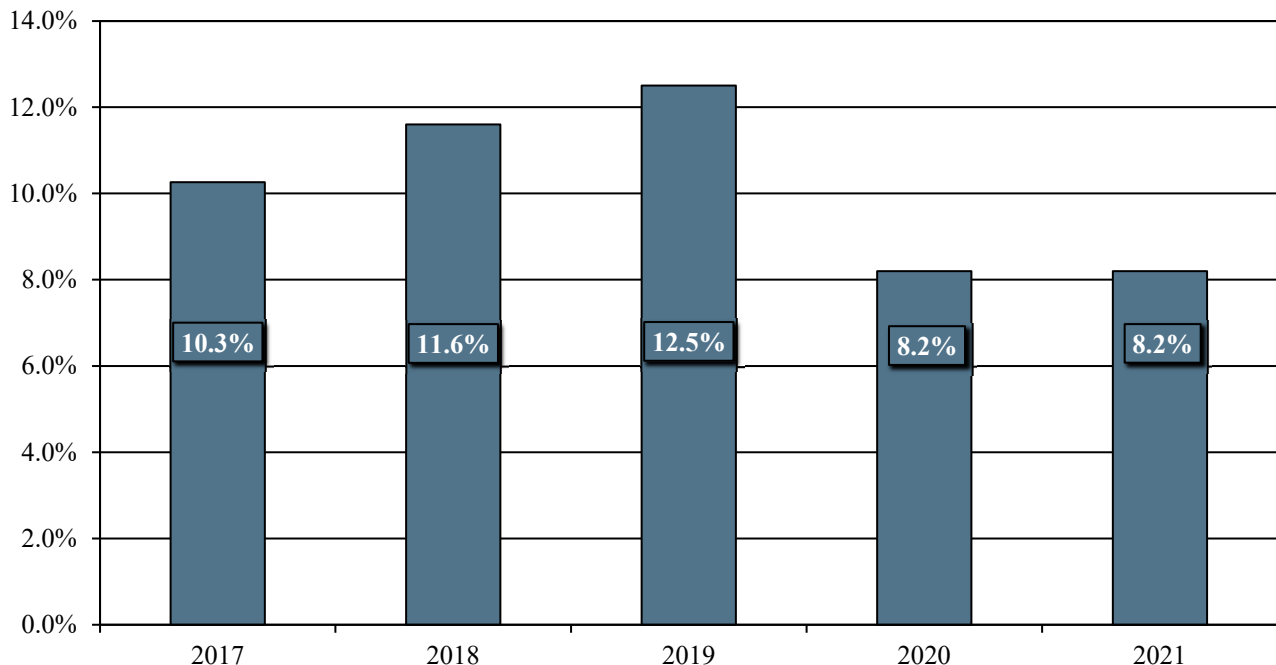
**GENERAL FUND (CONTINUED)**

Total General Fund expenditures decreased \$2,537,855 or 4.7%, from the previous year. In 2021, salary expenditures increased 0.2% and employee benefits expenditures decreased by 0.3%. Salary and benefit increases consisted of step and lane increases and changes in staffing and unfilled positions throughout the year. Purchased services decreased 12.6% mainly due to students learning remotely most of the school year and decreased transportation costs. Supplies, material, and equipment decreased 17.0% due mainly to students learning remotely most of the school year. Other expenditures decreased by 4.6%.

In 2021, General Fund revenue was less than expenditures by \$498,188. Therefore, total general fund balance decreased to \$3,064,569 at June 30, 2021. After deducting statutory reserves, the unassigned fund balance decreased from \$2,720,256 at June 30, 2020, to \$1,880,323 at June 30, 2021.

The following graph shows the General Fund unrestricted fund balance as a percentage of unrestricted expenditures.

**Unrestricted Fund Balance as a Percent of  
Unrestricted Expenditures**



The graph above is one of the best measures of overall financial health. The unrestricted fund balance of \$2,016,384, at June 30, 2021 represents 8.2% of annual unrestricted expenditures. Board policy requires this percentage to be at least 6 to 12 percent.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**GENERAL FUND (CONTINUED)**

**General Budgetary Highlights**

The District amended its original budget during the year. The final amended budget anticipated revenues would be less than expenditures by \$581,695, the actual results for the year show \$498,188 excess expenditures over revenues.

- Actual revenues were \$532,153 more than expected due largely to increases in other state revenues and grants.
- The actual expenditures were \$615,660 under budget.

**CAPITAL PROJECTS AND DEBT SERVICE FUNDS**

The District completed the High School main student bathrooms remodel, the Valley View window project, the North Park Elementary roofing project and the bond referendum project for North Park Elementary during 2020-21.

The High School Phase I roof replacement, The High School FACS LAB, The High School Area Separation, and North Park Elementary Windows replacement project will be completed during 2021-22.

The Debt Service Fund revenues exceeded expenditures by \$68,578 resulting in a fund balance of \$582,560 at June 30, 2021.

**OTHER NONMAJOR FUNDS**

Expenditures exceeded revenues in the other nonmajor funds by \$93,654. These funds include operations of food service and community service.

**INTERNAL SERVICE FUND**

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

Operating revenues for the Dental Insurance Fund for 2021 totaled \$304,512. Operating expenses totaled \$310,419.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2021, the District had invested \$83,145,500 in a broad range of capital assets, including land, buildings and equipment (See Table A-4). More detailed information about capital assets can be found in Note 3 to the financial statements.

**Table A-4  
Independent School District No. 13  
Capital Assets (Net of Accumulated Depreciation)  
Governmental Activities**

	06/30/21	06/30/20	Amount of Increased (Decrease)	Percent Increase (Decrease)
Land	\$ 122,570	\$ 122,570	\$ -	0.00%
Construction in progress	1,422,323	8,614,541	(7,192,218)	-83.49%
Land improvements	27,309,818	15,254,257	12,055,561	79.03%
Buildings	12,388,755	12,757,334	(368,579)	-2.89%
Equipment	1,483,859	1,423,107	60,752	4.27%
Total historical cost	<u>\$ 42,727,325</u>	<u>\$ 38,171,809</u>	<u>\$ 4,555,516</u>	<u>11.93%</u>

**Construction – Next Five Years**

Starting in the Summer of 2022, the District has the following projects forecasted: Columbia Heights High School Roof replacement project, Columbia Heights High School Pavement project, Columbia Heights High School and Columbia Academy Gym/Cafeteria HVAC replacement. We have an additional phase of sections of roof replacement in the following years at Highland Elementary and Valley View Elementary and then additional HVAC projects across the District's five buildings.

**Independent School District No. 13  
Columbia Heights, Minnesota  
Management's Discussion and Analysis**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Liabilities**

At year-end, the District had \$21,823,049 in general obligation (G.O.) bonds outstanding. The District also had \$320,213 in compensated absences payable and \$5,025,267 in capital leases payable June 30, 2021. The District is also obligated for post-employment health benefits for certain employees. More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

**Table A-5  
Independent School District No. 13  
Outstanding Long-Term Liabilities**

	Total School District		Amount of	Percent
	FY 2021	FY 2020	Increase (Decrease)	Increase (Decrease)
General obligation bonds	\$ 20,718,058	\$ 22,918,058	\$ (2,200,000)	-9.60%
Net bond premium	1,104,991	1,351,295	(246,304)	-18.23%
Capital lease payable	5,025,267	5,603,447	(578,180)	-10.32%
Compensated absences payable	320,213	291,662	28,551	9.79%
Total	<u>\$ 27,168,529</u>	<u>\$ 30,164,462</u>	<u>\$ (2,995,933)</u>	<u>-9.93%</u>

**Bond Ratings**

The District's general obligation bonds carry a rating of A2 according to the most recent Moody's Investor Service Rating.

**Limitations on Debt**

The state limits the amount of general obligation debt the District can issue to 15% of the market value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit, which is currently \$353,195,898.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District's 2021-2022 General Fund expenditures are expected to exceed revenues by \$28,809. The budget parameters included expenditures increasing 3% and a slight increase in enrollment projections. With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of financial support. This source of funding is primarily state aid based on enrollment and, as such, school districts rely heavily on the State of Minnesota for educational resources. The Legislature has added \$161, or 2.45 percent per pupil, to the formula for fiscal year 2022 and added \$135, or 2 percent per pupil, to the formula for fiscal year 2023. Though we have revenue increases from the State, they have not kept up with the costs of inflation and required mandates.

**Independent School District No. 13  
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**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

The District will be forced to reduce the General Fund unassigned fund balance to maintain the current programming level in future years and/or seek additional funding from alternative sources. Additionally, the effect of the COVID-19 pandemic on student enrollment and the state-wide economy will likely impact the financial condition of the District. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. If we see a decline in funding from the state of Minnesota, the District will have to either cut programming or increase class size to allow for the decreased revenue per student.

Accordingly, the District continues to project two years into the future to allow sufficient time to resolve potential budget issues in a timely manner. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of sound financial planning.

**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, contact the Business Office, Columbia Heights Independent School District No. 13, 1440 49<sup>th</sup> Avenue NE, Columbia Heights, Minnesota 55421.

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## **BASIC FINANCIAL STATEMENTS**

**Independent School District No. 13**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 8,420,905
Current property taxes receivable	7,331,828
Delinquent property taxes receivable	153,297
Accounts receivable	242,703
Due from Department of Education	5,523,092
Due from Federal Government through Department of Education	2,493,009
Due from other Minnesota school districts	66,489
Due from other governmental units	48,706
Inventory	73,659
Prepaid items	72,326
OPEB asset	3,400,153
Capital assets, not being depreciated	
Land	122,570
Construction in progress	1,422,323
Capital assets, net of accumulated depreciation	
Improvements	27,309,818
Buildings	12,388,755
Machinery and equipment	1,483,859
Total assets	<u>70,553,492</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	12,789,307
Deferred outflows of resources related to OPEB	632,081
Total deferred outflows of resources	<u>13,421,388</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 83,974,880</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 948,225
Contracts payable	537,848
Salaries, benefits and severance payable	4,441,299
Interest payable	659,177
Due to other Minnesota school districts	1,009,352
Due to other governmental units	6,591
Unearned revenue	75,569
Aid anticipation certificates payable	1,010,000
Noncurrent liabilities	
Payable within one year	
Bond principal payable, net of related premiums	2,285,000
Capital lease payable	602,057
Compensated absences payable	209,031
Payable after one year	
Bond principal payable, net of related premiums	19,538,049
Capital lease payable	4,423,210
Compensated absences payable	111,182
Net pension liability	30,528,832
Total liabilities	<u>66,385,422</u>
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenses	10,768,593
Deferred inflows of resources related to pensions	22,214,206
Deferred inflows of resources related to OPEB	1,321,345
Total deferred inflows of resources	<u>34,304,144</u>
<b>Net Position</b>	
Net investment in capital assets	15,879,009
Restricted for	
Debt service	302,239
Capital projects	766,163
Other purposes	2,185,289
Unrestricted	(35,847,386)
Total net position	<u>(16,714,686)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u><u>\$ 83,974,880</u></u>



**Independent School District No. 13**  
**Statement of Activities**  
**Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenues and
		Services	Grants and	and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities					
Administration	\$ 1,692,527	\$ -	\$ -	\$ -	\$ (1,692,527)
District support services	1,434,818	-	-	-	(1,434,818)
Elementary and secondary regular instruction	26,356,650	55,677	12,264,953	-	(14,036,020)
Vocational education instruction	538,450	-	16,080	-	(522,370)
Special education instruction	9,523,193	-	6,886,713	-	(2,636,480)
Instructional support services	2,512,613	-	994,098	-	(1,518,515)
Pupil support services	5,435,177	-	-	-	(5,435,177)
Sites and buildings	4,389,972	183,141	110,459	1,293,266	(2,803,106)
Fiscal and other fixed cost programs	272,918	-	-	-	(272,918)
Food service	1,564,635	23,210	1,702,172	-	160,747
Community education and services	1,900,942	434,215	845,593	-	(621,134)
Interest and fiscal charges on long-term debt	752,568	-	-	-	(752,568)
Total governmental activities	<u>\$ 56,374,463</u>	<u>\$ 696,243</u>	<u>\$ 22,820,068</u>	<u>\$ 1,293,266</u>	(31,564,886)
<b>General revenues</b>					
Taxes					
Property taxes, levied for general purposes					5,971,959
Property taxes, levied for community service					378,076
Property taxes, levied for capital projects					1,391,410
Property taxes, levied for debt service					2,839,453
State aid-formula grants					22,112,383
Other general revenues					1,177,927
Investment income					67,428
Total general revenues					<u>33,938,636</u>
Change in net position					2,373,750
Net position - beginning					<u>(19,088,436)</u>
Net position - ending					<u>\$ (16,714,686)</u>

See notes to basic financial statements.

**Independent School District No. 13**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

	General	Debt Service	Capital Project	Other Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 3,963,435	\$ 1,625,392	\$ 1,865,205	\$ 860,016	\$ 8,314,048
Current property taxes receivable	4,415,417	1,759,693	957,694	199,024	7,331,828
Delinquent property taxes receivable	95,792	37,273	15,305	4,927	153,297
Accounts receivable	234,363	-	-	8,340	242,703
Due from Department of Education	5,427,461	7	-	95,624	5,523,092
Due from Federal Government through Department of Education	2,166,465	-	-	326,544	2,493,009
Due from other Minnesota school districts	59,569	-	-	6,920	66,489
Due from other governmental units	48,706	-	-	-	48,706
Inventory	64,019	-	-	9,640	73,659
Prepaid items	72,042	-	-	284	72,326
<b>Total assets</b>	<b>\$ 16,547,269</b>	<b>\$ 3,422,365</b>	<b>\$ 2,838,204</b>	<b>\$ 1,511,319</b>	<b>\$ 24,319,157</b>
<b>Liabilities</b>					
Accounts payable	\$ 902,099	\$ 800	\$ -	\$ 32,196	\$ 935,095
Contracts payable	10,126	-	527,722	-	537,848
Salaries, benefits and severance payable	4,331,488	-	7,603	102,208	4,441,299
Interest payable	11,391	-	-	-	11,391
Due to other Minnesota school districts	1,008,230	-	-	1,122	1,009,352
Due to other governmental units	6,362	-	-	229	6,591
Unearned revenue	64,810	-	-	10,759	75,569
Aid anticipation certificates payable	1,010,000	-	-	-	1,010,000
<b>Total liabilities</b>	<b>7,344,506</b>	<b>800</b>	<b>535,325</b>	<b>146,514</b>	<b>8,027,145</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - delinquent property taxes	49,381	15,299	5,174	2,075	71,929
Property taxes levied for subsequent year's expenditures	6,088,813	2,823,706	1,536,716	319,358	10,768,593
<b>Total deferred inflows of resources</b>	<b>6,138,194</b>	<b>2,839,005</b>	<b>1,541,890</b>	<b>321,433</b>	<b>10,840,522</b>
<b>Fund Balances</b>					
Nonspendable	136,061	-	-	9,924	145,985
Restricted	1,048,185	582,560	760,989	1,057,430	3,449,164
Unassigned	1,880,323	-	-	(23,982)	1,856,341
<b>Total fund balances</b>	<b>3,064,569</b>	<b>582,560</b>	<b>760,989</b>	<b>1,043,372</b>	<b>5,451,490</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 16,547,269</b>	<b>\$ 3,422,365</b>	<b>\$ 2,838,204</b>	<b>\$ 1,511,319</b>	<b>\$ 24,319,157</b>

