

SPECIAL SCHOOL DISTRICT NO. 6
SOUTH ST. PAUL, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2021

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SPECIAL SCHOOL DISTRICT NO. 6

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INTRODUCTORY SECTION

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SPECIAL SCHOOL DISTRICT NO. 6

School Board and Administration
Year Ended June 30, 2021

SCHOOL BOARD

	<u>Board Position</u>
Chris Walker	Chair
Linda Diaz	Vice Chair
Nikki Laliberte	Clerk
Wendy Felton	Treasurer
Bill Arend	Inspector
John Raasch	Inspector
Monica Weber	Inspector

ADMINISTRATION

David Webb	Superintendent of Schools
Aaron Bushberger	Finance Director
Lynne Welsh	Assistant Business Manager

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FINANCIAL SECTION

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
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Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (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 other district information, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the District. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

The introductory and other district information 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 7, 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 October 6, 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
October 6, 2021

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SPECIAL SCHOOL DISTRICT NO. 6

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

This section of Special School District No. 6's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 by \$25,755,622 (net position deficit). The District's total net position increased by \$1,000,918 during the fiscal year ended June 30, 2021.
- Government-wide revenues totaled \$50,997,975 and were \$1,000,918 more than expenses of \$49,997,057.
- The General Fund's total fund balance (under the governmental fund presentation) increased by \$162,692 from the prior year, compared to a decrease of \$750,000 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of district employees' dental claims, medical claims, and its other post-employment benefits (OPEB) liabilities. 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2021	2020
Assets		
Current and other assets	\$ 35,462,238	\$ 37,149,149
Capital assets, net of depreciation	42,801,858	41,859,830
Total assets	\$ 78,264,096	\$ 79,008,979
Deferred outflows of resources		
Pension plan deferments	\$ 13,289,148	\$ 22,355,843
OPEB plan deferments	394,024	640,220
Total deferred outflows of resources	\$ 13,683,172	\$ 22,996,063
Liabilities		
Current and other liabilities	\$ 6,686,997	\$ 8,247,973
Long-term liabilities, including due within one year	72,581,892	73,235,245
Total liabilities	\$ 79,268,889	\$ 81,483,218
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 10,648,705	\$ 10,054,668
Pension plan deferments	24,698,914	35,897,775
OPEB plan deferments	3,086,382	1,325,921
Total deferred inflows of resources	\$ 38,434,001	\$ 47,278,364
Net position		
Net investment in capital assets	\$ 10,170,549	\$ 9,925,751
Restricted	2,163,000	2,352,453
Unrestricted	(38,089,171)	(39,034,744)
Total net position	\$ (25,755,622)	\$ (26,756,540)

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 OPEB, which impacts the unrestricted portion of net position.

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's decrease in net position restricted for debt service, food service, and other state funding restrictions contributed to the change in restricted 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, long-term liabilities, deferred inflows, and unrestricted net position.

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

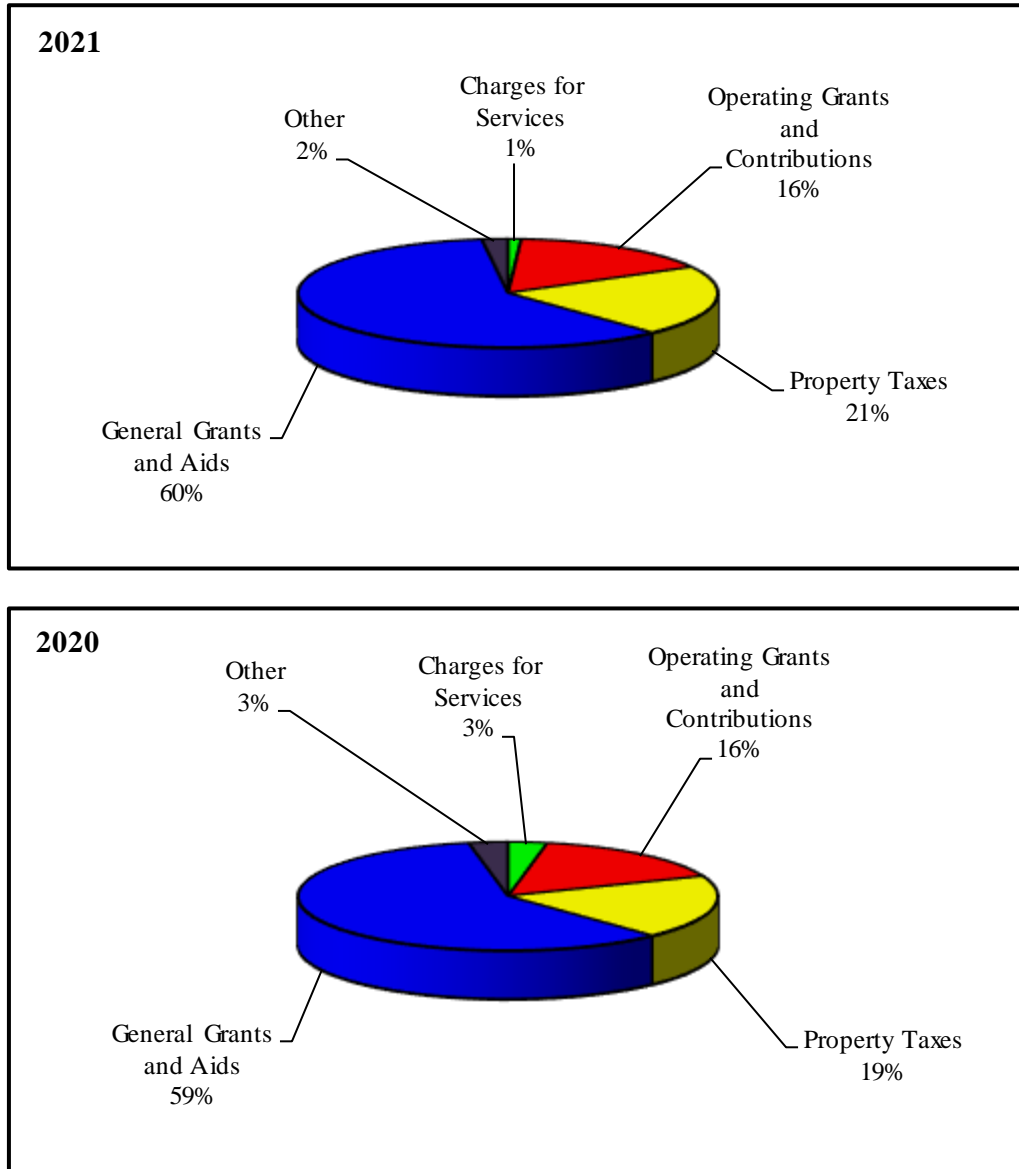
Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2021 and 2020		
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 656,790	\$ 1,524,857
Operating grants and contributions	8,398,875	8,560,643
General revenues		
Property taxes	10,671,559	10,075,483
General grants and aids	30,333,393	31,125,163
Other	937,358	1,263,102
Total revenues	<u>50,997,975</u>	<u>52,549,248</u>
Expenses		
Administration	1,405,254	1,225,243
District support services	1,961,638	1,857,405
Elementary and secondary regular instruction	20,245,354	22,905,668
Vocational education instruction	165,690	167,804
Special education instruction	8,710,089	8,740,605
Instructional support services	3,818,764	4,233,607
Pupil support services	2,654,632	3,378,207
Sites and buildings	5,036,344	4,741,466
Fiscal and other fixed cost programs	267,833	250,147
Food service	1,468,286	2,267,479
Community service	1,696,144	2,191,682
Depreciation not allocated to other functions	1,446,479	1,460,300
Interest and fiscal charges	1,120,550	1,228,246
Total expenses	<u>49,997,057</u>	<u>54,647,859</u>
Change in net position	1,000,918	(2,098,611)
Net position – beginning	<u>(26,756,540)</u>	<u>(24,657,929)</u>
Net position – ending	<u>\$ (25,755,622)</u>	<u>\$ (26,756,540)</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



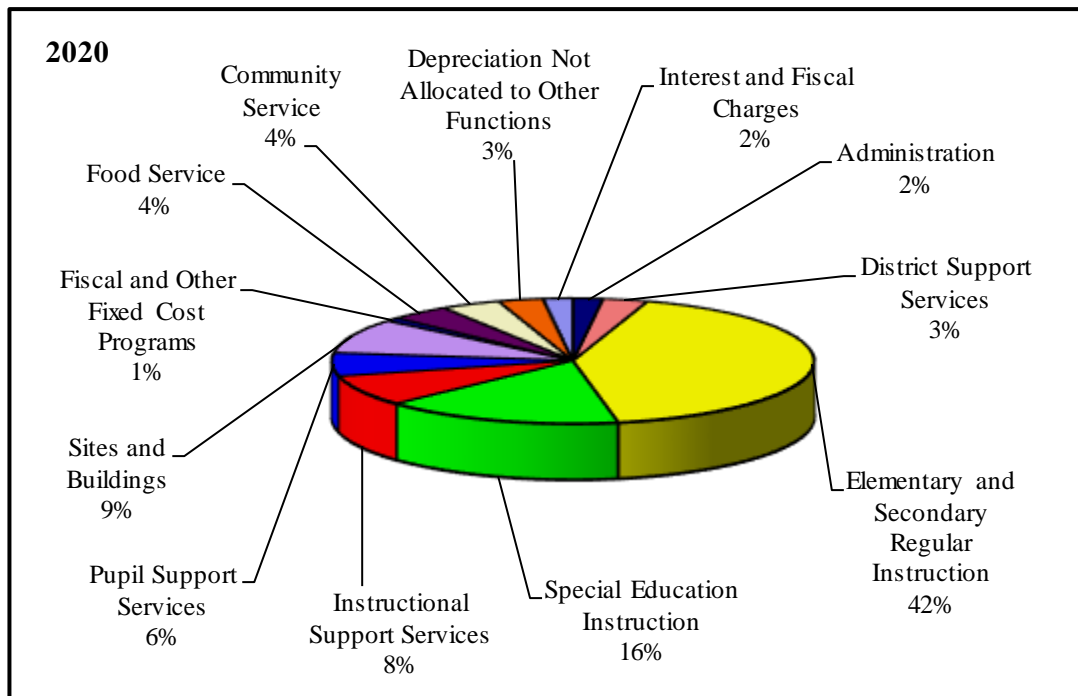
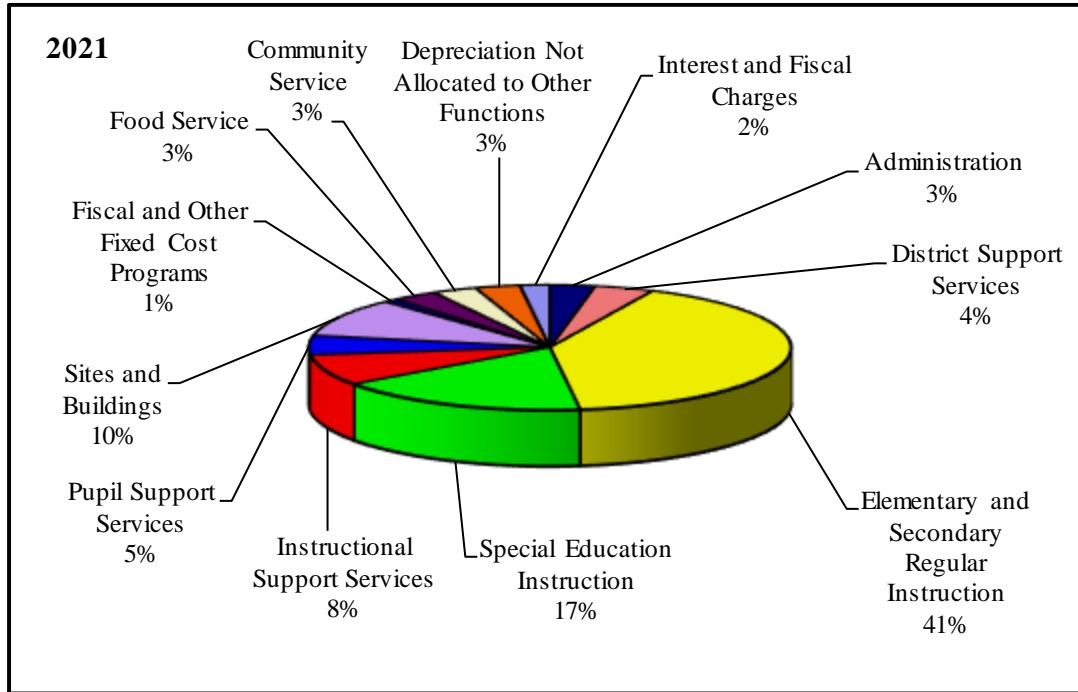
The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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 compared to the prior year as mentioned on the previous page.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2021 and 2020



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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Major funds			
General	\$ 6,140,423	\$ 5,977,731	\$ 162,692
Debt Service	725,335	967,956	(242,621)
Nonmajor funds			
Food Service Special Revenue	523,334	657,171	(133,837)
Community Service Special Revenue	321,789	134,009	187,780
Capital Projects – Building Construction	<u>–</u>	<u>2,386,500</u>	<u>(2,386,500)</u>
 Total governmental funds	 <u>\$ 7,710,881</u>	 <u>\$ 10,123,367</u>	 <u>\$ (2,412,486)</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 \$7,710,881, a decrease of \$2,412,486 in comparison with the prior year. Approximately 49.5 percent of this amount (\$3,814,551) 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 (\$43,801), 2) restricted for particular purposes (\$2,506,966), or 3) assigned for particular purposes (\$1,345,563).

