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No Excuses.*



**SPRING LAKE PARK SCHOOLS**

*Fiscal year ended June 30, 2021*

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Spring Lake Park Schools  
1415 81st Avenue NE  
Spring Lake Park, MN**





ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2021

INDEPENDENT SCHOOL DISTRICT NO. 16  
SPRING LAKE PARK, MINNESOTA

1415 – 81st Avenue Northeast  
Spring Lake Park, MN 55432

Prepared by  
Business Services Office

Jeffrey Ronneberg • Superintendent

Amy Schultz • Director of Business Services

Chris McGee • Finance Manager

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INDEPENDENT SCHOOL DISTRICT NO. 16

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***SPRING LAKE PARK SCHOOLS***



# ***SECTION I***

*Introductory Section / Annual Financial Report*





December 7, 2021

Members of the School Board and  
Citizens of Independent School District No. 16

## **INTRODUCTION**

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 16 (the District) submitted herein presents the financial position of the District as of June 30, 2021, and the results of its operations for the fiscal year then ended.

This report is prepared in conformance with accounting principles generally accepted in the United States of America for governments as promulgated by the Governmental Accounting Standards Board. This report is consistent with and satisfies legal reporting requirements of the state of Minnesota, including the requirement to publish a complete set of audited financial statements within six months of the close of the District's fiscal year. In addition to meeting accounting and legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the School Board.

## **REPORT FORMAT**

The ACFR is presented in three sections:

- The introductory section contains this letter of transmittal, the organization chart, a list of the School Board and administration, and the Certificate of Excellence in Financial Reporting Award. The introductory section is not audited.
- The financial section begins with the independent auditor's report. This section includes management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and supplemental information consisting of combining and individual fund statements and schedules.
- The statistical section, which is not audited, includes selected financial, demographic, and economic data, generally presented on a multiyear basis.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures presented in this report. To provide a reasonable basis for making these assertions, management of the District has established a system of internal controls. The internal controls are designed to protect the District's assets from loss or misappropriation and to allow the compilation of sufficient reliable information to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. To the best of our knowledge and belief, the enclosed data reported as a whole and disaggregated to a fund level is accurate, in all material respects. This report is a complete disclosure of all financial activities of the District.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants, has performed an independent audit and has issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District is required to undergo an annual Single Audit in accordance with the provisions of the Federal Single Audit Act and the U.S. Office of Management and Budget *Compliance Supplement*. Information related to the Single Audit is issued separately and is not included in this report.

## **REPORTING ENTITY**

The legal name of the District is Independent School District No. 16, and it is often referred to as Spring Lake Park Schools. The District was incorporated in 1952 and is a suburban school district located on the north edge of the Minneapolis/St. Paul metropolitan area in Anoka County. The District serves students, families, and residents of all or a portion of the cities of Blaine, Fridley, and Spring Lake Park.

The District is organized as a political subdivision of the state of Minnesota and is governed by an elected seven-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.

The District serves a general population of approximately 33,000 in an area of 18.69 square miles. The average age of the District's buildings is approximately 32.3 years. The District operates three elementary schools (kindergarten through Grade 4), one Spanish Immersion Program (kindergarten through Grade 4), one intermediate and middle school (Grades 5 through 8), and one high school (Grades 9 through 12). The District also operates an online distance learning academy and a Lighthouse Program for the motivated, highly-skilled student. In addition to providing a pre-kindergarten through Grade 12 education for students, the District operates a school Food Service Program and a Community Service Program. At the end of the school year, the District served 6,060 students in its pre-kindergarten through Grade 12 educational programs. The District is anticipating a steady-to-slight increase in enrollment in upcoming years.

## **LOCAL ECONOMY**

The District is located in Anoka County, which is one of the seven counties included in the Twin Cities metropolitan area. This is the most populated area of Minnesota and has seen steady growth since 2000. The City of Blaine (the City) continues to see growth in both housing and commercial properties. Job growth in the City is strongest in the professional, managerial, and technical categories. Within this metropolitan area, health services, business services, and retail trade are the most significant industries.

Similar to national and global economies, Anoka County was impacted by the COVID-19 pandemic. This was most evident in unemployment rates. Many local businesses laid off employees as they closed their doors temporarily, or in some cases, permanently.

Unemployment increased to 6.3 percent in the Anoka County area, from 3.1 percent in the prior year. The state-wide and national unemployment averages were 6.2 percent and 8.1 percent, respectively. These trends reflect an increase in unemployment at the national and state levels as well.

Despite the pandemic affecting the area, there continues to be growth of new private investment. The City is the largest geographic municipality located within the District and it is anticipated that the commercial and residential growth of this city will continue slowly during the next five years. According to the City and the Metropolitan Council, the City's population (Anoka County portion of the City) has grown from 57,186 in 2010 (U.S. Census) to an estimated 70,222 in 2020, an increase of 13,036, or 22.8 percent. Residential and commercial development are expected to continue during the next several years.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

The state of Minnesota guarantees each school district a base amount of funding per pupil through the General Education Funding Program. With the exception of the voter-approved operating referendum (Levy for Learning) and bond referendum (Levy for Buildings), the District is dependent on the state of Minnesota for much of its revenue authority. This places a large reliance on the state to adequately fund the District's educational programs and creates a direct relationship to the state's economic outlook. At this time, the state of Minnesota is starting a downward trend from prior years in terms of its economic environment.

The 2021 Legislature authorized increases in the general education basic formula allowance for fiscal years 2022 and 2023, following increases in each fiscal year beginning in 2016. Previously, the Legislature "shifted" the amount of cash the District would receive each year down to a low of 60.0 percent of its annual allocation in 2011, resulting in many districts needing to borrow cash to pay for current year expenses. For fiscal year 2013, this shift had been adjusted up to 86.4 percent, and at October 15, 2013, the full shift had been repaid to allocate 90.0 percent to school districts during their current year of operations.

District voters renewed a capital projects referendum (technology levy) in November 2019, amounting to over \$1.2 million annually for 10 years. At the same time, voters renewed an operating levy set to expire after fiscal year 2020 and extended it another 10 years. The support of the technology levy will continue to allow the District to maintain and update its technology and improve student learning through greater access to technology in the classroom. By renewing the operating levy, it continues to bring much needed revenue to the District for continuing its current programming while looking at ways to improve student learning at the same time.

The combination of enrollment growth and voter support, along with a purposeful budget process, has allowed the District to maintain a healthy fund balance while increasing learning opportunities for students.

# OUR STRATEGIC PLAN FOR THE FUTURE

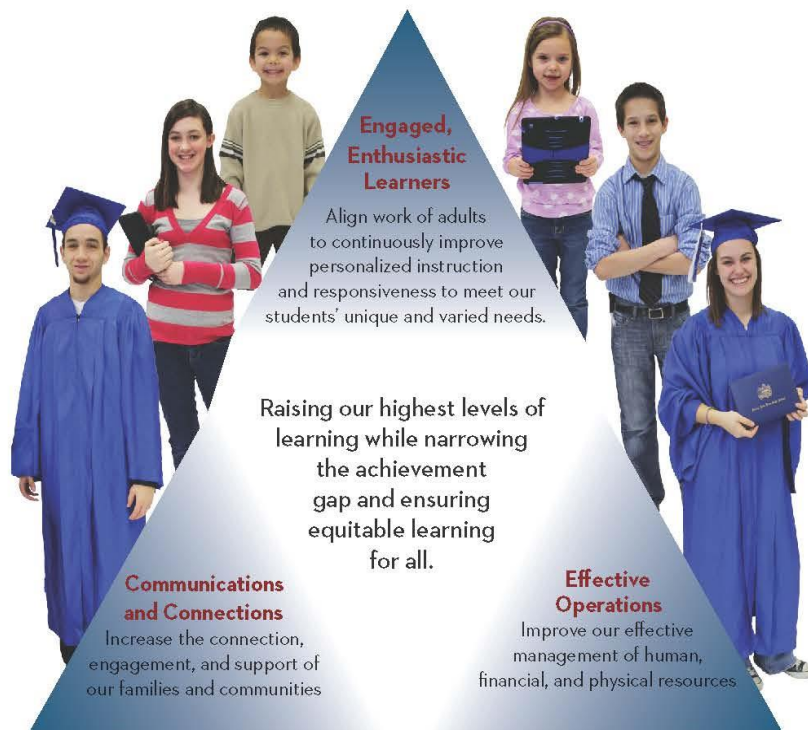
## OUR DISTRICT PURPOSE

High Expectations. High Achievement. For all. No Excuses.

## OUR VISION FOR THE FUTURE

The Spring Lake Park School District will be a world-class learning community aligned around...

- Fostering personalized experiences so that each student feels valued, inspired, and has a sense of belonging,
- Resulting in college readiness, and the development of academic, life, and career skills so that each student has aspirations for success.



## OUR STRATEGIC ANCHORS

We will move towards our vision through a focus on continuous improvement, identifying annual and multi-year projects and initiatives within three Strategic Anchors. Each of these efforts are centered around raising our highest levels of learning while narrowing the achievement gap and ensuring equitable learning for all.

## OUR OVER-ARCHING GOALS FOR ALL PLANNING AND FOR PROVIDING A FOCUS IN MOVING TOWARDS OUR VISION

- We will achieve greater levels of coherence and alignment throughout the system.
- We will proactively position the school district for the future in all planning and decision-making.

## STUDENT ASSESSMENT AND TESTING

The District uses student assessment data in many ways. Two assessments that are critical are the Minnesota Comprehensive Assessment Series II (MCA-II) (which measures student progress toward state standards) and the Northwest Evaluation Association (NWEA) Measure of Academic Progress (MAP) (which measures student progress over time).

The COVID-19 pandemic also affected student assessment and testing. These tests were not performed during the 2021 school year, due to social distancing requirements and the inability to have large gatherings. These major assessment events were not able to be rescheduled so data below reflects results from the 2019 school year.

### MINNESOTA COMPREHENSIVE ASSESSMENTS

Minnesota's accountability plan applies to all public schools. The MCA-IIs are the state tests in reading, mathematics, and science that meet federal and state legislative requirements. These tests are given every year to measure student performance on the Minnesota Academic Standards, which define what our students should know and do in a particular grade. The reading and mathematics MCA-IIs began in 2006, and the science MCA-II began in 2008.

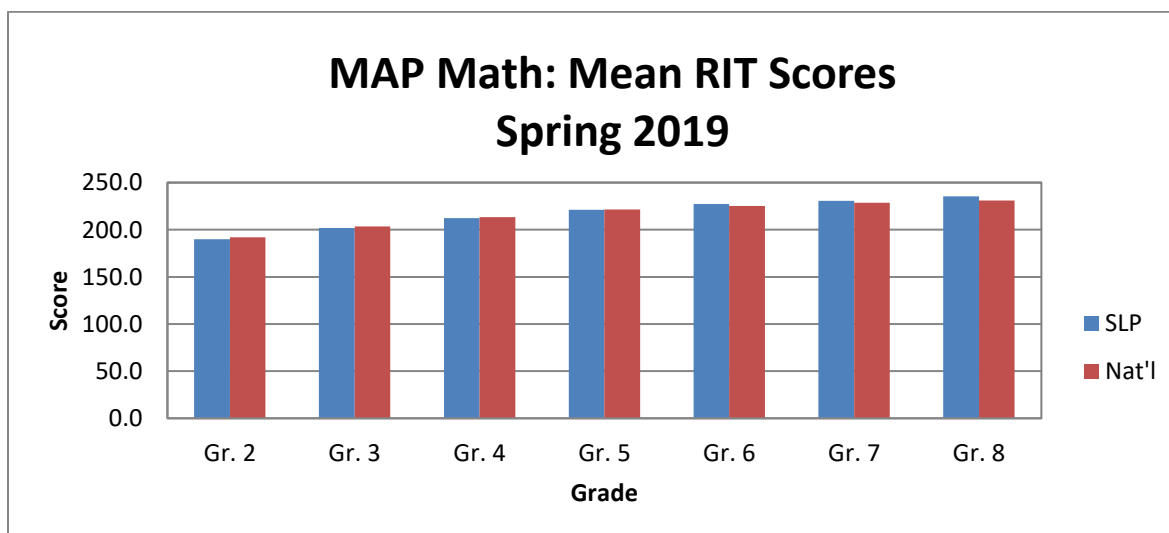
We use the MCA-IIs to determine how well students can apply the Minnesota Academic Standards in reading, mathematics, and science. The mathematics and reading tests are also used to determine whether schools and districts have made adequate yearly progress toward all students being proficient for the No Child Left Behind Act.

### NORTHWEST EVALUATION ASSOCIATION (NWEA) MEASURE OF ACADEMIC PROGRESS (MAP)

Measures of academic progress are state-aligned computerized adaptive tests that accurately reflect the instructional level of each student and measure growth over time. MAP tests provide highly accurate results that can be used to:

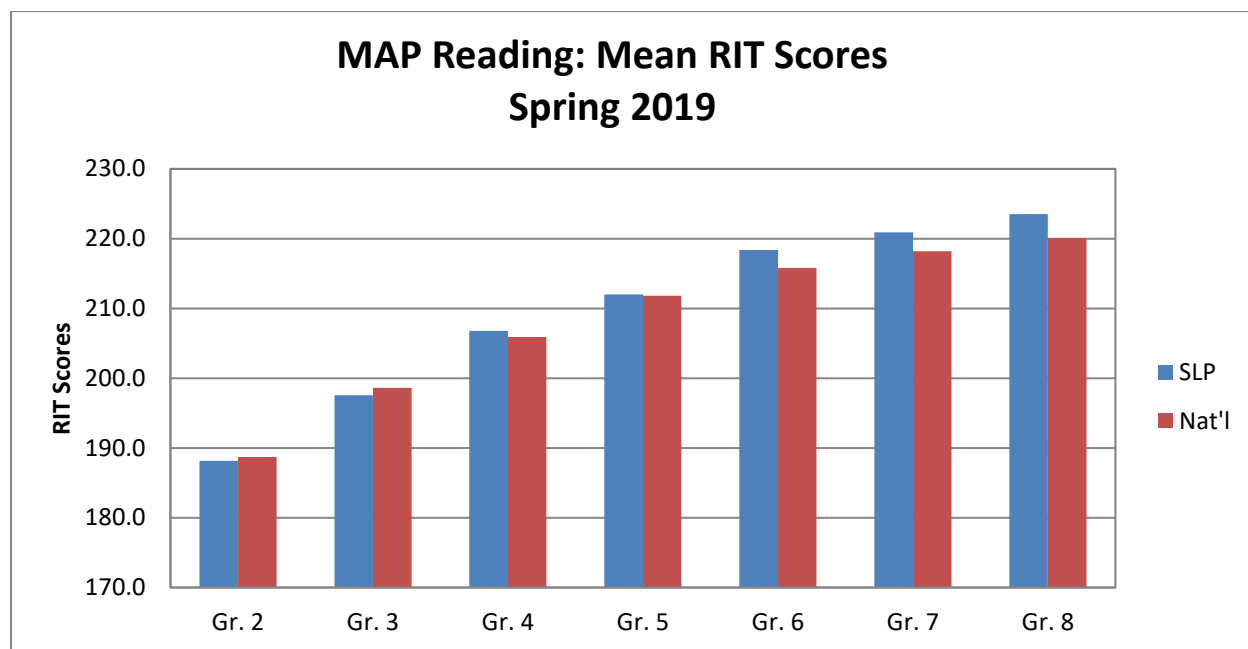
- Identify the skills and concepts individual students have learned.
- Diagnose instructional needs.
- Monitor academic growth over time.
- Make data-driven decisions at the classroom, school, and district levels.
- Place new students into appropriate instructional programs.

The District's MAP results for mathematics generally show higher than national scores across grade levels:





The District's MAP results for reading generally show higher than national scores across grade levels:



## 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 School Board adopts an annual budget for the following fiscal year for the General, Food Service Special Revenue, Community Service Special Revenue, and Debt Service Funds. The District's budget and financial management practices include the following district processes:

### 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 fiscal year's budget spans a three-year period and includes the following activities:

- **Budget Preparation** – The budget preparation cycle occurs during the 12 months prior to the District's upcoming fiscal year, which begins on the following July 1st. Major processes during the budget preparation cycle include the 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 Statutes to adopt a preliminary budget prior to July 1st. Once the 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. Monthly reports are provided to the School Board with "common sized" financial statements comparing the current year's year-to-date monthly results to the prior three years' historical year-to-date monthly results. This monthly reporting has proven to be invaluable to the School Board and management so that timely, reliable financial decisions can be made.
- **Budget Review** – During the fiscal 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.

In addition to the annual budget cycle described above, the School Board and administration review a five-year budget projection several times during the year. This process involves reviewing the budget under five different sets of expenditure assumptions. This long-term view of the budget has allowed the District to make purposeful decisions with the understanding of how those decisions affect not only the upcoming year but also the years following.

Budgetary control is decentralized to building locations or to program managers of each budgetary area. Overall, administrative responsibility rests with the Director of Educational Services, Director of Business Services, Director of Human Resources and Organizational Development, or Director of Community Education and Outreach under the direction of the Superintendent and consistent with School Board policy. School Board policy allows for limited reappropriation of budgets within a budgetary location by authority of budgetary program managers. Reappropriation of budget amounts between and among operating units requires authorization by the Director of Business Services. School Board approval is required to change appropriations at the fund level.

## **INDEPENDENT AUDIT**

The District's policy and state law require an annual audit of the financial statements of the District by an independent certified public accountant. This requirement has been complied with and the auditor's opinion is included in this report. The District does not maintain an internal audit staff.

## **CERTIFICATE OF EXCELLENCE**

This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting Award.

In 2021, the District received the Certificate of Excellence in Financial Reporting Award from the ASBO International for the preparation and issuance of the District's ACFR for 2020. It was the 15<sup>th</sup> year the District has received the award, which was earned by less than 10 percent of all school districts in the state.

The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence Program.

## **ACCOMPLISHMENTS**

The District takes pride in its focus on personalizing learning for each student, providing comprehensive instructional, co-curricular, and support programs. The District takes a systemic view of learning, recognizing the importance of providing coherence and alignment across all aspects of the District. Over the past few years, all principals and directors have participated in a leadership academy that has resulted in a shared philosophy of leadership throughout the District.

We are excited about the professional learning and continuous improvement efforts taking place in the District. The curriculum in the District is vertically aligned with a pre-kindergarten through Grade 12 perspective, and each staff member participates in a professional learning community team that meets at least weekly. In recent years, all staff has been engaged in ongoing learning on the topics of personalized learning, one-to-one technologies, effective assessment practices, and providing timely support to meet student learning needs. The District continues to focus in all of these areas to continually improve student learning.

