

Comprehensive Annual Financial Report



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

2019

Eden Prairie Schools | ISD #272 | Eden Prairie, MN
Fiscal Year Ending June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

INDEPENDENT SCHOOL DISTRICT NO. 272
EDEN PRAIRIE, MINNESOTA

8100 School Road
Eden Prairie, MN 55344

Prepared by
Finance Department

Jason Mutzenberger • Executive Director of Business Services

Matt Hippen • Director of Finance

Nicole Johnson • Finance Coordinator

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INDEPENDENT SCHOOL DISTRICT NO. 272

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SECTION I – INTRODUCTORY SECTION



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

November 13, 2019

To the Citizens of the School District, Board of Education, and Employees of the School District:

PREFACE

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 272, Eden Prairie Public Schools (the District) is submitted for the fiscal year ended June 30, 2019. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

Independent School District No. 272, also known as Eden Prairie Schools, is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the School Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

These financial statements incorporate the requirements of Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This standard, issued in June 1999, creates a reporting model of financial information and disclosure, which is comprehensive and attempts to closely reflect the reporting model required for private industry. The reader will notice that two government-wide basic financial statements created by this standard, the Statement of Net Position and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund-based financial statements of the past into statements which tend to answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net position should help the reader in answering that question.

Also required as a part of required supplementary information (RSI) by GASB Statement No. 34 is a management's discussion and analysis (MD&A), which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Uniform Guidance. Information related to the Single Audit is issued separately and is not included in this report.

DISTRICT GOALS

School District Mission: Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world.

The School Board governs under a Policy Governance model, which provides a clear differentiation between governance and management responsibilities in organizations. Within this governance structure, the School Board has set parameters in the areas of Board Management Delegation, Executive Limitations (EL), and Ends Policies. The School Board has overall control of the organization. Through its policies, the Superintendent is the School Board's link to operational achievement and conduct, so that all authority and accountability of staff, as far as the School Board is concerned, is considered the authority and accountability of the Superintendent. The School Board's EL defines the parameters within which the Superintendent works, outlining the expectations and limitations of the organization.

Executive Limitations

The Superintendent shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, unethical, imprudent, or in violation of commonly accepted business and professional practices.

1. Emergency Superintendent Succession
2. Treatment of Students
3. Treatment of Parents
4. Treatment of Staff
5. Financial Management and Operations
6. Financial Condition and Activities
7. Asset Protection
8. Compensation and Benefits
9. Communication and Support to the School Board

Ends Policies

Eden Prairie Schools exist so that each student obtains an outstanding education that prepares them for their next stage of life in a manner that justifies the resources expended.

1. Each student graduates and is academically prepared to progress to multiple opportunities after high school.
2. Each student has the 21st century skills needed to succeed in the global economy.
3. Each student has the knowledge that citizens and residents of the United States need to contribute positively to society.

DISTRICT FISCAL FRAMEWORK

The District has been functioning under financial constraints over the past several years as a result of:

- Flat to slightly declining enrollment
- Insufficient increases in state funding
- Inflationary pressures on key expenditure areas

The District has been proactively planning for conditions affecting school funding considering:

- State economic and political conditions
- Enrollment projections and trends
- Necessary budget adjustments and expenditure reductions

Strong community partnerships have enhanced the success of the District. The Citizen's Financial Advisory Committee continues to function as a key committee guiding the District's financial planning and long-term outlook on investment decisions. This committee's purpose is to assist the District in financial analysis and long-range financial planning. Specifically, the purposes of the committee are as follows:

- To inform members on school district finances
- Engage in discussion of financial goals
- Empower members as ambassadors
- Advise administration on the financial direction to support the mission of Eden Prairie Schools

LOCAL ECONOMIC CONDITION

Eden Prairie is a relatively stable suburban area southwest of the twin cities of Minneapolis and St. Paul that covers 36 square miles with an estimated population of 63,726. Eden Prairie residents enjoy amenities, including transportation, employment opportunities, housing, educational institutions, and a quality school district.

Learners in the District attend eight district sites. The District operates six kindergarten through sixth grade elementary schools with five boundary schools and a Spanish Immersion School. The Eagle Heights Spanish Immersion School is housed in the same building as the Oak Point Elementary School. Eden Prairie's seventh and eighth graders attend Central Middle School, while Eden Prairie High School is home to students in Grades 9 through 12. The District also has a thriving Education Center, which houses the Family Center, Early Childhood Special Education, TASSEL Transition Program, and Community Education programs for learners of all ages. In total, district-owned instruction and administrative buildings account for 1,851,588 square feet of space with an average age of 30 years.

As one of the largest employers in the city with approximately 1,500 staff members, the District plays a dual role in economic development. The highly skilled staff remains focused on the mission: "Inspire each student to learn continuously so they are empowered to reach personal fulfillment and contribute purposefully to our ever-changing world." The District's commitment to quality and service is among the reasons it operates its own student transportation system and food service program. Buildings and grounds staff members are responsible for maintaining the facilities to ensure a healthy and safe learning environment. A dedicated auxiliary staff, including a wide variety of positions such as lunchroom/playground supervisors, computer assistants, network managers, special education inclusion assistants, secretarial/clerical staff, and health assistants, collaborate in advancing our goals.

The District has a long reputation for fiscal soundness and efficiency. District expenditures per pupil are consistently among the lowest in Hennepin County, while maintaining high achievement standards in both academic and extracurricular activities. A Citizen's Financial Advisory Committee meets bimonthly to review and provide advice on fiscal and budget processes.

DISTRICT ECONOMIC CONDITION

The referendum that was passed in 2014 includes an inflation escalation clause that gives financial stability to protect the District against inflation. The District has built up a strong General Fund unassigned fund balance by increasing revenues with the referendum passage, as well as limiting expenditures by finding efficiencies in normal school operations. The District's board policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures to ensure financial health and viability. Each year, the School Board is presented with a 5-year financial forecast that considers enrollment projections, expense increases, efficiencies, and other financial assumptions. Additionally, the District has a finance committee comprised of school board member(s), community members, and staff that review a range of finance related elements several times per year. This ensures that the District is planning for the current reality, as well as the future.

In May 2019, Eden Prairie voters approved a bond referendum request for \$39.9 million. The referendum request was based on three years of planning, public input, and research, and allows Eden Prairie to:

- **Ensure more children are prepared for kindergarten** by moving our 4-year old preschool programs from various locations into the neighborhood elementary schools.
- **Support greater academic achievement** by redesigning classrooms across the District to support a more flexible learning environment and personalized learning, helping students develop in-demand skills, like collaboration, creativity, communication, and critical thinking.
- **Improve the middle school learning experience** by moving 6th graders from the elementary schools to a more age-appropriate environment at the middle school tailored to their academic needs.
- **Improve safety and security** across all eight schools by adding protective glass, lock down equipment, internal communication systems, and additional exterior security.

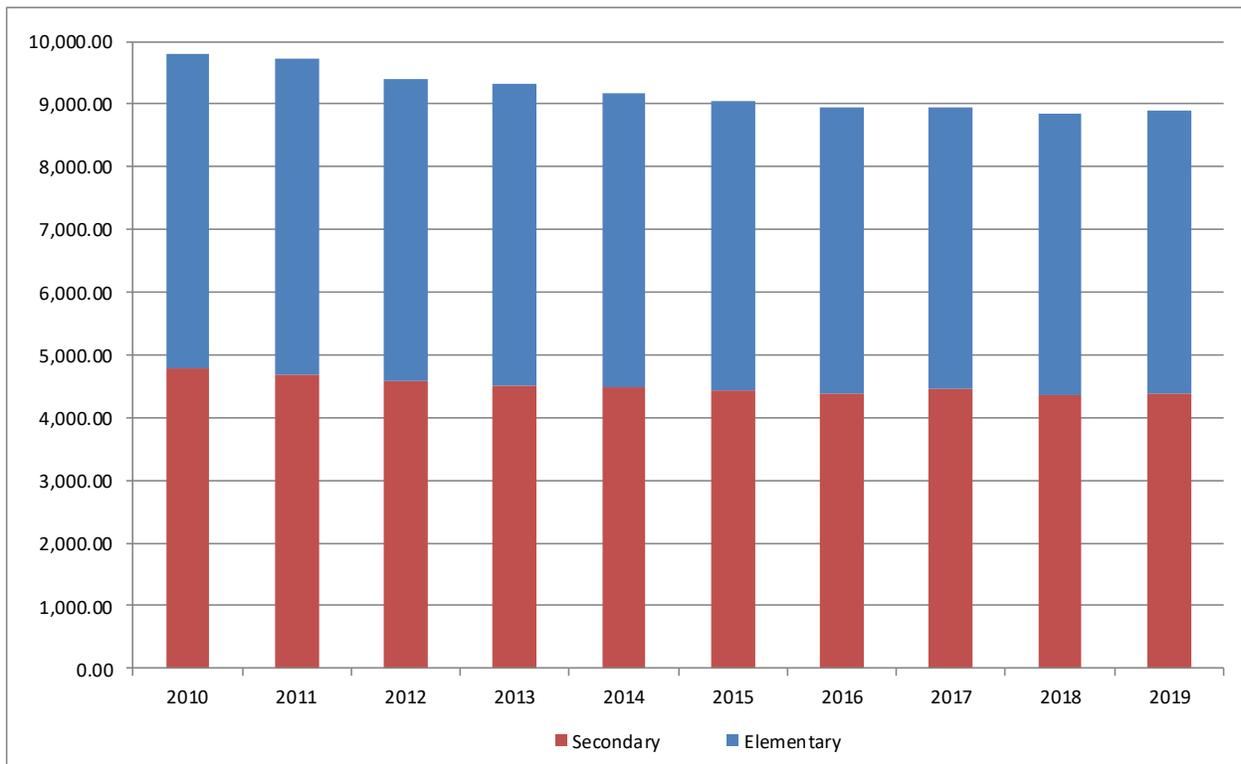
ENROLLMENT

Enrollment is a critical factor in determining funding levels. Approximately 66 percent of the General Fund revenue is enrollment driven. During fiscal year 2019, enrollment increased by just over 63 average daily memberships to 8,904.