**Independent School District No. 13**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**June 30, 2021**

Total fund balances - governmental funds	\$ 5,451,490
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	83,145,500
Less accumulated depreciation	(40,418,175)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond principal payable (net of premiums)	(21,823,049)
Capital lease payable	(5,025,267)
Compensated absences payable	(320,213)
Net pension liability	(30,528,832)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	12,789,307
Deferred inflows of resources related to pensions	(22,214,206)
Deferred outflows of resources related to OPEB	632,081
Deferred inflows of resources related to OPEB	(1,321,345)
Delinquent property tax receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	71,929
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(647,786)
Total OPEB asset created through treatment of employer contribution from the internal service fund to defined benefit OPEB plan is not recognized in the governmental funds.	3,400,153
The Internal Service Funds are used by management to charge the cost of the self insurance plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	93,727
Total net position - governmental activities	<u>\$ (16,714,686)</u>

**Independent School District No. 13**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2021**

	General	Debt Service	Capital Project	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>					
Local property taxes	\$ 6,045,133	\$ 2,876,708	\$ 1,405,532	\$ 382,492	\$ 10,709,865
Other local and county revenues	661,839	5,764	47,047	445,364	1,160,014
Revenue from state sources	40,147,799	69	-	447,155	40,595,023
Revenue from federal sources	4,076,674	-	-	2,089,659	6,166,333
Sales and other conversion of assets	135,643	-	25,593	23,210	184,446
Total revenues	<u>51,067,088</u>	<u>2,882,541</u>	<u>1,478,172</u>	<u>3,387,880</u>	<u>58,815,681</u>
<b>Expenditures</b>					
Current					
Administration	1,456,952	-	-	-	1,456,952
District support services	1,461,340	-	-	-	1,461,340
Elementary and secondary regular instruction	23,507,929	-	-	-	23,507,929
Vocational education instruction	500,935	-	-	-	500,935
Special education instruction	8,991,781	-	-	-	8,991,781
Instructional support services	2,338,979	-	-	-	2,338,979
Pupil support services	5,317,143	-	-	19,544	5,336,687
Sites and buildings	4,757,495	-	644,330	-	5,401,825
Fiscal and other fixed cost programs	272,918	-	-	-	272,918
Food service	-	-	-	1,482,735	1,482,735
Community education and services	-	-	-	1,738,863	1,738,863
Capital outlay					
Elementary and secondary regular instruction	490,416	-	-	-	490,416
Vocational education instruction	5,076	-	-	-	5,076
Special education instruction	1,705	-	-	-	1,705
Instructional support services	5,400	-	-	-	5,400
Pupil support services	146,001	-	-	-	146,001
Sites and buildings	1,495,105	-	3,807,408	-	5,302,513
Food service	-	-	-	52,674	52,674
Community education and services	-	-	-	410	410
Debt service					
Principal	578,180	2,200,000	-	-	2,778,180
Interest and fiscal charges	237,921	613,963	-	-	851,884
Total expenditures	<u>51,565,276</u>	<u>2,813,963</u>	<u>4,451,738</u>	<u>3,294,226</u>	<u>62,125,203</u>
Excess of expenditures over (under) revenues	(498,188)	68,578	(2,973,566)	93,654	(3,309,522)
<b>Fund Balances</b>					
Beginning of Year	<u>3,562,757</u>	<u>513,982</u>	<u>3,734,555</u>	<u>949,718</u>	<u>8,761,012</u>
End of year	<u>\$ 3,064,569</u>	<u>\$ 582,560</u>	<u>\$ 760,989</u>	<u>\$ 1,043,372</u>	<u>\$ 5,451,490</u>

**Independent School District No. 13**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement**  
**of Activities - Governmental Funds**  
**Year Ended June 30, 2021**

Net change in fund balances - total governmental funds \$ (3,309,522)

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

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

Capital outlays	6,474,525
Depreciation expense	(1,919,009)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(28,551)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	
Principal payments	2,778,180

OPEB obligations are recognized when paid in the governmental funds, but recognized when incurred in the Statement of Activities.	83,651
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Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	(1,670,325)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(146,988)
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Governmental funds report debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums and discounts are reported net of the related debt in the government-wide financial statements.	
Premium amortization	246,304

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(128,967)
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The internal service funds are used by management to charge the costs of the self insurance program to other funds. The operating income is reported within the governmental activities in the Statement of Activities.	(5,548)
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Change in net position - governmental activities	\$ <u>2,373,750</u>
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**Independent School District No. 13**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 6,214,296	\$ 5,942,893	\$ 6,045,133	\$ 102,240
Other local and county revenues	1,237,725	1,177,494	661,839	(515,655)
Revenue from state sources	40,697,267	40,105,818	40,147,799	41,981
Revenue from federal sources	2,601,607	4,370,036	4,076,674	(293,362)
Sales and other conversion of assets	3,000	3,000	135,643	132,643
Total revenues	<u>50,753,895</u>	<u>51,599,241</u>	<u>51,067,088</u>	<u>(532,153)</u>
<b>Expenditures</b>				
Current				
Administration	1,489,767	1,460,253	1,456,952	(3,301)
District support services	1,561,672	1,628,677	1,461,340	(167,337)
Elementary and secondary regular instruction	24,134,876	24,755,379	23,507,929	(1,247,450)
Vocational education instruction	487,882	495,714	500,935	5,221
Special education instruction	9,133,783	9,526,446	8,991,781	(534,665)
Instructional support services	1,642,905	1,750,675	2,338,979	588,304
Pupil support services	5,335,285	4,886,223	5,317,143	430,920
Sites and buildings	3,771,132	3,653,600	4,757,495	1,103,895
Fiscal and other fixed cost programs	195,000	346,750	272,918	(73,832)
Capital outlay				
District support services	7,000	-	-	-
Elementary and secondary regular instruction	520,098	577,466	490,416	(87,050)
Vocational education instruction	-	-	5,076	5,076
Special education instruction	-	-	1,705	1,705
Instructional support services	-	5,400	5,400	-
Pupil support services	700,000	409,406	146,001	(263,405)
Sites and buildings	1,718,921	1,881,527	1,495,105	(386,422)
Debt service				
Principal	645,815	645,815	578,180	(67,635)
Interest and fiscal charges	157,605	157,605	237,921	80,316
Total expenditures	<u>51,501,741</u>	<u>52,180,936</u>	<u>51,565,276</u>	<u>(615,660)</u>
Net change in fund balance	<u>\$ (747,846)</u>	<u>\$ (581,695)</u>	<u>(498,188)</u>	<u>\$ 83,507</u>
<b>Fund Balance</b>				
Beginning of Year			<u>3,562,757</u>	
End of year			<u>\$ 3,064,569</u>	

**Independent School District No. 13**  
**Statement of Fund Net Position - Proprietary Funds**  
**June 30, 2021**

	Governmental Activities - Dental Insurance Internal Service Fund
<b>Assets</b>	
Current assets	
Cash and cash equivalents	<u>\$      106,857</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	<u>\$      13,130</u>
<b>Net Position</b>	
Unrestricted	<u>93,727</u>
Total liabilities and net position	<u>\$      106,857</u>

**Independent School District No. 13**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended June 30, 2021**

	Governmental Activities - Dental Insurance Internal Service Fund
<b>Operating Revenue</b>	
Charges for services	\$ 304,512
<b>Operating Expenses</b>	
Insurance	<u>310,419</u>
Operating income	(5,907)
<b>Nonoperating Revenue</b>	
Investment income	<u>359</u>
Net loss	(5,548)
<b>Net Position</b>	
Beginning of year	<u>99,275</u>
End of year	<u><u>\$ 93,727</u></u>



**Independent School District No. 13**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended June 30, 2021**

	Governmental Activities - Dental Insurance Internal Service Fund
<b>Cash Flows - Operating Activities</b>	
Cash received from other funds	\$ 304,512
Cash paid to vendors	(305,295)
Net cash flows - operating activities	<u>(783)</u>
<b>Cash Flows - Investing Activities</b>	
Interest received	<u>359</u>
<b>Net Change in Cash and Cash Equivalents</b>	(424)
<b>Cash and Cash Equivalents</b>	
Beginning of year	<u>107,281</u>
End of year	<u><u>\$ 106,857</u></u>
<b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Flows - Operating Activities</b>	
Operating loss	\$ (5,907)
Change in accounts payable	<u>5,124</u>
Net cash flows - operating activities	<u><u>\$ (783)</u></u>

**Independent School District No. 13**  
**Statement of Fiduciary Net Position**  
**June 30, 2021**

	<u>Custodial Fund</u>	<u>Other Post Employment Benefits Irrevocable Trust Fund</u>
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 161,255	\$ -
Investments		
Equities	-	2,649,903
Brokered money markets	-	118,371
Government securities	-	1,009,202
Corporate securities	-	1,581,023
Real asset funds	-	373,590
Total investments	-	5,732,089
Other receivables	6,728	-
Total assets	<u>\$ 167,983</u>	<u>\$ 5,732,089</u>
<b>Liabilities</b>		
Accounts payable	\$ 58,502	\$ 223,622
Due to other governments	3,900	-
Total liabilities	<u>\$ 62,402</u>	<u>\$ 223,622</u>
<b>Net Position</b>		
Held for Summer Academy	\$ 105,581	\$ -
Held in trust for OPEB	-	5,508,467
Total net position	<u>\$ 105,581</u>	<u>\$ 5,508,467</u>

**Independent School District No. 13**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2021**

	Custodial Fund	OPEB Irrevocable Trust Fund
<b>Additions</b>		
Contributions	\$ 414,296	\$ -
Interest income	549	85,056
Net appreciation in fair value of investments	-	750,180
Less investment management fee	-	(64,655)
Net investment income	<u>549</u>	<u>770,581</u>
Total additions	<u>414,845</u>	<u>770,581</u>
<b>Deductions</b>		
Administrative Expense	58,180	-
Miscellaneous	<u>322,989</u>	<u>223,622</u>
Total deductions	<u>381,169</u>	<u>223,622</u>
Change in net position	33,676	546,959
<b>Net Position</b>		
Beginning of year	<u>71,905</u>	<u>4,961,508</u>
End of year	<u><u>\$ 105,581</u></u>	<u><u>\$ 5,508,467</u></u>

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## **Independent School District No. 13**

### **Notes to Basic Financial Statements**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a six member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

##### **A. Reporting Entity**

The basic financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the basic financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, the District has no component units; however, a certain organization has been defined and is presented in this report as follows:

Joint Ventures – The relationship of the District with the entity is disclosed.

##### **1. Joint Venture**

###### **City of Columbia Heights**

On March 3, 2008, the District and the City of Columbia Heights, Minnesota, (the "City") entered into a joint powers agreement in relation to the construction, maintenance and operation of recreational facilities currently on the District campus at 1400 49<sup>th</sup> Ave. NE, Columbia Heights, Minnesota. Portions of the facilities are established for primary use by each party, of which they are responsible for controlling usage and maintenance. Various cost responsibilities are outlined within the agreement. There is not an explicit measurable equity interest in the joint venture; however, the related asset for the District's portion for the facilities is reported in the government-wide financial statements.

The activity of the City is shown separately in their own issued basic financial statements. No separate basic financial statements are issued.

The District's student activity accounts are under the School Board's control. No separate basic financial statements are issued.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statement Information**

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 the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The custodial and trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, 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. 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.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

**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, including targeted services 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 years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

**2. Recording of Expenditures**

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences and claims and judgments are recognized when payment is due.

The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, unassigned.

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 revenues of the District's internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Description of Funds:**

**Major Funds:**

General Fund – This fund is the basic operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond principal, interest, and related costs.

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

**Nonmajor Funds:**

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds: (Continued)**

**Nonmajor Funds: (Continued)**

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education or other similar services.

**Fiduciary Funds:**

OPEB Irrevocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

Custodial Fund – This fund is used to account for the activity of the Summer Academy for a summer school program held at the District.

**Internal Service Funds:**

Dental Insurance Internal Service Fund – This fund is used to account for operations of the District's self – insured dental insurance plan. Premiums collected from employees are collected from other governmental funds and claims for dental claims are paid by this fund.

**D. Deposits and Investments**

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

**District Funds Other than OPEB Trust Fund**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

**District Funds Other than OPEB Trust Fund (Continued)**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.



**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Deposits and Investments (Continued)**

**District Funds Other than OPEB Trust Fund (Continued)**

Cash and investments at June 30, 2021, were comprised of deposits, shares in the Minnesota School District Liquid Asset Fund (MSDLAF) and shares in the MNTrust Investment Shares Portfolio. The MSDLAF and the MNTrust Investment Shares Portfolio are valued at amortized cost, which approximates fair value.

*Minnesota Statutes* requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

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

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

**OPEB Trust Fund**

These funds represent investments administered by the District's OPEB Trust Fund investment managers. As of June 30, 2021, the investments were comprised of brokered money markets, government securities, corporate securities, real estate funds, and equities.

*Minnesota Statutes* requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

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

The OPEB Trust Agreement does not address interest rate risk, concentration of credit risk, or custodial credit risk for investments.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Deposits and Investments (Continued)**

**OPEB Trust Fund (Continued)**

The OPEB Trust Agreement indicates the District has an investment horizon which is considered to be long-term, in excess of 11 years. The investment emphasis is on the production of current income with some consideration for capital preservation. District suitability, liquidity needs, investment minimum requirements, and investor qualifications will be considered before investments are made. The District has a medium risk tolerance, but moderate down years in investment performance are acceptable. The asset allocation strategy for the trust is as listed below.

<u>Asset Class</u>	<u>Range</u>
Equities	28%-48%
Fixed income	31%-51%

The allocation does not involve market timing and is intended to represent a diversified approach to investing based upon the District's investment horizon. The portfolio will be monitored, measured, and evaluated over a market cycle. The policy outlines a benchmark return for the portfolio of roughly 5.6% assuming an allocation as noted above.

**E. Property Tax Receivable**

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

**F. Property Taxes Levied for Subsequent Year's Expenditures**

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

**G. Inventories**

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventories are recorded as expenditures when consumed rather than when purchased.

**H. Prepaid Items**

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Property Taxes**

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

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

**J. Capital Assets**

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

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 purpose. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

**K. Deferred Outflows/Inflows of Resources**

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

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

**L. Long-Term Obligations**

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

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

**M. Compensated Absences**

Unused vacation is recorded as compensated absences payable. The District also maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. The amount of the early retirement incentive payment is calculated by converting a portion of accrued sick leave. If early retirement incentive payments are owed to a retired employee as of June 30, 2021, an accrual is made in the governmental fund incurring the liability. The amount of yearly retirement incentive payment that is based on convertible sick leave is recorded as a liability in the Statement of Net Position as it is earned and when it becomes probable that it will vest at some point in the future.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Post Employment Severance and Health Benefits**

The District's severance and health benefits consist of lump sum early retirement incentive payments and post employment health care benefits.

