

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

INDEPENDENT SCHOOL DISTRICT NO. 621  
MOUNDS VIEW PUBLIC SCHOOLS  
SHOREVIEW, MINNESOTA





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

INDEPENDENT SCHOOL DISTRICT NO. 621  
MOUNDS VIEW PUBLIC SCHOOLS

4570 Victoria Street North  
Shoreview, MN 55126

Prepared by:  
Finance Department

Interim Executive Director of Business Services  
Carole Nielsen

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INDEPENDENT SCHOOL DISTRICT NO. 621

**Table of Contents**

	Page
<b>SECTION I – INTRODUCTORY SECTION</b>	
Letter of Transmittal	i–v
School Board and Administration	vi
Organizational Chart	vii
Certificate of Excellence in Financial Reporting	viii
<b>SECTION II – FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	1–3
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4–15
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds	
Balance Sheet	18–19
Reconciliation of the Balance Sheet to the Statement of Net Position	20
Statement of Revenue, Expenditures, and Changes in Fund Balances	21–22
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	24
Proprietary Funds	
Internal Service Funds	
Statement of Net Position	25
Statement of Revenue, Expenses, and Changes in Net Position	26
Statement of Cash Flows	27
Fiduciary Fund	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	28
Notes to Basic Financial Statements	29–64

INDEPENDENT SCHOOL DISTRICT NO. 621

**Table of Contents (continued)**

	Page
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Public Employees Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	65
Schedule of District Contributions	65
Teachers Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	66
Schedule of District Contributions	66
Pension Benefits Plan	
Schedule of Changes in the District's Total Pension Liability and Related Ratios	67
Other Post-Employment Benefits Plan	
Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios	68
Schedule of Investment Returns	69
Notes to Required Supplementary Information	70–76
<b>SUPPLEMENTAL INFORMATION</b>	
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	77
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	78
General Fund	
Comparative Balance Sheet	79
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	80–82
Food Service Special Revenue Fund	
Comparative Balance Sheet	83
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	84
Community Service Special Revenue Fund	
Comparative Balance Sheet	85
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	86
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	87
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	88
Debt Service Fund	
Balance Sheet by Account	89
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account – Budget and Actual	90–91
Internal Service Funds	
Combining Statement of Net Position	92
Combining Statement of Revenue, Expenses, and Changes in Net Position	93
Combining Statement of Cash Flows	94

INDEPENDENT SCHOOL DISTRICT NO. 621

**Table of Contents (continued)**

	Page
<b>SECTION III – STATISTICAL SECTION (UNAUDITED)</b>	
Net Position by Component	95–96
Changes in Net Position	97–98
Governmental Activities Tax Revenues by Source and Levy Type	99
Fund Balances of Governmental Funds	100–101
Changes in Fund Balances of Governmental Funds	102–103
General Governmental Tax Revenues by Source and Levy Type	104
Tax Capacities and Estimated Market Values	105–106
Property Tax Rates – Direct and Overlapping Governments	107–108
Principal Taxpayers	109
Property Tax Levies and Receivables	110–111
Outstanding Debt by Type	112
Ratio of Net General Obligation Bonded Debt to Tax Capacity and Net General Obligation Bonded Debt per Capita	113–114
Direct and Overlapping Debt	115
Legal Debt Margin Information	116–117
Demographic and Economic Statistics	118
Principal Employers	119
Employees by Classification	120–121
Operating Indicators – Standardized Testing and Graduation Rates	122–123
School Facilities	124
Expenditures per Student (Average Daily Membership)	125–126
Demographic Statistics – Student Enrollment	127
Food Service Meals Served and Pricing	128

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## INTRODUCTORY SECTION



November 1, 2021

To the School Board, Employees, and Citizens of Mounds View Public Schools:

## **INTRODUCTION**

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 621, Mounds View Public Schools (the District) is hereby submitted for the fiscal year ended June 30, 2021. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2021. The Independent Auditor's Report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) allows the District to explain, in general terms, its financial position and results of operations of the past fiscal year.

## **REPORT FORMAT**

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of School Board members and administration personnel, an organizational chart, and the Certificate of Excellence in Financial Reporting. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, required supplementary information, notes to required supplementary information, and the combining and individual fund statements and schedules presented as supplemental information. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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

## **REPORTING ENTITY AND ITS SERVICES**

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

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

The District is located in Ramsey County and serves the cities of Arden Hills, Mounds View, New Brighton, North Oaks, Roseville, Shoreview, and Vadnais Heights. It encompasses 42.64 square miles, with a resident population of 91,599.

During 2020–2021, the District operated 15 buildings, including 2 high schools, 3 middle schools, 6 elementary schools, 2 education centers, 1 early childhood center, and 1 district center. The average age of the District's buildings is approximately 58 years. Enrollment has increased modestly over the previous 10 years, with the exception of the current year, which was down because of COVID-19. The District served 11,499 students for the 2020–2021 school year. The District is projecting a modest increase to enrollment for the 2021–2022 school year.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

The various communities that comprise the District are diverse, independent, and nearly fully-developed. The District is seeing development in some pockets of its boundaries. The market values of property within the District have continued to increase over the past nine years.

According to data from the Bureau of Economic Analysis, the per capita personal income in 2020 for the county was \$55,583, as compared to \$61,540 for the state of Minnesota, and \$59,729 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Ramsey County continues to be lower than the national rates. In August 2021, the unemployment rate for Ramsey County was 4.0 percent, as compared to 3.8 percent for the state of Minnesota, and 5.2 percent for the United States.

## **MISSION STATEMENT AND STRATEGIC PLANNING**

The following Strategic Plan Framework influenced the direction of the District in the 2020–2021 school year.

### **Mission Statement**

The District will educate all learners through a broad range of programs that set high expectations and inspire outstanding achievement.

## Vision

The District will create a learning system that is committed to and focused on high student achievement. This will be accomplished through a healthy, accountable, and balanced approach that integrates the key components of learning:

- Healthy Learning Climate
- Shared Leadership and Accountability
- High Student Achievement
- Essential Curriculum and Effective Instruction
- Meaningful Family and Community Partnerships
- Financial Oversight and Stewardship of Resources
- Continuous Improvement

## Planning

A schoolhouse model best illustrates the goals, measures, and strategies that support our district's vision. Each room of the schoolhouse represents an area of strategic planning that supports the mission and vision of the District and reflects School Board policy as well.



## **FINANCIAL AND BUDGETARY CONTROL**

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. Legal budgetary control is at the fund level. The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised quarterly during the fiscal year of its implementation.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## **FINANCIAL PROSPECTS FOR FUTURE YEARS**

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that the legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District currently receives \$1,735.41 per pupil through voter-approved operating referenda. This authority was approved in November 2019, with an inflationary increase each year for 10 years, set to expire in 2029–2030.

## **RELEVANT FINANCIAL POLICIES**

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District, as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances. Two of these policies include:

1. The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District.
2. One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

“Based on an annual assessment of financial risk, the District's unassigned fund balance should remain within a recommended range of two–five months of General Fund expenditures. This range will provide the next budget cycle with a reserve that will be responsive to economic cycles and risk tolerance.”

This policy is used in all current budget information and future budget projections and guides decision-making by the School Board.

## **CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING**

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International for their Certificate of Excellence in Financial Reporting Program. In order to be awarded a Certificate of Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized ACFR, which conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence in Financial Reporting is valid for a period of one year.

The District has received this award as the result of its initial submission in fiscal year 1998–1999 and all subsequent submissions on an annual basis through 2019–2020. We believe our current report conforms to Certificate of Excellence in Financial Reporting Program requirements of accuracy and thoroughness. The District intends to submit this report to the ASBO International Certificate of Excellence in Financial Reporting Program for consideration.

## **ACKNOWLEDGEMENTS**

The preparation of this ACFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process. We would also like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully Submitted,



Chris Lennox  
Superintendent



Bernice Humnick  
Executive Director of Business Services



Lee Lor  
Director of Finance

## INDEPENDENT SCHOOL DISTRICT NO. 621

### School Board and Administration as of June 30, 2021

#### **SCHOOL BOARD**

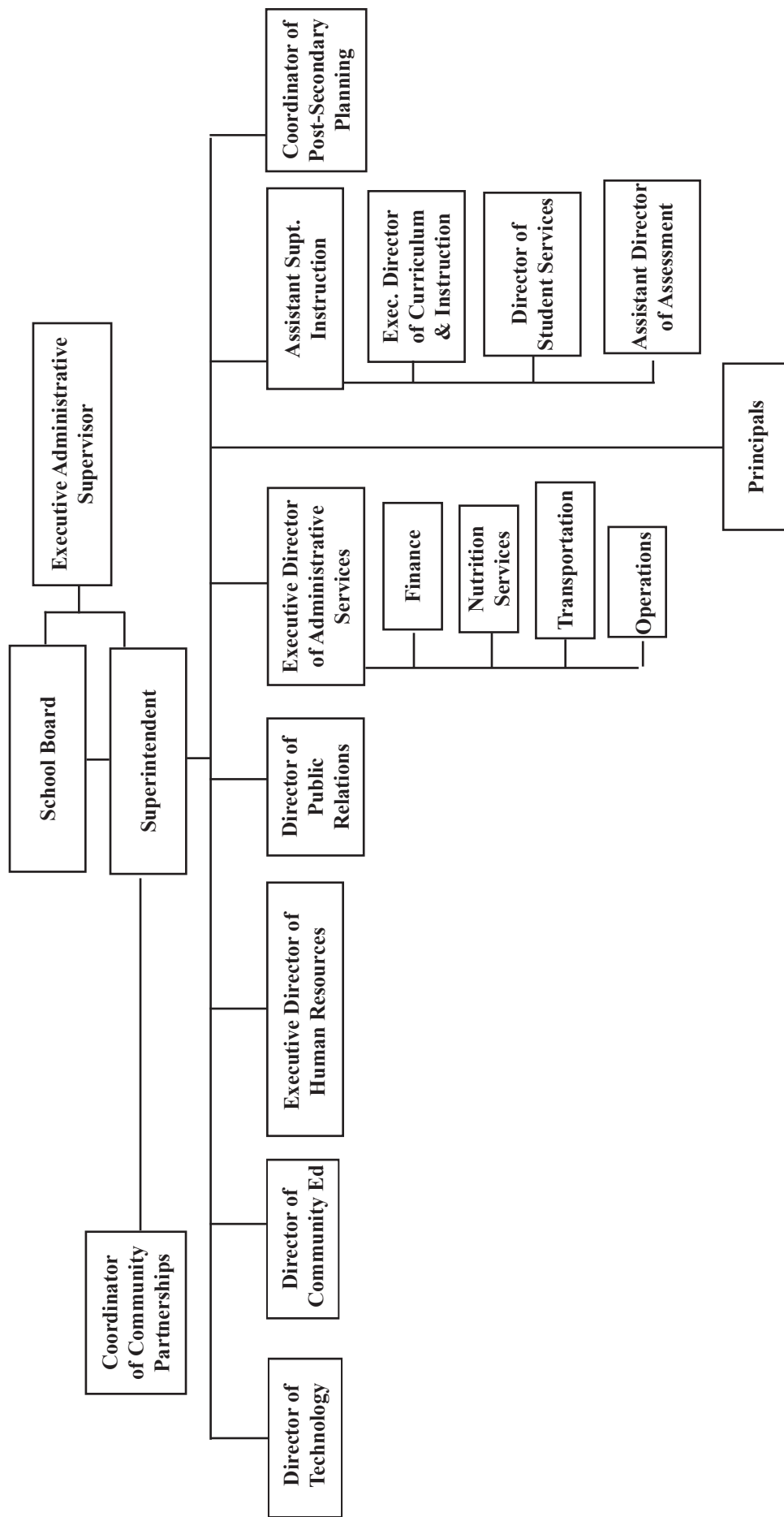
<u>Name</u>	<u>Term on Board Expires</u>	<u>Board Position</u>
Jonathan Weinhausen	January 1, 2024	Chairperson
Diane Glasheen	January 3, 2022	Vice Chairperson
Sandra Westerman	January 1, 2024	Clerk
Shauna Bock	January 3, 2022	Treasurer
Heidi Danielson	January 1, 2024	Director
Jim DeMay	January 1, 2024	Director
Marre Jo Sager	January 3, 2022	Director

#### **ADMINISTRATION**

Chris Lennox	Superintendent
Jeff Ridlehoover	Assistant Superintendent of Curriculum
Bev Zelinski	Director of Special Education
Karl Brown	Director of Community Education
Debbie Harrod	Nutrition Services Manager
Carole Nielsen	Interim Executive Director of Business Services
Angie Peschel	Executive Director of Curriculum and Instruction
Colin Sokolowski	Director of Public Relations
Julie Coffey	Executive Director of Human Resources
Jen Lodin	Executive Director of Student Support and Engagement
Gretchen Zahn	Director of Curriculum and Instruction
Chris Paquette	Director of Operations
Penny Pease	Director of Technology



# *Administrative Team 2020-21*





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Independent School District 621 -  
Mounds View Public Schools**

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

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



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

W. Edward Chabal  
President

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

David J. Lewis  
Executive Director

## FINANCIAL SECTION





## PRINCIPALS

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

## INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of  
Independent School District No. 621  
Mounds View Public Schools  
Shoreview, Minnesota

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 621, Mounds View Public Schools (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **AUDITOR'S RESPONSIBILITY**

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

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

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

(continued)

## **OPINIONS**

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

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

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

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

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

(continued)

### **Prior Year Comparative Information**

We have previously audited the District's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 3, 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 November 1, 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  
November 1, 2021

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## INDEPENDENT SCHOOL DISTRICT NO. 621

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

This section of Independent School District No. 621, Mounds View Public Schools' (the District) annual comprehensive financial report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the other components of the District's ACFR.

#### **FINANCIAL HIGHLIGHTS**

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 by \$53,036,010 (net position deficit). The District's total net position increased by \$20,601,093 during the fiscal year ended June 30, 2021.
- Government-wide revenues totaled \$208,386,516 and were \$20,601,093 more than expenses of \$187,785,423.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$13,943,820 from the prior year, compared to a \$532,416 increase planned in the budget.
- The COVID-19 pandemic caused numerous financial and operational challenges for districts in fiscal 2021.

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

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

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

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

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

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

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

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

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

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' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

<b>Table 1</b> <b>Summary Statement of Net Position</b> <b>as of June 30, 2021 and 2020</b>		
	2021	2020
Assets		
Current and other assets	\$ 168,513,513	\$ 185,708,207
Capital assets, net of depreciation	226,640,689	202,806,269
Total assets	<u>\$ 395,154,202</u>	<u>\$ 388,514,476</u>
Deferred outflows of resources		
Pension plan deferments	\$ 45,199,828	\$ 72,450,075
OPEB plan deferments	539,670	556,669
Total deferred outflows of resources	<u>\$ 45,739,498</u>	<u>\$ 73,006,744</u>
Liabilities		
Current and other liabilities	\$ 24,750,352	\$ 34,610,987
Long-term liabilities, including due within one year	327,393,669	324,874,504
Total liabilities	<u>\$ 352,144,021</u>	<u>\$ 359,485,491</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 59,597,131	\$ 60,138,513
Pension plan deferments	77,827,916	114,495,008
OPEB plan deferments	4,360,642	1,039,311
Total deferred inflows of resources	<u>\$ 141,785,689</u>	<u>\$ 175,672,832</u>
Net position		
Net investment in capital assets	\$ 46,637,728	\$ 43,544,385
Restricted	8,097,173	4,582,543
Unrestricted	(107,770,911)	(121,764,031)
Total net position	<u>\$ (53,036,010)</u>	<u>\$ (73,637,103)</u>

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. The other major factors in determining net position as compared to fund balances are the liabilities for long-term severance, pensions, and other post-employment benefits (OPEB), which impact 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 depreciated and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in net position restricted for capital asset acquisition, food service, community service, and other state funding restrictions contributed to the change in this portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans also contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position.

The decrease in current and other assets and increase in capital assets is due to the District spending down bond proceeds on significant construction projects in the current year.