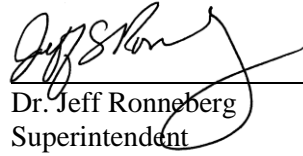
We are especially proud of how staff align their efforts each day to meet the unique needs and interests of our students. They accomplish this through a commitment to continuous improvement and innovation as part of their daily work, consistently seeking ways to enhance the experience of our students. This was especially true in the past 12 months as they partnered with families to navigate the challenges presented throughout the pandemic, leveraging the one-to-one technologies made possible through the support of our community so that personalized learning was able to happen when students were present in school and when learning was limited to a distance platform. This allowed personalized learning to continue with minimal disruption to the learning of students.

It is amazing to be part of a team of adults who each day strive to be a world-class learning community committed to knowing each child by name, strength, interest, and need.

The District has a vision of being a world-class learning community of choice. It is a great place to be.

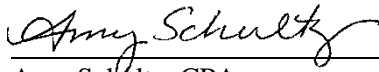
## ACKNOWLEDGMENTS

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



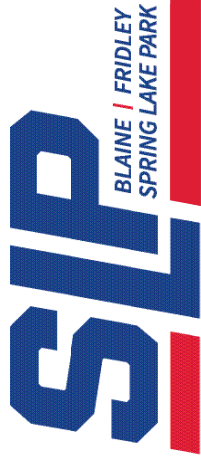
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Dr. Jeff Ronneberg  
Superintendent



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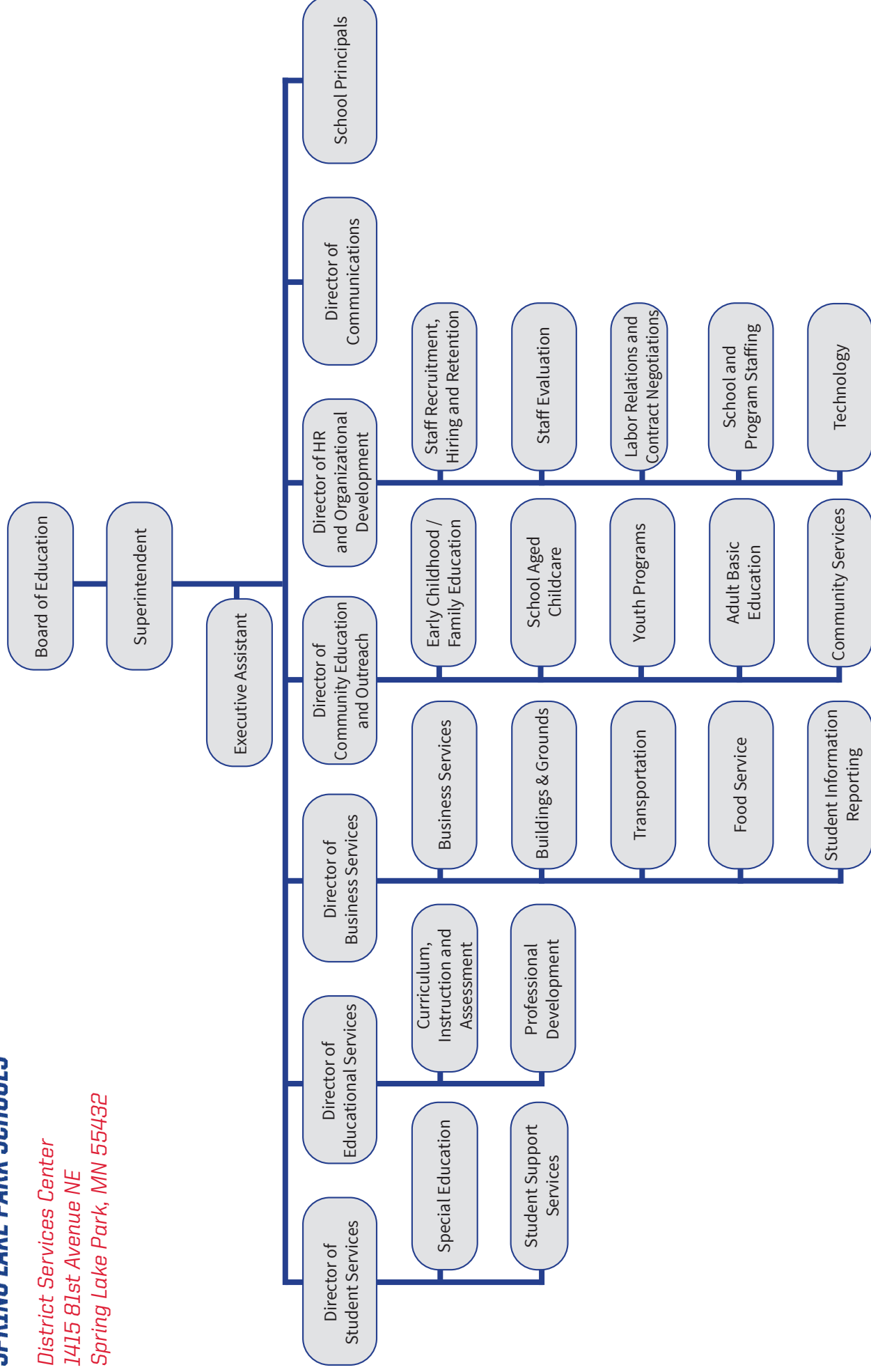
Amy Schultz, CPA  
Director of Business Services



**SPRING LAKE PARK SCHOOLS**

District Services Center  
1415 81st Avenue NE  
Spring Lake Park, MN 55432

*Spring Lake Park Schools – Organization Chart 2020-2021*



INDEPENDENT SCHOOL DISTRICT NO. 16

School Board and Administration  
Year Ended June 30, 2021

**SCHOOL BOARD**

Amy Hennen	Chairperson
Tony Easter	Vice Chairperson
Sarah Bowe	Treasurer
Amy Wheaton	Clerk
Marilynn Forsberg	Director
Michael Kreun	Director
John Stroebel	Director

**ADMINISTRATION**

Jeffrey Ronneberg	Superintendent
Colleen Pederson	Director of Community Education and Outreach
Amy Schultz	Director of Business Services
Hope Rahn	Director of Educational Services
Ryan Stromberg	Director of Human Resources and Organizational Development
Anthony Mayer	Director of Student Services
Erika Taibl	Director of Communications



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Spring Lake Park Independent  
School District 16**

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

The 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

*High Expectations.  
High Achievement For All.  
No Excuses.*



**SPRING LAKE PARK SCHOOLS**

A young boy with dark, curly hair and blue-rimmed glasses is focused on a craft project. He is wearing a bright green t-shirt and is seated at a light-colored desk. On the desk, there is a piece of white paper with colorful drawings and a small, colorful, fuzzy object. The background is slightly blurred, showing other students and classroom materials. The image is partially obscured by a large red geometric shape and a white banner containing the section title.

# ***SECTION II***

*Financial Section / Annual Financial Report*







## PRINCIPALS

Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA/CMA  
Jaclyn M. Huegel, CPA  
Kalen T. Karnowski, CPA

## INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of  
Independent School District No. 16  
Spring Lake Park, Minnesota

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 16 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

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

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

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

(continued)

### **Prior Year Comparative Information**

We have previously audited the District's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 4, 2020. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
December 7, 2021

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## INDEPENDENT SCHOOL DISTRICT NO. 16

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

This section of Independent School District No. 16's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the other components of the District's ACFR.

#### **FINANCIAL HIGHLIGHTS**

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$11,754,765 (net position). The District's total net position increased by \$4,437,920 during the fiscal year ended June 30, 2021.
- Government-wide revenues totaled \$94,027,792 and were \$4,437,920 more than expenses of \$89,589,872.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$5,465,947 from the prior year, compared to a decrease of \$4,536,713 planned in the budget.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the ACFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information consisting of combining and individual fund statements and schedules.

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

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

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue, Community Service Special Revenue, and Capital Projects – Building Construction) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view, which helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

**Proprietary Funds** – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of the District employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

<b>Table 1</b> <b>Summary Statement of Net Position</b> <b>as of June 30, 2021 and 2020</b>		
	2021	2020
<b>Assets</b>		
Current and other assets	\$ 69,996,693	\$ 62,959,897
Capital assets, net of depreciation	145,508,317	151,664,589
<b>Total assets</b>	<b>\$ 215,505,010</b>	<b>\$ 214,624,486</b>
<b>Deferred outflows of resources</b>		
Pension plan deferments	\$ 22,314,548	\$ 32,075,014
OPEB plan deferments	244,221	263,631
Deferred charge on refunding	379,413	426,839
<b>Total deferred outflows of resources</b>	<b>\$ 22,938,182</b>	<b>\$ 32,765,484</b>
<b>Liabilities</b>		
Current and other liabilities	\$ 4,036,392	\$ 3,966,991
Long-term liabilities, including due within one year	165,316,379	164,990,684
<b>Total liabilities</b>	<b>\$ 169,352,771</b>	<b>\$ 168,957,675</b>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 23,466,071	\$ 23,158,016
Pension plan deferments	31,683,305	46,757,212
OPEB plan deferments	1,775,396	737,977
Deferred charge on refunding	410,884	462,245
<b>Total deferred inflows of resources</b>	<b>\$ 57,335,656</b>	<b>\$ 71,115,450</b>
<b>Net position</b>		
Net investment in capital assets	\$ 31,428,847	\$ 30,595,571
Restricted	4,145,113	2,804,025
Unrestricted	(23,819,195)	(26,082,751)
<b>Total net position</b>	<b>\$ 11,754,765</b>	<b>\$ 7,316,845</b>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's increase in net investment in capital assets is due mostly to the District adding capital assets and repaying debt at a faster rate than the assets being depreciated. The District's increase in net position restricted for capital asset acquisition, debt service, and other (state funding) purposes contributed to the change in the restricted portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. Positive operating results in the current year as presented on the following table also contributed to the change in unrestricted net position.

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

<b>Table 2</b> <b>Summary Statement of Activities</b> <b>for the Years Ended June 30, 2021 and 2020</b>		
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 2,027,232	\$ 3,059,199
Operating grants and contributions	17,906,846	14,887,260
General revenues		
Property taxes	24,301,047	23,459,820
General grants and aids	49,114,780	46,293,428
Other	677,887	1,524,943
Total revenues	<u>94,027,792</u>	<u>89,224,650</u>
Expenses		
Administration	2,458,727	2,476,836
District support services	2,609,816	2,745,631
Elementary and secondary regular instruction	37,236,257	35,062,242
Vocational education instruction	474,309	478,371
Special education instruction	14,328,890	12,982,195
Instructional support services	6,526,474	6,249,588
Pupil support services	8,047,453	8,769,911
Sites and buildings	7,731,642	8,309,623
Fiscal and other fixed cost programs	314,880	298,787
Food service	2,659,752	3,002,961
Community service	3,930,078	4,105,012
Interest and fiscal charges	3,271,594	3,552,591
Total expenses	<u>89,589,872</u>	<u>88,033,748</u>
Change in net position	4,437,920	1,190,902
Net position – beginning	<u>7,316,845</u>	<u>6,125,943</u>
Net position – ending	<u>\$ 11,754,765</u>	<u>\$ 7,316,845</u>

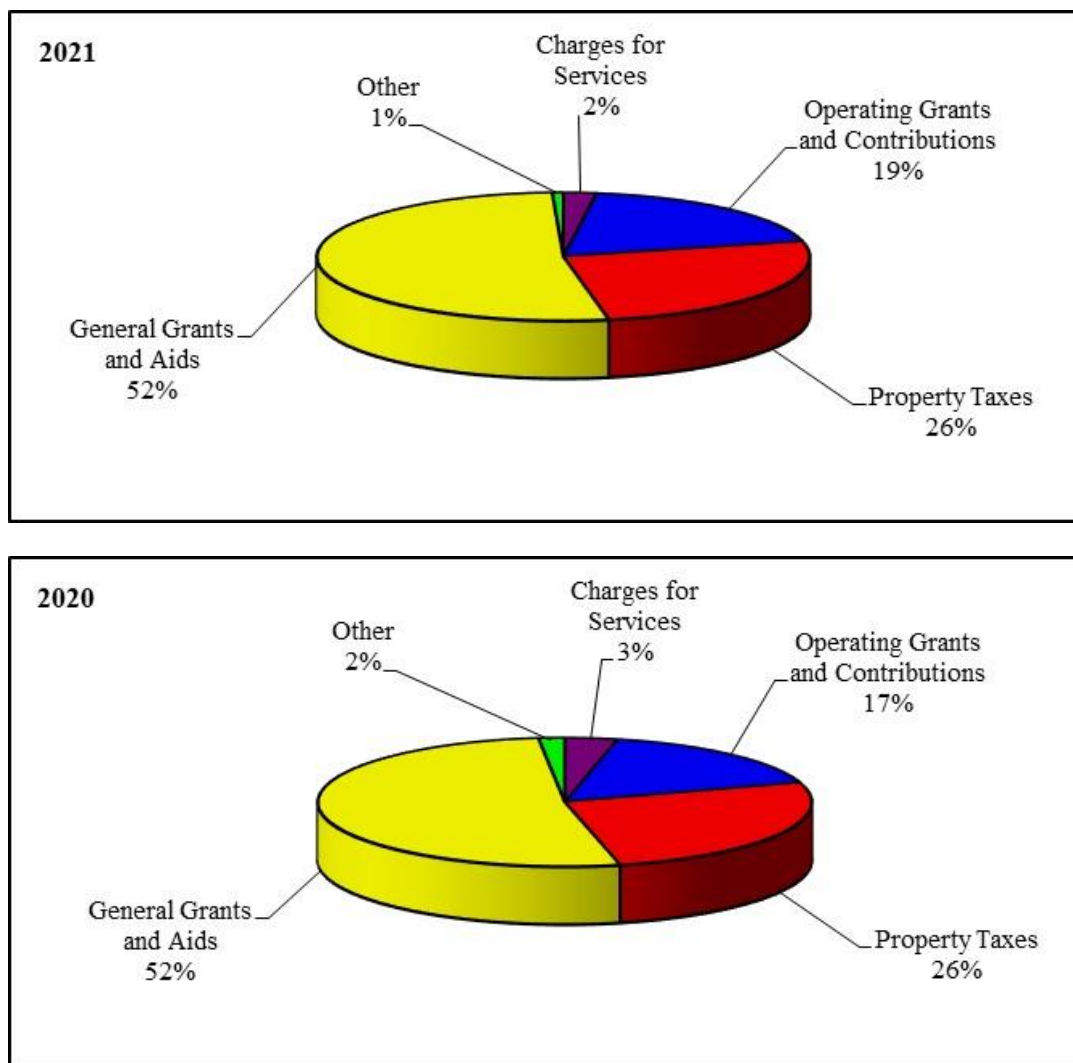
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District.



This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal. The COVID-19 pandemic impacted financial activity in several areas in the current year. Revenues shifted with more federal revenues recognized through new pandemic-related grants, offset in part by less charges for services and other local sources. Expenses changed to adapt to new distance and hybrid learning models impacting transportation, technology, and other program areas.

Figure A shows further analysis of these revenue sources:

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



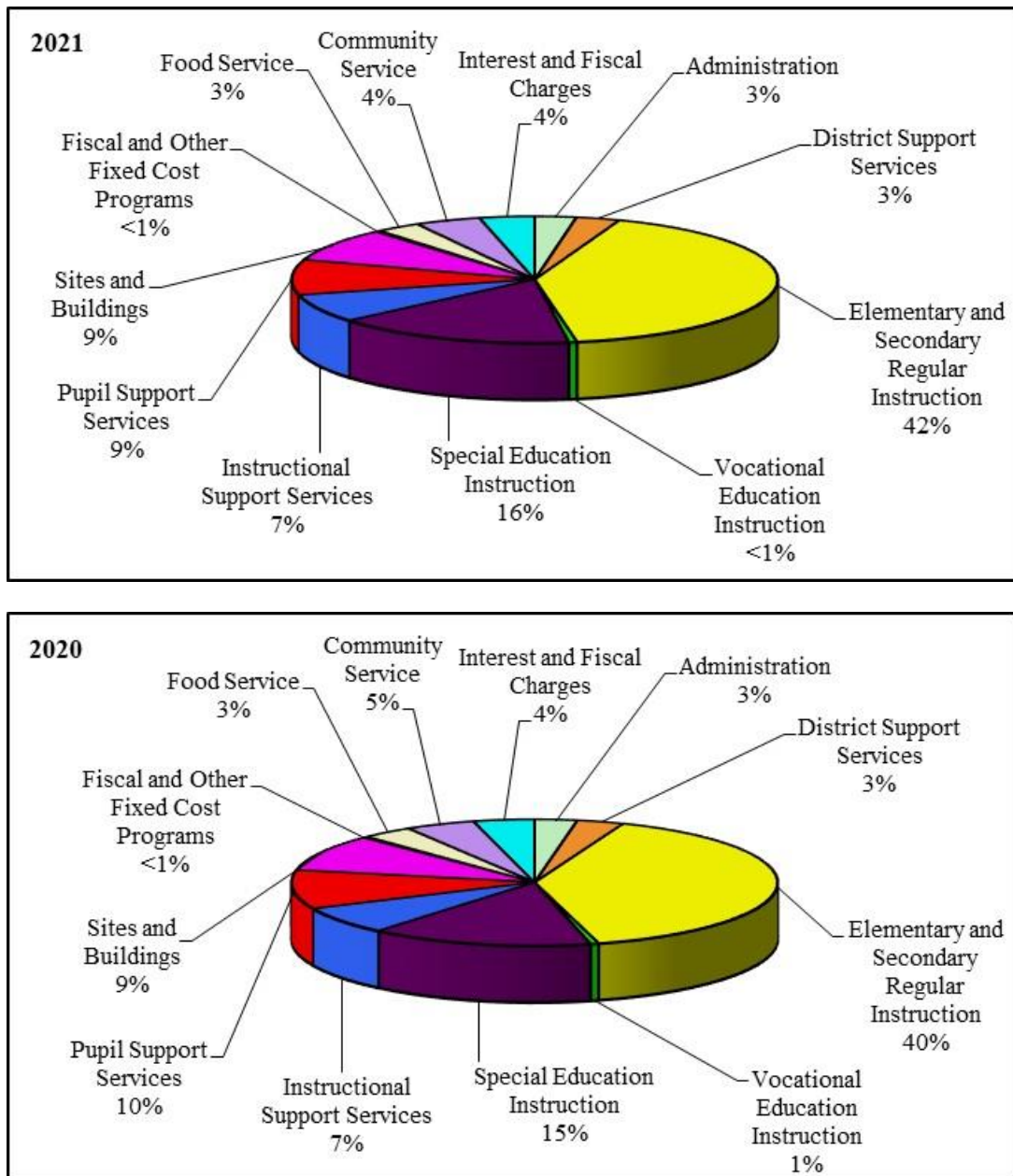
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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

The COVID-19 pandemic impacted current year revenue sources, when compared to the prior year as mentioned above.