Under the terms of collectively bargained employment contracts and state law, the District is required to pay portions of the health insurance premiums for retired teachers and administrators until they reach age 65 or are eligible for Medicare.

**O. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and 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. The 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 (DTRFA) in 2015.

**P. Postemployment Benefits Other Than Pensions (OPEB)**

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

**Q. Risk Management**

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Fund Equity**

**1. Classification**

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include inventory and prepaid items.
- Restricted Fund Balances – These are amounts that are restricted to specific purposes either by constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or imposed by law through enabling legislation.
- Committed Fund Balances – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the School Board (highest level of decision making authority) through resolution.
- Assigned Fund Balances – The School Board delegates to the Superintendent within their fund balance policy, the authority to assign fund balances for specific purposes.
- Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund. Negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceed amounts restricted, committed, or assigned for those purposes.

The District's policy is to spend resources from fund balance classifications in the following order (first to last) if resources from more than one fund balance classification could be spent: restricted, committed, assigned, and unassigned.

**2. Minimum Fund Balance Policy**

The District will strive to maintain a General Fund balance of between 6% and 12% of fund balance to total unrestricted expenditures. The fund balance shall be defined as the sum of the unrestricted fund balance. When the District is projected to drop below its minimum fund balance, District administration shall initiate measures to either generate additional revenue or to reduce expenditures through a budget reduction plan, or a combination of both.

**S. Net Position**

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Use of Estimates**

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

**U. Budgetary Information**

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to July 1, the School Superintendent submits to the School Board a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service, and Capital Project Funds.
4. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

**District Funds Other than OPEB Trust Fund**

In accordance with applicable *Minnesota Statutes*, the District maintains deposits at depository banks authorized by the School Board.

**Custodial Credit Risk – Deposits:** For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding Federal Deposit Insurance Corporation (FDIC), SAIF, BIF, or FCUA coverage. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name. As of June 30, 2021, the District had deposits of \$655,129.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

**1. District Governmental Funds**

As of June 30, 2021, the District had the following investments:

	Fair Value	Investment Maturities			S&P Credit Rating
		Less Than One Year	1-2 Years	2-5 Years	
MSDLAF	\$ 251,947	\$ 251,947	\$ -	\$ -	AAAm
MSDLAF MAX	441	441	-	-	AAAm
MNTrust Investment Shares Portfolio	7,669,643	7,669,643	-	-	AAA
Total investments	<u>\$ 7,922,031</u>	<u>\$ 7,922,031</u>	<u>\$ -</u>	<u>\$ -</u>	

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investments policy requires their investments be rated as required by *Minnesota Statutes* 118A.04.

**Concentration of Credit Risk:** Concentration of credit risk is the limit on the amount the District may invest in any one issuer. The District's policy states the District shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investment policy also places no limit on the amount the District may invest in any one issuer.

**Interest Rate Risk:** Managing exposure to fair value arising from increasing interest rates. The District's investment policy states the District should manage their interest rates in a manner to attain a market rate of return through various economic and budgetary cycles and taking into account constraints on risk and cash flow requirements.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or securities that are in the possession of an outside party. The District's investment policy states all investments shall be held in third party safekeeping by an institution designated as custodial agent.



**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**2. OPEB Trust Fund**

As of June 30, 2021, the District's OPEB Trust Fund had the following investments:

	Fair Value	Investment Maturities			Moody's Credit Rating
		Less Than One Year	1-2 Years	2-5 Years	
Equities	\$ 2,649,903	\$ 2,649,903	\$ -	\$ -	N/A
Brokered money markets	118,371	118,371	-	-	N/A
Fixed income					
Government securities	1,009,202	-	311,631	697,571	AAA
Corporate securities	1,581,023	50,811	357,768	1,172,444	BAA3
Real asset funds	373,590	373,590	-	-	N/A
Total investments	<u>\$ 5,732,089</u>	<u>\$ 3,192,675</u>	<u>\$ 669,399</u>	<u>\$ 1,870,015</u>	

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The OPEB Trust Agreement does not address this risk.

The OPEB Trust Fund has the following recurring fair value measurements as of June 30, 2021:

- \$4,349,297 of investments are valued using significant other observable inputs (Level 2 inputs).

**C. Deposits and Investments**

The following is a summary of total deposits and investments:

District governmental funds	
Deposits (Note 2.A.)	\$ 655,129
Investments (Note 2.B.1.)	7,922,031
Petty cash	5,000
OPEB trust fund	
Investments (Note 2.B.2.)	<u>5,732,089</u>
Total deposits and investments	<u>\$ 14,314,249</u>

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Deposits and Investments (Continued)**

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

Statements of Net Position	
Cash and investments	\$ 8,420,905
Statement of Fiduciary Net Position	
Cash and cash equivalents - Custodial Fund	161,255
Investments - OPEB Irrevocable Trust Fund	5,732,089
	<hr/>
Total cash and investments	<u><u>\$ 14,314,249</u></u>

**NOTE 3 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being				
Depreciated				
Land	\$ 122,570	\$ -	\$ -	\$ 122,570
Construction in progress	8,614,541	3,375,054	10,567,272	1,422,323
Total capital assets not				
being depreciated	<u>8,737,111</u>	<u>3,375,054</u>	<u>10,567,272</u>	<u>1,544,893</u>
Capital assets being depreciated				
Buildings	30,260,531	-	-	30,260,531
Improvements other than				
buildings	29,261,257	13,391,197	-	42,652,454
Machinery and equipment	8,412,076	275,546	-	8,687,622
Total capital assets				
being depreciated	<u>67,933,864</u>	<u>13,666,743</u>	<u>-</u>	<u>81,600,607</u>
Less accumulated depreciation for				
Buildings	17,503,197	368,579	-	17,871,776
Improvements other than				
buildings	14,007,000	1,335,636	-	15,342,636
Machinery and equipment	6,988,969	214,794	-	7,203,763
Total accumulated				
depreciation	<u>38,499,166</u>	<u>1,919,009</u>	<u>-</u>	<u>40,418,175</u>
Total capital assets being				
depreciated, net	<u>29,434,698</u>	<u>11,747,734</u>	<u>-</u>	<u>41,182,432</u>
Governmental activities,				
capital assets, net	<u><u>\$ 38,171,809</u></u>	<u><u>\$ 15,122,788</u></u>	<u><u>\$ 10,567,272</u></u>	<u><u>\$ 42,727,325</u></u>

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 3 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense of \$1,919,009 for the year ended June 30, 2021, was charged to the following governmental functions:

Administration	\$ 104,316
District support services	476
Elementary and secondary regular instruction	1,202,402
Vocational education instruction	1,379
Special education instruction	180,963
Community service	152,398
Instructional support services	89,946
Pupil support services	64,984
Food service	104,156
Sites and buildings	17,989
	<hr/>
Total depreciation expense	<u><u>\$ 1,919,009</u></u>

**NOTE 4 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G. O. Bonds, including refunding bonds						
2012A Capital Facilities Bonds	05/03/12	2.00%-2.75%	\$ 965,000	02/01/27	\$ 450,000	\$ 70,000
2013A Refunding Bonds	01/08/13	2.00%-4.00%	17,745,000	02/01/23	4,295,000	2,105,000
2019A School Building Bonds	02/21/19	2.00%-5.00%	10,000,000	02/01/33	9,690,000	110,000
2019B School Building Bonds	02/21/19	2.00%-3.45%	6,283,058	02/01/33	6,283,058	-
Total G.O. bonds					<hr/> 20,718,058	<hr/> 2,285,000
Unamortized premium on bonds					1,104,991	-
Total G.O. bonds, net of premium					<hr/> 21,823,049	<hr/> 2,285,000
Capital lease	06/19/08	4.10%	3,684,766	06/19/28	1,639,300	206,655
Capital lease	04/17/12	3.95%	2,950,000	12/30/27	1,495,260	205,712
Capital lease	04/01/14	4.10%	2,950,000	12/30/29	1,890,707	189,690
Total debt outstanding					<hr/> 26,848,316	<hr/> 2,887,057
Compensated absences					<hr/> 320,213	<hr/> 209,031
Total all long-term liabilities					<u><u>\$ 27,168,529</u></u>	<u><u>\$ 3,096,088</u></u>

Long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. Compensated absences are liquidated primarily through the District's General Fund, Community Education Fund, and Food Service fund.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

**B. Minimum Debt Payments for Bonds and Loans**

Minimum annual principal and interest payments required to retire bond liabilities:

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2022	\$ 2,285,000	\$ 524,988	\$ 2,809,988
2023	2,350,000	457,888	2,807,888
2024	1,589,035	469,604	2,058,639
2025	1,607,254	451,008	2,058,262
2026	1,629,039	431,661	2,060,700
2027-2031	8,012,309	1,935,291	9,947,600
2032-2035	3,245,421	699,029	3,944,450
Total	<u>\$ 20,718,058</u>	<u>\$ 4,969,469</u>	<u>\$ 25,687,527</u>

**C. Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. bonds	\$ 22,918,058	\$ -	\$ 2,200,000	\$ 20,718,058
Bond premium	1,351,295	-	246,304	1,104,991
Capital leases	5,603,447	-	578,180	5,025,267
Compensated absences payable	291,662	477,765	449,214	320,213
Total long-term liabilities	<u>\$ 30,164,462</u>	<u>\$ 477,765</u>	<u>\$ 3,473,698</u>	<u>\$ 27,168,529</u>

**D. Capital Lease Obligations**

On June 19, 2008, the District entered into a lease levy agreement for the construction of a new gymnasium. The capital lease obligation totaled \$3,684,766. The capital lease agreement is semiannual principal and interest payments totaling \$271,749 for the remaining years of the agreement.

On April 17, 2012, the District entered into a lease levy agreement for the construction of a classroom addition. The capital lease obligation totaled \$2,950,000. The capital lease agreement is semiannual principal and interest payments totaling \$131,778 for the remaining years of the agreement.

On April 1, 2014, the District entered into a lease levy agreement for the construction of a classroom addition. The capital lease obligation totaled \$2,950,000. The capital lease agreement is monthly payments of \$9,743 to \$10,415 through December 30, 2014, and semiannual principal and interest payments totaling \$133,168 for the remaining years of the agreement.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

**D. Capital Lease Obligations (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

Year Ending June 30,	
2022	\$ 801,640
2023	801,640
2024	801,640
2025	801,640
2026	801,640
2027-2030	<u>1,871,008</u>
Total minimum lease payments	5,879,208
Less amount representing interest	<u>853,941</u>
Present value of net minimum lease payments	<u><u>\$ 5,025,267</u></u>

The carrying value and related accumulated depreciation at June 30, 2021, was as follows:

Carrying value	\$ 10,079,311
Less accumulated depreciation	<u>(2,584,545)</u>
Assets, net of depreciation	<u><u>\$ 7,494,766</u></u>

Depreciation expense of \$303,426 related to these assets was recorded during the year.

**E. Aid Anticipation Certificates**

On February 17, 2021, the District issued short-term Aid Anticipation Certificates in the amount of \$1,010,000. The certificates are due and payable on September 10, 2021 with interest at rate of 2%.

**NOTE 5 – FUND BALANCES/NET POSITION**

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.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Equity**

Fund equity balances are classified as listed below to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Capital Project	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ 64,019	\$ -	\$ -	\$ 9,640	\$ 73,659
Prepaid Items	72,042	-	-	284	72,326
Total nonspendable	<u>136,061</u>	<u>-</u>	<u>-</u>	<u>9,924</u>	<u>145,985</u>
Restricted/Reserved for					
Student Activities	151,230	-	-	-	151,230
Scholarships	263,112	-	-	-	263,112
Operating Capital	566,934	-	-	-	566,934
Medical Assistance	19,585	-	-	-	19,585
Safe School Crime	47,324	-	-	-	47,324
Early Childhood and Family Education	-	-	-	80,609	80,609
School Readiness	-	-	-	182,083	182,083
Adult Basic Education	-	-	-	307	307
Community Service	-	-	-	4,156	4,156
Debt Service	-	582,560	-	-	582,560
Food Service	-	-	-	790,275	790,275
Capital Projects Levy	-	-	760,989	-	760,989
Total restricted	<u>1,048,185</u>	<u>582,560</u>	<u>760,989</u>	<u>1,057,430</u>	<u>3,449,164</u>
Unassigned for					
Long-Term Facilities Maintenance	(67,675)	-	-	-	(67,675)
Community Education	-	-	-	(23,982)	(23,982)
General Purposes	1,947,998	-	-	-	1,947,998
Total unassigned	<u>1,880,323</u>	<u>-</u>	<u>-</u>	<u>(23,982)</u>	<u>1,856,341</u>
Total fund balances	<u>\$ 3,064,569</u>	<u>\$ 582,560</u>	<u>\$ 760,989</u>	<u>\$ 1,043,372</u>	<u>\$ 5,451,490</u>

Nonspendable for Inventory – This balance represents fund balance that has already been spent as inventory.

Nonspendable for Prepaid Items – This balance represents fund balance that has already been spent as prepaid items.

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

Restricted for Scholarships – This balance represents available resources for the scholarship funds.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Equity (Continued)**

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

Restricted for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

Restricted for Safe Schools Levy – The unspent resources available from the Safe Schools Levy must be restricted in this account for future use.

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

Restricted for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* 124D.16).

Restricted for Adult Basic Education – This account will represent the balance of carryover monies for all activity involving adult basic education. This would include all state aid and any grants or local funding used in support of ABE.

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund.

Restricted for Debt Service – This balance represents the resources available for the payment of G.O. bond principal, interest, and related costs.

Restricted for Food Service – This balance represents the accumulation of the activity to provide the Food Service Program.

Restricted for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statutes* 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account. This balance is classified as unassigned as the balance was negative at year-end.

Restricted for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12). This balance in the General Fund was in deficit at June 30, 2021, and has been reclassified as an unassigned balance for basic financial statement presentation.

Restricted for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education and extended day programs. This balance in the Community Service Fund was in deficit at June 30, 2021, and has been reclassified as an unassigned balance for basic financial statement presentation.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**B. Net Position**

Net Investment in Capital Assets – This amount represents the net book value of the District's capital assets less the balance of outstanding debt used to acquire them.

Restricted for Debt Service – This amount represents those resources required to be used for debt service principal and interest requirements.

Restricted for Capital Projects – This amount represents those resources required to be used for capital projects.

Restricted for Other Purposes – This amount represents total positive General Fund restricted fund balances, plus the positive fund balances in the Community Service and Food Service Funds.

**NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

The District participates in various pension plans. Total pension expense for the year ended June 30, 2021, was \$4,001,032. The components of pension expense are noted in the following plan summaries.