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

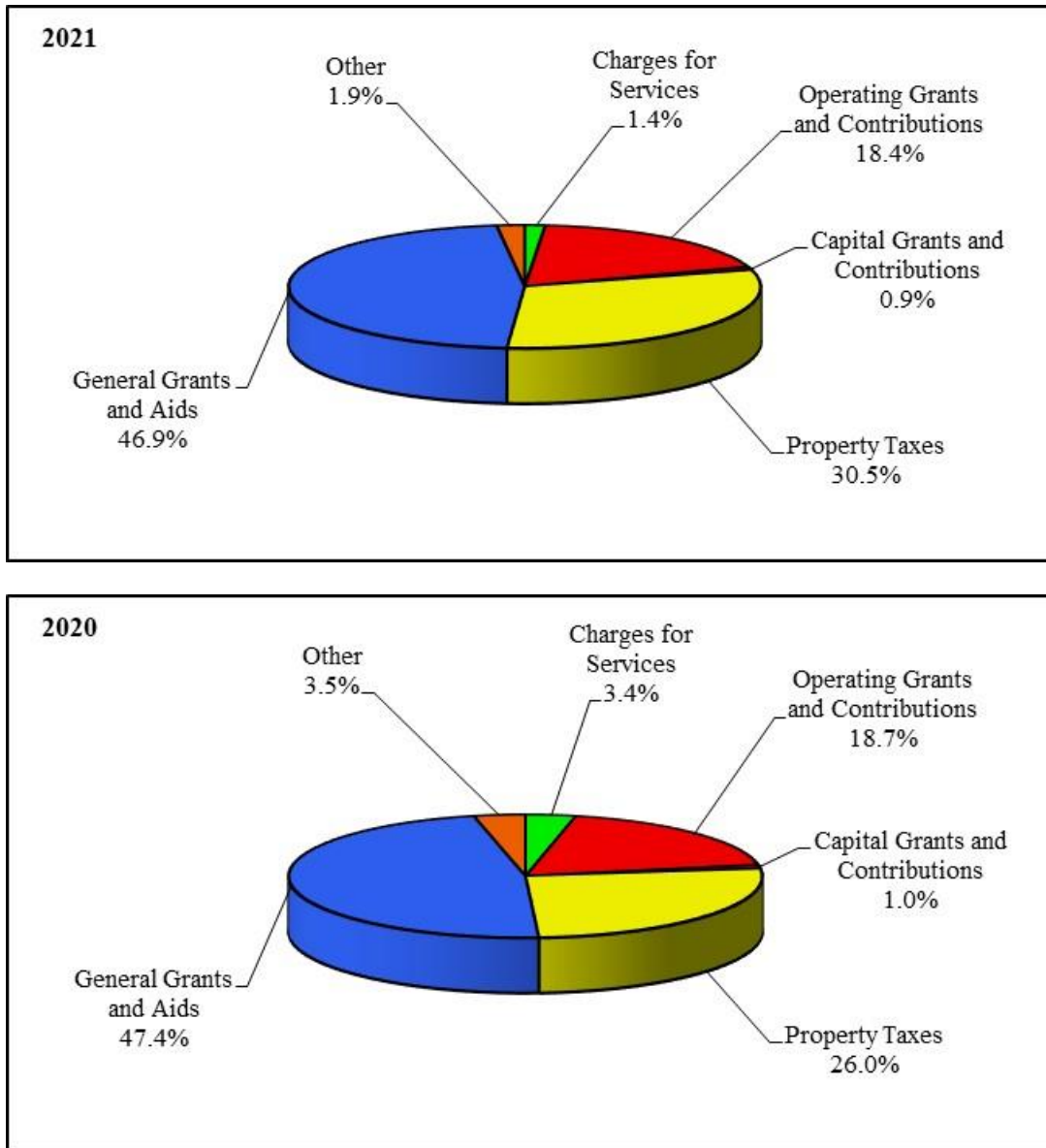
<b>Table 2</b> <b>Summary Statement of Activities</b> <b>for the Years Ended June 30, 2021 and 2020</b>		
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 2,905,932	\$ 6,719,873
Operating grants and contributions	38,278,054	36,480,556
Capital grants and contributions	1,796,947	1,893,498
General revenues		
Property taxes	63,551,244	50,644,508
General grants and aids	97,797,777	92,508,417
Other	4,056,562	6,883,539
Total revenues	<u>208,386,516</u>	<u>195,130,391</u>
Expenses		
Administration	6,846,710	6,851,159
District support services	4,839,842	4,084,535
Elementary and secondary regular instruction	79,483,975	79,172,881
Vocational education instruction	2,338,774	2,410,016
Special education instruction	27,842,706	29,373,738
Instructional support services	11,546,208	11,196,400
Pupil support services	17,182,687	18,800,249
Sites and buildings	20,168,897	21,545,372
Fiscal and other fixed cost programs	565,430	385,933
Food service	5,308,148	5,619,436
Community service	4,539,377	7,286,126
Interest and fiscal charges	7,122,669	7,981,433
Total expenses	<u>187,785,423</u>	<u>194,707,278</u>
Change in net position	20,601,093	423,113
Net position – beginning	<u>(73,637,103)</u>	<u>(74,060,216)</u>
Net position – ending	<u>\$ (53,036,010)</u>	<u>\$ (73,637,103)</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.

As seen above, total revenues for fiscal year 2021 were \$13,256,125 more than the prior year, as a result of increased property tax revenue as approved with the annual levy, and 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 and other program areas.

Figure A shows further analysis of these revenue sources:

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



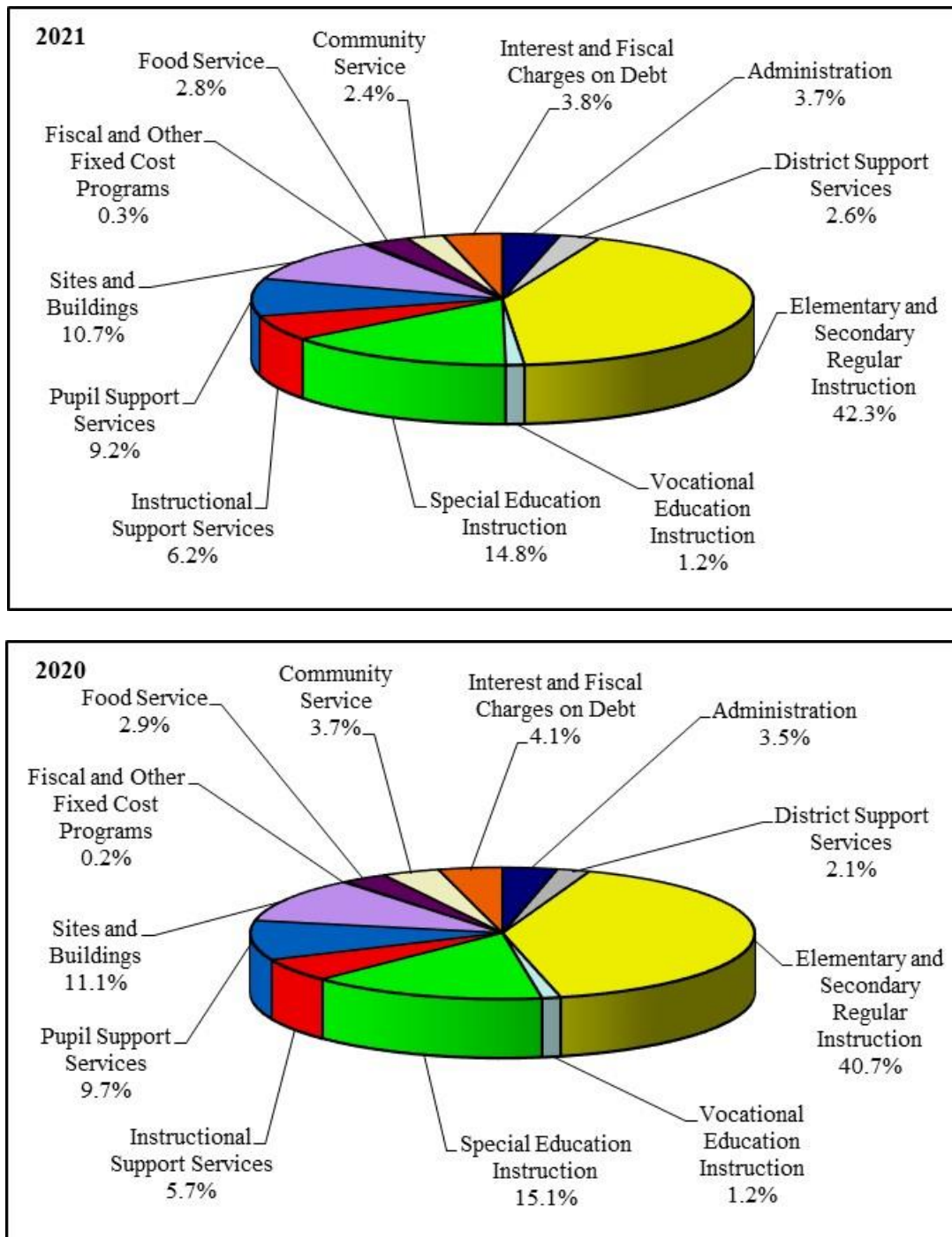
The largest share of the District's revenue is received from the state, including the general grants and aids formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District 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.

Charges for services were down from the prior year, directly related to the COVID-19 pandemic. The District's food service program operated under the federal Summer Food Service Program for Children for the entire year, through which all students were eligible for federally funded breakfast or lunch provided by the District. The District's community service program also had decreased participation in the current year, impacting the change in charges for services. Property tax revenue increased, as approved with the annual levy.

Figure B shows further analysis of these expense functions:

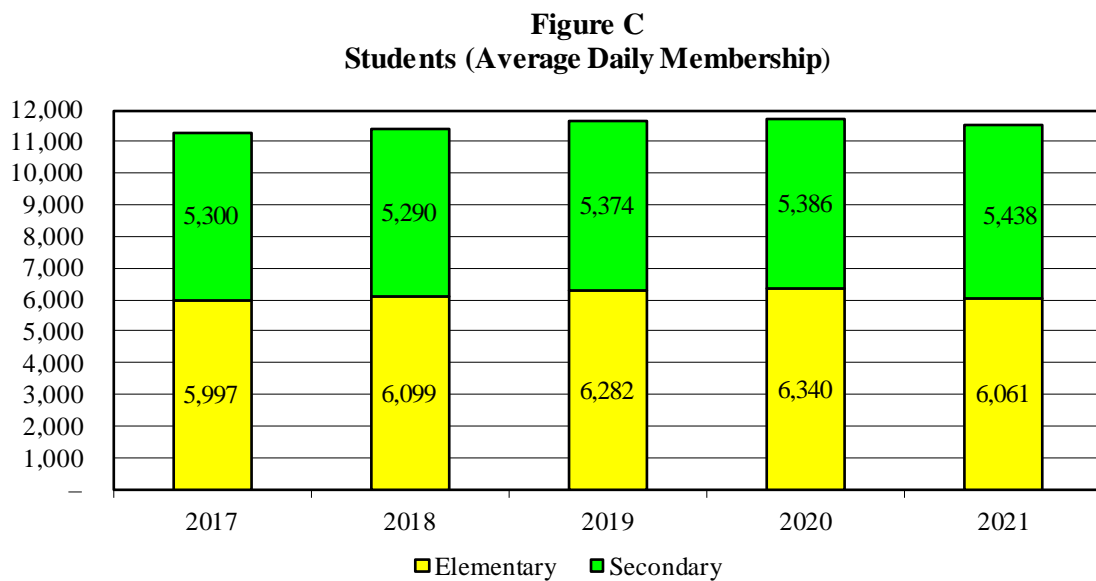
**Figure B – Expenses for Fiscal Years 2021 and 2020**



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.

## ENROLLMENT

Enrollment is a critical factor in determining General Fund revenue. The following chart shows that the number of students attending the District slightly increased the previous four years, with a decline in the current year:



The District experienced a decrease of 227 students in fiscal 2021, based on average daily membership, which is a combination of a decrease of 279 elementary students and an increase of 52 secondary students. The COVID-19 pandemic has impacted how many students the District retained.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

<b>Table 3</b> <b>Governmental Fund Balances</b> <b>as of June 30, 2021 and 2020</b>			
	2021	2020	Change
Major funds			
General	\$ 43,931,709	\$ 29,987,889	\$ 13,943,820
Capital Projects – Building Construction	15,048,121	45,614,655	(30,566,534)
Debt Service	2,087,668	2,264,238	(176,570)
Nonmajor funds			
Food Service Special Revenue	3,011,298	1,340,426	1,670,872
Community Service Special Revenue	2,027,741	289,064	1,738,677
Total governmental funds	<u>\$ 66,106,537</u>	<u>\$ 79,496,272</u>	<u>\$ (13,389,735)</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 \$66,106,537, a decrease of \$13,389,735 in comparison with the prior year. Approximately 56.0 percent of this amount, \$37,046,485, constitutes unassigned fund balance, which is available for spending at the District's discretion and meets the District's unassigned fund balance policy. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form – \$582,864, 2) restricted for particular purposes – \$25,187,756, or 3) assigned for particular purposes – \$3,289,432.

The decrease in fund balance of the Capital Projects – Building Construction Fund was due to the planned utilization of proceeds from bonds sold in a previous year for the completion of capital projects.



## ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

<b>Table 4</b> <b>General Fund</b> <b>Budget</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues	<u>\$ 170,692,885</u>	<u>\$ 171,847,225</u>	<u>\$ 1,154,340</u>	<u>0.7%</u>
Expenditures	<u>\$ 168,360,469</u>	<u>\$ 171,314,809</u>	<u>\$ 2,954,340</u>	<u>1.8%</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:

<b>Table 5</b> <b>General Fund</b> <b>Operating Results</b>					
	<u>2021 Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues	\$ 175,664,550	\$ 3,817,325	2.2%	\$ 14,426,948	8.9%
Expenditures	<u>161,720,730</u>	\$ (9,594,079)	(5.6%)	\$ 1,162,120	0.7%
Net change in fund balances	<u>\$ 13,943,820</u>				

The fund balance of the General Fund increased \$13,943,820, compared to a planned increase of \$532,416 approved in the final budget.

General Fund revenues for 2021 increased \$14,426,948, or 8.9 percent, compared to the prior year, and were \$3,817,325, or 2.2 percent, over budget. The increase over the prior year was primarily due to property tax revenue due to an increase in the levy, and federal sources due to new COVID-19-related funding received. The variance to budget was primarily in property taxes and federal sources, due to more than anticipated funding.

Current year expenditures of \$161,720,730 were \$9,594,079, or 5.6 percent, under budget. The expenditure variance was spread across several programs and object categories of the General Fund. The largest variances occurred in personnel spending with open positions, and purchased services in pupil support and sites and buildings.

Total General Fund expenditures for 2021 increased \$1,162,120, or 0.7 percent, over the prior year. Expenditure increases were mainly for salaries and benefits due to contractual wage increases, and an increase in supplies and materials in the instructional support services area.

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

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

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities financed with voter-approved building bonds and as authorized by the District's long-term facilities maintenance program as approved by the Minnesota Department of Education. At June 30, 2021, the District had a total fund balance of \$15,048,121, which reflects a decrease of \$30,566,534. This decrease is consistent with the approved budget, utilizing the proceeds from the 2018A General Obligation School Building Bonds to finance construction and improvements at several district facilities.

### **Debt Service Fund**

Debt Service Fund expenditures exceeded revenues by \$176,570 in the current year, compared to a \$501,729 fund balance decrease anticipated in the budget. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$2,087,668 at June 30, 2021 is available for meeting future debt service obligations.

### **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 two internal service funds. These funds are used to account for the District's self-insured health and dental insurance functions.

Operating revenues for the internal service funds for fiscal 2021 totaled \$22,859,046. This is an increase from the fiscal year 2020 operating revenue level of \$22,213,470. Nonoperating revenues totaled \$13,604, which is a decrease from the fiscal year 2020 nonoperating revenue of \$120,514. Operating expenses totaled \$21,871,890, which represents an increase from fiscal year 2020 operating expenses of \$19,375,655, due to an increase in health and dental benefit claims.

The net position balance for all internal service funds as of June 30, 2021 was \$8,487,503, which represents a \$1,000,760 increase from the prior year.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

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

<b>Table 6</b> <b>Capital Assets</b>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 4,617,881	\$ 4,617,881	\$ –
Construction in progress	50,104	111,931,560	(111,881,456)
Land improvements	11,923,971	9,391,456	2,532,515
Buildings	347,971,807	207,758,711	140,213,096
Furniture and equipment	12,067,591	11,600,677	466,914
Less accumulated depreciation	<u>(149,990,665)</u>	<u>(142,494,016)</u>	<u>(7,496,649)</u>
Total	<u>\$ 226,640,689</u>	<u>\$ 202,806,269</u>	<u>\$ 23,834,420</u>
Depreciation expense	<u>\$ 7,518,732</u>	<u>\$ 7,108,570</u>	<u>\$ 410,162</u>

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2021, consistent with the activity of the Capital Projects – Building Construction Fund, as discussed on the previous page.

### Long-Term Liabilities

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

<b>Table 7</b> <b>Outstanding Long-Term Liabilities</b>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>
General obligation bonds	\$ 195,570,000	\$ 206,185,000	\$ (10,615,000)
Unamortized premium/discount	9,142,683	9,946,289	(803,606)
Capital lease payable	4,703,765	4,917,079	(213,314)
Net/total pension liability	113,858,820	99,714,835	14,143,985
Severance benefits payable	1,476,643	1,362,094	114,549
Compensated absences payable	<u>2,641,758</u>	<u>2,749,207</u>	<u>(107,449)</u>
Total	<u>\$ 327,393,669</u>	<u>\$ 324,874,504</u>	<u>\$ 2,519,165</u>

The changes in general obligation bonds, capital lease payable, and unamortized premium/discount in the table above are primarily due to principal payments and amortization during fiscal year 2021 as planned in the approved repayment schedules. The difference in the net/total pension liability mainly reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

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

<b>Table 8</b> <b>Limitations on Debt</b>	
District's market value	\$ 11,297,090,500
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,694,563,575</u></u>

Additional details of the District's capital assets and 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**

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at Independent School District No. 621, Mounds View Public Schools, 4570 Victoria Street North, Shoreview, Minnesota 55126, or at [www.moundsvIEWSchools.org](http://www.moundsvIEWSchools.org).

## BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 102,192,634	\$ 122,134,694
Receivables		
Current taxes	34,106,867	35,310,884
Delinquent taxes	641,663	580,309
Accounts and interest	383,971	1,117,500
Due from other governmental units	17,426,628	17,593,876
Due from Post-Employment Benefits Trust Fund	921,651	511,341
Inventory	35,268	92,889
Prepaid items	547,596	1,341,279
Net OPEB asset	12,257,235	7,025,435
Capital assets		
Not depreciated	4,667,985	116,549,441
Depreciated, net of accumulated depreciation	221,972,704	86,256,828
Total capital assets, net of accumulated depreciation	<u>226,640,689</u>	<u>202,806,269</u>
Total assets	395,154,202	388,514,476
Deferred outflows of resources		
Pension plan deferments	45,199,828	72,450,075
OPEB plan deferments	539,670	556,669
Total deferred outflows of resources	<u>45,739,498</u>	<u>73,006,744</u>
Total assets and deferred outflows of resources	<u>\$ 440,893,700</u>	<u>\$ 461,521,220</u>
Liabilities		
Salaries payable	\$ 9,692,107	\$ 9,383,389
Accounts and contracts payable	8,317,079	18,315,652
Accrued interest payable	3,218,506	3,558,483
Due to other governmental units	128,687	72,506
Unearned revenue	3,393,973	3,280,957
Long-term liabilities		
Due within one year	13,672,136	12,368,118
Due in more than one year	313,721,533	312,506,386
Total long-term liabilities	<u>327,393,669</u>	<u>324,874,504</u>
Total liabilities	352,144,021	359,485,491
Deferred inflows of resources		
Property taxes levied for subsequent year	59,597,131	60,138,513
Pension plan deferments	77,827,916	114,495,008
OPEB plan deferments	4,360,642	1,039,311
Total deferred inflows of resources	<u>141,785,689</u>	<u>175,672,832</u>
Net position		
Net investment in capital assets	46,637,728	43,544,385
Restricted for		
Capital asset acquisition	1,247,993	983,397
Food service	3,011,298	1,340,426
Community service	3,226,183	1,759,187
Other purposes (state funding restrictions)	611,699	499,533
Unrestricted	(107,770,911)	(121,764,031)
Total net position	<u>(53,036,010)</u>	<u>(73,637,103)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 440,893,700</u>	<u>\$ 461,521,220</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

Functions/Programs	2021				2020
	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
					Governmental Activities
Governmental activities					
Administration	\$ 6,846,710	\$ —	\$ —	\$ —	\$ (6,846,710)
District support services	4,839,842	—	—	—	(4,839,842)
Elementary and secondary regular instruction	79,483,975	773,262	3,150,839	—	(75,559,874)
Vocational education instruction	2,338,774	—	—	—	(2,338,774)
Special education instruction	27,842,706	234,127	26,264,440	—	(1,344,139)
Instructional support services	11,546,208	124,599	—	—	(11,421,609)
Pupil support services	17,182,687	36,686	—	—	(17,146,001)
Sites and buildings	20,168,897	33,115	540,723	1,796,947	(17,798,112)
Fiscal and other fixed cost programs	565,430	—	—	—	(565,430)
Food service	5,308,148	141,196	6,946,943	—	1,779,991
Community service	4,539,377	1,562,947	1,375,109	—	(1,601,321)
Interest and fiscal charges	7,122,669	—	—	—	(7,122,669)
Total governmental activities	<u>\$187,785,423</u>	<u>\$ 2,905,932</u>	<u>\$ 38,278,054</u>	<u>\$ 1,796,947</u>	(144,804,490)
General revenues					
Taxes					
Property taxes, levied for general purposes					44,432,753
Property taxes, levied for community service					1,016,960
Property taxes, levied for debt service					18,101,531
General grants and aids					97,797,777
Other general revenues					3,152,662
Investment earnings					903,900
Total general revenues					<u>165,405,583</u>
Change in net position					20,601,093
Net position – beginning					<u>(73,637,103)</u>
Net position – ending					<u>\$ (53,036,010)</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 56,585,661	\$ 17,533,451	\$ 10,812,645
Receivables			
Current taxes	23,182,779	–	10,374,908
Delinquent taxes	428,215	–	201,817
Accounts and interest	153,032	229,041	–
Due from other governmental units	16,157,767	–	42,717
Due from other funds	921,651	–	–
Inventory	–	–	–
Prepaid items	547,596	–	–
	<u>\$ 97,976,701</u>	<u>\$ 17,762,492</u>	<u>\$ 21,432,087</u>
Liabilities			
Salaries payable	\$ 9,511,666	\$ –	\$ –
Accounts and contracts payable	4,247,821	2,714,371	–
Due to other governmental units	128,687	–	–
Unearned revenue	395,564	–	–
Total liabilities	14,283,738	2,714,371	–
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	350,210	–	173,113
Property taxes levied for subsequent year	39,411,044	–	19,171,306
Total deferred inflows of resources	39,761,254	–	19,344,419
Fund balances (deficit)			
Nonspendable	547,596	–	–
Restricted	1,859,692	15,048,121	2,087,668
Assigned	3,289,432	–	–
Unassigned	38,234,989	–	–
Total fund balances	43,931,709	15,048,121	2,087,668
	<u>\$ 97,976,701</u>	<u>\$ 17,762,492</u>	<u>\$ 21,432,087</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,976,701</u>	<u>\$ 17,762,492</u>	<u>\$ 21,432,087</u>



Nonmajor Funds	Total Governmental Funds	
	2021	2020
\$ 5,124,394	\$ 90,056,151	\$ 111,089,040
549,180	34,106,867	35,310,884
11,631	641,663	580,309
1,898	383,971	1,117,500
1,226,144	17,426,628	17,593,876
—	921,651	511,341
35,268	35,268	92,889
—	547,596	1,341,279
<u>\$ 6,948,515</u>	<u>\$ 144,119,795</u>	<u>\$ 167,637,118</u>
\$ 180,441	\$ 9,692,107	\$ 9,383,389
163,092	7,125,284	17,169,237
—	128,687	72,506
541,224	936,788	868,461
<u>884,757</u>	<u>17,882,866</u>	<u>27,493,593</u>
9,938	533,261	508,740
1,014,781	59,597,131	60,138,513
<u>1,024,719</u>	<u>60,130,392</u>	<u>60,647,253</u>
35,268	582,864	1,434,168
6,192,275	25,187,756	52,357,772
—	3,289,432	2,215,256
(1,188,504)	37,046,485	23,489,076
<u>5,039,039</u>	<u>66,106,537</u>	<u>79,496,272</u>
<u>\$ 6,948,515</u>	<u>\$ 144,119,795</u>	<u>\$ 167,637,118</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 66,106,537	\$ 79,496,272
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	376,631,354	345,300,285
Accumulated depreciation	(149,990,665)	(142,494,016)
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	(195,570,000)	(206,185,000)
Unamortized premium/discount	(9,142,683)	(9,946,289)
Capital lease payable	(4,703,765)	(4,917,079)
Net/total pension liability	(113,858,820)	(99,714,835)
Severance benefits payable	(1,476,643)	(1,362,094)
Compensated absences payable	(2,641,758)	(2,749,207)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.	12,257,235	7,025,435
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.	8,487,503	7,486,743
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(3,218,506)	(3,558,483)
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	45,199,828	72,450,075
Deferred outflows of resources – OPEB plan deferments	539,670	556,669
Deferred inflows of resources – pension plan deferments	(77,827,916)	(114,495,008)
Deferred inflows of resources – OPEB plan deferments	(4,360,642)	(1,039,311)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	<u>533,261</u>	<u>508,740</u>
Total net position – governmental activities	<u>\$ (53,036,010)</u>	<u>\$ (73,637,103)</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 44,400,044	\$ –	\$ 18,108,882
Investment earnings	35,584	840,060	10,525
Other	2,747,445	15,000	–
State sources	120,219,848	–	427,189
Federal sources	8,261,629	–	–
Total revenue	<u>175,664,550</u>	<u>855,060</u>	<u>18,546,596</u>
Expenditures			
Current			
Administration	6,776,405	–	–
District support services	5,247,147	–	–
Elementary and secondary regular instruction	71,731,118	–	–
Vocational education instruction	2,220,828	–	–
Special education instruction	26,964,528	–	–
Instructional support services	11,321,489	–	–
Pupil support services	16,995,022	–	–
Sites and buildings	19,314,527	–	–
Fiscal and other fixed cost programs	565,430	–	–
Food service	–	–	–
Community service	212,836	–	–
Capital outlay	–	31,421,594	–
Debt service			
Principal	213,314	–	10,615,000
Interest and fiscal charges	158,086	–	8,108,166
Total expenditures	<u>161,720,730</u>	<u>31,421,594</u>	<u>18,723,166</u>
Excess (deficiency) of revenue over expenditures	13,943,820	(30,566,534)	(176,570)
Other financing sources (uses)			
Debt issued	–	–	–
Premium on debt issued	–	–	–
Payment on refunded debt	–	–	–
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>–</u>
Net change in fund balances	13,943,820	(30,566,534)	(176,570)
Fund balances			
Beginning of year	<u>29,987,889</u>	<u>45,614,655</u>	<u>2,264,238</u>
End of year	<u>\$ 43,931,709</u>	<u>\$ 15,048,121</u>	<u>\$ 2,087,668</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2021	2020
\$ 1,017,797	\$ 63,526,723	\$ 50,703,643
4,127	890,296	3,884,590
3,296,149	6,058,594	9,598,308
1,143,849	121,790,886	123,410,682
7,604,421	15,866,050	7,434,835
<u>13,066,343</u>	<u>208,132,549</u>	<u>195,032,058</u>
—	6,776,405	6,681,656
—	5,247,147	4,119,164
—	71,731,118	69,869,656
—	2,220,828	2,276,885
—	26,964,528	28,317,961
—	11,321,489	10,839,119
—	16,995,022	18,624,305
—	19,314,527	18,618,571
—	565,430	385,933
4,759,393	4,759,393	5,479,558
4,188,819	4,401,655	7,103,880
708,582	32,130,176	100,991,984
—	10,828,314	11,026,547
—	8,266,252	8,486,477
<u>9,656,794</u>	<u>221,522,284</u>	<u>292,821,696</u>
3,409,549	(13,389,735)	(97,789,638)
—	—	16,600,000
—	—	1,891,124
—	—	(18,385,000)
<u>—</u>	<u>—</u>	<u>106,124</u>
3,409,549	(13,389,735)	(97,683,514)
<u>1,629,490</u>	<u>79,496,272</u>	<u>177,179,786</u>
<u>\$ 5,039,039</u>	<u>\$ 66,106,537</u>	<u>\$ 79,496,272</u>

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## INDEPENDENT SCHOOL DISTRICT NO. 621

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)

	2021	2020
Total net change in fund balances – governmental funds	\$ (13,389,735)	\$ (97,683,514)
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	31,353,152	99,159,744
Depreciation expense	(7,518,732)	(7,108,570)
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.	–	(108,960)
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.	–	(16,600,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	10,615,000	29,205,000
Capital lease payable	213,314	206,547
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.	803,606	(1,332,741)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net/total pension liability	(14,143,985)	157,590
Severance benefits payable	(114,549)	(31,233)
Compensated absences payable	107,449	17,634
The change in the net OPEB asset does not require the use of current financial resources and is not included in the change in fund balances.	5,231,800	251,939
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.	339,977	(53,339)
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.	1,000,760	2,958,329
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	(27,250,247)	(35,819,395)
Deferred outflows of resources – OPEB plan deferments	(16,999)	(111,335)
Deferred inflows of resources – pension plan deferments	36,667,092	27,493,991
Deferred inflows of resources – OPEB plan deferments	(3,321,331)	(119,439)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	24,521	(59,135)
Change in net position – governmental activities	<u>\$ 20,601,093</u>	<u>\$ 423,113</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 43,133,634	\$ 43,133,634	\$ 44,400,044	\$ 1,266,410
Investment earnings	100,000	100,000	35,584	(64,416)
Other	2,195,500	2,195,500	2,747,445	551,945
State sources	121,251,289	119,451,289	120,219,848	768,559
Federal sources	4,012,462	6,966,802	8,261,629	1,294,827
Total revenue	<u>170,692,885</u>	<u>171,847,225</u>	<u>175,664,550</u>	<u>3,817,325</u>
Expenditures				
Current				
Administration	6,278,210	6,278,210	6,776,405	498,195
District support services	5,422,904	5,422,904	5,247,147	(175,757)
Elementary and secondary regular instruction	73,296,848	74,141,215	71,731,118	(2,410,097)
Vocational education instruction	2,358,918	2,358,918	2,220,828	(138,090)
Special education instruction	29,095,457	29,095,457	26,964,528	(2,130,929)
Community service	514,228	514,228	212,836	(301,392)
Instructional support services	9,991,896	11,408,878	11,321,489	(87,389)
Pupil support services	20,540,752	20,838,491	16,995,022	(3,843,469)
Sites and buildings	19,937,356	20,332,608	19,314,527	(1,018,081)
Fiscal and other fixed cost programs	552,500	552,500	565,430	12,930
Debt service				
Principal	213,314	213,314	213,314	—
Interest and fiscal charges	158,086	158,086	158,086	—
Total expenditures	<u>168,360,469</u>	<u>171,314,809</u>	<u>161,720,730</u>	<u>(9,594,079)</u>
Net change in fund balances	<u>\$ 2,332,416</u>	<u>\$ 532,416</u>	<u>13,943,820</u>	<u>\$ 13,411,404</u>
Fund balances				
Beginning of year			<u>29,987,889</u>	
End of year			<u>\$ 43,931,709</u>	

INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 12,136,483	\$ 11,045,654
Liabilities		
Current liabilities		
Claims payable	1,191,795	1,146,415
Unearned revenue	<u>2,457,185</u>	<u>2,412,496</u>
Total current liabilities	<u>3,648,980</u>	<u>3,558,911</u>
Net position		
Unrestricted	<u>\$ 8,487,503</u>	<u>\$ 7,486,743</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2021</u>	<u>2020</u>
Operating revenue		
Charges for services	\$ 22,859,046	\$ 22,213,470
Operating expenses		
Dental benefit claims	1,370,643	1,010,712
Medical benefit claims	<u>20,501,247</u>	<u>18,364,943</u>
Total operating expenses	<u>21,871,890</u>	<u>19,375,655</u>
Operating income	987,156	2,837,815
Nonoperating revenue		
Investment earnings	<u>13,604</u>	<u>120,514</u>
Change in net position	1,000,760	2,958,329
Net position		
Beginning of year	<u>7,486,743</u>	<u>4,528,414</u>
End of year	<u><u>\$ 8,487,503</u></u>	<u><u>\$ 7,486,743</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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		
Assessments from other funds and employee contributions	\$ 22,903,735	\$ 22,438,000
Payment for dental claims	(1,314,202)	(1,040,912)
Payment for medical claims	(20,512,308)	(18,567,796)
Net cash flows from operating activities	<u>1,077,225</u>	<u>2,829,292</u>
Cash flows from investing activities		
Investment income received	<u>13,604</u>	<u>120,514</u>
Net change in cash and cash equivalents	1,090,829	2,949,806
Cash and cash equivalents		
Beginning of year	<u>11,045,654</u>	<u>8,095,848</u>
End of year	<u><u>\$ 12,136,483</u></u>	<u><u>\$ 11,045,654</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 987,156	\$ 2,837,815
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	—	59,601
Claims payable	45,380	(233,053)
Unearned revenue	44,689	164,929
Total changes in assets and liabilities	<u>90,069</u>	<u>(8,523)</u>
Net cash flows from operating activities	<u><u>\$ 1,077,225</u></u>	<u><u>\$ 2,829,292</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Fiduciary Net Position  
Fiduciary Fund  
as of June 30, 2021

	Post-Employment Benefits Trust Fund
Assets	
Investments, at fair value	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	\$ 1,722,662
Non-Retirement Equity Fund	19,019,536
Non-Retirement Bond Fund	7,936,986
Total assets	<u>28,679,184</u>
Liabilities	
Due to governmental funds	<u>921,651</u>
Net position	
Held in trust for OPEB benefits	<u>\$ 27,757,533</u>

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	\$ 5,609,901
Deductions	
Post-employment benefit costs	<u>921,651</u>
Change in net position	4,688,250
Net position	
Beginning of year	<u>23,069,283</u>
End of year	<u>\$ 27,757,533</u>

# INDEPENDENT SCHOOL DISTRICT NO. 621

## Notes to Basic Financial Statements June 30, 2021

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

#### **A. Organization**

Independent School District No. 621, Mounds View Public Schools (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 financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

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

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

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

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues 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 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 liabilities, 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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service funds are assessments to governmental funds for employee insurance and employee contributions toward coverage. Operating expenses for the District’s internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



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

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a Post-Employment Benefits Trust Fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

### **Description of Funds**

The existence of the various district funds has been established by the Minnesota Department of Education (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 used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital-related activities, such as maintenance of facilities and equipment purchases.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or the Long-Term Facilities Maintenance Program.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the 2015A Taxable OPEB Refunding Bond issue.

#### **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, extended day programs, or other similar services.

#### **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.

#### **Fiduciary Fund**

**Post-Employment Benefits Trust Fund** – The Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund OPEB for eligible employees.

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

### **E. Budgeting**

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

### **F. Cash and 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. Bond 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 Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow account.

Investments are generally stated at fair value, except for investments in 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. Guaranteed investment contracts are valued on a cost-basis measure, and therefore, are not subject to the fair value disclosure.

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 Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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.

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.

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

### **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, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on the first-in, first-out method. 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 reported using the consumption method and recorded as an expense or expenditure 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 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 \$3,091,173 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-based financial statements because it is not known to be available to finance the operations of the District in the current year.

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

### **K. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets, 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 sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for furniture and equipment.

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

The District does not possess any material amounts of infrastructure capital assets. Items, such as sidewalks or other land improvements, 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. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

### **M. 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 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, differences 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.

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

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.

### **N. Compensated Absences Payable**

**Personal Time Off** – The District’s 12-month employees are entitled to personal time off. These benefits are reported as liabilities in the government-wide financial statements when earned and as expenditures when taken in the fund financial statements.

**Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. These obligations are considered expenditures in the governmental funds to the extent matured. Unused sick leave enters into the calculation of retirement incentive payments for some employees upon termination.

### **O. Severance**

Severance benefits consist of lump sum retirement incentive payments based on convertible sick leave for the custodial, nutrition services, para-professionals, and principal groups. The District has phased out retirement incentive plans for its custodial and nutrition services groups. For this remaining liability, the amount of severance that is based on convertible sick leave is 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 is accrued in the governmental funds financial statements only when it becomes due and payable.

### **P. 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.

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

### Q. Other Post-Employment Benefits (OPEB) Plan

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

### R. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2021.
- 2. Self-Insurance** – The District has established an internal service fund 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 fund provides 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 fund 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:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	\$ 83,468	\$ 1,010,712	\$ 1,040,912	\$ 53,268
2021	\$ 53,268	\$ 1,370,643	\$ 1,314,202	\$ 109,709

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	\$ 1,296,000	\$ 18,364,943	\$ 18,567,796	\$ 1,093,147
2021	\$ 1,093,147	\$ 20,501,247	\$ 20,512,308	\$ 1,082,086

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

### S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **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.

### T. 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 or a superintendent designee are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, 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)**

### **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 year ended June 30, 2020, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.



## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Deposits

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

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

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

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

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount and bank balance of the District's deposits was \$0.

### 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.

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

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2021, the District’s investment portfolio includes a guaranteed investment contract with the Toronto-Dominion Bank at 13.6 percent of the total portfolio.

**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.

### C. Summary Data

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

Cash and temporary investments – Statement of Net Position	\$ 102,192,634
Investments, at fair value – Statement of Fiduciary Net Position	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	1,722,662
Non-Retirement Equity Fund	19,019,536
Non-Retirement Bond Fund	7,936,986
	<hr/>
Total cash and investments	<u><u>\$ 130,871,818</u></u>

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District's deposit and investment balances at June 30, 2021 and information relating to potential investment risks:

Investment Type	Credit Rating		Fair Value Measurement	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1		
Guaranteed investment contract	AA	S&P	N/A	\$	17,820,478	\$ 17,820,478
Investment pools/mutual funds						
Minnesota State Board of Investment						
Non-Retirement Bond Fund	N/R	N/A	Amortized Cost			7,936,986
Non-Retirement Equity Fund	N/R	N/A	Amortized Cost			19,019,536
Non-Retirement Money Market Fund	N/R	N/A	Amortized Cost			1,722,662
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized Cost			84,366,756
Total investments						130,866,418
Petty cash						5,400
Total deposits and investments						\$ 130,871,818

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) and the Minnesota State Board of Investment (SBI) funds are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District's investment in the MSDLAF 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. The District's investment in the Minnesota State Board of Investment Funds are measured at fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; redemption notice period is 14 days for the MAX Class.