Student Enrollment (Average Daily Membership)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Pre-K and HCP-K	86.12	85.34	89.25	106.10	104.31	123.38	126.05	116.98	121.66	152.89
Reg K	661.80	663.98	578.66	629.48	560.27	595.08	561.73	561.06	564.94	560.86
Elementary	4,279.36	4,270.65	4,150.02	4,080.75	4,006.32	3,889.68	3,880.82	3,791.63	3,804.19	3,807.93
Secondary	4,774.44	4,694.38	4,593.11	4,500.90	4,492.37	4,445.20	4,380.66	4,466.26	4,350.39	4,382.74
Total Students for Aid	9,801.72	9,714.35	9,411.04	9,317.23	9,163.27	9,053.34	8,949.26	8,935.93	8,841.18	8,904.42
Percent Change	0.12%	-0.89%	-3.12%	-1.00%	-1.65%	-1.20%	-1.15%	-0.15%	-1.06%	0.72%

Student Enrollment (Average Daily Membership)



The continued graduation of comparably large student cohorts coupled with smaller incoming kindergarten cohorts led to a 0.5 percent decline in enrollment over the past three years. While the District experienced a small enrollment gain in fiscal year 2019, that trend is not expected to continue in future years. The enrollment and demographic changes presented above offer both financial and strategic challenges and opportunities for the District.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota Schools. The UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the Minnesota Department of Education by December 31, subsequent to year-end on June 30.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. To accurately track and report financial activities with a focus on site-based accounting, approximately 20,000 accounts have been defined within the District's chart of accounts. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The District's administration receives and reviews monthly financial reports. These reports are also presented to the School Board and are publicly available as part of the School Board's meeting materials.

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally, including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs. The District adopts an annual budget for all governmental funds that is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosevich & Co., P.A. was selected by the District's School Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) for their Certificates of Excellence in Financial Reporting Programs. Achieving recognition by these programs provides a clear indication of the District's high standards for financial reporting. The District intends to submit this CAFR to the ASBO International and the GFOA Certificate Programs for consideration. The District has received the ASBO International Certificate of Excellence in Financial Reporting for the CAFR for the last 19 financial years and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past five.

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire Business Office staff in providing complete and accurate data for this CAFR.

Sincerely,

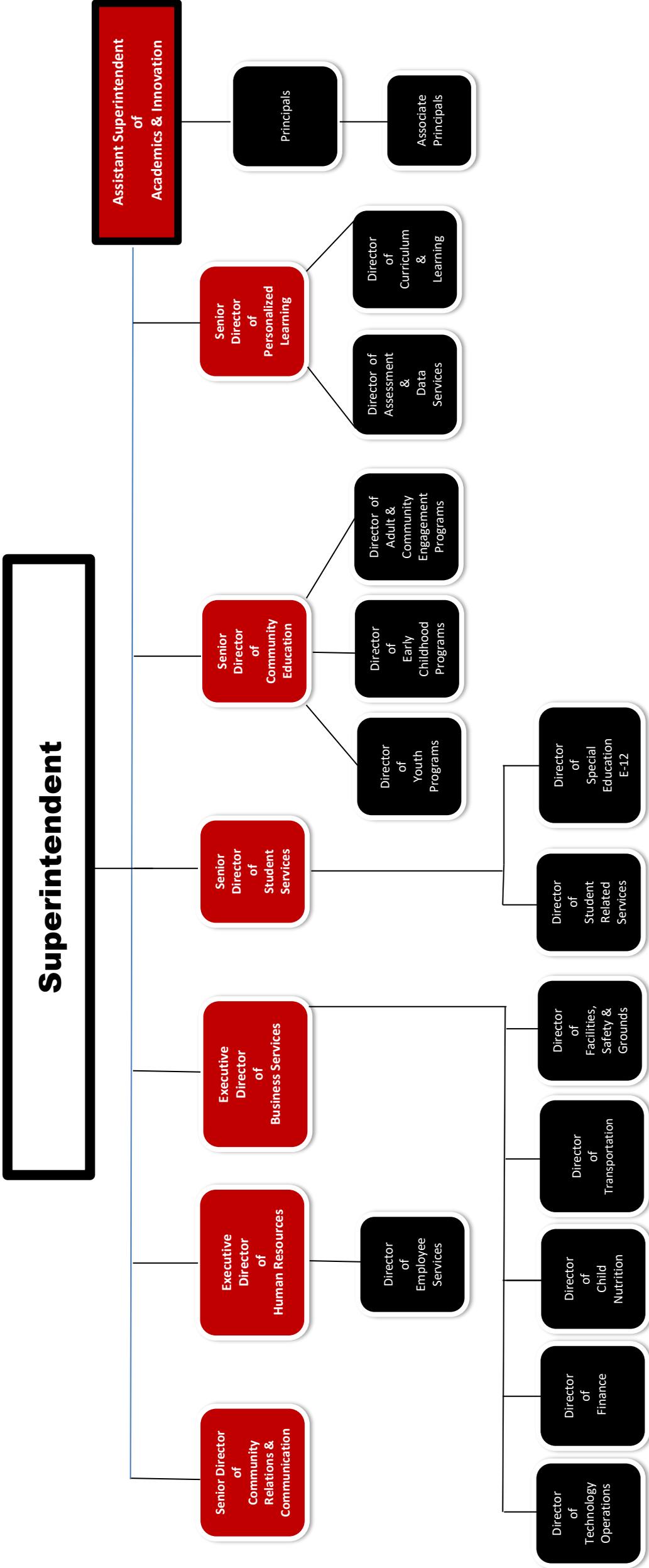


Dr. Josh Swanson
Superintendent



Jason Mutzenberger
Executive Director of Business Services

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INDEPENDENT SCHOOL DISTRICT NO. 272

School Board and Administration
Year Ended June 30, 2019

SCHOOL BOARD

	<u>Board Position</u>
Elaine Larabee	Chairperson
Lauren Crandall	Vice Chairperson
Holly Link	Treasurer
Adam Seidel	Clerk
Karla Bratud	Director
David Espe	Director
Terri Swartout	Director

ADMINISTRATION

Dr. Joshua Swanson	Superintendent
Dr. Stacie Stanley	Assistant Superintendent of Academics and Innovation
Jason Mutzenberger	Executive Director of Business Services
Thomas May	Executive Director of Human Resources
Dr. Shawn Hoffman-Bram	Senior Director of Community Education
Michelle Ament	Senior Director of Personalized Learning
Dr. Christina Bemboom	Director of Student Support Services
Brett Johnson	Senior Director of Community Relations and Communication



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Eden Prairie Independent
School District #272**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

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



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Eden Prairie Independent School
District #272, Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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. 272
Eden Prairie, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 272 (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general and major special revenue funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

Prior Year Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 8, 2018. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 13, 2019

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INDEPENDENT SCHOOL DISTRICT NO. 272

Management's Discussion and Analysis Year Ended June 30, 2019

This section of Independent School District No. 272's (the District) Comprehensive Annual Financial Report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2019 by \$45,994,115 (net position deficit). The District's total net position increased by \$33,220,287 during the fiscal year ended June 30, 2019.
- Government-wide revenues totaled \$141,957,650 and were \$33,220,287 more than expenses of \$108,737,363.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$1,371,685 from the prior year, to a year-end balance of \$21,658,161, compared to a \$428,155 increase planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$ 102,403,642	\$ 87,502,635
Capital assets, net of depreciation	<u>94,565,500</u>	<u>96,756,117</u>
Total assets	<u>\$ 196,969,142</u>	<u>\$ 184,258,752</u>
Deferred outflows of resources		
Pension plan deferments	\$ 94,275,892	\$ 126,168,425
OPEB plan deferments	<u>136,698</u>	<u>—</u>
Total deferred outflows of resources	<u>\$ 94,412,590</u>	<u>\$ 126,168,425</u>
Liabilities		
Current and other liabilities	\$ 15,547,892	\$ 14,369,644
Long-term liabilities, including due within one year	<u>149,640,226</u>	<u>290,826,319</u>
Total liabilities	<u>\$ 165,188,118</u>	<u>\$ 305,195,963</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 42,436,019	\$ 40,664,553
Pension plan deferments	125,462,651	43,126,878
OPEB plan deferments	<u>4,289,059</u>	<u>654,185</u>
Total deferred inflows of resources	<u>\$ 172,187,729</u>	<u>\$ 84,445,616</u>
Net position		
Net investment in capital assets	\$ 38,506,213	\$ 41,716,939
Restricted	3,450,332	3,970,336
Unrestricted	<u>(87,950,660)</u>	<u>(124,901,677)</u>
Total net position	<u>\$ (45,994,115)</u>	<u>\$ (79,214,402)</u>

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

Total net position increased by \$33,220,287 from current year operating results. Much of the increase is attributable to the change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position.

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

	2019	2018
Revenues		
Program revenues		
Charges for services	\$ 10,708,599	\$ 9,005,810
Operating grants and contributions	20,140,103	20,056,189
Capital grants and contributions	1,194,380	2,562,744
General revenues		
Property taxes	45,055,788	43,183,425
General grants and aids	61,010,762	63,786,229
Other	3,848,018	3,086,404
Total revenues	141,957,650	141,680,801
Expenses		
Administration	2,852,678	4,520,405
District support services	6,583,609	5,860,095
Elementary and secondary regular instruction	37,173,654	80,606,299
Vocational education instruction	2,020,289	2,799,977
Special education instruction	14,259,908	26,612,680
Instructional support services	7,114,901	8,946,008
Pupil support services	8,559,073	10,510,787
Sites and buildings	15,317,919	15,048,481
Fiscal and other fixed cost programs	476,818	381,996
Food service	4,917,671	4,983,613
Community service	7,449,706	6,674,630
Interest and fiscal charges	2,011,137	2,181,273
Total expenses	108,737,363	169,126,244
Change in net position	33,220,287	(27,445,443)
Net position – beginning	(79,214,402)	(51,768,959)
Net position – ending	\$ (45,994,115)	\$ (79,214,402)