Figure B shows further analysis of these expense functions:

**Figure B – Expenses for Fiscal Years 2020 and 2019**



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

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

<b>Table 3</b> <b>Governmental Fund Balances</b> <b>as of June 30, 2021 and 2020</b>			
	2021	2020	Change
Major funds			
General	\$ 33,293,397	\$ 27,827,450	\$ 5,465,947
Debt Service	2,800,761	2,761,017	39,744
Nonmajor funds			
Food Service Special Revenue	79,786	79,786	—
Community Service Special Revenue	8,813	8,813	—
Capital Projects – Building Construction	340,221	417,256	(77,035)
Total governmental funds	<u>\$ 36,522,978</u>	<u>\$ 31,094,322</u>	<u>\$ 5,428,656</u>

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

At June 30, 2021, the District's governmental funds reported combined fund balances of \$36,522,978, an increase of \$5,428,656 from the prior year. Approximately 71.7 percent of this amount (\$26,189,279) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$404,640), 2) restricted for particular purposes (\$6,038,120), or 3) assigned for particular purposes (\$3,890,939).

Changes in the table above are discussed on the following pages.

## ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

<b>Table 4</b> <b>General Fund</b> <b>Budget</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 73,732,510</u>	<u>\$ 75,565,950</u>	<u>\$ 1,833,440</u>	<u>2.5%</u>
Expenditures and other financing uses	<u>\$ 73,668,441</u>	<u>\$ 80,102,663</u>	<u>\$ 6,434,222</u>	<u>8.7%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended that budget for known significant changes in circumstances, such as updated enrollment levels, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

<b>Table 5</b> <b>General Fund</b> <b>Operating Results</b>					
	<u>2021 Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 77,820,868	\$ 2,254,918	3.0%	\$ 5,385,142	7.4%
Expenditures	<u>71,594,662</u>	<u>(7,433,001)</u>	(9.4%)	<u>(2,324,878)</u>	(3.1%)
Excess of revenue over expenditures	6,226,206	9,687,919		7,710,020	
Other financing sources (uses)	<u>(760,259)</u>	<u>314,741</u>		<u>37,366</u>	
Net change in fund balances	<u>\$ 5,465,947</u>	<u>\$ 10,002,660</u>		<u>\$ 7,747,386</u>	

The fund balance of the General Fund increased \$5,465,947, compared to a decrease of \$4,536,713 approved in the final budget.

General Fund revenues were 3.0 percent over budget with the largest variance occurring in state sources, which were \$1,763,834 more than projected in the budget. Conservative budgeting for state special education and for pupil counts that impact general education contributed to this favorable variance. The increase from the prior year was mainly due to improvements in special education and general education funding formulas.

General Fund expenditures were 9.4 percent under budget, with underspending in personnel costs, purchased services for transportation, and capital expenditures. Expenditures decreased, with a significant reduction in capital expenditures paid by the General Fund in the current year compared to the prior year.

## **COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS**

### **Debt Service Fund**

Debt Service Fund revenues exceeded expenditures by \$39,744 in the current year, compared to a \$4,861 fund balance increase anticipated in the budget. The funding of the Debt Service Fund is largely controlled with each individual debt obligation's financing plan. The remaining fund balance of \$2,800,761 at June 30, 2021, is available for meeting future debt service obligations.

### **Food Service Special Revenue Fund**

Operations of the Food Service Special Revenue Fund have been impacted by the ongoing pandemic, with the School Board adopting a balanced budget that included a transfer of \$650,000 from the General Fund to balance the budget and support current year operations. Actual operations in the current year included a transfer of \$250,444 to finance the number of expenditures in excess of revenues.

### **Community Service Special Revenue Fund**

Operations of the Community Service Special Revenue Fund have also been impacted by the ongoing pandemic, with the School Board adopting a balanced budget that included a transfer of \$425,000 from the General Fund to balance the budget and support current year operations. Actual operations in the current year included a transfer of \$509,815 to finance the number of expenditures in excess of revenues.

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

In fiscal year 2021, the District had \$77,081 of spending in the Capital Projects – Building Construction Fund and has \$340,221 of fund balance available for District projects at June 30, 2021.

### **Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities. The net position balance for all internal service funds as of June 30, 2021 was \$6,033,549, which represents an increase of \$638,242 from the prior year.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

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

<b>Table 6</b> <b>Capital Assets</b>			
	2021	2020	Change
Land	\$ 4,686,131	\$ 4,686,131	\$ –
Construction in progress	11,530	133,310	(121,780)
Improvements	31,822,873	31,150,594	672,279
Buildings	194,371,901	194,371,901	–
Furniture and equipment	8,905,856	8,502,689	403,167
Less accumulated depreciation	(94,289,974)	(87,180,036)	(7,109,938)
Total	<u>\$ 145,508,317</u>	<u>\$ 151,664,589</u>	<u>\$ (6,156,272)</u>
Depreciation expense	<u>\$ 7,567,978</u>	<u>\$ 7,096,486</u>	<u>\$ 471,492</u>

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

The changes presented in the table above reflect the ongoing activity and completion of projects at District sites during fiscal year 2021, consistent with the activity of the long-term facilities maintenance program in the General Fund and activity of the Capital Projects – Building Construction Fund discussed on the previous page.

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

Additional details about capital assets can be found in Note 3 of the notes to basic financial statements.

## Long-Term Liabilities

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

<b>Table 7</b> <b>Outstanding Long-Term Liabilities</b>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>
General obligation bonds payable	\$ 106,060,000	\$ 112,735,000	\$ (6,675,000)
Unamortized premium/discount	8,584,671	9,524,749	(940,078)
Capital leases payable	1,953,549	2,206,119	(252,570)
Net pension liability	48,195,474	39,926,904	8,268,570
Severance benefits payable	<u>522,685</u>	<u>597,912</u>	<u>(75,227)</u>
Total	<u>\$ 165,316,379</u>	<u>\$ 164,990,684</u>	<u>\$ 325,695</u>

The change in general obligation bonds payable and unamortized premium/discounts reflects the District's scheduled debt payments and amortization occurring in the current year.

The change in capital leases is due to planned repayment schedules for principal payments made in fiscal 2021.

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

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

<b>Table 8</b> <b>Limitations on Debt</b>	
District's market value	\$ 4,310,925,227
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 646,638,784</u>

Additional details of the District's long-term debt activity can be found in Note 4 of the notes to basic financial statements.

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

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$161, or 2.45 percent, per pupil to the basic general education funding formula for fiscal year 2022, and an additional \$135, or 2.00 percent, per pupil to the formula for fiscal year 2023.

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

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Office, Independent School District No. 16, 1415 81st Avenue Northeast, Spring Lake Park, Minnesota 55432.



## BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Governmental Activities	
	2021	2020
Assets		
Cash and temporary investments	\$ 46,205,323	\$ 37,891,045
Receivables		
Current taxes	14,079,325	16,267,639
Delinquent taxes	359,188	310,687
Accounts and interest	46,358	264,180
Due from other governmental units	7,239,693	7,114,481
Due from OPEB trust	222,879	7,544
Inventory	71,363	99,406
Prepaid items	333,277	175,060
Net OPEB asset	1,439,287	829,855
Capital assets		
Not depreciated	4,697,661	4,819,441
Depreciated, net of accumulated depreciation	140,810,656	146,845,148
Total capital assets, net of accumulated depreciation	<u>145,508,317</u>	<u>151,664,589</u>
Total assets	215,505,010	214,624,486
Deferred outflows of resources		
Pension plan deferments	22,314,548	32,075,014
OPEB plan deferments	244,221	263,631
Deferred charge on refunding	379,413	426,839
Total deferred outflows of resources	<u>22,938,182</u>	<u>32,765,484</u>
Total assets and deferred outflows of resources	<u>\$ 238,443,192</u>	<u>\$ 247,389,970</u>
Liabilities		
Salaries payable	\$ 347,450	\$ 298,210
Accounts and contracts payable	820,144	1,001,330
Accrued interest payable	1,669,601	1,784,083
Due to other governmental units	459,531	272,375
Unearned revenue	298,796	276,966
Claims incurred, but not reported	440,870	334,027
Long-term liabilities		
Due within one year	7,291,141	7,007,239
Due in more than one year	158,025,238	157,983,445
Total long-term liabilities	<u>165,316,379</u>	<u>164,990,684</u>
Total liabilities	169,352,771	168,957,675
Deferred inflows of resources		
Property taxes levied for subsequent year	23,466,071	23,158,016
Pension plan deferments	31,683,305	46,757,212
OPEB plan deferments	1,775,396	737,977
Deferred charge on refunding	410,884	462,245
Total deferred inflows of resources	<u>57,335,656</u>	<u>71,115,450</u>
Net position		
Net investment in capital assets	31,428,847	30,595,571
Restricted for		
Capital asset acquisition	1,898,506	1,194,097
Debt service	1,213,833	1,124,551
Food service	79,786	79,786
Community service	12,240	15,087
Other purposes (state funding restrictions)	940,748	390,504
Unrestricted	<u>(23,819,195)</u>	<u>(26,082,751)</u>
Total net position	<u>11,754,765</u>	<u>7,316,845</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 238,443,192</u>	<u>\$ 247,389,970</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 16

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

Functions/Programs	2021			2020
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Administration	\$ 2,458,727	\$ —	\$ —	\$ (2,458,727)
District support services	2,609,816	—	—	(2,609,816)
Elementary and secondary regular instruction	37,236,257	288,005	6,092,533	(30,855,719)
Vocational education instruction	474,309	—	12,079	(462,230)
Special education instruction	14,328,890	—	8,412,056	(5,916,834)
Instructional support services	6,526,474	54,682	—	(6,471,792)
Pupil support services	8,047,453	—	320,532	(7,726,921)
Sites and buildings	7,731,642	—	—	(7,731,642)
Fiscal and other fixed cost programs	314,880	—	—	(314,880)
Food service	2,659,752	21,794	2,157,797	(480,161)
Community service	3,930,078	1,662,751	911,849	(1,355,478)
Interest and fiscal charges	3,271,594	—	—	(3,271,594)
Total governmental activities	<u>\$ 89,589,872</u>	<u>\$ 2,027,232</u>	<u>\$ 17,906,846</u>	(69,655,794)
General revenues				
Taxes				
Property taxes, levied for general purposes				13,052,174
Property taxes, levied for community service				483,158
Property taxes, levied for debt service				10,765,715
General grants and aids				49,114,780
Other general revenues				592,969
Investment earnings				84,918
Total general revenues				<u>74,093,714</u>
Change in net position				4,437,920
Net position – beginning				<u>7,316,845</u>
Net position – ending				<u>\$ 11,754,765</u>
				<u>\$ 7,316,845</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	General Fund	Debt Service Fund	Nonmajor Funds
Assets			
Cash and temporary investments	\$ 31,725,961	\$ 7,208,669	\$ 798,214
Receivables			
Current taxes	7,702,654	6,078,898	297,773
Delinquent taxes	185,504	166,360	7,324
Accounts and interest	24,604	—	21,754
Due from other governmental units	6,981,391	15,027	243,275
Due from other funds	220,939	—	—
Inventory	40,748	—	30,615
Prepaid items	333,177	—	100
Total assets	<u>\$ 47,214,978</u>	<u>\$ 13,468,954</u>	<u>\$ 1,399,055</u>
Liabilities			
Salaries payable	\$ 235,614	\$ —	\$ 111,836
Accounts and contracts payable	766,568	—	53,576
Due to other governmental units	459,531	—	—
Unearned revenue	16,127	—	282,669
Total liabilities	<u>1,477,840</u>	<u>—</u>	<u>448,081</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	12,357,787	10,589,557	518,727
Unavailable revenue – delinquent taxes	85,954	78,636	3,427
Total deferred inflows of resources	<u>12,443,741</u>	<u>10,668,193</u>	<u>522,154</u>
Fund balances			
Nonspendable	373,925	—	30,715
Restricted	2,839,254	2,800,761	398,105
Assigned	3,890,939	—	—
Unassigned	26,189,279	—	—
Total fund balances	<u>33,293,397</u>	<u>2,800,761</u>	<u>428,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,214,978</u>	<u>\$ 13,468,954</u>	<u>\$ 1,399,055</u>

Total Governmental Funds	
2021	2020
\$ 39,732,844	\$ 32,181,698
14,079,325	16,267,639
359,188	310,687
46,358	251,737
7,239,693	7,114,481
220,939	—
71,363	99,406
333,277	175,060
<u>\$ 62,082,987</u>	<u>\$ 56,400,708</u>
\$ 347,450	\$ 298,210
820,144	1,001,330
459,531	272,375
298,796	276,966
<u>1,925,921</u>	<u>1,848,881</u>
23,466,071	23,158,016
168,017	299,489
<u>23,634,088</u>	<u>23,457,505</u>
404,640	274,466
6,038,120	4,792,713
3,890,939	3,676,815
26,189,279	22,350,328
<u>36,522,978</u>	<u>31,094,322</u>
<u>\$ 62,082,987</u>	<u>\$ 56,400,708</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2021  
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Total fund balances – governmental funds	\$ 36,522,978	\$ 31,094,322
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	239,798,291	238,844,625
Accumulated depreciation	(94,289,974)	(87,180,036)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(106,060,000)	(112,735,000)
Unamortized premium/discount	(8,584,671)	(9,524,749)
Capital leases payable	(1,953,549)	(2,206,119)
Net pension liability	(48,195,474)	(39,926,904)
Severance benefits payable	(522,685)	(597,912)
Net other post-employment benefit assets (obligations) reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets in governmental funds until actually due.	1,439,287	829,855
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(1,669,601)	(1,784,083)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	6,033,549	5,395,307
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	22,314,548	32,075,014
Deferred outflows of resources – OPEB plan deferments	244,221	263,631
Deferred outflows of resources – deferred charge on refunding	379,413	426,839
Deferred inflows of resources – unavailable revenue – delinquent taxes	168,017	299,489
Deferred inflows of resources – pension plan deferments	(31,683,305)	(46,757,212)
Deferred inflows of resources – OPEB plan deferments	(1,775,396)	(737,977)
Deferred inflows of resources – deferred charge on refunding	(410,884)	(462,245)
Total net position – governmental activities	\$ 11,754,765	\$ 7,316,845

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	General Fund	Debt Service Fund	Nonmajor Funds
Revenue			
Local sources			
Property taxes	\$ 13,116,377	\$ 10,830,137	\$ 486,005
Investment earnings	62,663	11,274	46
Other	935,656	—	1,684,545
State sources	59,528,400	150,266	536,475
Federal sources	4,177,772	—	2,533,171
Total revenue	77,820,868	10,991,677	5,240,242
Expenditures			
Current			
Administration	2,154,166	—	—
District support services	2,444,697	—	—
Elementary and secondary regular instruction	32,152,290	—	—
Vocational education instruction	413,387	—	—
Special education instruction	12,768,560	—	—
Instructional support services	5,987,094	—	—
Pupil support services	7,434,281	—	—
Sites and buildings	7,619,581	—	—
Fiscal and other fixed cost programs	314,880	—	—
Food service	—	—	2,429,389
Community service	—	—	3,567,646
Capital outlay	—	—	80,501
Debt service			
Principal	252,570	6,675,000	—
Interest and fiscal charges	53,156	4,276,933	—
Total expenditures	71,594,662	10,951,933	6,077,536
Excess (deficiency) of revenue over expenditures	6,226,206	39,744	(837,294)
Other financing sources (uses)			
Sale of capital assets	—	—	—
Transfers in	—	—	760,259
Transfers (out)	(760,259)	—	—
Total other financing sources (uses)	(760,259)	—	760,259
Net change in fund balances	5,465,947	39,744	(77,035)
Fund balances			
Beginning of year	27,827,450	2,761,017	505,855
End of year	\$ 33,293,397	\$ 2,800,761	\$ 428,820



Total Governmental Funds			
2021		2020	
\$	24,432,519	\$	23,342,456
	73,983		763,459
	2,620,201		3,728,240
	60,215,141		57,748,471
	6,710,943		3,416,953
	<u>94,052,787</u>		<u>88,999,579</u>
	2,154,166		2,153,860
	2,444,697		2,530,719
	32,152,290		30,443,260
	413,387		413,083
	12,768,560		11,425,457
	5,987,094		5,785,759
	7,434,281		7,989,230
	7,619,581		12,146,377
	314,880		298,787
	2,429,389		2,740,456
	3,567,646		3,666,488
	80,501		759,928
	6,927,570		6,896,885
	4,330,089		4,647,619
	<u>88,624,131</u>		<u>91,897,908</u>
	5,428,656		(2,898,329)
	—		1,000
	760,259		798,625
	<u>(760,259)</u>		<u>(798,625)</u>
	<u>—</u>		<u>1,000</u>
	5,428,656		(2,897,329)
	31,094,322		33,991,651
\$	<u><u>36,522,978</u></u>	\$	<u><u>31,094,322</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Total net change in fund balances – governmental funds	\$ 5,428,656	\$(2,897,329)
Amounts reported for governmental activities in the Statement of Activities are different		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	1,411,706	6,084,473
Depreciation expense	(7,567,978)	(7,096,486)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	6,675,000	6,365,000
Capital leases payable	252,570	531,885
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	114,482	151,016
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	638,242	1,369,697
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	940,078	940,077
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(8,268,570)	(1,487,119)
Severance benefits payable	75,227	(131)
Net OPEB asset	609,432	(486,330)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(9,760,466)	(14,067,469)
Deferred outflows of resources – OPEB plan deferments	(19,410)	74,836
Deferred outflows of resources – deferred charge on refunding	(47,426)	(47,426)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(131,472)	117,364
Deferred inflows of resources – pension plan deferments	15,073,907	11,590,877
Deferred inflows of resources – OPEB plan deferments	(1,037,419)	(3,394)
Deferred inflows of resources – deferred charge on refunding	51,361	51,361
Change in net position – governmental activities	<u>\$ 4,437,920</u>	<u>\$ 1,190,902</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 12,843,532	\$ 12,843,532	\$ 13,116,377	\$ 272,845
Investment earnings	200,000	100,000	62,663	(37,337)
Other	935,000	882,000	935,656	53,656
State sources	57,998,978	57,764,566	59,528,400	1,763,834
Federal sources	1,755,000	3,975,852	4,177,772	201,920
Total revenue	73,732,510	75,565,950	77,820,868	2,254,918
Expenditures				
Current				
Administration	2,234,947	2,240,676	2,154,166	(86,510)
District support services	3,048,954	2,981,414	2,444,697	(536,717)
Elementary and secondary regular instruction	31,934,018	34,145,179	32,152,290	(1,992,889)
Vocational education instruction	592,546	681,591	413,387	(268,204)
Special education instruction	11,783,964	11,414,981	12,768,560	1,353,579
Community service	85,000	—	—	—
Instructional support services	4,710,550	5,725,714	5,987,094	261,380
Pupil support services	8,560,003	8,868,061	7,434,281	(1,433,780)
Sites and buildings	10,112,733	12,364,321	7,619,581	(4,744,740)
Fiscal and other fixed cost programs	300,000	300,000	314,880	14,880
Debt service				
Principal	252,570	252,570	252,570	—
Interest and fiscal charges	53,156	53,156	53,156	—
Total expenditures	73,668,441	79,027,663	71,594,662	(7,433,001)
Excess (deficiency) of revenue over expenditures	64,069	(3,461,713)	6,226,206	9,687,919
Other financing sources (uses)				
Transfers (out)	—	(1,075,000)	(760,259)	314,741
Net change in fund balances	\$ 64,069	\$ (4,536,713)	5,465,947	\$ 10,002,660
Fund balances				
Beginning of year			27,827,450	
End of year			\$ 33,293,397	