The District's investment policy allows the District to invest within the various accounts of the Supplemental Investment Fund, as administered by the Minnesota SBI. Investments held in the external investment pools of the Supplemental Investment Fund are presented in the table above and in the Post-Employment Benefits Trust Fund in the Statement of Fiduciary Net Position.

## NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units as of June 30, 2021, for the District's major and nonmajor funds are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Due from other governmental units				
Minnesota school districts	\$ 221,991	\$ –	\$ 596,191	\$ 818,182
MDE	9,693,486	42,717	108,641	9,844,844
Federal government through the MDE	5,099,433	–	521,312	5,620,745
Other governmental units	1,142,857	–	–	1,142,857
Total due from other governmental units	\$ 16,157,767	\$ 42,717	\$ 1,226,144	\$ 17,426,628

## NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2021 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 4,617,881	\$ –	\$ –	\$ –	\$ 4,617,881
Construction in progress	111,931,560	30,864,155	–	(142,745,611)	50,104
Total capital assets, not depreciated	116,549,441	30,864,155	–	(142,745,611)	4,667,985
Capital assets, depreciated					
Land improvements	9,391,456	–	–	2,532,515	11,923,971
Buildings	207,758,711	–	–	140,213,096	347,971,807
Furniture and equipment	11,600,677	488,997	(22,083)	–	12,067,591
Total capital assets, depreciated	228,750,844	488,997	(22,083)	142,745,611	371,963,369
Less accumulated depreciation for					
Land improvements	(6,541,139)	(340,383)	–	–	(6,881,522)
Buildings	(127,116,202)	(6,773,004)	–	–	(133,889,206)
Furniture and equipment	(8,836,675)	(405,345)	22,083	–	(9,219,937)
Total accumulated depreciation	(142,494,016)	(7,518,732)	22,083	–	(149,990,665)
Net capital assets, depreciated	86,256,828	(7,029,735)	–	142,745,611	221,972,704
Total capital assets, net	\$ 202,806,269	\$ 23,834,420	\$ –	\$ –	\$ 226,640,689

Depreciation expense for the year ended June 30, 2021 was charged to the following governmental functions:

Elementary and secondary regular instruction	\$ 6,173,808
Vocational education instruction	460
Special education instruction	618
Community service	2,104
Instructional support services	581
Pupil support services	21,775
Food service	111,063
Sites and buildings	1,208,323
Total depreciation expense	\$ 7,518,732

## NOTE 5 – LONG-TERM LIABILITIES

### A. General Obligation Bonds

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

Issue Name and Date	Interest Rate	Original Issue	Remaining Maturities	Principal Outstanding
Refunding bonds				
2011A Alternative Facility Refunding Bonds	2.00%–4.00%	\$ 16,540,000	02/01/2022–02/01/2023	\$ 3,785,000
2012A Refunding Bonds	0.45%–2.55%	29,760,000	02/01/2022–02/01/2024	8,905,000
2019A Refunding Bonds	5.00%	16,600,000	02/01/2022–02/01/2025	12,640,000
Taxable OPEB bonds				
2015A Taxable OPEB Refunding Bonds	3.00%	17,515,000	02/01/2022–02/01/2024	14,085,000
School building bonds				
2018A School Building Bonds	3.00%–5.00%	156,550,000	02/01/2022, 02/01/2025–02/01/2043	156,155,000
Total general obligation bonds				<u>\$ 195,570,000</u>

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

### B. Capital Lease Payable

The District purchased an office building through a 20-year capitalized lease/purchase agreement. Annual principal and interest on this lease will be paid from the General Fund. The District currently has the following capital lease payable outstanding:

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
District office building; final purchase option at bargain price at end of lease term	\$ 5,700,000	3.25%	01/02/2017	01/02/2037	\$ 4,703,765

The asset acquired through the capital lease is as follows:

	Buildings
Assets	\$ 5,700,000
Less accumulated depreciation	<u>(456,000)</u>
	<u>\$ 5,244,000</u>

If the District fails to make the rental payments specified in the agreement or otherwise defaults on the lease, after 30 days written notice, the lessor may (1) charge interest of 6 percent per annum to be additional rent to be paid by the District on the next installment of rent or (2) reenter the premises, with reasonable notice, and dispossess the District and remove their effects, and take complete possession of the premises and either declare this lease forfeited and the term ended or elect to continue the lease in full force and effect, but with the right at any time thereafter to declare this lease forfeited and the term ended.

## NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

### C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, compensated absences, 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, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

The District has three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. 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	Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide multiple-employer – PERA	\$ 19,719,059	\$ 2,390,849	\$ 1,001,134	\$ 583,358
State-wide multiple-employer – TRA	88,406,411	42,633,135	76,245,282	13,198,465
Single-employer – District	5,733,350	175,844	581,500	118,207
Total	<u>\$ 113,858,820</u>	<u>\$ 45,199,828</u>	<u>\$ 77,827,916</u>	<u>\$ 13,900,030</u>

### D. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 11,180,000	\$ 7,540,970	\$ 220,303	\$ 151,097
2023	12,020,000	7,124,670	227,521	143,879
2024	12,720,000	6,757,180	234,976	136,424
2025	6,335,000	6,318,070	242,674	128,726
2026	5,910,000	6,001,320	250,625	120,775
2027–2031	34,145,000	25,411,300	1,381,815	475,185
2032–2036	41,505,000	18,058,344	1,623,512	233,488
2037–2041	49,290,000	10,263,858	522,339	14,096
2042–2043	22,465,000	1,356,800	–	–
	<u>\$ 195,570,000</u>	<u>\$ 88,832,512</u>	<u>\$ 4,703,765</u>	<u>\$ 1,403,670</u>

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)****E. Changes in Long-Term Liabilities**

	Balance – June 30, 2020	Additions	Deletions	Balance – June 30, 2021	Due Within One Year
General obligation bonds	\$ 206,185,000	\$ –	\$ 10,615,000	\$ 195,570,000	\$ 11,180,000
Unamortized premium/discount	9,946,289	–	803,606	9,142,683	–
Total bonds payable	216,131,289	–	11,418,606	204,712,683	11,180,000
Capital lease payable	4,917,079	–	213,314	4,703,765	220,303
Net/total pension liability	99,714,835	23,295,766	9,151,781	113,858,820	820,448
Severance benefits payable	1,362,094	337,559	223,010	1,476,643	130,505
Compensated absences payable	2,749,207	2,023,753	2,131,202	2,641,758	1,320,880
	<u>\$ 324,874,504</u>	<u>\$ 25,657,078</u>	<u>\$ 23,137,913</u>	<u>\$ 327,393,669</u>	<u>\$ 13,672,136</u>

**NOTE 6 – FUND BALANCES**

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. Any such restrictions, which have an accumulated deficit rather than positive 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. However, a description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

## NOTE 6 – FUND BALANCES (CONTINUED)

### A. Classifications

At June 30, 2021, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
<b>Nonspendable</b>					
Inventory	\$ –	\$ –	\$ –	\$ 35,268	\$ 35,268
Prepaid items	547,596	–	–	–	547,596
Total nonspendable	547,596	–	–	35,268	582,864
<b>Restricted</b>					
Scholarships	67,534	–	–	–	67,534
Operating capital	1,247,993	–	–	–	1,247,993
State-approved alternative programs	87,703	–	–	–	87,703
Gifted and talented	4,228	–	–	–	4,228
Achievement and integration	452,234	–	–	–	452,234
Capital projects	–	15,048,121	–	–	15,048,121
Community education programs	–	–	–	2,292,334	2,292,334
School readiness	–	–	–	395,387	395,387
Adult basic education	–	–	–	468,925	468,925
Community service	–	–	–	59,599	59,599
Food service	–	–	–	2,976,030	2,976,030
Debt service	–	–	2,087,668	–	2,087,668
Total restricted	1,859,692	15,048,121	2,087,668	6,192,275	25,187,756
<b>Assigned</b>					
Alternative quality teacher compensation	163,057	–	–	–	163,057
School building carryover	3,126,375	–	–	–	3,126,375
Total assigned	3,289,432	–	–	–	3,289,432
<b>Unassigned</b>					
Long-term facilities maintenance restricted account deficit	(422,632)	–	–	–	(422,632)
Early childhood family education programs restricted account deficit	–	–	–	(1,188,504)	(1,188,504)
Unassigned	38,657,621	–	–	–	38,657,621
Total unassigned	38,234,989	–	–	(1,188,504)	37,046,485
<b>Total</b>	<b>\$ 43,931,709</b>	<b>\$ 15,048,121</b>	<b>\$ 2,087,668</b>	<b>\$ 5,039,039</b>	<b>\$ 66,106,537</b>

### B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states the unassigned fund balance should remain within a recommended range of two to five months of General Fund expenditures.

At June 30, 2021, unassigned fund balance in the General Fund, excluding restricted account deficits, represented 23.9 percent of annual expenditures, or slightly less than three months of operations assuming level spending throughout the year.



## NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

### A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. The District has phased out various retirement incentive payment plans for its teachers and other employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements and hire dates. No employee can receive retirement incentive payments exceeding one year's salary. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

**Teacher Pension Benefits** – For eligible teachers (with at least 15 years of continuous service, at least 50 years of age, and hired before January 24, 2000), the District pays the amount equal to 10 percent of a year's salary for each full year of full-time service, but not to exceed a total of 1 year's salary and is paid in 3 equal installments over 3 years. The teacher's matching contribution to the tax deferred annuity plan offset this pension benefit.

**Clerical Pension Benefits** – For eligible employees (with at least 15 years of continuous service, at least 50 years of age, and hired before June 30, 2009), the District pays the amount representing 5 days of pay for each full year of full-time service, but not to exceed a total of 100 days' pay and is paid in 2 equal annual installments over 2 years. The clerical employees' matching contribution to the tax deferred annuity plan offset this pension benefit.

### B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. There are no invested plan assets accumulated for payment of future benefits.

### C. Membership

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

Retirees and beneficiaries receiving benefits	47
Active plan members	160
Total members	207

### D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2020 with a roll forward to a measurement date as of June 30, 2021, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.10%
20-year municipal bond yield	2.10%
Inflation rate	2.50%
Salary increases	Service graded table

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

### E. Discount Rate

The discount rate used to measure the total pension liability was 2.10 percent. The District discount rate used in the prior measurement date was 2.40 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

### F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2020	\$ 6,977,037
Changes for the year	
Service cost	194,311
Interest	158,519
Assumption changes	(152,302)
Plan changes	(140,580)
Differences between expected and actual experience	(164,123)
Benefit payments	<u>(1,139,512)</u>
Total net changes	<u>(1,243,687)</u>
Ending balance – June 30, 2021	<u><u>\$ 5,733,350</u></u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.40 percent to 2.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

Plan changes since the prior measurement date include the following:

- The teachers' matching contribution to the tax deferred annuity plan increased from \$3,300 to \$3,600 per year after three years of service. The clerical employees' matching contributions increased from \$1,100 for two and three years of service and \$1,600 thereafter, to \$1,400 and \$1,900, respectively. These match amounts are used as an offset to the pension benefits.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

### G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	1.10%	2.10%	3.10%
Total pension liability	\$ 5,940,413	\$ 5,733,350	\$ 5,523,221

### H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

The District recognized pension expense of \$118,207 in the current year, and at year-end reported the following deferred outflows and inflows of 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	\$ –	\$ 357,875
Changes in actuarial assumptions	175,844	223,625
Total	<u>\$ 175,844</u>	<u>\$ 581,500</u>

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

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2022	\$ (94,041)
2023	\$ (94,041)
2024	\$ (94,041)
2025	\$ (94,040)
2026	\$ (29,493)

## NOTE 8 – 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. All post-employment benefits are based on contractual agreements with employee groups. The District is phasing out post-employment medical and dental insurance to all district employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement. 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.

## NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

### B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage at their cost through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical and dental, for some period after retirement. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement.

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, 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 annually by the District.

### D. Membership

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

Retirees and beneficiaries receiving benefits	166
Active plan members	<u>1,526</u>
Total members	<u><u>1,692</u></u>

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

The District's net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2020. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 15,500,298
Plan fiduciary net position	<u>(27,757,533)</u>
District's net OPEB liability (asset)	<u><u>\$ (12,257,235)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>179.1%</u></u>

## NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

### F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation 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	5.40%
Expected long-term investment return	5.40% (net of investment expenses)
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare cost trend rate	6.50% in 2020 grading to 5.00% over 6 years, then to 4.00% over the next 48 years
Dental trend rate	4.00%

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Non-Retirement Equity Fund	58.00 %	6.80 %
Non-Retirement Bond Fund	33.00	3.80 %
Non-retirement cash pool	9.00	2.00 %
Total	100.00 %	5.40 %

### G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 24.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

### H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.40 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 5.40 percent.

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2020	\$ 16,043,848	\$ 23,069,283	\$ (7,025,435)
Changes for the year			
Service cost	643,443	–	643,443
Interest	848,802	–	848,802
Assumption changes	(250,400)	–	(250,400)
Plan changes	67,835	–	67,835
Contributions – employer	–	1,041,638	(1,041,638)
Projected investment return	–	1,245,741	(1,245,741)
Differences between expected and actual experience	110,059	4,364,160	(4,254,101)
Benefit payments – employer financed	(1,041,638)	(1,041,638)	–
Benefit payments – paid by trust	(921,651)	(921,651)	–
Total net changes	(543,550)	4,688,250	(5,231,800)
Ending balance – June 30, 2021	\$ 15,500,298	\$ 27,757,533	\$ (12,257,235)

Assumption changes since the prior measurement date include the following:

- 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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.

Plan changes since the prior measurement date include the following:

- Five nonaffiliated employees retired and elected a one-time offer to receive two years of district paid medical, dental, and life insurance benefits.

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)****J. Net OPEB Asset Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	4.40%	5.40%	6.40%
Net OPEB liability (asset)	\$ (11,488,579)	\$ (12,257,235)	\$ (12,989,484)

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using 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>
Healthcare cost trend rate	5.50% decreasing to 4.00%, then 3.00%	6.50% decreasing to 5.00%, then 4.00%	7.50% decreasing to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability (asset)	\$ (13,367,325)	\$ (12,257,235)	\$ (10,993,018)

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

For the current year ended, the District recognized negative OPEB expense of \$851,832. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 459,328	\$ —
Changes in actuarial assumptions	80,342	316,245
Difference between projected and actual investment earnings	—	4,044,397
Total	<u>\$ 539,670</u>	<u>\$ 4,360,642</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2022	\$ (1,074,291)
2023	\$ (1,010,158)
2024	\$ (874,230)
2025	\$ (801,876)
2026	\$ (40,370)
Thereafter	\$ (20,047)

## **NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

### **A. Plan Descriptions**

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

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

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

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

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

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

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

### **B. Benefits Provided**

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

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

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

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



## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit 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 the Rule of 90 are exempt from the delay to normal retirement.

### 2. TRA Benefits

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

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

#### Tier I Benefits

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

With these provisions:

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

## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### Tier II Benefits

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

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

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

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

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2021, were \$1,613,567. The District's contributions were equal to the required contributions as set by state statutes.

#### 2. TRA Contributions

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

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

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were \$5,717,543. The District's contributions were equal to the required contributions for each year as set by state statutes.

## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

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

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2021, the District reported a liability of \$19,719,059 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 \$608,169. 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 the 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 the PERA's participating employers. The District's proportionate share was 0.3289 percent at the end of the measurement period and 0.3225 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 19,719,059
State's proportionate share of the net pension liability associated with the District	\$ 608,169

For the year ended June 30, 2021, the District recognized pension expense of \$530,444 for its proportionate share of the GERF's pension expense. In addition, the District recognized \$52,914 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 176,403	\$ 74,608
Changes in actuarial assumptions	–	726,429
Net collective difference between projected and actual investment earnings	335,498	–
Changes in proportion	265,381	200,097
District's contributions to the GERF subsequent to the measurement date	<u>1,613,567</u>	<u>–</u>
Total	<u>\$ 2,390,849</u>	<u>\$ 1,001,134</u>

The \$1,613,567 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	\$ (1,162,042)
2023	\$ (1,026)
2024	\$ 462,797
2025	\$ 476,419

**2. TRA Pension Costs**

At June 30, 2021, the District reported a liability of \$88,406,411 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 1.1966 percent at the end of the measurement period and 1.1752 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	\$ 88,406,411
State's proportionate share of the net pension liability associated with the District	\$ 7,408,835

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

For the year ended June 30, 2021, the District recognized pension expense of \$12,519,766. It also recognized \$678,699 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,772,906	\$ 1,317,146
Changes in actuarial assumptions	31,590,671	73,316,414
Net difference between projected and actual investment earnings on pension plan investments	1,448,833	—
Changes in proportion	2,103,182	1,611,722
District's contributions to the TRA subsequent to the measurement date	5,717,543	—
Total	<u>\$ 42,633,135</u>	<u>\$ 76,245,282</u>

A total of \$5,717,543 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 2,035,940
2023	\$ (26,530,259)
2024	\$ (17,562,737)
2025	\$ 2,132,135
2026	\$ 595,231

**E. Actuarial Assumptions**

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

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

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

## **NOTE 9 – 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 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

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

### F. Discount Rate

#### 1. 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 9 – 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	\$ 31,602,810	\$ 19,719,059	\$ 9,915,917
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 135,349,281	\$ 88,406,411	\$ 49,727,860

### H. Pension Plan Fiduciary Net Position

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

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



## NOTE 10 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from 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 medical reimbursement portion of 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.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

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 11 – INTERFUND BALANCES

### Due To/From Other Funds

	Due From Other Funds	Due To Other Funds
General Fund	\$ 921,651	\$ –
Post-Employment Benefits Trust Fund	–	921,651
	<u>\$ 921,651</u>	<u>\$ 921,651</u>

As of June 30, 2021, the District’s General Fund had an interfund receivable of \$921,651 from the Post-Employment Benefits Trust Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2021. Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables and payables between the District’s governmental activities and the fiduciary fund are not eliminated.