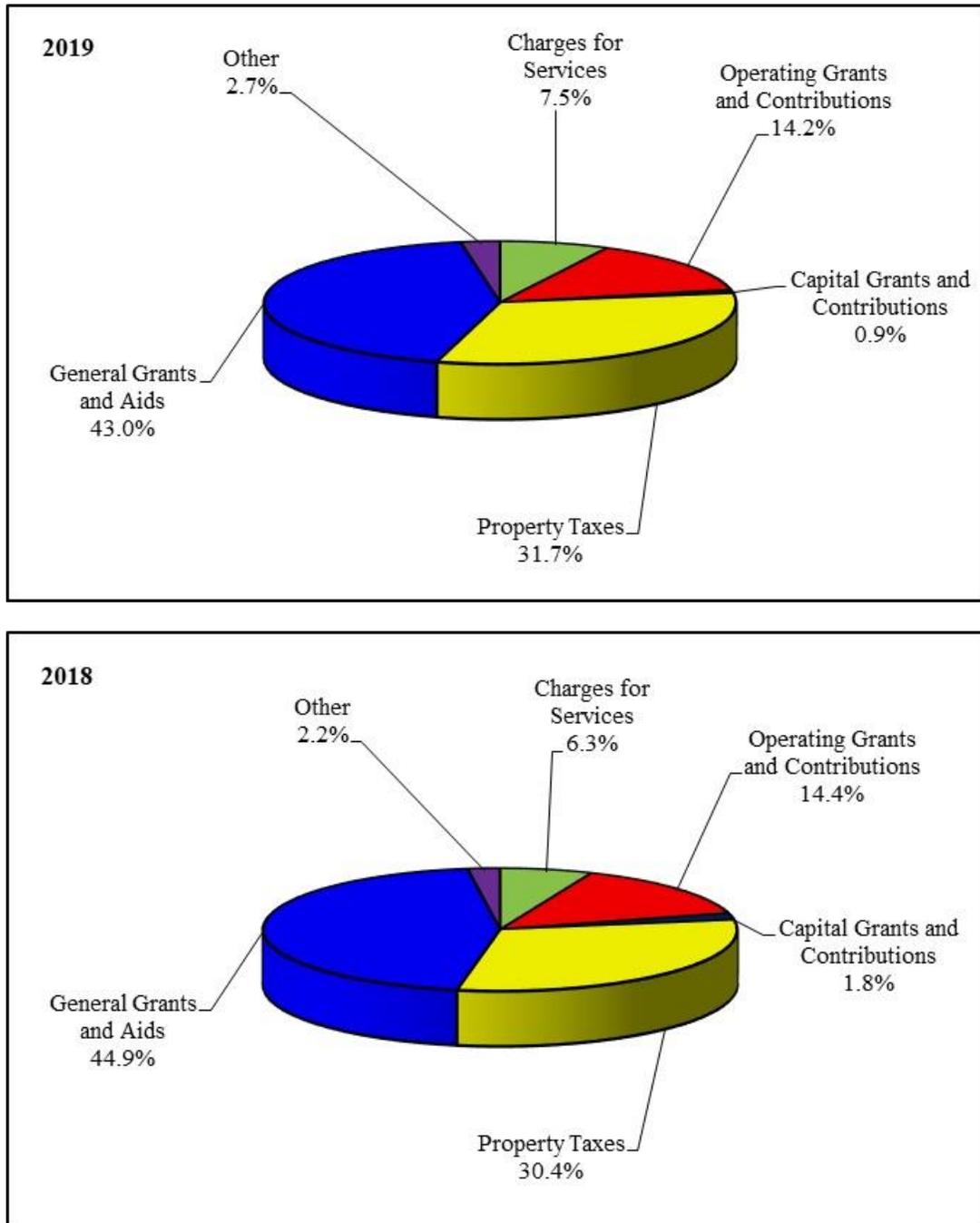
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$276,849 (0.2 percent) from the previous year, primarily attributable to improvements in the general education funding.

Governmental activity expenses decreased \$60,388,881 (35.7 percent) from last year, mainly due to the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2019 and 2018

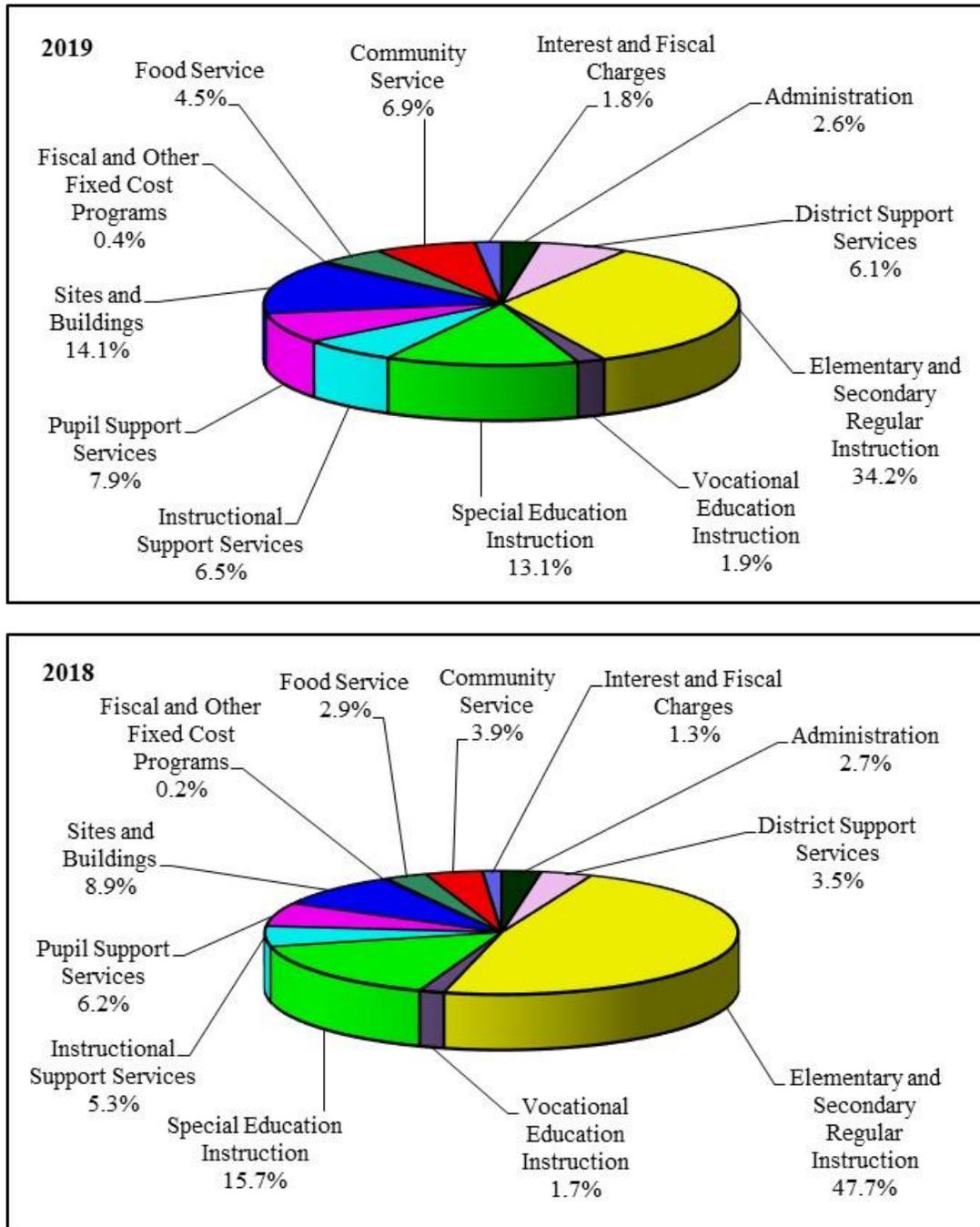


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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 2019 and 2018



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.

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above was attributable to the change in expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Major funds			
General	\$ 21,658,161	\$ 20,286,476	\$ 1,371,685
Food Service	676,389	764,922	(88,533)
Community Service	516,454	395,507	120,947
Capital Projects – Building			
Construction	9,569,553	5,567,295	4,002,258
Debt Service	<u>1,722,807</u>	<u>1,243,673</u>	<u>479,134</u>
Total governmental funds	<u>\$ 34,143,364</u>	<u>\$ 28,257,873</u>	<u>\$ 5,885,491</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, 2019, the District's governmental funds reported combined fund balances of \$34,143,364, an increase of \$5,885,491 in comparison with the prior year. Approximately 46.1 percent of this amount (\$15,751,476) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$1,844,698), 2) restricted for particular purposes (\$13,720,475), or 3) assigned for particular purposes (\$2,826,715). The majority of the increase was the result of the District issuing the 2019A General Obligation Facilities Maintenance Bond to finance long-term facilities maintenance projects.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 122,620,536</u>	<u>\$ 123,195,448</u>	<u>\$ 574,912</u>	<u>0.5%</u>
Expenditures and other financing uses	<u>\$ 122,767,293</u>	<u>\$ 122,767,293</u>	<u>\$ -</u>	<u>-</u>

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

Table 5 summarizes the operating results of the General Fund:

	<u>2019 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 124,333,739	\$ 1,138,291	0.9%	\$ 2,694,060	2.2%
Expenditures and other financing uses	<u>122,962,054</u>	<u>194,761</u>	0.2%	<u>1,974,208</u>	1.6%
Net change in fund balances	<u>\$ 1,371,685</u>	<u>\$ 943,530</u>		<u>\$ 719,852</u>	

The fund balance of the General Fund increased \$1,371,685 compared to a planned increase of \$428,155 approved in the final budget.

General Fund revenues and other financing sources for 2019 increased \$2,694,060 (2.2 percent), compared to the prior year, and were \$1,138,291 (0.9 percent) more than budget. The largest revenue variance occurred in state sources, which was \$1,645,250 more than projected in the budget. Favorable variances in special education funding sources, along with the PERA and the TRA pension pass-through contributions, contributed to revenues surpassing budget. This was offset by other local sources, which were \$546,328 less than projected in the budget, mainly in fundraising for activity accounts.

The increase from the prior year was mainly due to improvements in the general education funding formula.

Total General Fund expenditures and other financing uses for 2019 increased \$1,974,208 (1.6 percent) from the prior year. Current year expenditures and other financing uses of \$122,962,054 were \$194,761 (0.2 percent) over budget. The expenditure variance was spread across several programs and object categories of the General Fund.

The increase from the previous year was mainly due to the additional expenditures related to alternative learning centers and contractual salary increases.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Food Service Fund

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing total fund balance by \$88,533, compared to a budgeted fund balance increase of \$720. This variance was due to a decrease in meal sales that was not anticipated in the budget.

Community Service Fund

The Community Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures by \$120,947, compared to a planned fund balance increase of \$254,017. Revenues and expenditures were under budget, due to the enrollment in the new Eagle Zone program being less than anticipated.

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. At June 30, 2019, the District had a fund balance of \$9,569,553 restricted for long-term facilities maintenance. Fund balance increased \$4,002,258 during the year, due to the issuance of bonds to finance long-term facilities maintenance projects.

Debt Service Fund

The Debt Service Fund revenues and other financing sources exceeded expenditures and other financing uses by \$479,134 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$1,722,807 at June 30, 2019 is restricted for meeting future debt service obligations.