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and temporary investments	\$ 6,472,479	\$ 5,709,347
Receivables		
Accounts and interest	—	12,443
Due from other funds	<u>1,940</u>	<u>7,544</u>
Total current assets	<u>6,474,419</u>	<u>5,729,334</u>
Liabilities		
Current liabilities		
Claims incurred, but not reported	<u>440,870</u>	<u>334,027</u>
Net position		
Unrestricted	<u><u>\$ 6,033,549</u></u>	<u><u>\$ 5,395,307</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 6,352,861	\$ 6,041,582
Operating expenses		
Health benefit claims	5,222,325	4,330,449
Dental benefit claims	<u>503,229</u>	<u>432,879</u>
Total operating expenses	<u>5,725,554</u>	<u>4,763,328</u>
Operating income	627,307	1,278,254
Nonoperating revenue		
Investment earnings	<u>10,935</u>	<u>91,443</u>
Change in net position	638,242	1,369,697
Net position		
Beginning of year	<u>5,395,307</u>	<u>4,025,610</u>
End of year	<u><u>\$ 6,033,549</u></u>	<u><u>\$ 5,395,307</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 6,370,908	\$ 6,052,848
Payment for health claims	(5,118,502)	(4,368,744)
Payment for dental claims	(500,209)	(432,942)
Net cash flows from operating activities	<u>752,197</u>	<u>1,251,162</u>
Cash flows from investing activities		
Investment earnings received	<u>10,935</u>	<u>91,443</u>
Net change in cash and cash equivalents	763,132	1,342,605
Cash and cash equivalents		
Beginning of year	<u>5,709,347</u>	<u>4,366,742</u>
End of year	<u><u>\$ 6,472,479</u></u>	<u><u>\$ 5,709,347</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 627,307	\$ 1,278,254
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	12,443	580
Due from other funds	5,604	10,686
Claims incurred, but not reported	<u>106,843</u>	<u>(38,358)</u>
Net cash flows from operating activities	<u><u>\$ 752,197</u></u>	<u><u>\$ 1,251,162</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Statement of Fiduciary Net Position  
as of June 30, 2021

	Post-Employment Benefits Trust Fund
Assets	
Investments held by trustee	
Mutual funds	\$ 7,016,912
Liabilities	
Due to other funds	222,879
Net position	
Restricted for OPEB	\$ 6,794,033

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	
Investment earnings	\$ 186,124
Less investment expense	(36,106)
Net investment earnings	150,018
Deductions	
Benefits	222,879
Change in fiduciary net position	(72,861)
Net position	
Beginning of year	6,866,894
End of year	\$ 6,794,033

## INDEPENDENT SCHOOL DISTRICT NO. 16

### Notes to Basic Financial Statements June 30, 2021

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

##### **A. Organization**

Independent School District No. 16 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

##### **B. Reporting Entity**

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

##### **C. Government-Wide Financial Statement Presentation**

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met.

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

### **D. Fund Financial Statement Presentation**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

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

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a pension (and other employee benefit) trust fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

### **Description of Funds**

The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

#### **Major Governmental Funds**

**General Fund** – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

#### **Nonmajor Governmental Funds**

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

**Community Service Special Revenue Fund** – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition, construction, or improvement of major capital facilities authorized by debt issue.

#### **Proprietary Funds**

**Internal Service Funds** – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District’s internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as a self-insured plan.

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

### **Fiduciary Fund**

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

### **E. Budgetary Information**

The School Board adopts an annual budget for the General, Food Service Special Revenue, Community Service Special Revenue, and the Debt Service Funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Expenditures in the Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Debt Service Fund exceeded budgeted appropriations by \$30,035, \$70,420, and \$2,075, respectively, for the year ended June 30, 2021. These variances were financed by revenues and other financing sources in excess of budget and available fund balance.

### **F. Cash and Temporary Investments**

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Debt proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the appropriate fund.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The Proprietary Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

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

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

### **G. Receivables**

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be collected within one year are delinquent property taxes receivable.

At year-end, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 7,120,173
Due from other Minnesota school districts	78,123
Due from Anoka County and others	<u>41,397</u>
Total due from other governmental units	<u>\$ 7,239,693</u>

### **H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Inventories also include the value of land and materials associated within the District's vocational program. Purchased food and supplies are recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

### **I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

### **J. Property Taxes**

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$1,060,731 of the property tax levy collectible in 2021 as revenue to the District in fiscal year 2020–2021. The remaining portion of the taxes collectible in 2021 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

### **K. Capital Assets**

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for improvements and buildings, and 5 to 20 years for furniture and equipment. Land and construction in progress are not depreciated.

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

### **L. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

### **M. Vacation Pay**

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused vacation pay is accrued in governmental fund financial statements only when it has matured, due to employee termination or similar circumstances. Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no long-term portion of vacation liabilities is recorded in the government-wide financial statements.



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

### **N. Sick Pay**

Substantially all district employees are entitled to sick leave at various rates. Sick leave is accrued in the governmental funds when used or matured prior to year-end. Unused sick leave enters into the calculation of an employee's severance pay upon termination for certain collective bargaining units.

### **O. Severance Benefits**

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

### **P. Risk Management and Self-Insurance**

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.
- 2. Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

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

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	\$ 349,040	\$ 4,330,449	\$ 4,368,744	\$ 310,745
2021	\$ 310,745	\$ 5,222,325	\$ 5,118,502	\$ 414,568

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	\$ 23,345	\$ 432,879	\$ 432,942	\$ 23,282
2021	\$ 23,282	\$ 503,229	\$ 500,209	\$ 26,302

**Q. State-Wide Pension Plans**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

**R. Other Post-Employment Benefits (OPEB) Plan**

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

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

### S. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

The District reports deferred outflows and inflows of resources related to pensions and OPEB plans reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

The District reports deferred outflows and inflows of resources related to the deferred charge on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### T. Net Position

In the government-wide and internal service fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

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

### U. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent and the director of business services are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the District uses restricted resources first then uses unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the District uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

### V. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

### W. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the prior year, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 1,537,625
Investments	<u>51,684,610</u>
Total	<u>\$ 53,222,235</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 46,205,323
Statement of Fiduciary Net Position	
Post-Employment Benefits Trust Fund	
Investments held by trustee	
Mutual funds	<u>7,016,912</u>
Total	<u>\$ 53,222,235</u>

### B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

**Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount and bank balance of the District’s deposits was \$1,537,625. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years			Total
	Rating	Agency		Less Than 1	1 to 5	6 to 10	
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ 93,724	\$ 1,809,076	\$ –	\$ 1,902,800
Municipal bonds	AAA	S&P	Level 2	\$ –	\$ 672,274	\$ –	672,274
Municipal bonds	AA	S&P	Level 2	\$ –	\$ 485,981	\$ 446,862	932,843
Municipal bonds	A	S&P	Level 2	\$ –	\$ –	\$ 250,984	250,984
Municipal bonds	AA	Moody's	Level 2	\$ –	\$ 668,697	\$ –	668,697
Municipal bonds	A	Moody's	Level 2	\$ –	\$ 1,034,558	\$ –	1,034,558
Investment pools/mutual funds							
MSDLAF – Liquid Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	606,047
MSDLAF – MAX Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	4,517,541
MSDLAF – Term Series	AAA	Fitch	Amortized cost	N/A	N/A	N/A	29,000,000
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized cost	N/A	N/A	N/A	409,955
MNTrust Limited Term Duration	N/R	N/A	Amortized cost	N/A	N/A	N/A	4,671,675
First American Government Obligations Fund	AAA	S&P	Level 1	N/A	N/A	N/A	22,261
U.S. Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	N/A	325
Mutual funds	N/R	N/A	Level 1	N/A	N/A	N/A	6,994,650
Total investments							<u>\$ 51,684,610</u>

N/A – Not Applicable

N/R – Not Rated

The District's investments include investment pools managed by the Minnesota School District Liquid Asset Fund (MSDLAF) and MNTrust, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximates fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial Credit Risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

**Interest Rate Risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

### NOTE 3 – CAPITAL ASSETS

Capital assets activity for the current year ended is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 4,686,131	\$ –	\$ –	\$ –	\$ 4,686,131
Construction in progress	133,310	674,659	–	(796,439)	11,530
Total capital assets, not depreciated	4,819,441	674,659	–	(796,439)	4,697,661
Capital assets, depreciated					
Improvements	31,150,594	333,880	(458,040)	796,439	31,822,873
Buildings	194,371,901	–	–	–	194,371,901
Furniture and equipment	8,502,689	403,167	–	–	8,905,856
Total capital assets, depreciated	234,025,184	737,047	(458,040)	796,439	235,100,630
Less accumulated depreciation for					
Improvements	(6,355,572)	(2,933,159)	458,040	–	(8,830,691)
Buildings	(73,927,338)	(4,262,959)	–	–	(78,190,297)
Furniture and equipment	(6,897,126)	(371,860)	–	–	(7,268,986)
Total accumulated depreciation	(87,180,036)	(7,567,978)	458,040	–	(94,289,974)
Net capital assets, depreciated	146,845,148	(6,830,931)	–	796,439	140,810,656
Total capital assets, net	<u>\$151,664,589</u>	<u>\$ (6,156,272)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$145,508,317</u>

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

Administration	\$ 203,939
District support services	232,021
Elementary and secondary regular instruction	2,880,491
Vocational education instruction	40,020
Special education instruction	1,087,031
Instructional support services	526,454
Pupil support services	751,825
Sites and buildings	1,196,979
Food service	262,525
Community service	386,693
Total depreciation expense	<u>\$ 7,567,978</u>



## NOTE 4 – LONG-TERM LIABILITIES

### A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Remaining Maturities	Principal Outstanding
2014A Refunding Bonds	10/28/2014	4.00–5.00%	\$ 36,025,000	02/01/2022–02/01/2029	\$ 25,190,000
2015A Refunding Bonds	12/30/2015	3.00–4.00%	\$ 29,715,000	02/01/2022–02/01/2029	20,285,000
2016A Building Bonds	07/07/2016	3.00–5.00%	\$ 46,245,000	02/01/2022–02/01/2035	46,245,000
2017A Refunding Bonds	06/08/2017	3.00–5.00%	\$ 15,830,000	02/01/2022–02/01/2029	12,130,000
2018A Taxable OPEB Refunding Bonds	11/06/2018	2.95–3.45%	\$ 3,770,000	02/01/2022–02/01/2025	2,210,000
Total general obligation bonds payable outstanding					<u>\$ 106,060,000</u>

These bonds were issued to finance acquisition, construction, and/or improvement of capital facilities, to finance the retirement (refunding) of prior bond issues, or to finance OPEB obligations. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized equal 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

### B. Capital Leases Payable

During fiscal year 2013, the District entered into a capital lease purchase to provide funds to finance improvements at district facilities. The total amount of resources available to draw on this capital lease was \$3,815,000, at a 2.48 percent interest rate, with a final payment date of June 1, 2028. This lease will be repaid through the General Fund. The District reported \$3,815,000 in buildings and \$2,034,667 of accumulated depreciation at year-end related to this lease.

The lease is secured by a ground lease and equipment. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the lease, the lessor may 1) declare all rental payments due or to become due, to be immediately due and payable, 2) take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 3) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under the agreement until the property is sold or leased again, or 4) take legal action to force performance under the terms of the lease.

### C. Other Long-Term Liabilities

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

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

District employees participate in two state-wide cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2021:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 9,053,140	\$ 1,439,780	\$ 361,016	\$ 500,528
TRA	39,142,334	20,874,768	31,322,289	6,218,983
Total	<u>\$ 48,195,474</u>	<u>\$ 22,314,548</u>	<u>\$ 31,683,305</u>	<u>\$ 6,719,511</u>

**D. Minimum Debt Payments**

Minimum annual principal and interest payments to maturity for general obligation bonds payable and capital lease payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest
2022	\$ 6,955,000	\$ 3,997,353	\$ 258,873	\$ 46,853
2023	7,280,000	3,685,965	265,332	40,393
2024	7,625,000	3,359,455	271,953	33,772
2025	7,970,000	3,012,365	278,740	26,986
2026	8,385,000	2,680,250	285,695	20,030
2027–2031	39,805,000	8,656,450	592,956	18,495
2032–2035	<u>28,040,000</u>	<u>2,203,450</u>	<u>—</u>	<u>—</u>
	<u>\$ 106,060,000</u>	<u>\$ 27,595,288</u>	<u>\$ 1,953,549</u>	<u>\$ 186,529</u>

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

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 112,735,000	\$ —	\$ 6,675,000	\$ 106,060,000	\$ 6,955,000
Unamortized premium/discount	9,524,749	—	940,078	8,584,671	—
Capital leases payable	2,206,119	—	252,570	1,953,549	258,873
Net pension liability	39,926,904	11,754,198	3,485,628	48,195,474	—
Severance benefits payable	597,912	26,596	101,823	522,685	77,268
	<u>\$ 164,990,684</u>	<u>\$ 11,780,794</u>	<u>\$ 11,455,099</u>	<u>\$ 165,316,379</u>	<u>\$ 7,291,141</u>

## NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions that have an accumulated deficit balance at June 30 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

### A. Classifications

At year-end, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ 40,748	\$ –	\$ 30,615	\$ 71,363
Prepaid items	333,177	–	100	333,277
Total nonspendable	373,925	–	30,715	404,640
Restricted				
Scholarships	156,880	–	–	156,880
Staff development	338,419	–	–	338,419
Capital project levy	674,956	–	–	674,956
Operating capital	913,734	–	–	913,734
Basic skills	445,449	–	–	445,449
Long-term facilities maintenance	309,816	–	–	309,816
Debt service	–	2,800,761	–	2,800,761
Food service	–	–	49,171	49,171
Community service	–	–	8,713	8,713
Capital projects	–	–	340,221	340,221
Total restricted	2,839,254	2,800,761	398,105	6,038,120
Assigned				
Employee benefits	220,939	–	–	220,939
Capital projects	3,350,000	–	–	3,350,000
Technology	320,000	–	–	320,000
Total assigned	3,890,939	–	–	3,890,939
Unassigned	26,189,279	–	–	26,189,279
Total	\$ 33,293,397	\$ 2,800,761	\$ 428,820	\$ 36,522,978

### B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of no less than two months of General Fund operating expenditures. At year-end, the unassigned fund balance of the General Fund was 39.0 percent of current year operating expenditures as defined by the fund balance policy.

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

### **A. Plan Descriptions**

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

#### **1. General Employees Retirement Fund (GERF)**

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

#### **2. Teachers Retirement Association (TRA)**

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

### **B. Benefits Provided**

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

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

#### **1. GERF Benefits**

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

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

Benefit increases are provided to benefit recipients each January. The post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

### 2. TRA Benefits

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

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

#### Tier I Benefits

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

With these provisions:

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

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

### Tier II Benefits

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

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

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

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

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2021, were \$804,913. The District's contributions were equal to the required contributions as set by state statutes.

#### 2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2019		2020		2021	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	11.71 %	11.00 %	11.92 %	11.00 %	12.13 %
<b>Coordinated Plan</b>	7.50 %	7.71 %	7.50 %	7.92 %	7.50 %	8.13 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were \$2,647,404. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	\$ 425,223
Add employer contributions not related to future contribution efforts	(56)
Deduct the TRA's contributions not included in allocation	<u>(508)</u>
Total employer contributions	424,659
Total nonemployer contributions	<u>35,587</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 460,246</u>

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

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2021, the District reported a liability of \$9,053,140 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$279,245. 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 0.1510 percent at the end of the measurement period and 0.1478 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 9,053,140
State's proportionate share of the net pension liability associated with the District	\$ 279,245

For the year ended June 30, 2021, the District recognized pension expense of \$476,225 for its proportionate share of the GERF's pension expense. In addition, the District recognized \$24,303 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 80,630	\$ 34,253
Changes in actuarial assumptions	–	326,763
Net collective difference between projected and actual investment earnings	209,902	–
Changes in proportion	344,335	–
District's contributions to the GERF subsequent to the measurement date	804,913	–
	<u>804,913</u>	<u>–</u>
Total	<u>\$ 1,439,780</u>	<u>\$ 361,016</u>

The \$804,913 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ (311,453)
2023	\$ 150,509
2024	\$ 216,067
2025	\$ 218,728

**2. TRA Pension Costs**

At June 30, 2021, the District reported a liability of \$39,142,334 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.5298 percent at the end of the measurement period and 0.4982 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 39,142,334
State's proportionate share of the net pension liability associated with the District	\$ 3,280,248



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

For the year ended June 30, 2021, the District recognized pension expense of \$5,918,490. It also recognized \$300,493 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 784,962	\$ 541,640
Changes in actuarial assumptions	12,716,356	30,073,028
Net difference between projected and actual investment earnings on pension plan investments	854,575	–
Changes in proportion	3,871,471	707,621
District's contributions to the TRA subsequent to the measurement date	2,647,404	–
Total	<u>\$ 20,874,768</u>	<u>\$ 31,322,289</u>

A total of \$2,647,404 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 1,432,368
2023	\$ (10,030,329)
2024	\$ (6,322,458)
2025	\$ 1,326,914
2026	\$ 498,580

**E. Actuarial Assumptions**

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

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

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

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

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

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

### **1. GERS**

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

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

#### **CHANGES IN PLAN PROVISIONS**

- Augmentation for current privatized members were reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

### **2. TRA**

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

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

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

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

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

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

### F. Discount Rate

#### 1. GERS

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### 2. TRA

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

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

### G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 14,509,043	\$ 9,053,140	\$ 4,552,458
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 59,926,499	\$ 39,142,334	\$ 22,017,232

### H. Pension Plan Fiduciary Net Position

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

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

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

### **A. Plan Description**

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

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

### **B. Benefits Provided**

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

### **C. Contributions and Funding Policy**

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

### **D. Membership**

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	12
Active plan members	<u>715</u>
Total members	<u><u>727</u></u>

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

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

The District's net OPEB liability (asset) was based on the actuarial valuation performed as of July 1, 2020, and was rolled forward for a June 30, 2021 measurement date. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 5,354,746
Plan fiduciary net position	<u>(6,794,033)</u>
The District's net OPEB liability (asset)	<u>\$ (1,439,287)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>126.88%</u>

### F. Actuarial Method and Assumptions

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

Discount rate	2.80%
Expected long-term investment return	4.00% (net of investment expenses)
20-year municipal bond yield	2.10%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare trend rate	6.50% in 2020 grading to 5.00% over 6 years, and then to 4.00% over the next 48 years

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best-estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	100.00 %	4.00 %

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

### G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 2.10 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### H. Discount Rate

The discount rate used to measure the total OPEB liability was 2.80 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 3.20 percent.