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

**Teachers' Retirement Association**

**A. Plan Description**

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

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

**B. Benefits Provided**

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



**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

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:

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

*Tier II Benefits*

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*Tier II Benefits (Continued)*

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. Contribution Rate**

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

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**C. Contribution Rate (Continued)**

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

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

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions**

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

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Key Methods and Assumptions Used in Valuation of Total Pension Liability

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**Actuarial Information**

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

**Mortality Assumptions**

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

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

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

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

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

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**E. Discount Rate**

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

**F. Net Pension Liability**

On June 30, 2021, the District reported a liability of \$25,030,998 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.3388% at the end of the measurement period and 0.3360% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 25,030,998
State's proportionate share of the net pension liability associated with the district	2,097,713

For the year ended June 30, 2021, the District recognized pension expense of \$3,821,596. Included in this amount, the District recognized \$192,165 as pension expense for the support provided by direct aid.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 501,973	\$ 374,461
Net difference between projected and actual earnings on plan investment	421,798	-
Changes of assumptions	9,031,397	20,503,426
Changes in proportion	404,152	1,018,309
Contributions to TRA subsequent to the measurement date	<u>1,647,913</u>	<u>-</u>
Total	<u><u>\$ 12,007,233</u></u>	<u><u>\$ 21,896,196</u></u>

The \$1,647,913 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year Ended June 30,	Pension Expense Amount
2022	\$ 368,061
2023	(7,666,352)
2024	(5,029,632)
2025	657,133
2026	<u>133,914</u>
Total	<u><u>\$ (11,536,876)</u></u>

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**G. Pension Liability Sensitivity**

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

District proportionate share of NPL		
1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
\$ 38,322,193	\$ 25,030,998	\$ 14,079,725

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

**H. Pension Plan Fiduciary Net Position**

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

**Public Employees' Retirement Association**

**A. Plan Description**

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

**General Employees Retirement Plan**

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

**B. Benefits Provided**

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



**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

**General Employees Plan Benefits**

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

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

**C. Contributions**

*Minnesota Statutes* Chapter 353 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

**General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$475,879. The District's contributions were equal to the required contributions as set by state statute.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs**

**General Employees Fund Pension Costs**

At June 30, 2021, the District reported a liability of \$5,497,834 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$169,484. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0917% at the end of the measurement period and 0.0878% for the beginning of the period.

District's proportionate share of net pension liability	\$ 5,497,834
State's proportionate share of the net pension liability associated with the district	169,484

For the year ended June 30, 2021, the District recognized pension expense of \$179,436 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$14,750 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 48,038	\$ 20,801
Changes in actuarial assumptions	-	200,237
Difference between projected and actual investments earnings	96,439	-
Change in proportion	161,718	96,972
Contributions paid to PERA subsequent to the measurement date	<u>475,879</u>	<u>-</u>
Total	<u><u>\$ 782,074</u></u>	<u><u>\$ 318,010</u></u>

The \$475,879 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2022	\$ (325,762)
2023	23,034
2024	158,083
2025	<u>132,830</u>
Total	<u><u>\$ (11,815)</u></u>

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% Per year
Active member payroll growth	3.00% Per year
Investment rate of return	7.50%

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

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

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

**Changes in Actuarial Assumptions**

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

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions (Continued)**

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

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

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

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

**F. Discount Rates**

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**G. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 8,811,121	\$ 5,497,834	\$ 2,764,639

**H. Pension Plan Fiduciary Net Position**

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

**NOTE 7 – 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; and natural disasters. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2021.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 7 – RISK MANAGEMENT (CONTINUED)**

All funds of the District participate in the program and make payments to the Dental Self-Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Interfund premiums are charged to user funds as quasi-external transactions. The Dental Self-Insurance Internal Service Fund includes a reserve of \$1,000 for catastrophe losses. The total claims liability reported in the Fund at June 30, 2021, was \$13,130, and includes amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amounts for the past two years are as follows:

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims Expense and Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2020	\$ 19,104	\$ 257,895	\$ 268,993	\$ 8,006
2021	8,006	284,541	279,417	13,130

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The District provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by BlueCross BlueShield (BCBS). It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

**B. Benefits Provided**

Teachers who apply for early retirement shall remain eligible to receive certain health insurance benefits until the end of the school year in which the teacher becomes Medicare eligible. Full vesting of such amounts occurs upon attaining 56 years of age.

**C. Members**

As of June 30, 2020, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Active employees	<u>357</u>
Total	<u><u>375</u></u>

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**D. Contributions**

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with BCBS. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2021, the District contributed \$0 to the plan.

**E. Actuarial Assumptions**

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

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Key Methods and Assumptions Used in Valuation of Total OPEB Liability

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Investment rate of return	5.25%, net of investment expense
Inflation	2.25%
Healthcare cost trend increases	6.70% initially, decreasing to 3.80% by 2076
Mortality Assumption	RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.



**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic equity	38.00 %	6.67 %
International equity	10.00	7.16
Fixed income	44.00	3.25
Real estate and alternatives	6.00	6.23
Cash and equivalents	2.00	1.92
Total	<u>100.00 %</u>	

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 5.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2020	<u>\$ 2,666,751</u>	<u>\$ 4,961,508</u>	<u>\$ (2,294,757)</u>
Changes for the year			
Service cost	139,495	-	139,495
Interest	175,138	-	175,138
Differences between expected and actual economic experience	(467,717)	-	(467,717)
Changes of assumptions	(181,731)	-	(181,731)
Changes of benefit terms	-	-	-
Net investment income	-	835,236	(835,236)
Benefit payments	(223,622)	(223,622)	-
Administrative expense	<u>-</u>	<u>(64,655)</u>	<u>64,655</u>
Net changes	<u>(558,437)</u>	<u>546,959</u>	<u>(1,105,396)</u>
Balances at June 30, 2021	<u><u>\$ 2,108,314</u></u>	<u><u>\$ 5,508,467</u></u>	<u><u>\$ (3,400,153)</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability 261.27%

Changes of assumptions reflect a change in the discount rate and long-term expected rate of return from 6.50% in 2020 to 5.25% in 2021. The inflation rate was also changed from 2.50% to 2.25% along with changes to healthcare trend rates.

**H. OPEB Liability Sensitivity**

The following presents the District's net OPEB asset calculated using the discount rate of 5.25% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (4.25%)	Current Discount Rate (5.25%)	1% Increase in Discount Rate (6.25%)
Net OPEB Asset	\$ 3,270,426	\$ 3,400,153	\$ 3,522,484

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**H. OPEB Liability Sensitivity (Continued)**

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using trend rates that are 1 percent lower and 1 percent higher than the trend rates.

	1% decrease (5.4% decreasing to 2.8%)	Current (6.4% decreasing to 3.8%)	1% increase (7.4% decreasing to 4.8%)
Net OPEB Asset	\$ 3,560,815	\$ 3,400,153	\$ 3,211,259

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$(83,651). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 333,296
Differences between expected and actual liability	632,081	415,575
Changes of assumptions	-	572,474
Total	<u>\$ 632,081</u>	<u>\$ 1,321,345</u>

**Independent School District No. 13**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

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

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

Year Ending June 30,	Total
2022	\$ (118,184)
2023	(112,963)
2024	(123,819)
2025	(144,486)
2026	(34,305)
Thereafter	<u>(155,507)</u>
Total	<u>\$ (689,264)</u>

**NOTE 9 - CONTINGENCIES**

During the normal course of business, the District is subject to various claims and litigation. A review of this activity as of June 30, 2021, determined that it is not probable any would result in a material impact on the District's basic financial statements.

**NOTE 10 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Independent School District No. 13**  
**Schedule of Changes in Net OPEB Liability**  
**and Related Ratios**

	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability			
Service cost	\$ 139,495	\$ 134,732	\$ 138,215
Interest	175,138	178,871	143,584
Differences between expected and actual experience	(467,717)	-	938,915
Changes of assumptions	(181,731)	(40,620)	(400,765)
Changes of benefit terms	-	-	10,256
Benefit payments	(223,622)	(242,871)	(213,098)
Other changes	-	-	-
Net change in total OPEB liability	<u>(558,437)</u>	<u>30,112</u>	<u>617,107</u>
Beginning of year	<u>2,666,751</u>	<u>2,636,639</u>	<u>2,019,532</u>
End of year	<u><u>\$ 2,108,314</u></u>	<u><u>\$ 2,666,751</u></u>	<u><u>\$ 2,636,639</u></u>
Plan fiduciary net pension (FNP)			
Net investment income	\$ 835,236	\$ 234,295	\$ 294,670
Benefit payments	(223,622)	(242,871)	(213,098)
Administrative expense	(64,655)	(62,128)	(61,927)
Net change in plan fiduciary net position	<u>546,959</u>	<u>(70,704)</u>	<u>19,645</u>
Beginning of year	<u>4,961,508</u>	<u>5,032,212</u>	<u>5,012,567</u>
End of year	<u><u>\$ 5,508,467</u></u>	<u><u>\$ 4,961,508</u></u>	<u><u>\$ 5,032,212</u></u>
Net OPEB asset	<u><u>\$ (3,400,153)</u></u>	<u><u>\$ (2,294,757)</u></u>	<u><u>\$ (2,395,573)</u></u>
Plan FNP as a percentage of the total OPEB liability	261.27%	186.05%	190.86%
Covered-employee payroll	<u><u>\$ 25,162,364</u></u>	<u><u>\$ 23,770,000</u></u>	<u><u>\$ 22,868,154</u></u>
Net OPEB liability as a percentage of covered-employee payroll	-13.51%	-9.65%	-10.48%

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

<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 152,982	\$ 143,726
135,384	137,076
-	-
(202,772)	-
-	-
(338,947)	(297,583)
-	-
<u>(253,353)</u>	<u>(16,781)</u>
<u>2,272,885</u>	<u>2,289,666</u>
<u><u>\$ 2,019,532</u></u>	<u><u>\$ 2,272,885</u></u>
\$ 329,302	\$ 418,650
(338,947)	(297,583)
(55,008)	-
<u>(64,653)</u>	<u>121,067</u>
<u>5,077,220</u>	<u>4,956,153</u>
<u><u>\$ 5,012,567</u></u>	<u><u>\$ 5,077,220</u></u>
<u><u>\$ (2,993,035)</u></u>	<u><u>\$ (2,804,335)</u></u>
248.20%	223.38%
<u><u>\$ 24,500,000</u></u>	<u><u>\$ 23,643,923</u></u>
-12.22%	-11.86%

**Independent School District No. 13**  
**Schedule of Investment Returns**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	16.94%	4.68%	5.91%	6.52%	8.45%

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



**Independent School District No. 13**  
**Schedule of District's and Non-Employer**  
**Proportionate Share of Net Pension Liability**  
**Last Ten Years General Employees Retirement Fund**

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1052%	\$ 4,941,769	\$ -	\$ 4,941,769	\$ 5,522,041	89.5%	78.75%
2015	0.0986%	5,109,964	-	5,109,964	5,697,480	89.7%	78.19%
2016	0.0953%	7,737,887	101,013	7,838,900	5,910,760	130.9%	68.91%
2017	0.0924%	5,898,755	74,175	5,972,930	5,952,893	99.1%	75.90%
2018	0.0898%	4,981,736	163,506	5,145,242	6,037,773	82.5%	79.53%
2019	0.0878%	4,854,265	150,827	5,005,092	6,212,627	78.1%	80.23%
2020	0.0917%	5,497,834	169,484	5,667,318	6,537,880	84.1%	79.06%

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

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3715%	\$ 17,118,453	\$ 1,204,156	\$ 18,322,609	\$ 16,956,614	101.0%	81.50%
2015	0.3487%	21,570,544	2,646,026	24,216,570	17,698,667	121.9%	76.77%
2016	0.3407%	81,265,079	8,156,950	89,422,029	17,723,853	458.5%	44.88%
2017	0.3337%	66,612,573	6,439,968	73,052,541	17,963,200	370.8%	51.57%
2018	0.3299%	20,720,808	1,946,810	22,667,618	18,228,533	113.7%	78.07%
2019	0.3360%	21,416,711	1,895,133	23,311,844	19,073,774	112.3%	78.21%
2020	0.3388%	25,030,998	2,097,713	27,128,711	19,685,480	127.2%	75.48%

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

**Independent School District No. 13  
Schedule of District Contributions  
General Employees Retirement Fund  
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 400,348	\$ 400,348	\$ -	\$ 5,522,041	7.25%
2015	427,311	427,311	-	5,697,480	7.50%
2016	443,307	443,307	-	5,910,760	7.50%
2017	446,467	446,467	-	5,952,893	7.50%
2018	452,833	452,833	-	6,037,773	7.50%
2019	465,947	465,947	-	6,212,627	7.50%
2020	490,341	490,341	-	6,537,880	7.50%
2021	475,879	475,879	-	6,345,053	7.50%

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

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 1,186,963	\$ 1,186,963	\$ -	\$ 16,956,614	7.00%
2015	1,327,400	1,327,400	-	17,698,667	7.50%
2016	1,329,289	1,329,289	-	17,723,853	7.50%
2017	1,347,240	1,347,240	-	17,963,200	7.50%
2018	1,367,140	1,367,140	-	18,228,533	7.50%
2019	1,470,588	1,470,588	-	19,073,774	7.71%
2020	1,559,090	1,559,090	-	19,685,480	7.92%
2021	1,647,913	1,647,913	-	20,269,533	8.13%

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

**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**TRA Retirement Fund**

**2020 Changes**

Changes in Actuarial Assumptions

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

**2019 Changes**

Changes in Actuarial Assumptions

- None

**2018 Changes**

Changes in Actuarial Assumptions

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

**2017 Changes**

Changes in Actuarial Assumptions

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

**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**TRA Retirement Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

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

**2016 Changes**

Changes in Actuarial Assumptions

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

**2015 Changes**

Changes of Benefit Terms

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

**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**TRA Retirement Fund (Continued)**

**2015 Changes (Continued)**

Changes in Actuarial Assumptions

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

**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**General Employees Fund**

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**General Employees Fund (Continued)**

**2018 Changes (Continued)**

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**General Employees Fund (Continued)**

**2016 Changes (Continued)**

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**Other Post Employment Benefit Plan**

**2021 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 6.50% to 5.25% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 6.50% to 5.25% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/20 valuations.
- The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changed from 75% to 60% to reflect recent plan experience.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 5% to 15% to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

**2020 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 6.75% to 6.50% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Index rate for 20-year, tax-exempt municipal bonds changed from 3.13% to 2.45% used in discount rate determination
- Medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plan due to its repeal.