COMMENTS ON OTHER FUNDS

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities. The net position balance for all internal service funds as of June 30, 2019 was \$3,861,914, which represents a \$1,966,461 increase from the prior year. This was mainly due to more employees enrolling in the health insurance plans, an increase in the health benefit claims, and an increase in the health insurance premiums charged to the governmental funds in the current year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 6,774,893	\$ 6,798,693	\$ (23,800)
Construction in progress	2,908,007	1,192,175	1,715,832
Land improvements	9,881,519	9,723,841	157,678
Buildings and improvements	207,602,551	205,377,630	2,224,921
Equipment	25,003,366	23,388,685	1,614,681
Capital leased equipment	6,443,694	6,443,694	–
Less accumulated depreciation	<u>(164,048,530)</u>	<u>(156,168,601)</u>	<u>(7,879,929)</u>
Total	<u>\$ 94,565,500</u>	<u>\$ 96,756,117</u>	<u>\$ (2,190,617)</u>
Depreciation expense	<u>\$ 7,879,929</u>	<u>\$ 8,807,570</u>	<u>\$ (927,641)</u>

By the end of 2019, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2019, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

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

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

Long-Term Liabilities

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
General obligation bonds payable	\$ 63,630,000	\$ 60,645,000	\$ 2,985,000
Unamortized premiums/discount	1,239,056	1,099,640	139,416
Capital lease payable	759,784	2,616,833	(1,857,049)
Net pension liability	83,245,781	225,619,599	(142,373,818)
Compensated absences payable	<u>765,605</u>	<u>845,247</u>	<u>(79,642)</u>
Total	<u>\$ 149,640,226</u>	<u>\$ 290,826,319</u>	<u>\$ (141,186,093)</u>

The change in general obligation bonds payable is due to the scheduled principal payments offset by the sale of facilities maintenance bonds in the current year.

The decrease in capital lease payable is due to the scheduled principal payments during fiscal year 2019.

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

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

District's market value	\$ 10,023,705,675
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,503,555,851</u>

Additional details of the District's long-term debt activity can be found in Note 4 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 \$126, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2020, and an additional \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Department, Independent School District No. 272, 8100 School Road, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	Governmental Activities	
	2019	2018
Assets		
Cash and temporary investments	\$ 57,544,426	\$ 51,339,823
Receivables		
Current taxes	23,185,762	20,289,873
Delinquent taxes	380,856	395,907
Accounts and interest	521,769	208,174
Due from other governmental units	11,226,743	11,099,582
Due from post-employment benefit trust	702,747	1,006,882
Inventory	118,178	108,557
Prepaid items	1,726,520	191,562
Net OPEB asset	6,996,641	2,862,275
Capital assets		
Not depreciated	9,682,900	7,990,868
Depreciated, net of accumulated depreciation	84,882,600	88,765,249
Total capital assets, net of accumulated depreciation	<u>94,565,500</u>	<u>96,756,117</u>
Total assets	196,969,142	184,258,752
Deferred outflows of resources		
Pension plan deferments	94,275,892	126,168,425
OPEB plan deferments	136,698	—
Total deferred outflows of resources	<u>94,412,590</u>	<u>126,168,425</u>
Total assets and deferred outflows of resources	<u>\$ 291,381,732</u>	<u>\$ 310,427,177</u>
Liabilities		
Salaries payable	\$ 5,225,267	\$ 5,263,473
Accounts and contracts payable	5,992,564	5,536,271
Accrued interest payable	963,044	943,070
Due to other governmental units	622,339	357,126
Claims payable	689,614	504,704
Unearned revenue	2,055,064	1,765,000
Long-term liabilities		
Due within one year	6,740,402	8,529,420
Due in more than one year	142,899,824	282,296,899
Total long-term liabilities	<u>149,640,226</u>	<u>290,826,319</u>
Total liabilities	165,188,118	305,195,963
Deferred inflows of resources		
Property taxes levied for subsequent year	42,436,019	40,664,553
Pension plan deferments	125,462,651	43,126,878
OPEB plan deferments	4,289,059	654,185
Total deferred inflows of resources	<u>172,187,729</u>	<u>84,445,616</u>
Net position		
Net investment in capital assets	38,506,213	41,716,939
Restricted for		
Capital asset acquisition	1,120,157	1,430,599
Food service	676,389	764,922
Community service	525,422	709,556
Debt service	844,841	389,446
Other purposes (state and other funding restrictions)	283,523	675,813
Unrestricted	(87,950,660)	(124,901,677)
Total net position	<u>(45,994,115)</u>	<u>(79,214,402)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 291,381,732</u>	<u>\$ 310,427,177</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Activities
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

2019				
Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 2,852,678	\$ -	\$ -	\$ -
District support services	6,583,609	-	-	-
Elementary and secondary regular instruction	37,173,654	1,048,161	3,584,853	-
Vocational education instruction	2,020,289	-	3,000	-
Special education instruction	14,259,908	312,860	12,987,363	-
Instructional support services	7,114,901	-	-	-
Pupil support services	8,559,073	119,335	969,027	-
Sites and buildings	15,317,919	80,657	-	1,194,380
Fiscal and other fixed cost programs	476,818	-	-	-
Food service	4,917,671	3,298,481	1,627,328	-
Community service	7,449,706	5,849,105	968,532	-
Interest and fiscal charges	2,011,137	-	-	-
Total governmental activities	<u>\$ 108,737,363</u>	<u>\$ 10,708,599</u>	<u>\$ 20,140,103</u>	<u>\$ 1,194,380</u>
General revenue				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for community service				
Property taxes, levied for debt service				
General grants and aids				
Other general revenues				
Investment earnings				
Total general revenues				
Change in net position				
Net position – beginning				
Net position – ending				

	2018
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (2,852,678)	\$ (4,520,405)
(6,583,609)	(5,860,095)
(32,540,640)	(75,711,024)
(2,017,289)	(2,796,977)
(959,685)	(12,963,121)
(7,114,901)	(8,946,008)
(7,470,711)	(9,701,487)
(14,042,882)	(12,362,648)
(476,818)	(381,996)
8,138	(19,726)
(632,069)	(2,056,741)
(2,011,137)	(2,181,273)
(76,694,281)	(137,501,501)
35,330,344	34,452,614
836,313	839,740
8,889,131	7,891,071
61,010,762	63,786,229
2,905,552	2,566,249
942,466	520,155
<u>109,914,568</u>	<u>110,056,058</u>
33,220,287	(27,445,443)
(79,214,402)	(51,768,959)
<u>\$ (45,994,115)</u>	<u>\$ (79,214,402)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Balance Sheet
Governmental Funds
as of June 30, 2019

(With Partial Comparative Information as of June 30, 2018)

	<u>General Fund</u>	<u>Food Service Special Revenue Fund</u>	<u>Community Service Special Revenue Fund</u>
Assets			
Cash and temporary investments	\$ 33,695,445	\$ 798,544	\$ 1,444,797
Receivables			
Current taxes	18,750,030	–	486,573
Delinquent taxes	286,810	–	8,968
Accounts and interest	325,718	2,581	169,443
Due from other governmental units	11,138,357	23,239	65,074
Due from other funds	702,747	–	–
Inventory	–	118,178	–
Prepaid items	1,676,290	–	50,230
	<u>\$ 66,575,397</u>	<u>\$ 942,542</u>	<u>\$ 2,225,085</u>
Liabilities			
Salaries payable	\$ 5,027,295	\$ 9,447	\$ 188,525
Accounts and contracts payable	5,208,243	49,131	102,141
Due to other governmental units	622,339	–	–
Unearned revenue	268,201	207,575	429,208
Total liabilities	<u>11,126,078</u>	<u>266,153</u>	<u>719,874</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	33,504,348	–	979,789
Unavailable revenue – delinquent taxes	286,810	–	8,968
Total deferred inflows of resources	<u>33,791,158</u>	<u>–</u>	<u>988,757</u>
Fund balances			
Nonspendable	1,676,290	118,178	50,230
Restricted	1,403,680	558,211	466,224
Assigned	2,826,715	–	–
Unassigned	15,751,476	–	–
Total fund balances	<u>21,658,161</u>	<u>676,389</u>	<u>516,454</u>
	<u>\$ 66,575,397</u>	<u>\$ 942,542</u>	<u>\$ 2,225,085</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,575,397</u>	<u>\$ 942,542</u>	<u>\$ 2,225,085</u>

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2019	2018
\$ 10,192,117	\$ 5,711,915	\$ 51,842,818	\$ 47,927,536
–	3,949,159	23,185,762	20,289,873
–	85,078	380,856	395,907
10,485	13,542	521,769	208,174
–	73	11,226,743	11,099,582
–	–	702,747	1,006,882
–	–	118,178	108,557
–	–	1,726,520	191,562
<u>\$ 10,202,602</u>	<u>\$ 9,759,767</u>	<u>\$ 89,705,393</u>	<u>\$ 81,228,073</u>
\$ –	\$ –	\$ 5,225,267	\$ 5,263,473
633,049	–	5,992,564	5,536,271
–	–	622,339	357,126
–	–	904,984	752,870
<u>633,049</u>	<u>–</u>	<u>12,745,154</u>	<u>11,909,740</u>
–	7,951,882	42,436,019	40,664,553
–	85,078	380,856	395,907
<u>–</u>	<u>8,036,960</u>	<u>42,816,875</u>	<u>41,060,460</u>
–	–	1,844,698	300,119
9,569,553	1,722,807	13,720,475	10,227,375
–	–	2,826,715	1,685,452
–	–	15,751,476	16,044,927
<u>9,569,553</u>	<u>1,722,807</u>	<u>34,143,364</u>	<u>28,257,873</u>
<u>\$ 10,202,602</u>	<u>\$ 9,759,767</u>	<u>\$ 89,705,393</u>	<u>\$ 81,228,073</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Total fund balances – governmental funds	\$ 34,143,364	\$ 28,257,873
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	258,614,030	252,924,718
Accumulated depreciation	(164,048,530)	(156,168,601)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(63,630,000)	(60,645,000)
Unamortized premiums/discount	(1,239,056)	(1,099,640)
Capital lease payable	(759,784)	(2,616,833)
Net pension liability	(83,245,781)	(225,619,599)
Compensated absences payable	(765,605)	(845,247)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.		
	6,996,641	2,862,275
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.		
	3,861,914	1,895,453
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(963,044)	(943,070)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	94,275,892	126,168,425
Deferred outflows of resources – OPEB plan deferments	136,698	–
Deferred inflows of resources – pension plan deferments	(125,462,651)	(43,126,878)
Deferred inflows of resources – OPEB plan deferments	(4,289,059)	(654,185)
Deferred inflows of resources – unavailable revenue – delinquent taxes	380,856	395,907
Total net position – governmental activities	<u>\$ (45,994,115)</u>	<u>\$ (79,214,402)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund
Revenue			
Local sources			
Property taxes	\$ 35,340,872	\$ -	\$ 837,071
Investment earnings	633,410	14,490	5,739
Other	4,213,272	3,364,687	6,242,872
State sources	81,507,436	147,729	766,148
Federal sources	2,614,949	1,479,599	-
Total revenue	<u>124,309,939</u>	<u>5,006,505</u>	<u>7,851,830</u>
Expenditures			
Current			
Administration	3,821,305	-	-
District support services	6,614,803	-	-
Elementary and secondary regular instruction	55,929,788	-	-
Vocational education instruction	2,621,806	-	-
Special education instruction	20,817,558	-	-
Instructional support services	8,816,341	-	-
Pupil support services	10,058,348	-	-
Sites and buildings	11,583,684	-	-
Fiscal and other fixed cost programs	476,818	-	-
Food service	-	4,999,856	-
Community service	200,870	-	7,881,560
Capital outlay	-	95,182	580
Debt service			
Principal	1,857,049	-	-
Interest and fiscal charges	12,427	-	-
Total expenditures	<u>122,810,797</u>	<u>5,095,038</u>	<u>7,882,140</u>
Excess (deficiency) of revenue over expenditures	1,499,142	(88,533)	(30,310)
Other financing sources (uses)			
Debt issued	-	-	-
Refunding debt issued	-	-	-
Premium on debt issued	-	-	-
(Discount) on debt issued	-	-	-
Payment on refunded debt	-	-	-
Sale of capital assets	23,800	-	-
Transfers in	-	-	151,257
Transfers (out)	(151,257)	-	-
Total other financing sources (uses)	<u>(127,457)</u>	<u>-</u>	<u>151,257</u>
Net change in fund balances	1,371,685	(88,533)	120,947
Fund balances			
Beginning of year	<u>20,286,476</u>	<u>764,922</u>	<u>395,507</u>
End of year	<u>\$ 21,658,161</u>	<u>\$ 676,389</u>	<u>\$ 516,454</u>

