

Independent School District No. 13  
Columbia Heights, Minnesota

Annual Comprehensive  
Financial Report

For the Fiscal Year Ended June 30, 2023





ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 13  
COLUMBIA HEIGHTS, MINNESOTA

1440 49th Avenue Northeast  
Columbia Heights, MN 55421

Prepared by the  
Business Department

*Bryan Hennekens • Director of Finance and Operations*

*Zena Stenvik • Superintendent*

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# INDEPENDENT SCHOOL DISTRICT NO. 13

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SECTION I – INTRODUCTORY SECTION





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

December 22, 2023

To the School Board and Citizens of  
Independent School District No. 13 –  
Columbia Heights Public Schools  
Columbia Heights, Minnesota

## **INTRODUCTION**

We are submitting the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 13 – Columbia Heights Public Schools (the District) for the year ended June 30, 2023. This report fairly presents the District's financial position and results of operations and cash flows in accordance with national and state standards. The District is responsible for its contents and has made every effort to ensure the accuracy and completeness of this presentation. An independent firm of certified public accountants audits this report.

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

## **REPORT FORMAT**

This ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this Letter of Transmittal, an Organizational Chart, a list of School Board members and administration personnel, and a copy of the Certificate of Excellence in Financial Reporting. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, required supplementary information on the funding of pension and other post-employment benefits (OPEB) obligations, and supplementary information, which includes combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act amendments of 1996 and the U.S. Office of Management and Budget's Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. Independent Auditor Reports and a Schedule of Expenditures of Federal Awards are included in a separately issued documents.

## **REPORTING ENTITY AND ITS SERVICES**

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

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

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

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

During 2022–2023, the District operated one high school, one middle school, three elementary schools, one on-site warehouse located in Valley View, one bus garage, three early childhood sites, one adult basic education location, and a District/Family Center. The instructional program is organized on the basis of pre-K, K–5, 6–8, and 9–12. The District enrolled 3,445 students from a population of 28,285.

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

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

## LOCAL ECONOMIC CONDITION AND OUTLOOK

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

The District's average daily membership for fiscal year 2023 is 3,445 and the District's future student enrollment is projected to be flat for fiscal year 2024. Over the next four years, a slight decrease in enrollment is projected. At this time, COVID-19 is assumed to continue to have some impact on enrollment within the District and school districts throughout Minnesota.

Source data from the U.S Census Bureau shows that the median household income for Anoka County at \$92,133 with a 7.6 percent poverty rate. Within Columbia Heights, the median household income is at \$69,460 with a poverty rate at 11.4 percent. The poverty rate within Columbia Heights continues to be higher than the surrounding areas as a whole.

The District is dependent on the state of Minnesota for its revenue authority with exceptions for a voter-approved operating referendum, a capital projects levy, and a bond referendum. Recent experience demonstrates that legislated revenue increases over time have not been sufficient to meet instructional program needs and increased costs due to inflation. Minnesota's economic and budget outlook has become more unpredictable based on the COVID-19 pandemic that has impacted the local, national, and world economy. Significant funds were allocated to state and local governments as part of the American Rescue Plan through September 2024. The state financial forecast is very positive. According to the state budget and economic forecast from the Minnesota Management and Budget, the state of Minnesota 2023 receipts for fiscal year 2023 are estimated 2.1 percent higher than projected, and 2024 first quarter is estimated 6.7 percent higher than forecasted.

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

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

## STRATEGIC PLANNING AND MISSION STATEMENT

On October 23, 2018, the Columbia Heights Public Schools Board of Education approved the Strategic Roadmap that outlines the District's mission, vision, core values, and strategic direction.

They are as follows:

### District Mission – Our Core Purpose

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

### Vision – What we intend to create

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

### Core Values – What drives our work and actions

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

### Strategic Directions – Our key strategies towards vision

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

The District's Board of Education has developed an Equity Statement committing to providing a school culture that is free from obstacles that can impede our district's mission:

We, the Columbia Heights Public Schools Board of Education, are accountable for each learner belonging and succeeding. We acknowledge that we have a beautiful and diverse student population. The District's Mission Statement is “*Creating Worlds of Opportunity for Each and Every Learner: All Belong, All Succeed.*” We are committed to providing a school culture that is free of obstacles that impede our mission and providing the resources necessary to accomplish this.

Therefore, we seek to have policies and practices in our schools that respect, honor, and learn from all cultures represented in our school community. To that effect, we commit to identifying and removing barriers in the District's policies, procedures, systems, and practices that limit opportunities for our students and result in predictably lower academic achievement for any student group, compared to their peers.

## **In order to achieve our Mission, Columbia Heights Public Schools Board of Education commits:**

To seek two-way communication with all stakeholders, and have positive, purposeful relationships with all students and all families, so that barriers to learning at high levels are removed. We welcome our **COMMUNITY** to speak up and ask questions, as we learn more and build bridges.

To strive for **EXCELLENCE** and establish high expectations for all learners, integrating high quality, rigorous, and relevant study, that reflects the diversity of our students. Students will leave the District feeling confident for their future and feel valued for exactly who they are.

To engage in **COLLABORATION** with all stakeholders, including staff and students. Students will see themselves and their culture represented in curriculum, discussion, and visuals, providing opportunities for students to see all cultures valued, integrated, and represented. In **COLLABORATION** with the administration, we commit to being intentionally representative of the diversity in our community in recruiting, hiring, retaining, and advancement of staff that more closely reflects our student population.

To demonstrate **INTEGRITY** by being equitable in our policy, programming, practice, curriculum, and treatment of students. We will have brave conversations and challenge ourselves to be reflective on our own assumptions and biases. We commit to participating in district equity work each year.

To **RESPECT** our students and to acknowledge their experiences. We will seek out, amplify, and include those who have been unheard or ignored and will work to mitigate the effects of trauma on the educational outcomes of our students. We will seek to understand our community, listen to their stories, and **RESPECT** how they identify in regards to race, religion, culture, gender, and ethnicity.

To show **COURAGE** by working toward building an anti-biased, anti-racist system that promotes academic and civil excellence. To provide specific anti-biased, anti-racist learning opportunities for board members, staff, students, families, and our community.

To demonstrate **INNOVATION** by creating a strategic plan that addresses equity. We will provide the superintendent the support and resources needed to address systemic disparities. We will show **INNOVATION** and advocate for policy changes at the local, state, and federal levels working towards an educational system that truly benefits each and every learner.

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

## **STUDENT ASSESSMENT AND TESTING**

The District uses student assessment data in many ways. The District follows the MDE guidelines for determining an annual assessment calendar for state-wide and national exams.

Minnesota's accountability plan applies to all public schools. Each year, Minnesota Comprehensive Assessments (MCAs) are given to students in reading (Grades 3–8 and 10), math (Grades 3–8 and 11) and science (Grades 5, 8, and high school). The assessments are used to measure how students are performing based on grade level state standards. All schools and districts are expected to show yearly progress toward meeting required participation and proficiency levels on state assessments. In addition, schools are required to submit a plan to close the achievement gap over time. Each year, the District reviews data through a continuous improvement process and determines strategies for implementing programming that will support identified students.

In addition to the MCA assessments, the District also administers the ACCESS for ELLs 2.0 (ACCESS) assessment each year. This assessment is given to all K–12 students that qualify for English Language services. The ACCESS assessment measures English language development within four domains: reading, listening, writing, and speaking. As with MCA testing, all districts are expected to show yearly progress for meeting English language acquisition goals. The data is reviewed yearly to identify targeted support and resource needs within the four language acquisition domains.

FastBridge Learning Assessments are given to all students in Grades K–10. All learners in Grades K–10 are given both a suite of literacy and math assessments (earlyReading and aMath for Grades K–1, FASTtrack Reading and FASTtrack Math for Grades 2–10, and CBMreading English for Grades 2–8). These assessments are given three times a year within a designated window (Fall, Winter, and Spring). Using these assessments, student scores are compared to grade level benchmarks and growth is measured by both grade level and individual student growth, based on fall starting score. FastBridge Learning Assessments are also used to monitor student progress toward standard mastery and provide multi-tiered interventions. This screening data is used to set goals (individual, grade level, and/or school level) and improve overall achievement. Finally, these assessments support the District’s K–8 Literacy Plans, as well as the federal Read Well by Third Grade Plan.

The District administers the PSAT/NMSQT to qualifying Grade 11 students and the SAT to all Grade 11 students. These assessments serve as an indicator of progress toward college readiness. Additionally, students take a career interest inventory as part of college and career readiness goals.

Multiple measures of student achievement are analyzed and presented on a comprehensive basis in the Annual Report for the World's Best Workforce. This information is published annually and is presented to the public. Student achievement on standardized assessments is combined with other information as a basis to monitor, develop, and improve curriculum and instruction.

## **MANAGEMENT SYSTEMS AND CONTROLS**

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

## **BUDGET AND FINANCIAL MANAGEMENT**

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

- **Budget Timeline** – Establishes a timeline for the major processes related to the preparation, approval, execution, and review of the District’s fiscal year financial budget. Each year’s budget spans a three-year period and includes the following activities:
- **Budget Preparation** – The budget preparation cycle occurs during the 12 months prior to the District’s upcoming year, which begins on the following July 1st. Major processes during the budget preparation cycle include development of a projection model to accurately predict student enrollment, revenue resources, and programmatic expenditures. Enrollment and other data are submitted to the state to generate both the local property tax levy, as well as state and federal aid entitlement amounts for the upcoming year. A budget guideline is established to determine the proper allocation of district resources to the various expenditure categories based upon budget parameters and district priorities, as included in the District’s mission and vision statements. Recommendations and actions taken by the administration and the School Board during the budget preparation cycle are also included in the completed budget. A proposed financial and operational budget document is then submitted to the School Board for review and subsequent approval prior to July 1st.



## BUDGET AND FINANCIAL MANAGEMENT (CONTINUED)

- **Budget Approval and Execution** – The School Board is required by Minnesota Statutes to adopt a preliminary budget prior to July 1st. Once the original budget is adopted, the District's administration begins its execution July 1st. During the 12-month period that the budget is executed, the administration is directed to update the budget to reflect changes that have taken place after the original approval of the budget occurred. The adopted budget is typically revised to reflect actual enrollment changes, grant awards, employee contract settlements, and changes in estimates and projections that may have occurred since the budget was originally approved. Buildings receive monthly budget reports comparing the current year's year-to-date results to the prior year's results.
- **Budget Review** – During the year and upon completion, the actual financial results for the year are compared to the budgeted amounts. Significant variations are investigated to determine if subsequent financial projections should be adjusted. In addition, as several state aid formulas are not finalized until state-wide data is available, the District's administration is constantly reviewing historical and current data and trends to further refine its projection models for future budget cycles.
- **Finance Committee** – The District has a finance committee that consists of administration and staff, parents, and community members. This committee reviews financial data quarterly and provides input for budget considerations to the administration.

## FINANCIAL REPORTING

This is the 16th year the District has prepared an ACFR. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for its 2007 through 2022 ACFRs.

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

## ACCOMPLISHMENTS

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

The District has an articulated college and career readiness pathway with key benchmarks identified for parents and students at each stage along the way. In addition, the District identified the key life skills that are explicitly taught and support what is essential for success in the 21st Century.

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

## ACCOMPLISHMENTS (CONTINUED)

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

The Advancement Via Individual Determination (AVID) program is offered in Grades K–12. AVID is a program that teaches students the skills to be successful in rigorous coursework and prepares them for college and career. All seniors in the AVID program at the high school were accepted into college. ENCORE, our after-school enrichment program, is offered to students in Grades 1–12. This enrichment program, funded by the 21st Century Community Learning Grant, provides opportunities for students to build on their passions, while focusing on mathematics and literacy.

Other areas of note from this past year are:

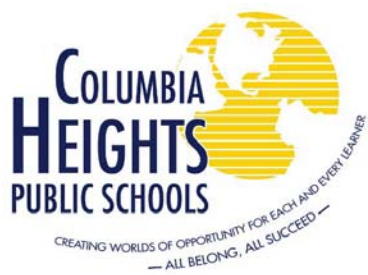
- The District continues to offer free Voluntary Pre-K for four-year-olds.
- The District serves a very diverse student population. Over 40 percent of students are multilingual and the percentage continues to increase.
- Columbia Heights High School students saved hundreds of thousands in college credits through Early College, Advanced Placement, and Post-Secondary Education Options.
- Columbia Heights High School students received over \$279,000 in local and regional scholarships to support post-secondary education.
- Columbia Heights High School started an Introduction to Education pathway in collaboration with Century College to support students starting their education degree while in high school.
- About 74 percent of licensed staff have an advanced degree.

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

## ACKNOWLEDGEMENTS

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

  
\_\_\_\_\_  
Zena Stenvik  
Superintendent  
\_\_\_\_\_  
Bryan Hennekens  
Director of Finance and Operations



# Leadership Organizational Chart



INDEPENDENT SCHOOL DISTRICT NO. 13

School Board and Administration  
as of June 30, 2023

**SCHOOL BOARD**

<u>Board of Education</u>	<u>Term Expires</u>	<u>Position</u>
Lorien Mueller	January 1, 2025	Chairperson
Laura Palmer	January 1, 2027	Vice Chairperson
Mary Granlund	January 1, 2025	Clerk
Julie Houle	January 1, 2027	Treasurer
Jessica Medearis	January 1, 2027	Director
Michelle Pettway	January 1, 2024	Director

**ADMINISTRATION**

Zena Stenvik	Superintendent
Bryan Hennekens	Director of Finance and Operations



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

## **Columbia Heights Public Schools**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.**

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



**John W. Hutchison  
President**

**Siobhán McMahon, CAE  
Chief Operations Officer/  
Interim Executive Director**

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## SECTION II – 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. 13 –  
Columbia Heights Public Schools  
Columbia Heights, Minnesota

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINIONS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 13 – Columbia Heights Public Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, 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.

#### **BASIS FOR OPINIONS**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

## **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

(continued)

## **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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

## **SUPPLEMENTARY INFORMATION**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER INFORMATION**

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

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

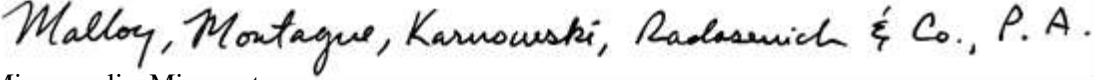
(continued)

## **PRIOR YEAR COMPARATIVE INFORMATION**

Other auditors previously audited the District's 2022 financial statements, and they expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in the prior auditor's report dated November 22, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the prior auditors audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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.

  
Minneapolis, Minnesota  
December 22, 2023

## INDEPENDENT SCHOOL DISTRICT NO. 13

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2023

This section of Independent School District No. 13 – Columbia Heights 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, 2023. Please read it in conjunction with the other components of the District's ACFR. The management's discussion and analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

### FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$934,160. The District's total net position increased by \$12,529,559 during the fiscal year ended June 30, 2023.
- At June 30, 2023, the District's governmental funds reported a combined ending fund balance of \$5,482,144, an increase of \$697,436 from the prior year.
- The District's General Fund unassigned fund balance increased from \$1,420,773 to \$2,466,506 during fiscal year 2023.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information, consisting of combining and individual fund statements and schedules.

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

The first two statements are the government-wide financial statements that provide both short and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. Proprietary funds statements offer short and long-term financial information about District's self-insured risk management activities. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service 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 supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

**Proprietary Fund** – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its self-insured risk of loss for employee dental insurance plan. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Fund** – The District is the trustee, or fiduciary, for assets that belong to others. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations. 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. 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.

## 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, 2023 and 2022</b>		
	2023	2022
<b>Assets</b>		
Current and other assets	\$ 28,375,458	\$ 25,918,967
Capital assets, net of depreciation	44,856,700	43,488,691
<b>Total assets</b>	<b>\$ 73,232,158</b>	<b>\$ 69,407,658</b>
<b>Deferred outflows of resources</b>		
Pension plan deferments	\$ 10,222,052	\$ 10,770,859
OPEB plan deferments	932,201	879,014
<b>Total assets and deferred outflows of resources</b>	<b>\$ 11,154,253</b>	<b>\$ 11,649,873</b>
<b>Liabilities</b>		
Current and other liabilities	\$ 11,350,165	\$ 8,798,956
Long-term liabilities, including due within one year	55,100,599	42,531,363
<b>Total liabilities</b>	<b>\$ 66,450,764</b>	<b>\$ 51,330,319</b>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 9,861,937	\$ 10,311,632
Pension plan deferments	6,367,470	30,132,273
OPEB plan deferments	772,080	878,706
<b>Total deferred inflows of resources</b>	<b>\$ 17,001,487</b>	<b>\$ 41,322,611</b>
<b>Net position</b>		
Net investment in capital assets	\$ 24,305,451	\$ 19,606,844
Restricted	4,559,264	5,511,668
Unrestricted	(27,930,555)	(36,713,911)
<b>Total net position</b>	<b>\$ 934,160</b>	<b>\$ (11,595,399)</b>

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

The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, and deferred inflows of resources. The change in current and other assets and noncurrent liabilities other than pensions relates to the issuance of aid anticipation certificates to assist with cash flow of the District.