**Independent School District No. 13**  
**Notes to the Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 7.00% to 6.75% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 Teachers Retirement Association valuations to the rates used in the 7/1/18 valuations.
- The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changed from 95% to 75% to reflect recent plan experience.
- The percent of retirees electing spouse coverage changed from 25% to 30% to reflect on recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

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## **SUPPLEMENTARY INFORMATION**

**Independent School District No. 13**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
<b>Assets</b>			
Cash and investments	\$ 631,581	\$ 228,435	\$ 860,016
Current property taxes receivable	-	199,024	199,024
Delinquent property taxes receivable	-	4,927	4,927
Accounts receivable	8,090	250	8,340
Due from Department of Education	-	95,624	95,624
Due from Federal Government through Department of Education	228,331	98,213	326,544
Due from other Minnesota school districts	-	6,920	6,920
Inventory	9,640	-	9,640
Prepaid items	-	284	284
Total assets	<u>\$ 877,642</u>	<u>\$ 633,677</u>	<u>\$ 1,511,319</u>
<b>Liabilities</b>			
Accounts and contracts payable	\$ 13,612	\$ 18,584	\$ 32,196
Salaries, benefits and severance payable	53,316	48,892	102,208
Due to other Minnesota districts	-	1,122	1,122
Due to other governmental units	40	189	229
Unearned revenue	10,759	-	10,759
Total liabilities	<u>77,727</u>	<u>68,787</u>	<u>146,514</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - delinquent property taxes	-	2,075	2,075
Property taxes levied for subsequent year's expenditures	-	319,358	319,358
Total deferred inflows of resources	<u>-</u>	<u>321,433</u>	<u>321,433</u>
<b>Fund Balances</b>			
Nonspendable	9,640	284	9,924
Restricted	790,275	267,155	1,057,430
Unassigned	-	(23,982)	(23,982)
Total fund balances	<u>799,915</u>	<u>243,457</u>	<u>1,043,372</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 877,642</u>	<u>\$ 633,677</u>	<u>\$ 1,511,319</u>

**Independent School District No. 13**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2021**

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
<b>Revenues</b>			
Local property taxes	\$ -	\$ 382,492	\$ 382,492
Other local and county revenues	1,228	444,136	445,364
Revenue from state sources	-	447,155	447,155
Revenue from federal sources	1,699,972	389,687	2,089,659
Sales and other conversion of assets	23,210	-	23,210
Total revenues	<u>1,724,410</u>	<u>1,663,470</u>	<u>3,387,880</u>
<b>Expenditures</b>			
Current			
Pupil support services	-	19,544	19,544
Food service	1,482,735	-	1,482,735
Community education and services	-	1,738,863	1,738,863
Capital outlay			
Food service	52,674	-	52,674
Community education and services	-	410	410
Total expenditures	<u>1,535,409</u>	<u>1,758,817</u>	<u>3,294,226</u>
Net change in fund balances	189,001	(95,347)	93,654
<b>Fund Balances</b>			
Beginning of year	<u>610,914</u>	<u>338,804</u>	<u>949,718</u>
End of year	<u>\$ 799,915</u>	<u>\$ 243,457</u>	<u>\$ 1,043,372</u>

**Independent School District No. 13**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Debt Service Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 2,843,668	\$ 2,843,668	\$ 2,876,708	\$ 33,040
Other local and county revenues	3,500	3,500	5,764	2,264
Revenue from state sources	-	-	69	69
Total revenues	<u>2,847,168</u>	<u>2,847,168</u>	<u>2,882,541</u>	<u>35,373</u>
<b>Expenditures</b>				
Debt service				
Principal	2,200,000	2,200,000	2,200,000	-
Interest and fiscal charges	611,238	611,238	613,963	2,725
Total expenditures	<u>2,811,238</u>	<u>2,811,238</u>	<u>2,813,963</u>	<u>2,725</u>
Net change in fund balance	<u>\$ 35,930</u>	<u>\$ 35,930</u>	68,578	<u>\$ 32,648</u>
<b>Fund Balance</b>				
Beginning of year			513,982	
End of year			<u>\$ 582,560</u>	

**Independent School District No. 13**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Capital Projects Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 1,392,197	\$ 1,392,197	\$ 1,405,532	\$ 13,335
Other local and county revenues	-	-	47,047	47,047
Sales and other conversion of assets	-	-	25,593	25,593
Total revenues	<u>1,392,197</u>	<u>1,392,197</u>	<u>1,478,172</u>	<u>85,975</u>
<b>Expenditures</b>				
Current				
Sites and buildings	97,777	97,777	644,330	546,553
Capital outlay				
Sites and buildings	<u>1,294,420</u>	<u>1,294,420</u>	<u>3,807,408</u>	<u>2,512,988</u>
Total expenditures	<u>1,392,197</u>	<u>1,392,197</u>	<u>4,451,738</u>	<u>3,059,541</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,973,566)</u>	<u>\$ (2,973,566)</u>
<b>Fund Balance</b>				
Beginning of year			<u>3,734,555</u>	
End of year			<u>\$ 760,989</u>	

**Independent School District No. 13**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Food Service Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Other local and county revenues	\$ 7,000	\$ 13,757	\$ 1,228	\$ (12,529)
Revenue from state sources	115,300	31,000	-	(31,000)
Revenue from federal sources	1,873,000	1,454,423	1,699,972	245,549
Sales and other conversion of assets	194,000	5,000	23,210	18,210
Total revenues	<u>2,189,300</u>	<u>1,504,180</u>	<u>1,724,410</u>	<u>220,230</u>
<b>Expenditures</b>				
Current				
Food service	2,055,090	1,441,792	1,482,735	40,943
Capital outlay				
Food service	100,000	160,000	52,674	(107,326)
Total expenditures	<u>2,155,090</u>	<u>1,601,792</u>	<u>1,535,409</u>	<u>(66,383)</u>
Net change in fund balance	<u>\$ 34,210</u>	<u>\$ (97,612)</u>	189,001	<u>\$ 286,613</u>
<b>Fund Balance</b>				
Beginning of year			<u>610,914</u>	
End of year			<u>\$ 799,915</u>	



**Independent School District No. 13**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Community Service Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 378,772	\$ 528,772	\$ 382,492	\$ (146,280)
Other local and county revenues	927,050	442,050	444,136	2,086
Revenue from state sources	405,400	405,400	447,155	41,755
Revenue from federal sources	-	391,792	389,687	(2,105)
Total revenues	<u>1,711,222</u>	<u>1,768,014</u>	<u>1,663,470</u>	<u>(104,544)</u>
<b>Expenditures</b>				
Current				
Pupil support services	36,000	36,001	19,544	(16,457)
Community education and services	1,754,010	1,689,597	1,738,863	49,266
Capital outlay				
Community education and services	-	-	410	410
Total expenditures	<u>1,790,010</u>	<u>1,725,598</u>	<u>1,758,817</u>	<u>33,219</u>
Net change in fund balance	<u>\$ (78,788)</u>	<u>\$ 42,416</u>	<u>(95,347)</u>	<u>\$ (137,763)</u>
<b>Fund Balance</b>				
Beginning of year			<u>338,804</u>	
End of year			<u>\$ 243,457</u>	

**Independent School District No. 13**  
**Uniform Financial Accounting And Reporting Standards**  
**Compliance Table**  
**Year Ended June 30, 2021**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 51,067,088	\$ 51,067,087	\$ 1	Total revenue	\$ 1,478,172	\$ 1,478,172	\$ -
Total expenditures	51,565,276	51,565,276	-	Total expenditures	4,451,738	4,451,737	1
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	136,061	136,061	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	151,230	151,230	-	4.07 Capital Projects Levy	760,989	760,989	-
4.02 Scholarships	263,112	263,112	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 Long-Term Facilities Maintenance	-	-	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	-	-	-
4.13 Project Funded by COP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-				
4.17 Taconite Building Maintenance	-	-	-	<b>07 DEBT SERVICE FUND</b>			
4.24 Operating Capital	566,934	566,934	-	Total revenue	\$ 2,882,541	\$ 2,882,541	\$ -
4.26 \$ 25 Taconite	-	-	-	Total expenditures	2,813,963	2,813,963	-
4.27 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
4.28 Learning and Development	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.34 Area Learning Center	-	-	-	<i>Restricted/reserved:</i>			
4.35 Contracted Alternative Programs	-	-	-	4.25 Bond refundings	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.38 Gifted and Talented	-	-	-	4.51 QZAB Payments	-	-	-
4.40 Teacher Development & Evaluation	-	-	-	4.67 LTFM	-	-	-
4.41 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
4.45 Career Technical Programs	-	-	-	4.64 Restricted fund balance	582,560	582,560	-
4.48 Achievement and Integration Revenue	-	-	-	<i>Unassigned:</i>			
4.49 Safe School Crime	47,324	47,324	-	4.63 Unassigned fund balance	-	-	-
4.51 QZAB Payments	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-	<b>08 TRUST FUND</b>			
4.53 Unfunded Severance and Retirement Levy	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.59 Basic Skills Extended Time	-	-	-	Total expenditures	-	-	-
4.67 Long-Term Facilities Maintenance	(67,675)	(67,675)	-	<i>Unassigned:</i>			
<i>Restricted:</i>				4.01 Student Activities	-	-	-
4.72 Medical Assistance	19,585	19,585	-	4.02 Scholarships	-	-	-
4.64 Restricted fund balance	-	-	-	4.22 Net position	-	-	-
4.75 Title VII - Impact Aid	-	-	-				
4.76 Payments in Lieu of Taxes	-	-	-	<b>18 CUSTODIAL FUND</b>			
<i>Committed:</i>				Total revenue	\$ 414,845	\$ 414,845	\$ -
4.18 Committed for separation	-	-	-	Total expenditures	381,169	381,169	-
4.61 Committed	-	-	-	4.01 Student Activities	-	-	-
<i>Assigned:</i>				4.02 Scholarships	-	-	-
4.62 Assigned fund balance	-	-	-	4.48 Achievement & Integration	-	-	-
<i>Unassigned:</i>				4.64 Restricted Fund Balance	105,581	105,581	-
4.22 Unassigned fund balance (net position)	1,947,998	1,947,996	2				
				<b>20 INTERNAL SERVICE FUND</b>			
<b>02 FOOD SERVICES FUND</b>				Total Revenue	\$ 304,871	\$ 304,872	\$ (1)
Total revenue	\$ 1,724,410	\$ 1,724,409	\$ 1	Total Expenditures	310,419	310,420	(1)
Total expenditures	1,535,409	1,535,409	-	<i>Unassigned:</i>			
<i>Nonspendable:</i>				4.22 Net position	93,727	93,727	-
4.60 Nonspendable fund balance	9,640	9,640	-				
<i>Restricted/reserved:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total Revenue	\$ -	\$ -	\$ -
<i>Restricted:</i>				Total Expenditures	-	-	-
4.64 Restricted fund balance	790,275	790,274	1	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	-	-	-
4.63 Unassigned fund balance	-	-	-				
				<b>45 OPEB IRREVOCABLE TRUST</b>			
<b>04 COMMUNITY SERVICE FUND</b>				Total Revenue	\$ 770,581	\$ 770,581	\$ -
Total Revenue	\$ 1,663,470	\$ 1,663,468	\$ 2	Total Expenditures	223,622	223,622	-
Total Expenditures	1,758,817	1,758,814	3	<i>Unassigned:</i>			
<i>Nonspendable:</i>				4.22 Net position	5,508,467	5,508,467	-
4.60 Nonspendable fund balance	284	284	-				
<i>Restricted/Reserved:</i>				<b>47 OPEB DEBT SERVICE</b>			
4.26 \$ 25 Taconite	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.31 Community Education	(23,982)	(23,982)	-	Total expenditures	-	-	-
4.32 ECFE	80,609	80,609	-	<i>Nonspendable:</i>			
4.44 School Readiness	182,083	182,083	-	4.60 Nonspendable fund balance	-	-	-
4.47 Adult Basic Education	307	307	-	<i>Restricted:</i>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.25 Bond refundings	-	-	-
<i>Restricted:</i>				4.64 Restricted fund balance	-	-	-
4.64 Restricted fund balance	4,156	4,154	2	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.63 Unassigned fund balance	-	-	-
4.63 Unassigned fund balance	-	-	-				

## **STATISTICAL SECTION**

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**Independent School District No. 13**  
**Statistical Section (Unaudited)**

**III. Statistical Section (Unaudited)**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	112
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	120
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	128
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	133
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	136
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

**Independent School District No. 13**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ (964,114)	\$ (195,893)	\$ 573,915	\$ 2,069,257
Restricted	2,506,292	2,099,591	2,495,551	2,396,044
Unrestricted	10,088,515	9,435,909	7,880,807	(16,966,988)
Total governmental activities net position	<u>\$ 11,630,693</u>	<u>\$ 11,339,607</u>	<u>\$ 10,950,273</u>	<u>\$ (12,501,687)</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 3,584,841	\$ 6,134,112	\$ 8,319,945	\$ 7,378,480	\$ 8,303,513	\$ 15,879,009
2,766,871	2,239,741	2,718,181	5,956,134	5,661,417	3,253,691
(17,494,976)	(30,298,745)	(39,434,278)	(29,351,961)	(33,053,366)	(35,847,386)
<u>\$ (11,143,264)</u>	<u>\$ (21,924,892)</u>	<u>\$ (28,396,152)</u>	<u>\$ (16,017,347)</u>	<u>\$ (19,088,436)</u>	<u>\$ (16,714,686)</u>

**Independent School District No. 13**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities				
Administration	\$ 1,194,961	\$ 1,260,156	\$ 1,361,410	\$ 1,192,700
District support services	1,108,215	1,315,374	1,466,240	1,502,967
Elementary and secondary regular instruction	18,649,259	19,665,046	22,623,542	22,790,181
Vocational education instruction	537,104	547,757	460,417	438,772
Special education instruction	7,211,632	7,240,411	7,478,253	7,402,855
Instructional support services	1,306,201	1,052,112	1,188,621	1,882,794
Pupil support services	3,986,092	4,266,968	4,512,362	4,950,634
Sites and buildings	3,543,560	4,077,018	4,001,608	3,787,071
Fiscal and other fixed cost programs	79,478	87,593	99,673	99,928
Food service	1,903,393	1,855,907	2,170,479	2,129,511
Community service	1,532,189	1,629,753	1,761,747	1,533,855
Interest and fiscal charges on long-term debt	1,051,953	1,058,489	720,807	741,463
Total governmental activities expenses	42,104,037	44,056,584	47,845,159	48,452,731
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Elementary and secondary regular instruction	191,611	236,956	164,510	273,056
Vocational education instruction	-	-	-	-
Special education instruction	1,984	-	-	14,965
Pupil support services	-	-	-	-
Sites and buildings	18,389	11,685	14,020	15,336
Food service	239,390	181,674	222,291	172,823
Community service	454,796	475,316	700,087	783,106
Operating grants and contributions	14,334,470	15,314,333	18,291,095	18,705,644
Capital grants and contributions	281,011	333,851	387,668	559,529
Total governmental activities program revenues	15,521,651	16,553,815	19,779,671	20,524,459
Net expense	(26,582,386)	(27,502,769)	(28,065,488)	(27,928,272)
<b>General Revenues</b>				
Taxes				
Property taxes, levied for general purposes	5,431,870	5,639,326	3,769,653	5,107,176
Property taxes, levied for community service	280,722	329,335	177,636	401,489
Property taxes, levied for capital projects	-	-	-	-
Property taxes, levied for debt service	2,172,676	2,345,569	2,478,475	2,152,093
General grants and aids	17,946,889	18,507,605	21,118,460	21,237,453
Gain on sale of capital assets	50	3,868	3,881	4,000
Other general revenues	1,054,783	365,783	327,885	544,697
Investment earnings	19,506	20,197	15,707	10,572
Total general revenues	26,906,496	27,211,683	27,891,697	29,457,480
Change in net position	\$ 324,110	\$ (291,086)	\$ (173,791)	\$ 1,529,208



Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,378,591	\$ 1,982,406	\$ 2,008,687	\$ 983,085	\$ 1,685,639	\$1,692,527
1,517,706	1,568,573	1,567,230	1,316,360	1,846,535	1,434,818
23,121,740	30,918,884	30,651,805	17,601,336	26,142,896	26,356,650
455,403	653,326	547,052	278,541	525,892	538,450
7,363,464	9,203,014	9,498,370	6,024,090	9,577,049	9,523,193
1,947,516	2,353,508	1,588,752	1,433,596	1,923,798	2,512,613
4,744,863	5,329,571	6,356,053	6,627,869	6,903,971	5,435,177
4,837,536	4,728,311	4,505,817	4,726,318	8,298,837	4,389,972
99,141	104,487	107,894	118,661	251,758	272,918
2,089,900	2,244,862	2,177,767	2,174,212	1,929,686	1,564,635
1,598,680	1,875,339	2,126,757	1,779,740	2,155,603	1,900,942
673,838	601,636	524,738	757,257	916,059	752,568
49,828,378	61,563,917	61,660,922	43,821,065	62,157,723	56,374,463
270,918	278,116	190,251	365,928	426,034	55,677
-	-	-	-	-	-
1,717	-	-	11,685	6,688	-
-	-	-	-	-	-
12,396	12,692	13,225	13,890	14,285	183,141
92,452	172,437	216,792	189,483	145,976	23,210
775,872	829,759	775,139	836,647	679,153	434,215
18,136,264	19,463,583	20,370,208	20,782,148	22,416,844	22,820,068
549,170	763,127	1,017,264	1,112,812	1,007,703	1,293,266
19,838,789	21,519,714	22,582,879	23,312,593	24,696,683	24,809,577
(29,989,589)	(40,044,203)	(39,078,043)	(20,508,472)	(37,461,040)	(31,564,886)
5,010,843	5,454,417	5,908,732	6,596,923	5,690,215	5,971,959
378,705	464,519	257,879	321,804	297,503	378,076
1,000,591	1,116,965	1,127,365	1,168,633	1,299,773	1,391,410
2,083,293	2,010,939	2,147,146	2,218,523	2,882,572	2,839,453
22,446,617	22,928,159	22,602,221	21,980,546	23,240,088	22,112,383
-	-	37,252	-	-	-
417,835	516,502	445,475	263,667	238,198	1,177,927
10,128	24,103	80,713	337,181	507,020	67,428
31,348,012	32,515,604	32,606,783	32,887,277	34,155,369	33,938,636
\$ 1,358,423	\$ (7,528,599)	\$ (6,471,260)	\$ 12,378,805	\$ (3,305,671)	\$ 2,373,750

**Independent School District No. 13**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ 61,424	\$ 85,090	\$ 233,487	\$ 143,337
Restricted	1,745,094	1,223,824	1,387,651	1,246,768
Assigned	140,357	131,975	136,114	131,542
Unassigned	3,866,797	3,371,525	2,197,908	2,099,644
	<u>\$ 5,813,672</u>	<u>\$ 4,812,414</u>	<u>\$ 3,955,160</u>	<u>\$ 3,621,291</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 18,280	\$ 27,384	\$ 23,805	\$ 12,100
Restricted	4,457,402	1,680,015	4,354,883	1,908,583
Unassigned, reported in				
Special revenue funds	-	-	-	-
Capital projects fund	-	-	-	-
Debt service fund	-	-	-	-
	<u>\$ 4,475,682</u>	<u>\$ 1,707,399</u>	<u>\$ 4,378,688</u>	<u>\$ 1,920,683</u>
Total all other governmental funds				
	<u>\$ 4,475,682</u>	<u>\$ 1,707,399</u>	<u>\$ 4,378,688</u>	<u>\$ 1,920,683</u>
General Fund unassigned as a percentage of total expenditures	<u>10.5%</u>	<u>8.6%</u>	<u>5.2%</u>	<u>4.7%</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 131,362	\$ 105,926	\$ 198,317	\$ 181,623	\$ 124,602	\$ 136,061
954,849	871,922	1,324,530	2,642,726	717,899	1,048,185
108,631	505,718	990,554	888,347	-	-
1,656,458	2,427,368	2,590,823	3,294,956	2,720,256	1,880,323
<u>\$ 2,851,300</u>	<u>\$ 3,910,934</u>	<u>\$ 5,104,224</u>	<u>\$ 7,007,652</u>	<u>\$ 3,562,757</u>	<u>\$ 3,064,569</u>
\$ -	\$ 7,344	\$ 390	\$ 20,010	\$ 10,209	\$ 9,924
1,990,603	1,568,788	1,576,191	18,058,753	5,188,046	2,400,979
(11,110)	(12,961)	(13,293)	-	-	(23,982)
-	(45,869)	(43,969)	-	-	-
-	-	-	-	-	-
<u>\$ 1,979,493</u>	<u>\$ 1,517,302</u>	<u>\$ 1,519,319</u>	<u>\$ 18,078,763</u>	<u>\$ 5,198,255</u>	<u>\$ 2,386,921</u>
<u>3.7%</u>	<u>5.4%</u>	<u>5.5%</u>	<u>6.8%</u>	<u>5.0%</u>	<u>3.6%</u>

**Independent School District No. 13**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Local sources				
Taxes	\$ 7,958,078	\$ 8,429,867	\$ 6,338,750	\$ 7,669,981
Investment earnings	19,257	19,987	15,142	10,292
Other	2,015,633	2,320,530	2,164,623	2,346,117
State sources	28,026,775	29,260,386	35,184,466	36,459,719
Federal sources	4,480,915	3,846,287	3,876,927	3,500,773
Total revenues	<u>42,500,658</u>	<u>43,877,057</u>	<u>47,579,908</u>	<u>49,986,882</u>
<b>Expenditures</b>				
Current				
Administration	1,083,761	1,134,333	1,217,236	1,109,996
District support services	1,085,687	1,301,541	1,441,953	1,497,065
Elementary and secondary regular instruction	17,417,879	18,414,826	21,239,609	22,083,868
Vocational education instruction	528,436	540,039	446,772	436,594
Special education instruction	7,108,579	7,048,809	7,234,416	7,208,222
Instructional support services	1,268,545	1,001,506	1,099,959	1,845,808
Pupil support services	3,566,569	3,749,298	4,116,579	4,575,930
Sites and buildings	3,794,932	3,841,118	4,064,783	4,079,335
Fiscal and other fixed cost programs	79,478	87,593	99,673	99,928
Food service	1,805,764	1,757,283	2,057,454	2,029,115
Community service	1,425,022	1,506,312	1,622,489	1,437,708
Capital outlay	1,283,199	4,398,643	1,464,676	3,462,004
Debt service				
Principal	1,582,711	21,121,284	1,887,897	1,972,452
Interest and fiscal charges	1,103,468	1,327,316	948,848	944,731
Total expenditures	<u>43,134,030</u>	<u>67,229,901</u>	<u>48,942,344</u>	<u>52,782,756</u>
Excess of revenues over (under) expenditures	(633,372)	(23,352,844)	(1,362,436)	(2,795,874)
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	17,745,000	-	-
Bonds issued	965,000	-	-	-
Premium on bonds issued	11,208	1,834,435	-	-
Proceeds from sale of assets	50	3,868	7,612	4,000
Capital leases issued	2,950,000	-	3,168,859	-
Total other financing sources (uses)	<u>3,926,258</u>	<u>19,583,303</u>	<u>3,176,471</u>	<u>4,000</u>
Net change in fund balances	<u>\$ 3,292,886</u>	<u>\$ (3,769,541)</u>	<u>\$ 1,814,035</u>	<u>\$ (2,791,874)</u>
Debt services as a percentage of noncapital expenditures	<u>6.37%</u>	<u>35.25%</u>	<u>5.91%</u>	<u>5.90%</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 8,477,850	\$ 9,051,684	\$ 9,453,315	\$ 10,312,563	\$ 10,065,160	\$ 10,709,865
10,128	24,556	81,679	338,511	507,597	67,069
2,185,216	2,314,244	2,398,928	2,160,189	1,810,390	1,277,391
36,783,444	37,681,179	39,558,416	40,674,183	41,635,875	40,595,023
3,734,241	3,938,010	3,681,633	4,183,187	4,717,979	6,166,333
51,190,879	53,009,673	55,173,971	57,668,633	58,737,001	58,815,681
1,263,781	1,302,465	1,365,159	1,395,651	1,737,507	1,456,952
1,495,563	1,510,240	1,563,615	1,546,620	1,833,715	1,461,340
21,957,628	21,890,411	22,842,133	23,351,866	23,397,108	23,507,929
446,628	458,223	390,326	435,354	488,953	500,935
7,238,505	7,173,841	7,580,992	7,798,730	9,010,335	8,991,781
1,851,465	1,721,391	1,183,721	1,838,411	1,752,765	2,338,979
4,596,585	4,904,931	5,861,833	6,529,279	6,528,300	5,336,687
4,581,454	4,250,194	4,039,889	4,523,296	6,965,263	5,401,825
99,141	104,487	107,894	118,661	251,758	272,918
2,003,054	2,095,814	2,065,435	2,103,933	1,834,142	1,482,735
1,472,233	1,528,109	1,779,192	1,847,654	1,979,488	1,738,863
1,884,911	2,434,008	2,175,579	1,619,926	15,918,716	6,004,195
2,133,079	2,231,267	2,322,156	2,388,326	2,689,877	2,778,180
878,033	806,849	737,992	876,445	909,059	851,884
51,902,060	52,412,230	54,015,916	56,374,152	75,296,986	62,125,203
(711,181)	597,443	1,158,055	1,294,481	(16,559,985)	(3,309,522)
-	-	-	-	-	-
-	-	-	16,283,058	-	-
-	-	-	885,333	-	-
-	-	37,252	-	-	-
-	-	-	-	-	-
-	-	37,252	17,168,391	-	-
\$ (711,181)	\$ 597,443	\$ 1,195,307	\$ 18,462,872	\$ (16,559,985)	\$ (3,309,522)
5.97%	5.99%	5.80%	5.91%	5.87%	6.52%

**Independent School District No. 13**  
**General Governmental Tax Revenues by Source and Levy Type**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

Fiscal Year Ended June 30,	Property Tax				
	General Purposes	Community Service	Capital Projects	Debt Service	Total
2012	\$ 5,485,712	\$ 282,848	\$ -	\$ 2,189,518	\$ 7,958,078
2013	5,720,632	332,881	-	2,376,356	8,429,869
2014	3,710,334	174,494	-	2,453,922	6,338,750
2015	5,114,679	400,980	-	2,154,322	7,669,981
2016	5,011,825	378,907	1,000,591	2,086,527	8,477,850
2017	5,456,332	464,333	1,116,965	2,014,054	9,051,684
2018	5,915,864	259,148	1,127,365	2,150,938	9,453,315
2019	6,609,830	322,412	1,159,058	2,221,263	10,312,563
2020	5,627,860	294,649	1,290,052	2,852,599	10,065,160
2021	6,045,133	382,492	1,405,532	2,876,708	10,709,865

**Independent School District No. 13**  
**Governmental Activities Tax Revenues by Source and Levy Type**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

Fiscal Year Ended June 30,	Property Tax				
	General Purposes	Community Service	Capital Projects	Debt Service	Total
2012	\$ 5,431,870	\$ 280,722	\$ -	\$ 2,172,676	\$ 7,885,268
2013	5,639,326	329,335	-	2,345,569	8,314,230
2014	3,769,653	177,636	-	2,478,475	6,425,764
2015	5,107,176	401,489	-	2,152,093	7,660,758
2016	5,010,843	378,705	1,000,591	2,083,293	8,473,432
2017	5,454,417	464,519	1,116,965	2,010,939	9,046,840
2018	5,908,732	257,879	1,127,365	2,147,146	9,441,122
2019	6,596,923	321,804	1,168,633	2,218,523	10,305,883
2020	5,690,215	297,503	1,299,773	2,882,572	10,170,063
2021	5,971,959	378,076	1,391,410	2,839,453	10,580,898

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**Independent School District No.13**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

Taxpayer	2020			2011		
	Tax Capacity Value	Rank	% of Total City Tax Capacity Value	Tax Capacity Value	Rank	% of Total City Tax Capacity Value
Columbia Heights Leased Housing I	\$ 298,005	1	1.43%	N/A	N/A	N/A
Columbia Heights Leased Housing III	223,843	2	1.18%	N/A	N/A	N/A
Medtronic, Inc.	185,500	3	1.18%	228,372	1	1.59%
Crestview Corporation	140,849	4	0.93%	106,702	6	0.74%
Jones Family Investments LLC	133,916	5	0.89%	N/A	N/A	N/A
Burlington Northern	107,298	6	0.80%	N/A	N/A	N/A
Columbia Park Properties	105,848	7	0.67%	112,868	3	0.78%
Parkview Limited Partnership	100,582	8	0.66%	N/A	N/A	N/A
Lynde Investment Co MN Partnership	91,957	9	0.56%	78,241	8	0.54%
Xcel Energy/Northern States Power Co.	85,148	10	0.59%	N/A	N/A	N/A
Centro Bradley SPE 5 LLC	N/A	N/A	N/A	149,696	2	1.04%
Stadium Village Properties LLC	N/A	N/A	N/A	112,494	4	0.78%
Consolidated Realty of Mpls	N/A	N/A	N/A	109,689	5	0.76%
Columbia Heights Center LLC	N/A	N/A	0.47%	87,354	7	0.61%
New Heights Development	N/A	N/A	N/A	73,119	9	0.51%
Jeff's Bobby & Steve's Auto World	N/A	N/A	0.37%	72,346	10	0.50%
Total	<u>\$ 1,472,946</u>		<u>9.72%</u>	<u>\$ 1,130,881</u>		<u>7.85%</u>
Total All Property	<u>\$ 14,570,559</u>			<u>\$ 14,398,494</u>		

Source: City of Columbia Heights, Minnesota, Principal Property Taxpayers, Current Year, and Ten Years Ago, furnished by the City of Columbia Heights

Note: This is the most recent information available for table presentation.

**Independent School District No. 13**  
**Tax Capacity Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Governmental Unit	2011/2012	2012/2013	2013/2014
Independent School District No. 13 ( Columbia Heights)	24.024%	27.449%	24.824%
Overlapping Governments:			
Without Library	-	-	-
Anoka County With Library	41.146%	44.411%	43.239%
Anoka County/City Radio	0.469%	0.350%	0.374%
City of Columbia Heights	66.300%	80.871%	78.177%
City of Fridley	39.615%	47.362%	48.577%
Fridley/Six Cities WS	39.615%	47.362%	48.577%
City of Fridley/Six Cities and Stoney Brook	N/A	N/A	N/A
City of Fridley Market Value Referendum	0.01413%	0.01623%	1.75300%
City of Hilltop	97.100%	96.620%	96.701%
City of Hilltop/Six Cities	97.100%	96.620%	96.701%
Metropolitan Council	0.983%	1.053%	1.061%
Metropolitan Mosquito	0.559%	0.587%	0.555%
Metropolitan Transit District	1.721%	1.840%	1.621%
Columbia Heights HRA	1.558%	1.436%	1.485%
Fridley HRA	1.627%	1.660%	1.645%
Rice Creek Watershed	2.309%	2.333%	2.219%
Anoka County RR Authority	0.650%	0.777%	0.882%
Anoka County HRA	1.683%	1.677%	1.670%
Anoka County HRA/EDA	N/A	N/A	N/A
North Sub. Hospital	1.858%	2.028%	1.939%
Market Based Tax Rate	0.17600%	0.18702%	0.11859%

Note 1: Tax capacity rates are after reduction of state aids. This does not include the state-wide general property tax against commercial/industrial non-homestead resorts and seasonal recreational residential property which is effective with taxes payable in 2002.