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:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 43,461,285</u>	<u>\$ 43,696,133</u>	<u>\$ 234,848</u>	<u>0.5%</u>
Expenditures	<u>\$ 44,451,450</u>	<u>\$ 44,246,133</u>	<u>\$ (205,317)</u>	<u>(0.5%)</u>
Other financing sources (uses)	<u>\$ —</u>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>(100.0%)</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 the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

	<u>2021 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 44,421,810	\$ 725,677	1.7%	\$ (369,119)	(0.8%)
Expenditures	<u>44,259,118</u>	<u>12,985</u>	0.0%	<u>(2,880,383)</u>	(6.1%)
Excess (deficiency) of revenue over expenditures	162,692	712,692		2,511,264	
Net other financing sources (uses)	<u>—</u>	<u>200,000</u>		<u>97,310</u>	
Net change in fund balances	<u>\$ 162,692</u>	<u>\$ 912,692</u>		<u>\$ 2,608,574</u>	

The fund balance of the General Fund increased \$162,692, compared to a decrease of \$750,000 approved in the final budget.

General Fund revenues were close to budget, coming in 1.7 percent over the amended projection. Property taxes and other local sources were over budget by \$118,780 and \$156,099, respectively. State sources were over budget by \$503,730. The favorable variance in revenues was largely due to conservative budgeting. The decrease in revenue was largely due to a decline in the number of students served in the current year, partially offset by improvements in funding formulas and additional federal coronavirus relief funds.

General Fund expenditures were also close to budget, as seen in the previous table, with the variance spread across several programs and object categories. Expenditures decreased from the prior year, with the majority of the decrease in salaries and benefits, due to staff reductions, with the District serving fewer students in the current year.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. Debt Service Fund expenditures exceeded revenues by \$242,621 in the current year. The year-end fund balance of 725,335 at June 30, 2021 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by \$133,837, compared to a planned fund balance reduction of \$373,884.

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$187,780, compared to a planned fund balance reduction of \$42,776.

The Capital Projects – Building Construction Fund reported a year-end fund balance of \$0. The District spent down the remaining proceeds of the \$5,265,000 of certificates of participation that were issued in the prior year to purchase and renovate a new site for educational purposes.

Internal Service Funds

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

The combined total net position balance for the internal service funds as of June 30, 2021 was \$1,327,304. Current year operations increased net position by \$1,550,991.

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.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 2,444,143	\$ 2,444,143	\$ –
Construction in progress	–	1,828,699	(1,828,699)
Buildings	55,957,097	52,008,215	3,948,882
Building improvements	6,364,141	6,364,141	–
Furniture and equipment	5,528,300	5,259,976	268,324
Less accumulated depreciation	<u>(27,491,823)</u>	<u>(26,045,344)</u>	<u>(1,446,479)</u>
Total	<u>\$ 42,801,858</u>	<u>\$ 41,859,830</u>	<u>\$ 942,028</u>
Depreciation expense	<u>\$ 1,446,479</u>	<u>\$ 1,460,300</u>	<u>\$ (13,821)</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 Capital Projects – Building Construction Fund discussed on the previous page and the capital spending in the General Fund.

The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year.

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

Long-Term Liabilities

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General obligation bonds payable	\$ 27,065,000	\$ 29,110,000	\$ (2,045,000)
Certificates of participation	5,030,000	5,265,000	(235,000)
Unamortized premium/discount	536,309	625,579	(89,270)
Capital lease payable	249,979	327,842	(77,863)
Compensated absences payable	243,186	231,595	11,591
Severance benefits payable	97,681	108,180	(10,499)
Net pension liability	32,593,421	28,894,801	3,698,620
Total OPEB liability	<u>6,766,316</u>	<u>8,672,248</u>	<u>(1,905,932)</u>
 Total	 <u>\$ 72,581,892</u>	 <u>\$ 73,235,245</u>	 <u>\$ (653,353)</u>

The decrease in bonds, certificates of participation and capital lease payable in the table above is primarily due to the planned repayment schedules reflecting principal payments during fiscal year 2021.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. The change in the total OPEB liability was due in part to plan provision and assumption changes used to calculate this obligation.

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):

District's market value	\$ 1,851,551,800
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 277,732,770</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Department, Special School District No. 6, 104 – 5th Avenue South, South St. Paul, Minnesota 55075.

BASIC FINANCIAL STATEMENTS

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 20,195,122	\$ 21,678,849
Receivables		
Current taxes	6,465,657	6,453,611
Delinquent taxes	167,978	190,227
Accounts and interest	67,743	46,986
Due from other governmental units	3,563,212	3,723,421
Inventory	43,801	58,599
Prepaid items	60,432	63,476
Restricted assets		
Cash and investments for OPEB	4,898,293	4,933,980
Capital assets		
Not depreciated	2,444,143	4,272,842
Depreciated, net of accumulated depreciation	40,357,715	37,586,988
Total capital assets, net of accumulated depreciation	<u>42,801,858</u>	<u>41,859,830</u>
Total assets	78,264,096	79,008,979
Deferred outflows of resources		
Pension plan deferments	13,289,148	22,355,843
OPEB plan deferments	394,024	640,220
Total deferred outflows of resources	<u>13,683,172</u>	<u>22,996,063</u>
Total assets and deferred outflows of resources	<u>\$ 91,947,268</u>	<u>\$ 102,005,042</u>
Liabilities		
Salaries payable	\$ 1,800,115	\$ 1,986,152
Accounts and contracts payable	2,247,548	3,451,608
Accrued interest payable	461,914	523,606
Due to other governmental units	548,720	453,553
Unearned revenue	1,269,630	1,369,634
Claims incurred, but not reported	359,070	463,420
Long-term liabilities		
Due within one year	3,151,377	2,589,459
Due in more than one year	69,430,515	70,645,786
Total long-term liabilities	<u>72,581,892</u>	<u>73,235,245</u>
Total liabilities	79,268,889	81,483,218
Deferred inflows of resources		
Property taxes levied for subsequent year	10,648,705	10,054,668
Pension plan deferments	24,698,914	35,897,775
OPEB plan deferments	3,086,382	1,325,921
Total deferred inflows of resources	<u>38,434,001</u>	<u>47,278,364</u>
Net position		
Net investment in capital assets	10,170,549	9,925,751
Restricted for		
Capital asset acquisition	8,683	2,894
Debt service	333,049	565,035
Food service	523,334	657,171
Community service	326,308	139,098
Other purposes (state funding restrictions)	971,626	988,255
Unrestricted	(38,089,171)	(39,034,744)
Total net position	<u>(25,755,622)</u>	<u>(26,756,540)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 91,947,268</u>	<u>\$ 102,005,042</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

Functions/Programs	Expenses	2021		2020	
		Program Revenues		Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	
			Governmental Activities	Governmental Activities	
Governmental activities					
Administration	\$ 1,405,254	\$ -	\$ -	\$ (1,405,254)	\$ (1,225,243)
District support services	1,961,638	-	-	(1,961,638)	(1,857,405)
Elementary and secondary regular instruction	20,245,354	242,441	568,903	(19,434,010)	(21,594,826)
Vocational education instruction	165,690	-	-	(165,690)	(167,804)
Special education instruction	8,710,089	104,067	5,266,007	(3,340,015)	(3,762,055)
Instructional support services	3,818,764	-	-	(3,818,764)	(4,233,607)
Pupil support services	2,654,632	-	144,570	(2,510,062)	(3,279,858)
Sites and buildings	5,036,344	22,319	-	(5,014,025)	(4,733,782)
Fiscal and other fixed cost programs	267,833	-	-	(267,833)	(250,147)
Food service	1,468,286	33,524	1,328,487	(106,275)	(213,327)
Community service	1,696,144	254,439	1,090,908	(350,797)	(555,759)
Depreciation not allocated to other functions	1,446,479	-	-	(1,446,479)	(1,460,300)
Interest and fiscal charges	1,120,550	-	-	(1,120,550)	(1,228,246)
Total governmental activities	\$ 49,997,057	\$ 656,790	\$ 8,398,875	(40,941,392)	(44,562,359)
General revenues					
Taxes					
Property taxes, levied for general purposes				7,272,533	6,585,158
Property taxes, levied for community service				548,454	416,101
Property taxes, levied for debt service				2,850,572	3,074,224
General grants and aids				30,333,393	31,125,163
Other general revenues				524,401	788,190
Investment earnings				412,957	474,912
Total general revenues				<u>41,942,310</u>	<u>42,463,748</u>
Change in net position				1,000,918	(2,098,611)
Net position – beginning				<u>(26,756,540)</u>	<u>(24,657,929)</u>
Net position – ending				<u>\$ (25,755,622)</u>	<u>\$ (26,756,540)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 10,213,709	\$ 1,947,535	\$ 1,287,064
Receivables			
Current taxes	4,375,066	1,742,698	347,893
Delinquent taxes	109,713	49,818	8,447
Accounts and interest	1,162	-	3,084
Due from other governmental units	3,368,065	-	195,147
Inventory	-	-	43,801
Prepaid items	-	-	-
	<u>\$ 18,067,715</u>	<u>\$ 3,740,051</u>	<u>\$ 1,885,436</u>
Liabilities			
Salaries payable	\$ 1,754,332	\$ -	\$ 45,783
Accounts and contracts payable	2,182,452	-	65,096
Due to other governmental units	251,918	-	296,802
Due to other funds	164,558	-	-
Unearned revenue	449,089	-	31,995
Total liabilities	<u>4,802,349</u>	<u>-</u>	<u>439,676</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	58,383	28,689	4,519
Property taxes levied for subsequent year	7,066,560	2,986,027	596,118
Total deferred inflows of resources	<u>7,124,943</u>	<u>3,014,716</u>	<u>600,637</u>
Fund balances			
Nonspendable	-	-	43,801
Restricted	980,309	725,335	801,322
Assigned	1,345,563	-	-
Unassigned	3,814,551	-	-
Total fund balances	<u>6,140,423</u>	<u>725,335</u>	<u>845,123</u>
	<u>\$ 18,067,715</u>	<u>\$ 3,740,051</u>	<u>\$ 1,885,436</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,067,715</u>	<u>\$ 3,740,051</u>	<u>\$ 1,885,436</u>

Total Governmental Funds	
2021	2020
\$ 13,448,308	\$ 16,198,259
6,465,657	6,453,611
167,978	190,227
4,246	26,431
3,563,212	3,723,421
43,801	58,599
—	200
<u>\$ 23,693,202</u>	<u>\$ 26,650,748</u>
\$ 1,800,115	\$ 1,986,152
2,247,548	3,451,608
548,720	453,553
164,558	—
481,084	468,915
<u>5,242,025</u>	<u>6,360,228</u>
91,591	112,485
<u>10,648,705</u>	<u>10,054,668</u>
10,740,296	10,167,153
43,801	58,799
2,506,966	5,077,986
1,345,563	2,213,778
3,814,551	2,772,804
<u>7,710,881</u>	<u>10,123,367</u>
<u>\$ 23,693,202</u>	<u>\$ 26,650,748</u>

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SPECIAL SCHOOL DISTRICT NO. 6

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)