### I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance	\$ 6,037,039	\$ 6,866,894	\$ (829,855)
Changes for the year			
Service cost	594,726	—	594,726
Interest	208,679	—	208,679
Assumption changes	(183,365)	—	(183,365)
Projected investment return	—	274,676	(274,676)
Differences between expected and actual experience	(1,079,454)	(99,330)	(980,124)
Benefit payments – paid through trust	(222,879)	(222,879)	—
Administrative expenses	—	(25,328)	25,328
Total net changes	<u>(682,293)</u>	<u>(72,861)</u>	<u>(609,432)</u>
Ending balance	<u>\$ 5,354,746</u>	<u>\$ 6,794,033</u>	<u>\$ (1,439,287)</u>

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates, mortality tables, and salary scale assumptions were updated.
- The discount rate was changed from 3.20 percent to 2.80 percent.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)****J. Net OPEB Liability (Asset) Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	1.80%	2.80%	3.80%
Net OPEB liability (asset)	\$ (1,023,263)	\$ (1,439,287)	\$ (1,834,130)

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

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
OPEB healthcare cost trend	5.50% decreasing to 4.00%, then 3.00%	6.50% decreasing to 5.00%, then 4.00%	7.50% decreasing to 6.00%, then 5.00%
Net OPEB liability (asset)	\$ (2,120,269)	\$ (1,439,287)	\$ (617,001)

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

For the current year ended, the District recognized OPEB expense of \$447,397. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ —	\$ 1,540,848
Changes in actuarial assumptions	238,608	234,548
Difference between projected and actual investment earnings	5,613	—
Total	<u>\$ 244,221</u>	<u>\$ 1,775,396</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2022	\$ (145,422)
2023	\$ (203,521)
2024	\$ (155,819)
2025	\$ (134,873)
2026	\$ (161,312)
Thereafter	\$ (730,228)



## **NOTE 8 – FLEXIBLE BENEFIT PLAN**

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

Before the beginning of the Plan year, which is from July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the Plan, whether or not such contributions have been made.

The Plan is administered by an independent contract administrator for child care and medical expense reimbursements. The flexible benefit plan is included in the financial statements within the District’s General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

## **NOTE 9 – INTERFUND BALANCES AND TRANSACTIONS**

### **A. Interfund Receivables and Payables**

At June 30, 2021, the General Fund recorded a receivable of \$220,939 and the internal service funds recorded a receivable of \$1,940, from the Post-Employment Benefits Trust Fund for the reimbursement of claims paid on behalf of the Post-Employment Benefits Trust Fund. Because fiduciary fund activity is not included in the government-wide financial statements, the receivable amount is included as due from the OPEB trust in the governmental activities on the Statement of Net Position.

### **B. Transfers**

During fiscal 2021, the General Fund transferred \$250,444 to the Food Service Special Revenue Fund and \$509,815 to the Community Service Special Revenue Fund to finance regular program costs and additional costs related to the COVID-19 pandemic. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

## **NOTE 10 – COMMITMENTS AND CONTINGENCIES**

### **A. Federal and State Revenues**

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

### **B. Legal Claims**

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

### **C. Construction Contracts**

At June 30, 2021, the District had commitments totaling \$328,914 under various construction contracts for which the work was not yet completed.

### **D. COVID-19**

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

## **NOTE 11 – SUBSEQUENT EVENTS**

In July 2021, the District approved a lease for computer equipment totaling \$1,019,267. The lease bears an interest rate of 1.5 percent with annual payments of \$254,817 and a final maturity on July 5, 2024.

In July 2021, the District purchased property at a cost of \$443,000, to improve safety, traffic flow, and provide green space at Centerview Elementary School.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 16

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2021

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1457%	\$ 6,844,256	\$ —	\$ 6,844,256	\$ 7,648,268	89.49%	78.70%
06/30/2016	06/30/2015	0.1392%	\$ 7,214,066	\$ —	\$ 7,214,066	\$ 8,226,387	87.69%	78.20%
06/30/2017	06/30/2016	0.1439%	\$ 11,683,965	\$ 152,514	\$ 11,836,479	\$ 9,150,283	127.69%	68.90%
06/30/2018	06/30/2017	0.1400%	\$ 8,937,508	\$ 112,417	\$ 9,049,925	\$ 9,253,893	96.58%	75.90%
06/30/2019	06/30/2018	0.1404%	\$ 7,788,817	\$ 255,478	\$ 8,044,295	\$ 9,644,579	80.76%	79.50%
06/30/2020	06/30/2019	0.1478%	\$ 8,171,531	\$ 253,989	\$ 8,425,520	\$ 10,680,581	76.51%	80.20%
06/30/2021	06/30/2020	0.1510%	\$ 9,053,140	\$ 279,245	\$ 9,332,385	\$ 10,758,624	84.15%	79.10%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 603,458	\$ 603,458	\$ —	\$ 8,226,387	7.34%
06/30/2016	\$ 669,149	\$ 669,149	\$ —	\$ 9,150,283	7.31%
06/30/2017	\$ 676,646	\$ 676,646	\$ —	\$ 9,253,893	7.31%
06/30/2018	\$ 707,859	\$ 707,859	\$ —	\$ 9,644,579	7.34%
06/30/2019	\$ 782,657	\$ 782,657	\$ —	\$ 10,680,581	7.33%
06/30/2020	\$ 806,953	\$ 806,953	\$ —	\$ 10,758,624	7.50%
06/30/2021	\$ 804,913	\$ 804,913	\$ —	\$ 10,731,257	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 16

Teachers Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2021

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5053%	\$ 23,283,860	\$ 1,637,846	\$ 24,921,706	\$ 23,066,641	100.94%	81.50%
06/30/2016	06/30/2015	0.4758%	\$ 29,432,936	\$ 3,610,491	\$ 33,043,427	\$ 24,331,811	120.96%	76.80%
06/30/2017	06/30/2016	0.4796%	\$ 114,396,043	\$ 11,481,522	\$ 125,877,565	\$ 25,221,123	453.57%	44.88%
06/30/2018	06/30/2017	0.4707%	\$ 93,960,258	\$ 9,082,818	\$ 103,043,076	\$ 25,513,807	368.27%	51.57%
06/30/2019	06/30/2018	0.4880%	\$ 30,650,968	\$ 2,879,488	\$ 33,530,456	\$ 27,138,338	112.94%	78.07%
06/30/2020	06/30/2019	0.4982%	\$ 31,755,373	\$ 2,810,311	\$ 34,565,684	\$ 28,462,506	111.57%	78.21%
06/30/2021	06/30/2020	0.5298%	\$ 39,142,334	\$ 3,280,248	\$ 42,422,582	\$ 30,784,484	127.15%	75.48%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,811,160	\$ 1,811,160	\$ —	\$ 24,331,811	7.44%
06/30/2016	\$ 1,870,955	\$ 1,870,955	\$ —	\$ 25,221,123	7.42%
06/30/2017	\$ 1,900,565	\$ 1,900,565	\$ —	\$ 25,513,807	7.45%
06/30/2018	\$ 2,022,310	\$ 2,022,310	\$ —	\$ 27,138,338	7.45%
06/30/2019	\$ 2,180,712	\$ 2,180,712	\$ —	\$ 28,462,506	7.66%
06/30/2020	\$ 2,438,448	\$ 2,438,448	\$ —	\$ 30,784,484	7.92%
06/30/2021	\$ 2,647,404	\$ 2,647,404	\$ —	\$ 32,579,424	8.13%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	District Fiscal Year-End Date				
	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 445,316	\$ 436,541	\$ 476,928	\$ 541,112	\$ 594,726
Interest	175,983	189,292	215,803	204,457	208,679
Assumption changes	—	(106,629)	139,380	160,889	(183,365)
Difference between expected and actual experience	—	—	(706,192)	—	(1,079,454)
Benefit payments	<u>(180,581)</u>	<u>(284,847)</u>	<u>(293,292)</u>	<u>(49,410)</u>	<u>(222,879)</u>
Net change in total OPEB liability	440,718	234,357	(167,373)	857,048	(682,293)
Total OPEB liability – beginning of year	<u>4,672,289</u>	<u>5,113,007</u>	<u>5,347,364</u>	<u>5,179,991</u>	<u>6,037,039</u>
Total OPEB liability – end of year	<u>5,113,007</u>	<u>5,347,364</u>	<u>5,179,991</u>	<u>6,037,039</u>	<u>5,354,746</u>
Plan fiduciary net position					
Contributions	117,576	244,723	275,062	41,866	—
Investment earnings	51,930	(45,450)	480,011	381,847	175,346
Benefit payments	(180,581)	(284,847)	(293,292)	(49,410)	(222,879)
Administrative expenses	<u>(5,760)</u>	<u>(3,306)</u>	<u>(3,335)</u>	<u>(3,585)</u>	<u>(25,328)</u>
Net change in plan fiduciary net position	<u>(16,835)</u>	<u>(88,880)</u>	<u>458,446</u>	<u>370,718</u>	<u>(72,861)</u>
Plan fiduciary net position – beginning of year	<u>6,143,445</u>	<u>6,126,610</u>	<u>6,037,730</u>	<u>6,496,176</u>	<u>6,866,894</u>
Plan fiduciary net position – end of year	<u>6,126,610</u>	<u>6,037,730</u>	<u>6,496,176</u>	<u>6,866,894</u>	<u>6,794,033</u>
Net OPEB liability (asset)	<u>\$ (1,013,603)</u>	<u>\$ (690,366)</u>	<u>\$ (1,316,185)</u>	<u>\$ (829,855)</u>	<u>\$ (1,439,287)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>119.82%</u>	<u>112.91%</u>	<u>125.41%</u>	<u>113.75%</u>	<u>126.88%</u>
Covered-employee payroll	<u>\$ 30,270,213</u>	<u>\$ 31,178,319</u>	<u>\$ 34,561,372</u>	<u>\$ 35,598,213</u>	<u>\$ 38,372,541</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(3.35%)</u>	<u>(2.21%)</u>	<u>(3.81%)</u>	<u>(2.33%)</u>	<u>(3.75%)</u>

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	0.80 %
2018	(0.70) %
2019	8.00 %
2020	5.60 %
2021	2.10 %

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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## INDEPENDENT SCHOOL DISTRICT NO. 16

### Notes to Required Supplementary Information June 30, 2021

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

##### **2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

##### **2020 CHANGES IN PLAN PROVISIONS**

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

##### **2019 CHANGES IN PLAN PROVISIONS**

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

##### **2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 16

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

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2017 CHANGES IN PLAN PROVISIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 16

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

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

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

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

- The cost-of-living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

##### **2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 16

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates, mortality tables, and salary scale assumptions were updated.
- The discount rate was changed from 3.20 percent to 2.80 percent.

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.60 percent to 3.20 percent.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.80 percent to 3.60 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.50 percent to 3.80 percent.

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and retirement tables for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 3.50 percent.
- The percentage of future teachers who are assumed to continue medical coverage after retirement was reduced from 70.00 percent to 60.00 percent.

## SUPPLEMENTAL INFORMATION

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## **GOVERNMENTAL FUNDS**

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category for the District includes the General Fund, Debt Service Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Capital Projects – Building Construction Fund.

The statements and schedules that follow are to provide further detail and support additional analysis for the District's major and nonmajor governmental funds.

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Special Revenue Funds		Capital Projects –	
	Food Service	Community Service	Building Construction	Total
Assets				
Cash and temporary investments	\$ 30,341	\$ 418,217	\$ 349,656	\$ 798,214
Receivables				
Current taxes	–	297,773	–	297,773
Delinquent taxes	–	7,324	–	7,324
Accounts and interest	–	21,754	–	21,754
Due from other governmental units	170,811	72,464	–	243,275
Inventory	30,615	–	–	30,615
Prepaid items	–	100	–	100
Total assets	<u>\$ 231,767</u>	<u>\$ 817,632</u>	<u>\$ 349,656</u>	<u>\$ 1,399,055</u>
Liabilities				
Salaries payable	\$ 16,162	\$ 95,674	\$ –	\$ 111,836
Accounts and contracts payable	30,425	13,716	9,435	53,576
Unearned revenue	105,394	177,275	–	282,669
Total liabilities	<u>151,981</u>	<u>286,665</u>	<u>9,435</u>	<u>448,081</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	–	518,727	–	518,727
Unavailable revenue – delinquent taxes	–	3,427	–	3,427
Total deferred inflows of resources	<u>–</u>	<u>522,154</u>	<u>–</u>	<u>522,154</u>
Fund balances				
Nonspendable	30,615	100	–	30,715
Restricted	49,171	8,713	340,221	398,105
Total fund balances	<u>79,786</u>	<u>8,813</u>	<u>340,221</u>	<u>428,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 231,767</u>	<u>\$ 817,632</u>	<u>\$ 349,656</u>	<u>\$ 1,399,055</u>

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Special Revenue Funds		Capital Projects –	
	Food Service	Community Service	Building Construction	Total
Revenue				
Local sources				
Property taxes	\$ –	\$ 486,005	\$ –	\$ 486,005
Investment earnings	–	–	46	46
Other	21,794	1,662,751	–	1,684,545
State sources	–	536,475	–	536,475
Federal sources	2,157,797	375,374	–	2,533,171
Total revenue	2,179,591	3,060,605	46	5,240,242
Expenditures				
Current				
Food service	2,429,389	–	–	2,429,389
Community service	–	3,567,646	–	3,567,646
Capital outlay	646	2,774	77,081	80,501
Total expenditures	2,430,035	3,570,420	77,081	6,077,536
Excess (deficiency) of revenue over expenditures	(250,444)	(509,815)	(77,035)	(837,294)
Other financing sources				
Transfers in	250,444	509,815	–	760,259
Net change in fund balances	–	–	(77,035)	(77,035)
Fund balances				
Beginning of year	79,786	8,813	417,256	505,855
End of year	\$ 79,786	\$ 8,813	\$ 340,221	\$ 428,820

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2021	2020
<b>Assets</b>		
Cash and temporary investments	\$ 31,725,961	\$ 25,149,702
Receivables		
Current taxes	7,702,654	8,648,451
Delinquent taxes	185,504	155,992
Accounts and interest	24,604	246,946
Due from other governmental units	6,981,391	6,950,619
Due from other funds	220,939	—
Inventory	40,748	40,748
Prepaid items	333,177	174,958
<b>Total assets</b>	<b>\$ 47,214,978</b>	<b>\$ 41,367,416</b>
<b>Liabilities</b>		
Salaries payable	\$ 235,614	\$ 261,109
Accounts and contracts payable	766,568	955,083
Due to other governmental units	459,531	272,375
Unearned revenue	16,127	15,658
<b>Total liabilities</b>	<b>1,477,840</b>	<b>1,504,225</b>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	12,357,787	11,885,584
Unavailable revenue – delinquent taxes	85,954	150,157
<b>Total deferred inflows of resources</b>	<b>12,443,741</b>	<b>12,035,741</b>
<b>Fund balances</b>		
Nonspendable for inventory	40,748	40,748
Nonspendable for prepaid items	333,177	174,958
Restricted for scholarships	156,880	131,890
Restricted for staff development	338,419	—
Restricted for capital projects levy	674,956	144,019
Restricted for operating capital	913,734	1,050,078
Restricted for basic skills	445,449	—
Restricted for achievement and integration	—	29,701
Restricted for safe schools levy	—	228,913
Restricted for long-term facilities maintenance	309,816	—
Assigned for employee benefits	220,939	—
Assigned for Q comp	—	6,815
Assigned for capital projects	3,350,000	3,350,000
Assigned for technology	320,000	320,000
Unassigned	26,189,279	22,350,328
<b>Total fund balances</b>	<b>33,293,397</b>	<b>27,827,450</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 47,214,978</b>	<b>\$ 41,367,416</b>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 12,843,532	\$ 13,116,377	\$ 272,845	\$ 12,036,321
Investment earnings	100,000	62,663	(37,337)	630,406
Other	882,000	935,656	53,656	1,021,900
State sources	57,764,566	59,528,400	1,763,834	56,838,152
Federal sources	3,975,852	4,177,772	201,920	1,908,947
Total revenue	75,565,950	77,820,868	2,254,918	72,435,726
Expenditures				
Current				
Administration				
Salaries	1,617,858	1,600,758	(17,100)	1,624,848
Employee benefits	481,011	462,602	(18,409)	449,460
Purchased services	71,327	32,799	(38,528)	23,021
Supplies and materials	22,900	10,362	(12,538)	12,531
Capital expenditures	—	1,695	1,695	—
Other expenditures	47,580	45,950	(1,630)	44,000
Total administration	2,240,676	2,154,166	(86,510)	2,153,860
District support services				
Salaries	1,451,209	1,399,325	(51,884)	1,408,775
Employee benefits	453,735	437,451	(16,284)	450,028
Purchased services	638,459	365,780	(272,679)	451,484
Supplies and materials	368,967	238,745	(130,222)	151,364
Capital expenditures	66,500	13,563	(52,937)	84,904
Other expenditures	2,544	(10,167)	(12,711)	(15,836)
Total district support services	2,981,414	2,444,697	(536,717)	2,530,719
Elementary and secondary regular instruction				
Salaries	23,845,584	22,568,811	(1,276,773)	21,513,332
Employee benefits	7,332,790	6,703,338	(629,452)	6,503,512
Purchased services	895,591	1,019,805	124,214	1,133,804
Supplies and materials	1,841,000	1,661,845	(179,155)	911,779
Capital expenditures	39,250	6,485	(32,765)	213,459
Other expenditures	190,964	192,006	1,042	167,374
Total elementary and secondary regular instruction	34,145,179	32,152,290	(1,992,889)	30,443,260