## NOTE 12 – COMMITMENTS AND CONTINGENCIES

### A. Construction Contracts

During fiscal year 2021, the District awarded contracts for construction and improvement of various district properties. At year-end, the District's commitment for uncompleted work on these contracts was \$1,113,891, which is paid out of the Capital Projects – Building Construction Fund.

### B. Federal and State Revenue

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.

### C. Contingencies

The District has the usual and customary legal claims pending at year-end. 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.

### D. Operating Lease

The District is obligated under several operating leases for buildings and office and other equipment. Annual minimum lease payments for the operating leases are as follows:

Year Ending June 30,	Amount
2022	\$ 1,286,389
2023	1,038,351
2024	937,559
2025	123,348
	<u>\$ 3,385,647</u>

Expenditures under the operating leases for the year ended June 30, 2021 were \$1,264,982.

### E. 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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3734%	\$ 17,540,461	\$ —	\$ 17,540,461	\$ 19,627,950	89.36%	78.70%
06/30/2016	06/30/2015	0.3605%	\$ 18,682,980	\$ —	\$ 18,682,980	\$ 21,189,047	88.17%	78.20%
06/30/2017	06/30/2016	0.3433%	\$ 27,874,257	\$ 364,065	\$ 28,238,322	\$ 21,292,223	130.91%	68.90%
06/30/2018	06/30/2017	0.3312%	\$ 21,143,589	\$ 265,869	\$ 21,409,458	\$ 21,336,242	99.10%	75.90%
06/30/2019	06/30/2018	0.3277%	\$ 18,179,451	\$ 596,232	\$ 18,775,683	\$ 22,054,967	82.43%	79.50%
06/30/2020	06/30/2019	0.3225%	\$ 17,830,303	\$ 554,143	\$ 18,384,446	\$ 22,832,615	78.09%	80.20%
06/30/2021	06/30/2020	0.3289%	\$ 19,719,059	\$ 608,169	\$ 20,327,228	\$ 23,478,199	83.99%	79.10%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,564,014	\$ 1,564,014	\$ —	\$ 21,189,047	7.38%
06/30/2016	\$ 1,596,261	\$ 1,596,261	\$ —	\$ 21,292,223	7.50%
06/30/2017	\$ 1,598,727	\$ 1,598,727	\$ —	\$ 21,336,242	7.49%
06/30/2018	\$ 1,656,133	\$ 1,656,133	\$ —	\$ 22,054,967	7.51%
06/30/2019	\$ 1,711,466	\$ 1,711,466	\$ —	\$ 22,832,615	7.50%
06/30/2020	\$ 1,759,379	\$ 1,759,379	\$ —	\$ 23,478,199	7.49%
06/30/2021	\$ 1,613,567	\$ 1,613,567	\$ —	\$ 21,534,427	7.49%

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2076%	\$ 55,645,339	\$ 3,914,718	\$ 59,560,057	\$ 55,121,921	100.95%	81.50%
06/30/2016	06/30/2015	1.1725%	\$ 72,530,721	\$ 8,896,461	\$ 81,427,182	\$ 59,510,271	121.88%	76.80%
06/30/2017	06/30/2016	1.1917%	\$284,248,884	\$ 28,530,832	\$312,779,716	\$ 61,988,428	458.55%	44.88%
06/30/2018	06/30/2017	1.1758%	\$234,711,009	\$ 22,689,450	\$257,400,459	\$ 63,297,528	370.81%	51.57%
06/30/2019	06/30/2018	1.1835%	\$ 74,334,878	\$ 6,984,025	\$ 81,318,903	\$ 65,388,719	113.68%	78.07%
06/30/2020	06/30/2019	1.1752%	\$ 74,907,495	\$ 6,629,079	\$ 81,536,574	\$ 66,719,780	112.27%	78.21%
06/30/2021	06/30/2020	1.1966%	\$ 88,406,411	\$ 7,408,835	\$ 95,815,246	\$ 69,535,954	127.14%	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	\$ 4,463,144	\$ 4,463,144	\$ —	\$ 59,510,271	7.50%
06/30/2016	\$ 4,649,138	\$ 4,649,138	\$ —	\$ 61,988,428	7.50%
06/30/2017	\$ 4,747,125	\$ 4,747,125	\$ —	\$ 63,297,528	7.50%
06/30/2018	\$ 4,904,007	\$ 4,904,007	\$ —	\$ 65,388,719	7.50%
06/30/2019	\$ 5,144,059	\$ 5,144,059	\$ —	\$ 66,719,780	7.71%
06/30/2020	\$ 5,507,365	\$ 5,507,365	\$ —	\$ 69,535,954	7.92%
06/30/2021	\$ 5,717,543	\$ 5,717,543	\$ —	\$ 70,326,444	8.13%

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

## INDEPENDENT SCHOOL DISTRICT NO. 621

Pension Benefits Plan  
Schedule of Changes in the District's Total  
Pension Liability and Related Ratios  
Year Ended June 30, 2021

	District Fiscal Year-End Date				
	2017	2018	2019	2020	2021
Total pension liability					
Service cost	\$ 275,874	\$ 255,228	\$ 194,950	\$ 228,077	\$ 194,311
Interest	264,251	251,584	278,527	219,917	158,519
Assumption changes	—	(193,419)	104,364	162,694	(152,302)
Plan changes	—	—	(51,749)	—	(140,580)
Differences between expected and actual experience	—	—	(386,937)	—	(164,123)
Benefit payments	(1,045,860)	(865,360)	(1,078,777)	(991,747)	(1,139,512)
Net change in total pension liability	(505,735)	(551,967)	(939,622)	(381,059)	(1,243,687)
Total pension liability – beginning of year	9,355,420	8,849,685	8,297,718	7,358,096	6,977,037
Total pension liability – end of year	<u>\$ 8,849,685</u>	<u>\$ 8,297,718</u>	<u>\$ 7,358,096</u>	<u>\$ 6,977,037</u>	<u>\$ 5,733,350</u>
Covered-employee payroll	<u>\$ 17,458,402</u>	<u>\$ 17,982,154</u>	<u>\$ 14,747,983</u>	<u>\$ 15,190,422</u>	<u>\$ 12,597,033</u>
Total pension liability as a percentage of covered-employee payroll	<u>50.69%</u>	<u>46.14%</u>	<u>49.89%</u>	<u>45.93%</u>	<u>45.51%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	District Fiscal Year-End Date				
	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 611,278	\$ 629,616	\$ 645,979	\$ 645,366	\$ 643,443
Interest	793,192	799,941	791,958	828,661	848,802
Assumption changes	—	—	140,600	(142,265)	(250,400)
Plan changes	—	—	—	—	67,835
Differences between expected and actual experience	—	—	638,739	—	110,059
Benefit payments – employer financed	—	—	—	—	(1,041,638)
Benefit payments – paid by trust	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)	(921,651)
Net change in total OPEB liability	152,773	94,112	347,079	189,546	(543,550)
Total OPEB liability – beginning of year	15,260,338	15,413,111	15,507,223	15,854,302	16,043,848
Total OPEB liability – end of year	15,413,111	15,507,223	15,854,302	16,043,848	15,500,298
Plan fiduciary net position					
Employer contributions	—	92,572	89,257	—	1,041,638
Projected investment return	1,142,327	1,160,529	1,172,920	1,221,901	1,245,741
Differences between expected and actual experience	459,404	320,645	679,656	361,800	4,364,160
Benefit payments – employer financed	—	—	—	—	(1,041,638)
Benefit payments – paid by trust	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)	(921,651)
Net change in plan fiduciary net position	350,034	238,301	71,636	441,485	4,688,250
Plan fiduciary net position – beginning of year	21,967,827	22,317,861	22,556,162	22,627,798	23,069,283
Plan fiduciary net position – end of year	22,317,861	22,556,162	22,627,798	23,069,283	27,757,533
Net OPEB liability (asset)	<u>\$ (6,904,750)</u>	<u>\$ (7,048,939)</u>	<u>\$ (6,773,496)</u>	<u>\$ (7,025,435)</u>	<u>\$ (12,257,235)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>144.80%</u>	<u>145.46%</u>	<u>142.72%</u>	<u>143.79%</u>	<u>179.08%</u>
Covered-employee payroll	<u>\$ 80,602,365</u>	<u>\$ 83,020,436</u>	<u>\$ 85,607,839</u>	<u>\$ 88,176,074</u>	<u>\$ 88,938,702</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(8.57%)</u>	<u>(8.49%)</u>	<u>(7.91%)</u>	<u>(7.97%)</u>	<u>(13.78%)</u>

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	7.3%
2018	6.6%
2019	8.2%
2020	7.0%
2021	24.3%

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.



INDEPENDENT SCHOOL DISTRICT NO. 621

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.

INDEPENDENT SCHOOL DISTRICT NO. 621

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.

INDEPENDENT SCHOOL DISTRICT NO. 621

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.

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

# INDEPENDENT SCHOOL DISTRICT NO. 621

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

### **PENSION BENEFITS PLAN**

#### **2021 CHANGES IN PLAN PROVISIONS**

- The teachers' matching contribution to the tax deferred annuity plan increased from \$3,300 to \$3,600 per year after three years of service. The clerical employees' matching contributions increased from \$1,100 for two and three years of service and \$1,600 thereafter, to \$1,400 and \$1,900, respectively. These match amounts are used as an offset to the pension benefits.

#### **2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.40 percent to 2.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

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

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

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

- The teachers' matching contribution to the tax deferred annuity plan increased from \$3,200 to \$3,300 per year after three years of service. This benefit is used as an offset to the pension benefits.

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

- The discount rate was changed from 3.50 percent to 3.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

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

- The discount rate was changed from 2.90 percent to 3.50 percent.

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

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2021 CHANGES IN PLAN PROVISIONS**

- Five nonaffiliated employees retired and elected a one-time offer to receive two years of district-paid medical, dental, and life insurance benefits.

**2021 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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The expected long-term investment return was changed from 5.20 percent to 5.40 percent.
- The discount rate was changed from 5.20 percent to 5.40 percent.

**2019 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.

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.00 percent to 5.20 percent.

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## SUPPLEMENTAL INFORMATION

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 2,954,437	\$ 2,169,957	\$ 5,124,394
Receivables			
Current taxes	—	549,180	549,180
Delinquent taxes	—	11,631	11,631
Accounts and interest	216	1,682	1,898
Due from other governmental units	337,012	889,132	1,226,144
Inventory	35,268	—	35,268
Total assets	<u>\$ 3,326,933</u>	<u>\$ 3,621,582</u>	<u>\$ 6,948,515</u>
Liabilities			
Salaries payable	\$ 40,540	\$ 139,901	\$ 180,441
Accounts and contracts payable	59,891	103,201	163,092
Unearned revenue	215,204	326,020	541,224
Total liabilities	<u>315,635</u>	<u>569,122</u>	<u>884,757</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	9,938	9,938
Property taxes levied for subsequent year	—	1,014,781	1,014,781
Total deferred inflows of resources	<u>—</u>	<u>1,024,719</u>	<u>1,024,719</u>
Fund balances (deficit)			
Nonspendable for inventory	35,268	—	35,268
Restricted	2,976,030	3,216,245	6,192,275
Unassigned	—	(1,188,504)	(1,188,504)
Total fund balances	<u>3,011,298</u>	<u>2,027,741</u>	<u>5,039,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,326,933</u>	<u>\$ 3,621,582</u>	<u>\$ 6,948,515</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,017,797	\$ 1,017,797
Investment earnings	2,413	1,714	4,127
Other	141,196	3,154,953	3,296,149
State sources	—	1,143,849	1,143,849
Federal sources	6,946,943	657,478	7,604,421
Total revenue	7,090,552	5,975,791	13,066,343
Expenditures			
Current			
Food service	4,759,393	—	4,759,393
Community service	—	4,188,819	4,188,819
Capital outlay	660,287	48,295	708,582
Total expenditures	5,419,680	4,237,114	9,656,794
Net change in fund balances	1,670,872	1,738,677	3,409,549
Fund balances			
Beginning of year	1,340,426	289,064	1,629,490
End of year	\$ 3,011,298	\$ 2,027,741	\$ 5,039,039

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 56,585,661	\$ 41,295,727
Receivables		
Current taxes	23,182,779	24,351,298
Delinquent taxes	428,215	363,588
Accounts and interest	153,032	105,214
Due from other governmental units	16,157,767	16,672,009
Due from other funds	921,651	511,341
Prepaid items	<u>547,596</u>	<u>1,341,279</u>
Total assets	<u><u>\$ 97,976,701</u></u>	<u><u>\$ 84,640,456</u></u>
Liabilities		
Salaries payable	\$ 9,511,666	\$ 9,084,723
Accounts and contracts payable	4,247,821	3,848,070
Due to other governmental units	128,687	72,506
Unearned revenue	<u>395,564</u>	<u>469,562</u>
Total liabilities	<u>14,283,738</u>	<u>13,474,861</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	350,210	317,501
Property taxes levied for subsequent year	<u>39,411,044</u>	<u>40,860,205</u>
Total deferred inflows of resources	<u>39,761,254</u>	<u>41,177,706</u>
Fund balances (deficits)		
Nonspendable for prepaid items	547,596	1,341,279
Restricted for scholarships	67,534	55,784
Restricted for operating capital	1,247,993	983,397
Restricted for state-approved alternative programs	87,703	54,285
Restricted for gifted and talented	4,228	1,253
Restricted for achievement and integration	452,234	388,211
Assigned for alternative quality teacher compensation	163,057	147,246
Assigned for school building carryover	3,126,375	2,068,010
Unassigned – long-term facilities maintenance restricted account deficit	(422,632)	(565,163)
Unassigned	<u>38,657,621</u>	<u>25,513,587</u>
Total fund balances	<u><u>43,931,709</u></u>	<u><u>29,987,889</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 97,976,701</u></u>	<u><u>\$ 84,640,456</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 43,133,634	\$ 44,400,044	\$ 1,266,410	\$ 31,390,081
Investment earnings	100,000	35,584	(64,416)	664,094
Other	2,195,500	2,747,445	551,945	3,005,857
State sources	119,451,289	120,219,848	768,559	121,719,984
Federal sources	6,966,802	8,261,629	1,294,827	4,457,586
Total revenue	171,847,225	175,664,550	3,817,325	161,237,602
Expenditures				
Current				
Administration				
Salaries	4,518,200	4,741,056	222,856	4,747,483
Employee benefits	1,674,520	1,917,687	243,167	1,819,964
Purchased services	32,660	29,216	(3,444)	35,003
Supplies and materials	12,146	7,161	(4,985)	15,443
Other expenditures	40,684	81,285	40,601	63,763
Total administration	6,278,210	6,776,405	498,195	6,681,656
District support services				
Salaries	3,030,726	2,851,833	(178,893)	2,109,802
Employee benefits	1,052,500	1,060,513	8,013	706,523
Purchased services	579,315	650,921	71,606	651,254
Supplies and materials	757,662	672,856	(84,806)	635,265
Other expenditures	2,701	11,024	8,323	16,320
Total district support services	5,422,904	5,247,147	(175,757)	4,119,164
Elementary and secondary regular instruction				
Salaries	49,000,664	48,678,577	(322,087)	47,145,310
Employee benefits	19,459,409	18,207,015	(1,252,394)	17,109,383
Purchased services	2,638,165	1,712,660	(925,505)	2,716,503
Supplies and materials	2,344,754	2,494,463	149,709	2,139,956
Capital expenditures	191,524	207,374	15,850	365,208
Other expenditures	506,699	431,029	(75,670)	393,296
Total elementary and secondary regular instruction	74,141,215	71,731,118	(2,410,097)	69,869,656

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,464,267	1,385,404	(78,863)	1,346,014
Employee benefits	538,549	533,513	(5,036)	531,756
Purchased services	353,317	275,676	(77,641)	375,369
Supplies and materials	2,785	16,680	13,895	10,812
Capital expenditures	—	305	305	—
Other expenditures	—	9,250	9,250	12,934
Total vocational education instruction	2,358,918	2,220,828	(138,090)	2,276,885
Special education instruction				
Salaries	19,685,982	18,495,434	(1,190,548)	19,703,768
Employee benefits	7,251,952	7,282,301	30,349	7,364,780
Purchased services	1,969,422	961,556	(1,007,866)	922,281
Supplies and materials	163,977	88,660	(75,317)	166,856
Other expenditures	24,124	136,577	112,453	160,276
Total special education instruction	29,095,457	26,964,528	(2,130,929)	28,317,961
Community service				
Purchased services	514,228	212,836	(301,392)	453,960
Instructional support services				
Salaries	6,723,702	6,385,640	(338,062)	7,173,097
Employee benefits	2,185,148	2,301,143	115,995	2,486,137
Purchased services	461,208	562,227	101,019	563,509
Supplies and materials	1,999,895	2,005,090	5,195	553,598
Other expenditures	38,925	67,389	28,464	62,778
Total instructional support services	11,408,878	11,321,489	(87,389)	10,839,119
Pupil support services				
Salaries	4,207,097	4,077,728	(129,369)	3,592,958
Employee benefits	1,543,284	1,446,566	(96,718)	1,275,635
Purchased services	15,066,698	11,432,310	(3,634,388)	13,714,524
Supplies and materials	21,161	16,934	(4,227)	25,082
Other expenditures	251	21,484	21,233	16,106
Total pupil support services	20,838,491	16,995,022	(3,843,469)	18,624,305

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,768,239	3,957,709	189,470	3,810,126
Employee benefits	1,790,052	1,703,986	(86,066)	1,558,135
Purchased services	11,984,716	10,623,996	(1,360,720)	10,165,361
Supplies and materials	2,002,986	2,577,485	574,499	2,387,228
Capital expenditures	786,015	426,605	(359,410)	675,713
Other expenditures	600	24,746	24,146	22,008
Total sites and buildings	20,332,608	19,314,527	(1,018,081)	18,618,571
Fiscal and other fixed cost programs				
Purchased services	552,500	465,773	(86,727)	276,375
Other expenditures	—	99,657	99,657	109,558
Total fiscal and other fixed cost programs	552,500	565,430	12,930	385,933
Debt service				
Principal	213,314	213,314	—	206,547
Interest and fiscal charges	158,086	158,086	—	164,853
Total debt service	371,400	371,400	—	371,400
Total expenditures	171,314,809	161,720,730	(9,594,079)	160,558,610
Net change in fund balances	\$ 532,416	13,943,820	\$ 13,411,404	678,992
Fund balances				
Beginning of year		29,987,889		29,308,897
End of year		\$ 43,931,709		\$ 29,987,889

## INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 2,954,437	\$ 1,309,271
Receivables		
Accounts and interest	216	—
Due from other governmental units	337,012	326,641
Inventory	<u>35,268</u>	<u>92,889</u>
Total assets	<u><u>\$ 3,326,933</u></u>	<u><u>\$ 1,728,801</u></u>
Liabilities		
Salaries payable	\$ 40,540	\$ 28,966
Accounts and contracts payable	59,891	105,080
Unearned revenue	<u>215,204</u>	<u>254,329</u>
Total liabilities	315,635	388,375
Fund balances		
Nonspendable for inventory	35,268	92,889
Restricted for food service	<u>2,976,030</u>	<u>1,247,537</u>
Total fund balances	<u><u>3,011,298</u></u>	<u><u>1,340,426</u></u>
Total liabilities and fund balances	<u><u>\$ 3,326,933</u></u>	<u><u>\$ 1,728,801</u></u>



INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 15,000	\$ 2,413	\$ (12,587)	\$ 29,248
Other – primarily meal sales	3,392,885	141,196	(3,251,689)	2,445,975
State sources	285,000	–	(285,000)	257,870
Federal sources	2,644,000	6,946,943	4,302,943	2,677,945
Total revenue	<u>6,336,885</u>	<u>7,090,552</u>	<u>753,667</u>	<u>5,411,038</u>
Expenditures				
Current				
Salaries	2,083,482	1,837,873	(245,609)	2,131,150
Employee benefits	646,376	608,258	(38,118)	639,652
Purchased services	395,800	316,396	(79,404)	416,305
Supplies and materials	3,024,227	1,990,951	(1,033,276)	2,282,736
Other expenditures	12,000	5,915	(6,085)	9,715
Capital outlay	775,000	660,287	(114,713)	245,268
Total expenditures	<u>6,936,885</u>	<u>5,419,680</u>	<u>(1,517,205)</u>	<u>5,724,826</u>
Net change in fund balances	<u>\$ (600,000)</u>	1,670,872	<u>\$ 2,270,872</u>	(313,788)
Fund balances				
Beginning of year		<u>1,340,426</u>		<u>1,654,214</u>
End of year		<u>\$ 3,011,298</u>		<u>\$ 1,340,426</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 2,169,957	\$ 691,378
Receivables		
Current taxes	549,180	583,058
Delinquent taxes	11,631	12,231
Accounts and interest	1,682	28,071
Due from other governmental units	<u>889,132</u>	<u>556,547</u>
Total assets	<u><u>\$ 3,621,582</u></u>	<u><u>\$ 1,871,285</u></u>
Liabilities		
Salaries payable	\$ 139,901	\$ 268,797
Accounts and contracts payable	103,201	132,463
Unearned revenue	<u>326,020</u>	<u>144,570</u>
Total liabilities	569,122	545,830
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	9,938	10,775
Property taxes levied for subsequent year	<u>1,014,781</u>	<u>1,025,616</u>
Total deferred inflows of resources	1,024,719	1,036,391
Fund balances (deficit)		
Restricted for community education programs	2,292,334	1,432,507
Restricted for school readiness	395,387	–
Restricted for adult basic education	468,925	315,905
Restricted for community service	59,599	–
Unassigned – early childhood family education programs		
restricted account deficit	<u>(1,188,504)</u>	<u>(1,459,348)</u>
Total fund balances	<u><u>2,027,741</u></u>	<u><u>289,064</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 3,621,582</u></u>	<u><u>\$ 1,871,285</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 1,010,611	\$ 1,017,797	\$ 7,186	\$ 995,923
Investment earnings	—	1,714	1,714	10,734
Other – primarily tuition and fees	3,690,639	3,154,953	(535,686)	4,139,162
State sources	1,599,812	1,143,849	(455,963)	1,046,033
Federal sources	361,750	657,478	295,728	299,304
Total revenue	6,662,812	5,975,791	(687,021)	6,491,156
Expenditures				
Current				
Salaries	3,824,585	2,526,511	(1,298,074)	4,170,341
Employee benefits	1,384,608	808,029	(576,579)	1,475,699
Purchased services	532,496	269,164	(263,332)	321,544
Supplies and materials	529,249	577,183	47,934	668,537
Other expenditures	14,545	7,932	(6,613)	13,799
Capital outlay	35,459	48,295	12,836	15,979
Total expenditures	6,320,942	4,237,114	(2,083,828)	6,665,899
Net change in fund balances	\$ 341,870	1,738,677	\$ 1,396,807	(174,743)
Fund balances				
Beginning of year		289,064		463,807
End of year		\$ 2,027,741		\$ 289,064

## INDEPENDENT SCHOOL DISTRICT NO. 621

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	\$ 17,533,451	\$ 57,714,967
Receivables		
Accounts and interest	<u>229,041</u>	<u>984,215</u>
Total assets	<u><u>\$ 17,762,492</u></u>	<u><u>\$ 58,699,182</u></u>
Liabilities		
Salaries payable	\$ –	\$ 903
Accounts and contracts payable	<u>2,714,371</u>	<u>13,083,624</u>
Total liabilities	<u>2,714,371</u>	<u>13,084,527</u>
Fund balances		
Restricted for capital projects	<u>15,048,121</u>	<u>45,614,655</u>
Total liabilities and fund balances	<u><u>\$ 17,762,492</u></u>	<u><u>\$ 58,699,182</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction 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				
Investment earnings	\$ 1,516,316	\$ 840,060	\$ (676,256)	\$ 3,048,158
Other	–	15,000	15,000	7,314
Total revenue	<u>1,516,316</u>	<u>855,060</u>	<u>(661,256)</u>	<u>3,055,472</u>
Expenditures				
Capital outlay				
Salaries	40,532	40,532	–	45,243
Employee benefits	7,367	7,367	–	8,755
Purchased services	4,908,132	4,558,344	(349,788)	11,013,070
Supplies and materials	206,473	227,157	20,684	37,642
Capital expenditures	<u>30,889,429</u>	<u>26,588,194</u>	<u>(4,301,235)</u>	<u>89,626,027</u>
Total expenditures	<u>36,051,933</u>	<u>31,421,594</u>	<u>(4,630,339)</u>	<u>100,730,737</u>
Net change in fund balances	<u>\$ (34,535,617)</u>	<u>(30,566,534)</u>	<u>\$ 3,969,083</u>	<u>(97,675,265)</u>
Fund balances				
Beginning of year		<u>45,614,655</u>		<u>143,289,920</u>
End of year		<u>\$ 15,048,121</u>		<u>\$ 45,614,655</u>

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## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2021	2020
Assets				
Cash and temporary investments	\$ 9,339,810	\$ 1,472,835	\$ 10,812,645	\$ 10,077,697
Receivables				
Current taxes	9,223,326	1,151,582	10,374,908	10,376,528
Delinquent taxes	175,785	26,032	201,817	204,490
Due from other governmental units	42,717	—	42,717	38,679
Total assets	<u>\$ 18,781,638</u>	<u>\$ 2,650,449</u>	<u>\$ 21,432,087</u>	<u>\$ 20,697,394</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 150,787	\$ 22,326	\$ 173,113	\$ 180,464
Property taxes levied for subsequent year	17,043,362	2,127,944	19,171,306	18,252,692
Total deferred inflows of resources	<u>17,194,149</u>	<u>2,150,270</u>	<u>19,344,419</u>	<u>18,433,156</u>
Fund balances				
Restricted for debt service	<u>1,587,489</u>	<u>500,179</u>	<u>2,087,668</u>	<u>2,264,238</u>
Total deferred inflows of resources and fund balances	<u>\$ 18,781,638</u>	<u>\$ 2,650,449</u>	<u>\$ 21,432,087</u>	<u>\$ 20,697,394</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2021			
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 17,799,196	\$ 15,963,574	\$ 2,145,308	\$ 18,108,882
Investment earnings	–	8,750	1,775	10,525
State sources	429,190	427,182	7	427,189
Total revenue	18,228,386	16,399,506	2,147,090	18,546,596
Expenditures				
Debt service				
Principal	10,615,000	8,885,000	1,730,000	10,615,000
Interest	8,104,265	7,629,815	474,450	8,104,265
Fiscal charges and other	10,850	3,401	500	3,901
Total expenditures	18,730,115	16,518,216	2,204,950	18,723,166
Excess (deficiency) of revenue over expenditures	(501,729)	(118,710)	(57,860)	(176,570)
Other financing sources (uses)				
Debt issued	–	–	–	–
Premium on debt issued	–	–	–	–
Payment on refunded debt	–	–	–	–
Total other financing sources (uses)	–	–	–	–
Net change in fund balances	\$ (501,729)	(118,710)	(57,860)	(176,570)
Fund balances				
Beginning of year		1,706,199	558,039	2,264,238
End of year		\$ 1,587,489	\$ 500,179	\$ 2,087,668



	2020
Over (Under) Budget	Total
\$ 309,686	\$ 18,317,639
10,525	132,356
(2,001)	386,795
<u>318,210</u>	<u>18,836,790</u>
—	10,820,000
—	8,212,528
(6,949)	109,096
<u>(6,949)</u>	<u>19,141,624</u>
325,159	(304,834)
—	16,600,000
—	1,891,124
—	(18,385,000)
<u>—</u>	<u>106,124</u>
<u>\$ 325,159</u>	(198,710)
	<u>2,462,948</u>
	<u>\$ 2,264,238</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2021	2020
Assets				
Current assets				
Cash and temporary investments	\$ 1,411,029	\$ 10,725,454	\$ 12,136,483	\$ 11,045,654
Liabilities				
Current liabilities				
Claims payable	109,709	1,082,086	1,191,795	1,146,415
Unearned revenue	136,531	2,320,654	2,457,185	2,412,496
Total current liabilities	<u>246,240</u>	<u>3,402,740</u>	<u>3,648,980</u>	<u>3,558,911</u>
Net position				
Unrestricted	<u>\$ 1,164,789</u>	<u>\$ 7,322,714</u>	<u>\$ 8,487,503</u>	<u>\$ 7,486,743</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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	Totals	
			2021	2020
Operating revenue				
Charges for services	\$ 1,217,149	\$ 21,641,897	\$ 22,859,046	\$ 22,213,470
Operating expenses				
Dental benefit claims	1,370,643	—	1,370,643	1,010,712
Medical benefit claims	—	20,501,247	20,501,247	18,364,943
Total operating expenses	<u>1,370,643</u>	<u>20,501,247</u>	<u>21,871,890</u>	<u>19,375,655</u>
Operating income (loss)	(153,494)	1,140,650	987,156	2,837,815
Nonoperating revenue				
Investment earnings	<u>2,020</u>	<u>11,584</u>	<u>13,604</u>	<u>120,514</u>
Change in net position	(151,474)	1,152,234	1,000,760	2,958,329
Net position				
Beginning of year	<u>1,316,263</u>	<u>6,170,480</u>	<u>7,486,743</u>	<u>4,528,414</u>
End of year	<u>\$ 1,164,789</u>	<u>\$ 7,322,714</u>	<u>\$ 8,487,503</u>	<u>\$ 7,486,743</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2021	2020
Cash flows from operating activities				
Assessments from other funds and employee contributions	\$ 1,213,519	\$ 21,690,216	\$ 22,903,735	\$ 22,438,000
Payments for dental claims	(1,314,202)	—	(1,314,202)	(1,040,912)
Payments for medical claims	—	(20,512,308)	(20,512,308)	(18,567,796)
Net cash flows from operating activities	(100,683)	1,177,908	1,077,225	2,829,292
Cash flows from investing activities				
Investment income received	2,020	11,584	13,604	120,514
Net change in cash and cash equivalents	(98,663)	1,189,492	1,090,829	2,949,806
Cash and cash equivalents				
Beginning of year	1,509,692	9,535,962	11,045,654	8,095,848
End of year	\$ 1,411,029	\$ 10,725,454	\$ 12,136,483	\$ 11,045,654
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (153,494)	\$ 1,140,650	\$ 987,156	\$ 2,837,815
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	—	—	—	59,601
Claims payable	56,441	(11,061)	45,380	(233,053)
Unearned revenue	(3,630)	48,319	44,689	164,929
Total changes in assets and liabilities	52,811	37,258	90,069	(8,523)
Net cash flows from operating activities	\$ (100,683)	\$ 1,177,908	\$ 1,077,225	\$ 2,829,292

STATISTICAL SECTION

(UNAUDITED)



## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 621, Mounds View Public Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

#### **Operating Indicators**

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

				Fiscal Year
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 25,192,950	\$ 24,924,792	\$ 23,744,173	\$ 25,085,659
Restricted	5,747,769	5,606,644	5,739,644	4,200,517
Unrestricted	<u>23,728,479</u>	<u>27,909,045</u>	<u>30,426,448</u>	<u>(53,630,283)</u>
Total governmental activities net position	<u>\$ 54,669,198</u>	<u>\$ 58,440,481</u>	<u>\$ 59,910,265</u>	<u>\$ (24,344,107)</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$82.1 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$25.2 million. Prior years were not restated.



<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 26,932,748	\$ 28,976,776	\$ 32,618,509	\$ 39,575,093	\$ 43,544,385	\$ 46,637,728
4,608,400	4,646,339	4,593,151	5,357,804	4,582,543	8,097,173
<u>(56,055,220)</u>	<u>(116,895,944)</u>	<u>(154,457,243)</u>	<u>(119,040,647)</u>	<u>(121,764,031)</u>	<u>(107,770,911)</u>
<u><u>\$ (24,514,072)</u></u>	<u><u>\$ (83,272,829)</u></u>	<u><u>\$ (117,245,583)</u></u>	<u><u>\$ (74,107,750)</u></u>	<u><u>\$ (73,637,103)</u></u>	<u><u>\$ (53,036,010)</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Expenses				
Administration	\$ 4,591,726	\$ 4,875,064	\$ 4,973,898	\$ 5,387,659
District support services	2,884,530	2,768,287	2,961,502	3,197,095
Elementary and secondary regular instruction	59,264,861	61,436,284	61,988,289	67,127,774
Vocational education instruction	1,941,271	1,861,655	1,925,945	1,908,522
Special education instruction	21,940,069	22,933,678	25,116,400	27,232,152
Instructional support services	5,510,110	5,445,000	7,028,111	7,566,625
Pupil support services	10,637,059	10,056,280	11,642,274	13,963,511
Sites and buildings	16,089,915	16,277,791	17,554,040	20,121,886
Fiscal and other fixed cost programs	265,051	359,601	385,752	427,619
Food service	5,217,083	5,192,328	5,339,131	5,564,921
Community service	4,788,232	5,155,798	5,314,907	4,851,812
Interest and fiscal charges on debt	8,089,793	6,907,773	5,006,312	4,509,118
Total governmental activities expenses	141,219,700	143,269,539	149,236,561	161,858,694
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,269,718	1,026,494	1,208,673	1,067,920
Special education instruction	213,418	629,617	418,370	508,402
Instructional support services	—	—	—	123,345
Pupil support services	373,157	334,892	316,479	280,775
Sites and buildings	104,857	104,483	109,594	103,626
Food service	3,065,932	3,126,189	3,062,065	3,074,885
Community service	2,520,911	2,981,549	3,026,503	2,712,614
Operating grants and contributions				
Administration	—	—	—	6,241
District support services	—	—	—	461
Elementary and secondary regular instruction	3,086,435	2,687,714	2,574,979	2,920,534
Vocational education instruction	—	—	—	3,158
Special education instruction	15,663,604	17,903,620	19,486,876	21,872,209
Instructional support services	—	—	—	9,083
Pupil support services	439,107	155,858	148,927	198,149
Sites and buildings	268,735	—	—	27
Food service	1,966,294	2,191,802	2,321,349	2,629,613
Community service	754,389	701,770	460,858	479,185
Capital grants and contributions				
Sites and buildings	580,086	858,707	914,836	1,484,698
Total governmental activities program revenues	30,306,643	32,702,695	34,049,509	37,474,925
Net (expense) revenue	(110,913,057)	(110,566,844)	(115,187,052)	(124,383,769)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	25,000,264	24,430,247	13,953,313	23,522,410
Property taxes, levied for community service	992,158	980,035	500,089	953,169
Property taxes, levied for capital projects	2,473,995	2,903,890	2,949,291	3,689,071
Property taxes, levied for debt service	13,331,242	13,677,869	13,748,691	13,251,524
General grants and aids	65,656,713	68,966,948	82,712,425	77,974,223
Other general revenues	2,973,827	3,542,925	2,702,309	2,474,379
Gain on sale of capital assets	—	—	—	413,034
Investment earnings (charges)	859,929	295,774	90,718	(10,078)
Total general revenues and other changes in net position	111,288,128	114,797,688	116,656,836	122,267,732
Change in net position	\$ 375,071	\$ 4,230,844	\$ 1,469,784	\$ (2,116,037)

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.