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

<b>Table 2</b> <b>Summary Statement of Activities</b> <b>for the Years Ended June 30, 2023 and 2022</b>		
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 763,459	\$ 820,741
Operating grants and contributions	13,552,211	13,437,118
Capital grants and contributions	589,441	1,021,907
General revenues		
Property taxes	11,391,232	11,776,843
General grants and aids	39,223,635	37,143,374
Other	856,864	294,540
Total revenues	<u>66,376,842</u>	<u>64,494,523</u>
Expenses		
Administration	1,300,456	1,759,741
District support services	1,547,390	1,678,513
Elementary and secondary regular instruction	19,509,887	25,054,473
Vocational education instruction	347,826	505,736
Special education instruction	7,886,718	9,604,307
Instructional support services	1,558,305	1,981,103
Pupil support services	8,014,278	7,928,977
Sites and buildings	8,168,365	5,378,289
Fiscal and other fixed cost programs	386,599	359,581
Food service	2,501,293	2,156,487
Community service	2,008,791	2,324,126
Interest and fiscal charges	617,375	643,903
Total expenses	<u>53,847,283</u>	<u>59,375,236</u>
Change in net position	12,529,559	5,119,287
Net position – beginning	<u>(11,595,399)</u>	<u>(16,714,686)</u>
Net position – ending	<u><u>\$ 934,160</u></u>	<u><u>\$ (11,595,399)</u></u>

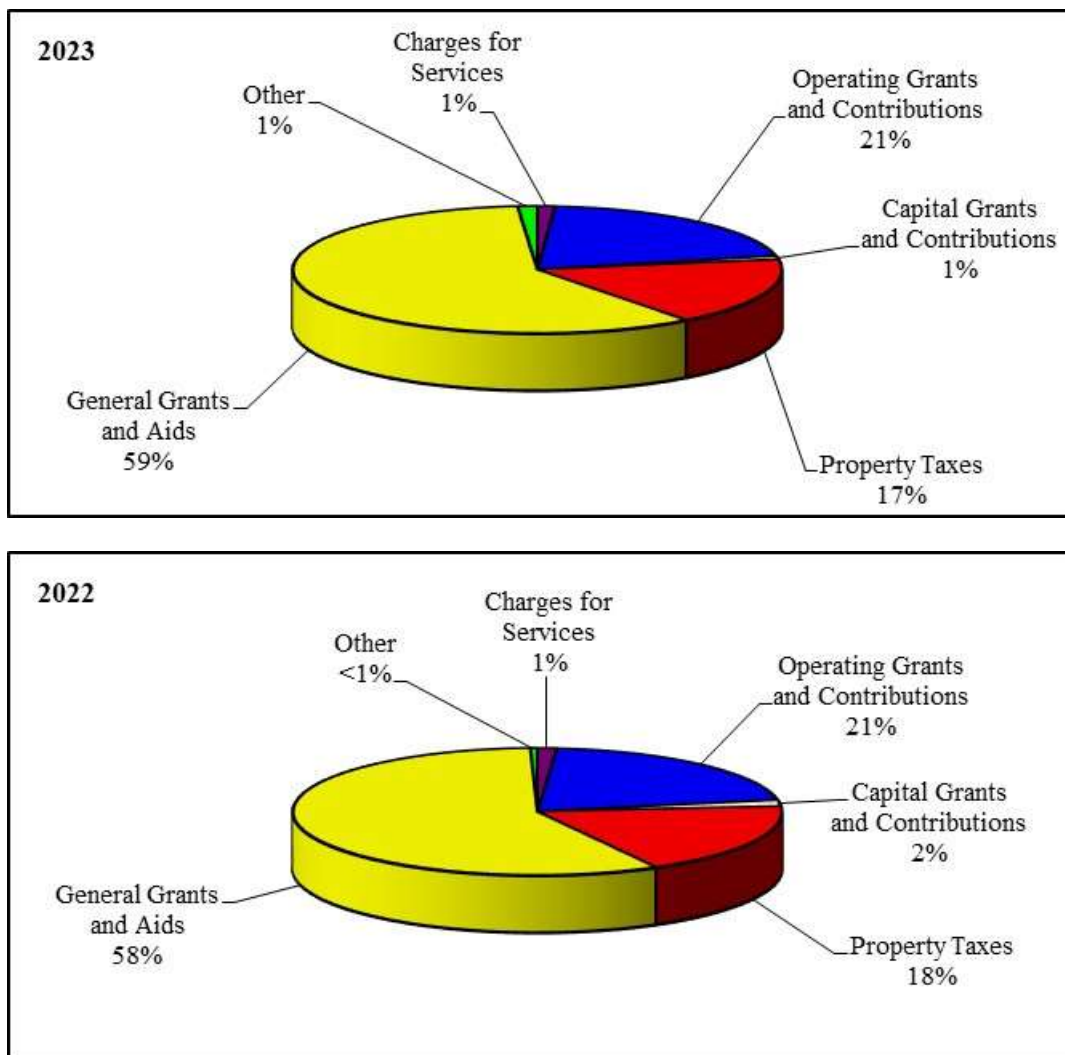
This format is similar to the fund financial statements except that this is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.



The increase in general grants and aids is related to increased state aids mostly for special education programming. The change in the District's share of the PERA and the TRA pension plans contributed to the change in elementary and secondary regular instruction and special education instruction expenses, as seen in the table above. The increase in sites and buildings relates to increased capital-related activity, much of which was below capitalization thresholds of the District.

Figures A and B show further analysis of these revenue sources and expense functions:

**Figure A – Sources of Revenues for Fiscal Years 2023 and 2022**

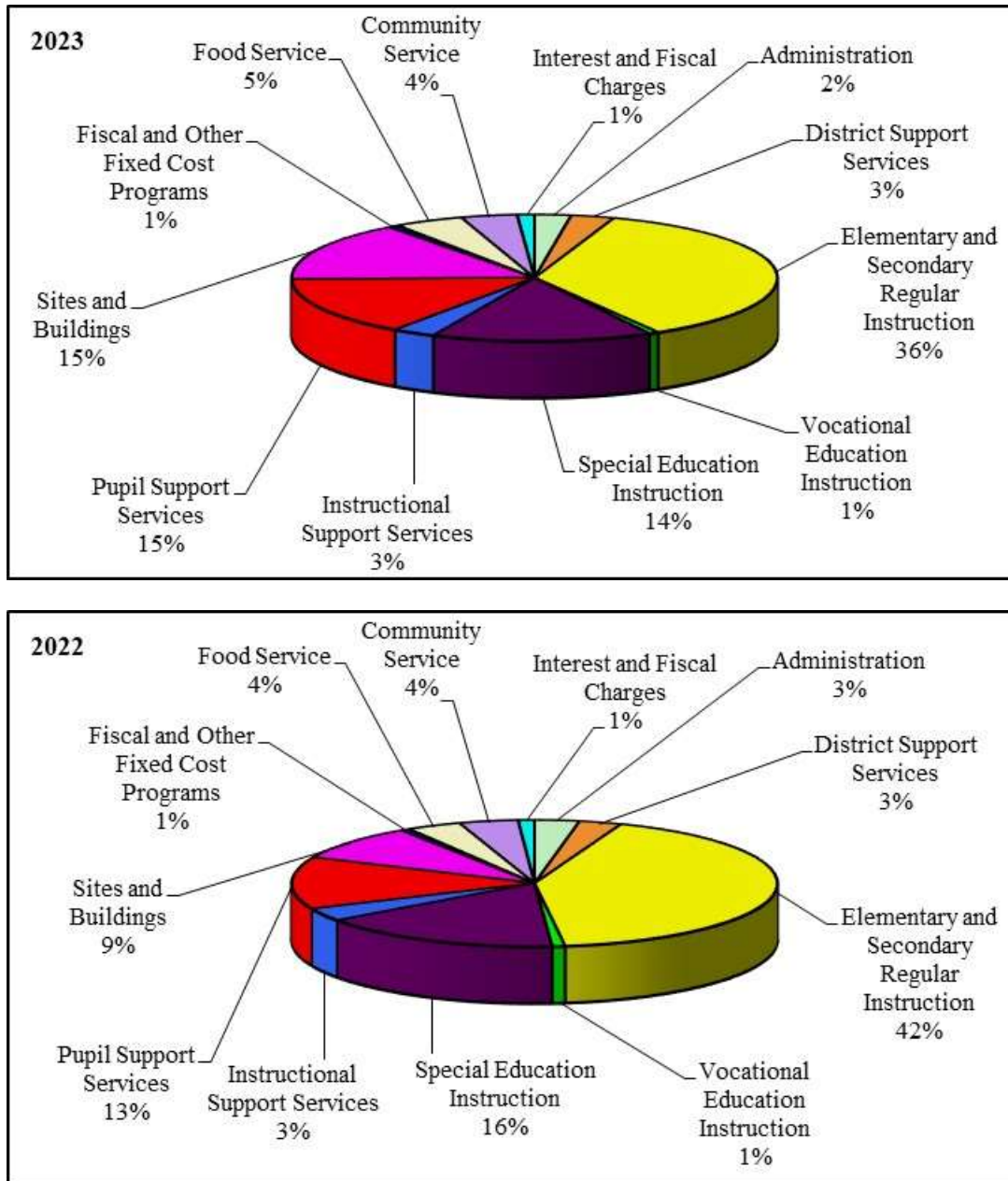


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of 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.

Figure B shows further analysis of these expense functions:

**Figure B – Expenses for Fiscal Years 2023 and 2022**



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

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

<b>Table 3</b> <b>Governmental Fund Balances</b> <b>as of June 30, 2023 and 2022</b>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds			
General	\$ 3,506,356	\$ 2,569,187	\$ 937,169
Capital Projects –			
Building Construction	2,076	92,952	(90,876)
Debt Service			
Regular	657,482	590,323	67,159
Nonmajor funds			
Food Service Special Revenue	1,181,166	1,392,599	(211,433)
Community Service Special Revenue	135,064	139,647	(4,583)
	<u>          </u>	<u>          </u>	<u>          </u>
Total governmental funds	<u>\$ 5,482,144</u>	<u>\$ 4,784,708</u>	<u>\$ 697,436</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, 2023, the District's governmental funds reported combined fund balances of \$5,482,144, an increase of \$697,436 in comparison with the prior year.

### General Fund

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K–12 educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Table 4 summarizes the amendments to the General Fund budget:

<b>Table 4</b> <b>General Fund</b> <b>Budget</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 53,951,000</u>	<u>\$ 56,236,233</u>	<u>\$ 2,285,233</u>	<u>4.2%</u>
Expenditures	<u>\$ 53,917,201</u>	<u>\$ 56,065,693</u>	<u>\$ 2,148,492</u>	<u>4.0%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amends the budget for known changes in circumstances, such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

<b>Table 5</b> <b>General Fund</b> <b>Operating Results</b>					
	<u>2023</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 57,099,484	\$ 863,251	1.5%	\$ 1,679,874	3.0%
Expenditures	(56,163,435)	\$ 97,742	0.2%	\$ 166,974	0.3%
Other financing sources	<u>1,120</u>	\$ 1,120	100.0%	\$ (80,349)	(98.6%)
Net change in fund balances	<u>\$ 937,169</u>				

The fund balance of the General Fund increased \$937,169, compared to a planned increase of \$170,540 approved in the final budget.

General Fund revenues were \$863,251 over the final budget, mostly in state aid totaling \$1,035,880. Most of this amount was in special education state aid and general education aid for basic skills.

General Fund revenues for 2023 increased \$1,679,874 compared to the prior year. The largest increase was in state aid revenue totaling \$2,484,648, mostly in special education state aid.

General Fund expenditures were over budget by \$97,742 or 0.2 percent, and increased over the prior year by \$166,974, or 0.3 percent.

## **FUND BALANCE POLICY**

The District's General fund balance at June 30, 2023 was \$3,506,356. This includes amounts nonspendable for inventory and prepaid items of \$413,649, restricted for categorical spending of \$626,201, and unassigned of \$2,466,506. This unassigned amount represents a balance of 4.4 percent of General Fund current year expenditures.

The School Board has approved a fund balance policy that strives to maintain a fund balance of between 6.0 percent and 12.0 percent fund balance to total operating expenditures.

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

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

The Capital Projects – Building Construction Fund expenditures exceeded revenue by \$90,876, leaving a fund balance at June 30, 2023 of \$2,076.

### **Debt Service Fund**

The Debt Service Fund revenues exceeded expenditures by \$67,159, resulting in a fund balance of \$657,482 at June 30, 2023.

### **Other Governmental Funds**

Expenditures exceeded revenues in the other nonmajor funds by \$216,016. These funds include operations of food service and community service.

### **Internal Service Fund**

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains one Internal Service Fund. This fund is used to account for the District's self-insured dental insurance function. Operating revenues for the Internal Service Fund for fiscal year 2023 totaled \$327,105. Operating expenses totaled \$306,421 for dental benefit claims. The net position for the Internal Service Fund as of June 30, 2023 increased by \$23,525, to a total of \$122,758 at June 30, 2023.

## 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/amortization expense for fiscal years ended June 30, 2023 and 2022:

<b>Table 6</b>			
<b>Capital Assets</b>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 122,570	\$ 122,570	\$ —
Construction in progress	274,110	855,860	(581,750)
Buildings	11,651,597	12,020,176	(368,579)
Improvements other than buildings	29,324,143	28,847,312	476,831
Machinery and equipment	3,422,852	1,478,204	1,944,648
Leased buildings	6,070	78,915	(72,845)
Leased equipment	55,358	85,654	(30,296)
Total	<u>\$ 44,856,700</u>	<u>\$ 43,488,691</u>	<u>\$ 1,368,009</u>

### Long-Term Liabilities

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

<b>Table 7</b>			
<b>Outstanding Long-Term Liabilities</b>			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
General obligation bonds payable	\$ 16,083,058	\$ 18,433,058	\$ (2,350,000)
Bond premium	612,382	858,686	(246,304)
Financed purchases	3,796,309	4,423,202	(626,893)
Net pension liability	34,266,310	18,397,350	15,868,960
Lease liabilities	61,576	166,901	(105,325)
Compensated absences payable	280,964	252,166	28,798
Total	<u>\$ 55,100,599</u>	<u>\$ 42,531,363</u>	<u>\$ 12,569,236</u>

The decline in general obligation bonds payable is related to payments per bond payment schedules. The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and TRA.

The state limits the amount of general obligation debt the District can issue to 15.0 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	\$ 3,122,620,635
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 468,393,095</u>

Additional details of the District's capital assets and long-term liabilities 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 \$275, or 4.00 percent, per pupil to the basic general education funding formula for fiscal year 2024, and an additional \$143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

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.

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

This ACFR is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives and utilizes. Should you have questions about these statements, or need additional information, please contact the Business Office, Columbia Heights Independent School District No. 13, 1440 49th Avenue Northeast, Columbia Heights, Minnesota 55421.

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## BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Net Position  
as of June 30, 2023  
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 7,724,384	\$ 3,658,821
Receivables		
Current taxes	7,019,116	8,064,171
Delinquent taxes	183,858	108,207
Accounts and interest receivable	94,323	204,906
Due from fiduciary fund	243,154	—
Due from other governmental units	10,249,931	10,897,999
Inventory	117,549	185,600
Prepaid items	301,366	116,609
Net OPEB asset	2,441,777	2,682,654
Capital assets		
Not depreciated/amortized	396,680	978,430
Depreciated/amortized, net of accumulated depreciation/amortization	44,460,020	42,510,261
Total capital assets, net of accumulated depreciation/amortization	44,856,700	43,488,691
Total assets	73,232,158	69,407,658
Deferred outflows of resources		
OPEB plan deferments	932,201	879,014
Pension plan deferments	10,222,052	10,770,859
Total deferred outflows of resources	11,154,253	11,649,873
Total assets and deferred outflows of resources	\$ 84,386,411	\$ 81,057,531
Liabilities		
Aid anticipation certificates	\$ 2,800,000	\$ —
Salaries and benefits payable	4,220,432	4,682,525
Accounts and contracts payable	1,240,972	1,750,792
Due to other governmental units	2,053,985	1,435,769
Accrued interest payable	1,027,092	806,903
Unearned revenue	7,684	122,967
Long-term liabilities		
Due within one year	2,477,469	3,244,821
Due in more than one year	52,623,130	39,286,542
Total long-term liabilities	55,100,599	42,531,363
Total liabilities	66,450,764	51,330,319
Deferred inflows of resources		
Property taxes levied for subsequent year	9,861,937	10,311,632
OPEB plan deferments	772,080	878,706
Pension plan deferments	6,367,470	30,132,273
Total deferred inflows of resources	17,001,487	41,322,611
Net position		
Net investment in capital assets	24,305,451	19,606,844
Restricted for		
Capital asset acquisition	203,693	95,443
Debt service	—	331,398
Food service	1,181,166	1,392,599
Community service	138,133	140,843
OPEB	2,601,898	2,682,962
Other purposes (state funding restrictions)	434,374	868,423
Unrestricted	(27,930,555)	(36,713,911)
Total net position	934,160	(11,595,399)
Total liabilities, deferred inflows of resources, and net position	\$ 84,386,411	\$ 81,057,531

INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Activities  
Year Ended June 30, 2023  
(With Partial Comparative Information for the Year Ended June 30, 2022)