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	463,059	278,664	(184,395)	227,387
Employee benefits	157,982	87,199	(70,783)	71,687
Purchased services	41,700	11,448	(30,252)	86,963
Supplies and materials	16,150	34,226	18,076	14,594
Other expenditures	2,700	1,850	(850)	12,452
Total vocational education instruction	681,591	413,387	(268,204)	413,083
Special education instruction				
Salaries	7,401,106	8,210,072	808,966	7,472,741
Employee benefits	2,532,862	2,758,631	225,769	2,464,981
Purchased services	1,345,813	1,670,244	324,431	1,347,181
Supplies and materials	98,700	85,944	(12,756)	91,698
Capital expenditures	500	102	(398)	6,270
Other expenditures	36,000	43,567	7,567	42,586
Total special education instruction	11,414,981	12,768,560	1,353,579	11,425,457
Community service				
Salaries	—	—	—	107,102
Employee benefits	—	—	—	31,605
Total community service	—	—	—	138,707
Instructional support services				
Salaries	3,005,057	3,250,045	244,988	3,286,329
Employee benefits	939,949	908,782	(31,167)	915,846
Purchased services	649,044	493,085	(155,959)	766,227
Supplies and materials	939,989	1,125,691	185,702	518,424
Capital expenditures	124,848	151,378	26,530	243,420
Other expenditures	66,827	58,113	(8,714)	55,513
Total instructional support services	5,725,714	5,987,094	261,380	5,785,759
Pupil support services				
Salaries	2,107,005	1,737,960	(369,045)	1,807,272
Employee benefits	606,721	512,638	(94,083)	598,455
Purchased services	5,809,219	4,779,061	(1,030,158)	5,419,005
Supplies and materials	48,000	109,446	61,446	155,015
Capital expenditures	289,366	285,990	(3,376)	—
Other expenditures	7,750	9,186	1,436	9,483
Total pupil support services	8,868,061	7,434,281	(1,433,780)	7,989,230

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	1,854,542	1,853,422	(1,120)	1,747,202
Employee benefits	637,870	612,927	(24,943)	592,901
Purchased services	3,474,215	3,150,551	(323,664)	2,854,899
Supplies and materials	400,458	566,345	165,887	367,077
Capital expenditures	5,990,736	1,419,049	(4,571,687)	6,566,307
Other expenditures	6,500	17,287	10,787	17,991
Total sites and buildings	12,364,321	7,619,581	(4,744,740)	12,146,377
Fiscal and other fixed cost programs				
Purchased services	250,000	265,724	15,724	237,400
Other expenditures	50,000	49,156	(844)	61,387
Total fiscal and other fixed cost programs	300,000	314,880	14,880	298,787
Debt service				
Principal	252,570	252,570	—	531,885
Interest and fiscal charges	53,156	53,156	—	62,416
Total debt service	305,726	305,726	—	594,301
Total expenditures	79,027,663	71,594,662	(7,433,001)	73,919,540
Excess (deficiency) of revenue over expenditures	(3,461,713)	6,226,206	9,687,919	(1,483,814)
Other financing sources (uses)				
Sale of capital assets	—	—	—	1,000
Transfers (out)	(1,075,000)	(760,259)	314,741	(798,625)
Total other financing sources (uses)	(1,075,000)	(760,259)	314,741	(797,625)
Net change in fund balances	\$ (4,536,713)	5,465,947	\$ 10,002,660	(2,281,439)
Fund balances				
Beginning of year		27,827,450		30,108,889
End of year		\$ 33,293,397		\$ 27,827,450

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 30,341	\$ 55,016
Receivables		
Accounts and interest	—	627
Due from other governmental units	170,811	81,941
Inventory	<u>30,615</u>	<u>58,658</u>
Total assets	<u>\$ 231,767</u>	<u>\$ 196,242</u>
Liabilities		
Salaries payable	\$ 16,162	\$ 12,274
Accounts and contracts payable	30,425	9,098
Unearned revenue	<u>105,394</u>	<u>95,084</u>
Total liabilities	151,981	116,456
Fund balances		
Nonspendable for inventory	30,615	58,658
Restricted for food service	<u>49,171</u>	<u>21,128</u>
Total fund balances	<u>79,786</u>	<u>79,786</u>
Total liabilities and fund balances	<u>\$ 231,767</u>	<u>\$ 196,242</u>



INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 2,000	\$ 21,794	\$ 19,794	\$ 837,319
State sources	—	—	—	140,001
Federal sources	1,748,000	2,157,797	409,797	1,508,006
Total revenue	1,750,000	2,179,591	429,591	2,485,326
Expenditures				
Current				
Salaries	967,993	976,023	8,030	993,250
Employee benefits	253,121	277,752	24,631	277,546
Purchased services	166,500	191,709	25,209	217,679
Supplies and materials	1,001,386	974,449	(26,937)	1,240,907
Other expenditures	10,000	9,456	(544)	11,074
Capital outlay	1,000	646	(354)	2,430
Total expenditures	2,400,000	2,430,035	30,035	2,742,886
Excess (deficiency) of revenue over expenditures	(650,000)	(250,444)	399,556	(257,560)
Other financing sources				
Transfers in	650,000	250,444	(399,556)	250,000
Net change in fund balances	\$ —	—	\$ —	(7,560)
Fund balances				
Beginning of year		79,786		87,346
End of year		\$ 79,786		\$ 79,786

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 418,217	\$ 309,413
Receivables		
Current taxes	297,773	327,270
Delinquent taxes	7,324	6,507
Accounts and interest	21,754	4,164
Due from other governmental units	72,464	64,548
Prepaid items	<u>100</u>	<u>102</u>
Total assets	<u><u>\$ 817,632</u></u>	<u><u>\$ 712,004</u></u>
Liabilities		
Salaries payable	\$ 95,674	\$ 24,827
Accounts and contracts payable	13,716	21,677
Unearned revenue	<u>177,275</u>	<u>166,224</u>
Total liabilities	286,665	212,728
Deferred inflows of resources		
Property taxes levied for subsequent year	518,727	484,189
Unavailable revenue – delinquent taxes	<u>3,427</u>	<u>6,274</u>
Total deferred inflows of resources	522,154	490,463
Fund balances		
Nonspendable for prepaid items	100	102
Restricted for school readiness	–	1,831
Restricted for community service	<u>8,713</u>	<u>6,880</u>
Total fund balances	<u><u>8,813</u></u>	<u><u>8,813</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 817,632</u></u>	<u><u>\$ 712,004</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 482,074	\$ 486,005	\$ 3,931	\$ 487,365
Other – primarily tuition and fees	1,784,377	1,662,751	(121,626)	1,869,021
State sources	547,300	536,475	(10,825)	596,591
Federal sources	261,249	375,374	114,125	–
Total revenue	<u>3,075,000</u>	<u>3,060,605</u>	<u>(14,395)</u>	<u>2,952,977</u>
Expenditures				
Current				
Salaries	2,398,072	2,457,984	59,912	2,450,014
Employee benefits	808,557	815,482	6,925	822,346
Purchased services	180,983	230,074	49,091	137,253
Supplies and materials	97,323	61,338	(35,985)	116,073
Other expenditures	2,565	2,768	203	2,095
Capital outlay	12,500	2,774	(9,726)	9,397
Total expenditures	<u>3,500,000</u>	<u>3,570,420</u>	<u>70,420</u>	<u>3,537,178</u>
Excess (deficiency) of revenue over expenditures	(425,000)	(509,815)	(84,815)	(584,201)
Other financing sources				
Transfers in	<u>425,000</u>	<u>509,815</u>	<u>84,815</u>	<u>548,625</u>
Net change in fund balances	<u>\$ –</u>	<u>–</u>	<u>\$ –</u>	<u>(35,576)</u>
Fund balances				
Beginning of year		<u>8,813</u>		<u>44,389</u>
End of year		<u>\$ 8,813</u>		<u>\$ 8,813</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	<u>\$ 349,656</u>	<u>\$ 432,728</u>
Liabilities		
Accounts and contracts payable	\$ 9,435	\$ 15,472
Fund balances		
Restricted for capital projects	<u>340,221</u>	<u>417,256</u>
Total liabilities and fund balances	<u>\$ 349,656</u>	<u>\$ 432,728</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Capital Projects – Building Construction Fund  
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue		
Local sources		
Investment earnings	\$ 46	\$ 13,525
Expenditures		
Capital outlay		
Salaries	–	1,161
Employee benefits	–	89
Purchased services	77,081	341,188
Supplies and materials	–	70
Capital expenditures	–	405,593
Total expenditures	<u>77,081</u>	<u>748,101</u>
Net change in fund balances	(77,035)	(734,576)
Fund balances		
Beginning of year	<u>417,256</u>	<u>1,151,832</u>
End of year	<u><u>\$ 340,221</u></u>	<u><u>\$ 417,256</u></u>

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## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2021	2020
Assets				
Cash and temporary investments	\$ 6,597,890	\$ 610,779	\$ 7,208,669	\$ 6,234,839
Receivables				
Current taxes	5,568,050	510,848	6,078,898	7,291,918
Delinquent taxes	152,300	14,060	166,360	148,188
Due from other governmental units	15,027	—	15,027	17,373
Total assets	<u>\$ 12,333,267</u>	<u>\$ 1,135,687</u>	<u>\$ 13,468,954</u>	<u>\$ 13,692,318</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 9,699,650	\$ 889,907	\$ 10,589,557	\$ 10,788,243
Unavailable revenue – delinquent taxes	71,893	6,743	78,636	143,058
Total deferred inflows of resources	<u>9,771,543</u>	<u>896,650</u>	<u>10,668,193</u>	<u>10,931,301</u>
Fund balances				
Restricted for debt service	<u>2,561,724</u>	<u>239,037</u>	<u>2,800,761</u>	<u>2,761,017</u>
Total deferred inflows of resources and fund balances	<u>\$ 12,333,267</u>	<u>\$ 1,135,687</u>	<u>\$ 13,468,954</u>	<u>\$ 13,692,318</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

		2021	
		Actual	
		Regular	OPEB
		Debt Service	Debt Service
	Budget	Account	Account
Revenue			
Local sources			
Property taxes	\$ 10,749,453	\$ 9,918,117	\$ 912,020
Investment earnings	55,000	10,207	1,067
State sources	150,266	150,266	—
Total revenue	10,954,719	10,078,590	913,087
Expenditures			
Debt service			
Principal	6,675,000	5,870,000	805,000
Interest	4,270,858	4,172,750	98,108
Fiscal charges and other	4,000	5,125	950
Total expenditures	10,949,858	10,047,875	904,058
Net change in fund balances	\$ 4,861	30,715	9,029
Fund balances			
Beginning of year		2,531,009	230,008
End of year		\$ 2,561,724	\$ 239,037



		2020
Total	Over (Under) Budget	Actual
\$ 10,830,137	\$ 80,684	\$ 10,818,770
11,274	(43,726)	119,528
150,266	—	173,727
10,991,677	36,958	11,112,025
6,675,000	—	6,365,000
4,270,858	—	4,582,003
6,075	2,075	3,200
10,951,933	2,075	10,950,203
39,744	\$ 34,883	161,822
2,761,017		2,599,195
\$ 2,800,761		\$ 2,761,017

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## **INTERNAL SERVICE FUNDS**

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

The statements that follow are to provide further detail and support additional analysis for the District's internal service funds.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals	
			2021	2020
Assets				
Current assets				
Cash and temporary investments	\$ 6,104,396	\$ 368,083	\$ 6,472,479	\$ 5,709,347
Receivables				
Accounts and interest	—	—	—	12,443
Due from other funds	1,940	—	1,940	7,544
Total current assets	6,106,336	368,083	6,474,419	5,729,334
Liabilities				
Current liabilities				
Claims incurred, but not reported	414,568	26,302	440,870	334,027
Net position				
Unrestricted	\$ 5,691,768	\$ 341,781	\$ 6,033,549	\$ 5,395,307

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals	
			2021	2020
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 5,856,859	\$ 496,002	\$ 6,352,861	\$ 6,041,582
Operating expenses				
Health benefit claims	5,222,325	—	5,222,325	4,330,449
Dental benefit claims	—	503,229	503,229	432,879
Total operating expenses	<u>5,222,325</u>	<u>503,229</u>	<u>5,725,554</u>	<u>4,763,328</u>
Operating income (loss)	634,534	(7,227)	627,307	1,278,254
Nonoperating revenue				
Investment earnings	<u>10,325</u>	<u>610</u>	<u>10,935</u>	<u>91,443</u>
Change in net position	644,859	(6,617)	638,242	1,369,697
Net position				
Beginning of year	<u>5,046,909</u>	<u>348,398</u>	<u>5,395,307</u>	<u>4,025,610</u>
End of year	<u>\$ 5,691,768</u>	<u>\$ 341,781</u>	<u>\$ 6,033,549</u>	<u>\$ 5,395,307</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Total	
			2021	2020
Cash flows from operating activities				
Contributions from governmental funds	\$ 5,868,023	\$ 502,885	\$ 6,370,908	\$ 6,052,848
Payment for health claims	(5,118,502)	—	(5,118,502)	(4,368,744)
Payment for dental claims	—	(500,209)	(500,209)	(432,942)
Net cash flows from operating activities	749,521	2,676	752,197	1,251,162
Cash flows from investing activities				
Investment earnings received	10,325	610	10,935	91,443
Net change in cash and cash equivalents	759,846	3,286	763,132	1,342,605
Cash and cash equivalents				
Beginning of year	5,344,550	364,797	5,709,347	4,366,742
End of year	\$ 6,104,396	\$ 368,083	\$ 6,472,479	\$ 5,709,347
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 634,534	\$ (7,227)	\$ 627,307	\$ 1,278,254
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	6,844	5,599	12,443	580
Due from other funds	4,320	1,284	5,604	10,686
Claims incurred, but not reported	103,823	3,020	106,843	(38,358)
Net cash flows from operating activities	\$ 749,521	\$ 2,676	\$ 752,197	\$ 1,251,162

*High Expectations.  
High Achievement For All.  
No Excuses.*



**SPRING LAKE PARK SCHOOLS**



# ***SECTION III***

*(Unaudited)*

***Statistical Section | Annual Financial Report***





## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 16's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source – property taxes.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

#### **Operating Indicators**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial statements relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District's ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 16

Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

				Fiscal Year
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 3,242,963	\$ 3,227,368	\$ 8,940,408	\$ 12,151,342
Restricted	1,504,512	1,495,340	1,953,196	1,397,239
Unrestricted	4,032,799	8,403,472	11,267,479	(17,216,760)
Total governmental activities net position	<u>\$ 8,780,274</u>	<u>\$ 13,126,180</u>	<u>\$ 22,161,083</u>	<u>\$ (3,668,179)</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$33.5 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$2.3 million. Prior years were not restated.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased net position by \$145,373. Prior years were not restated.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 12,651,203	\$ 17,675,160	\$ 23,079,326	\$ 25,541,727	\$ 30,595,571	\$ 31,428,847
1,892,627	2,084,364	1,662,151	2,158,339	2,804,025	4,145,113
<u>(11,365,538)</u>	<u>(26,911,390)</u>	<u>(37,385,673)</u>	<u>(21,719,496)</u>	<u>(26,082,751)</u>	<u>(23,819,195)</u>
<u>\$ 3,178,292</u>	<u>\$ (7,151,866)</u>	<u>\$ (12,644,196)</u>	<u>\$ 5,980,570</u>	<u>\$ 7,316,845</u>	<u>\$ 11,754,765</u>

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Fiscal Year							
	2012		2013		2014		2015	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Governmental activities								
Expenses								
Administration	\$ 2,121,139	3.5 %	\$ 2,267,774	3.6 %	\$ 2,443,292	3.9 %	\$ 2,000,118	3.0 %
District support services	1,915,141	3.1	1,802,058	2.8	2,950,163	4.7	2,880,485	4.3
Elementary and secondary								
regular instruction	23,361,045	38.2	25,204,294	39.6	24,386,405	39.2	24,691,702	36.9
Vocational education instruction	785,658	1.3	796,322	1.3	801,469	1.3	741,544	1.1
Special education instruction	8,067,367	13.2	8,311,210	13.1	8,572,352	13.7	8,545,167	12.8
Instructional support services	4,916,913	8.0	4,646,026	7.3	4,676,092	7.5	5,935,999	8.9
Pupil support services	4,429,260	7.2	4,544,746	7.1	5,114,047	8.2	4,971,500	7.4
Sites and buildings	4,318,306	7.0	4,743,456	7.4	1,918,958	3.0	4,537,852	6.8
Fiscal and other fixed cost programs	182,492	0.3	190,313	0.3	158,443	0.3	265,168	0.4
Food service	2,540,061	4.1	2,765,437	4.3	2,892,206	4.6	3,225,187	4.8
Community service	3,062,562	5.0	3,432,478	5.4	3,567,356	5.7	3,441,499	5.1
Interest and fiscal charges on debt	5,580,278	9.1	4,953,054	7.8	4,902,942	7.9	5,650,508	8.5
Total governmental activities expenses	61,280,222	<u>100.0 %</u>	63,657,168	<u>100.0 %</u>	62,383,725	<u>100.0 %</u>	66,886,729	<u>100.0 %</u>
Program revenues								
Charges for services								
Elementary and secondary								
regular instruction	569,562		523,919		598,363		613,638	
Instructional support services	—		—		—		69,784	
Food service	1,082,307		1,105,062		1,117,760		1,119,719	
Community service	2,119,858		2,333,625		2,498,408		1,996,289	
Operating grants and contributions	11,080,073		11,243,596		12,430,780		12,479,689	
Total governmental activities								
program revenues	14,851,800		15,206,202		16,645,311		16,279,119	
Net (expense) revenue	(46,428,422)		(48,450,966)		(45,738,414)		(50,607,610)	
General revenues and other changes in net position								
Taxes								
Property taxes, levied for general purposes	8,681,625		10,014,928		6,200,112		9,776,471	
Property taxes, levied for community service	420,717		458,789		232,962		473,957	
Property taxes, levied for debt service	8,530,214		9,274,242		9,469,476		9,789,787	
General grants and aids	31,572,954		32,600,990		38,589,416		37,569,864	
Gain on sale of capital assets	—		—		—		14,800	
Other general revenues	388,928		420,466		546,134		525,899	
Investment earnings	52,792		27,457		7,064		98,240	
Total general revenues and other changes in net position	49,647,230		52,796,872		55,045,164		58,249,018	
Change in net position	<u>\$ 3,218,808</u>		<u>\$ 4,345,906</u>		<u>\$ 9,306,750</u>		<u>\$ 7,641,408</u>	