See notes to basic financial statements

Capital Projects – Building Construction Fund	Debt Service Fund	Total Governmental Funds	
		2019	2018
\$ –	\$ 8,892,896	\$ 45,070,839	\$ 43,113,033
135,551	84,701	873,891	502,542
–	–	13,820,831	11,841,851
–	593	82,421,906	80,447,376
–	–	4,094,548	4,260,545
<u>135,551</u>	<u>8,978,190</u>	<u>146,282,015</u>	<u>140,165,347</u>
–	–	3,821,305	3,742,489
–	–	6,614,803	5,793,381
–	–	55,929,788	56,621,307
–	–	2,621,806	2,226,472
–	–	20,817,558	21,373,181
–	–	8,816,341	7,421,018
–	–	10,058,348	9,481,647
–	–	11,583,684	11,870,809
–	–	476,818	381,996
–	–	4,999,856	4,872,931
–	–	8,082,430	6,252,847
5,778,029	–	5,873,791	4,391,705
–	6,460,000	8,317,049	7,767,965
–	2,389,331	2,401,758	2,577,313
<u>5,778,029</u>	<u>8,849,331</u>	<u>150,415,335</u>	<u>144,775,061</u>
(5,642,478)	128,859	(4,133,320)	(4,609,714)
9,670,157	324,843	9,995,000	–
–	8,410,000	8,410,000	–
–	575,432	575,432	–
(25,421)	–	(25,421)	–
–	(8,960,000)	(8,960,000)	–
–	–	23,800	83,976
–	–	151,257	178,419
–	–	(151,257)	(178,419)
<u>9,644,736</u>	<u>350,275</u>	<u>10,018,811</u>	<u>83,976</u>
4,002,258	479,134	5,885,491	(4,525,738)
<u>5,567,295</u>	<u>1,243,673</u>	<u>28,257,873</u>	<u>32,783,611</u>
<u>\$ 9,569,553</u>	<u>\$ 1,722,807</u>	<u>\$ 34,143,364</u>	<u>\$ 28,257,873</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Total net change in fund balances – governmental funds	\$ 5,885,491	\$ (4,525,738)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	5,713,112	4,745,990
Capital contributions	–	1,559,500
Depreciation expense	(7,879,929)	(8,807,570)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(23,800)	–
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(9,995,000)	–
Refunding bonds payable	(8,410,000)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	15,420,000	5,895,000
Capital lease payable	1,857,049	1,872,965
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.		
	(19,974)	104,877
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 as other financing sources and uses.		
	(139,416)	291,163
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	142,373,818	51,403,366
Net OPEB asset	4,134,366	(426,245)
Compensated absences payable	79,642	502,625
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	1,966,461	2,421,376
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(31,892,533)	(44,713,184)
Deferred outflows of resources – OPEB plan deferments	136,698	–
Deferred inflows of resources – pension plan deferments	(82,335,773)	(37,757,227)
Deferred inflows of resources – OPEB plan deferments	(3,634,874)	(82,733)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(15,051)	70,392
Change in net position – governmental activities	<u>\$ 33,220,287</u>	<u>\$ (27,445,443)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 35,075,736	\$ 35,546,662	\$ 35,340,872	\$ (205,790)
Investment earnings	150,000	150,000	633,410	483,410
Other	5,286,504	4,759,600	4,213,272	(546,328)
State sources	79,231,296	79,862,186	81,507,436	1,645,250
Federal sources	2,877,000	2,877,000	2,614,949	(262,051)
Total revenue	<u>122,620,536</u>	<u>123,195,448</u>	<u>124,309,939</u>	<u>1,114,491</u>
Expenditures				
Current				
Administration	3,805,053	3,725,423	3,821,305	95,882
District support services	7,017,096	6,928,056	6,614,803	(313,253)
Elementary and secondary regular instruction	56,975,404	57,485,786	55,929,788	(1,555,998)
Vocational education instruction	1,909,962	2,018,761	2,621,806	603,045
Special education instruction	20,694,117	20,490,657	20,817,558	326,901
Community service	–	–	200,870	200,870
Instructional support services	8,354,238	8,175,517	8,816,341	640,824
Pupil support services	9,830,593	9,956,209	10,058,348	102,139
Sites and buildings	11,377,144	11,609,544	11,583,684	(25,860)
Fiscal and other fixed cost programs	684,210	350,000	476,818	126,818
Debt service				
Principal	1,845,561	1,845,561	1,857,049	11,488
Interest and fiscal charges	23,915	23,915	12,427	(11,488)
Total expenditures	<u>122,517,293</u>	<u>122,609,429</u>	<u>122,810,797</u>	<u>201,368</u>
Excess of revenue over expenditures	103,243	586,019	1,499,142	913,123
Other financing sources (uses)				
Sale of capital assets	–	–	23,800	23,800
Transfers (out)	(250,000)	(157,864)	(151,257)	6,607
Total other financing sources (uses)	<u>(250,000)</u>	<u>(157,864)</u>	<u>(127,457)</u>	<u>30,407</u>
Net change in fund balances	<u>\$ (146,757)</u>	<u>\$ 428,155</u>	<u>1,371,685</u>	<u>\$ 943,530</u>
Fund balances				
Beginning of year			<u>20,286,476</u>	
End of year			<u>\$ 21,658,161</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Food Service Special Revenue Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Investment earnings	\$ 2,000	\$ 2,000	\$ 14,490	\$ 12,490
Other – primarily meal sales	3,488,803	3,488,803	3,364,687	(124,116)
State sources	172,425	172,425	147,729	(24,696)
Federal sources	1,451,750	1,451,750	1,479,599	27,849
Total revenue	<u>5,114,978</u>	<u>5,114,978</u>	<u>5,006,505</u>	<u>(108,473)</u>
Expenditures				
Current				
Salaries	1,895,163	1,895,163	2,001,336	106,173
Employee benefits	886,570	886,570	805,921	(80,649)
Purchased services	232,500	232,500	281,311	48,811
Supplies and materials	2,020,025	2,020,025	1,899,498	(120,527)
Other expenditures	5,000	5,000	11,790	6,790
Capital outlay	75,000	75,000	95,182	20,182
Total expenditures	<u>5,114,258</u>	<u>5,114,258</u>	<u>5,095,038</u>	<u>(19,220)</u>
Net change in fund balances	<u>\$ 720</u>	<u>\$ 720</u>	<u>(88,533)</u>	<u>\$ (89,253)</u>
Fund balances				
Beginning of year			<u>764,922</u>	
End of year			<u>\$ 676,389</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Community Service Special Revenue Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 829,351	\$ 829,351	\$ 837,071	\$ 7,720
Investment earnings	–	–	5,739	5,739
Other – primarily tuition and fees	6,893,350	6,893,350	6,242,872	(650,478)
State sources	659,302	659,302	766,148	106,846
Total revenue	<u>8,382,003</u>	<u>8,382,003</u>	<u>7,851,830</u>	<u>(530,173)</u>
Expenditures				
Current				
Salaries	4,437,603	4,438,603	4,880,847	442,244
Employee benefits	1,180,414	1,180,414	1,448,913	268,499
Purchased services	1,898,405	1,898,405	1,250,449	(647,956)
Supplies and materials	587,403	586,403	298,339	(288,064)
Other expenditures	174,161	174,161	3,012	(171,149)
Capital outlay	–	–	580	580
Total expenditures	<u>8,277,986</u>	<u>8,277,986</u>	<u>7,882,140</u>	<u>(395,846)</u>
Excess (deficiency) of revenue over expenditures	104,017	104,017	(30,310)	(134,327)
Other financing sources				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>151,257</u>	<u>1,257</u>
Net change in fund balances	<u>\$ 254,017</u>	<u>\$ 254,017</u>	120,947	<u>\$ (133,070)</u>
Fund balances				
Beginning of year			<u>395,507</u>	
End of year			<u>\$ 516,454</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Net Position
 Internal Service Fund
 as of June 30, 2019
 (With Partial Comparative Information as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and temporary investments	\$ 5,701,608	\$ 3,412,287
Liabilities		
Current liabilities		
Unearned revenue	1,150,080	1,012,130
Claims payable	689,614	504,704
Total current liabilities	<u>1,839,694</u>	<u>1,516,834</u>
Net position		
Unrestricted	<u>\$ 3,861,914</u>	<u>\$ 1,895,453</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Revenue, Expenses, and Changes in Net Position
 Internal Service Fund
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 14,260,761	\$ 13,611,757
Operating expenses		
Health benefit claims	11,107,103	9,946,365
Dental benefit claims	<u>1,255,772</u>	<u>1,261,629</u>
Total operating expenses	<u>12,362,875</u>	<u>11,207,994</u>
Operating income	1,897,886	2,403,763
Nonoperating revenue		
Investment earnings	<u>68,575</u>	<u>17,613</u>
Change in net position	1,966,461	2,421,376
Net position		
Beginning of year	<u>1,895,453</u>	<u>(525,923)</u>
End of year	<u><u>\$ 3,861,914</u></u>	<u><u>\$ 1,895,453</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Cash Flows
 Internal Service Fund
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 14,398,711	\$ 13,543,474
Payment for health claims	(10,928,103)	(10,620,710)
Payment for dental claims	(1,249,862)	(1,261,507)
Net cash flows from operating activities	<u>2,220,746</u>	<u>1,661,257</u>
Cash flows from investing activities		
Investment income received	<u>68,575</u>	<u>17,613</u>
Net change in cash and cash equivalents	2,289,321	1,678,870
Cash and cash equivalents		
Beginning of year	<u>3,412,287</u>	<u>1,733,417</u>
End of year	<u><u>\$ 5,701,608</u></u>	<u><u>\$ 3,412,287</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,897,886	\$ 2,403,763
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Unearned revenue	137,950	(68,283)
Claims payable	<u>184,910</u>	<u>(674,223)</u>
Net cash flows from operating activities	<u><u>\$ 2,220,746</u></u>	<u><u>\$ 1,661,257</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Fiduciary Net Position
as of June 30, 2019