	<u>2021</u>	<u>2020</u>
Total fund balances – governmental funds	\$ 7,710,881	\$ 10,123,367
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	70,293,681	67,905,174
Accumulated depreciation	(27,491,823)	(26,045,344)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance 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	(27,065,000)	(29,110,000)
Certificates of participation	(5,030,000)	(5,265,000)
Unamortized premium/discount	(536,309)	(625,579)
Capital lease payable	(249,979)	(327,842)
Compensated absences payable	(243,186)	(231,595)
Severance benefits payable	(97,681)	(108,180)
Net pension liability	(32,593,421)	(28,894,801)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(461,914)	(523,606)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	1,327,304	(223,687)
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	13,289,148	22,355,843
Deferred inflows of resources – pension plan deferments	(24,698,914)	(35,897,775)
Deferred inflows of resources – unavailable revenue – delinquent taxes	91,591	112,485
Total net position – governmental activities	<u>\$ (25,755,622)</u>	<u>\$ (26,756,540)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>
Revenue			
Local sources			
Property taxes	\$ 7,284,368	\$ 2,859,061	\$ 549,024
Investment earnings	24,579	5,155	3,085
Other	863,479	-	317,712
State sources	34,077,775	-	900,369
Federal sources	2,171,606	-	1,519,026
Total revenue	<u>44,421,807</u>	<u>2,864,216</u>	<u>3,289,216</u>
Expenditures			
Current			
Administration	1,394,814	-	-
District support services	2,038,010	-	-
Elementary and secondary regular instruction	19,715,733	-	-
Vocational education instruction	164,582	-	-
Special education instruction	8,680,368	-	-
Instructional support services	3,764,591	-	-
Pupil support services	2,630,715	-	-
Sites and buildings	5,079,931	-	-
Fiscal and other fixed cost programs	267,833	-	-
Food service	-	-	1,456,220
Community service	-	-	1,704,370
Capital outlay	-	-	2,461,183
Debt service			
Principal	312,863	2,045,000	-
Interest and fiscal charges	209,675	1,061,837	-
Total expenditures	<u>44,259,115</u>	<u>3,106,837</u>	<u>5,621,773</u>
Excess (deficiency) of revenue over expenditures	162,692	(242,621)	(2,332,557)
Other financing sources (uses)			
Debt issued	-	-	-
Premium on debt issued	-	-	-
Sale of capital assets	-	-	-
Transfer in	-	-	-
Transfer (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	162,692	(242,621)	(2,332,557)
Fund balances			
Beginning of year	<u>5,977,731</u>	<u>967,956</u>	<u>3,177,680</u>
End of year	<u>\$ 6,140,423</u>	<u>\$ 725,335</u>	<u>\$ 845,123</u>

See notes to basic financial statements

<u>Total Governmental Funds</u>	
<u>2021</u>	<u>2020</u>
\$ 10,692,453	\$ 10,085,102
32,819	177,799
1,181,191	2,313,047
34,978,144	36,673,876
<u>3,690,632</u>	<u>3,001,262</u>
50,575,239	52,251,086
1,394,814	1,183,514
2,038,010	1,882,854
19,715,733	21,927,804
164,582	160,800
8,680,368	8,541,448
3,764,591	4,137,689
2,630,715	3,353,482
5,079,931	5,613,410
267,833	250,147
1,456,220	2,166,237
1,704,370	2,169,135
2,461,183	3,124,661
2,357,863	2,073,908
<u>1,271,512</u>	<u>1,250,715</u>
<u>52,987,725</u>	<u>57,835,804</u>
(2,412,486)	(5,584,718)
—	5,265,000
—	268,859
—	2,690
—	100,000
—	(100,000)
<u>—</u>	<u>5,536,549</u>
(2,412,486)	(48,169)
<u>10,123,367</u>	<u>10,171,536</u>
<u>\$ 7,710,881</u>	<u>\$ 10,123,367</u>

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SPECIAL SCHOOL DISTRICT NO. 6

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	\$ (2,412,486)	\$ (48,169)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	2,388,507	3,941,691
Depreciation expense	(1,446,479)	(1,460,300)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	–	(51,086)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
	–	(5,265,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	2,045,000	1,995,000
Certificates of participation	235,000	–
Capital lease payable	77,863	78,908
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.		
	89,270	(183,520)
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.		
Compensated absences payable	(11,591)	(11,302)
Severance benefits payable	10,499	8,163
Net pension liability	(3,698,620)	(917,099)
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.		
	61,692	(62,870)
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.		
	1,550,991	1,680,700
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	(9,066,695)	(10,570,668)
Deferred inflows of resources – pension plan deferments	11,198,861	8,776,560
Deferred inflows of resources – unavailable revenue – delinquent taxes	(20,894)	(9,619)
Change in net position – governmental activities	<u>\$ 1,000,918</u>	<u>\$ (2,098,611)</u>

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SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 7,165,588	\$ 7,165,588	\$ 7,284,368	\$ 118,780
Investment earnings	–	–	24,579	24,579
Other	799,880	707,380	863,479	156,099
State sources	34,255,817	33,574,045	34,077,775	503,730
Federal sources	1,240,000	2,249,120	2,171,606	(77,514)
Total revenue	<u>43,461,285</u>	<u>43,696,133</u>	<u>44,421,807</u>	<u>725,674</u>
Expenditures				
Current				
Administration	1,471,371	1,397,975	1,394,814	(3,161)
District support services	1,962,593	2,046,469	2,038,010	(8,459)
Elementary and secondary regular instruction	19,478,057	19,618,774	19,715,733	96,959
Vocational education instruction	–	161,770	164,582	2,812
Special education instruction	9,116,639	8,630,986	8,680,368	49,382
Instructional support services	3,897,667	3,803,378	3,764,591	(38,787)
Pupil support services	3,468,027	2,756,058	2,630,715	(125,343)
Sites and buildings	4,837,096	5,540,723	5,079,931	(460,792)
Fiscal and other fixed cost programs	220,000	220,000	267,833	47,833
Debt service				
Principal	–	70,000	312,863	242,863
Interest and fiscal charges	–	–	209,675	209,675
Total expenditures	<u>44,451,450</u>	<u>44,246,133</u>	<u>44,259,115</u>	<u>12,982</u>
Excess (deficiency) of revenue over expenditures	(990,165)	(550,000)	162,692	712,692
Other financing sources (uses)				
Transfer (out)	<u>–</u>	<u>(200,000)</u>	<u>–</u>	<u>200,000</u>
Net change in fund balances	<u>\$ (990,165)</u>	<u>\$ (750,000)</u>	<u>162,692</u>	<u>\$ 912,692</u>
Fund balances				
Beginning of year			<u>5,977,731</u>	
End of year			<u>\$ 6,140,423</u>	

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 6,746,814	\$ 5,480,590
Receivables		
Accounts and interest	63,497	20,555
Due from other funds	164,558	-
Prepaid items	60,432	63,276
Total current assets	<u>7,035,301</u>	<u>5,564,421</u>
Long-term assets		
Restricted assets		
Cash and cash equivalents	1,579,168	1,807,753
Investments	3,319,125	3,126,227
Total long-term assets	<u>4,898,293</u>	<u>4,933,980</u>
Total assets	11,933,594	10,498,401
Deferred outflows of resources		
OPEB plan deferments	394,024	640,220
Liabilities		
Current liabilities		
Unearned revenue	788,546	900,719
Claims incurred, but not reported	359,070	463,420
Total OPEB liability	567,658	-
Total current liabilities	<u>1,715,274</u>	<u>1,364,139</u>
Long-term liabilities		
Total OPEB liability (net of current portion)	<u>6,198,658</u>	<u>8,672,248</u>
Total liabilities	7,913,932	10,036,387
Deferred inflows of resources		
OPEB plan deferments	<u>3,086,382</u>	<u>1,325,921</u>
Net position		
Unrestricted	<u>\$ 1,327,304</u>	<u>\$ (223,687)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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		
Contributions from governmental funds	\$ 7,167,297	\$ 7,694,809
Operating expenses		
Dental benefit claims	293,648	255,907
Medical benefit claims	5,366,629	5,387,038
OPEB	336,167	668,277
Total operating expenses	<u>5,996,444</u>	<u>6,311,222</u>
Operating income	1,170,853	1,383,587
Nonoperating revenue		
Investment earnings	<u>380,138</u>	<u>297,113</u>
Change in net position	1,550,991	1,680,700
Net position		
Beginning of year	<u>(223,687)</u>	<u>(1,904,387)</u>
End of year	<u>\$ 1,327,304</u>	<u>\$ (223,687)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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		
Received from assessments made to other funds	\$ 7,012,182	\$ 7,808,003
Payment for dental claims	(299,213)	(255,848)
Payment for medical claims	(5,462,570)	(5,308,559)
Post-employment benefit payments	(235,442)	(464,018)
Net cash flows from operating activities	<u>1,014,957</u>	<u>1,779,578</u>
Cash flows from noncapital financing activities		
Cash paid to other funds	(164,558)	-
Cash flows from investing activities		
Purchase of investments	(258,673)	(1,355,546)
Sale of investments	65,775	274,439
Interest on investments	380,138	297,113
Net cash flows from investing activities	<u>187,240</u>	<u>(783,994)</u>
Net change in cash and cash equivalents	1,037,639	995,584
Cash and cash equivalents		
Beginning of year	<u>7,288,343</u>	<u>6,292,759</u>
End of year	<u>\$ 8,325,982</u>	<u>\$ 7,288,343</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,170,853	\$ 1,383,587
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows		
Accounts and interest receivable	(42,942)	(2,824)
Prepaid items	2,844	18,904
Deferred outflows – OPEB plan deferments	246,196	(290,660)
Accounts and contracts payable	-	(1,047)
Unearned revenue	(112,173)	116,018
Claims incurred, but not reported	(104,350)	60,681
Total OPEB liability	(1,905,932)	642,244
Deferred inflows – OPEB plan deferments	<u>1,760,461</u>	<u>(147,325)</u>
Net cash flows from operating activities	<u>\$ 1,014,957</u>	<u>\$ 1,779,578</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 6,746,814	\$ 5,480,590
Cash and cash equivalents	<u>1,579,168</u>	<u>1,807,753</u>
Total cash and cash equivalents	<u>\$ 8,325,982</u>	<u>\$ 7,288,343</u>

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Basic Financial Statements
Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Special School District No. 6 (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.

The District's boundaries and the City of South St. Paul's boundaries are nearly the same, fostering a feeling of family, with many opportunities for parent and community involvement. The mission of the District is delivering lifelong education by providing opportunities for learners of all ages, backgrounds, and needs. In 2009, the District became Minnesota's first K–12 International Baccalaureate (IB) World Schools District after successfully being authorized in the IB Middle Years Program, serving all students in Grades 7–10, and the Primary Years Program, which serves all students in Grades K–6. The District has been offering the IB Diploma Program at the high school since 1986.

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. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as “depreciation not allocated to other functions.” Interest 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 and proprietary 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary (internal service funds) are presented in the proprietary fund financial statements. Because the principal users of 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 Fund is charges to customers (other district funds) for services. Operating expenses for the Internal Service Fund include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the 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 was used for the taxable OPEB bond issues, which were paid off in the current year.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for 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 capital facilities authorized by bond or other debt issue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 medical insurance benefits offered by the District to its employees as a self-insured plan and for the payment and financing of its OPEB liabilities, including the administration of assets held in a revocable trust to finance these liabilities.

E. Budgetary Information

The School Board adopts an annual budget for the General, Food Service Special Revenue, Community Service Special Revenue, and 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 General Fund exceeded budgeted appropriations by \$12,982 during the year ended June 30, 2021. Revenues in excess of budget, along with available fund balance, financed these variances.

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. 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 that are established for specific purposes. In the Internal Service Fund, this represents assets held in a revocable trust established to finance the District’s liability for other post-employment insurance benefits. Interest earned on these investments is allocated directly to these accounts.

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 equivalents. The proprietary (internal service) fund’s equity in the government-wide cash and investment management pool is considered 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 fully collected within one year are delinquent property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food and surplus commodities received from the federal government. Purchased food inventory is recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$424,524 of the property tax levy collectible in 2021 as revenue to the District in fiscal year 2020–2021. The remaining portion of the taxes collectible in 2021 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$3,000 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 considered for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building improvements, and 5 to 20 years for furniture and equipment. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

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

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

M. Compensated Absences

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

N. Severance

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. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. The amount of any severance or retirement benefit due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

Severance 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. State-Wide Pension Plans

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

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

P. Deferred Outflows/Inflows of Resources

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

The District reports deferred outflows 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

In the government-wide and proprietary (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.

R. 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 of schools is 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, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide and proprietary (internal service) fund financial statements.

T. 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. After completing an insurance review in the current year, the District reduced certain limits for umbrella and other property insurance. There were no other significant reductions in the District’s 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.

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2020	\$ 15,889	\$ 255,907	\$ 255,664	\$ 16,132
2021	\$ 16,132	\$ 293,648	\$ 299,413	\$ 10,367

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2020	\$ 386,850	\$ 5,387,038	\$ 5,326,600	\$ 447,288
2021	\$ 447,288	\$ 5,366,629	\$ 5,465,214	\$ 348,703

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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.