		2023			2022	
					Net (Expense)	Net (Expense)
					Revenue and	Revenue and
					Changes in	Changes in
		Program Revenues			Net Assets	Net Assets
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Governmental
		Services	Grants and	Grants and	Activities	Activities
			Contributions	Contributions		
Governmental activities						
Administration	\$ 1,300,456	\$ —	\$ —	\$ —	\$ (1,300,456)	\$ (1,759,741)
District support services	1,547,390	—	—	—	(1,547,390)	(1,678,513)
Elementary and secondary regular instruction	19,509,887	62,711	2,637,088	—	(16,810,088)	(22,147,749)
Vocational education instruction	347,826	—	—	—	(347,826)	(480,653)
Special education instruction	7,886,718	133,689	6,809,311	—	(943,718)	(3,828,847)
Instructional support services	1,558,305	—	52,082	—	(1,506,223)	(1,463,400)
Pupil support services	8,014,278	—	—	—	(8,014,278)	(7,530,277)
Sites and buildings	8,168,365	1,000	435,328	589,441	(7,142,596)	(4,300,927)
Fiscal and other fixed cost programs	386,599	—	—	—	(386,599)	(359,581)
Food service	2,501,293	175,697	2,310,678	—	(14,918)	602,260
Community service	2,008,791	390,362	1,307,724	—	(310,705)	(504,139)
Interest and fiscal charges	617,375	—	—	—	(617,375)	(643,903)
Total governmental activities	<u>\$ 53,847,283</u>	<u>\$ 763,459</u>	<u>\$ 13,552,211</u>	<u>\$ 589,441</u>	(38,942,172)	(44,095,470)
General revenue						
Taxes						
Property taxes, levied for general purposes					6,588,596	7,111,914
Property taxes, levied for community service					385,075	318,639
Property taxes, levied for building construction					1,570,180	1,531,552
Property taxes, levied for debt service					2,847,381	2,814,738
General grants and aids					39,223,635	37,143,374
Other general revenues					720,262	289,751
Investment earnings					136,602	4,789
Total general revenues					<u>51,471,731</u>	<u>49,214,757</u>
Change in net position					12,529,559	5,119,287
Net position – beginning					<u>(11,595,399)</u>	<u>(16,714,686)</u>
Net position – ending					\$ 934,160	\$ (11,595,399)

INDEPENDENT SCHOOL DISTRICT NO. 13

Balance Sheet  
Governmental Funds  
as of June 30, 2023  
(With Partial Comparative Information as of June 30, 2022)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 4,162,220	\$ 595,225	\$ 1,327,695
Receivables			
Current taxes	4,479,356	1,071,855	1,276,870
Delinquent taxes	109,150	24,223	44,550
Accounts and interest	51,399	–	–
Due from other governmental units	9,954,538	–	6
Due from other funds	243,154	–	–
Inventory	112,583	–	–
Prepaid items	301,066	–	–
Total assets	<u>\$ 19,413,466</u>	<u>\$ 1,691,303</u>	<u>\$ 2,649,121</u>
Liabilities			
Aid anticipation certificates	\$ 2,800,000	\$ –	\$ –
Salaries and benefits payable	4,085,762	7,916	–
Accounts and contracts payable	926,705	13,567	–
Accrued interest payable	56,077	–	–
Due to other governmental units	2,046,435	–	–
Due to other funds	–	–	–
Unearned revenue	–	–	–
Total liabilities	<u>9,914,979</u>	<u>21,483</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	5,939,880	1,655,878	1,971,133
Deferred revenue – delinquent taxes	52,251	11,866	20,506
Total deferred inflows of resources	<u>5,992,131</u>	<u>1,667,744</u>	<u>1,991,639</u>
Fund balances			
Nonspendable	413,649	–	–
Restricted	626,201	2,076	657,482
Unassigned	2,466,506	–	–
Total fund balances	<u>3,506,356</u>	<u>2,076</u>	<u>657,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,413,466</u>	<u>\$ 1,691,303</u>	<u>\$ 2,649,121</u>

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 1,507,569	\$ 7,592,709	\$ 3,541,433
191,035	7,019,116	8,064,171
5,935	183,858	96,409
42,924	94,323	204,906
295,387	10,249,931	10,909,797
—	243,154	10,686
4,966	117,549	185,600
300	301,366	116,609
<u>\$ 2,048,116</u>	<u>\$ 25,802,006</u>	<u>\$ 23,129,611</u>
\$ —	\$ 2,800,000	\$ —
126,754	4,220,432	4,682,524
291,783	1,232,055	1,732,638
—	56,077	—
7,550	2,053,985	1,435,769
—	—	10,686
7,684	7,684	122,967
<u>433,771</u>	<u>10,370,233</u>	<u>7,984,584</u>
295,046	9,861,937	10,311,632
3,069	87,692	48,687
<u>298,115</u>	<u>9,949,629</u>	<u>10,360,319</u>
5,266	418,915	302,209
1,469,597	2,755,356	3,061,726
(158,633)	2,307,873	1,420,773
<u>1,316,230</u>	<u>5,482,144</u>	<u>4,784,708</u>
<u>\$ 2,048,116</u>	<u>\$ 25,802,006</u>	<u>\$ 23,129,611</u>

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INDEPENDENT SCHOOL DISTRICT NO. 13

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2023  
(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 5,482,144	\$ 4,784,708
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	88,255,906	85,529,082
Accumulated depreciation/amortization	(43,399,206)	(42,040,391)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds payable	(16,083,058)	(18,433,058)
Unamortized premium	(612,382)	(858,686)
Financed purchases	(3,796,309)	(4,423,202)
Lease liabilities	(61,576)	(166,901)
Net pension liability	(34,266,310)	(18,397,350)
Compensated absences payable	(280,964)	(252,166)
The net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in governmental funds.		
	2,441,777	2,682,654
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(971,015)	(806,903)
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.		
	122,758	99,233
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 – OPEB plan deferments	932,201	879,014
Deferred outflows of resources – pension plan deferments	10,222,052	10,770,859
Deferred inflows of resources – OPEB plan deferments	(772,080)	(878,706)
Deferred inflows of resources – pension plan deferments	(6,367,470)	(30,132,273)
Deferred inflows of resources – unavailable revenue – delinquent taxes	87,692	48,687
Total net position – governmental activities	<u>\$ 934,160</u>	<u>\$ (11,595,399)</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2023  
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 6,570,645	\$ 1,560,805	\$ 2,837,575
Investment earnings	51,717	–	41,199
Other	895,123	–	–
State sources	42,826,947	–	60
Federal sources	6,755,052	–	–
Total revenue	57,099,484	1,560,805	2,878,834
Expenditures			
Current			
Administration	1,652,981	–	–
District support services	1,484,432	–	–
Elementary and secondary regular instruction	24,164,374	–	–
Vocational education instruction	467,608	–	–
Special education instruction	9,361,556	–	–
Instructional support services	1,947,163	–	–
Pupil support services	8,131,043	–	–
Sites and buildings	7,597,569	–	–
Fiscal and other fixed cost programs	386,599	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	1,651,681	–
Debt service			
Principal	732,218	–	2,350,000
Interest and fiscal charges	237,892	–	461,675
Total expenditures	56,163,435	1,651,681	2,811,675
Excess (deficiency) of revenue over expenditures	936,049	(90,876)	67,159
Other financing sources			
Insurance recovery	–	–	–
Issuance of lease liabilities	–	–	–
Proceeds from sale of assets	1,120	–	–
Total other financing sources	1,120	–	–
Net change in fund balances	937,169	(90,876)	67,159
Fund balances			
Beginning of year	2,569,187	92,952	590,323
End of year	\$ 3,506,356	\$ 2,076	\$ 657,482



Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 383,202	\$ 11,352,227	\$ 11,800,085
40,845	133,761	4,791
587,478	1,482,601	1,644,696
820,400	43,647,407	41,183,664
2,798,995	9,554,047	10,041,088
<u>4,630,920</u>	<u>66,170,043</u>	<u>64,674,324</u>
—	1,652,981	1,644,803
—	1,484,432	1,846,930
—	24,164,374	24,762,201
—	467,608	545,295
—	9,361,556	9,857,548
—	1,947,163	1,965,009
—	8,131,043	7,900,291
—	7,597,569	6,206,498
—	386,599	359,581
2,387,245	2,387,245	2,049,187
2,115,372	2,115,372	2,243,488
344,319	1,996,000	2,323,126
—	3,082,218	2,989,627
—	699,567	731,091
<u>4,846,936</u>	<u>65,473,727</u>	<u>65,424,675</u>
(216,016)	696,316	(750,351)
—	—	22,425
—	—	53,494
—	1,120	7,650
<u>—</u>	<u>1,120</u>	<u>83,569</u>
(216,016)	697,436	(666,782)
<u>1,532,246</u>	<u>4,784,708</u>	<u>5,451,490</u>
<u>\$ 1,316,230</u>	<u>\$ 5,482,144</u>	<u>\$ 4,784,708</u>

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INDEPENDENT SCHOOL DISTRICT NO. 13

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2023  
(With Partial Comparative Information as of June 30, 2022)

	2023	2022
Total net change in fund balances – governmental funds	\$ 697,436	\$ (666,782)
Amounts reported for governmental activities in the Statement of Activities are different		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	4,139,625	3,104,232
Depreciation/amortization expense	(2,756,548)	(2,576,056)
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.		
	(15,068)	(36,273)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. Debt issuance premiums 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.		
General obligation bonds payable	2,350,000	2,285,000
Unamortized premium	246,304	246,305
Financed purchases	626,893	602,065
Lease liabilities	105,325	102,562
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(15,868,960)	12,131,482
Compensated absences payable	(28,798)	68,047
Net OPEB asset	(240,877)	(717,499)
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.		
	(164,112)	(159,117)
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.		
	23,525	5,506
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 – OPEB plan deferments	53,187	246,933
Deferred outflows of resources – pension plan deferments	(548,807)	(2,018,448)
Deferred inflows of resources – OPEB plan deferments	106,626	442,639
Deferred inflows of resources – pension plan deferments	23,764,803	(7,918,067)
Deferred inflows of resources – unavailable revenue – delinquent taxes	39,005	(23,242)
Change in net position – governmental activities	<u>\$ 12,529,559</u>	<u>\$ 5,119,287</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
General Fund  
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 6,583,366	\$ 6,586,671	\$ 6,570,645	\$ (16,026)
Investment earnings	20,000	25,000	51,717	26,717
Other	794,555	810,763	895,123	84,360
State sources	40,628,975	41,791,067	42,826,947	1,035,880
Federal sources	5,924,104	7,022,732	6,755,052	(267,680)
Total revenue	<u>53,951,000</u>	<u>56,236,233</u>	<u>57,099,484</u>	<u>863,251</u>
Expenditures				
Current				
Administration	1,672,196	1,687,178	1,652,981	(34,197)
District support services	1,453,038	1,545,723	1,484,432	(61,291)
Elementary and secondary regular instruction	21,998,654	23,961,196	24,164,374	203,178
Vocational education instruction	559,006	452,554	467,608	15,054
Special education instruction	10,015,879	9,481,025	9,361,556	(119,469)
Instructional support services	1,900,498	2,028,036	1,947,163	(80,873)
Pupil support services	7,902,182	7,927,418	8,131,043	203,625
Sites and buildings	7,053,086	7,603,424	7,597,569	(5,855)
Fiscal and other fixed cost programs	305,000	470,000	386,599	(83,401)
Debt service				
Principal	874,608	728,906	732,218	3,312
Interest and fiscal charges	183,054	180,233	237,892	57,659
Total expenditures	<u>53,917,201</u>	<u>56,065,693</u>	<u>56,163,435</u>	<u>97,742</u>
Excess of revenue over expenditures	33,799	170,540	936,049	765,509
Other financing sources				
Proceeds from sale of assets	<u>—</u>	<u>—</u>	<u>1,120</u>	<u>1,120</u>
Net change in fund balances	<u>\$ 33,799</u>	<u>\$ 170,540</u>	<u>937,169</u>	<u>\$ 766,629</u>
Fund balances				
Beginning of year			<u>2,569,187</u>	
End of year			<u>\$ 3,506,356</u>	

INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Net Position  
 Proprietary Fund  
 Internal Service Funds  
 as of June 30, 2023  
 (With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 131,675	\$ 117,388
Liabilities		
Accounts payable	<u>8,917</u>	<u>18,155</u>
Net position		
Unrestricted	<u>\$ 122,758</u>	<u>\$ 99,233</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Revenue, Expenses, and Changes in Net Position  
 Proprietary Fund  
 Internal Service Fund  
 Year Ended June 30, 2023  
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services	\$ 327,105	\$ 323,862
Operating expenses		
Dental benefit claims	<u>306,421</u>	<u>318,408</u>
Operating income	20,684	5,454
Nonoperating revenue		
Investment earnings	<u>2,841</u>	<u>52</u>
Change in net position	23,525	5,506
Net position		
Beginning of year	<u>99,233</u>	<u>93,727</u>
End of year	<u><u>\$ 122,758</u></u>	<u><u>\$ 99,233</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Cash Flows  
 Proprietary Fund  
 Internal Service Fund  
 Year Ended June 30, 2023  
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from other funds	\$ 327,105	\$ 323,862
Cash paid to vendors	<u>(315,659)</u>	<u>(313,383)</u>
Net cash flows from operating activities	11,446	10,479
Cash flows from investing activities		
Investment income received	<u>2,841</u>	<u>52</u>
Net change in cash and cash equivalents	14,287	10,531
Cash and cash equivalents		
Beginning of year	<u>117,388</u>	<u>106,857</u>
End of year	<u><u>\$ 131,675</u></u>	<u><u>\$ 117,388</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 20,684	\$ 5,454
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts payable	<u>(9,238)</u>	<u>5,025</u>
Net cash flows from operating activities	<u><u>\$ 11,446</u></u>	<u><u>\$ 10,479</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Statement of Fiduciary Net Position  
Fiduciary Funds  
as of June 30, 2023

	Custodial Fund	Other Post-Employment Benefits Irrevocable Trust Fund
Assets		
Cash and temporary investments	\$ 27,789	\$ —
Investments held by trustee, at fair value		
U.S. treasury and agency securities	—	1,380,263
Corporate and other obligations	—	811,891
Equities	—	1,037,431
Mortgage backed securities	—	32,914
Real estate investment trusts	—	26,457
Mutual funds	—	1,734,463
Total assets	<u>27,789</u>	<u>5,023,419</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	27,689	—
Due to General Fund	—	243,154
Total current liabilities	<u>27,689</u>	<u>243,154</u>
Net position		
Held in trust for employee benefits and other purposes	<u>\$ 100</u>	<u>\$ 4,780,265</u>

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2023

	Custodial Fund	Other Post-Employment Benefits Irrevocable Trust Fund
Additions		
Contributions	\$ 299	\$ —
Investment earnings	—	300,489
Total additions	<u>299</u>	<u>300,489</u>
Deductions		
Employee benefits	—	243,154
Purchased services	57,227	60,683
Administrative expenses	25,366	—
Total deductions	<u>82,593</u>	<u>303,837</u>
Change in net position	(82,294)	(3,348)
Net position		
Beginning of year	<u>82,394</u>	<u>4,783,613</u>
End of year	<u>\$ 100</u>	<u>\$ 4,780,265</u>

## INDEPENDENT SCHOOL DISTRICT NO. 13

### Notes to Basic Financial Statements June 30, 2023

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

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

Independent School District No. 13 (the District) operates under a School Board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a six-member board elected by the voters of the District to serve four-year terms.

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

##### **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 (the 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. Joint Venture – City of Columbia Heights**

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

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

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

### **D. 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 Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of material 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 instead as general revenues.

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

### **E. 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. The Proprietary Fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial statements of the Proprietary Fund (Internal Service Fund) are consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust. 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.

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

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

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. Revenues are generally considered as available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

### Description of Funds

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

**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 debt issue or capital project levy.

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

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

### **Nonmajor Governmental Funds**

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

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

### **Fiduciary Fund**

**Other Post-Employment Benefits (OPEB) Irrevocable Trust Fund** – The Other Post-Employment Benefits (OPEB) Irrevocable Trust Fund is used to account for the financial resources relating to OPEB.

**Custodial Fund** – The Custodial Fund is used to account for the activity of the Summer Academy, which is a summer school program held at the District.

### **Internal Service Fund**

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

## **F. Budgetary Information**

The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Each June, the School Board adopts an annual budget for all governmental funds. Actual expenditures exceeded budgeted amounts in the General Fund by \$97,742, the Food Service Fund Special Revenue Fund by \$283,578, the Community Service Special Revenue Fund by \$244,224, and the Capital Projects – Building Construction Fund by \$89,902. Revenues and other financing sources in excess of budget and available fund balances covered these variances.

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

### **G. Cash and Temporary Investments**

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

In the OPEB Irrevocable Trust Fund, investments reported at fair value are deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment health insurance benefits as specified in the trust agreement. Interest earned on this trust account is allocated directly to that fund.

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

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

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.

### **H. 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 property taxes receivable.

### **I. Inventories**

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

### **J. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recognized using the consumption method and recorded as expenditures/expenses at the time of consumption.

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

### **K. Property Taxes**

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aid by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$980,063 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for the 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 which 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 deferred inflows 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. No allowance for uncollectible taxes is considered necessary.

### **L. Interfund Transactions**

The General Fund has a receivable of \$243,154 at year-end, due from the OPEB Irrevocable Trust Fund to cover costs paid by the General Fund, reimbursable by the OPEB Irrevocable Trust Fund.

### **M. Capital Assets**

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 20 to 50 years for buildings and improvements other than buildings, and 5 to 15 years for machinery and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Capital assets that are not depreciated include land and construction in progress.



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

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

### **N. 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 or discounts on debt issuances are reported as other financing sources or uses, respectively.

### **O. Compensated Absences Payable**

Under the terms of union contracts, certain employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. The District also maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. The amount of the early retirement incentive payment is calculated by converting a portion of accrued sick leave.

Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end.

### **P. Severance Benefits**

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

Severance benefits payable are recorded as a liability in the government-wide financial statements within Compensated Absences Payable as they are earned and it becomes probable they will vest at some point in the future. Severance benefits payable are accrued in the governmental fund financial statements within salaries and benefits payable as the liability matures due to employee termination.

### **Q. State-Wide Pension Plans**

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

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

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

For purposes of measuring the net OPEB liability, 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.

### S. 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 during the fiscal year.
- 2. Self-Insurance** – The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for employee dental insurance plans. Under this plan, the District provides coverage to participating employees and their dependents for certain dental 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 dental 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 past two years were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2022	\$ 13,130	\$ 292,498	\$ 287,473	\$ 18,155
2023	\$ 18,155	\$ 306,421	\$ 315,659	\$ 8,917

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

### **T. 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 proportion, changes of actuarial assumptions, net collective difference between projected and actual investment earnings on pension and OPEB plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

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

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

### **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.

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

### V. Net Position

In the government-wide, internal service fund, and fiduciary 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 and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### W. 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 Superintendent is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

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

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

### **X. Statement of Cash Flows**

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

### **Y. 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, 2022 from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

Deposits	\$ 518,125
Investments	12,252,467
Petty cash	<u>5,000</u>
Total	<u><u>\$ 12,775,592</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 7,724,384
Statement of Fiduciary Net Position	
Cash and temporary investments – Custodial Fund	27,789
Investments – OPEB Irrevocable Trust Fund	<u>5,023,419</u>
Total	<u><u>\$ 12,775,592</u></u>

### B. Deposits

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

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

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

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

At year-end, the carrying amount of the District's deposits was \$518,125, while the balance on the bank records was \$1,000,103. At June 30, 2023, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value	Interest Risk –						Carrying Value
	Credit Rating	Agency		Maturity Duration in Years						
				No Maturity	Less Than 1	1 to 5	6 to 10	Greater Than 10		
Equities	N/R	N/A	Level 1	\$ 1,037,431	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,037,431
U.S agency securities	AA	S&P	Level 1	\$ –	\$ –	\$ –	\$ 68,037	\$ –	\$ –	68,037
U.S agency securities	N/R	N/A	Level 1	\$ –	\$ –	\$ –	\$ –	\$ 651,581	\$ –	651,581
U.S. treasuries	Aaa	Moody's	Level 1	\$ –	\$ –	\$ 182,218	\$ 320,344	\$ 158,083	\$ –	660,645
Corporate securities	AA	S&P	Level 1	\$ –	\$ –	\$ 28,627	\$ 60,267	\$ 58,927	\$ –	147,821
Corporate securities	A	S&P	Level 1	\$ –	\$ –	\$ 143,681	\$ 29,094	\$ 26,350	\$ –	199,125
Corporate securities	A	Moody's	Level 1	\$ –	\$ –	\$ 47,994	\$ 68,203	\$ –	\$ –	116,197
Corporate securities	BBB	S&P	Level 1	\$ –	\$ –	\$ 182,744	\$ 106,327	\$ 59,677	\$ –	348,748
Real estate investment trusts	N/R	N/A	Level 2	\$ 26,457	\$ –	\$ –	\$ –	\$ –	\$ –	26,457
Real estate mutual fund	N/R	N/A	Level 2	\$ 389,583	\$ –	\$ –	\$ –	\$ –	\$ –	389,583
Mortgaged backed securities	AAA	S&P	Level 1	\$ –	\$ –	\$ –	\$ –	\$ 32,914	\$ –	32,914
Investment pools/mutual funds	N/R	N/A	Level 1	\$ 1,344,880	\$ –	\$ –	\$ –	\$ –	\$ –	1,344,880
MSDLAF Liquid Class	AAAm	S&P	Amortized cost	\$ 355,212	\$ –	\$ –	\$ –	\$ –	\$ –	355,212
MSDLAF MAX Class	AAAm	S&P	Amortized cost	\$ 459	\$ –	\$ –	\$ –	\$ –	\$ –	459
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized cost	\$ 6,873,377	\$ –	\$ –	\$ –	\$ –	\$ –	6,873,377
Total										\$ 12,252,467

N/R – Not Rated

N/A – Not Applicable

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

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.

**OPEB Irrevocable Trust Fund** – This fund represents investments administered by the District’s OPEB Irrevocable Trust Fund investment managers. This Trust Fund has a separate investment policy that guides the investments within this Fund. This investment policy limits investments to those authorized under Minnesota Statutes 118A of as outlined in the next paragraph.

For assets held in the OPEB Irrevocable Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. Minnesota Statutes authorize the Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers’ acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investments.

**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 policy does not further address concentration risk.

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



### NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 122,570	\$ –	\$ –	\$ –	\$ 122,570
Construction in progress	855,860	3,159,984	–	(3,741,734)	274,110
Total capital assets, not depreciated/amortized	978,430	3,159,984	–	(3,741,734)	396,680
Capital assets, depreciated/amortized					
Buildings	30,260,531	–	–	–	30,260,531
Improvements other than buildings	46,040,568	578,793	(15,766)	1,976,416	48,580,011
Machinery and equipment	7,985,568	400,848	(1,394,067)	1,765,318	8,757,667
Leased buildings	151,762	–	–	–	151,762
Leased equipment	112,223	–	(2,968)	–	109,255
Total capital assets, depreciated/amortized	84,550,652	979,641	(1,412,801)	3,741,734	87,859,226
Less accumulated depreciation/amortization for					
Buildings	(18,240,355)	(368,579)	–	–	(18,608,934)
Improvements other than buildings	(17,193,256)	(2,078,378)	15,766	–	(19,255,868)
Machinery and equipment	(6,507,364)	(206,450)	1,378,999	–	(5,334,815)
Leased buildings	(72,847)	(72,845)	–	–	(145,692)
Leased equipment	(26,569)	(30,296)	2,968	–	(53,897)
Total accumulated depreciation/amortization	(42,040,391)	(2,756,548)	1,397,733	–	(43,399,206)
Net capital assets, depreciated/amortized	42,510,261	(1,776,907)	(15,068)	3,741,734	44,460,020
Total capital assets, net	<u>\$ 43,488,691</u>	<u>\$ 1,383,077</u>	<u>\$ (15,068)</u>	<u>\$ –</u>	<u>\$ 44,856,700</u>

Depreciation and amortization expense for the year ended June 30, 2023 was charged to the following governmental functions:

Administration	\$ 80
District support services	1,754
Elementary and secondary regular instruction	58,038
Vocational education instruction	2,245
Instructional support services	1,910
Sites and buildings	2,613,860
Food service	78,184
Community service	477
Total depreciation/amortization expense	<u>\$ 2,756,548</u>

## NOTE 4 – LONG-TERM LIABILITIES

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

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
General obligation bonds payable						
Capital Facilities Bonds, Series 2012A	05/03/2012	2.00%–2.75%	\$ 965,000	02/01/2027	\$ 310,000	\$ 75,000
School Building Bonds, Series 2019A	02/21/2019	2.00%–5.00%	\$ 10,000,000	02/01/2033	9,490,000	770,000
School Building Bonds, Series 2019B	02/21/2019	2.00%–3.45%	\$ 6,283,058	02/01/2033	6,283,058	744,035
Total general obligations bonds payable					<u>\$ 16,083,058</u>	<u>\$ 1,589,035</u>
Financed purchases						
Gymnasium	06/19/2008	4.10%	\$ 3,684,766	06/19/2028	\$ 1,217,429	\$ 224,131
Classroom	04/17/2012	3.95%	\$ 2,950,000	12/30/2027	1,075,519	222,584
Classroom	04/01/2014	4.10%	\$ 2,950,000	12/30/2029	1,503,361	205,799
Total financed purchases					<u>\$ 3,796,309</u>	<u>\$ 652,514</u>

### A. General Obligation Bonds Payable

These bonds were issued to finance acquisition and construction of capital facilities. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 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.

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

### B. Financed Purchases

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

On April 17, 2012, the District entered into an agreement for the construction of a classroom addition. The obligation totaled \$2,950,000. The agreement has annual principal and interest payments totaling \$263,556 for the remaining years of the agreement.

On April 1, 2014, the District entered into an agreement for the construction of a classroom addition. The obligation totaled \$2,950,000. The agreement has annual principal and interest payments totaling \$266,336 for the remaining years of the agreement.

These agreements are paid by the General Fund.

### C. Lease Liabilities

The District entered into lease agreements for buildings and equipment. At year end, the District had an outstanding balance on these leases of \$5,960 and \$55,614, respectively. These lease agreements include annual principal and interest payments as described below. Interest rates on the lease agreements range from 0.3 to 4.6 percent and mature on dates through fiscal 2027. These agreements are paid by the General Fund. The total amount of underlying leased asset by major classes and the related accumulated amortization is presented in Note 3 to the basic financial statements.

### D. Events of Default

If the District fails to make the payments specified in the financed purchases or lease agreements, or otherwise defaults the lessor may: 1) enter the property and take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the rent due under these agreements, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under these agreements until the property is sold or leased again, or 3) take legal action to force performance under the terms of the agreements.

### E. Other Long-Term Liabilities

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

District employees participate in two defined benefit pension plans, including the state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 7,040,909	\$ 2,427,975	\$ 232,710	\$ 940,196
State-wide, multiple-employer – TRA	27,225,401	7,794,077	6,134,760	(5,668,643)
Total	<u>\$ 34,266,310</u>	<u>\$ 10,222,052</u>	<u>\$ 6,367,470</u>	<u>\$ (4,728,447)</u>

**NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)****F. Minimum Debt Payments**

Minimum annual principal and interest payments to maturity for general obligation bonds, financed purchases, and lease liabilities are as follows:

Year Ending June 30,	General Obligation Bonds		Financed Purchases		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,589,035	\$ 469,603	\$ 652,514	\$ 149,125	\$ 35,239	\$ 246
2025	1,607,255	451,008	679,712	121,928	10,856	117
2026	1,629,039	431,661	707,766	93,873	10,915	57
2027	1,641,930	414,071	736,980	64,660	4,566	6
2028	1,581,181	393,119	635,746	34,299	–	–
2029–2033	8,034,618	1,827,130	383,591	16,064	–	–
	<u>\$ 16,083,058</u>	<u>\$ 3,986,592</u>	<u>\$ 3,796,309</u>	<u>\$ 479,949</u>	<u>\$ 61,576</u>	<u>\$ 426</u>

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

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 18,433,058	\$ –	\$ 2,350,000	\$ 16,083,058	\$ 1,589,035
Bond premium	858,686	–	246,304	612,382	–
Financed purchases	4,423,202	–	626,893	3,796,309	652,514
Net pension liability	18,397,350	18,126,270	2,257,310	34,266,310	–
Lease liabilities	166,901	–	105,325	61,576	35,239
Compensated absences payable	252,166	301,769	272,971	280,964	200,681
	<u>\$ 42,531,363</u>	<u>\$ 18,428,039</u>	<u>\$ 5,858,803</u>	<u>\$ 55,100,599</u>	<u>\$ 2,477,469</u>

**NOTE 5 – AID ANTICIPATION CERTIFICATES**

On March 8, 2023, the District issued short-term Aid Anticipation Certificates in the amount of \$2,800,000. These were issued to assist with cash flow. The certificates were issued with an interest rate of 4.3 percent and have a maturity date of September 9, 2023. Interest on these certificates totaled \$56,077 for the fiscal year.

The following is a schedule of Aid Anticipation Certificates for the fiscal year:

Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
<u>\$ –</u>	<u>\$ 2,800,000</u>	<u>\$ –</u>	<u>\$ 2,800,000</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.

### A. Classifications

At June 30, 2023, 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	\$ 112,583	\$ –	\$ –	\$ 4,966	\$ 117,549
Prepaid items	301,066	–	–	300	301,366
Total nonspendable	413,649	–	–	5,266	418,915
<b>Restricted</b>					
Student activities	164,858	–	–	–	164,858
Scholarships	210,687	–	–	–	210,687
Staff development	1,250	–	–	–	1,250
Operating capital	191,827	–	–	–	191,827
Safe schools	1,579	–	–	–	1,579
Long-term facilities maintenance	5,278	–	–	–	5,278
Medical Assistance	50,722	–	–	–	50,722
Food service	–	–	–	1,175,900	1,175,900
Community education	–	–	–	264,917	264,917
Early childhood family education	–	–	–	22,302	22,302
Adult basic education	–	–	–	727	727
Community service	–	–	–	5,751	5,751
Capital projects levy	–	2,076	–	–	2,076
Debt service	–	–	657,482	–	657,482
Total restricted	626,201	2,076	657,482	1,469,597	2,755,356
<b>Unassigned</b>					
School readiness restricted account deficit	–	–	–	(158,633)	(158,633)
General Fund	2,466,506	–	–	–	2,466,506
Total unassigned	2,466,506	–	–	(158,633)	2,307,873
<b>Total</b>	<b>\$ 3,506,356</b>	<b>\$ 2,076</b>	<b>\$ 657,482</b>	<b>\$ 1,316,230</b>	<b>\$ 5,482,144</b>

## **NOTE 6 – FUND BALANCES (CONTINUED)**

### **B. Fund Balance Policy**

The School Board has formally adopted a fund balance policy. This policy states that the School Board will strive to maintain an unrestricted General Fund balance (excluding restricted account deficits) of between 6.0 and 12.0 percent of total General Fund operating expenditures.

At June 30, 2023, the unrestricted fund balance of the General Fund was 6.8 percent of total General Fund operating expenditures.

If the fund balance falls below 6.0 percent, the policy states the School Board shall implement procedures to stabilize the District's financial position. This shall include taking measures to either generate additional revenues or reduce expenditure through budget cuts or a combination of both.

## **NOTE 7 – 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.

#### **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.

Certain full-time and 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 administered by Minnesota State.

## **NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **B. Benefits Provided**

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

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

#### **1. GERP Benefits**

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

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

#### **2. TRA Benefits**

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

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

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### 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 July 1, 2006 or after	1.9 %

With these provisions:

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

### Tier II Benefits

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

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

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

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



## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 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, 2023, were \$524,267. 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,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
<b>Coordinated Plan</b>	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2023, were \$1,798,527. The District's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's Annual Comprehensive 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 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679
Add employer contributions not related to future contribution efforts	(2,178)
Deduct the TRA's contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total nonemployer contributions	<u>35,590</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u>\$ 515,519</u>

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

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$7,040,909 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 \$206,404. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.0889 percent at the end of the measurement period and 0.0874 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 7,040,909
State's proportionate share of the net pension liability associated with the District	\$ 206,404

For the year ended June 30, 2023, the District recognized negative pension expense of \$909,354 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$30,842 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

At June 30, 2023, 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	\$ 58,811	\$ 74,270
Changes in actuarial assumptions	1,567,412	29,539
Net collective difference between projected and actual investment earnings	175,536	—
Changes in proportion	101,949	128,901
District's contributions to the GERF subsequent to the measurement date	524,267	—
Total	<u>\$ 2,427,975</u>	<u>\$ 232,710</u>

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The \$524,267 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred 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>
2024	\$ 626,369
2025	\$ 601,114
2026	\$ (193,233)
2027	\$ 636,748

### 2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$27,225,401 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, 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 Minneapolis School District. The District's proportionate share was 0.3400 percent at the end of the measurement period and 0.3351 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	\$ 27,225,401
State's proportionate share of the net pension liability associated with the District	\$ 2,018,927

For the year ended June 30, 2023, the District recognized negative pension expense of \$5,946,252. It also recognized \$277,609 as an increase to pension expense for the support provided by direct aid.

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

At June 30, 2023, 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	\$ 397,163	\$ 235,802
Changes in actuarial assumptions	4,298,708	5,590,293
Net collective difference between projected and actual investment earnings on pension plan investments	904,032	—
Changes in proportion	395,647	308,665
District's contributions to the TRA subsequent to the measurement date	1,798,527	—
Total	<u>\$ 7,794,077</u>	<u>\$ 6,134,760</u>

A total of \$1,798,527 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, 2024. 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
2024	\$ (4,859,219)
2025	\$ 827,560
2026	\$ 304,336
2027	\$ 3,533,178
2028	\$ 54,935

**E. Long-Term Expected Return on Investment**

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	25.00	0.75 %
Total	<u>100.00 %</u>	

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 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%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

#### 1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

Mortality rates for the GERF Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit the PERA's experience.

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for 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.

#### 2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

## **NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

The following changes in actuarial assumptions occurred in 2022:

### **1. GERF**

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

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

### **2. TRA**

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

- None.

## **G. Discount Rate**

### **1. GERF**

The discount rate used to measure the total pension liability in 2022 was 6.50 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 GERF 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 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 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.

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### H. 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 below and on the preceding page, 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>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	\$ 11,121,485	\$ 7,040,909	\$ 3,694,207
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 42,919,363	\$ 27,225,401	\$ 14,361,246

### I. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](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 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. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

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

### **B. Benefits Provided**

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

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

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



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

### C. Contributions

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

### D. Membership

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

Retirees and beneficiaries receiving benefits	20
Active plan members	<u>419</u>
Total members	<u><u>439</u></u>

### E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	\$ 2,338,488
Plan fiduciary net position	<u>4,780,265</u>
District's net OPEB liability (asset)	<u><u>\$ (2,441,777)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>204.4%</u></u>

### F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation measured as of June 30, 2023, using the entry-age method using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment return	5.50%
Inflation rate	2.50%
Healthcare cost trend increases	6.80% initially, decreasing to 3.90% by 2076
Mortality assumption	RP-2014 Mortality Tables with projected mortality improvements based on Scale MP-2015, and other adjustments for teachers. Nonteachers based on Pub-2010 General Mortality Tables with projected mortality improvements based on Scale MP-2021 and other adjustments.