	<u>Private-Purpose Trust Fund</u>	<u>Employee Benefit Trust Funds</u>
Assets		
Cash and temporary investments	\$ 55,462	\$ -
Receivables		
Accounts and interest	175	39,115
Investments, at fair value		
Treasury securities	-	1,824,986
Mortgage-backed securities	-	50,023
Corporate obligations	-	2,351,100
International corporate obligations	-	4,615
Equities	-	4,130,691
Real estate investment trusts	-	52,076
Mutual funds	-	8,741,421
Total assets	<u>55,637</u>	<u>17,194,027</u>
Liabilities		
Due to governmental funds	<u>-</u>	<u>702,747</u>
Net position		
Restricted for scholarships	55,637	-
Restricted for OPEB	<u>-</u>	<u>16,491,280</u>
Total net position	<u>\$ 55,637</u>	<u>\$ 16,491,280</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2019

	<u>Private-Purpose Trust Fund</u>	<u>Employee Benefit Trust Funds</u>
Additions		
Contributions		
Plan participants	\$ –	\$ 636,682
Gifts and donations	11,500	–
Investment earnings		
Total investment earnings	988	941,393
Less investment expense	–	127,819
Net investment earnings	<u>988</u>	<u>813,574</u>
Total additions	12,488	1,450,256
Deductions		
Scholarships	8,000	–
Employee benefits	–	683,671
OPEB	–	702,747
Total deductions	<u>8,000</u>	<u>1,386,418</u>
Change in net position	4,488	63,838
Net position		
Beginning of year	<u>51,149</u>	<u>16,427,442</u>
End of year	<u>\$ 55,637</u>	<u>\$ 16,491,280</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Basic Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 272 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, district school boards can elect to either control or not control extracurricular student activities. The District's School Board has elected not to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not included in the District's basic financial statements.

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and private-purpose 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.

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District’s child nutrition program, which is financed through revenue from meal sales, state aids, and federal grants.

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. These activities are financed by program fees and tuition, property tax levies, and state aids.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account was used for the 2009 taxable OPEB bond issue, which matured in fiscal 2019.

Proprietary Funds

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

Fiduciary Funds

Trust Funds – Trust funds are used to administer resources received and held by the District as a custodian or trustee for others. The District maintains a Private-Purpose Trust Fund to account for resources held to award scholarships to former students; an Employee Benefits Trust Fund to account for resources held for employee cafeteria plan benefits; and a Post-Employment Benefits Trust Fund to account for resources held in an irrevocable trust to fund post-employment insurance benefits for eligible employees and retirees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. For the year ended June 30, 2019, actual expenditures exceeded budgeted appropriations in the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess
General	\$ 122,609,429	\$ 122,810,797	\$ 201,368
Capital Projects – Building Construction	\$ 4,719,448	\$ 5,778,029	\$ 1,058,581
Debt Service	\$ 8,726,970	\$ 8,849,331	\$ 122,361

The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

F. Cash and Temporary Investments

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

At June 30, 2019, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 11,142,225
Due from other Minnesota school districts	33,107
Due from Hennepin County	50,471
Due from other governmental units	<u>940</u>
Total due from other governmental units	<u>\$ 11,226,743</u>

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,916,108 of the property tax levy collectible in 2019 as revenue to the District in fiscal year 2018–2019. The remaining portion of the taxes collectible in 2019 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$3,000 or more for assets acquired through June 30, 2015 and \$5,000 or more for assets acquired thereafter, 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. The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets are reported in the government-wide financial statements, but not in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment. Land and construction in progress are not depreciated.

L. Long-Term Obligations

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

M. Employee Benefits

- 1. Compensated Absences** – Under the terms of certain collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates. Vacation and sick pay are accrued in the governmental funds to the extent they have been used or otherwise matured prior to year-end. Because teachers are not eligible for vacation pay and amounts accrued to other employees are forfeited if not taken by January 1 of the following year, no long-term vacation liabilities are recorded in the financial statements. Some employee bargaining groups are eligible to be compensated for unused sick leave upon termination subject to certain conditions. Convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.
- 2. Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. Benefits are accrued in the governmental funds as they become due and payable. See the Defined Benefit Pension Plan – District note for further information.
- 3. Post-Employment Healthcare Benefits** – The District provides post-employment healthcare benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. For eligible retirees, the District pays health insurance premiums until the retiree reaches age 65 in an amount equal to active employee health insurance premiums. See the Other Post-Employment Benefits (OPEB) Plan note for further information.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the net OPEB liability (asset), deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- 4. State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

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

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

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

N. 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 reductions in the District's insurance coverage in fiscal year 2019.
- 2. Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus stop-loss health and dental insurance premium costs and administrative service charges. Any excess of the premiums above claims remaining is used to establish a reserve for future claims.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

<u>Year Ended June 30,</u>	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2018	\$ 28,582	\$ 1,261,629	\$ 1,261,507	\$ 28,704
2019	\$ 28,704	\$ 1,255,772	\$ 1,249,862	\$ 34,614

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

<u>Year Ended June 30,</u>	<u>Balance – Beginning of Year</u>	<u>Charges and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2018	\$ 1,150,345	\$ 9,946,365	\$ 10,620,710	\$ 476,000
2019	\$ 476,000	\$ 11,107,103	\$ 10,928,103	\$ 655,000

O. Deferred Outflows/Inflows of Resources

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

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

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

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

Q. Fund Balance Classifications

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

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

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

R. 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.

S. 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, 2018, 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	\$	9,838,226
Investments		64,910,340
Cash on hand		6,234
		<hr/>
Total	\$	<u>74,754,800</u>

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

Statement of Net Position		
Cash and temporary investments	\$	57,544,426
Statement of Fiduciary Net Position		
Cash and temporary investments		
Private-Purpose Trust Fund		55,462
Investments		
Employee Benefit Trust Funds		17,154,912
		<hr/>
Total	\$	<u>74,754,800</u>

B. Deposits

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

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

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

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

At year-end, the carrying amount and bank balance of the District’s deposits were both \$9,838,226. At June 30, 2019, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		No Maturity Date	Less Than 1	1 to 5	6 to 10	
District investments								
U.S treasury securities	AA	S&P	Level 2	\$ –	\$ 786,909	\$ –	\$ –	\$ 786,909
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	\$ 24,952,176	\$ –	\$ –	\$ –	24,952,176
MNTrust Term Series		Not rated	N/A	\$ –	\$ 18,750,000	\$ –	\$ –	18,750,000
MNTrust Limited Term Duration	AAA	S&P	N/A	\$ 1,500,000	\$ –	\$ –	\$ –	1,500,000
MSDLAF Liquid Class	AAA	S&P	N/A	\$ 1,766,343	\$ –	\$ –	\$ –	1,766,343
OPEB trust investments								
U.S. treasury securities	AAA	Moody's	Level 1	\$ –	\$ –	\$ 1,824,986	\$ –	1,824,986
Mortgage-backed securities	AAA	S&P	Level 1	\$ –	\$ –	\$ 50,023	\$ –	50,023
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ 106,403	\$ –	106,403
Corporate obligations	AA	S&P	Level 1	\$ –	\$ –	\$ 307,077	\$ –	307,077
Corporate obligations	A	S&P	Level 1	\$ –	\$ 150,683	\$ 761,683	\$ –	912,366
Corporate obligations	A	Moody's	Level 1	\$ –	\$ –	\$ 263,383	\$ –	263,383
Corporate obligations	BAA	Moody's	Level 1	\$ –	\$ –	\$ 170,745	\$ –	170,745
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 100,114	\$ 413,076	\$ 77,936	591,126
International corporate obligations		Not rated	Level 1	\$ 4,615	\$ –	\$ –	\$ –	4,615
Equities		Not rated	Level 1	\$ 4,130,691	\$ –	\$ –	\$ –	4,130,691
Real estate investment trusts		Not rated	Level 2	\$ 52,076	\$ –	\$ –	\$ –	52,076
Investment pools/mutual funds		Not rated	Level 1	\$ 7,496,666	\$ –	\$ –	\$ –	7,496,666
Real asset mutual funds		Not rated	Level 2	\$ 1,244,755	\$ –	\$ –	\$ –	1,244,755
Total investments								<u>\$ 64,910,340</u>

N/A – Not Applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Term Series, MNTrust Limited Term Duration, and the Minnesota School District Liquid Asset Fund (MSDLAF) Liquid Class are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in these investment pools are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For the MSDLAF Liquid Class investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required. MNTrust Term Series are intended to be held until maturity; withdrawal prior to maturity will require seven days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

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

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 6,798,693	\$ –	\$ (23,800)	\$ –	\$ 6,774,893
Construction in progress	1,192,175	3,782,976	–	(2,067,144)	2,908,007
Total capital assets, not depreciated	7,990,868	3,782,976	(23,800)	(2,067,144)	9,682,900
Capital assets, depreciated					
Land improvements	9,723,841	5,396	–	152,282	9,881,519
Buildings and improvements	205,377,630	310,059	–	1,914,862	207,602,551
Equipment	23,388,685	1,614,681	–	–	25,003,366
Capital leased equipment	6,443,694	–	–	–	6,443,694
Total capital assets, depreciated	244,933,850	1,930,136	–	2,067,144	248,931,130
Less accumulated depreciation for					
Land improvements	(5,622,351)	(317,521)	–	–	(5,939,872)
Buildings and improvements	(128,346,037)	(5,364,340)	–	–	(133,710,377)
Equipment	(16,717,409)	(1,237,178)	–	–	(17,954,587)
Capital leased equipment	(5,482,804)	(960,890)	–	–	(6,443,694)
Total accumulated depreciation	(156,168,601)	(7,879,929)	–	–	(164,048,530)
Net capital assets, depreciated	88,765,249	(5,949,793)	–	2,067,144	84,882,600
Total capital assets, net	<u>\$ 96,756,117</u>	<u>\$ (2,166,817)</u>	<u>\$ (23,800)</u>	<u>\$ –</u>	<u>\$ 94,565,500</u>