V. 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.

W. Deficit Net Position

As of June 30, 2021, the District has a net position deficit of \$4,395,823 in its Other Post-Employment Benefits Internal Service Fund. This deficit will be eliminated through contributions and investment earnings.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$5,178,139, while the balance on the bank records was \$5,496,975. At June 30, 2021, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

B. Investments

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

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

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

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 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 District’s revocable OPEB trust accounted for in its OPEB Internal Service 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.

The following table presents the District’s deposit and investment balances, and information relating to potential investment risks:

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. treasury note	N/A	N/A	Level 1	\$ 126,563	\$ 833,002	\$ 959,565
U.S. agency security	AA	S&P	Level 1	\$ –	\$ 249,692	249,692
Corporate obligations	A	S&P	Level 1	\$ 25,446	\$ 1,153,680	1,179,126
Corporate obligations	A	Moody’s	Level 1	\$ –	\$ 443,625	443,625
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 408,247	408,247
Corporate obligations	AAA	Moody’s	Level 1	\$ –	\$ 78,869	78,869
Equities	N/R	N/R	Level 1	N/A	N/A	967,223
Investment pools/mutual funds						
OPEB mutual funds	N/R	N/R	Level 1	N/A	N/A	345,588
Real estate investment trust	N/R	N/R	Level 1	N/A	N/A	6,694
Real asset funds	N/R	N/R	Level 2	N/A	N/A	259,664
Minnesota School District						
Liquid Asset Fund						
Liquid Class	AAA	S&P	Amortized cost	N/A	N/A	10,410,370
Max Class	AAA	S&P	Amortized cost	N/A	N/A	2,606,613
Term Series	AAA	Fitch	Amortized cost	\$ 2,000,000	\$ –	2,000,000
Total investments						19,915,276
Total deposits						5,178,139
Total deposits and investments						<u>\$ 25,093,415</u>

N/A – Not Applicable

N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The District’s investment in this pool is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF Liquid Class investment pool. 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 1 year and early withdrawal may result in substantial early redemption penalties.

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

Statement of Net Position	
Cash and temporary investments	\$ 20,195,122
Restricted assets	
Cash and investments for OPEB	<u>4,898,293</u>
Total deposits and investments	<u><u>\$ 25,093,415</u></u>

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	\$ 2,444,143	\$ –	\$ –	\$ –	\$ 2,444,143
Construction in progress	<u>1,828,699</u>	<u>2,120,183</u>	<u>–</u>	<u>(3,948,882)</u>	<u>–</u>
Total capital assets, not depreciated	4,272,842	2,120,183	–	(3,948,882)	2,444,143
Capital assets, depreciated					
Buildings	52,008,215	–	–	3,948,882	55,957,097
Building improvements	6,364,141	–	–	–	6,364,141
Furniture and equipment	<u>5,259,976</u>	<u>268,324</u>	<u>–</u>	<u>–</u>	<u>5,528,300</u>
Total capital assets, depreciated	63,632,332	268,324	–	3,948,882	67,849,538
Less accumulated depreciation for					
Buildings	(20,383,410)	(935,018)	–	–	(21,318,428)
Building improvements	(2,849,896)	(247,117)	–	–	(3,097,013)
Furniture and equipment	<u>(2,812,038)</u>	<u>(264,344)</u>	<u>–</u>	<u>–</u>	<u>(3,076,382)</u>
Total accumulated depreciation	(26,045,344)	(1,446,479)	–	–	(27,491,823)
Net capital assets, depreciated	<u>37,586,988</u>	<u>(1,178,155)</u>	<u>–</u>	<u>3,948,882</u>	<u>40,357,715</u>
Total capital assets, net	<u><u>\$ 41,859,830</u></u>	<u><u>\$ 942,028</u></u>	<u><u>\$ –</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 42,801,858</u></u>

Capital assets of the District are used by multiple functions, therefore depreciation expense for the year is reported as depreciation not allocated to other functions in the Statement of Activities.

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
Series 2013B – Building	08/13/2013	2.00–4.00%	\$ 16,675,000	02/01/2029	\$ 16,505,000
Series 2014A – Building	01/29/2014	1.00–3.75%	\$ 10,000,000	02/01/2033	9,920,000
Series 2015A – Capital Facilities	04/09/2015	2.00%	\$ 1,520,000	02/01/2025	<u>640,000</u>
Total general obligation bonds payable					<u>\$ 27,065,000</u>

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities. 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. Certificates of Participation Payable

The District currently has the following certificates of participation outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2019A Certificates of Participation	12/30/2019	2.00–4.00%	\$ 5,265,000	04/01/2035	<u>\$ 5,030,000</u>

The certificates of participation were issued to finance the acquisition and renovation of a building for educational programming purposes. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. The certificates of participation are being paid by the General Fund.

C. Capital Lease

The District has one capital lease outstanding at year-end for computers. The lease has a five-year term, bears an interest rate of 3.40 percent, and has a final maturity of February 2024. The capital lease will be repaid by the General Fund. The District did not capitalize the computers as the cost of each individual computer did not meet the capitalization threshold policy.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, 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 an Internal Service 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	\$ 6,565,025	\$ 739,293	\$ 405,620	\$ 314,582
TRA	26,028,396	12,549,855	24,293,294	3,575,360
Total	<u>\$ 32,593,421</u>	<u>\$ 13,289,148</u>	<u>\$ 24,698,914</u>	<u>\$ 3,889,942</u>

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation		Capital Lease Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,975,000	\$ 1,010,338	\$ 285,000	\$ 149,594	\$ 80,533	\$ 7,821
2023	2,040,000	934,438	295,000	138,194	83,295	5,059
2024	2,115,000	856,038	305,000	126,394	86,151	2,203
2025	2,180,000	794,188	320,000	114,194	–	–
2026	2,080,000	725,400	335,000	101,394	–	–
2027–2031	11,505,000	2,320,213	1,850,000	318,969	–	–
2032–2035	5,170,000	292,875	1,640,000	92,881	–	–
	<u>\$ 27,065,000</u>	<u>\$ 6,933,490</u>	<u>\$ 5,030,000</u>	<u>\$ 1,041,620</u>	<u>\$ 249,979</u>	<u>\$ 15,083</u>

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 29,110,000	\$ –	\$ 2,045,000	\$ 27,065,000	\$ 1,975,000
Certificates of participation	5,265,000	–	235,000	5,030,000	285,000
Unamortized premium/discount	625,579	–	89,270	536,309	–
Capital lease payable	327,842	–	77,863	249,979	80,533
Compensated absences payable	231,595	427,060	415,469	243,186	243,186
Severance benefits payable	108,180	4,818	15,317	97,681	–
Net pension liability	28,894,801	6,465,132	2,766,512	32,593,421	–
Total OPEB liability	<u>8,672,248</u>	<u>677,849</u>	<u>2,583,781</u>	<u>6,766,316</u>	<u>567,658</u>
	<u>\$ 73,235,245</u>	<u>\$ 7,574,859</u>	<u>\$ 8,228,212</u>	<u>\$ 72,581,892</u>	<u>\$ 3,151,377</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, which have an accumulated deficit balance at June 30 are included in unassigned fund balance in the District’s financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

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	\$ –	\$ –	\$ 43,801	\$ 43,801
Restricted				
Student activities	222,409	–	–	222,409
Staff development	105,046	–	–	105,046
Operating capital	8,683	–	–	8,683
Gifted and talented	138,196	–	–	138,196
Safe schools	175,049	–	–	175,049
Medical Assistance	90,976	–	–	90,976
Debt reduction	194,839	–	–	194,839
Flexible benefits	45,111	–	–	45,111
Debt service	–	725,335	–	725,335
Food service	–	–	479,533	479,533
Community education programs	–	–	177,179	177,179
Early childhood family education programs	–	–	11,039	11,039
School readiness	–	–	90,669	90,669
Adult basic education	–	–	42,902	42,902
Total restricted	<u>980,309</u>	<u>725,335</u>	<u>801,322</u>	<u>2,506,966</u>
Assigned				
Subsequent year budget	195,165	–	–	195,165
Alternative Teacher Performance Pay System (ATPPS)	190,398	–	–	190,398
Separation benefits	335,000	–	–	335,000
Curriculum	250,000	–	–	250,000
Staff development	75,000	–	–	75,000
Construction	200,000	–	–	200,000
Building maintenance	100,000	–	–	100,000
Total assigned	<u>1,345,563</u>	<u>–</u>	<u>–</u>	<u>1,345,563</u>
Unassigned				
Long-term facilities maintenance restricted account deficit	(109,590)	–	–	(109,590)
Unassigned	3,924,141	–	–	3,924,141
Total unassigned	<u>3,814,551</u>	<u>–</u>	<u>–</u>	<u>3,814,551</u>
Total	<u>\$ 6,140,423</u>	<u>\$ 725,335</u>	<u>\$ 845,123</u>	<u>\$ 7,710,881</u>

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unrestricted fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unrestricted General Fund balance of 12.0 percent of the annual budget. At June 30, 2021, the unrestricted fund balance (excluding restricted account deficits) of the General Fund was 11.9 percent of fiscal 2021 actual expenditures.

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.

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

Tier I Benefits

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

With these provisions:

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

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.

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

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 \$486,506. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2021, were \$1,629,325. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

	<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	(508)
Total employer contributions	424,659
Total nonemployer contributions	35,587
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.

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2021, the District reported a liability of \$6,565,025 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 \$202,484. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. The District’s proportionate share was 0.1095 percent at the end of the measurement period and 0.1122 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$	6,565,025
State’s proportionate share of the net pension liability associated with the District	\$	202,484

For the year ended June 30, 2021, the District recognized pension expense of \$296,960 for its proportionate share of the GERF’s pension expense. In addition, the District recognized \$17,622 as grant revenue for its proportionate share of the state of Minnesota’s pension expense for the annual \$16 million contribution.

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	\$ 61,269	\$ 24,839
Changes in actuarial assumptions	–	244,884
Net collective difference between projected and actual investment earnings	111,078	–
Changes in proportion	80,440	135,897
District’s contributions to the GERF subsequent to the measurement date	486,506	–
Total	<u>\$ 739,293</u>	<u>\$ 405,620</u>

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

The \$486,506 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	\$ (396,318)
2023	\$ (2,866)
2024	\$ 87,738
2025	\$ 158,613

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of \$26,028,396 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 0.3523 percent at the end of the measurement period and 0.3560 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	\$ 26,028,396
State’s proportionate share of the net pension liability associated with the District	\$ 2,181,119

For the year ended June 30, 2021, the District recognized pension expense of \$3,375,555. It also recognized \$199,805 as an increase to pension expense for the support provided by direct aid.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 521,975	\$ 404,155
Changes in actuarial assumptions	9,727,866	21,840,667
Net difference between projected and actual investment earnings on pension plan investments	373,391	–
Changes in proportion	297,298	2,048,472
District’s contributions to the TRA subsequent to the measurement date	<u>1,629,325</u>	<u>–</u>
Total	<u>\$ 12,549,855</u>	<u>\$ 24,293,294</u>

A total of \$1,629,325 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2022	\$ 236,624
2023	\$ (8,439,464)
2024	\$ (5,859,149)
2025	\$ 620,222
2026	\$ 69,003

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:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
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 disableds 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 GERF plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

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

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

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

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

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

F. Discount Rate

1. GERP

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 GERP 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	\$ 10,521,459	\$ 6,565,025	\$ 3,301,286
TRA discount rate	6.50%	7.50%	8.50%
District’s proportionate share of the TRA net pension liability	\$ 39,849,199	\$ 26,028,396	\$ 14,640,753

H. Pension Plan Fiduciary Net Position

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

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

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

A. Plan Description

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

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, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District’s contributions in the current year totaled \$235,442 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section. The District has established a separate Internal Service Fund to finance these OPEB obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	71
Active plan members	<u>417</u>
Total members	<u><u>488</u></u>

E. Total OPEB Liability of the District

The District’s total OPEB liability of \$6,766,316 as of year-end was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020.

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

F. Actuarial Methods and Assumptions

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

Discount rate	2.40%
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% grading to 5.00% over 6 years, and then 4.00% over the next 48 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables 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.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 8,672,248
Changes for the year	
Service cost	403,634
Interest	274,215
Assumption changes	(724,418)
Differences between expected and actual experience	(1,395,345)
Benefit payments	(464,018)
Total net changes	<u>(1,905,932)</u>
Ending balance	<u>\$ 6,766,316</u>

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

Plan provision changes since the prior measurement date include the following:

- The post-employment medical subsidy for Meet and Confer Non-Union employees hired after July 1, 2020 changed to \$150 per month payable to the earlier of 10 years or Medicare eligibility and \$100 per month for the subsequent 5 years.
- The post-employment medical subsidy for Principals and Directors hired after January 1, 2020 changed to \$7,500 (no increase post-employment) payable to the earlier of 5 years or Medicare eligibility.
- Since these changes only impact new hires, the impact on the accrued liability as of the valuation date is \$0.