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

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.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	38.00 %	6.60 %
International equity	10.00	7.14 %
Fixed income	44.00	3.55 %
Real estate and alternatives	6.00	6.04 %
Cash	2.00	2.05 %
	100.00 %	5.50 %

### G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 6.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 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.

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

### I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2022	\$ 2,100,959	\$ 4,783,613	\$ (2,682,654)
Changes for the year			
Service cost	109,575	–	109,575
Interest	109,670	–	109,670
Assumption changes	(46,246)	–	(46,246)
Projected investment return	–	300,489	(300,489)
Differences between expected and actual experience	307,684	–	307,684
Benefit payments	(243,154)	(243,154)	–
Administrative expense	–	(60,683)	60,683
Total net changes	<u>237,529</u>	<u>(3,348)</u>	<u>240,877</u>
Ending balance – June 30, 2023	<u>\$ 2,338,488</u>	<u>\$ 4,780,265</u>	<u>\$ (2,441,777)</u>

Assumption changes since the prior measurement date include the following:

- The discount rate and long-term investment return assumption was changed from 5.25 percent to 5.50 percent based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan to the rates used in the July 1, 2022 valuation.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 30.00 percent to 20.00 percent to reflect recent plan experience.
- The inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

### J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the net OPEB liability of the District, as well as what the District's net OPEB 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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.50%	5.50%	6.50%
Net OPEB (asset)	\$ (2,291,824)	\$ (2,441,777)	\$ (2,583,278)

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

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

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.80% decreasing to 2.90%	6.80% decreasing to 3.90%	7.80% decreasing to 4.9%
Net OPEB (asset)	\$ (2,636,904)	\$ (2,441,777)	\$ (2,210,026)

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

For the current year ended, the District recognized OPEB expense of \$81,064. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 703,748	\$ 341,439
Changes in actuarial assumptions	–	430,641
Differences between projected and actual investment earnings	228,453	–
Total	<u>\$ 932,201</u>	<u>\$ 772,080</u>

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

Year Ending June 30,	OPEB Expense Amount
2024	\$ 39,874
2025	\$ 19,207
2026	\$ 129,386
2027	\$ (5,978)
2028	\$ (43,869)
Thereafter	\$ 21,501

## **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

### **A. Federal and State Receivables**

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

### **B. Legal Claims**

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

### **C. Construction Commitments**

At June 30, 2023, the District had various construction contract commitments for projects outstanding totaling \$349,782.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 13

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2023

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	0.1052%	\$ 4,941,769	\$ —	\$ 4,941,769	\$ 5,522,041	89.49%	78.70%
06/30/2016	06/30/2015	0.0986%	\$ 5,109,964	\$ —	\$ 5,109,964	\$ 5,697,480	89.69%	78.20%
06/30/2017	06/30/2016	0.0953%	\$ 7,737,887	\$ 101,013	\$ 7,838,900	\$ 5,910,760	130.91%	68.90%
06/30/2018	06/30/2017	0.0924%	\$ 5,898,755	\$ 74,175	\$ 5,972,930	\$ 5,952,893	99.09%	75.90%
06/30/2019	06/30/2018	0.0898%	\$ 4,980,736	\$ 163,506	\$ 5,144,242	\$ 6,037,773	82.49%	79.50%
06/30/2020	06/30/2019	0.0878%	\$ 4,854,265	\$ 150,827	\$ 5,005,092	\$ 6,212,627	78.14%	80.20%
06/30/2021	06/30/2020	0.0917%	\$ 5,497,834	\$ 169,484	\$ 5,667,318	\$ 6,537,880	84.09%	79.10%
06/30/2022	06/30/2021	0.0874%	\$ 3,732,372	\$ 114,018	\$ 3,846,390	\$ 6,345,053	58.82%	87.00%
06/30/2023	06/30/2022	0.0889%	\$ 7,040,909	\$ 206,404	\$ 7,247,313	\$ 6,730,253	104.62%	76.70%

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2023

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
06/30/2014	\$ 400,348	\$ 400,348	\$ —	\$ 5,522,041	7.25%
06/30/2015	\$ 42,711	\$ 427,311	\$ —	\$ 5,697,480	7.50%
06/30/2016	\$ 443,307	\$ 443,307	\$ —	\$ 5,910,760	7.50%
06/30/2017	\$ 446,467	\$ 446,467	\$ —	\$ 5,952,893	7.50%
06/30/2018	\$ 452,833	\$ 452,833	\$ —	\$ 6,037,773	7.50%
06/30/2019	\$ 465,947	\$ 465,947	\$ —	\$ 6,212,627	7.50%
06/30/2020	\$ 490,341	\$ 490,341	\$ —	\$ 6,537,880	7.50%
06/30/2021	\$ 475,879	\$ 475,879	\$ —	\$ 6,345,053	7.50%
06/30/2022	\$ 504,769	\$ 504,769	\$ —	\$ 6,730,253	7.50%
06/30/2023	\$ 524,267	\$ 524,267	\$ —	\$ 6,991,267	7.50%

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



INDEPENDENT SCHOOL DISTRICT NO. 13

Teachers Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2023

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3715%	\$ 17,118,453	\$ 1,204,156	\$ 18,322,609	\$ 16,956,614	100.95%	81.50%
06/30/2016	06/30/2015	0.3487%	\$ 21,570,544	\$ 2,646,026	\$ 24,216,570	\$ 17,698,667	121.88%	76.80%
06/30/2017	06/30/2016	0.3407%	\$ 81,265,079	\$ 8,156,950	\$ 89,422,029	\$ 17,723,853	458.51%	44.88%
06/30/2018	06/30/2017	0.3337%	\$ 66,612,573	\$ 6,439,968	\$ 73,052,541	\$ 17,963,200	370.83%	51.57%
06/30/2019	06/30/2018	0.3299%	\$ 20,720,808	\$ 1,946,810	\$ 22,667,618	\$ 18,228,533	113.67%	78.07%
06/30/2020	06/30/2019	0.3360%	\$ 21,416,711	\$ 1,895,133	\$ 23,311,844	\$ 19,073,774	112.28%	78.21%
06/30/2021	06/30/2020	0.3388%	\$ 25,030,998	\$ 2,097,713	\$ 27,128,711	\$ 19,685,480	127.15%	75.48%
06/30/2022	06/30/2021	0.3351%	\$ 14,664,978	\$ 1,236,956	\$ 15,901,934	\$ 20,269,533	72.35%	86.63%
06/30/2023	06/30/2022	0.3400%	\$ 27,225,401	\$ 2,018,927	\$ 29,244,328	\$ 21,221,511	128.29%	76.17%

Teachers Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2023

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
06/30/2014	\$ 1,186,963	\$ 1,186,963	\$ —	\$ 16,956,614	7.00%
06/30/2015	\$ 1,327,400	\$ 1,327,400	\$ —	\$ 17,698,667	7.50%
06/30/2016	\$ 1,329,289	\$ 1,329,289	\$ —	\$ 17,723,853	7.50%
06/30/2017	\$ 1,347,240	\$ 1,347,240	\$ —	\$ 17,963,200	7.50%
06/30/2018	\$ 1,367,140	\$ 1,367,140	\$ —	\$ 18,228,533	7.50%
06/30/2019	\$ 1,470,588	\$ 1,470,588	\$ —	\$ 19,073,774	7.71%
06/30/2020	\$ 1,559,090	\$ 1,559,090	\$ —	\$ 19,685,480	7.92%
06/30/2021	\$ 1,647,913	\$ 1,647,913	\$ —	\$ 20,269,533	8.13%
06/30/2022	\$ 1,769,874	\$ 1,769,874	\$ —	\$ 21,221,511	8.34%
06/30/2023	\$ 1,798,527	\$ 1,798,527	\$ —	\$ 21,031,802	8.55%

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. 13

Other Post-Employment Benefits Plan  
Schedule of Changes in the District's Net  
OPEB Liability and Related Ratios  
Year Ended June 30, 2023

	June 30,			
	2023	2022	2021	2020
Total OPEB liability				
Service cost	\$ 109,575	\$ 109,162	\$ 139,495	\$ 134,732
Interest	109,670	111,452	175,138	178,871
Differences between expected and actual experience	307,684	(38,800)	(467,717)	—
Assumption changes	(46,246)	—	(181,731)	(40,620)
Changes of benefit terms	—	—	—	—
Benefit payments	(243,154)	(189,169)	(223,622)	(242,871)
Net change in total OPEB liability	237,529	(7,355)	(558,437)	30,112
Total OPEB liability – beginning of year	2,100,959	2,108,314	2,666,751	2,636,639
Total OPEB liability – end of year	2,338,488	2,100,959	2,108,314	2,666,751
Plan fiduciary net position				
Net investment income	300,489	(469,830)	835,236	234,295
Benefit payments	(243,154)	(189,169)	(223,622)	(242,871)
Administrative expense	(60,683)	(65,855)	(64,655)	(62,128)
Net change in plan fiduciary net position	(3,348)	(724,854)	546,959	(70,704)
Plan fiduciary net position – beginning of year	4,783,613	5,508,467	4,961,508	5,032,212
Plan fiduciary net position – end of year	4,780,265	4,783,613	5,508,467	4,961,508
Net OPEB liability (asset)	\$ (2,441,777)	\$ (2,682,654)	\$ (3,400,153)	\$ (2,294,757)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	204.42%	227.69%	261.27%	186.05%
Covered-employee payroll	\$ 26,024,786	\$ 25,499,337	\$ 25,162,364	\$ 23,770,000
Net OPEB liability (asset) as a percentage of covered-employee payroll	(9.38%)	(10.52%)	(13.51%)	(9.65%)

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

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 138,215	\$ 152,982	\$ 143,726
143,584	135,384	137,076
938,915	—	—
(400,765)	(202,772)	—
10,256	—	—
(213,098)	(338,947)	(297,583)
<u>617,107</u>	<u>(253,353)</u>	<u>(16,781)</u>
<u>2,019,532</u>	<u>2,272,885</u>	<u>2,289,666</u>
<u>2,636,639</u>	<u>2,019,532</u>	<u>2,272,885</u>
294,670	329,302	418,650
(213,098)	(338,947)	(297,583)
(61,927)	(55,008)	—
<u>19,645</u>	<u>(64,653)</u>	<u>121,067</u>
<u>5,012,567</u>	<u>5,077,220</u>	<u>4,956,153</u>
<u>5,032,212</u>	<u>5,012,567</u>	<u>5,077,220</u>
<u>\$ (2,395,573)</u>	<u>\$ (2,993,035)</u>	<u>\$ (2,804,335)</u>
<u>190.86%</u>	<u>248.20%</u>	<u>223.38%</u>
<u>\$ 22,868,154</u>	<u>\$ 24,500,000</u>	<u>\$ 23,643,923</u>
<u>(10.48%)</u>	<u>(12.22%)</u>	<u>(11.86%)</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Other Post-Employment Benefits Plan  
Schedule of Investment Returns  
Year Ended June 30, 2023

<u>Year Ended June 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	8.45 %
2018	6.52 %
2019	5.91 %
2020	4.68 %
2021	16.94 %
2022	(8.58) %
2023	6.32 %

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

INDEPENDENT SCHOOL DISTRICT NO. 13

Notes to Required Supplementary Information  
June 30, 2023

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**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.

**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.

INDEPENDENT SCHOOL DISTRICT NO. 13

Notes to Required Supplementary Information (continued)  
June 30, 2023

**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. 13

Notes to Required Supplementary Information (continued)  
June 30, 2023

**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. 13

### Notes to Required Supplementary Information (continued) June 30, 2023

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

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

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

##### **2018 CHANGES IN PLAN PROVISIONS**

- 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.

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

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.



INDEPENDENT SCHOOL DISTRICT NO. 13

Notes to Required Supplementary Information (continued)  
June 30, 2023

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

**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.

**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. 13

### Notes to Required Supplementary Information (continued) June 30, 2023

#### **OTHER POST-EMPLOYMENT BENEFITS PLAN**

##### **2023 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate changed from 5.25 percent to 5.50 percent.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan to the rates used in the July 1, 2022 valuation.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 30.00 percent to 20.00 percent to reflect recent plan changes.
- The inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

##### **2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- None.

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

- The discount rate was changed from 6.50 percent to 5.25 percent based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB Plan investments was changed from 6.50 percent to 5.25 percent, based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changed from 75.00 percent to 60.00 percent to reflect recent plan experience.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 5.00 percent to 15.00 percent to reflect recent plan experience.
- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 13

Notes to Required Supplementary Information (continued)  
June 30, 2023

**OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 7.00 percent to 6.75 percent based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2016 PERA General Employees Retirement Plan and July 1, 2016 TRA valuations to the rates used in the July 1, 2018 valuations.
- The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changed from 95.00 percent to 75.00 percent to reflect recent plan experience.
- The percent of retirees electing spouse coverage changed from 25.00 percent to 30.00 percent to reflect recent plan experience.
- The inflation assumption was changed from 2.75 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 13

Nonmajor Governmental Funds  
Combining Balance Sheet  
as of June 30, 2023

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 1,421,633	\$ 85,936	\$ 1,507,569
Receivables			
Current taxes	–	191,035	191,035
Delinquent taxes	–	5,935	5,935
Accounts and interest	14,186	28,738	42,924
Due from other governmental units	46,373	249,014	295,387
Inventory	4,966	–	4,966
Prepaid items	300	–	300
Total assets	<u>\$ 1,487,458</u>	<u>\$ 560,658</u>	<u>\$ 2,048,116</u>
Liabilities			
Salaries and benefits payable	\$ 74,624	\$ 52,130	\$ 126,754
Accounts and contracts payable	223,006	68,777	291,783
Due to other governmental units	978	6,572	7,550
Unearned revenue	7,684	–	7,684
Total liabilities	<u>306,292</u>	<u>127,479</u>	<u>433,771</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	295,046	295,046
Deferred revenue – delinquent taxes	–	3,069	3,069
Total deferred inflows of resources	<u>–</u>	<u>298,115</u>	<u>298,115</u>
Fund balances (deficit)			
Nonspendable for inventory	4,966	–	4,966
Nonspendable for prepaids	300	–	300
Restricted	1,175,900	293,697	1,469,597
Unassigned	–	(158,633)	(158,633)
Total fund balances	<u>1,181,166</u>	<u>135,064</u>	<u>1,316,230</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,487,458</u>	<u>\$ 560,658</u>	<u>\$ 2,048,116</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Nonmajor Governmental Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2023

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 383,202	\$ 383,202
Investment earnings	33,755	7,090	40,845
Other	175,697	411,781	587,478
State sources	127,364	693,036	820,400
Federal sources	2,183,315	615,680	2,798,995
Total revenue	<u>2,520,131</u>	<u>2,110,789</u>	<u>4,630,920</u>
Expenditures			
Current			
Food service	2,387,245	—	2,387,245
Community service	—	2,115,372	2,115,372
Capital outlay	344,319	—	344,319
Total expenditures	<u>2,731,564</u>	<u>2,115,372</u>	<u>4,846,936</u>
Net change in fund balances	(211,433)	(4,583)	(216,016)
Fund balances			
Beginning of year	<u>1,392,599</u>	<u>139,647</u>	<u>1,532,246</u>
End of year	<u>\$ 1,181,166</u>	<u>\$ 135,064</u>	<u>\$ 1,316,230</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

General Fund  
Comparative Balance Sheet  
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	\$ 4,162,220	\$ —
Receivables		
Current taxes	4,479,356	4,660,696
Delinquent taxes	109,150	67,692
Accounts and interest	51,399	194,512
Due from other governmental units	9,954,538	10,569,516
Due from other funds	243,154	—
Inventory	112,583	164,870
Prepaid items	301,066	115,121
Total assets	<u>\$ 19,413,466</u>	<u>\$ 15,772,407</u>
Liabilities		
Aid anticipation certificates	\$ 2,800,000	\$ —
Salaries and benefits payable	4,085,762	4,535,143
Accounts and contracts payable	926,705	1,651,555
Accrued interest payable	56,077	—
Due to other governmental units	2,046,435	1,431,824
Due to other funds	—	10,686
Unearned revenue	—	8,087
Total liabilities	<u>9,914,979</u>	<u>7,637,295</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	5,939,880	5,531,625
Deferred revenue – delinquent taxes	52,251	34,300
Total deferred inflows of resources	<u>5,992,131</u>	<u>5,565,925</u>
Fund balances (deficit)		
Nonspendable for inventory	112,583	164,870
Nonspendable for prepaid items	301,066	115,121
Restricted for student activities	164,858	146,559
Restricted for scholarships	210,687	227,268
Restricted for staff development	1,250	—
Restricted for operating capital	191,827	424,377
Restricted for safe schools	1,579	6,061
Restricted for long-term facilities maintenance	5,278	—
Restricted for Medical Assistance	50,722	64,158
Unassigned – long-term facilities maintenance		
restricted account deficit	—	(34,824)
Unassigned	2,466,506	1,455,597
Total fund balances	<u>3,506,356</u>	<u>2,569,187</u>
Total liabilities and fund balances (deficit)	<u>\$ 19,413,466</u>	<u>\$ 15,772,407</u>