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

Administration	\$ 966
District support services	119,126
Elementary and secondary regular instruction	3,834,101
Special education instruction	30,086
Instructional support services	1,103
Pupil support services	732,925
Sites and buildings	3,020,073
Food service	88,261
Community service	53,288
Total depreciation expense	<u>\$ 7,879,929</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds payable					
Alternative facilities bonds	02/17/2011	4.000–4.375%	\$ 11,000,000	02/01/2027	\$ 10,800,000
Capital facilities bond	02/17/2011	2.000–4.000%	1,070,000	02/01/2021	220,000
School building refunding bonds	09/27/2011	3.000–5.000%	11,520,000	02/01/2020	2,105,000
Alternative facilities bonds	02/27/2013	2.000–2.250%	11,000,000	02/01/2024	10,850,000
Alternative facilities bonds	04/07/2015	3.000%	10,310,000	02/01/2028	10,310,000
Facilities maintenance bonds	02/22/2017	3.000–4.000%	10,940,000	02/01/2032	10,940,000
Alternative facilities refunding bonds	11/15/2018	5.000%	8,410,000	02/01/2022	8,410,000
Facilities maintenance bonds	03/21/2019	2.875–4.000%	9,995,000	02/01/2036	9,995,000
Total general obligation bonds payable					<u>\$ 63,630,000</u>

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

In November 2018, the District issued \$8,410,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2018A. The proceeds of this issue were used to refund, in advance of their stated maturities, the 2020 through 2022 maturities of the District's Alternative Facilities Bonds, Series 2009A, on the February 1, 2019 call date of the refunded issue. This current refunding will reduce the District's total future debt service payments by \$516,070 and will result in present value savings of \$488,187. The difference between the carrying amount of the refunded debt and its reacquisition price was not material, and was included in current year expense on the government-wide financial statements.

B. Capital Leases Payable

On September 17, 2012, the District entered a master lease purchase agreement with Apple, Inc. for iPads and MacBooks. The District acquires equipment from time to time under this master agreement as needed. Each lease "schedule" added under this master lease agreement adds equipment to the lease and carries its own lease term and payment schedule. The lease schedules have interest rates ranging from zero percent to 0.99 percent and mature in fiscal year 2020. Upon payment in full of all scheduled lease payments, the lessor's (Apple, Inc.) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The General Fund will be used to liquidate this liability. If the District does not pay the lease payments on the date which payments are due, the District shall pay lessor a charge at the rate of 12.00 percent per annum or the highest lawful rate, whichever is less, from such due date until paid. If the District breaches any term of this agreement, the lessor may require that the District return the equipment and pay any and all amounts which may then be due and payable under the lease, plus all lease payments remaining through the end of the then current fiscal period.

At June 30, 2019, the total cost of the leased equipment capitalized through this agreement is \$6,443,694, with accumulated depreciation of \$6,443,694.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, pensions, and OPEB; the details of which are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund or a trust fund established by the District to finance OPEB obligations.

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. The 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, 2019, are as follows:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 20,553,821	\$ 4,905,004	\$ 5,033,063	\$ 968,012
State-wide, multiple-employer – TRA	62,338,290	89,326,777	120,421,866	(26,901,592)
Single-employer – District	353,670	44,111	7,722	56,656
Total	\$ 83,245,781	\$ 94,275,892	\$ 125,462,651	\$ (25,876,924)

D. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 60,645,000	\$ 18,405,000	\$ 15,420,000	\$ 63,630,000	\$ 5,810,000
Unamortized premiums/discount	1,099,640	550,011	410,595	1,239,056	–
Capital lease payable	2,616,833	–	1,857,049	759,784	759,784
Net pension liability	225,619,599	2,128,633	144,502,451	83,245,781	–
Compensated absences payable	845,247	52,704	132,346	765,605	170,618
	\$ 290,826,319	\$ 21,136,348	\$ 162,322,441	\$ 149,640,226	\$ 6,740,402

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2020	\$ 5,810,000	\$ 2,245,338	\$ 759,784	\$ 870
2021	5,755,000	1,973,300	–	–
2022	5,690,000	1,751,450	–	–
2023	4,515,000	1,513,250	–	–
2024	4,550,000	1,380,163	–	–
2025–2029	20,150,000	4,634,263	–	–
2030–2034	13,060,000	1,741,662	–	–
2035–2036	4,100,000	196,975	–	–
	\$ 63,630,000	\$ 15,436,401	\$ 759,784	\$ 870

NOTE 5 – FUND BALANCES

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

A. Classifications

At June 30, 2019, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
Nonspendable						
Inventory	\$ –	\$ 118,178	\$ –	\$ –	\$ –	\$ 118,178
Prepaid items	1,676,290	–	50,230	–	–	1,726,520
Total nonspendable	1,676,290	118,178	50,230	–	–	1,844,698
Restricted						
Capital projects levy	504,823	–	–	–	–	504,823
Operating capital	615,334	–	–	–	–	615,334
Medical Assistance	283,523	–	–	–	–	283,523
Long-term facilities maintenance	–	–	–	9,569,553	–	9,569,553
Food service	–	558,211	–	–	–	558,211
Community education programs	–	–	99,364	–	–	99,364
Early childhood family education programs	–	–	336,947	–	–	336,947
School readiness	–	–	29,913	–	–	29,913
Debt service	–	–	–	–	1,722,807	1,722,807
Total restricted	1,403,680	558,211	466,224	9,569,553	1,722,807	13,720,475
Assigned						
Site carryover	319,357	–	–	–	–	319,357
Activity accounts	409,399	–	–	–	–	409,399
Construction	1,172,417	–	–	–	–	1,172,417
Curriculum adoption	500,000	–	–	–	–	500,000
Subsequent year’s budget	425,542	–	–	–	–	425,542
Total assigned	2,826,715	–	–	–	–	2,826,715
Unassigned	15,751,476	–	–	–	–	15,751,476
Total	\$ 21,658,161	\$ 676,389	\$ 516,454	\$ 9,569,553	\$ 1,722,807	\$ 34,143,364

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of annual budgeted expenditures. At June 30, 2019, the unassigned fund balance of the General Fund was 16.4 percent of fiscal 2019 unassigned expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan within one year of eligible employment.

B. Benefits Provided

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

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

1. GERF Benefits

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

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

Benefit increases are provided to benefit recipients each January. GERP benefit recipients receive a future annual increase equal to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent 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.

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 2019 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, 2019, were \$1,983,618. 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,					
	2017		2018		2019	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.50 %	11.00 %	11.71 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.71 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2019, were \$4,196,913. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

The following is a reconciliation of employer contributions in the TRA’s Comprehensive Annual Financial Report (CAFR) 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 CAFR Statement of Changes in Fiduciary Net Position	\$ 378,728
Add employer contributions not related to future contribution efforts	522
Deduct the TRA’s contributions not included in allocation	<u>(471)</u>
Total employer contributions	378,779
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 414,367</u>

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

D. Pension Costs

1. GERS Pension Costs

At June 30, 2019, the District reported a liability of \$20,553,821 for its proportionate share of the GERS’s net pension liability. The net pension liability was measured as of June 30, 2018, 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 received by the PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.3705 percent at the end of the measurement period and 0.3681 percent for the beginning of the period.

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 amounts 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	\$ 20,553,821
State’s proportionate share of the net pension liability associated with the District	\$ 674,285

For the year ended June 30, 2019, the District recognized pension expense of \$810,770 for its proportionate share of the GERS’s pension expense. In addition, the District recognized an additional \$157,242 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERS.

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

At June 30, 2019, 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	\$ 540,658	\$ 587,493
Changes in actuarial assumptions	1,924,197	2,299,200
Difference between projected and actual investment earnings	–	2,146,370
Changes in proportion	456,531	–
District’s contributions to the GERF subsequent to the measurement date	<u>1,983,618</u>	<u>–</u>
Total	<u>\$ 4,905,004</u>	<u>\$ 5,033,063</u>

A total of \$1,983,618 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2020	\$ 923,916
2021	\$ (983,642)
2022	\$ (1,622,961)
2023	\$ (428,990)

2. TRA Pension Costs

At June 30, 2019, the District reported a liability of \$62,338,290 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District’s proportionate share was 0.9925 percent at the end of the measurement period and 1.0112 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	\$ 62,338,290
State’s proportionate share of the net pension liability associated with the District	\$ 5,856,612

For the year ended June 30, 2019, the District recognized negative pension expense of \$22,814,067. It also recognized \$4,087,525 as a decrease to pension expense (and grant revenue) for the support provided by direct aid.

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

At June 30, 2019, the District reported its proportionate share of the TRA’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	\$ 735,854	\$ 1,278,210
Changes in actuarial assumptions	83,443,640	106,712,849
Difference between projected and actual investment earnings	–	4,679,920
Changes in proportion	950,370	7,750,887
District’s contributions to the TRA subsequent to the measurement date	<u>4,196,913</u>	<u>–</u>
Total	<u>\$ 89,326,777</u>	<u>\$ 120,421,866</u>

A total of \$4,196,913 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2020	\$ 5,611,550
2021	\$ 2,766,625
2022	\$ (591,741)
2023	\$ (25,609,088)
2024	\$ (17,469,348)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50%	2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25%	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2018 valuations were based on the results of actuarial experience studies. The most recent experience studies were completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2018:

1. GERF

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.

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.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent in 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.

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36 %	5.10 %
International stocks	17	5.30 %
Bonds (fixed income)	20	0.75 %
Alternative assets (private markets)	25	5.90 %
Cash	2	– %
	100 %	
Total		

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

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the 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 7.50 percent. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 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.

G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 33,402,591	\$ 20,553,821	\$ 9,947,529
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 98,930,614	\$ 62,338,290	\$ 32,149,864

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

H. Pension Plan Fiduciary Net Position

Detailed information about the GERP's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

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

These benefits are summarized as follows:

Administrative Supervisory Technical (AST) Employees Pension Benefits – AST employees hired before July 1, 1998 are eligible to receive an additional retirement incentive benefit. AST employees accumulate four days of credit for each full year of service to the District. The benefit is based on an employee's rate of pay, less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum of 60 percent to a voluntary employees' beneficiary association (VEBA) account (OPEB) and 40 percent to a 403(b) account (pension).

Principal Pension Benefits – Principals hired before July 1, 2016 are eligible to receive an additional retirement incentive benefit. Principals accumulate four days of credit for each full year of service to the District. The benefit is based on an employee's rate of pay, less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum to a 403(b) account.