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates, mortality tables, salary increase rates, and percentage of future retirees eligible for a subsidy who are assumed to continue on one of the District’s medical plans post-employment were updated.
- The discount rate was changed from 3.10 percent to 2.40 percent.

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 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	1.40%	2.40%	3.40%
Total OPEB liability	\$ 7,177,945	\$ 6,766,316	\$ 6,374,606

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using 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 Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Medical trend rate	5.50% grading to 4.00%, then 3.00%	6.50% grading to 5.00%, then 4.00%	7.50% grading to 6.00%, then 5.00%
Total OPEB liability	\$ 6,349,235	\$ 6,766,316	\$ 7,258,424

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

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

For the current year ended, the District recognized OPEB expense of \$336,167. 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	\$ –	\$ 2,275,489
Changes in actuarial assumptions	158,582	810,893
District’s contributions subsequent to the measurement date	<u>235,442</u>	<u>–</u>
Total	<u>\$ 394,024</u>	<u>\$ 3,086,382</u>

A total of \$235,442 reported as deferred outflows of resources related to OPEB contributions, subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and 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	\$ (341,681)
2023	\$ (341,681)
2024	\$ (341,681)
2025	\$ (341,681)
2026	\$ (341,681)
Thereafter	\$ (1,219,395)

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. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the plan year, which is from January 1 to December 31, 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.

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependent care are accounted for by a district employee who serves as the plan administrator. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee. The medical reimbursement and dependent care activity are included in the 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 TRANSACTIONS

A. Interfund Receivables and Payables

At year-end, the General Fund reported a balance of \$164,558 due to the Other Post-Employment Benefits Internal Service Fund, representing the difference in amount drawn from the trust during the year and actual allowable OPEB expenditures. Interfund receivables and payables are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

B. Interfund Transfers

The District recorded an intrafund transfer of \$163,514 from the OPEB Debt Service Account to the Regular Debt Service Account as required by Minnesota Statutes with the final payment on the OPEB bonds in the current year. Since the transfer was between two debt services "Accounts," this intrafund transfer was reported in the detailed fund financial statements, but was eliminated in the basic governmental fund and government-wide financial statements.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable 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 had 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 lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

C. Purchase Power Commitment

Solar Gardens

During fiscal year 2021, the District entered into a solar system subscription agreements with IPS Solar DG Solar A, LLC. The District is committed to purchasing all of the annual delivered energy of the solar system for a period of 20 years and additional three terms of five years from the commercial operation date and continues for the duration of the initial term and any additional terms. In return, the District will receive bill credits associated with the energy production.

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.

REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

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	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 Proportionate 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	0.1107%	\$ 5,200,131	\$ -	\$ 5,200,131	\$ 5,796,603	89.71%	78.70%
06/30/2016	06/30/2015	0.1091%	\$ 5,654,128	\$ -	\$ 5,654,128	\$ 6,430,677	87.92%	78.20%
06/30/2017	06/30/2016	0.1074%	\$ 8,720,346	\$ 113,888	\$ 8,834,234	\$ 6,666,940	130.80%	68.90%
06/30/2018	06/30/2017	0.1108%	\$ 7,073,396	\$ 88,931	\$ 7,162,327	\$ 7,141,483	99.05%	75.90%
06/30/2019	06/30/2018	0.1093%	\$ 6,063,516	\$ 198,744	\$ 6,262,260	\$ 7,332,178	82.70%	79.50%
06/30/2020	06/30/2019	0.1122%	\$ 6,203,286	\$ 192,825	\$ 6,396,111	\$ 7,939,979	78.13%	80.20%
06/30/2021	06/30/2020	0.1095%	\$ 6,565,025	\$ 202,484	\$ 6,767,509	\$ 7,816,070	83.99%	79.10%

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

District Fiscal Year-End	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	\$ 474,641	\$ 474,641	\$ -	\$ 6,430,677	7.38%
06/30/2016	\$ 499,908	\$ 499,908	\$ -	\$ 6,666,940	7.50%
06/30/2017	\$ 535,497	\$ 535,497	\$ -	\$ 7,141,483	7.50%
06/30/2018	\$ 549,688	\$ 549,688	\$ -	\$ 7,332,178	7.50%
06/30/2019	\$ 595,495	\$ 595,495	\$ -	\$ 7,939,979	7.50%
06/30/2020	\$ 585,902	\$ 585,902	\$ -	\$ 7,816,070	7.50%
06/30/2021	\$ 486,506	\$ 486,506	\$ -	\$ 6,488,932	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.

SPECIAL SCHOOL DISTRICT NO. 6

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 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	0.3819%	\$ 17,597,677	\$ 1,238,076	\$ 18,835,753	\$ 17,434,323	100.94%	81.50%
06/30/2016	06/30/2015	0.3716%	\$ 22,987,135	\$ 2,819,725	\$ 25,806,860	\$ 18,878,949	121.76%	76.80%
06/30/2017	06/30/2016	0.3670%	\$ 87,538,256	\$ 8,785,747	\$ 96,324,003	\$ 19,304,901	453.45%	44.88%
06/30/2018	06/30/2017	0.3669%	\$ 73,239,894	\$ 7,080,446	\$ 80,320,340	\$ 19,744,761	370.93%	51.57%
06/30/2019	06/30/2018	0.3489%	\$ 21,914,186	\$ 2,059,012	\$ 23,973,198	\$ 19,279,005	113.67%	78.07%
06/30/2020	06/30/2019	0.3560%	\$ 22,691,515	\$ 2,008,105	\$ 24,699,620	\$ 20,206,696	112.30%	78.21%
06/30/2021	06/30/2020	0.3523%	\$ 26,028,396	\$ 2,181,119	\$ 28,209,515	\$ 20,470,746	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	\$ 1,415,929	\$ 1,415,929	\$ -	\$ 18,878,949	7.50%
06/30/2016	\$ 1,448,037	\$ 1,448,037	\$ -	\$ 19,304,901	7.50%
06/30/2017	\$ 1,481,077	\$ 1,481,077	\$ -	\$ 19,744,761	7.50%
06/30/2018	\$ 1,445,979	\$ 1,445,979	\$ -	\$ 19,279,005	7.50%
06/30/2019	\$ 1,557,835	\$ 1,557,835	\$ -	\$ 20,206,696	7.71%
06/30/2020	\$ 1,621,284	\$ 1,621,284	\$ -	\$ 20,470,746	7.92%
06/30/2021	\$ 1,629,325	\$ 1,629,325	\$ -	\$ 20,040,978	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.

SPECIAL SCHOOL DISTRICT NO. 6

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

	District Fiscal Year-End Date			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 442,920	\$ 444,251	\$ 489,454	\$ 403,634
Interest	311,019	316,347	292,396	274,215
Assumption changes	–	(218,512)	193,824	(724,418)
Plan changes	–	337,912	–	–
Differences between expected and actual experience	–	(1,402,059)	–	(1,395,345)
Benefit payments	(586,475)	(610,891)	(333,430)	(464,018)
Net change in total OPEB liability	167,464	(1,132,952)	642,244	(1,905,932)
Total OPEB liability – beginning balance	8,995,492	9,162,956	8,030,004	8,672,248
Total OPEB liability – ending balance	<u>\$ 9,162,956</u>	<u>\$ 8,030,004</u>	<u>\$ 8,672,248</u>	<u>\$ 6,766,316</u>
Covered-employee payroll	<u>\$ 24,641,269</u>	<u>\$ 24,372,096</u>	<u>\$ 25,103,259</u>	<u>\$ 24,421,664</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>37.19%</u>	<u>32.95%</u>	<u>34.55%</u>	<u>27.71%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SPECIAL SCHOOL DISTRICT NO. 6

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.

SPECIAL SCHOOL DISTRICT NO. 6

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

SPECIAL SCHOOL DISTRICT NO. 6

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

SPECIAL SCHOOL DISTRICT NO. 6

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.

SPECIAL SCHOOL DISTRICT NO. 6

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.

SPECIAL SCHOOL DISTRICT NO. 6

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2020 CHANGES IN PLAN PROVISIONS

- The post-employment medical subsidy for Meet and Confer Non-Union employees hired after July 1, 2020 changed to \$150 per month payable to the earlier of 10 years or Medicare eligibility and \$100 per month for the subsequent 5 years.
- The post-employment medical subsidy for Principals and Directors hired after January 1, 2020 changed to \$7,500 (no increase post-employment) payable to the earlier of 5 years or Medicare eligibility.
- Since these changes only impact new hires, the impact on the accrued liability as of the valuation date is \$0.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, salary increase rates, and percentage of future retirees eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment were updated.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive of \$5,000 per year paid to a healthcare savings plan, payable until the earlier of five years or Medicare eligibility (or a one-time payment of \$5,000 if already eligible for Medicare), was elected by nine teachers who retired by June 30, 2019. The retirement rates for these nine teachers were adjusted to assume all retire on July 1, 2019.
- The director of community education now has the same post-employment subsidies as other directors. Her eligibility start date for these post-employment subsidies is July 1, 2017.
- The post-employment subsidies for principals hired after July 1, 2004 are no longer frozen at retirement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.
- The percentage of future retired custodians, meet and confer nonunion employees without special agreements, office professional employees, and support staff eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment, was changed from 100 percent to 75 percent.

SPECIAL SCHOOL DISTRICT NO. 6

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.40 percent.

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SUPPLEMENTAL INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds		Capital Projects –	Total
	Food Service	Community Service	Building Construction	
Assets				
Cash and temporary investments	\$ 599,828	\$ 687,236	\$ –	\$ 1,287,064
Receivables				
Current taxes	–	347,893	–	347,893
Delinquent taxes	–	8,447	–	8,447
Accounts and interest	–	3,084	–	3,084
Due from other governmental units	97,658	97,489	–	195,147
Inventory	43,801	–	–	43,801
Total assets	\$ 741,287	\$ 1,144,149	\$ –	\$ 1,885,436
Liabilities				
Salaries payable	\$ 30,877	\$ 14,906	\$ –	\$ 45,783
Accounts and contracts payable	39,944	25,152	–	65,096
Due to other governmental units	132,044	164,758	–	296,802
Unearned revenue	15,088	16,907	–	31,995
Total liabilities	217,953	221,723	–	439,676
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	–	4,519	–	4,519
Property taxes levied for subsequent year	–	596,118	–	596,118
Total deferred inflows of resources	–	600,637	–	600,637
Fund balances				
Nonspendable	43,801	–	–	43,801
Restricted	479,533	321,789	–	801,322
Total fund balances	523,334	321,789	–	845,123
Total liabilities, deferred inflows of resources, and fund balances	\$ 741,287	\$ 1,144,149	\$ –	\$ 1,885,436