INDEPENDENT SCHOOL DISTRICT NO. 13

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 6,586,671	\$ 6,570,645	\$ (16,026)	\$ 7,126,995
Investment earnings	25,000	51,717	26,717	2,783
Other	810,763	895,123	84,360	942,180
State sources	41,791,067	42,826,947	1,035,880	40,342,299
Federal sources	7,022,732	6,755,052	(267,680)	7,005,353
Total revenue	56,236,233	57,099,484	863,251	55,419,610
Expenditures				
Current				
Administration				
Salaries	1,179,906	1,178,833	(1,073)	1,171,658
Employee benefits	418,472	410,349	(8,123)	403,747
Purchased services	20,000	8,721	(11,279)	18,191
Supplies and materials	19,000	16,258	(2,742)	13,015
Other expenditures	49,800	38,820	(10,980)	38,192
Total administration	1,687,178	1,652,981	(34,197)	1,644,803
District support services				
Salaries	1,041,700	1,053,649	11,949	1,085,516
Employee benefits	332,723	337,722	4,999	598,533
Purchased services	166,900	96,208	(70,692)	154,363
Supplies and materials	28,800	15,483	(13,317)	43,783
Other expenditures	(24,400)	(18,630)	5,770	(35,265)
Total district support services	1,545,723	1,484,432	(61,291)	1,846,930
Elementary and secondary regular instruction				
Salaries	14,543,571	14,639,698	96,127	14,560,633
Employee benefits	5,851,891	5,435,282	(416,609)	5,537,813
Purchased services	2,431,122	2,979,895	548,773	3,433,587
Supplies and materials	675,595	816,835	141,240	785,223
Capital expenditures	54,000	118,631	64,631	119,449
Other expenditures	405,017	174,033	(230,984)	325,496
Total elementary and secondary regular instruction	23,961,196	24,164,374	203,178	24,762,201

INDEPENDENT SCHOOL DISTRICT NO. 13

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	290,349	304,288	13,939	343,320
Employee benefits	134,220	139,896	5,676	164,496
Purchased services	8,310	4,409	(3,901)	5,164
Supplies and materials	11,250	11,127	(123)	18,134
Capital expenditures	8,425	5,650	(2,775)	14,031
Other expenditures	—	2,238	2,238	150
Total vocational education instruction	452,554	467,608	15,054	545,295
Special education instruction				
Salaries	5,365,147	5,245,821	(119,326)	5,606,607
Employee benefits	2,248,663	2,151,192	(97,471)	2,430,433
Purchased services	1,780,563	1,878,196	97,633	1,712,560
Supplies and materials	48,439	49,665	1,226	59,634
Capital expenditures	469	3,838	3,369	12,463
Other expenditures	37,744	32,844	(4,900)	35,851
Total special education instruction	9,481,025	9,361,556	(119,469)	9,857,548
Instructional support services				
Salaries	1,316,098	1,293,398	(22,700)	1,319,064
Employee benefits	447,639	410,556	(37,083)	437,233
Purchased services	172,755	180,427	7,672	129,937
Supplies and materials	69,664	44,729	(24,935)	63,548
Capital expenditures	5,880	5,880	—	5,690
Other expenditures	16,000	12,173	(3,827)	9,537
Total instructional support services	2,028,036	1,947,163	(80,873)	1,965,009
Pupil support services				
Salaries	761,796	768,551	6,755	650,135
Employee benefits	278,257	295,161	16,904	234,181
Purchased services	6,344,179	6,482,766	138,587	6,459,295
Supplies and materials	397,708	413,703	15,995	475,343
Capital expenditures	113,478	154,049	40,571	31,569
Other expenditures	32,000	16,813	(15,187)	49,768
Total pupil support services	7,927,418	8,131,043	203,625	7,900,291

INDEPENDENT SCHOOL DISTRICT NO. 13

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		2022
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Sites and buildings			
Salaries	1,529,733	1,541,777	12,044
Employee benefits	811,923	764,714	(47,209)
Purchased services	1,862,010	1,738,029	(123,981)
Supplies and materials	747,500	675,328	(72,172)
Capital expenditures	2,650,458	2,871,171	220,713
Other expenditures	1,800	6,550	4,750
Total sites and buildings	7,603,424	7,597,569	(5,855)
Fiscal and other fixed cost programs			
Purchased services	345,000	271,154	(73,846)
Other expenditures	125,000	115,445	(9,555)
Total fiscal and other fixed cost programs	470,000	386,599	(83,401)
Debt service			
Principal	728,906	732,218	3,312
Interest and fiscal charges	180,233	237,892	57,659
Total debt service	909,139	970,110	60,971
Total expenditures	56,065,693	56,163,435	97,742
Excess (deficiency) of revenue over expenditures	170,540	936,049	765,509
Other financing sources (uses)			
Insurance recovery	—	—	—
Issuance of lease liabilities	—	—	—
Proceeds from sale of assets	—	1,120	1,120
Total other financing sources (uses)	—	1,120	1,120
Net change in fund balances	\$ 170,540	937,169	\$ 766,629
Fund balances			
Beginning of year		2,569,187	3,064,569
End of year		\$ 3,506,356	\$ 2,569,187

INDEPENDENT SCHOOL DISTRICT NO. 13

Food Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 1,421,633	\$ 1,404,909
Receivables		
Accounts and interest	14,186	5,619
Due from other governmental units	46,373	76,201
Inventory	4,966	20,730
Prepaid items	<u>300</u>	<u>—</u>
Total assets	<u><u>\$ 1,487,458</u></u>	<u><u>\$ 1,507,459</u></u>
Liabilities		
Salaries and benefits payable	\$ 74,624	\$ 74,561
Accounts and contracts payable	223,006	31,538
Due to other governmental units	978	—
Unearned revenue	<u>7,684</u>	<u>8,761</u>
Total liabilities	<u>306,292</u>	<u>114,860</u>
Fund balances		
Nonspendable for inventory	4,966	20,730
Nonspendable for prepaid items	300	—
Restricted for food service	<u>1,175,900</u>	<u>1,371,869</u>
Total fund balances	<u>1,181,166</u>	<u>1,392,599</u>
Total liabilities and fund balances	<u><u>\$ 1,487,458</u></u>	<u><u>\$ 1,507,459</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Food Service Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		2022	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 2,100	\$ 33,755	\$ 31,655	\$ 431
Other – primarily meal sales	118,500	175,697	57,197	23,735
State sources	88,500	127,364	38,864	72,727
Federal sources	1,935,000	2,183,315	248,315	2,663,100
Total revenue	<u>2,144,100</u>	<u>2,520,131</u>	<u>376,031</u>	<u>2,759,993</u>
Expenditures				
Current				
Salaries	815,613	914,511	98,898	686,951
Employee benefits	284,363	297,118	12,755	268,239
Purchased services	92,380	88,808	(3,572)	43,983
Supplies and materials	972,630	1,077,920	105,290	1,044,544
Other expenditures	8,000	8,888	888	5,470
Capital outlay	275,000	344,319	69,319	120,222
Total expenditures	<u>2,447,986</u>	<u>2,731,564</u>	<u>283,578</u>	<u>2,169,409</u>
Excess (deficiency) of revenue over expenditures	(303,886)	(211,433)	92,453	590,584
Other financing sources				
Proceeds from sale of assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,100</u>
Net change in fund balances	<u>\$ (303,886)</u>	<u>(211,433)</u>	<u>\$ 92,453</u>	<u>592,684</u>
Fund balances				
Beginning of year		<u>1,392,599</u>		<u>799,915</u>
End of year		<u>\$ 1,181,166</u>		<u>\$ 1,392,599</u>

## INDEPENDENT SCHOOL DISTRICT NO. 13

Community Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	\$ 85,936	\$ 191,420
Receivables		
Current taxes	191,035	273,134
Delinquent taxes	5,935	2,916
Accounts and interest	28,738	4,775
Due from other governmental units	249,014	252,276
Due from other funds	—	10,686
Prepaid items	—	1,488
Total assets	<u>\$ 560,658</u>	<u>\$ 736,695</u>
Liabilities		
Salaries and benefits payable	\$ 52,130	\$ 65,049
Accounts and contracts payable	68,777	37,125
Due to other governmental units	6,572	3,945
Unearned revenue	—	106,119
Total liabilities	<u>127,479</u>	<u>212,238</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	295,046	383,614
Deferred revenue – delinquent taxes	3,069	1,196
Total deferred inflows of resources	<u>298,115</u>	<u>384,810</u>
Fund balances (deficit)		
Nonspendable for prepaid items	—	1,488
Restricted for community education programs	264,917	74,843
Restricted for early childhood family education programs	22,302	27,300
Restricted for school readiness	—	32,431
Restricted for adult basic education	727	499
Restricted for community service	5,751	3,086
Unassigned – school readiness restricted account deficit	(158,633)	—
Total fund balances	<u>135,064</u>	<u>139,647</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 560,658</u>	<u>\$ 736,695</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Community Service Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 286,351	\$ 383,202	\$ 96,851	\$ 319,518
Investment earnings	750	7,090	6,340	166
Other – primarily tuition and fees	480,850	411,781	(69,069)	678,781
State sources	870,822	693,036	(177,786)	768,578
Federal sources	304,246	615,680	311,434	372,635
Total revenue	<u>1,943,019</u>	<u>2,110,789</u>	<u>167,770</u>	<u>2,139,678</u>
Expenditures				
Current				
Salaries	1,073,486	1,129,125	55,639	1,155,290
Employee benefits	397,109	454,698	57,589	482,995
Purchased services	308,908	331,128	22,220	249,565
Supplies and materials	75,445	128,625	53,180	47,950
Other expenditures	16,200	71,796	55,596	307,688
Total expenditures	<u>1,871,148</u>	<u>2,115,372</u>	<u>244,224</u>	<u>2,243,488</u>
Net change in fund balances	<u>\$ 71,871</u>	<u>(4,583)</u>	<u>\$ (76,454)</u>	<u>(103,810)</u>
Fund balances				
Beginning of year		<u>139,647</u>		<u>243,457</u>
End of year		<u>\$ 135,064</u>		<u>\$ 139,647</u>

## INDEPENDENT SCHOOL DISTRICT NO. 13

Capital Projects – Building Construction Fund  
Comparative Balance Sheet  
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 595,225	\$ 553,666
Receivables		
Current taxes	1,071,855	1,112,120
Delinquent taxes	<u>24,223</u>	<u>11,798</u>
Total assets	<u><u>\$ 1,691,303</u></u>	<u><u>\$ 1,677,584</u></u>
Liabilities		
Salaries and benefits payable	\$ 7,916	\$ 7,771
Accounts and contracts payable	<u>13,567</u>	<u>12,420</u>
Total liabilities	21,483	20,191
Deferred inflows of resources		
Property taxes levied for subsequent year	1,655,878	1,561,950
Deferred revenue – delinquent taxes	<u>11,866</u>	<u>2,491</u>
Total deferred inflows of resources	1,667,744	1,564,441
Fund balances		
Restricted for capital projects levy	<u>2,076</u>	<u>92,952</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,691,303</u></u>	<u><u>\$ 1,677,584</u></u>



INDEPENDENT SCHOOL DISTRICT NO. 13

Capital Projects – Building Construction Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,561,897	\$ 1,560,805	\$ (1,092)	\$ 1,534,235
Investment earnings	–	–	–	632
Total revenue	<u>1,561,897</u>	<u>1,560,805</u>	<u>(1,092)</u>	<u>1,534,867</u>
Expenditures				
Capital outlay				
Salaries	128,767	128,767	–	126,142
Employee benefits	41,741	41,282	(459)	40,718
Purchased services	841,271	903,370	62,099	239,685
Capital expenditures	<u>550,000</u>	<u>578,262</u>	<u>28,262</u>	<u>1,796,359</u>
Total expenditures	<u>1,561,779</u>	<u>1,651,681</u>	<u>89,902</u>	<u>2,202,904</u>
Net change in fund balances	<u>\$ 118</u>	<u>(90,876)</u>	<u>\$ (90,994)</u>	<u>(668,037)</u>
Fund balances				
Beginning of year		<u>92,952</u>		<u>760,989</u>
End of year		<u>\$ 2,076</u>		<u>\$ 92,952</u>

## INDEPENDENT SCHOOL DISTRICT NO. 13

Debt Service Fund  
Comparative Balance Sheet  
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 1,327,695	\$ 1,391,438
Receivables		
Current taxes	1,276,870	2,018,221
Delinquent taxes	44,550	25,801
Due from other governmental units	<u>6</u>	<u>6</u>
Total assets	<u>\$ 2,649,121</u>	<u>\$ 3,435,466</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 1,971,133	\$ 2,834,443
Deferred revenue – delinquent taxes	<u>20,506</u>	<u>10,700</u>
Total deferred inflows of resources	1,991,639	2,845,143
Fund balances		
Restricted for debt service	<u>657,482</u>	<u>590,323</u>
Total deferred inflows of resources and fund balances	<u>\$ 2,649,121</u>	<u>\$ 3,435,466</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Debt Service Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2023  
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,834,077	\$ 2,837,575	\$ 3,498	\$ 2,819,337
Investment earnings	—	41,199	41,199	779
State sources	—	60	60	60
Total revenue	<u>2,834,077</u>	<u>2,878,834</u>	<u>44,757</u>	<u>2,820,176</u>
Expenditures				
Debt service				
Principal	2,350,000	2,350,000	—	2,285,000
Interest	457,888	457,888	—	524,988
Fiscal charges and other	<u>3,787</u>	<u>3,787</u>	<u>—</u>	<u>2,425</u>
Total expenditures	<u>2,811,675</u>	<u>2,811,675</u>	<u>—</u>	<u>2,812,413</u>
Net change in fund balances	<u>\$ 22,402</u>	67,159	<u>\$ 44,757</u>	7,763
Fund balances				
Beginning of year		<u>590,323</u>		<u>582,560</u>
End of year		<u>\$ 657,482</u>		<u>\$ 590,323</u>

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### SECTION III – STATISTICAL SECTION



## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 13's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

#### **Operating Indicators**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR 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. 13

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 573,915	\$ 2,069,257	\$ 3,584,841	\$ 6,134,112
Restricted	2,495,551	2,396,044	2,766,871	2,239,741
Unrestricted	7,880,807	(16,966,988)	(17,494,976)	(30,298,745)
 Total governmental activities net position	 \$ 10,950,273	 \$ (12,501,687)	 \$ (11,143,264)	 \$ (21,924,892)



2018	2019	2020	2021	2022	2023
\$ 8,319,945	\$ 7,378,480	\$ 8,303,513	\$ 15,879,009	\$ 19,606,844	\$ 24,305,451
2,718,181	5,956,134	5,661,417	3,253,691	5,511,668	4,559,264
(39,434,278)	(29,351,961)	(33,053,366)	(35,847,386)	(36,713,911)	(27,930,555)
\$ (28,396,152)	\$ (16,017,347)	\$ (19,088,436)	\$ (16,714,686)	\$ (11,595,399)	\$ 934,160

INDEPENDENT SCHOOL DISTRICT NO. 13

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Expenses				
Administration	\$ 1,361,410	\$ 1,192,700	\$ 1,378,591	\$ 1,982,406
District support services	1,466,240	1,502,967	1,517,706	1,568,573
Elementary and secondary regular instruction	22,623,542	22,790,181	23,121,740	30,918,884
Vocational education instruction	460,417	438,772	455,403	653,326
Special education instruction	7,478,253	7,402,855	7,363,464	9,203,014
Instructional support services	1,188,621	1,882,794	1,947,516	2,353,508
Pupil support services	4,512,362	4,950,634	4,744,863	5,329,571
Sites and buildings	4,001,608	3,787,071	4,837,536	4,728,311
Fiscal and other fixed cost programs	99,673	99,928	99,141	104,487
Food service	2,170,479	2,129,511	2,089,900	2,244,862
Community service	1,761,747	1,533,855	1,598,680	1,875,339
Interest and fiscal charges	720,807	741,463	673,838	601,636
Total governmental activities expenses	47,845,159	48,452,731	49,828,378	61,563,917
Program revenues				
Charges for services				
Elementary and secondary regular instruction	164,510	273,056	270,918	278,116
Vocational education instruction	—	—	—	—
Special education instruction	—	14,965	1,717	—
Pupil support services	—	—	—	—
Sites and buildings	14,020	15,336	12,396	12,692
Food service	222,291	172,823	92,452	172,437
Community service	700,087	783,106	775,872	829,759
Operating grants and contributions	18,291,095	18,705,644	18,136,264	19,463,583
Capital grants and contributions	387,668	559,529	549,170	763,127
Total governmental activities program revenues	19,779,671	20,524,459	19,838,789	21,519,714
Net (expense)	(28,065,488)	(27,928,272)	(29,989,589)	(40,044,203)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	3,769,653	5,107,176	5,010,843	5,454,417
Property taxes, levied for community service	177,636	401,489	378,705	464,519
Property taxes, levied for building construction	—	—	1,000,591	1,116,965
Property taxes, levied for debt service	2,478,475	2,152,093	2,083,293	2,010,939
General grants and aids	21,118,460	21,237,453	22,446,617	22,928,159
Gain on sale of capital assets	3,881	4,000	—	—
Other general revenues	327,885	544,697	417,835	516,502
Investment earnings	15,707	10,572	10,128	24,103
Total general revenues and other changes in net position	27,891,697	29,457,480	31,348,012	32,515,604
Change in net position	\$ (173,791)	\$ 1,529,208	\$ 1,358,423	\$ (7,528,599)