2016		2017		2018		2019		2020		2021	
Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
\$ 2,142,397	3.0 %	\$ 2,782,494	3.1 %	\$ 2,482,866	2.8 %	\$ 1,721,904	2.6 %	\$ 2,476,836	2.8 %	\$ 2,458,727	2.7 %
2,555,546	3.6	2,778,795	3.1	2,744,469	3.1	2,740,306	4.1	2,745,631	3.1	2,609,816	2.9
27,119,057	38.0	40,848,212	46.1	39,158,924	43.8	20,740,744	31.0	35,062,242	39.8	37,236,257	41.6
678,090	1.0	1,007,149	1.1	669,085	0.7	447,966	0.7	478,371	0.6	474,309	0.5
8,570,155	12.0	11,729,151	13.2	12,124,558	13.5	8,144,461	12.2	12,982,195	14.8	14,328,890	16.0
7,264,022	10.2	6,853,108	7.7	7,057,296	7.9	5,441,358	8.1	6,249,588	7.1	6,526,474	7.3
5,727,763	8.0	6,314,609	7.1	7,328,994	8.2	7,101,894	10.6	8,769,911	10.0	8,047,453	9.0
4,644,930	6.5	4,108,121	4.6	6,625,257	7.4	9,344,210	14.0	8,309,623	9.4	7,731,642	8.6
179,921	0.3	141,819	0.2	191,039	0.2	216,825	0.3	298,787	0.3	314,880	0.3
3,177,702	4.5	3,172,797	3.6	3,115,395	3.5	3,317,699	5.0	3,002,961	3.4	2,659,752	3.0
3,649,195	5.1	4,227,143	4.8	3,767,162	4.2	3,684,307	5.5	4,105,012	4.7	3,930,078	4.4
5,566,543	7.8	4,734,217	5.4	4,179,846	4.7	3,957,733	5.9	3,552,591	4.0	3,271,594	3.7
71,275,321	<u>100.0 %</u>	88,697,615	<u>100.0 %</u>	89,444,891	<u>100.0 %</u>	66,859,407	<u>100.0 %</u>	88,033,748	<u>100.0 %</u>	89,589,872	<u>100.0 %</u>
577,201		668,081		509,632		519,664		298,337		288,005	
43,096		38,861		47,196		54,856		54,522		54,682	
1,270,499		1,243,190		1,177,962		1,142,125		837,319		21,794	
2,331,487		2,345,615		2,327,001		2,568,685		1,869,021		1,662,751	
12,137,627		13,363,894		13,658,939		13,688,345		14,887,260		17,906,846	
16,359,910		17,659,641		17,720,730		17,973,675		17,946,459		19,934,078	
(54,915,411)		(71,037,974)		(71,724,161)		(48,885,732)		(70,087,289)		(69,655,794)	
9,808,642		9,948,330		10,428,008		11,511,034		12,097,457		13,052,174	
380,078		469,990		411,439		482,829		489,781		483,158	
10,190,445		9,810,131		11,496,238		10,843,433		10,872,582		10,765,715	
40,359,902		41,682,417		42,121,381		42,143,708		46,293,428		49,114,780	
—		—		367,463		—		—		—	
654,713		680,776		591,075		1,222,289		670,041		592,969	
368,102		434,540		816,227		1,307,205		854,902		84,918	
61,761,882		63,026,184		66,231,831		67,510,498		71,278,191		74,093,714	
\$ 6,846,471		\$ (8,011,790)		\$ (5,492,330)		\$18,624,766		\$ 1,190,902		\$ 4,437,920	

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INDEPENDENT SCHOOL DISTRICT NO. 16

Governmental Activities Tax Revenues by Source and Levy Type  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Fiscal Year	Property Tax			
	General Purposes	Community Service	Debt Service	Total
2012	\$ 8,681,625	\$ 420,717	\$ 8,530,214	\$ 17,632,556
2013	10,014,928	458,789	9,274,242	19,747,959
2014	6,200,112	232,962	9,469,476	15,902,550
2015	9,776,471	473,957	9,789,787	20,040,215
2016	9,808,642	380,078	10,190,445	20,379,165
2017	9,948,330	469,990	9,810,131	20,228,451
2018	10,428,008	411,439	11,496,238	22,335,685
2019	11,511,034	482,829	10,843,433	22,837,296
2020	12,097,457	489,781	10,872,582	23,459,820
2021	13,052,174	483,158	10,765,715	24,301,047

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

## INDEPENDENT SCHOOL DISTRICT NO. 16

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

				Fiscal Year
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 120,852	\$ 148,460	\$ 126,670	\$ 240,909
Restricted	723,751	731,754	1,127,192	1,020,553
Assigned	1,832,175	2,255,998	3,078,505	3,048,575
Unassigned	6,558,816	10,829,467	12,062,267	15,521,686
Total General Fund	<u>\$ 9,235,594</u>	<u>\$ 13,965,679</u>	<u>\$ 16,394,634</u>	<u>\$ 19,831,723</u>
All other governmental funds				
Nonspendable	\$ 20,098	\$ 25,861	\$ 22,918	\$ 29,327
Restricted	12,905,670	4,007,333	2,627,272	44,109,966
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 12,925,768</u>	<u>\$ 4,033,194</u>	<u>\$ 2,650,190</u>	<u>\$ 44,139,293</u>
Total all governmental funds	<u>\$ 22,161,362</u>	<u>\$ 17,998,873</u>	<u>\$ 19,044,824</u>	<u>\$ 63,971,016</u>



2016	2017	2018	2019	2020	2021
\$ 151,183	\$ 520,147	\$ 461,523	\$ 335,924	\$ 215,706	\$ 373,925
1,036,832	1,458,251	667,020	1,269,404	1,584,601	2,839,254
5,467,187	6,799,600	8,523,970	9,818,292	3,676,815	3,890,939
17,508,558	18,589,800	19,612,792	18,539,896	22,350,328	26,189,279
<u>\$ 24,163,760</u>	<u>\$ 27,367,798</u>	<u>\$ 29,265,305</u>	<u>\$ 29,963,516</u>	<u>\$ 27,827,450</u>	<u>\$ 33,293,397</u>
\$ 38,156	\$ 151,958	\$ 151,813	\$ 20,675	\$ 58,760	\$ 30,715
34,955,763	46,412,487	16,409,858	3,862,087	3,208,112	3,198,866
(19,370)	—	—	—	—	—
<u>\$ 34,974,549</u>	<u>\$ 46,564,445</u>	<u>\$ 16,561,671</u>	<u>\$ 3,882,762</u>	<u>\$ 3,266,872</u>	<u>\$ 3,229,581</u>
<u>\$ 59,138,309</u>	<u>\$ 73,932,243</u>	<u>\$ 45,826,976</u>	<u>\$ 33,846,278</u>	<u>\$ 31,094,322</u>	<u>\$ 36,522,978</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Local sources				
Taxes	\$ 17,651,210	\$ 19,822,408	\$ 15,899,333	\$ 20,075,118
Investment earnings	52,792	27,457	7,064	98,240
Other	4,160,655	4,383,072	4,760,665	4,253,881
State sources	39,073,061	40,577,574	48,047,812	46,969,603
Federal sources	3,579,966	3,267,012	2,972,384	3,079,950
Total revenues	64,517,684	68,077,523	71,687,258	74,476,792
Expenditures				
Current				
Administration	1,779,488	1,929,576	2,102,120	1,704,277
District support services	1,573,756	1,538,273	2,624,583	2,579,370
Elementary and secondary regular instruction	20,959,631	22,898,286	21,997,094	23,216,153
Vocational education instruction	442,614	466,432	467,331	432,110
Special education instruction	7,724,323	7,981,320	8,238,214	8,401,713
Instructional support services	4,581,637	4,311,145	4,332,088	5,778,405
Pupil support services	4,424,288	4,538,906	5,105,645	4,983,452
Sites and buildings	4,458,700	8,497,706	6,295,186	7,032,245
Fiscal and other fixed cost programs	182,492	190,313	158,443	265,168
Food service	2,191,775	2,385,262	2,518,755	2,827,933
Community service	2,648,743	3,035,533	3,145,981	3,079,462
Capital outlay	41,957	498,539	1,724,273	167,873
Debt service				
Principal	3,368,869	5,292,142	6,888,713	5,663,474
Interest and fiscal charges	5,849,964	5,666,679	5,053,830	4,975,435
Total expenditures	60,228,237	69,230,112	70,652,256	71,107,070
Excess (deficiency) of revenues over expenditures	4,289,447	(1,152,589)	1,035,002	3,369,722
Other financing sources (uses)				
Debt issued	97,094	5,647,100	—	36,025,000
Premium (discount) on debt issued	—	—	—	5,596,062
Payments to refunded bond escrow agent	—	(8,660,000)	—	—
Sale of capital assets	6,101	3,000	10,949	14,800
Transfers in	—	—	—	—
Transfers (out)	—	—	—	(79,392)
Total other financing sources (uses)	103,195	(3,009,900)	10,949	41,556,470
Net change in fund balances	\$ 4,392,642	\$ (4,162,489)	\$ 1,045,951	\$ 44,926,192
Debt service as a percentage of noncapital expenditures	15.4%	17.0%	18.6%	15.6%

2016	2017	2018	2019	2020	2021
\$ 20,402,303	\$ 20,299,810	\$ 22,376,353	\$ 22,837,894	\$ 23,342,456	\$ 24,432,519
367,096	427,299	795,633	1,217,041	763,459	73,983
4,876,996	4,976,523	4,652,866	5,479,585	3,728,240	2,620,201
49,290,709	50,350,091	52,504,630	54,599,342	57,748,471	60,215,141
3,206,820	3,244,050	3,290,448	3,395,992	3,416,953	6,710,943
78,143,924	79,297,773	83,619,930	87,529,854	88,999,579	94,052,787
1,830,720	1,845,411	1,858,370	2,115,607	2,153,860	2,154,166
2,327,488	2,336,900	2,547,138	2,654,901	2,530,719	2,444,697
25,478,678	27,235,887	28,198,408	29,239,341	30,443,260	32,152,290
359,630	516,381	497,274	555,954	413,083	413,387
8,340,987	8,524,741	9,114,622	10,100,039	11,425,457	12,768,560
7,003,629	5,416,062	5,922,473	5,867,649	5,785,759	5,987,094
5,734,854	5,946,322	6,568,746	7,007,229	7,989,230	7,434,281
5,512,913	8,020,847	10,796,189	10,283,420	12,146,377	7,619,581
179,921	141,819	191,039	216,825	298,787	314,880
2,851,174	2,769,706	2,886,196	3,106,100	2,740,456	2,429,389
3,295,908	3,336,109	3,230,368	3,728,417	3,666,488	3,567,646
45,184	5,919,716	31,072,882	12,704,934	759,928	80,501
5,673,286	6,751,931	7,113,646	6,977,077	6,896,885	6,927,570
6,906,407	5,946,495	5,025,573	5,021,093	4,647,619	4,330,089
75,540,779	84,708,327	115,022,924	99,578,586	91,897,908	88,624,131
2,603,145	(5,410,554)	(31,402,994)	(12,048,732)	(2,898,329)	5,428,656
29,715,000	63,227,846	856,425	3,770,000	—	—
2,394,914	5,897,954	—	—	—	—
(39,555,000)	(48,942,109)	—	(3,730,000)	—	—
9,234	20,797	2,441,302	28,034	1,000	—
—	—	—	—	798,625	760,259
—	—	—	—	(798,625)	(760,259)
(7,435,852)	20,204,488	3,297,727	68,034	1,000	—
\$ (4,832,707)	\$ 14,793,934	\$ (28,105,267)	\$ (11,980,698)	\$ (2,897,329)	\$ 5,428,656
17.0%	17.0%	15.4%	14.1%	13.5%	12.9%

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INDEPENDENT SCHOOL DISTRICT NO. 16

General Governmental Tax Revenues by Source and Levy Type  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax					Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund	OPEB Debt Service		
2012	\$ 8,698,528	\$ 421,033	\$ 8,238,829	\$ 292,820	\$ 17,651,210	
2013	10,052,990	460,335	9,001,555	307,528	19,822,408	
2014	6,197,170	233,069	9,162,019	307,075	15,899,333	
2015	9,797,077	474,725	9,382,781	420,535	20,075,118	
2016	9,821,867	381,235	9,514,612	684,589	20,402,303	
2017	9,982,763	471,109	8,884,721	961,217	20,299,810	
2018	10,449,849	412,706	10,577,715	936,083	22,376,353	
2019	11,508,891	482,768	9,904,345	941,890	22,837,894	
2020	12,036,321	487,365	9,906,045	912,725	23,342,456	
2021	13,116,377	486,005	9,918,117	912,020	24,432,519	

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

INDEPENDENT SCHOOL DISTRICT NO. 16

Tax Capacities and Market Values  
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities			
	Fiscal Disparities			
	Agricultural	Nonagricultural	Contribution Valuation	Distribution Valuation
2012	\$ 30,202	\$ 37,983,110	\$ (7,122,240)	\$ 4,846,173
2013	111	34,432,459	(6,777,857)	4,662,940
2014	100	33,657,935	(5,846,912)	4,780,536
2015	—	37,198,274	(5,721,433)	4,924,374
2016	—	37,922,814	(5,913,629)	4,929,573
2017	—	41,261,389	(6,130,284)	5,222,127
2018	—	43,080,007	(6,653,547)	5,451,626
2019	—	46,136,787	(6,723,953)	5,698,364
2020	—	49,539,239	(7,092,902)	5,870,876
2021	—	54,066,623	(7,733,986)	6,105,664

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (1,042,981)	\$ 34,694,264	39.44	\$ 3,009,760,200	1.15 %
(545,861)	31,771,792	44.44	2,754,988,200	1.15
(522,234)	32,069,425	44.56	2,720,435,700	1.18
(529,962)	35,871,253	40.05	3,030,771,800	1.18
(250,642)	36,688,116	39.61	3,084,822,400	1.19
(293,661)	40,059,571	40.23	3,308,834,800	1.21
(313,157)	41,564,929	39.62	3,483,396,300	1.19
(292,525)	44,818,673	37.63	3,734,223,200	1.20
(452,420)	47,864,793	35.45	4,010,515,276	1.19
(709,934)	51,728,367	33.11	4,310,925,227	1.20

INDEPENDENT SCHOOL DISTRICT NO. 16

Tax Capacity Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Governmental Unit	Fiscal Year			
	2012	2013	2014	2015
ISD No. 16 (Spring Lake Park)	39.443 %	44.440 %	44.562 %	40.045 %
Overlapping governments				
Anoka County	41.146	44.410	43.239	38.123
City of Blaine	33.564	36.740	36.379	35.495
City of Fridley	39.615	47.362	48.577	43.508
City of Spring Lake Park	62.655	49.311	57.460	52.877
Anoka County RR Authority	0.650	0.777	0.882	0.941
Anoka County HRA	1.683	1.677	1.670	1.438
Fridley HRA	1.627	1.660	1.645	1.356
Rice Creek Watershed	2.309	2.333	2.219	1.913
North Suburban Hospital District	1.858	2.028	1.939	1.702
Metropolitan Council	0.983	1.053	1.061	0.933
Metropolitan Mosquito	0.559	0.587	0.555	0.485
Metropolitan Transit	1.721	1.840	1.621	1.429
Referendum market value rates				
ISD No. 16 (Spring Lake Park)	0.175	0.199	0.173	0.162
Overlapping governments				
City of Blaine	0.006	0.007	0.006	0.006
City of Fridley	0.014	0.016	0.018	0.016

Source: Anoka County



2016	2017	2018	2019	2020	2021
39.609 %	40.229 %	39.617 %	37.632 %	35.452 %	33.110 %
38.894	36.841	35.334	34.473	33.078	31.086
35.578	34.946	35.989	35.952	35.842	35.130
44.960	48.218	47.907	45.382	45.253	44.928
54.703	52.464	54.191	48.812	48.497	44.810
0.851	0.802	0.738	0.685	0.494	0.481
1.616	1.536	1.508	1.504	1.513	1.573
1.527	1.390	1.624	1.399	1.546	1.541
2.069	1.827	1.778	1.750	1.795	1.757
1.690	—	—	—	—	—
0.958	0.866	0.841	0.627	0.596	0.645
0.501	0.467	0.453	0.415	0.398	0.387
1.522	1.416	1.362	1.388	1.360	1.248
0.159	0.162	0.159	0.149	0.151	0.146
—	—	—	—	—	—
0.016	0.015	0.015	0.014	0.014	0.013

INDEPENDENT SCHOOL DISTRICT NO. 16

Principal Taxpayers  
For Years 2012 and 2021

Taxpayer	Type of Property	2012		
		Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
WG Northtown Venture, LLC	Mall	\$ 1,101,532	1	3.17 %
Medtronic, Inc.	Manufacturing	924,734	2	2.67
Cummins Power Generation (Onan Corp.)	Manufacturing	306,654	5	0.88
Target Corporation (Dayton-Hudson Corp.)	Retail	643,610	3	1.86
BMIRF Central, LLC	Apartments	—	—	—
Spring Lake Park Leased HSG Association	Apartments	—	—	—
University Avenue Associates	Apartments	263,463	10	0.76
Apex Blaine, LLC	Industrial	—	—	—
HR Fridley, LLC	Commercial	—	—	—
Hiawatha Lake Partners I, LLC	Apartment	—	—	—
Northcourt Commons Retail, LLC	Commercial/industrial	349,250	4	1.01
Shamrock Investments	Commercial/industrial	296,020	6	0.85
Menards, Inc.	Retail	270,198	7	0.78
Individual	Commercial/industrial	267,768	8	0.77
Victorville – Blaine, LLC	Commercial	263,560	9	0.76
		<u>\$ 4,686,789</u>		<u>13.51 %</u>
Total net tax capacity		<u>\$ 34,694,264</u>		

Sources: Current property valuations, net tax capacity by classification, trend of valuations, and principal taxpayers have been furnished by Anoka County Board of Equalization and Assessment.