SPECIAL SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds		Capital Projects –	Total
	Food Service	Community Service	Building Construction	
Revenue				
Local sources				
Property taxes	\$ –	\$ 549,024	\$ –	\$ 549,024
Investment earnings	1,424	1,603	58	3,085
Other	33,524	254,439	29,749	317,712
State sources	1,294	899,075	–	900,369
Federal sources	1,327,193	191,833	–	1,519,026
Total revenue	<u>1,363,435</u>	<u>1,895,974</u>	<u>29,807</u>	<u>3,289,216</u>
Expenditures				
Current				
Food service	1,456,220	–	–	1,456,220
Community service	–	1,704,370	–	1,704,370
Capital outlay	41,052	3,824	2,416,307	2,461,183
Total expenditures	<u>1,497,272</u>	<u>1,708,194</u>	<u>2,416,307</u>	<u>5,621,773</u>
Net change in fund balances	(133,837)	187,780	(2,386,500)	(2,332,557)
Fund balances				
Beginning of year	<u>657,171</u>	<u>134,009</u>	<u>2,386,500</u>	<u>3,177,680</u>
End of year	<u>\$ 523,334</u>	<u>\$ 321,789</u>	<u>\$ –</u>	<u>\$ 845,123</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 10,213,709	\$ 9,177,308
Receivables		
Current taxes	4,375,066	4,371,212
Delinquent taxes	109,713	120,128
Accounts and interest	1,162	13,682
Due from other governmental units	<u>3,368,065</u>	<u>3,432,511</u>
Total assets	<u>\$ 18,067,715</u>	<u>\$ 17,114,841</u>
Liabilities		
Salaries payable	\$ 1,754,332	\$ 1,944,435
Accounts and contracts payable	2,182,452	1,791,882
Due to other governmental units	251,918	225,550
Due to other funds	164,558	-
Unearned revenue	<u>449,089</u>	<u>442,145</u>
Total liabilities	4,802,349	4,404,012
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	58,383	70,218
Property taxes levied for subsequent year	<u>7,066,560</u>	<u>6,662,880</u>
Total deferred inflows of resources	7,124,943	6,733,098
Fund balances (deficit)		
Restricted for student activities	222,409	232,200
Restricted for staff development	105,046	112,244
Restricted for capital projects levy	-	1,509
Restricted for operating capital	8,683	1,385
Restricted for gifted and talented	138,196	178,739
Restricted for safe schools	175,049	106,589
Restricted for Medical Assistance	90,976	145,723
Restricted for debt reduction	194,839	166,508
Restricted for flexible benefits	45,111	46,252
Assigned for subsequent year budget	195,165	990,165
Assigned for ATPPS program	190,398	263,613
Assigned for separation benefits	335,000	335,000
Assigned for curriculum	250,000	250,000
Assigned for staff development	75,000	75,000
Assigned for construction	200,000	200,000
Assigned for building maintenance	100,000	100,000
Unassigned – long-term facilities maintenance restricted account deficit	(109,590)	(485,422)
Unassigned	<u>3,924,141</u>	<u>3,258,226</u>
Total fund balances	<u>6,140,423</u>	<u>5,977,731</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,067,715</u>	<u>\$ 17,114,841</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 7,165,588	\$ 7,284,368	\$ 118,780	\$ 6,592,421
Investment earnings	—	24,579	24,579	121,398
Other	707,380	863,479	156,099	1,071,864
State sources	33,574,045	34,077,775	503,730	35,626,546
Federal sources	2,249,120	2,171,606	(77,514)	1,378,700
Total revenue	<u>43,696,133</u>	<u>44,421,807</u>	<u>725,674</u>	<u>44,790,929</u>
Expenditures				
Current				
Administration	1,397,975	1,394,814	(3,161)	1,183,514
District support services	2,046,469	2,038,010	(8,459)	1,882,854
Elementary and secondary regular instruction	19,618,774	19,715,733	96,959	21,927,804
Vocational education instruction	161,770	164,582	2,812	160,800
Special education instruction	8,630,986	8,680,368	49,382	8,541,448
Instructional support services	3,803,378	3,764,591	(38,787)	4,137,689
Pupil support services	2,756,058	2,630,715	(125,343)	3,353,482
Sites and buildings	5,540,723	5,079,931	(460,792)	5,613,410
Fiscal and other fixed cost programs	220,000	267,833	47,833	250,147
Debt service				
Principal	70,000	312,863	242,863	78,908
Interest and fiscal charges	—	209,675	209,675	9,445
Total expenditures	<u>44,246,133</u>	<u>44,259,115</u>	<u>12,982</u>	<u>47,139,501</u>
Excess (deficiency) of revenue over expenditures	(550,000)	162,692	712,692	(2,348,572)
Other financing sources (uses)				
Sale of capital assets	—	—	—	2,690
Transfer (out)	<u>(200,000)</u>	<u>—</u>	<u>200,000</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>—</u>	<u>200,000</u>	<u>(97,310)</u>
Net change in fund balances	<u>\$ (750,000)</u>	<u>162,692</u>	<u>\$ 912,692</u>	<u>(2,445,882)</u>
Fund balances				
Beginning of year		<u>5,977,731</u>		<u>8,423,613</u>
End of year		<u>\$ 6,140,423</u>		<u>\$ 5,977,731</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 599,828	\$ 699,534
Receivables		
Due from other governmental units	97,658	125,447
Inventory	<u>43,801</u>	<u>58,599</u>
Total assets	<u>\$ 741,287</u>	<u>\$ 883,580</u>
Liabilities		
Salaries payable	\$ 30,877	\$ 33,024
Accounts and contracts payable	39,944	46,923
Due to other governmental units	132,044	136,599
Unearned revenue	<u>15,088</u>	<u>9,863</u>
Total liabilities	217,953	226,409
Fund balances		
Nonspendable for inventory	43,801	58,599
Restricted for food service	<u>479,533</u>	<u>598,572</u>
Total fund balances	<u>523,334</u>	<u>657,171</u>
Total liabilities and fund balances	<u>\$ 741,287</u>	<u>\$ 883,580</u>

SPECIAL SCHOOL DISTRICT NO. 6

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		Over (Under) Budget	2020
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 1,424	\$ 1,424	\$ 10,798
Other – primarily meal sales	15,246	33,524	18,278	283,501
State sources	-	1,294	1,294	160,577
Federal sources	1,125,974	1,327,193	201,219	1,610,074
Total revenue	1,141,220	1,363,435	222,215	2,064,950
Expenditures				
Current				
Salaries	445,388	490,882	45,494	595,823
Employee benefits	221,612	195,142	(26,470)	219,540
Purchased services	150,944	151,562	618	168,141
Supplies and materials	596,490	616,359	19,869	1,015,818
Other expenditures	3,035	2,275	(760)	166,915
Capital outlay	97,635	41,052	(56,583)	101,866
Total expenditures	1,515,104	1,497,272	(17,832)	2,268,103
Net change in fund balances	\$ (373,884)	(133,837)	\$ 240,047	(203,153)
Fund balances				
Beginning of year		657,171		860,324
End of year		\$ 523,334		\$ 657,171

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 687,236	\$ 303,549
Receivables		
Current taxes	347,893	336,288
Delinquent taxes	8,447	8,409
Accounts and interest	3,084	12,749
Due from other governmental units	97,489	165,463
Prepaid items	<u>–</u>	<u>200</u>
Total assets	<u>\$ 1,144,149</u>	<u>\$ 826,658</u>
Liabilities		
Salaries payable	\$ 14,906	\$ 8,693
Accounts and contracts payable	25,152	22,901
Due to other governmental units	164,758	91,404
Unearned revenue	<u>16,907</u>	<u>16,907</u>
Total liabilities	221,723	139,905
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	4,519	5,089
Property taxes levied for subsequent year	<u>596,118</u>	<u>547,655</u>
Total deferred inflows of resources	600,637	552,744
Fund balances		
Nonspendable for prepaid items	–	200
Restricted for community education programs	177,179	41,516
Restricted for early childhood family education programs	11,039	11,900
Restricted for school readiness	90,669	77,423
Restricted for adult basic education	<u>42,902</u>	<u>2,970</u>
Total fund balances	<u>321,789</u>	<u>134,009</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,144,149</u>	<u>\$ 826,658</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 397,549	\$ 549,024	\$ 151,475	\$ 416,805
Investment earnings	–	1,603	1,603	9,976
Other – primarily tuition and fees	78,000	254,439	176,439	736,682
State sources	880,364	899,075	18,711	886,753
Federal sources	111,357	191,833	80,476	12,488
Total revenue	<u>1,467,270</u>	<u>1,895,974</u>	<u>428,704</u>	<u>2,062,704</u>
Expenditures				
Current				
Salaries	1,052,481	1,023,342	(29,139)	1,321,225
Employee benefits	375,065	387,162	12,097	494,297
Purchased services	234,500	235,473	973	292,802
Supplies and materials	48,000	57,133	9,133	59,576
Other expenditures	–	1,260	1,260	1,235
Capital outlay	–	3,824	3,824	–
Total expenditures	<u>1,710,046</u>	<u>1,708,194</u>	<u>(1,852)</u>	<u>2,169,135</u>
Excess (deficiency) of revenue over expenditures	(242,776)	187,780	430,556	(106,431)
Other financing sources				
Transfers in	<u>200,000</u>	–	<u>(200,000)</u>	<u>100,000</u>
Net change in fund balances	<u>\$ (42,776)</u>	187,780	<u>\$ 230,556</u>	(6,431)
Fund balances				
Beginning of year		<u>134,009</u>		<u>140,440</u>
End of year		<u>\$ 321,789</u>		<u>\$ 134,009</u>

SPECIAL SCHOOL DISTRICT NO. 6

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>3,976,402</u>
Liabilities		
Accounts and contracts payable	\$ –	\$ 1,589,902
Fund balances		
Restricted for projects funded by certificates of participation	<u> –</u>	<u>2,386,500</u>
Total liabilities and fund balances	<u>\$ –</u>	<u>\$ 3,976,402</u>

SPECIAL SCHOOL DISTRICT NO. 6

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	\$ 58	\$ 9,119
Other	29,749	–
Total revenue	<u>29,807</u>	<u>9,119</u>
Expenditures		
Capital outlay		
Purchased services	294,929	240,601
Capital expenditures	2,121,378	2,759,760
Other expenditures	–	22,434
Debt service		
Fiscal charges and other	–	133,683
Total expenditures	<u>2,416,307</u>	<u>3,156,478</u>
Excess (deficiency) of revenue over expenditures	(2,386,500)	(3,147,359)
Other financing sources		
Debt issued	–	5,265,000
Premium on debt issued	–	268,859
Total other financing sources	<u>–</u>	<u>5,533,859</u>
Net change in fund balances	(2,386,500)	2,386,500
Fund balances		
Beginning of year	<u>2,386,500</u>	<u>–</u>
End of year	<u>\$ –</u>	<u>\$ 2,386,500</u>

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SPECIAL SCHOOL DISTRICT NO. 6

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

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2021	2020
Assets				
Cash and temporary investments	\$ 1,947,535	\$ -	\$ 1,947,535	\$ 2,041,466
Receivables				
Current taxes	1,742,698	-	1,742,698	1,746,111
Delinquent taxes	49,818	-	49,818	61,690
	<u>3,740,051</u>	<u>-</u>	<u>3,740,051</u>	<u>3,849,267</u>
Total assets	\$ 3,740,051	\$ -	\$ 3,740,051	\$ 3,849,267
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 28,689	\$ -	\$ 28,689	\$ 37,178
Property taxes levied for subsequent year	2,986,027	-	2,986,027	2,844,133
Total deferred inflows of resources	3,014,716	-	3,014,716	2,881,311
Fund balances				
Restricted for debt service	<u>725,335</u>	<u>-</u>	<u>725,335</u>	<u>967,956</u>
	<u>725,335</u>	<u>-</u>	<u>725,335</u>	<u>967,956</u>
Total deferred inflows of resources and fund balances	\$ 3,740,051	\$ -	\$ 3,740,051	\$ 3,849,267

SPECIAL SCHOOL DISTRICT NO. 6

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		
	Budget	Regular Debt Service Account	Actual OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	2,843,592	\$ 2,177,072	\$ 681,989
Investment earnings	-	5,155	-
Other sources	221,000	-	-
Total revenue	<u>3,064,592</u>	<u>2,182,227</u>	<u>681,989</u>
Expenditures			
Debt service			
Principal	2,045,000	1,365,000	680,000
Interest	1,056,238	1,042,638	13,600
Fiscal charges and other	6,600	5,362	237
Total expenditures	<u>3,107,838</u>	<u>2,413,000</u>	<u>693,837</u>
Excess (deficiency) of revenue over expenditures	(43,246)	(230,773)	(11,848)
Other financing sources (uses)			
Intrafund transfers in	-	163,514	-
Intrafund transfers out	-	-	(163,514)
Total other financing sources (uses)	<u>-</u>	<u>163,514</u>	<u>(163,514)</u>
Net change in fund balances	<u>\$ (43,246)</u>	<u>(67,259)</u>	<u>(175,362)</u>
Fund balances			
Beginning of year		<u>792,594</u>	<u>175,362</u>
End of year		<u>\$ 725,335</u>	<u>\$ -</u>

		2020	
Total	Over (Under) Budget	Actual	
\$ 2,859,061	\$ 15,469	\$ 3,075,876	
5,155	5,155	26,508	
–	(221,000)	221,000	
<u>2,864,216</u>	<u>(200,376)</u>	<u>3,323,384</u>	
2,045,000	–	1,995,000	
1,056,238	–	1,100,938	
5,599	(1,001)	6,649	
<u>3,106,837</u>	<u>(1,001)</u>	<u>3,102,587</u>	
(242,621)	(199,375)	220,797	
163,514	163,514	–	
<u>(163,514)</u>	<u>(163,514)</u>	<u>–</u>	
<u>–</u>	<u>–</u>	<u>–</u>	
(242,621)	<u>\$ (199,375)</u>	220,797	
<u>967,956</u>		<u>747,159</u>	
<u>\$ 725,335</u>		<u>\$ 967,956</u>	