2018	2019	2020	2021	2022	2023
\$ 2,008,687	\$ 983,085	\$ 1,685,639	\$ 1,692,527	\$ 1,759,741	\$ 1,300,456
1,567,230	1,316,360	1,846,535	1,434,818	1,678,513	1,547,390
30,651,805	17,601,336	26,142,896	26,356,650	25,054,473	19,509,887
547,052	278,541	525,892	538,450	505,736	347,826
9,498,370	6,024,090	9,577,049	9,523,193	9,604,307	7,886,718
1,588,752	1,433,596	1,923,798	2,512,613	1,981,103	1,558,305
6,356,053	6,627,869	6,903,971	5,435,177	7,928,977	8,014,278
4,505,817	4,726,318	8,298,837	4,389,972	5,378,289	8,168,365
107,894	118,661	251,758	272,918	359,581	386,599
2,177,767	2,174,212	1,929,686	1,564,635	2,156,487	2,501,293
2,126,757	1,779,740	2,155,603	1,900,942	2,324,126	2,008,791
524,738	757,257	916,059	752,568	643,903	617,375
61,660,922	43,821,065	62,157,723	56,374,463	59,375,236	53,847,283
190,251	365,928	426,034	55,677	82,281	62,711
—	—	—	—	—	—
—	11,685	6,688	—	4,966	133,689
—	—	—	—	—	—
13,225	13,890	14,285	183,141	55,455	1,000
216,792	189,483	145,976	23,210	22,463	175,697
775,139	836,647	679,153	434,215	655,576	390,362
20,370,208	20,782,148	22,416,844	22,820,068	13,437,118	13,552,211
1,017,264	1,112,812	1,007,703	1,293,266	1,021,907	589,441
22,582,879	23,312,593	24,696,683	24,809,577	15,279,766	14,905,111
(39,078,043)	(20,508,472)	(37,461,040)	(31,564,886)	(44,095,470)	(38,942,172)
5,908,732	6,596,923	5,690,215	5,971,959	7,111,914	6,588,596
257,879	321,804	297,503	378,076	318,639	385,075
1,127,365	1,168,633	1,299,773	1,391,410	1,531,552	1,570,180
2,147,146	2,218,523	2,882,572	2,839,453	2,814,738	2,847,381
22,602,221	21,980,546	23,240,088	22,112,383	37,143,374	39,223,635
37,252	—	—	—	—	—
445,475	263,667	238,198	1,177,927	289,751	720,262
80,713	337,181	507,020	67,428	4,789	136,602
32,606,783	32,887,277	34,155,369	33,938,636	49,214,757	51,471,731
\$ (6,471,260)	\$ 12,378,805	\$ (3,305,671)	\$ 2,373,750	\$ 5,119,287	\$ 12,529,559

INDEPENDENT SCHOOL DISTRICT NO. 13

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 233,487	\$ 143,337	\$ 131,362	\$ 105,926
Restricted	1,387,651	1,246,768	954,849	871,922
Assigned	136,114	131,542	108,631	505,718
Unassigned	2,197,908	2,099,644	1,656,458	2,427,368
Total General Fund	<u>\$ 3,955,160</u>	<u>\$ 3,621,291</u>	<u>\$ 2,851,300</u>	<u>\$ 3,910,934</u>
All other governmental funds				
Nonspendable	\$ 23,805	\$ 12,100	\$ —	\$ 7,344
Restricted	4,354,883	1,908,583	1,990,603	1,568,788
Unassigned, reported in				
Special revenue funds	—	—	—	—
Capital projects funds	—	—	(11,110)	(12,961)
Debt service fund	—	—	—	(45,869)
Total all other governmental funds	<u>\$ 4,378,688</u>	<u>\$ 1,920,683</u>	<u>\$ 1,979,493</u>	<u>\$ 1,517,302</u>
Total all governmental funds	<u>\$ 8,333,848</u>	<u>\$ 5,541,974</u>	<u>\$ 4,830,793</u>	<u>\$ 5,428,236</u>
General Fund unassigned as a percentage of total expenditures	<u>5.2%</u>	<u>4.7%</u>	<u>3.7%</u>	<u>5.4%</u>

2018	2019	2020	2021	2022	2023
\$ 198,317	\$ 181,623	\$ 124,602	\$ 136,061	\$ 279,991	\$ 413,649
1,324,530	2,642,726	717,899	1,048,185	868,423	626,201
990,554	888,347	—	—	—	—
2,590,823	3,294,956	2,720,256	1,880,323	1,420,773	2,466,506
<u>\$ 5,104,224</u>	<u>\$ 7,007,652</u>	<u>\$ 3,562,757</u>	<u>\$ 3,064,569</u>	<u>\$ 2,569,187</u>	<u>\$ 3,506,356</u>
\$ 390	\$ 20,010	\$ 10,209	\$ 9,924	\$ 22,218	\$ 5,266
1,576,191	18,058,753	5,188,046	2,400,979	2,193,303	2,129,155
—	—	—	(23,982)	—	(158,633)
(13,293)	—	—	—	—	—
(43,969)	—	—	—	—	—
<u>\$ 1,519,319</u>	<u>\$ 18,078,763</u>	<u>\$ 5,198,255</u>	<u>\$ 2,386,921</u>	<u>\$ 2,215,521</u>	<u>\$ 1,975,788</u>
<u>\$ 6,623,543</u>	<u>\$ 25,086,415</u>	<u>\$ 8,761,012</u>	<u>\$ 5,451,490</u>	<u>\$ 4,784,708</u>	<u>\$ 5,482,144</u>
<u>5.5%</u>	<u>6.8%</u>	<u>5.0%</u>	<u>3.6%</u>	<u>2.8%</u>	<u>4.4%</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Property taxes	\$ 6,338,750	\$ 7,669,981	\$ 8,477,850	\$ 9,051,684
Investment earnings	15,142	10,292	10,128	24,556
Other	2,164,623	2,346,117	2,185,216	2,314,244
State sources	35,184,466	36,459,719	36,783,444	37,681,179
Federal sources	3,876,927	3,500,773	3,734,241	3,938,010
Total revenues	47,579,908	49,986,882	51,190,879	53,009,673
Expenditures				
Current				
Administration	1,217,236	1,109,996	1,263,781	1,302,465
District support services	1,441,953	1,497,065	1,495,563	1,510,240
Elementary and secondary regular instruction	21,239,609	22,083,868	21,957,628	21,890,411
Vocational education instruction	446,772	436,594	446,628	458,223
Special education instruction	7,234,416	7,208,222	7,238,505	7,173,841
Instructional support services	1,099,959	1,845,808	1,851,465	1,721,391
Pupil support services	4,116,579	4,575,930	4,596,585	4,904,931
Sites and buildings	4,064,783	4,079,335	4,581,454	4,250,194
Fiscal and other fixed cost programs	99,673	99,928	99,141	104,487
Food service	2,057,454	2,029,115	2,003,054	2,095,814
Community service	1,622,489	1,437,708	1,472,233	1,528,109
Capital outlay	1,464,676	3,462,004	1,884,911	243,400
Debt service				
Principal	1,887,897	1,972,452	2,133,079	2,231,267
Interest and fiscal charges	948,848	944,731	878,033	806,849
Total expenditures	48,942,344	52,782,756	51,902,060	52,412,230
Excess of revenues over (under) expenditures	(1,362,436)	(2,795,874)	(711,181)	597,443
Other financing sources (uses)				
Bonds issued	—	—	—	—
Premium on bonds issued	—	—	—	—
Proceeds from sale of assets	7,612	4,000	—	—
Issuance of lease liabilities	3,168,859	—	—	—
Insurance recovery	—	—	—	—
Total other financing sources (uses)	3,176,471	4,000	—	—
Net change in fund balances	\$ 1,814,035	\$ (2,791,874)	\$ (711,181)	\$ 597,443
Debt service as a percentage of noncapital expenditures	5.9%	5.9%	6.0%	6.0%

2018	2019	2020	2021	2022	2023
\$ 9,453,315	\$ 10,312,563	\$ 10,065,160	\$ 10,709,865	\$ 11,800,085	\$ 11,352,227
81,679	338,511	507,597	67,069	4,791	133,761
2,398,928	2,160,189	1,810,390	1,277,391	1,644,693	1,482,601
39,558,416	40,674,183	41,635,875	40,595,023	41,183,667	43,647,407
3,681,633	4,183,187	4,717,979	6,166,333	10,041,088	9,554,047
55,173,971	57,668,633	58,737,001	58,815,681	64,674,324	66,170,043
1,365,159	1,395,651	1,737,507	1,456,952	1,704,017	1,652,981
1,563,615	1,546,620	1,833,715	1,461,340	1,787,744	1,484,432
22,842,133	23,351,866	23,397,108	23,507,929	24,641,836	24,164,374
390,326	435,354	488,953	500,935	531,265	467,608
7,580,992	7,798,730	9,010,335	8,991,781	9,845,093	9,361,556
1,183,721	1,838,411	1,752,765	2,338,979	1,959,323	1,947,163
5,861,833	6,529,279	6,528,300	5,336,687	7,888,844	8,131,043
4,039,889	4,523,296	6,965,263	5,401,825	4,964,532	7,597,569
107,894	118,661	251,758	272,918	359,581	386,599
2,065,435	2,103,933	1,834,142	1,482,735	2,049,187	2,387,245
1,779,192	1,847,654	1,979,488	1,738,863	2,223,328	2,115,372
2,175,579	1,619,926	15,918,716	6,004,195	3,749,207	1,996,000
2,322,156	2,388,326	2,689,877	2,778,180	2,989,627	3,082,218
737,992	876,445	909,059	851,884	731,091	699,567
54,015,916	56,374,152	75,296,986	62,125,203	65,424,675	65,473,727
1,158,055	1,294,481	(16,559,985)	(3,309,522)	(750,351)	696,316
—	16,283,058	—	—	—	—
37,252	885,333	—	—	—	—
—	—	—	—	7,650	1,120
—	—	—	—	53,494	—
—	—	—	—	22,425	—
37,252	17,168,391	—	—	83,569	1,120
\$ 1,195,307	\$ 18,462,872	\$ (16,559,985)	\$ (3,309,522)	\$ (666,782)	\$ 697,436
5.8%	5.9%	5.9%	6.5%	6.3%	6.2%

INDEPENDENT SCHOOL DISTRICT NO. 13

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

Fiscal Year	Property Tax				
	General Purposes	Community Service	Building Construction	Debt Service	Total
2014	\$ 3,769,653	\$ 177,636	\$ —	\$ 2,478,475	\$ 6,425,764
2015	5,107,176	401,489	—	2,152,093	7,660,758
2016	5,010,843	378,705	1,000,591	2,083,293	8,473,432
2017	5,454,417	464,519	1,116,965	2,010,939	9,046,840
2018	5,908,732	257,879	1,127,365	2,147,146	9,441,122
2019	6,596,923	321,804	1,168,633	2,218,523	10,305,883
2020	5,690,215	297,503	1,299,773	2,882,572	10,170,063
2021	5,971,959	378,076	1,391,410	2,839,453	10,580,898
2022	7,111,914	318,639	1,531,552	2,814,738	11,776,843
2023	6,588,596	385,075	1,570,180	2,847,381	11,391,232



INDEPENDENT SCHOOL DISTRICT NO. 13

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

Fiscal Year	Property Tax					Total
	General Fund	Community Service Special Revenue Fund	Building Construction Fund	Debt Service Fund		
2014	\$ 3,710,334	\$ 174,494	\$ —	\$ 2,453,922	\$ 6,338,750	
2015	5,114,679	400,980	—	2,154,322	7,669,981	
2016	5,011,825	378,907	1,000,591	2,086,527	8,477,850	
2017	5,456,332	464,333	1,116,965	2,014,054	9,051,684	
2018	5,915,864	259,148	1,127,365	2,150,938	9,453,315	
2019	6,609,830	322,412	1,159,058	2,221,263	10,312,563	
2020	5,627,860	294,649	1,290,052	2,852,599	10,065,160	
2021	6,045,133	382,492	1,405,532	2,876,708	10,709,865	
2022	7,126,995	319,518	1,534,235	2,819,337	11,800,085	
2023	6,570,645	383,202	1,560,805	2,837,575	11,352,227	

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INDEPENDENT SCHOOL DISTRICT NO. 13

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity Value
Columbia Heights Leased Housing I	\$ 287,608	1	1.58 %	\$ —	—	— %
Columbia Heights Leased Housing III	221,769	2	1.22	—	—	—
Medtronic, Inc.	205,126	3	1.13	154,158	1	1.60
Jones Family Investments LLC	182,873	4	1.00	—	—	—
Columbia Park Properties	136,838	5	0.75	85,636	6	0.89
Crestview Corporation	134,889	6	0.74	95,532	3	0.99
Parkview Limited Partnership	134,485	7	0.74	—	—	—
Burlington Northern	126,472	8	0.69	—	—	—
Health Care Reit, Inc.	82,779	9	0.45	68,184	9	0.71
Columbia Heights Center LLC	71,020	10	0.39	70,616	7	0.73
Centro Bradley SPE 5 LLC	—	—	—	120,718	2	1.25
Stadium Village Properties LLC	—	—	—	93,180	4	0.97
Hart Lake Apartment LLC	—	—	—	90,570	5	0.94
Xcel Energy/Northern States Power Co.	—	—	—	69,296	8	0.72
Lynde Investment Co MN Partnership	—	—	—	67,018	10	0.70
Total	<u>\$ 1,583,859</u>		<u>8.70 %</u>	<u>\$ 914,908</u>		<u>9.49 %</u>
Total all property	<u>\$ 18,205,683</u>			<u>\$ 9,638,533</u>		

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

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

INDEPENDENT SCHOOL DISTRICT NO. 13

Property Tax Rates – Direct and Overlapping Governments  
Last Ten Fiscal Years

Governmental Unit	Levy Year/Collection Year			
	2013/2014	2014/2015	2015/2016	2016/2017
ISD No. 13, Columbia Heights				
Net tax capacity based tax rate	24.8240%	32.5620%	29.4420%	27.6330%
Market value based tax rate	0.1186%	0.1154%	0.1413%	0.1340%
Overlapping governments				
Anoka County With Library	43.2390%	38.1230%	38.8940%	36.8410%
Anoka County/City Radio	0.3740%	0.3200%	0.5040%	0.4320%
City of Columbia Heights	78.1770%	70.8110%	74.8410%	68.5460%
City of Fridley	48.5770%	43.5080%	44.9600%	48.2180%
Fridley/Six Cities WS	48.5770%	43.5080%	44.9600%	48.2180%
City of Fridley Market Value Referendum	1.7530%	0.0162%	0.0160%	0.0146%
City of Hilltop	96.7010%	96.6220%	94.9760%	94.9710%
City of Hilltop/Six Cities	96.7010%	96.6220%	94.9760%	94.9710%
Metropolitan Council	1.0610%	0.9330%	0.9580%	0.8660%
Metropolitan Mosquito	0.5550%	0.4850%	0.5010%	0.4670%
Metropolitan Transit District	1.6210%	1.4290%	1.5220%	1.4160%
Columbia Heights HRA	1.4850%	1.1610%	1.5360%	1.2960%
Fridley HRA	1.6450%	1.3560%	1.5270%	1.3900%
Rice Creek Watershed	2.2190%	1.9130%	2.0690%	1.8270%
Anoka County RR Authority	0.8820%	0.9410%	0.8510%	0.8020%
Anoka County HRA	1.6700%	1.4380%	1.6160%	1.5400%
North Suburban Hospital	1.9390%	1.7020%	1.6900%	N/A

N/A – Not Applicable

Source: Anoka County

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
27.9000%	33.1480%	23.3850%	28.7710%	24.9860%	18.201%
0.1542%	0.0524%	0.1348%	0.1280%	0.1043%	0.099%
35.3340%	34.4730%	33.0780%	31.0860%	29.2540%	24.176%
0.4860%	0.4350%	0.4050%	0.3830%	0.3600%	0.298%
67.6450%	66.7750%	64.3060%	69.1830%	67.2960%	59.286%
47.9070%	45.3820%	45.2530%	44.9280%	45.2420%	43.017%
47.9070%	45.3820%	45.2530%	44.9280%	45.2420%	43.017%
0.1450%	0.0138%	0.1351%	0.0132%	0.0136%	0.012%
96.0010%	96.8330%	96.0770%	96.5370%	98.1700%	98.861%
96.0010%	96.8330%	96.0770%	96.5370%	98.1700%	98.861%
0.8410%	0.6270%	0.5960%	0.6450%	0.6510%	0.555%
0.4530%	0.4150%	0.3980%	0.3870%	0.3752%	0.320%
1.3620%	1.3880%	1.3600%	1.2480%	1.1750%	1.009%
1.3660%	1.3950%	1.2080%	1.2560%	1.4730%	1.102%
1.6240%	1.3990%	1.5460%	1.5410%	1.6120%	1.409%
1.7780%	1.7500%	1.7950%	1.7570%	1.7150%	1.488%
0.7380%	0.6850%	0.4940%	0.4810%	0.3510%	0.306%
1.4130%	1.5040%	1.5130%	1.5730%	1.5050%	1.326%
N/A	N/A	N/A	N/A	N/A	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 13