2021		
Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
\$ 1,079,694	1	2.09 %
1,076,592	2	2.08
747,968	3	1.45
433,394	4	0.84
429,750	5	0.83
420,157	6	0.81
414,373	7	0.80
338,606	8	0.65
332,840	9	0.64
328,840	10	0.64
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
<hr/>		
\$ 5,602,214		10.83 %
<hr/>		
\$ 51,728,367		
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INDEPENDENT SCHOOL DISTRICT NO. 16

Property Tax Levies and Receivables  
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			Collections		
	Local Spread	Fiscal Disparities	Total Spread	First Year Levy Recognized		Received in Subsequent Years
				Amount	Percentage of Levy	
2012	\$ 17,114,297	\$ 2,371,571	\$ 19,485,868	\$ 19,189,660	98.48 %	\$ 296,208
2013	17,577,213	2,662,680	20,239,893	19,968,801	98.66	271,092
2014	16,947,624	3,092,099	20,039,723	19,816,718	98.89	223,005
2015	17,365,564	3,045,234	20,410,798	20,235,243	99.14	162,271
2016	17,545,728	2,754,942	20,300,670	20,241,476	99.71	40,957
2017	19,372,138	2,874,101	22,246,239	22,160,642	99.62	64,007
2018	19,981,649	3,034,485	23,016,134	22,910,804	99.54	74,996
2019	20,355,861	3,129,144	23,485,005	23,296,734	99.20	103,477
2020	21,022,592	3,045,047	24,067,639	23,876,690	99.21	—
2021	21,482,152	3,044,650	24,526,802	10,447,477	42.60	—

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

Source: State of Minnesota School Tax Report

Total to Date		Uncollected Taxes Receivable as of June 30, 2021					
Amount	Percentage of Levy	Delinquent		Current			
		Amount	Percent	Amount	Percent		
\$ 19,485,868	100.00 %	\$ —	— %	\$ —	— %		
20,239,893	100.00	—	—	—	—		
20,039,723	100.00	—	—	—	—		
20,397,514	99.93	13,284	0.07	—	—		
20,282,433	99.91	18,237	0.09	—	—		
22,224,649	99.90	21,590	0.10	—	—		
22,985,800	99.87	30,334	0.13	—	—		
23,400,211	99.64	84,794	0.36	—	—		
23,876,690	99.21	190,949	0.79	—	—		
10,447,477	42.60	—	—	14,079,325	57.40		
		<u>\$ 359,188</u>		<u>\$ 14,079,325</u>			

INDEPENDENT SCHOOL DISTRICT NO. 16

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Market Value (1)	Per Capita (2)
	General Obligation Bonds	Premium (Discount) on Bonds	Capital Leases			
2012	\$ 124,525,000	\$ 1,481,642	\$ 2,751,902	\$ 128,758,544	4.28 %	\$ 4,300
2013	112,225,000	1,013,180	6,746,860	119,985,040	4.36	3,923
2014	107,875,000	915,008	4,208,147	112,998,155	4.15	3,659
2015	139,065,000	6,151,096	3,379,673	148,595,769	4.90	4,767
2016	123,775,000	7,965,945	3,156,387	134,897,332	4.37	4,328
2017	131,340,000	12,349,329	3,692,302	147,381,631	4.45	4,667
2018	125,130,000	11,408,681	3,645,081	140,183,762	4.02	4,416
2019	119,100,000	10,464,826	2,738,004	132,302,830	3.54	4,110
2020	112,735,000	9,524,749	2,206,119	124,465,868	3.10	3,840
2021	106,060,000	8,584,671	1,953,549	116,598,220	2.70	3,576

(1) Personal income is not readily available. Market value used as a base for comparison.

(2) See the Schedule of Demographic and Economic Statistics for population data.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 16

Ratios of Net General Obligation Bonded Debt  
to Market Value and Net General Obligation Bonded Debt per Capita  
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2012	\$ 126,006,642	\$ 10,070,658	\$ 115,935,984	\$ 3,009,760,200	3.85 %	29,944	\$ 3,872
2013	113,238,180	1,621,114	111,617,066	2,754,988,200	4.05	30,584	3,650
2014	108,790,008	1,856,735	106,933,273	2,720,435,700	3.93	30,884	3,462
2015	145,216,096	43,769,947	101,446,149	3,030,771,800	3.35	31,171	3,255
2016	131,740,945	34,555,806	97,185,139	3,084,822,400	3.15	31,171	3,118
2017	143,689,329	1,736,218	141,953,111	3,308,834,800	4.29	31,581	4,495
2018	136,538,681	2,389,896	134,148,785	3,483,396,300	3.85	31,747	4,226
2019	129,564,826	2,599,195	126,965,631	3,734,223,200	3.40	32,193	3,944
2020	122,259,749	2,761,017	119,498,732	4,010,515,276	2.98	32,417	3,686
2021	114,644,671	2,800,761	111,843,910	4,310,925,227	2.59	32,602	3,431

Source: District Business Office and related statistical table

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INDEPENDENT SCHOOL DISTRICT NO. 16

Direct and Overlapping Governmental Activities Debt  
as of June 30, 2021

Governmental Unit	Total G.O. Debt	Percent in ISD No. 16	ISD No. 16's Proportionate Share
ISD No. 16 (Spring Lake Park)	\$ 114,644,671	100.0 %	\$ 114,644,671
Overlapping debt			
Taxing district			
Anoka County	98,017,090	11.8	11,566,017
City of Blaine	72,529,785	41.7	30,244,920
City of Fridley	65,590,000	23.1	15,151,290
City of Spring Lake Park	3,492,831	97.5	3,405,510
Metropolitan Council	1,688,625,662	1.0	16,886,257
Total overlapping debt			<u>77,253,994</u>
Total direct and overlapping debt			<u>\$ 191,898,665</u>

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Note 2: Only those taxing jurisdictions with general obligation debt are included in this section. It does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

Note 3: The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Metropolitan Council also has general obligation transit, sewer revenue, wastewater revenue, and radio revenue bonds; and lease obligations outstanding, all of which are supported entirely by revenues and have not been included on the overlapping debt or debt ratios section.

Source: Anoka County

## INDEPENDENT SCHOOL DISTRICT NO. 16

Legal Debt Margin Information  
Last Ten Fiscal Years

	2012	2013	2014	Fiscal Year 2015
District's estimated market value	<u>\$3,009,760,200</u>	<u>\$2,754,988,200</u>	<u>\$2,720,435,700</u>	<u>\$3,030,771,800</u>
Debt limit (15 percent of estimated market value)	\$ 451,464,030	\$ 413,248,230	\$ 408,065,355	\$ 454,615,770
Amount of debt applicable to debt limit	<u>124,525,000</u>	<u>112,225,000</u>	<u>107,875,000</u>	<u>139,065,000</u>
Legal debt margin at June 30	<u>\$ 326,939,030</u>	<u>\$ 301,023,230</u>	<u>\$ 300,190,355</u>	<u>\$ 315,550,770</u>
Legal debt margin as a percentage of debt limit	<u>72.42%</u>	<u>72.84%</u>	<u>73.56%</u>	<u>69.41%</u>

Source: District Business Office and related statistical table

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>\$3,084,822,400</u>	<u>\$3,308,834,800</u>	<u>\$3,483,396,300</u>	<u>\$3,734,223,200</u>	<u>\$4,010,515,276</u>	<u>\$4,310,925,227</u>
\$ 462,723,360	\$ 496,325,220	\$ 522,509,445	\$ 560,133,480	\$ 601,577,291	\$ 646,638,784
<u>123,775,000</u>	<u>131,340,000</u>	<u>125,130,000</u>	<u>119,100,000</u>	<u>112,735,000</u>	<u>106,060,000</u>
<u>\$ 338,948,360</u>	<u>\$ 364,985,220</u>	<u>\$ 397,379,445</u>	<u>\$ 441,033,480</u>	<u>\$ 488,842,291</u>	<u>\$ 540,578,784</u>
<u>73.25%</u>	<u>73.54%</u>	<u>76.05%</u>	<u>78.74%</u>	<u>81.26%</u>	<u>83.60%</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Average Employment (1)	Average Unemployment (1)	Average Unemployment State of Minnesota
2012	29,944	N/A	N/A	180,797	6.0	5.8 %
2013	30,584	N/A	N/A	182,790	4.8	5.6
2014	30,884	N/A	N/A	184,588	3.7	5.1
2015	31,171	N/A	N/A	184,079	3.3	4.1
2016	31,171	N/A	N/A	185,464	3.8	3.7
2017	31,581	N/A	N/A	190,864	2.9	3.6
2018	31,747	N/A	N/A	193,259	2.5	3.5
2019	32,193	N/A	N/A	194,512	2.9	2.9
2020	32,417	N/A	N/A	183,534	3.1	3.2
2021	32,602	N/A	N/A	198,304	6.3	6.2

N/A – Not Available

(1) Information presented is for Anoka County, the county in which Spring Lake Park is included.

Sources: U.S. Census, Minnesota Department of Administration, and United States Bureau of Economic Analysis

INDEPENDENT SCHOOL DISTRICT NO. 16

Principal Employers  
For Years 2012 and 2021

Employer	2012			2021		
	Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Cummins Power Generation	1,635	2	14.40 %	1,210	1	19.24 %
Mercy Hospital – Unity Campus	1,320	4	11.63	839	2	13.34
Glimcher Realty Trust (Northtown Mall)	1,600	3	14.09	800	3	12.72
Mid City Cleaners	–	–	–	800	3	12.72
ISD No. 16 (Spring Lake Park)	653	6	5.75	746	5	11.86
Minco (Products, Inc.)	600	7	5.29	700	6	11.13
Congra Brands	–	–	–	375	7	5.96
Wal-Mart	240	10	2.11	320	8	5.09
Rise, Inc.	360	8	3.17	250	9	3.97
Fridley Medical Center	–	–	–	250	9	3.97
Medtronic, Inc.	3,800	1	33.47	–	–	–
Target Corporation	894	5	7.88	–	–	–
National Sports Center	250	9	2.20	–	–	–
Total	<u>11,352</u>		<u>100.00 %</u>	<u>6,290</u>		<u>100.00 %</u>

Note: The statistics for total employment are not available; therefore, the percentage represents the percentage of the top employers listed.

Source: Telephone survey of individual employers

INDEPENDENT SCHOOL DISTRICT NO. 16

Cost per Pupil Based on Weighted Average Daily Membership  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year							
	2011–2012		2012–2013		2013–2014		2014–2015	
	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil
District and school administration	\$ 1,779,488	\$ 305	\$ 1,929,576	\$ 319	\$ 2,102,120	\$ 338	\$ 1,704,277	\$ 285
District support services	1,573,756	270	1,538,273	254	2,624,583	422	2,579,370	431
Elementary and secondary regular instruction	20,959,631	3,592	22,898,286	3,784	21,997,094	3,535	23,216,153	3,882
Vocational education instruction	442,614	76	466,432	77	467,331	75	432,110	72
Special education instruction	7,724,323	1,324	7,981,320	1,319	8,238,214	1,324	8,401,713	1,405
Community education and services	2,648,743	454	3,035,533	502	3,145,981	506	3,079,462	515
Instructional support services	4,581,637	785	4,311,145	712	4,332,088	696	5,778,405	966
Pupil support services	4,424,288	758	4,538,906	750	5,105,645	821	4,983,452	833
Sites, buildings, and capital outlay	4,500,657	771	8,996,245	1,487	8,019,459	1,289	7,200,118	1,204
Fiscal and other fixed cost programs	182,492	31	190,313	31	158,443	25	265,168	44
Food service	2,191,775	376	2,385,262	394	2,518,755	405	2,827,933	473
Principal, interest, and fiscal charges on debt	9,218,833	1,580	10,958,821	1,811	11,942,543	1,919	10,638,909	1,779
Totals	<u>\$ 60,228,237</u>	<u>\$10,322</u>	<u>\$ 69,230,112</u>	<u>\$11,440</u>	<u>\$ 70,652,256</u>	<u>\$11,355</u>	<u>\$ 71,107,070</u>	<u>\$11,889</u>
Weighted ADM		<u>5,836</u>		<u>6,051</u>		<u>6,222</u>		<u>5,981</u>

Note: Includes all governmental funds.

Source: District Business Office and Minnesota Department of Education – District ADM Report

2015–2016		2016–2017		2017–2018		2018–2019		2019–2020		2020–2021	
Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil
\$ 1,830,720	\$ 301	\$ 1,845,411	\$ 298	\$ 1,858,370	\$ 296	\$ 2,115,607	\$ 326	\$ 2,153,860	\$ 327	\$ 2,154,166	\$ 326
2,327,488	383	2,336,900	378	2,547,138	406	2,654,901	409	2,530,719	384	2,444,697	369
25,478,678	4,187	27,235,887	4,401	28,198,408	4,492	29,239,341	4,504	30,443,260	4,616	32,152,290	4,860
359,630	59	516,381	83	497,274	79	555,954	86	413,083	63	413,387	62
8,340,987	1,371	8,524,741	1,378	9,114,622	1,452	10,100,039	1,556	11,425,457	1,732	12,768,560	1,930
3,295,908	542	3,336,109	539	3,230,368	515	3,728,417	574	3,666,488	556	3,567,646	539
7,003,629	1,151	5,416,062	875	5,922,473	943	5,867,649	904	5,785,759	877	5,987,094	905
5,734,854	943	5,946,322	961	6,568,746	1,046	7,007,229	1,079	7,989,230	1,211	7,434,281	1,124
5,558,097	913	13,940,563	2,253	41,869,071	6,670	22,988,354	3,541	12,906,305	1,957	7,700,082	1,164
179,921	30	141,819	23	191,039	30	216,825	33	298,787	45	314,880	48
2,851,174	469	2,769,706	448	2,886,196	460	3,106,100	478	2,740,456	416	2,429,389	367
12,579,693	2,068	12,698,426	2,052	12,139,219	1,934	11,998,170	1,848	11,544,504	1,751	11,257,659	1,701
<u>\$ 75,540,779</u>	<u>\$12,417</u>	<u>\$ 84,708,327</u>	<u>\$13,689</u>	<u>\$115,022,924</u>	<u>\$18,323</u>	<u>\$ 99,578,586</u>	<u>\$15,338</u>	<u>\$ 91,897,908</u>	<u>\$13,935</u>	<u>\$ 88,624,131</u>	<u>\$13,395</u>
	<u>6,084</u>		<u>6,188</u>		<u>6,278</u>		<u>6,492</u>		<u>6,595</u>		<u>6,616</u>

## INDEPENDENT SCHOOL DISTRICT NO. 16

Food Service Information  
Last Ten Fiscal Years

Meals	Number of Meals Served									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Lunches served										
Full price lunch	311,874	316,115	320,143	359,834	350,277	336,863	333,580	348,870	237,970	–
Reduced price lunch	45,510	51,418	56,468	58,541	62,012	68,575	43,189	77,925	50,147	–
Free lunch	206,225	214,810	217,349	225,579	221,343	210,349	198,332	187,991	140,366	326,206
Adult lunch	5,587	9,461	4,902	12,242	7,674	7,785	8,600	5,904	3,918	754
Total lunches served	<u>569,196</u>	<u>591,804</u>	<u>598,862</u>	<u>656,196</u>	<u>641,306</u>	<u>623,572</u>	<u>583,701</u>	<u>620,690</u>	<u>432,401</u>	<u>326,960</u>
Breakfasts served										
Full price breakfast	33,973	40,266	39,487	55,098	61,224	61,843	63,842	74,029	49,314	–
Reduced price breakfast	14,727	16,912	16,961	19,201	20,246	25,075	26,457	26,513	17,553	–
Free breakfast	85,209	91,913	87,744	97,908	95,555	93,602	85,564	82,930	58,555	210,955
Adult breakfast	339	1,261	566	751	465	439	486	491	109	14
Total breakfasts served	<u>134,248</u>	<u>150,352</u>	<u>144,758</u>	<u>172,958</u>	<u>177,490</u>	<u>180,959</u>	<u>176,349</u>	<u>183,963</u>	<u>125,531</u>	<u>210,969</u>
Percentage of students eligible for free lunch	29%	29%	29%	30%	28%	33%	28%	26%	28%	26%
Percentage of students eligible for reduced-price lunch	8%	7%	7%	7%	8%	8%	10%	10%	10%	7%

Note: Due to the COVID-19 pandemic, meals were provided under the Summer Food Service Program for Children for the entire year in fiscal 2021. These meals were financed with federal funds and changed the way meals were served as presented in the table above.

Source: District Business Office



INDEPENDENT SCHOOL DISTRICT NO. 16

School Facilities  
as of June 30, 2021

Facility	Year Construction Completed	Years of Addition	Grades Housed	Square Footage
Northpoint Elementary	2008	2014	K–4	87,600
Park Terrace Elementary	1969	1995, 2007, and 2014	K–4	93,630
Woodcrest Elementary	1950	1962, 1965, 1995, and 2007	K–4	67,000
Centerview Elementary	2018		K–4	98,000
Westwood Middle School	1971	1995 and 2007–2009	5–8	286,000
Spring Lake Park High School	1962	1964, 1995, and 2007–2009	9–12	376,000

Source: District Business Office

INDEPENDENT SCHOOL DISTRICT NO. 16

Employees by Classification  
Last Ten Fiscal Years

Employees (1)	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District directors/superintendent	5	5	6	7	7	8	7	7	7	7
Principals	9	9	9	9	9	9	10	10	10	10
Teachers, nurses, and counselors	359	359	375	408	403	406	414	432	446	443
Coordinators, supervisors, specialists, and technical support	59	63	64	64	63	68	69	70	70	70
Paraprofessionals	110	110	111	91	90	91	90	95	99	92
Food service	33	33	36	37	38	38	39	40	37	35
Custodians	33	35	35	36	36	35	34	38	38	38
Community education leads and assistants	45	45	47	56	51	51	55	60	58	51
Total	653	659	683	708	697	706	718	752	765	746

(1) This schedule is a headcount based on contract group; if an employee has multiple contract groups, they are reflected multiple times. Full-time and part-time employees count the same.

Source: District Business Office

INDEPENDENT SCHOOL DISTRICT NO. 16

Student Enrollment  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2012	74.82	431.65	2,481.25	2,140.71	5,128.43	5,835.68
2013	73.26	427.68	2,560.93	2,240.93	5,302.80	6,050.75
2014	67.71	446.88	2,635.04	2,307.56	5,457.19	6,221.95
2015	92.45	436.29	2,732.67	2,266.18	5,527.59	5,980.80
2016	107.22	424.75	2,748.39	2,336.74	5,617.10	6,084.47
2017	98.31	430.97	2,767.31	2,409.71	5,706.30	6,188.24
2018	109.67	363.92	2,842.06	2,468.30	5,783.95	6,277.60
2019	135.48	416.13	2,848.42	2,576.57	5,976.60	6,491.88
2020	115.98	423.04	2,852.74	2,669.33	6,061.09	6,594.96
2021	106.74	414.38	2,759.47	2,779.79	6,060.38	6,616.32

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

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

	<u>Pre-Kindergarten</u>	<u>Handicapped Kindergarten</u>	<u>Half-Day Kindergarten</u>	<u>Full-Day Kindergarten</u>	<u>Elementary 1-3</u>	<u>Elementary 4-6</u>	<u>Secondary</u>
Fiscal 2012 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2021	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: District Business Office

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