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Totals	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2021	2020
Assets					
Current assets					
Cash and temporary investments	\$ 232,631	\$ 6,514,183	\$ -	\$ 6,746,814	\$ 5,480,590
Receivables					
Accounts and interest	3,036	60,461	-	63,497	20,555
Due from other funds	-	-	164,558	164,558	-
Prepaid items	2,019	58,413	-	60,432	63,276
Total current assets	<u>237,686</u>	<u>6,633,057</u>	<u>164,558</u>	<u>7,035,301</u>	<u>5,564,421</u>
Long-term assets					
Restricted assets					
Cash and cash equivalents	-	-	1,579,168	1,579,168	1,807,753
Investments	-	-	3,319,125	3,319,125	3,126,227
Total long-term assets	<u>-</u>	<u>-</u>	<u>4,898,293</u>	<u>4,898,293</u>	<u>4,933,980</u>
Total assets	237,686	6,633,057	5,062,851	11,933,594	10,498,401
Deferred outflows of resources					
OPEB plan deferments	-	-	394,024	394,024	640,220
Liabilities					
Current liabilities					
Unearned revenue	28,222	760,324	-	788,546	900,719
Claims incurred, but not reported	10,367	348,703	-	359,070	463,420
Total OPEB liability	-	-	567,658	567,658	-
Total current liabilities	<u>38,589</u>	<u>1,109,027</u>	<u>567,658</u>	<u>1,715,274</u>	<u>1,364,139</u>
Long-term liabilities					
Total OPEB liability (net of current portion)	-	-	6,198,658	6,198,658	8,672,248
Total liabilities	38,589	1,109,027	6,766,316	7,913,932	10,036,387
Deferred inflows of resources					
OPEB plan deferments	-	-	3,086,382	3,086,382	1,325,921
Net position					
Unrestricted	<u>\$ 199,097</u>	<u>\$ 5,524,030</u>	<u>\$ (4,395,823)</u>	<u>\$ 1,327,304</u>	<u>\$ (223,687)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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)

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits	Totals	
				2021	2020
Operating revenue					
Contributions from governmental funds	\$ 304,617	\$ 6,862,680	\$ –	\$ 7,167,297	\$ 7,694,809
Operating expenses					
Dental benefit claims	293,648	–	–	293,648	255,907
Medical benefit claims	–	5,366,629	–	5,366,629	5,387,038
OPEB	–	–	336,167	336,167	668,277
Total operating expenses	<u>293,648</u>	<u>5,366,629</u>	<u>336,167</u>	<u>5,996,444</u>	<u>6,311,222</u>
Operating income (loss)	10,969	1,496,051	(336,167)	1,170,853	1,383,587
Nonoperating revenue					
Investment earnings	<u>656</u>	<u>15,169</u>	<u>364,313</u>	<u>380,138</u>	<u>297,113</u>
Change in net position	11,625	1,511,220	28,146	1,550,991	1,680,700
Net position					
Beginning of year	<u>187,472</u>	<u>4,012,810</u>	<u>(4,423,969)</u>	<u>(223,687)</u>	<u>(1,904,387)</u>
End of year	<u>\$ 199,097</u>	<u>\$ 5,524,030</u>	<u>\$ (4,395,823)</u>	<u>\$ 1,327,304</u>	<u>\$ (223,687)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Total	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2021	2020
Cash flows from operating activities					
Received from assessments made to other funds	\$ 301,017	\$ 6,711,165	\$ –	\$ 7,012,182	\$ 7,808,003
Payment for dental claims	(299,213)	–	–	(299,213)	(255,848)
Payment for medical claims	–	(5,462,570)	–	(5,462,570)	(5,308,559)
Post-employment benefit payments	–	–	(235,442)	(235,442)	(464,018)
Net cash flows from operating activities	<u>1,804</u>	<u>1,248,595</u>	<u>(235,442)</u>	<u>1,014,957</u>	<u>1,779,578</u>
Cash flows from noncapital financing activities					
Cash paid to other funds	–	–	(164,558)	(164,558)	–
Cash flows from investing activities					
Purchase of investments	–	–	(258,673)	(258,673)	(1,355,546)
Sale of investments	–	–	65,775	65,775	274,439
Interest on investments	<u>656</u>	<u>15,169</u>	<u>364,313</u>	<u>380,138</u>	<u>297,113</u>
Net cash flows from investing activities	<u>656</u>	<u>15,169</u>	<u>171,415</u>	<u>187,240</u>	<u>(783,994)</u>
Net change in cash and cash equivalents	2,460	1,263,764	(228,585)	1,037,639	995,584
Cash and cash equivalents					
Beginning of year	<u>230,171</u>	<u>5,250,419</u>	<u>1,807,753</u>	<u>7,288,343</u>	<u>6,292,759</u>
End of year	<u>\$ 232,631</u>	<u>\$ 6,514,183</u>	<u>\$ 1,579,168</u>	<u>\$ 8,325,982</u>	<u>\$ 7,288,343</u>
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ 10,969	\$ 1,496,051	\$ (336,167)	\$ 1,170,853	\$ 1,383,587
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets, liabilities, and deferred outflows/inflows					
Accounts and interest receivable	285	(43,227)	–	(42,942)	(2,824)
Prepaid items	200	2,644	–	2,844	18,904
Deferred outflows – OPEB plan deferments	–	–	246,196	246,196	(290,660)
Accounts and contracts payable	–	–	–	–	(1,047)
Unearned revenue	(3,885)	(108,288)	–	(112,173)	116,018
Claims incurred, but not reported	(5,765)	(98,585)	–	(104,350)	60,681
Total OPEB liability	–	–	(1,905,932)	(1,905,932)	642,244
Deferred inflows – OPEB plan deferments	–	–	1,760,461	1,760,461	(147,325)
Net cash flows from operating activities	<u>\$ 1,804</u>	<u>\$ 1,248,595</u>	<u>\$ (235,442)</u>	<u>\$ 1,014,957</u>	<u>\$ 1,779,578</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:					
Cash and temporary investments	\$ 232,631	\$ 6,514,183	\$ –	\$ 6,746,814	\$ 5,480,590
Cash and cash equivalents	–	–	1,579,168	1,579,168	1,807,753
Total cash and cash equivalents	<u>\$ 232,631</u>	<u>\$ 6,514,183</u>	<u>\$ 1,579,168</u>	<u>\$ 8,325,982</u>	<u>\$ 7,288,343</u>

OTHER DISTRICT INFORMATION

(UNAUDITED)

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SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2012	\$ 2,661,679 6%	\$ 5,695,085 14%	\$ 8,923,422 22%	\$ 23,757,188 58%	\$ 124,340 -	\$ 41,161,714 100%
2013	2,686,319 6%	6,435,504 15%	8,310,930 20%	24,614,074 58%	616,600 1%	42,663,427 100%
2014	2,502,597 6%	6,428,553 15%	5,660,896 13%	28,358,725 65%	745,221 1%	43,695,992 100%
2015	2,668,863 5%	6,909,688 15%	8,617,083 18%	28,799,116 61%	314,619 1%	47,309,369 100%
2016	2,679,050 5%	7,276,738 15%	8,644,541 18%	30,313,012 62%	120,499 -	49,033,840 100%
2017	2,593,395 5%	7,945,568 15%	9,068,563 18%	31,866,738 61%	641,089 1%	52,115,353 100%
2018	2,252,264 4%	8,030,824 16%	8,923,410 18%	31,301,712 61%	702,894 1%	51,211,104 100%
2019	2,056,463 4%	8,013,083 15%	10,221,464 20%	30,218,525 59%	903,820 2%	51,413,355 100%
2020	1,524,857 3%	8,560,643 16%	10,075,483 19%	31,125,163 59%	1,263,102 3%	52,549,248 100%
2021	656,790 1%	8,398,875 16%	10,671,559 21%	30,333,393 60%	937,358 2%	50,997,975 100%

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

SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2012	\$ 864,544 2%	\$ 684,754 2%	\$ 17,014,454 44%	\$ 265,411 1%	\$ 6,085,145 15%	\$ 2,869,793 7%	\$ 1,629,324 4%
2013	942,689 2%	762,764 2%	17,971,803 44%	171,539 1%	6,411,286 15%	3,083,373 7%	1,714,132 4%
2014	870,834 2%	1,216,403 3%	18,349,953 42%	236,672 1%	6,816,750 16%	3,012,807 7%	1,806,707 4%
2015	1,033,622 2%	1,360,462 3%	19,102,239 40%	245,692 1%	7,330,447 16%	3,573,162 8%	2,093,948 4%
2016	1,153,014 2%	1,612,075 3%	20,230,015 41%	150,444 -	7,934,604 16%	3,743,950 8%	2,624,337 5%
2017	1,493,074 2%	1,788,939 3%	28,839,252 46%	251,888 1%	10,463,569 17%	4,493,422 7%	3,007,484 5%
2018	1,460,342 2%	1,803,755 3%	27,957,766 46%	252,554 1%	9,984,693 17%	4,517,900 7%	2,930,048 5%
2019	827,315 2%	1,816,877 5%	13,714,316 35%	107,757 -	5,586,492 14%	2,997,694 8%	2,640,535 7%
2020	1,225,243 2%	1,857,405 3%	22,905,668 42%	167,804 -	8,740,605 16%	4,233,607 8%	3,378,207 6%
2021	1,405,254 3%	1,961,638 4%	20,245,354 41%	165,690 -	8,710,089 17%	3,818,764 8%	2,654,632 5%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 4,523,908 11%	\$ 113,771 -	\$ 1,722,078 4%	\$ 2,361,546 6%	\$ 785,438 2%	\$ 610,425 2%	\$ 39,530,591 100%
4,634,278 11%	118,911 -	1,674,627 4%	2,450,631 6%	773,799 2%	674,622 2%	41,384,454 100%
4,465,638 10%	130,887 -	1,720,704 4%	2,432,466 5%	761,628 2%	1,604,152 4%	43,425,601 100%
5,899,085 12%	139,313 -	1,784,294 4%	2,547,479 5%	907,695 2%	1,343,443 3%	47,360,881 100%
5,130,866 10%	145,114 -	1,868,409 4%	2,278,869 5%	1,349,560 3%	1,277,194 3%	49,498,451 100%
4,803,238 8%	155,560 -	2,081,770 3%	2,759,987 4%	1,342,250 2%	1,219,318 2%	62,699,751 100%
4,527,741 8%	182,420 -	1,985,158 3%	2,693,355 4%	1,427,210 2%	1,197,044 2%	60,919,986 100%
4,912,325 12%	173,521 -	2,108,072 5%	2,118,791 5%	1,459,823 4%	1,054,808 3%	39,518,326 100%
4,741,466 9%	250,147 1%	2,267,479 4%	2,191,682 4%	1,460,300 3%	1,228,246 2%	54,647,859 100%
5,036,344 10%	267,833 1%	1,468,286 3%	1,696,144 3%	1,446,479 3%	1,120,550 2%	49,997,057 100%

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SPECIAL SCHOOL DISTRICT NO. 6

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Taxes	State	Federal	Other Local	Total
2012	\$ 6,320,046 18%	\$ 26,467,481 77%	\$ 1,154,065 3%	\$ 868,163 2%	\$ 34,809,755 100%
2013	5,993,422 17%	28,046,726 77%	1,362,961 4%	883,566 2%	36,286,675 100%
2014	3,444,981 10%	31,513,967 85%	1,221,561 3%	854,343 2%	37,034,852 100%
2015	5,398,296 14%	32,342,678 81%	1,218,316 3%	916,987 2%	39,876,277 100%
2016	5,064,027 12%	34,259,165 83%	1,257,276 3%	844,992 2%	41,425,460 100%
2017	5,452,392 13%	35,121,981 82%	1,325,739 3%	1,007,095 2%	42,907,207 100%
2018	5,177,387 12%	35,710,305 82%	1,333,323 3%	1,139,108 3%	43,360,123 100%
2019	6,637,567 15%	35,976,601 79%	1,384,129 3%	1,209,319 3%	45,207,616 100%
2020	6,592,421 15%	35,626,546 79%	1,378,700 3%	1,193,262 3%	44,790,929 100%
2021	7,284,368 16%	34,077,775 77%	2,171,606 5%	888,058 2%	44,421,807 100%