Property Tax Levies, Collections, and Receivables  
Last Ten Fiscal Years

For Taxes Collectible	Total Tax Levy for Fiscal Year	Collections					
		First Year Levy Recognized		Collections in Subsequent Years	Total to Date		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2014	\$ 7,370,559	\$ 3,100,000	42.06 %	\$ 4,270,559	\$ 7,370,559	100.0 %	
2015	8,582,278	3,500,000	40.78	5,082,278	8,582,278	100.0	
2016	9,034,019	3,750,000	41.51	5,280,283	9,030,283	100.0	
2017	9,336,295	3,800,000	40.70	5,536,295	9,336,295	100.0	
2018	10,251,068	4,100,000	40.00	6,127,345	10,227,345	99.8	
2019	9,996,803	4,000,000	40.01	5,983,447	9,983,447	99.9	
2020	10,500,507	2,950,000	28.09	7,592,535	10,542,535	100.0	
2021	11,764,464	4,433,089	37.68	7,308,043	11,741,132	99.8	
2022	11,325,121	3,261,664	28.80	7,901,716	11,163,380	98.6	
2023	10,842,000	3,822,884	35.26	—	3,822,884	35.3	

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

Source: State of Minnesota School Tax Report

## INDEPENDENT SCHOOL DISTRICT NO. 13

Tax Capacities and Market Values  
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation				
	Nonagricultural	Fiscal Disparities		Tax Increment	Total Taxable
		Contribution	Distribution		
2014	\$ 15,356,977	\$ (1,849,744)	\$ 5,485,470	\$ (1,345,603)	\$ 17,647,100
2015	17,324,893	(1,798,079)	5,540,391	(1,367,638)	19,699,567
2016	18,246,021	(1,926,388)	5,326,682	(1,765,656)	19,880,659
2017	19,905,672	(2,133,282)	5,770,268	(2,080,383)	21,462,275
2018	21,624,916	(2,308,383)	5,942,151	(2,326,667)	22,932,017
2019	24,472,900	(2,593,715)	6,028,354	(3,353,843)	24,553,696
2020	27,431,840	(2,917,936)	6,402,943	(4,070,461)	26,846,386
2021	28,347,282	(3,139,564)	6,505,101	(4,166,736)	27,546,083
2022	29,887,685	(3,460,290)	7,079,940	(4,303,319)	29,204,016
2023	36,517,961	(3,421,060)	7,107,019	(5,020,535)	35,183,385

Source: State of Minnesota School Tax Report



<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$1,401,974,000	1.26 %
1,582,657,900	1.24
1,648,065,600	1.21
1,775,647,200	1.21
1,924,865,000	1.19
2,140,615,700	1.15
2,681,517,236	1.00
2,483,647,984	1.11
2,580,028,718	1.13
3,122,620,635	1.13

INDEPENDENT SCHOOL DISTRICT NO. 13

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service	Net Bonded Debt	Estimated Actual Value of Taxable Property	Percentage of Estimated Actual Value of Taxable Property	Estimated Population	Net Bonded Debt per Capita
2014	\$ 17,255,000	\$ 742,187	\$ 16,512,813	\$1,401,974,000	1.18%	25,194	\$ 655
2015	15,705,000	757,919	14,947,081	1,582,657,900	0.94%	25,194	593
2016	15,366,534	684,712	14,681,822	1,648,065,600	0.89%	25,194	583
2017	13,488,847	512,345	12,976,502	1,775,647,200	0.73%	25,194	515
2018	11,541,159	455,973	11,085,186	1,924,865,000	0.58%	25,194	440
2019	26,650,657	455,596	26,195,061	2,140,615,700	1.22%	25,194	1,040
2020	24,269,353	513,982	23,755,371	2,381,517,236	1.00%	25,194	943
2021	21,823,049	582,560	21,240,489	2,483,647,984	0.86%	27,904	761
2022	19,291,744	590,323	18,701,421	2,580,028,718	0.72%	27,933	670
2023	16,695,440	657,482	16,037,958	3,122,620,635	0.51%	28,285	567

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

INDEPENDENT SCHOOL DISTRICT NO. 13

Ratio of Annual Debt Service Expenditures  
for General Bonded Debt to Total General Fund Expenditures  
Last Ten Fiscal Years

Fiscal Year	Total Principal	Interest and Other Charges	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2014	\$ 1,540,000	\$ 657,784	\$ 2,197,784	\$ 42,548,109	5.2 %
2015	1,550,000	588,663	2,138,663	44,550,042	4.8
2016	1,620,000	540,912	2,160,912	45,296,212	4.8
2017	1,695,000	492,962	2,187,962	44,755,440	4.9
2018	1,765,000	444,763	2,209,763	46,817,311	4.7
2019	1,855,000	374,181	2,229,181	48,215,602	4.6
2020	2,135,000	669,944	2,804,944	54,103,131	5.2
2021	2,200,000	613,963	2,813,963	51,565,276	5.5
2022	2,285,000	527,413	2,812,413	55,996,461	5.0
2023	2,350,000	461,675	1,888,325	56,163,435	3.4

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

INDEPENDENT SCHOOL DISTRICT NO. 13

Ratio of Total Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	G.O. Bonds	Financed Purchases and Lease Liabilities	Total Debt	Estimated Population	Personal Income
2014	\$ 18,901,908	\$ 8,720,604	\$ 27,622,512	25,194	\$ 502,434,612
2015	17,169,221	8,298,152	25,467,373	25,194	497,427,408
2016	15,366,534	7,785,073	23,151,607	25,194	478,137,360
2017	13,488,847	7,248,806	20,737,653	25,194	494,536,335
2018	11,541,159	6,691,650	18,232,809	25,194	537,178,215
2019	26,650,657	6,158,324	32,808,981	25,194	575,375,689
2020	24,269,353	5,603,447	29,872,800	25,194	568,971,264
2021	21,823,049	5,025,267	26,848,316	27,904	714,737,744
2022	19,291,744	4,590,103	23,881,847	27,933	757,543,490
2023	16,695,440	3,857,885	20,553,325	28,285	N/A

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

Source: Annual school district census and U.S. Census

Percentage of Total Debt to Personal Income	Total Debt per Capita
5.50 %	\$ 1,096
5.12	1,011
4.84	919
4.19	823
3.39	724
5.70	1,302
5.25	1,186
3.76	962
3.15	855
N/A	727

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INDEPENDENT SCHOOL DISTRICT NO. 13

Direct and Overlapping Debt  
as of June 30, 2023

Governmental Unit	Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Anoka County	\$ 42,415,000	1.7910%	\$ 759,653
City of Columbia Heights	22,280,000	2.8450%	633,866
City of Fridley	76,690,000	8.4960%	6,515,582
Anoka County RR Authority	21,620,000	0.3030%	65,509
Metropolitan Council	1,717,186,171	0.0280%	480,812
Subtotal, overlapping debt			8,455,422
Independent School District No. 13 – direct debt			16,695,440
Total direct and overlapping debt			\$ 25,150,862

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

Source: Anoka County and City of Fridley

INDEPENDENT SCHOOL DISTRICT NO. 13

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	\$ 210,296,100	\$ 237,398,685	\$ 247,209,840	\$ 266,347,080
Total net debt applicable to the limit	16,512,813	14,947,081	13,400,288	12,976,502
Legal debt margin	<u>\$ 193,783,287</u>	<u>\$ 222,451,604</u>	<u>\$ 233,809,552</u>	<u>\$ 253,370,578</u>
Total net debt applicable to the limit as a percentage of debt limit	7.85%	6.30%	5.42%	4.87%

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

Source: State of Minnesota School Tax Report



2018	2019	2020	2021	2022	2023
\$ 288,729,750	\$ 321,092,355	\$ 357,227,585	\$ 372,547,198	\$ 387,004,308	\$ 468,393,095
11,085,186	26,195,061	22,404,076	21,240,489	18,701,421	16,037,958
<u>\$ 277,644,564</u>	<u>\$ 294,897,294</u>	<u>\$ 334,823,509</u>	<u>\$ 351,306,709</u>	<u>\$ 368,302,887</u>	<u>\$ 452,355,137</u>
3.84%	8.16%	6.27%	5.70%	4.83%	3.42%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	\$ 3,122,620,635
Debt limit (15% of market value)	468,393,095
Debt applicable to limit	
General obligation bonds	16,695,440
Less amount set aside for repayment of general obligation debt	<u>657,482</u>
Total net debt applicable to the limit	<u>16,037,958</u>
Legal debt margin	<u>\$ 452,355,137</u>

INDEPENDENT SCHOOL DISTRICT NO. 13

Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>
2014	25,194	\$ 502,434,612	\$ 19,943	3,265	4.20 %
2015	25,194	497,427,408	19,744	3,295	3.70
2016	25,194	478,137,360	18,978	3,269	4.00
2017	25,194	494,536,335	19,629	3,360	3.10
2018	25,194	537,178,215	21,322	3,427	2.80
2019	25,194	575,375,689	22,838	3,458	3.50
2020	27,904	568,971,264	20,390	3,382	4.60
2021	27,933	714,737,744	25,588	3,307	3.10
2022	28,285	757,543,490	26,783	3,342	2.70
2023	28,285	N/A	N/A	3,445	3.40

N//A – Not Available

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

Sources:

- (1) City of Columbia Heights' Annual Comprehensive Financial Report
- (2) Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 13

Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year			
	2023		2014	
	Employees	Rank	Employees	Rank
All Temporaries/All Homecaring	500	1	484	2
Independent School District No. 13	490	2	484	2
Crestview Corporation	290	3	245	3
City of Columbia Heights	224	4	208	4
Columbia Park Clinic	120	5	120	5
Invest Cast	70	6	60	8
Sarna's Classic Grill	60	7	N/A	N/A
Bobby & Steve's Auto World	50	8	53	10
La Casita Mexican Restaurant	50	9	60	8
SAVERS/Unique Thrift Shop	N/A	N/A	75	6
Medtronic Inc.	—	—	600	1
Rainbow Foods	—	—	65	7
Total	1,854		2,454	

N/A – Not Available

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

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

## INDEPENDENT SCHOOL DISTRICT NO. 13

Food Service  
School Lunch Program Data  
Last Ten Fiscal Years

Fiscal Year	Lunches Served				
	Full Paid	Reduced-Priced	Free	Adult	Total
2014	65,979	35,834	315,076	4,233	421,122
2015	66,514	40,131	322,798	3,930	433,373
2016	68,295	44,882	313,552	3,444	430,173
2017	64,728	43,243	312,370	3,057	423,398
2018	69,867	54,232	285,334	2,438	411,871
2019	74,748	55,367	259,982	2,032	392,129
2020	55,808	48,435	210,443	3,675	318,361
2021	—	—	215,971	413	216,384
2022	—	—	386,240	2,360	388,600
2023	49,572	53,746	290,907	2,520	396,745

Fiscal Year	Breakfasts Served				
	Full Paid	Reduced-Priced	Free	Adult	Total
2014	22,268	16,527	189,540	482	228,817
2015	28,578	20,607	196,130	277	245,592
2016	24,918	22,019	175,229	263	222,429
2017	20,870	18,125	169,276	184	208,455
2018	23,907	24,402	154,949	257	203,515
2019	29,396	26,336	143,821	150	199,703
2020	29,144	23,434	130,429	310	183,317
2021	—	—	193,675	12	193,687
2022	—	—	228,382	53	228,435
2023	18,473	21,488	140,137	118	180,216

Note: Schools provided free lunches throughout the 2020–2021 and 2021–2022 school years.

Source: The District's Food Service Department

INDEPENDENT SCHOOL DISTRICT NO. 13

School Facilities  
Year Ended June 30, 2023

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

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## INDEPENDENT SCHOOL DISTRICT NO. 13

Student Enrollment  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	61.97	263.83	1,574.52	1,364.21	3,264.53	3,718.42
2015	50.89	210.71	1,567.20	1,466.61	3,295.41	3,588.74
2016	62.37	228.26	1,562.88	1,415.78	3,269.29	3,552.43
2017	106.26	227.30	1,528.89	1,497.40	3,359.85	3,659.34
2018	109.18	209.72	1,504.57	1,603.14	3,426.61	3,747.25
2019	123.16	206.11	1,468.44	1,660.27	3,457.98	3,790.03
2020	120.52	232.18	1,370.12	1,658.86	3,381.68	3,713.46
2021	113.13	203.35	1,270.68	1,720.24	3,307.40	3,651.47
2022	132.42	216.53	1,262.72	1,730.58	3,342.25	3,688.36
2023	118.87	231.51	1,320.41	1,774.28	3,445.07	3,799.91

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

Note: 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 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2023	1.000	1.000	1.000	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

INDEPENDENT SCHOOL DISTRICT NO. 13

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

	Fiscal Year			
	2014	2015	2016	2017
District and school administration	\$ 1,217,236	\$ 1,109,996	\$ 1,263,781	\$ 1,302,465
District support services	1,441,953	1,497,065	1,495,563	1,510,240
Elementary and secondary regular instruction	21,239,609	22,083,868	21,957,628	22,011,700
Vocational education instruction	446,772	436,594	446,628	458,223
Special education instruction	7,234,416	7,208,222	7,238,505	7,177,816
Community education services	1,622,489	1,437,708	1,472,233	1,528,109
Instructional support services	1,099,959	1,845,808	1,851,465	1,721,391
Pupil support services	4,116,579	4,575,930	4,596,585	5,179,433
Sites, buildings, and equipment	4,064,783	4,079,335	4,581,454	6,267,752
Fiscal and other fixed cost programs	99,673	99,928	99,141	104,487
Food service	2,057,454	2,029,115	2,003,054	2,112,498
Debt service principal, interest, and fiscal charges	4,301,421	6,379,187	4,896,023	3,038,116
Total	<u>\$ 48,942,344</u>	<u>\$ 52,782,756</u>	<u>\$ 51,902,060</u>	<u>\$ 52,412,230</u>
Weighted ADM	3,718	3,589	3,552	3,659
District and school administration	\$ 327	\$ 309	\$ 356	\$ 356
District support services	388	417	421	413
Elementary and secondary regular instruction	5,713	6,153	6,182	6,016
Vocational education instruction	120	122	126	125
Special education instruction	1,946	2,008	2,038	1,962
Community education services	436	401	414	418
Instructional support services	296	514	521	470
Pupil support services	1,107	1,275	1,294	1,416
Sites, buildings, and equipment	1,093	1,137	1,290	1,713
Fiscal and other fixed cost programs	27	28	28	29
Food service	553	565	564	577
Interest and fiscal charges	1,157	1,777	1,378	830
Total	<u>\$ 13,164</u>	<u>\$ 14,707</u>	<u>\$ 14,612</u>	<u>\$ 14,324</u>



2018	2019	2020	2021	2022	2023
\$ 1,365,159	\$ 1,395,651	\$ 1,737,507	\$ 1,456,952	\$ 1,704,017	\$ 1,652,981
1,563,615	1,546,620	1,833,715	1,461,340	1,787,744	1,484,432
22,944,999	23,460,600	23,688,989	23,998,345	24,761,285	24,164,374
390,326	442,315	488,953	506,011	545,296	467,608
7,581,510	7,804,502	9,012,714	8,993,486	9,857,556	9,361,556
1,779,192	1,847,654	1,979,488	1,739,273	2,223,328	2,115,372
1,183,721	1,838,411	1,752,765	2,344,379	1,965,013	1,947,163
6,384,963	6,678,200	6,866,282	5,482,688	7,920,413	8,131,043
5,588,029	5,868,056	22,250,362	10,704,338	8,410,315	9,593,569
107,894	118,661	251,758	272,918	359,581	386,599
2,066,360	2,108,711	1,835,517	1,535,409	2,169,409	2,387,245
3,060,148	3,264,771	3,598,936	3,630,064	3,720,718	3,781,785
<u>\$ 54,015,916</u>	<u>\$ 56,374,152</u>	<u>\$ 75,296,986</u>	<u>\$ 62,125,203</u>	<u>\$ 65,424,675</u>	<u>\$ 65,473,727</u>
3,747	3,790	3,713	3,651	3,688	3,800
\$ 364	\$ 368	\$ 468	\$ 399	\$ 462	\$ 435
417	408	494	400	485	391
6,124	6,190	6,380	6,573	6,714	6,359
104	117	132	139	148	123
2,023	2,059	2,427	2,463	2,673	2,464
475	488	533	476	603	557
316	485	472	642	533	512
1,704	1,762	1,849	1,502	2,148	2,140
1,491	1,548	5,993	2,932	2,280	2,525
29	31	68	75	98	102
551	556	494	421	588	628
817	861	969	994	1,009	995
<u>\$ 14,416</u>	<u>\$ 14,874</u>	<u>\$ 20,279</u>	<u>\$ 17,016</u>	<u>\$ 17,740</u>	<u>\$ 17,230</u>

## INDEPENDENT SCHOOL DISTRICT NO. 13

Employees by Program Expense  
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
District and school administration	8	14	8	8
District support services	13	12	11	11
Elementary and secondary regular instruction	236	249	232	230
Vocational education instruction	5	6	5	5
Special education instruction	102	97	91	93
Community education services	20	26	22	21
Instructional support services	7	11	11	11
Pupil support services	9	14	14	14
Sites, buildings, and equipment	29	29	30	29
Food service	27	26	26	25
Total	456	484	450	447

2018	2019	2020	2021	2022	2023
8	9	8	8	8	8
11	14	13	12	13	14
228	224	222	230	219	215
5	5	3	5	5	3
94	93	95	95	107	95
22	28	39	30	24	21
11	8	7	7	12	10
14	10	14	16	12	11
27	28	28	27	28	29
25	25	22	20	24	24
445	444	451	450	452	430

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