Note 2: Tax rates for many cities, townships, and counties increased significantly for taxes payable in 2002, due primarily do reductions in state aids and in class rates used to calculate net tax capacity values.

Note 3: The State of Minnesota enacted significant property tax reform measures in 2001. Among these measures were several provisions which substantially reduced school district property tax levies, replacing the tax levy funds with districts state aid. As a result, tax levies and tax rates for most school districts for taxes payable in 2002 are are substantially less than the comparable figures from prior years.

Note 2: This is the most recent information available for table presentation.

Source: Anoka County

(Levy Year/Coll. Year)						
2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
32.562%	29.442%	27.633%	27.900%	33.148%	23.385%	28.771%
-	-	-	-	-	-	-
38.123%	38.894%	36.841%	35.334%	34.473%	33.078%	31.086%
0.320%	0.504%	0.432%	0.486%	0.435%	0.405%	0.383%
70.811%	74.841%	68.546%	67.645%	66.775%	64.306%	69.183%
43.508%	44.960%	48.218%	47.907%	45.382%	45.253%	44.928%
43.508%	44.960%	48.218%	47.907%	45.382%	45.253%	44.928%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
0.01623%	0.0160%	0.0146%	0.1450%	0.0138%	0.1351%	0.0132%
96.622%	94.976%	94.971%	96.001%	96.833%	96.077%	96.537%
96.622%	94.976%	94.971%	96.001%	96.833%	96.077%	96.537%
0.933%	0.958%	0.866%	0.841%	0.627%	0.596%	0.645%
0.485%	0.501%	0.467%	0.453%	0.415%	0.398%	0.387%
1.429%	1.522%	1.416%	1.362%	1.388%	1.360%	1.248%
1.161%	1.536%	1.296%	1.366%	1.395%	1.208%	1.256%
1.356%	1.527%	1.390%	1.624%	1.399%	1.546%	1.541%
1.913%	2.069%	1.827%	1.778%	1.750%	1.795%	1.757%
0.941%	0.851%	0.802%	0.738%	0.685%	0.494%	0.481%
1.438%	1.616%	1.540%	1.413%	1.504%	1.513%	1.573%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
1.702%	1.690%	N/A	N/A	N/A	N/A	N/A
0.11543%	0.14127%	0.13400%	0.15423%	0.05240%	0.13479%	0.12803%

**Independent School District No. 13**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

For Taxes Collectible	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 8,350,457	\$ 3,600,000	43.11%	\$ 4,746,266	\$ 8,346,266	99.95%
2013	8,530,073	3,500,000	41.03%	5,025,200	8,525,200	99.94%
2014	7,370,559	3,100,000	42.06%	4,261,444	7,361,444	99.88%
2015	8,582,278	3,500,000	40.78%	5,071,830	8,571,830	99.88%
2016	9,034,019	3,750,000	41.51%	5,272,896	9,022,896	99.88%
2017	9,336,295	3,800,000	40.70%	5,522,938	9,322,938	99.86%
2018	10,251,068	4,100,000	40.00%	6,125,455	10,225,455	99.75%
2019	9,996,803	4,000,000	40.01%	5,961,244	9,961,244	99.64%
2020	10,500,507	2,950,000	28.09%	7,491,976	10,441,976	99.44%
2021	11,764,464	4,433,089	37.68%	-	4,433,089	37.68%

Note 1: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Note 2: A portion of the total tax levy is paid through various property tax credits which are paid through state aids.

Source: State of Minnesota School Tax Report and Anoka County Certification Report

**Independent School District No.13**  
**Tax Capacities and Market Values**  
**Last Ten Fiscal Years**  
**(Unaudited)**

For Taxes Collectible	Personal and Non-Agricultural	Fiscal Disparities		Tax Increment	Total Taxable	Market Value	Tax Capacity as a Percentage of Market Value
		Contribution Valuation	Distribution Valuation				
2012	18,386,511	(2,255,989)	5,213,638	(1,300,806)	20,043,354	1,658,497,900	1.21%
2013	16,130,841	(2,181,009)	5,239,659	(1,221,204)	17,968,287	1,468,778,100	1.22%
2014	15,356,977	(1,849,744)	5,485,470	(1,345,603)	17,647,100	1,401,974,000	1.26%
2015	17,324,893	(1,798,079)	5,540,391	(1,367,638)	19,699,567	1,582,657,900	1.24%
2016	18,246,021	(1,926,388)	5,326,682	(1,765,656)	19,880,659	1,648,065,600	1.21%
2017	19,905,672	(2,133,282)	5,770,268	(2,080,383)	21,462,275	1,775,647,200	1.21%
2018	21,624,916	(2,308,383)	5,942,151	(2,326,667)	22,932,017	1,924,865,000	1.19%
2019	24,472,900	(2,593,715)	6,028,354	(3,353,843)	24,553,696	2,140,615,700	1.15%
2020	27,431,840	(2,917,936)	6,402,943	(4,070,461)	26,846,386	2,381,517,236	1.13%
2021	28,347,282	(3,139,564)	6,505,101	(4,166,736)	27,546,083	2,483,647,984	1.11%

Source: State of Minnesota School Tax Report

**Independent School District No. 13**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Estimated Actual Value of Taxable Property	Percentage of Estimated Actual Value of Taxable Property	Estimated Population	Net Bonded Debt per Capita
2012	21,955,000	498,526	21,456,474	1,658,497,900	1.29%	25,194	851.65
2013	18,795,000	484,853	18,310,147	1,468,778,100	1.25%	25,194	726.77
2014	17,255,000	742,187	16,512,813	1,401,974,000	1.18%	25,194	655.43
2015	15,705,000	757,919	14,947,081	1,582,657,900	0.94%	25,194	593.28
2016	15,366,534	684,712	14,681,822	1,648,065,600	0.89%	25,194	582.75
2017	13,488,847	512,345	12,976,502	1,775,647,200	0.73%	25,194	515.06
2018	11,541,159	455,973	11,085,186	1,924,865,000	0.58%	25,194	439.99
2019	26,650,657	455,596	26,195,061	2,140,615,700	1.22%	25,194	1,039.73
2020	24,269,353	513,982	23,755,371	2,381,517,236	1.00%	25,194	942.90
2021	21,823,049	582,560	21,240,489	2,483,647,984	0.86%	27,904	761.20

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

**Independent School District No. 13**  
**Ratio of Annual Debt Service Expenditures for**  
**General Bonded Debt**  
**to Total General Fund Expenditures**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Total Principal	Interest and Other Charges	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2012	\$ 1,445,000	\$ 914,394	\$ 2,359,394	\$ 36,973,262	6.4%
2013	20,905,000	1,065,650	21,970,650	39,127,266	56.2%
2014	1,540,000	657,784	2,197,784	42,548,109	5.2%
2015	1,550,000	588,663	2,138,663	44,550,042	4.8%
2016	1,620,000	540,912	2,160,912	45,296,212	4.8%
2017	1,695,000	492,962	2,187,962	44,755,440	4.9%
2018	1,765,000	444,763	2,209,763	46,817,311	4.7%
2019	1,855,000	374,181	2,229,181	48,215,602	4.6%
2020	2,135,000	669,944	2,804,944	54,103,131	5.2%
2021	2,200,000	613,963	2,813,963	51,565,276	5.5%

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

**Independent School District No. 13**  
**Ratios of Total Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	G.O. Bonds	Capital Leases	Total Debt	Estimated Population	Personal Income	Total Debt per Capita	Percentage of Total Debt to Personal Income
2012	\$ 21,966,081	\$ 6,115,926	\$ 28,082,007	25,194	\$ 507,408,600	\$ 1,115	5.53%
2013	20,624,595	5,899,642	26,524,237	25,194	478,616,112	1,052.80	5.54%
2014	18,901,908	8,720,604	27,622,512	25,194	502,434,612	1,096.39	5.50%
2015	17,169,221	8,298,152	25,467,373	25,194	497,427,408	1,010.85	5.12%
2016	15,366,534	7,785,073	23,151,607	25,194	478,137,360	918.93	4.84%
2017	13,488,847	7,248,806	20,737,653	25,194	494,536,335	823.12	4.19%
2018	11,541,159	6,691,650	18,232,809	25,194	537,178,215	723.70	3.39%
2019	26,650,657	6,158,324	32,808,981	25,194	575,375,689	1,302.25	5.70%
2020	24,269,353	5,603,447	29,872,800	25,194	568,971,264	1,185.71	5.25%
2021	21,823,049	5,025,267	26,848,316	27,904	N/A	962.17	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.



**Independent School District No. 13**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2021**  
**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Anoka County	\$ 61,405,000	2.4910%	\$ 1,529,599
City of Columbia Heights	19,195,000	3.7670%	723,076
City of Fridley	65,590,000	8.6760%	5,690,588
Anoka County RR Authority	20,280,000	0.3890%	78,889
Metropolitan Council	1,688,625,662	0.0440%	742,995
Subtotal, Overlapping Debt			8,765,147
Independent School District No. 13 - Direct Debt			22,918,058
Total Direct and Overlapping Debt			<u>\$ 31,683,205</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government. Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision.

**Independent School District No. 13**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Estimated Market Value	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2012	1,658,497,900	248,774,685	21,456,474	227,318,211	8.62%
2013	1,468,778,100	220,316,715	18,310,148	202,006,567	8.31%
2014	1,401,974,000	210,296,100	16,512,813	193,783,287	7.11%
2015	1,582,657,900	237,398,685	14,947,081	222,451,604	6.30%
2016	1,648,065,600	247,209,840	13,400,288	233,809,552	5.42%
2017	1,775,647,200	266,347,080	12,976,502	253,370,578	4.87%
2018	1,924,865,000	288,729,750	11,085,186	277,644,564	3.84%
2019	2,140,615,700	321,092,355	26,195,061	294,897,294	8.16%
2020	2,381,517,236	357,227,585	22,404,076	334,823,509	6.27%
2021	2,483,647,984	372,547,198	21,240,489	351,306,709	5.70%

Legal Debt Margin Calculation for Fiscal Year 2020

Market Value	<u>\$ 2,140,615,700</u>
Debt Limit (15% of Market Value)	\$ 321,092,355
Debt Applicable to Limit	
G.O. Bonds	21,823,049
Less Amount Set Aside for Repayment of	
G.O. Debt	<u>582,560</u>
Total Net Debt Applicable to Limit	<u>21,240,489</u>
Legal Debt Margin	<u>\$ 299,851,866</u>

Note 1: Beginning in fiscal year 2003, the debt limit changed from 10% to 15% of market value.

Note 2: Under state finance law, the District's outstanding G.O. debt should not exceed 15% of total market property value. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

**Independent School District No. 13**  
**Demographic and Economic Statistics - Employment**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>District Population</u>	<u>Average Employment Anoka County</u>	<u>Average Unemployment Anoka County</u>	<u>Average Unemployment State of Minnesota</u>
2011	25,194	177,616	5.90%	5.70%
2012	25,194	179,616	5.60%	5.20%
2013	25,194	179,917	4.50%	4.50%
2014	25,194	181,664	3.40%	4.20%
2015	25,194	184,454	3.60%	3.70%
2016	25,194	181,997	3.80%	4.00%
2017	25,194	189,642	3.10%	3.10%
2018	25,194	191,336	2.90%	2.80%
2019	25,194	192,851	3.20%	3.50%
2020	27,904	182,689	4.80%	4.60%

Sources: U.S. Census and Anoka County 2020 Comprehensive Annual Financial Report

Note: This is the most recent information available for table presentation.

**Independent School District No. 13  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Medtronic Inc	600	1	3.08%	600	1	0.33%
Independent School District 13 <sup>(1)</sup>	546	2	2.80%	475	2	0.26%
Crestview Corporation	280	3	1.44%	180	5	0.10%
City of Columbia Heights	219	4	1.12%	207	4	0.12%
Columbia Park Clinic	120	5	0.62%	120	3	0.07%
Invest Cast	70	6	0.36%	70	7	0.04%
SAVERS/Unique Thrift Shop	65	7	0.33%	75	6	0.04%
Sarna's Classic Grill	60	8	0.31%	N/A	N/A	N/A
Bobby & Steve's Auto World	50	9	0.26%	53	9	0.03%
La Casita Mexican Restaurant	50	10	0.26%	60	8	0.03%
Rainbow Foods	N/A	N/A	N/A	120	10	0.07%
Total	<u>2,060</u>		<u>10.57%</u>	<u>1,960</u>		<u>1.09%</u>

Source: City of Columbia Heights, Minnesota, Principal Employers, Current Year and Nine Years Ago, furnished by the City of Columbia Heights.

Note: This is the most recent information available for table presentation and is based on a calendar year.

<sup>(1)</sup> Independent school district data

**Independent School District No. 13**  
**Demographic and Economic Statistics - Income**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Population	Personal Income <sup>1</sup>	Per Capita Personal Income <sup>2</sup>	Unemployment Rate <sup>2</sup>
2011	25,194	\$ 487,243,200	\$ 40,413	5.9%
2012	25,194	507,408,600	41,820	5.6%
2013	25,194	478,616,112	42,207	4.5%
2014	25,194	502,434,612	43,412	3.4%
2015	25,194	497,427,408	45,556	3.6%
2016	25,194	478,137,360	46,901	3.8%
2017	25,194	494,536,335	48,563	3.1%
2018	25,194	537,178,215	51,258	2.9%
2019	25,194	575,375,689	52,250	3.2%
2020	27,904	568,971,264	Not Available	4.8%

**Data Sources**

<sup>1</sup> City of Columbia Heights 2020 Comprehensive Annual Financial Report

<sup>2</sup> Anoka County 2020 Comprehensive Annual Financial Report - County-Wide

Note: This is the most recent information available for table presentation.