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

SPECIAL SCHOOL DISTRICT NO. 6

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2012	\$ 843,583 2%	\$ 675,281 2%	\$ 16,542,521 49%	\$ 259,121 1%	\$ 5,906,391 17%
2013	890,024 2%	748,850 2%	17,448,094 49%	166,422 -	6,198,625 18%
2014	916,594 2%	1,191,400 3%	17,833,876 49%	229,287 1%	6,603,735 18%
2015	995,335 2%	1,355,193 3%	19,001,794 46%	244,040 1%	7,278,906 18%
2016	1,079,698 2%	1,593,886 4%	19,997,954 48%	147,844 -	7,832,449 19%
2017	1,072,918 2%	1,704,901 4%	20,410,135 48%	187,501 -	7,751,666 18%
2018	1,127,343 3%	1,764,843 4%	20,746,253 48%	180,445 -	7,737,139 18%
2019	1,161,013 3%	1,891,938 4%	21,225,940 47%	180,823 -	8,066,259 18%
2020	1,183,514 2%	1,882,854 4%	21,927,804 47%	160,800 -	8,541,448 18%
2021	1,394,814 3%	2,038,010 5%	19,715,733 45%	164,582 -	8,680,368 20%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Other Programs</u>	<u>Total</u>
\$ 2,816,592 8%	\$ 1,605,272 5%	\$ 5,008,509 15%	\$ 297,210 1%	\$ 33,954,480 100%
3,023,767 9%	1,689,984 5%	4,876,894 14%	330,844 1%	35,373,504 100%
2,961,199 8%	1,783,217 5%	4,640,689 13%	321,762 1%	36,481,759 100%
3,596,957 9%	2,093,077 5%	6,107,057 15%	267,150 1%	40,939,509 100%
3,707,592 9%	2,609,229 6%	4,649,362 11%	262,554 1%	41,880,568 100%
3,492,275 8%	2,689,663 6%	5,461,050 13%	220,708 1%	42,990,817 100%
3,677,803 8%	2,663,758 6%	5,565,648 13%	182,420 –	43,645,652 100%
3,950,967 9%	3,009,831 7%	5,576,373 12%	173,521 –	45,236,665 100%
4,137,689 9%	3,353,482 7%	5,613,410 12%	338,500 1%	47,139,501 100%
3,764,591 8%	2,630,715 6%	5,079,931 11%	790,371 2%	44,259,115 100%

SPECIAL SCHOOL DISTRICT NO. 6

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

Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies				
2012	\$ 5,885,823	\$ 300,211	\$ 1,988,390	\$ 8,174,424
2013	5,859,808	359,131	2,040,956	8,259,895
2014	5,360,648	313,666	2,916,376	8,590,690
2015	5,018,970	446,220	3,101,405	8,566,595
2016	5,072,061	499,299	3,176,475	8,747,835
2017	4,971,240	511,504	3,247,353	8,730,097
2018	6,489,708	431,979	3,114,579	10,036,266
2019	6,426,941	417,739	3,086,030	9,930,710
2020	7,117,919	547,781	2,844,122	10,509,822
2021	7,491,084	596,118	2,986,027	11,073,229
Tax capacity rates				
2012	16.907	2.020	13.379	32.306
2013	17.855	2.637	14.986	35.478
2014	20.025	2.379	22.118	44.522
2015	13.836	2.773	19.272	35.881
2016	12.591	3.278	20.850	36.719
2017	12.815	3.137	19.916	35.868
2018	11.991	2.360	17.016	31.367
2019	11.229	2.193	16.200	29.622
2020	12.730	2.608	13.540	28.878
2021	13.355	2.815	14.100	30.270
Market value rates				
2012	0.19530	—	—	0.19530
2013	0.21801	—	—	0.21801
2014	0.14862	—	—	0.14862
2015	0.16295	—	—	0.16295
2016	0.18667	—	—	0.18667
2017	0.14734	—	—	0.14734
2018	0.23734	—	—	0.23734
2019	0.19630	—	—	0.19630
2020	0.19271	—	—	0.19271
2021	0.20054	—	—	0.20054

Note: A tax rate based on market value is used primarily for the District's referendum levy.

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Tax Capacities and Market Values
Last Ten Fiscal Years

Taxes Collectible	Tax Capacity Valuation					Market Value
	Agricultural and Nonagricultural	Net Fiscal Disparities Distribution	Tax Increment	Total Taxable		
2012	\$ 13,872,371	\$ 2,658,809	\$ (1,480,108)	\$ 15,051,072	\$ 1,294,977,350	
2013	12,878,501	2,506,969	(1,445,441)	13,940,029	1,202,553,350	
2014	12,885,732	2,606,084	(1,556,699)	13,935,117	1,199,668,500	
2015	14,232,820	2,550,076	(1,568,940)	15,213,956	1,322,540,825	
2016	14,486,492	2,491,955	(1,661,773)	15,316,674	1,333,685,325	
2017	15,213,174	2,736,665	(1,732,491)	16,217,348	1,394,111,550	
2018	16,741,700	2,801,054	(1,816,971)	17,725,783	1,526,948,025	
2019	17,887,397	2,881,747	(1,971,353)	18,797,791	1,617,423,625	
2020	19,647,746	3,182,514	(1,948,178)	20,882,082	1,784,759,825	
2021	20,621,225	3,096,995	(2,338,526)	21,379,694	1,851,551,800	

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Property Tax Levies and Receivables
Last Ten Fiscal Years

<u>Taxes Collectible</u>	<u>Original Levy</u>		
	<u>Local Spread</u>	<u>Fiscal Disparities</u>	<u>Total Spread</u>
2012	\$ 6,179,907	\$ 1,994,517	\$ 8,174,424
2013	6,295,738	1,964,157	8,259,895
2014	6,346,937	2,243,753	8,590,690
2015	6,306,926	2,259,669	8,566,595
2016	6,791,300	1,956,535	8,747,835
2017	6,468,534	2,261,563	8,730,097
2018	7,923,706	2,112,560	10,036,266
2019	7,499,706	2,431,004	9,930,710
2020	8,139,687	2,370,135	10,509,822
2021	8,828,211	2,245,018	11,073,229

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2021

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ —	— %	\$ —	— %
—	—	—	—
—	—	—	—
22,757	0.27	—	—
4,720	0.05	—	—
6,645	0.08	—	—
11,246	0.11	—	—
23,633	0.24	—	—
98,977	0.94	—	—
—	—	6,465,657	58.39
<u>\$ 167,978</u>		<u>\$ 6,465,657</u>	

SPECIAL SCHOOL DISTRICT NO. 6

Students Served
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2012	67.40	267.58	1,509.01	1,490.83	3,334.82	3,820.66
2013	79.48	245.08	1,584.80	1,470.86	3,380.22	3,874.81
2014	67.30	251.99	1,621.44	1,477.92	3,418.65	3,917.20
2015	55.54	251.13	1,657.25	1,503.79	3,467.71	3,768.45
2016	70.67	230.04	1,681.05	1,526.21	3,507.97	3,813.22
2017	119.07	198.26	1,654.38	1,553.52	3,525.23	3,835.94
2018	162.21	194.39	1,558.43	1,571.45	3,486.48	3,800.76
2019	182.30	189.49	1,526.59	1,520.91	3,419.29	3,723.48
2020	181.39	190.59	1,427.23	1,489.81	3,289.02	3,586.98
2021	135.63	172.56	1,316.39	1,477.43	3,102.01	3,397.49

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

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

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-3	Elementary 4-6
Fiscal 2012 through 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2021	1.000	1.000	0.550	1.000	1.000	1.000

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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SPECIAL SCHOOL DISTRICT NO. 6

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
Summer Food Service Program for Children	10.559	\$ 129,505	
COVID-19 – Summer Food Service Program for Children	10.559	<u>1,147,688</u>	
Total child nutrition cluster			\$ 1,277,193
U.S. Department of Treasury			
Passed through Dakota County			
COVID-19 – Coronavirus Relief Fund	21.019	118,955	
Passed through Minnesota Department of Education			
COVID-19 – Coronavirus Relief Fund	21.019	<u>1,009,523</u>	
Total ALN 21.019			1,128,478
U.S. Department of Transportation			
Passed through Minnesota Department of Transportation			
Highway Planning and Construction	20.205		44,402
U.S. Department of Education			
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	608,305	
Special Education Preschool Grants	84.173	<u>22,542</u>	
Total special education cluster			630,847
Adult Education – Basic Grants to States	84.002		16,408
Title I Grants to Local Educational Agencies	84.010		475,470
Special Education – Grants for Infants and Families	84.181		25,417
English Language Acquisition State Grants	84.365		10,262
Supporting Effective Instruction State Grants	84.367		75,994
Passed through Intermediate School District No. 917			
Career and Technical Education – Basic Grants to States	84.048		2,877
U.S. Department of Homeland Security and Emergency Management			
Passed through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance	97.036	<u>6,791</u>	
Total federal awards			<u>\$ 3,694,139</u>

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

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

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

Note 4: The District had \$28,247 transferred into Title I ALN 84.010 from other Title programs.

Note 5: The District had \$127,256 of noncash assistance included in the Summer Food Service Program, ALN 10.559.

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

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Special School District No. 6 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2021-001, that we consider to be a material weakness.

(continued)

COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSE TO FINDING

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
October 6, 2021



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

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Special School District No. 6’s (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2021. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT’S RESPONSIBILITY

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

AUDITOR’S RESPONSIBILITY

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

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

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
October 6, 2021



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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Special School District No. 6 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2021.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
October 6, 2021

SPECIAL SCHOOL DISTRICT NO. 6

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

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs?

U.S. Department of Agriculture – child nutrition cluster Unmodified
U.S. Department of Treasury – COVID-19 – Coronavirus Relief Fund Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Programs tested as major programs:

Program or Cluster	ALN No.
The U.S. Department of Agriculture – child nutrition cluster consisting of:	
– Summer Food Service Program for Children	10.559
– COVID-19 – Summer Food Service Program for Children	10.559
The U.S. Department of Treasury – COVID-19 – Coronavirus Relief Fund	21.019

Threshold for distinguishing type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? Yes X No

SPECIAL SCHOOL DISTRICT NO. 6

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

B. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2021-001 Segregation of Duties

Criteria – Internal control over financial reporting.

Condition – Special School District No. 6 (the District) has limited segregation of duties in several areas, including the processing of receipts, payroll transactions, and certain computer controls.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas as noted above.

Repeat Finding – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the District's business office staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected and corrected in a timely manner in the normal course of business.

Recommendation – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost-beneficial.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review policies, procedures, and transaction cycles, and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. The District has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

SPECIAL SCHOOL DISTRICT NO. 6

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

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 44,421,807	\$ 44,421,807	\$ –
Total expenditures		\$ 44,259,115	\$ 44,259,115	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
401	Student activities	\$ 222,409	\$ 222,409	\$ –
402	Scholarships	\$ –	\$ –	\$ –
403	Staff development	\$ 105,046	\$ 105,046	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
424	Operating capital	\$ 8,683	\$ 8,683	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ 138,196	\$ 138,196	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
449	Safe schools levy	\$ 175,049	\$ 175,049	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459	Basic skills extended time	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ (109,590)	\$ (109,590)	\$ –
472	Medical Assistance	\$ 90,976	\$ 90,976	\$ –
473	PPP loans	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 239,950	\$ 239,950	\$ –
475	Title VII – Impact Aid	\$ –	\$ –	\$ –
476	PILT	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 1,345,563	\$ 1,345,563	\$ –
Unassigned				
422	Unassigned fund balance	\$ 3,924,141	\$ 3,924,141	\$ –
Food Service				
Total revenue		\$ 1,363,435	\$ 1,363,435	\$ –
Total expenditures		\$ 1,497,272	\$ 1,497,272	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 43,801	\$ 43,801	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 479,533	\$ 479,533	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 1,895,974	\$ 1,895,974	\$ –
Total expenditures		\$ 1,708,194	\$ 1,708,194	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 177,179	\$ 177,179	\$ –
432	ECFE	\$ 11,039	\$ 11,039	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ 90,669	\$ 90,669	\$ –
447	Adult basic education	\$ 42,902	\$ 42,902	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
473	PPP loans	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

SPECIAL SCHOOL DISTRICT NO. 6

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

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 29,807	\$ 29,807	\$ –
Total expenditures		\$ 2,416,307	\$ 2,416,307	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
407	Capital projects levy	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 2,182,227	\$ 2,182,227	\$ –
Total expenditures		\$ 2,413,000	\$ 2,413,000	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
433	Maximum effort loan	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 725,335	\$ 725,335	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Trust				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
Custodial Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Internal Service				
Total revenue		\$ 7,183,122	\$ 7,183,122	\$ –
Total expenditures		\$ 5,660,277	\$ 5,660,277	\$ –
422	Net position	\$ 5,723,127	\$ 5,723,127	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ 364,313	\$ 364,313	\$ –
Total expenditures		\$ 336,167	\$ 336,167	\$ –
422	Net position	\$ (4,395,823)	\$ (4,395,823)	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund				
Total revenue		\$ 681,989	\$ 681,989	\$ –
Total expenditures		\$ 693,837	\$ 693,838	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

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

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