2016	2017	2018	2019	2020	2021
\$ 6,110,334	\$ 7,471,675	\$ 7,668,827	\$ 5,050,750	\$ 6,851,159	\$ 6,846,710
3,942,368	4,145,830	4,349,055	3,374,138	4,084,535	4,839,842
70,955,844	95,722,251	95,039,715	51,196,047	79,172,881	79,483,975
1,757,061	2,616,771	3,230,895	1,445,513	2,410,016	2,338,774
28,745,016	35,418,105	34,409,090	19,215,805	29,373,738	27,842,706
8,890,155	11,824,060	11,956,712	7,342,386	11,196,400	11,546,208
14,643,966	16,199,619	17,115,807	16,231,907	18,800,249	17,182,687
18,139,344	18,668,418	19,719,565	20,605,301	21,545,372	20,168,897
219,076	278,990	266,786	266,838	385,933	565,430
5,841,533	6,184,095	5,976,662	5,891,965	5,619,436	5,308,148
5,030,833	6,273,316	7,350,028	5,724,008	7,286,126	4,539,377
4,165,302	3,989,027	6,111,749	8,835,930	7,981,433	7,122,669
168,440,832	208,792,157	213,194,891	145,180,588	194,707,278	187,785,423
861,975	868,724	1,004,098	1,173,664	576,429	773,262
631,279	475,074	553,754	435,896	339,699	234,127
149,426	156,597	163,431	145,897	139,755	124,599
272,957	295,884	306,794	322,264	244,561	36,686
107,544	105,249	112,906	122,799	71,619	33,115
3,087,136	3,172,899	3,118,383	3,214,081	2,445,975	141,196
2,779,048	3,045,614	3,373,337	3,411,613	2,901,835	1,562,947
58,073	—	—	—	—	—
6,077	—	—	—	—	—
3,811,345	3,110,627	3,675,378	3,543,610	3,957,894	3,150,839
28,361	—	—	—	—	—
23,283,918	23,339,833	24,638,171	24,141,833	27,774,698	26,264,440
79,299	—	—	—	—	—
46,423	—	—	—	—	—
374	231,980	364,777	499,411	469,592	540,723
2,920,947	3,020,997	2,954,599	2,921,186	2,935,815	6,946,943
1,150,580	1,262,178	1,064,414	1,254,582	1,342,557	1,375,109
1,496,359	1,559,679	1,812,914	1,969,876	1,893,498	1,796,947
40,771,121	40,645,335	43,142,956	43,156,712	45,093,927	42,980,933
(127,669,711)	(168,146,822)	(170,051,935)	(102,023,876)	(149,613,351)	(144,804,490)
25,150,513	30,211,501	30,823,278	30,685,939	31,345,471	44,432,753
975,913	979,320	1,005,463	995,010	994,294	1,016,960
3,689,071	—	—	—	—	—
13,045,257	12,895,803	12,902,963	18,797,523	18,304,743	18,101,531
81,706,355	88,069,014	87,181,761	85,881,005	92,508,417	97,797,777
2,307,624	2,292,769	2,104,906	2,961,523	2,878,435	3,152,662
—	—	—	—	—	—
625,013	192,615	2,060,810	5,840,709	4,005,104	903,900
127,499,746	134,641,022	136,079,181	145,161,709	150,036,464	165,405,583
\$ (169,965)	\$ (33,505,800)	\$ (33,972,754)	\$ 43,137,833	\$ 423,113	\$ 20,601,093

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

Fiscal Year	Property Tax				
	General Purpose	Community Service	Capital Projects	Debt Service	Total
2012	\$ 25,000,264	\$ 992,158	\$ 2,473,995	\$ 13,331,242	\$ 41,797,659
2013	24,430,247	980,035	2,903,890	13,677,869	41,992,041
2014	13,953,313	500,089	2,949,291	13,748,691	31,151,384
2015	23,522,410	953,169	3,689,071	13,251,524	41,416,174
2016	25,150,513	975,913	3,689,071	13,045,257	42,860,754
2017	30,211,501	979,320	—	12,895,803	44,086,624
2018	30,823,278	1,005,463	—	12,902,963	44,731,704
2019	30,685,939	995,010	—	18,797,523	50,478,472
2020	31,345,471	994,294	—	18,304,743	50,644,508
2021	44,432,753	1,016,960	—	18,101,531	63,551,244

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

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 496,671	\$ 501,958	\$ 685,727	\$ 611,100
Restricted	3,876,864	4,048,093	3,407,081	1,474,792
Assigned	10,426,265	5,749,007	7,358,288	6,093,447
Unassigned	19,747,378	28,071,199	26,226,692	22,882,526
Total General Fund	<u>\$ 34,547,178</u>	<u>\$ 38,370,257</u>	<u>\$ 37,677,788</u>	<u>\$ 31,061,865</u>
All other governmental funds				
Nonspendable	\$ 39,791	\$ 52,770	\$ 56,496	\$ 48,946
Restricted				
Capital Projects – Building				
Construction Fund	—	—	—	—
Special revenue funds	1,131,126	1,483,484	1,366,755	1,532,865
Debt service funds	39,982,246	51,878,695	1,812,004	19,742,100
Unassigned				
Capital Projects – Building				
Construction Fund	(347,157)	(985,455)	(1,235,502)	(1,113,140)
Special revenue funds	(4,047)	(82,076)	(48,429)	(30,570)
Total all other governmental funds	<u>\$ 40,801,959</u>	<u>\$ 52,347,418</u>	<u>\$ 1,951,324</u>	<u>\$ 20,180,201</u>

2016	2017	2018	2019	2020	2021
\$ 817,416	\$ 889,805	\$ 1,533,522	\$ 1,182,398	\$ 1,341,279	\$ 547,596
1,150,426	2,059,378	2,083,897	2,344,085	1,482,930	1,859,692
3,849,612	2,409,020	2,064,178	2,574,974	2,215,256	3,289,432
23,978,712	25,061,852	23,501,191	23,159,906	24,948,424	38,234,989
<u>\$ 29,796,166</u>	<u>\$ 30,420,055</u>	<u>\$ 29,182,788</u>	<u>\$ 29,261,363</u>	<u>\$ 29,987,889</u>	<u>\$ 43,931,709</u>
\$ 57,788	\$ 61,275	\$ 54,558	\$ 34,668	\$ 92,889	\$ 35,268
—	—	162,532,071	143,289,920	45,614,655	15,048,121
1,859,612	2,544,249	2,479,513	2,966,647	2,995,949	6,192,275
19,790,965	19,352,348	19,196,794	2,462,948	2,264,238	2,087,668
(1,146,182)	(1,146,182)	—	—	—	—
<u>(30,527)</u>	<u>(30,084)</u>	<u>(366,133)</u>	<u>(883,294)</u>	<u>(1,459,348)</u>	<u>(1,188,504)</u>
<u>\$ 20,531,656</u>	<u>\$ 20,781,606</u>	<u>\$ 183,896,803</u>	<u>\$ 147,870,889</u>	<u>\$ 49,508,383</u>	<u>\$ 22,174,828</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Local sources				
Taxes	\$ 41,845,990	\$ 42,040,172	\$ 31,156,962	\$ 41,287,736
Investment earnings	859,697	295,493	90,401	(10,938)
Other	10,384,824	11,581,990	10,843,993	10,345,946
State sources	81,728,543	87,592,589	102,961,146	101,311,005
Federal sources	6,686,820	5,873,830	5,659,104	6,095,805
Total revenues	<u>141,505,874</u>	<u>147,384,074</u>	<u>150,711,606</u>	<u>159,029,554</u>
Expenditures				
Current				
Administration	4,206,419	4,787,170	4,967,213	5,461,993
District support services	2,556,407	2,867,490	2,965,208	3,448,811
Elementary and secondary regular instruction	53,055,313	54,499,860	56,784,520	63,171,558
Vocational education instruction	1,939,222	1,859,606	1,923,919	1,938,448
Special education instruction	23,412,864	23,667,372	24,995,572	27,283,564
Instructional support services	5,324,324	5,440,012	7,075,720	7,688,981
Pupil support services	9,569,020	10,212,385	11,592,172	13,879,645
Sites and buildings	11,661,051	12,294,900	13,193,941	15,293,272
Fiscal and other fixed cost programs	265,051	359,601	385,752	427,619
Food service	4,987,330	4,973,573	5,119,024	5,420,705
Community service	4,724,521	5,105,670	5,299,438	4,848,292
Capital outlay	3,458,467	3,704,532	3,445,997	3,721,645
Debt service				
Principal	7,853,034	9,205,000	9,550,000	9,035,000
Interest and fiscal charges	7,692,225	6,248,365	5,603,388	4,489,735
Total expenditures	<u>140,705,248</u>	<u>145,225,536</u>	<u>152,901,864</u>	<u>166,109,268</u>
Excess of revenues over (under) expenditures	800,626	2,158,538	(2,190,258)	(7,079,714)
Other financing sources (uses)				
Transfers in	2,473,995	2,903,890	2,949,291	3,689,071
Transfers out	(2,473,995)	(2,903,890)	(2,949,291)	(3,689,071)
Sale of capital assets	—	—	—	413,034
Debt issued	16,540,000	29,760,000	—	17,515,000
Capital lease proceeds	—	—	—	—
Premium (discounts) on debt issued	875,758	—	—	764,634
Payment on refunded debt	(26,935,000)	(16,550,000)	(48,898,305)	—
Total other financing sources (uses)	<u>(9,519,242)</u>	<u>13,210,000</u>	<u>(48,898,305)</u>	<u>18,692,668</u>
Net change in fund balances	<u>\$ (8,718,616)</u>	<u>\$ 15,368,538</u>	<u>\$ (51,088,563)</u>	<u>\$ 11,612,954</u>
Debt service as a percentage of noncapital expenditures	<u>11.1%</u>	<u>10.7%</u>	<u>10.1%</u>	<u>8.3%</u>

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.



2016	2017	2018	2019	2020	2021
\$ 43,006,440	\$ 44,267,541	\$ 44,588,332	\$ 50,550,877	\$ 50,703,643	\$ 63,526,723
619,728	175,099	1,989,789	5,729,382	3,884,590	890,296
10,196,989	10,412,810	10,737,609	11,787,737	9,598,308	6,058,594
108,248,827	110,426,489	114,867,864	118,959,085	123,410,682	121,790,886
6,339,284	6,562,930	6,860,329	6,502,655	7,434,835	15,866,050
168,411,268	171,844,869	179,043,923	193,529,736	195,032,058	208,132,549
6,016,773	5,988,354	6,322,518	6,734,366	6,681,656	6,776,405
3,704,592	3,935,287	3,959,649	3,974,222	4,119,164	5,247,147
64,414,615	65,233,055	66,939,396	69,212,585	69,869,656	71,731,118
1,751,962	1,982,348	2,546,828	2,282,901	2,276,885	2,220,828
28,625,809	26,532,145	27,208,114	26,892,611	28,317,961	26,964,528
8,724,439	9,358,160	9,640,035	9,756,662	10,839,119	11,321,489
14,562,250	14,989,443	15,949,536	17,377,966	18,624,305	16,995,022
13,517,854	23,289,708	19,291,527	19,246,078	18,618,571	19,314,527
219,076	278,990	266,786	266,838	385,933	565,430
5,696,674	5,713,538	5,759,681	5,835,988	5,479,558	4,759,393
5,002,466	5,242,797	6,387,890	7,024,784	7,103,880	4,401,655
3,980,877	306,553	3,352,808	24,162,868	100,991,984	32,130,176
9,220,000	9,660,700	9,940,680	10,729,994	11,026,547	10,828,314
4,391,040	4,159,952	4,624,926	9,164,212	8,486,477	8,266,252
169,828,427	176,671,030	182,190,374	212,662,075	292,821,696	221,522,284
(1,417,159)	(4,826,161)	(3,146,451)	(19,132,339)	(97,789,638)	(13,389,735)
4,189,071	—	1,146,182	—	—	—
(3,689,071)	—	(1,146,182)	—	—	—
2,915	—	—	—	—	—
—	—	156,550,000	—	16,600,000	—
—	5,700,000	—	—	—	—
—	—	8,474,381	—	1,891,124	—
—	—	—	(16,815,000)	(18,385,000)	—
502,915	5,700,000	165,024,381	(16,815,000)	106,124	—
\$ (914,244)	\$ 873,839	\$ 161,877,930	\$ (35,947,339)	\$ (97,683,514)	\$ (13,389,735)
8.2%	8.1%	8.2%	10.5%	10.1%	10.0%

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

Fiscal Year	Property Tax				
	General Purpose	Capital Projects	Community Service	Debt Service	Total
2012	\$ 25,047,064	\$ 2,473,995	\$ 992,975	\$ 13,331,956	\$ 41,845,990
2013	27,371,664	—	976,663	13,691,845	42,040,172
2014	16,909,462	—	500,673	13,746,827	31,156,962
2015	27,128,723	—	950,321	13,208,692	41,287,736
2016	28,930,255	—	984,564	13,091,621	43,006,440
2017	30,326,197	—	983,709	12,957,635	44,267,541
2018	30,720,300	—	1,002,306	12,865,726	44,588,332
2019	30,756,672	—	997,284	18,796,921	50,550,877
2020	31,390,081	—	995,923	18,317,639	50,703,643
2021	44,400,044	—	1,017,797	18,108,882	63,526,723

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Tax Capacities and Estimated Market Values  
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacities				
	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment
			Contribution	Distribution	
2012	\$ 14,755	\$ 95,881,602	\$ (13,934,704)	\$ 9,132,412	\$ (10,182,430)
2013	54,801	90,807,499	(13,134,572)	8,959,209	(8,824,222)
2014	53,733	91,186,002	(12,920,974)	8,575,060	(7,703,743)
2015	54,207	96,482,949	(12,818,532)	8,722,933	(6,971,412)
2016	54,207	99,371,202	(12,662,936)	9,068,708	(6,359,282)
2017	55,245	105,143,686	(12,908,522)	10,010,150	(6,424,566)
2018	57,112	113,030,538	(13,677,567)	10,793,803	(6,761,366)
2019	57,112	120,900,657	(14,561,993)	11,280,177	(6,810,801)
2020	16,688	128,820,834	(15,858,671)	11,787,354	(6,564,847)
2021	16,688	137,638,851	(15,962,229)	12,260,186	(7,297,974)

Note 1: Tax capacity is calculated by applying class rates for specific property classifications (residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Note 2: Tax rates are per one dollar of tax capacity.

Note 3: District tax capacity rates do not include the referendum, which is spread on school district referendum market value.

Source: State of Minnesota School Tax Report

Total Taxable		Tax Capacity Rate	Estimated Market Value	Market Value Tax Rate	Percent Total Tax Capacity of Estimated Market Value
\$	80,911,635	29.044	\$ 7,923,005,300	0.21242	1.02 %
	77,862,715	29.444	7,509,639,900	0.22834	1.04
	79,190,078	29.734	7,555,198,500	0.21069	1.05
	85,470,145	27.378	8,042,644,600	0.21901	1.06
	89,471,899	26.245	8,292,264,800	0.22261	1.08
	95,875,993	25.305	8,752,524,300	0.20712	1.10
	103,442,520	28.464	9,343,714,000	0.19725	1.11
	110,865,152	26.330	9,971,701,500	0.18765	1.11
	118,201,358	24.964	10,641,714,500	0.29347	1.11
	126,655,522	23.863	11,297,090,500	0.25290	1.12

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Tax Collection Year	ISD No. 621	Municipalities			
		City of Arden Hills	City of Mounds View	City of New Brighton	City of North Oaks
2012	29.044	25.544	48.893	41.416	9.819
2013	29.444	27.931	50.422	41.968	10.822
2014	29.734	27.950	44.301	38.354	10.808
2015	27.378	27.294	42.886	36.193	10.121
2016	26.245	26.539	40.105	36.176	10.021
2017	25.305	27.211	37.531	43.479	10.047
2018	28.464	25.532	37.742	43.239	10.873
2019	26.330	25.555	38.009	42.882	11.253
2020	24.964	25.414	36.675	42.619	11.698
2021	23.863	25.089	35.569	39.545	11.767

Note 1: Tax rates are per one dollar of tax capacity.

Note 2: The tax capacity rate applied to an individual property is the sum of the applicable school district, city, county, and other taxing entity tax rates. The “other” taxing entities include: the Metropolitan Council, Ramsey County Library, and Northeast Metropolitan Intermediate School District No. 916.

Note 3: District rates do not include the referendum, which is spread on school district referendum market value.

Source: Ramsey County Auditor

City of Roseville	City of Shoreview	City of Vadnais Heights	Ramsey County	White Bear Township	Other
33.446	33.252	27.840	56.944	23.767	7.078
38.899	36.970	29.051	65.240	25.246	7.378
40.121	37.490	29.269	63.735	24.014	7.359
38.909	34.873	26.904	58.922	22.031	6.980
39.324	35.357	26.820	58.885	22.875	7.252
38.552	34.302	26.845	51.173	21.976	6.920
38.177	33.617	24.872	49.473	21.623	6.642
37.422	32.960	24.127	48.565	21.722	6.413
39.201	32.626	24.583	48.081	21.760	6.224
37.071	32.331	23.298	43.859	24.142	5.710

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INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Taxpayers  
Current and Nine Years Ago

Taxpayer	Type of Property	2021		2012	
		Tax Capacity	Percent of Total Tax Capacity	Tax Capacity	Percent of Total Tax Capacity
Medtronic, Inc.	Commercial	\$ 2,579,570	2.0 %	\$ 2,097,286	2.6 %
Boston Scientific	Commercial	1,082,940	0.9	1,599,250	2.0
Breit Ramsey Industrial Owner LLC	Commercial	936,798	0.7	464,754	0.6
Land O' Lakes, Inc.	Commercial	736,212	0.6	367,236	0.5
Wells Fargo Properties, Inc.	Commercial	691,550	0.5	873,250	1.1
Space Center Arden Hills, LLC	Commercial	529,992	0.4	—	—
GJJV MN 3, 4, 5 LLC	Commercial	511,656	0.4	413,932	0.5
St. Paul Fire and Marine Insurance Company	Commercial	494,128	0.4	—	—
Terrace Apartments Company	Commercial	473,524	0.4	—	—
Levitan Limited Partnership	Commercial	428,590	0.3	—	—
ARI – Shoreview Corp. Center, LLC	Commercial	—	—	1,013,232	1.3
Deluxe Corporation	Commercial	—	—	609,250	0.8
CSM Corporation	Commercial	—	—	429,500	0.5
Arden Hills Industrial, LLC	Commercial	—	—	392,460	0.5
Mutual Service Insurance Company	Commercial	—	—	—	—
Canis Rice Creek	Commercial	—	—	—	—
Total		<u>\$ 8,464,960</u>	<u>6.7 %</u>	<u>\$ 8,260,150</u>	<u>10.2 %</u>

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Levies and Receivables  
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			First Year Levy Recognized		Collections
	Local Spread	Fiscal Disparities	Total Spread	Amount	Percentage of Levy	Received in Subsequent Years
2012	\$ 37,677,540	\$ 4,247,225	\$ 41,924,765	\$ 41,510,107	99.0 %	\$ 414,658
2013	37,493,498	4,703,026	42,196,524	41,837,221	99.1	359,303
2014	37,011,867	4,658,824	41,670,691	41,394,871	99.3	275,820
2015	38,721,741	4,560,027	43,281,768	42,995,564	99.3	261,671
2016	39,603,186	4,564,200	44,167,386	43,918,515	99.4	218,847
2017	39,944,784	4,925,309	44,870,093	44,662,492	99.5	184,529
2018	44,892,812	5,010,165	49,902,977	49,634,367	99.5	206,715
2019	45,016,214	5,454,619	50,470,833	50,156,746	99.4	164,323
2020	57,880,683	5,318,499	63,199,182	62,846,807	99.4	—
2021	56,028,327	6,658,724	62,687,051	28,580,184	45.6	—

Note 1: Delinquent taxes are written off after seven years.