**Independent School District No. 13**  
**Food Service Meals Served**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Full paid lunch	70,512	63,471	65,979	66,514	68,295	64,728	69,867	74,748	55,808	-
Reduced price lunch	30,079	32,051	35,834	40,131	44,882	43,243	54,232	55,367	48,435	-
Free lunch	300,160	306,283	315,076	322,798	313,552	312,370	285,334	259,982	210,443	215,971
Adult lunch	6,248	4,940	4,233	3,930	3,444	3,057	2,438	2,032	3,675	413
Total lunches served	<u>406,999</u>	<u>406,745</u>	<u>421,122</u>	<u>433,373</u>	<u>430,173</u>	<u>423,398</u>	<u>411,871</u>	<u>392,129</u>	<u>318,361</u>	<u>216,384</u>
Full paid breakfast	15,040	19,041	22,268	28,578	24,918	20,870	23,907	29,396	29,144	-
Reduced price breakfast	13,481	15,715	16,527	20,607	22,019	18,125	24,402	26,336	23,434	-
Free breakfast	171,197	192,303	189,540	196,130	175,229	169,276	154,949	143,821	130,429	193,675
Adult breakfast	914	781	482	277	263	184	257	150	310	12
Total breakfasts served	<u>200,632</u>	<u>227,840</u>	<u>228,817</u>	<u>245,592</u>	<u>222,429</u>	<u>208,455</u>	<u>203,515</u>	<u>199,703</u>	<u>183,317</u>	<u>193,687</u>

**Independent School District No. 13**  
**School Facilities**  
**As of June 30, 2021**  
**(Unaudited)**

Facility	Year Constructed	Years of Addition	Grades Housed	Square Footage
Highland Elementary	1961	1998, 2012	K - 5	77,572
North Park Elementary	1965	1998, 2019	K - 5	84,908
Valley View Elementary	1959	1998, 2014	K - 5	77,500
Central Middle School	1964	None	6 - 8	144,000
Columbia Heights High School	1959	1968, 1999, 2008, 2019	9 - 12	353,013

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**Independent School District No. 13**  
**Student Enrollment**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

Fiscal Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2012	55.05	250.88	1,403.86	1,315.89	3,025.68	3,456.37
2013	56.04	251.40	1,465.73	1,275.97	3,049.14	3,473.07
2014	61.97	263.83	1,574.52	1,364.21	3,264.53	3,718.42
2015	50.89	210.71	1,567.20	1,466.61	3,295.41	3,588.74
2016	62.37	228.26	1,562.88	1,415.78	3,269.29	3,552.43
2017	106.26	227.30	1,528.89	1,497.40	3,359.85	3,659.34
2018	109.18	209.72	1,504.57	1,603.14	3,426.61	3,747.25
2019	123.16	206.11	1,468.44	1,660.27	3,457.98	3,790.03
2020	120.52	232.18	1,370.12	1,658.86	3,381.68	3,713.46
2021	113.13	203.35	1,270.68	1,720.24	3,307.40	3,651.47

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

Note 2: Beginning in fiscal year 2004, ADM is limited to 1.0 ADM per student.

Note 3: ADM is weighted as follows in computing pupil units:

through 2008	1.250	Handicapped 1.000	0.557	Elementary 1.115	Elementary 1.060	1.300
Fiscal Year 2012 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal Year 2015 through 2021	1.000	1.000	1.000	1.000	1.000	1.200

**Independent School District No. 13**  
**General Fund - Operating Account Expenditures by Program**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

Fiscal Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2012	\$ 1,083,761 2.9%	\$ 1,085,687 2.9%	\$ 17,417,879 47.1%	\$ 528,436 1.4%	\$ 7,108,579 19.2%	\$ 1,268,545 3.4%
2013	1,134,333 2.9%	1,301,541 3.3%	18,414,826 47.1%	540,039 1.4%	7,048,809 18.0%	1,001,506 2.6%
2014	1,217,236 2.9%	1,441,953 3.4%	21,239,609 49.9%	446,772 1.1%	7,234,416 17.0%	1,099,959 2.6%
2015	1,109,996 2.5%	1,497,065 3.4%	22,083,868 49.6%	436,594 1.0%	7,208,222 16.2%	1,845,808 4.1%
2016	1,263,781 2.8%	1,495,563 3.3%	21,957,628 48.5%	446,628 1.0%	7,238,505 16.0%	1,851,465 4.1%
2017	1,302,465 2.9%	1,510,240 3.4%	21,890,411 48.9%	458,223 1.0%	7,173,841 16.0%	1,721,391 3.8%
2018	1,365,159 2.9%	1,563,615 3.3%	22,842,133 48.8%	390,326 0.8%	7,580,992 16.2%	1,183,721 2.5%
2019	1,395,651 2.9%	1,546,620 3.2%	23,351,866 48.4%	435,354 0.9%	7,798,730 16.2%	1,838,411 3.8%
2020	1,737,507 3.2%	1,833,715 3.4%	23,397,108 43.2%	488,953 0.9%	9,010,335 16.7%	1,752,765 3.2%
2021	1,456,952 2.8%	1,461,340 2.8%	23,507,929 45.6%	500,935 1.0%	8,991,781 17.4%	2,338,979 4.5%

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Debt Service	Capital Outlay	Total	Percent Increase (Decrease) From Prior Year
\$ 3,559,134 9.6%	\$ 3,535,062 9.6%	\$ 79,478 0.2%	\$ 315,205 0.9%	\$ 991,496 2.7%	\$ 36,973,262 100.0%	11.44%
3,737,144 9.6%	3,807,924 9.7%	87,593 0.2%	477,950 1.2%	1,575,601 4.0%	39,127,266 100.0%	5.83%
4,105,797 9.6%	3,860,506 9.1%	99,673 0.2%	638,961 1.5%	1,163,226 2.7%	42,548,108 100.0%	8.74%
4,568,415 10.3%	3,750,966 8.4%	99,928 0.2%	778,520 1.7%	1,170,660 2.6%	44,550,042 100.0%	4.71%
4,582,127 10.1%	4,467,179 9.9%	99,141 0.2%	850,200 1.9%	1,043,995 2.3%	45,296,212 100.0%	1.67%
4,888,694 10.9%	4,137,475 9.2%	104,487 0.2%	257,054 0.6%	1,311,159 2.9%	44,755,440 100.0%	-1.19%
5,844,751 12.5%	3,945,569 8.4%	107,894 0.2%	850,385 1.8%	1,142,766 2.4%	46,817,311 100.0%	4.61%
6,512,909 13.5%	3,836,211 8.0%	118,661 0.2%	801,430 1.7%	579,759 1.2%	48,215,602 100.0%	2.99%
6,510,474 12.0%	4,293,261 7.9%	251,758 0.5%	793,992 1.5%	4,033,263 7.5%	54,103,131 100.0%	12.21%
5,317,143 10.3%	4,757,495 9.2%	272,918 0.5%	816,101 1.6%	2,143,703 4.2%	51,565,276 100.0%	-4.69%

**Independent School District No. 13**  
**Revenue and Expenditures -**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Revenue</b>					
General fund					
Operating account	\$ 35,558,292	\$ 36,719,182	\$ 39,910,286	\$ 42,726,798	\$ 42,960,649
Capital expenditure account	1,399,329	1,402,958	1,554,097	1,485,375	1,565,572
Special revenue funds					
Food service fund	1,855,853	1,912,273	2,049,204	2,079,228	2,008,948
Community service fund	1,334,905	1,442,396	1,605,033	1,538,227	1,565,957
Capital projects fund	4,625	22,707	6,169	2,859	1,002,048
Debt service fund - general obligation bonds	2,347,654	2,377,541	2,455,119	2,154,395	2,087,705
Total revenues	<u>\$ 42,500,658</u>	<u>\$ 43,877,057</u>	<u>\$ 47,579,908</u>	<u>\$ 49,986,882</u>	<u>\$ 51,190,879</u>
<b>Expenditures</b>					
Current					
Operating account	\$ 35,569,954	\$ 36,952,195	\$ 40,796,178	\$ 42,374,814	\$ 43,133,553
Capital expenditure account	1,403,308	2,175,071	1,751,930	2,175,228	2,162,659
Special revenue funds					
Food service fund	1,833,066	1,776,093	2,128,899	2,166,852	2,003,264
Community service fund	1,432,457	1,518,815	1,633,271	1,445,223	1,487,170
Capital projects fund	535,851	2,837,077	434,282	2,481,976	954,502
Debt service fund - general obligation bonds	2,359,394	21,970,650	2,197,784	2,138,663	2,160,912
Total expenditures	<u>\$ 43,134,030</u>	<u>\$ 67,229,901</u>	<u>\$ 48,942,344</u>	<u>\$ 52,782,756</u>	<u>\$ 51,902,060</u>

Fiscal Year				
2017	2018	2019	2020	2021
\$ 44,470,462	\$ 47,198,465	\$ 49,109,042	\$ 49,539,679	\$ 49,810,047
1,344,612	774,884	1,009,988	883,975	1,257,041
2,276,865	2,164,498	2,138,185	1,928,045	1,724,410
1,784,646	1,754,625	1,842,726	1,858,858	1,663,470
1,117,493	1,128,108	1,339,888	1,663,114	1,478,172
2,015,595	2,153,391	2,228,804	2,863,330	2,882,541
<u>\$ 53,009,673</u>	<u>\$ 55,173,971</u>	<u>\$ 57,668,633</u>	<u>\$ 58,737,001</u>	<u>\$ 58,815,681</u>
\$ 42,910,164	\$ 45,320,311	\$ 47,429,394	\$ 49,297,695	\$ 48,123,224
1,845,276	1,497,000	786,208	4,805,436	3,442,052
2,112,498	2,066,360	2,108,711	1,835,517	1,535,409
1,544,346	1,796,274	1,864,024	1,997,314	1,758,817
1,811,984	1,126,208	1,956,634	14,556,080	4,451,738
2,187,962	2,209,763	2,229,181	2,804,944	2,813,963
<u>\$ 52,412,230</u>	<u>\$ 54,015,916</u>	<u>\$ 56,374,152</u>	<u>\$ 75,296,986</u>	<u>\$ 62,125,203</u>

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**Independent School District No. 13**  
**Expenditures per Student**  
**Year Ended June 30, 2021**  
**(With Comparative Amounts for the Year Ended June 30, 2020)**  
**(Unaudited)**

	State Average	Anoka County Average	ISD No. 13	
	2020	2020	2020	2021
Expenditures per student (ADM) (1)				
General fund - operating account				
District and school administration	\$ 640	\$ 573	\$ 656	\$ 431
District support services	514	455	506	432
Elementary and secondary regular instruction	5,829	5,301	6,635	6,955
Vocational education instruction	174	177	139	148
Special education instruction	2,510	2,562	2,557	2,660
Instructional support services	662	692	351	692
Pupil support services	1,205	1,386	1,854	1,573
Sites and buildings, fiscal and other fixed cost programs	941	899	1,107	1,488
Total general fund - operating account	12,475	12,045	13,805	14,380
Food service special revenue fund	554	510	523	454
Total PK - 12 operating expenditures	13,029	12,555	14,328	14,834
General fund - capital expenditure account	838	804	1,561	635
Community service special revenue fund	622	688	569	520
Capital projects fund	2,085	2,654	4,145	1,318
Debt service fund	1,345	1,404	799	832
Total expenditures per student	\$ 17,919	\$ 18,105	\$ 21,402	\$ 18,139
ADMs served	882,198	10,077	3,512	3,380

Source: Minnesota Department of Education School District Profiles

Note: The above data does not include non-public schools.

**Independent School District No. 13**  
**Cost Per Pupil on Weighted Average Daily Membership**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
District and school administration	\$ 1,083,761	\$ 1,134,333	\$ 1,217,236	\$ 1,109,996
District support services	1,085,687	1,302,203	1,441,953	1,497,065
Elementary and secondary regular instruction	17,727,003	18,721,316	21,239,609	22,083,868
Vocational education instruction	538,436	542,617	446,772	436,594
Special education instruction	7,111,263	7,054,952	7,234,416	7,208,222
Community education and services	1,425,022	1,506,661	1,622,489	1,437,708
Instructional support services	1,268,545	1,001,506	1,099,959	1,845,808
Pupil support services	3,952,435	4,315,138	4,116,579	4,575,930
Sites, buildings, and equipment	4,343,155	7,338,889	4,064,783	4,079,335
Fiscal and other fixed cost programs	79,478	87,593	99,673	99,928
Food service	1,833,066	1,776,093	2,057,454	2,029,115
Debt service principal, interest and fiscal charges	2,686,179	22,448,600	4,301,421	6,379,187
<b>Total</b>	<b>\$ 43,134,030</b>	<b>\$ 67,229,901</b>	<b>\$ 48,942,344</b>	<b>\$ 52,782,756</b>
 Weighted average daily membership	 3,456	 3,473	 3,718	 3,590
District and school administration	\$ 315	\$ 365	\$ 327	\$ 327
District support services	315	377	375	388
Elementary and secondary regular instruction	5,150	5,380	5,391	5,713
Vocational education instruction	156	157	156	120
Special education instruction	2,066	2,041	2,031	1,946
Community education and services	414	436	434	436
Instructional support services	369	253	288	296
Pupil support services	1,148	1,285	1,242	1,107
Sites, buildings and equipment	1,262	2,133	2,113	1,093
Fiscal and other fixed cost programs	23	25	25	27
Food service	533	514	511	553
Interest and fiscal charges	780	885	6,464	1,157
<b>Total</b>	<b>\$ 12,532</b>	<b>\$ 13,852</b>	<b>\$ 19,358</b>	<b>\$ 13,164</b>

Note: Includes all governmental funds.



Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,263,781	\$ 1,302,465	\$ 1,365,159	\$ 1,395,651	\$ 1,737,507	\$ 1,456,952
1,495,563	1,510,240	1,563,615	1,546,620	1,833,715	1,461,340
21,957,628	22,011,700	22,944,999	23,460,600	23,688,989	23,998,345
446,628	458,223	390,326	442,315	488,953	506,011
7,238,505	7,177,816	7,581,510	7,804,502	9,012,714	8,993,486
1,472,233	1,528,109	1,779,192	1,847,654	1,979,488	1,739,273
1,851,465	1,721,391	1,183,721	1,838,411	1,752,765	2,344,379
4,596,585	5,179,433	6,384,963	6,678,200	6,866,282	5,482,688
4,581,454	6,267,752	5,588,029	5,868,056	22,250,362	10,704,338
99,141	104,487	107,894	118,661	251,758	272,918
2,003,054	2,112,498	2,066,360	2,108,711	1,835,517	1,535,409
4,896,023	3,038,116	3,060,148	3,264,771	3,598,936	3,630,064
<u>\$ 51,902,060</u>	<u>\$ 52,412,230</u>	<u>\$ 54,015,916</u>	<u>\$ 56,374,152</u>	<u>\$ 75,296,986</u>	<u>\$ 62,125,203</u>
3,552	3,659	3,747	3,790	3,713	3,651
\$ 309	\$ 356	\$ 368	\$ 376	\$ 476	\$ 399
417	421	421	417	502	400
6,151	6,182	6,180	6,319	6,488	6,573
122	126	105	119	134	139
2,008	2,038	2,042	2,102	2,469	2,463
400	414	479	498	542	476
514	521	319	495	480	642
1,275	1,294	1,720	1,799	1,881	1,502
1,136	1,290	1,505	1,580	6,094	2,932
28	28	29	32	69	75
565	564	557	568	503	421
1,777	1,378	824	879	986	994
<u>\$ 14,703</u>	<u>\$ 14,612</u>	<u>\$ 14,548</u>	<u>\$ 15,183</u>	<u>\$ 20,624</u>	<u>\$ 17,016</u>

**Independent School District No. 13**  
**Employees by Program Expense**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District and school administration	8	8	8	14	8	8	8	9	8	8
District support services	9	12	13	12	11	11	11	14	13	12
Elementary and secondary										
regular instruction	216	232	236	249	232	230	228	224	222	230
Vocational education instruction	6	7	5	6	5	5	5	5	3	5
Special education instruction	84	98	102	97	91	93	94	93	95	95
Community education and services	14	11	20	26	22	21	22	28	39	30
Instructional support services	9	5	7	11	11	11	11	8	7	7
Pupil support services	16	15	9	14	14	14	14	10	14	16
Sites, buildings and equipment	26	30	29	29	30	29	27	28	28	27
Food service	13	24	27	26	26	25	25	25	22	20
Total	401	442	456	484	450	447	445	444	451	450