Note 2: Collections for the most recent year are first half collections (through June 30) only.

Source: State of Minnesota School Tax Report

Total to Date			Uncollected Taxes Receivable as of June 30, 2021					
Amount		Percentage of Levy	Delinquent			Current		
			Amount	Percent		Amount	Percent	
\$ 41,924,765	100.0	%	\$ —	—	%	\$ —	—	%
42,196,524	100.0		—	—		—	—	
41,670,691	100.0		—	—		—	—	
43,257,235	99.9		24,533	0.1		—	—	
44,137,362	99.9		30,024	0.1		—	—	
44,847,021	99.9		23,072	0.1		—	—	
49,841,082	99.9		61,895	0.1		—	—	
50,321,069	99.7		149,764	0.3		—	—	
62,846,807	99.4		352,375	0.6		—	—	
28,580,184	45.6		—	—		34,106,867	54.4	
			<u>\$ 641,663</u>			<u>\$ 34,106,867</u>		

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INDEPENDENT SCHOOL DISTRICT NO. 621

Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Capital Leases			
2012	\$ 171,485,000	\$ (8,303,716)	\$ 305,000	\$ 163,486,284	4.23 %	\$ 1,952
2013	175,640,000	(7,399,210)	155,000	168,395,790	4.28	1,991
2014	109,550,000	388,347	—	109,938,347	2.74	1,287
2015	118,030,000	1,064,690	—	119,094,690	2.83	1,380
2016	108,810,000	925,424	—	109,735,424	2.49	1,259
2017	99,335,000	793,619	5,514,300	105,642,919	2.27	1,200
2018	246,135,000	9,060,512	5,323,620	260,519,132	5.52	2,930
2019	218,790,000	8,613,548	5,123,626	232,527,174	4.50	2,590
2020	206,185,000	9,946,289	4,917,079	221,048,368	4.08	2,437
2021	195,570,000	9,142,683	4,703,765	209,416,448	3.72	2,286

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Ratio of Net General Obligation Bonded Debt  
to Tax Capacity and Net General Obligation Bonded Debt per Capita  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds on Hand</u>	<u>Net Bonded Debt</u>	<u>Tax Capacity</u>	<u>Percent of Net Debt to Tax Capacity</u>
2012	\$ 163,181,284	\$ 39,982,246	\$ 123,199,038	\$ 80,911,635	152.26 %
2013	168,240,790	51,878,695	116,362,095	77,862,715	149.45
2014	109,938,347	1,812,004	108,126,343	79,190,078	136.54
2015	119,094,690	19,742,100	99,352,590	85,470,145	116.24
2016	109,735,424	19,790,965	89,944,459	89,471,899	100.53
2017	100,128,619	19,352,348	80,776,271	95,875,993	84.25
2018	255,195,512	19,196,794	235,998,718	103,442,520	228.14
2019	227,403,548	2,462,948	224,940,600	110,865,152	202.90
2020	216,131,289	2,264,238	213,867,051	118,201,358	180.93
2021	204,712,683	2,087,668	202,625,015	126,655,522	159.98

(1) See the Schedule of Tax Capacities and Estimated Market Values for market value data.

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

Estimated Population	Net Bonded Debt per Capita	Percent of Net Debt to Estimated Market Value (1)
83,752	\$ 1,471	1.55 %
84,590	1,376	1.55
85,436	1,266	1.43
86,290	1,151	1.24
87,153	1,032	1.08
88,025	918	0.92
88,905	2,654	2.53
89,794	2,505	2.26
90,692	2,358	2.01
91,599	2,212	1.79

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INDEPENDENT SCHOOL DISTRICT NO. 621

Direct and Overlapping Debt  
June 30, 2021

Governmental Unit	Gross Bonded Debt Outstanding (1)	Percent Allocable to ISD No. 621 (2)	Portion Allocable to ISD No. 621
Direct debt			
Independent School District No. 621	\$ 204,712,683	100.00 %	\$ 204,712,683
Overlapping debt			
City of Mounds View	6,131,126	100.00	6,131,126
City of New Brighton	31,777,730	91.82	29,178,312
City of Roseville	21,535,936	16.51	3,555,583
City of Shoreview	30,364,121	92.98	28,232,560
City of Vadnais Heights	5,930,000	11.92	706,856
Northeast Metropolitan Intermediate School District No. 916	75,365,000	15.10	11,380,115
Ramsey County	212,193,931	18.15	38,513,198
White Bear Township	7,738,609	0.14	10,834
Special districts			
Metropolitan Council	245,380,000	2.91	7,140,558
Metropolitan Airports Commission	1,537,805	2.91	44,750
Total overlapping debt			<u>124,893,892</u>
Total direct and overlapping debt			<u>\$ 329,606,575</u>

- (1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue.
- (2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Ramsey County

## INDEPENDENT SCHOOL DISTRICT NO. 621

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Debt limit	\$ 1,188,450,795	\$ 1,126,445,985	\$ 1,133,279,775	\$ 1,206,396,690
Total net debt applicable to the limit	131,502,754	123,761,305	107,737,996	98,287,900
Legal debt margin	<u>\$ 1,056,948,041</u>	<u>\$ 1,002,684,680</u>	<u>\$ 1,025,541,779</u>	<u>\$ 1,108,108,790</u>
Total net debt applicable to the limit as a percentage of debt limit	11.07%	10.99%	9.51%	8.15%

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

Source: Ramsey County

2016	2017	2018	2019	2020	2021
\$ 1,243,839,720	\$ 1,312,878,645	\$ 1,401,557,100	\$ 1,495,755,225	\$ 1,596,257,175	\$ 1,694,563,575
89,019,035	79,982,652	226,938,206	216,327,052	203,920,762	193,482,332
<u>\$ 1,154,820,685</u>	<u>\$ 1,232,895,993</u>	<u>\$ 1,174,618,894</u>	<u>\$ 1,279,428,173</u>	<u>\$ 1,392,336,413</u>	<u>\$ 1,501,081,243</u>
7.16%	6.09%	16.19%	14.46%	12.77%	11.42%

Legal Debt Margin Calculation for Fiscal Year 2021

Market value	\$11,297,090,500
Debt limit (15% of market value)	1,694,563,575
Debt applicable to the limit	
General obligation bonds	195,570,000
Less amount set aside for repayment of general obligation debt	<u>(2,087,668)</u>
Total net debt applicable to the limit	<u>193,482,332</u>
Legal debt margin	<u>\$ 1,501,081,243</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (1)</u>	<u>School Enrollment (2)</u>
2012	83,752	\$ 3,862,977,248	\$ 46,124	5.9 %	10,005.93
2013	84,590	3,935,888,110	46,529	5.5	10,232.42
2014	85,436	4,017,110,582	47,019	4.8	10,521.38
2015	86,290	4,203,284,806	48,711	3.8	10,762.47
2016	87,153	4,404,807,940	50,541	3.8	11,145.74
2017	88,025	4,654,393,678	52,876	3.7	11,297.21
2018	88,905	4,715,784,740	53,043	3.0	11,389.34
2019	89,794	5,164,501,308	57,515	3.4	11,656.29
2020	90,692	5,412,766,424	59,683	10.1	11,725.84
2021	91,599	5,636,993,151	61,540	5.2	11,499.32

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

## Sources:

- (1) Ramsey County Annual Comprehensive Financial Report
- (2) The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Employers  
as of June 30, 2021 and 2012

Employer	2021		2012	
	Employees	Rank	Employees	Rank
Medtronic, Inc. (both Shoreview and Mounds View)	4,200	1	3,632	1
Boston Scientific	3,200	2	2,000	2
Independent School District No. 621	1,750	3	1,450	3
Land O' Lakes, Inc.	1,565	4	800	5
Wells Fargo	1,200	5	711	6
Deluxe Corporation	1,150	6	1,067	4
University of Northwestern	1,020	7	—	—
Bethel University	930	8	—	—
Cummins Power Generation	600	9	—	—
Medtox Laboratory, Inc.	513	10	633	7
I.C. Systems	—	—	619	8
Sysco MN	—	—	552	9
Empi	—	—	411	10
Total	16,128		11,875	

Note: Total Employment in the District's boundaries was not readily available.

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Employees by Classification  
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2012	2013	2014	2015
District directors/superintendent	7	7	8	8
Principals	14	15	17	18
Teachers (2)	777	805	823	881
Managers, coordinators, supervisors, specialists, and technical support	71	67	73	79
Paraprofessionals	341	347	362	402
Food service	81	81	75	83
Custodians	68	68	68	70
Clerical	49	49	49	51
Community education and Laurentian Environmental Center	20	18	13	17
Total	1,428	1,457	1,488	1,609

(1) This schedule is a headcount based on a contract group. Full-time and part-time employees count the same.

(2) Includes nurses, social workers, psychologists, speech pathologists, occupational therapists, physical therapists, adult basic education, early childhood family education, and learning resource teachers.

Source: The District's Human Resource Department

2016	2017	2018	2019	2020	2021
8	10	11	14	15	15
23	25	24	24	26	25
884	892	893	919	904	908
83	83	86	86	102	81
402	390	394	412	401	412
78	77	75	80	73	76
72	72	76	72	76	74
54	51	55	56	52	55
14	11	7	7	1	11
1,618	1,611	1,621	1,670	1,650	1,657

INDEPENDENT SCHOOL DISTRICT NO. 621

Operating Indicators  
Standardized Testing and Graduation Rates  
Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
<b>Standardized tests</b>				
<b>MCA reading (1)</b>				
Grade 3	86.40 %	63.20 %	69.20 %	65.80 %
Grade 5	85.40	71.90 (3)	76.20	74.10
Grade 7	81.10	64.50 (3)	66.10	67.40
Grade 10	87.60	75.40 (3)	69.70	70.70
<b>MCA math (1)</b>				
Grade 3	81.10	73.40	78.90	76.20
Grade 5	71.20	66.80	69.70	66.40
Grade 7	66.60	64.80	66.70	69.60
Grade 11	42.50	68.80	65.10 (4)	63.40
<b>ACT</b>				
Average composite score	23.40 (2)	23.50 (2)	23.50 (2)	23.50 (2)
<b>Graduation data</b>				
ISD No. 621 graduation rate	88.50	88.80	88.50	89.10
State graduation rate	76.90	77.60	79.80	81.20

N/A – Not Available

- (1) Percentage of students scoring at or above proficiency on the MCA Test (level 3 or higher).
- (2) ACT administered to all students.
- (3) New version of MCA III introduced in 2012–2013.
- (4) New version of MCA III introduced in 2013–2014.
- (5) 2020 – Minnesota granted testing waiver based on COVID-19.
- (6) 2021 participant rates were below 95 percent.

Source: State graduation rate obtained from the Minnesota Department of Education



						State Average
2016	2017	2018	2019	2020 (5)	2021 (6)	2021 (6)
67.30 %	64.70 %	66.10 %	62.40 %	N/A %	62.70 %	48.20 %
75.70	73.80	75.30	70.60	N/A	65.60	59.30
70.50	67.80	69.70	67.50	N/A	61.00	48.10
70.80	70.20	63.10	64.60	N/A	69.40	58.10
78.00	74.00	76.30	76.00	N/A	68.80	57.00
67.00	63.80	66.10	61.40	N/A	59.60	40.90
71.80	70.30	69.40	67.20	N/A	51.30	37.20
62.40	62.90	58.80	55.60	N/A	59.10	41.20
23.20 (2)	23.50 (2)	23.60 (2)	N/A	22.80 (2)	N/A	N/A
90.90	91.20	91.10	90.40	92.40	92.40	92.50
81.90	82.20	82.70	83.20	83.77	83.77	83.80

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## INDEPENDENT SCHOOL DISTRICT NO. 621

School Facilities  
as of June 30, 2021

Facility	Original Year Constructed	Use	Grades/Programs Housed	Square Footage
Bel Air Elementary	1966	School	Kindergarten–Grade 5	93,406
Island Lake Elementary	1956	School	Kindergarten–Grade 5	98,587
Pinewood Elementary	1955	School	Kindergarten–Grade 5	87,189
Sunnyside Elementary	1950	School	Kindergarten–Grade 5	83,603
Turtle Lake Elementary	1958	School	Kindergarten–Grade 5	126,552
Valentine Hills Elementary	1968	School	Kindergarten–Grade 5	86,615
Chippewa Middle School	1973	School	Grades 6–8	194,499
Edgewood Middle School	1957	School	Grades 6–8	183,554
Highview Middle School	1967	School	Grades 6–8	170,112
Irondale High School	1965	School	Grades 9–12	362,686
Mounds View High School	1952	School	Grades 9–12	407,964
Early Childhood Education Center	1990	Multi-purpose	Early Childhood	20,028
Pike Lake Education Center	1962	Multi-purpose	Kindergarten Center/ early childhood programs	85,236
Snail Lake Education Center	1952	Multi-purpose	Kindergarten Center/ early childhood programs	82,054
District Center	1992	Multi-purpose	District offices/ community education	28,462

Source: The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Expenditures per Student (Average Daily Membership)  
Last Ten Fiscal Years

	Fiscal Year				
	2012	2013	2014	2015	2016
Administration	\$ 420	\$ 468	\$ 472	\$ 508	\$ 540
District support services	255	280	282	320	332
Elementary and secondary regular instruction	5,302	5,326	5,397	5,870	5,779
Vocational education instruction	194	182	183	180	157
Special education instruction	2,340	2,313	2,376	2,535	2,568
Instructional support services	532	532	673	714	783
Pupil support services	956	998	1,102	1,290	1,307
Sites and buildings	1,165	1,202	1,254	1,421	1,213
Fiscal and other fixed cost programs	26	35	37	40	20
Food service	498	486	487	504	511
Community service	472	499	504	451	449
Capital outlay	346	362	328	346	357
Debt service	1,554	1,510	1,440	1,257	1,221
Total expenditures	<u>\$ 14,062</u>	<u>\$ 14,193</u>	<u>\$ 14,533</u>	<u>\$ 15,435</u>	<u>\$ 15,237</u>
Average daily membership	<u>10,006</u>	<u>10,232</u>	<u>10,521</u>	<u>10,762</u>	<u>11,146</u>

Note: Includes all governmental fund expenditures.

Source: Minnesota Department of Education student reporting system

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 530	\$ 555	\$ 578	\$ 570	\$ 589
348	348	341	351	456
5,774	5,878	5,938	5,959	6,238
175	224	196	194	193
2,349	2,389	2,307	2,415	2,345
828	846	837	924	985
1,327	1,400	1,491	1,588	1,478
2,062	1,694	1,651	1,588	1,680
25	23	23	33	49
506	506	501	467	414
464	561	603	606	383
27	294	2,073	8,613	2,794
<u>1,223</u>	<u>1,279</u>	<u>1,707</u>	<u>1,664</u>	<u>1,661</u>
<u>\$ 15,639</u>	<u>\$ 15,997</u>	<u>\$ 18,245</u>	<u>\$ 24,972</u>	<u>\$ 19,264</u>
<u>11,297</u>	<u>11,389</u>	<u>11,656</u>	<u>11,726</u>	<u>11,499</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic Statistics – Student Enrollment  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served and Tuition Paid)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2012	115.62	641.85	4,316.85	4,931.61	10,005.93	11,633.44
2013	131.97	707.85	4,482.40	4,910.20	10,232.42	11,844.37
2014	140.73	732.08	4,644.81	5,003.76	10,521.38	12,170.10
2015	167.93	728.49	4,788.23	5,077.82	10,762.47	11,768.81
2016	183.14	723.55	5,008.01	5,231.04	11,145.74	12,189.62
2017	194.40	753.19	5,049.79	5,299.83	11,297.21	12,350.88
2018	207.02	761.03	5,131.03	5,290.26	11,389.34	12,446.64
2019	261.15	777.06	5,244.17	5,373.91	11,656.29	12,731.08
2020	275.45	763.19	5,301.42	5,385.78	11,725.84	12,803.02
2021	222.81	732.59	5,105.27	5,438.65	11,499.32	12,587.05

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	Secondary
Fiscal 2012 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2021	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

## INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Meals Served and Pricing  
Last Ten Fiscal Years

Year Ended June 30,	Lunches Served to Students				Lunches Served to Adults
	Regular Priced Lunches	Reduced-Price Lunches	Free Lunches	Total	
2012	612,078	80,101	318,842	1,011,021	34,757
2013	607,036	80,581	334,478	1,022,095	32,100
2014	600,482	81,015	363,590	1,045,087	29,379
2015	641,759	90,714	386,997	1,119,470	30,101
2016	665,291	106,120	382,128	1,153,539	29,804
2017	674,980	109,053	377,482	1,161,515	30,010
2018	667,555	121,083	352,874	1,141,512	28,956
2019	664,517	122,251	321,340	1,108,108	28,831
2020 (1)	490,791	86,875	325,362	903,028	21,714
2021 (2)	—	—	1,021,233	1,021,233	12,076

Year Ended June 30,	Student Regular Lunch Prices			
	Regular Priced Lunches		Reduced-Price Lunches	Adult Lunches
	Elementary	Secondary		
2012	\$ 2.35	\$ 2.60	\$ 0.40	\$ 3.50
2013	2.45	2.70	0.40	3.60
2014	2.45	2.70	0.40	3.60
2015	2.45	2.70	— *	3.60
2016	2.45	2.70	— *	3.60
2017	2.55	2.80	— *	3.60
2018	2.55	2.80	— *	3.85
2019	2.55	2.80	— *	4.00
2020	2.55	2.80	— *	4.00
2021	—	—	— *	4.00

\* The state of Minnesota began reimbursing the District this amount in 2015; therefore, the District did not charge families.

(1) In 2020, regular and reduced-price lunches decreased, due to the COVID-19 school closure. Free lunches include curbside pick-up.

(2) In 2021, all students received free lunch, due to COVID-19.

Source: The District's Nutrition Service Department

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