Eden Prairie Supervisors and Specialists (EPSS) Pension Benefits – EPSS employees hired before July 1, 1999 are eligible to receive an additional retirement incentive benefit. EPSS employees accumulate one day of credit for each full year of service to the District from July 1, 1989. Employees who have completed at least 18 years of continuous service with the District and are at least age 55, the benefit increases to the maximum of one day of credit for each full year of service to the District from July 1, 1989 or 30 days. The benefit is based on an employee's rate of pay, less any cumulative employer tax sheltered annuity contributions, with a limitation on total benefits to an individual of 50 percent of base annual salary. Benefits are paid out in a lump sum of 50 percent to a VEBA account (OPEB) and 50 percent to a 403(b) account (pension).

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

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits.

C. Membership

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

Active plan members	19
---------------------	----

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2018, and a measurement date as of June 30, 2019, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.10%
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

E. Discount Rate

The discount rate used to measure the total pension liability was 3.10 percent. The District discount rate used in the prior measurement date was 3.50 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds, as of the measurement date.

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

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2018	\$ 266,474
Changes for the year	
Service cost	24,635
Interest	9,931
Assumption changes	7,441
Plan changes	17,075
Differences between expected and actual experience	42,973
Benefit payments	(14,859)
Total net changes	<u>87,196</u>
Ending balance – June 30, 2019	<u>\$ 353,670</u>

Plan changes since the prior measurement date include the following:

- The EPSS post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.

Assumption changes since the prior measurement date include the following:

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.10%	3.10%	4.10%
Total pension liability	\$ 374,194	\$ 353,670	\$ 333,559

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

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

For the current year ended, the District recognized pension expense of \$56,656. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 37,601	\$ –
Changes in actuarial assumptions	6,510	7,722
Total	<u>\$ 44,111</u>	<u>\$ 7,722</u>

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

Year Ending June 30,	Pension Expense Amount
2020	\$ 5,015
2021	\$ 5,015
2022	\$ 5,015
2023	\$ 5,015
2024	\$ 5,015
Thereafter	\$ 11,314

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

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

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical insurance from the time of retirement until the employee reaches age 65. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District contributes 100 percent of the cost of the negotiated current year premiums for specified coverage levels of eligible retired plan members and their spouses. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The Post-Employment Benefits Trust Fund reimbursed the General Fund for the actual cost of medical insurance premiums paid for retirees and the implicit rate subsidy for the year ended June 30, 2019.

D. Membership

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

Retirees and beneficiaries receiving benefits	108
Active plan members	<u>1,342</u>
Total members	<u><u>1,450</u></u>

E. Net OPEB Liability (Asset) of the District

The District's net OPEB (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation as of that date. The components of the net OPEB (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 9,494,639
Plan fiduciary net position	<u>(16,491,280)</u>
District's net OPEB liability (asset)	<u><u>\$ (6,996,641)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>173.7%</u></u>

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

F. Assumptions Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.10%
Expected long-term investment return	6.10% (net of investment expenses)
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.50% grading to 5.00% over 6 years

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

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

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

The long-term expected rate of return on OPEB plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed income	30.00 %	3.10 %
Domestic equity	38.00	7.70 %
International equity	12.00	8.30 %
Real estate	10.00	7.10 %
Other (event driven hedge, equity hedge)	10.00	5.70 %
Total	<u>100.00 %</u>	6.10 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 5.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

H. Discount Rate

The discount rate used to measure the total OPEB liability was 6.10 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 6.30 percent.

I. Changes in the Net OPEB Liability (Asset)

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Beginning balance – July 1, 2018	\$ 13,518,178	\$ 16,380,453	\$ (2,862,275)
Changes for the year			
Service cost	417,686	–	417,686
Interest	853,059	–	853,059
Assumption changes	159,481	–	159,481
Plan changes	(13,266)	–	(13,266)
Contributions – employer	–	100,000	(100,000)
Projected investment return	–	999,208	(999,208)
Differences between expected and actual experience	(4,637,752)	(185,634)	(4,452,118)
Benefit payments – employer financed	(100,000)	(100,000)	–
Benefit payments – paid by trust	(702,747)	(702,747)	–
Total net changes	<u>(4,023,539)</u>	<u>110,827</u>	<u>(4,134,366)</u>
Ending balance – June 30, 2019	<u>\$ 9,494,639</u>	<u>\$ 16,491,280</u>	<u>\$ (6,996,641)</u>

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 6.30 percent to 6.10 percent.

Plan changes since the prior measurement date include the following:

- The EPSS post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA to 50.00 percent paid to a VEBA and 50.00 percent paid to a 403(b) plan.
- The Classified Administrative and Support Staff post-employment subsidized benefit was extended through June 30, 2019.
- A subsidized lump sum benefit of \$1,000 payable to a VEBA was added for Minnesota School Employees Association paraprofessionals retiring before June 30, 2019.

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

J. Net OPEB Liability (Asset) Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	5.10%	6.10%	7.10%
Net OPEB liability (asset)	\$ (6,527,222)	\$ (6,996,641)	\$ (7,439,560)

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

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
OPEB healthcare trend rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years
Net OPEB liability (asset)	\$ (7,627,652)	\$ (6,996,641)	\$ (6,276,179)

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

For the current year ended, the District recognized negative OPEB expense of \$536,190. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 3,975,216
Changes in actuarial assumptions	136,698	74,292
Differences between projected and actual investment earnings	–	239,551
Total	<u>\$ 136,698</u>	<u>\$ 4,289,059</u>

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

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

Year Ending June 30,	OPEB Expense Amount
2020	\$ (794,461)
2021	\$ (794,457)
2022	\$ (651,595)
2023	\$ (617,486)
2024	\$ (654,609)
Thereafter	\$ (639,753)

L. Summarized Financial Information

Statement of Fiduciary Net Position

Assets	
Receivables	
Accounts and interest	\$ 39,115
Investments, at fair value	
Treasury securities	1,824,986
Mortgage-backed securities	50,023
Corporate obligations	2,351,100
International corporate obligations	4,615
Equities	4,130,691
Real estate investment trusts	52,076
Mutual funds	8,741,421
Total assets	<u>17,194,027</u>
Liabilities	
Due to governmental funds	<u>702,747</u>
Net position	
Restricted for OPEB	<u><u>\$ 16,491,280</u></u>

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

Statement of Changes in Fiduciary Net Position

Additions	
Investment earnings	
Total investment earnings	\$ 941,393
Less investment expense	<u>127,819</u>
Net investment earnings	813,574
Deductions	
OPEB	<u>702,747</u>
Change in net position	110,827
Net position	
Beginning of year	<u>16,380,453</u>
End of year	<u>\$ 16,491,280</u>

NOTE 9 – FLEXIBLE BENEFIT PLAN

A. Plan Description

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

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held in a separate bank account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers and are accounted for primarily in the District's General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the Employee Benefits Trust Fund.

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

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

B. Summarized Financial Information

Statement of Fiduciary Net Position

Assets	\$	–
Liabilities		<u>–</u>
Net position	\$	<u><u>–</u></u>

Statement of Changes in Fiduciary Net Position

Additions		
Contributions		
Plan participants	\$	636,682
Deductions		
Employee benefits		<u>683,671</u>
Change in net position		(46,989)
Net position		
Beginning of year		<u>46,989</u>
End of year	\$	<u><u>–</u></u>

NOTE 10 – INTERFUND BALANCES AND TRANSACTIONS

The General Fund had a receivable of \$702,747 due from the Post-Employment Benefits Trust Fund at June 30, 2019, to reimburse OPEB payments the General Fund made during the year. Because fiduciary fund activity is not included in the government-wide financial statements, this receivable is included as due from the Post-Employment Benefit Trust Fund in the governmental activities on the Statement of Net Position.

The District transferred \$151,257 from the General Fund to the Community Service Special Revenue Fund to help finance various program costs. Such transfers are eliminated in the government-wide financial statements.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Legal Claims

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Education Center Lease

The District has a lease agreement with the City of Eden Prairie for use of 51,315 square feet of space housing the District’s Education Center. This site houses nearly all of the District’s programs and administration for the following programs: Community Education, Family Education, and Early Childhood Special Education. In June 2014, the District signed an extension of this lease commencing on June 1, 2014 and extending through May 31, 2024. Annual lease payments are due on September 1st of each year. The District may cancel this lease at any time with 12 months’ notice if the School Board does not appropriate or budget moneys sufficient to pay the lease payments coming due after the current levy appropriation.

If not cancelled, future minimum lease payments for the initial lease term are as follows:

<u>Year Ending June 30,</u>	<u>Base Rent</u>	<u>Improvement Rent</u>	<u>Total</u>
2020	\$ 368,442	\$ 21,185	\$ 389,627
2021	377,165	–	377,165
2022	386,915	–	386,915
2023	396,665	–	396,665
2024	406,415	–	406,415
	<u>\$ 1,935,602</u>	<u>\$ 21,185</u>	<u>\$ 1,956,787</u>

Expenditures under the operating lease for the year ended June 30, 2019 was \$486,318.

D. Construction Contracts

At June 30, 2019, the District had commitments totaling \$1,411,920 under various construction contracts for which the work was not yet completed.

E. Purchase Power Commitment

Solar Gardens

During fiscal year 2016, the District entered into five community solar garden subscription agreements with SunE Nesvold, LLC. The District is committed to purchasing up to 40 percent of the annual delivered energy of the solar systems for a period of 25 years from the commercial operation date of January 1, 2018.

During fiscal year 2017, the District entered into five community solar garden subscription agreements with SunE Feely, LLC. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar systems for a period of 25 years from the expected commercial operation date of January 2019.

During fiscal year 2017, the District entered into five community solar garden subscription agreements with Randolph CSG 1, LLC. The District is committed to purchasing up to 20 percent of the annual delivered energy of the solar systems for a period of 25 years from the expected commercial operation date of February 2019.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Solar Panels

During fiscal year 2018, the District entered into various power purchase agreements to purchase the energy generated by solar panels contributed to the District and installed on various buildings of the District. At June 30, 2019, the equipment capitalized through these agreements is \$1,559,500, with accumulated depreciation of \$207,933. Future power purchase payments are as follows:

Year Ending June 30,	Amount
2020	\$ 34,845
2021	36,402
2022	38,033
2023	39,735
2024	41,513
2025–2029	237,153
2030–2034	153,949
2035–2038	100,705
	<u>\$ 682,335</u>

NOTE 12 – SUBSEQUENT EVENTS

In July 2019, the District issued \$37,765,000 of General Obligation School Building Bonds, Series 2019B. The bonds bear interest rates ranging from 3.00–5.00 percent and mature in 2040.

In July 2019, the District entered into a capital lease for technology equipment totaling \$977,550 with an interest rate of zero percent and payments over three years. The lease matures in July 2021.

NOTE 13 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, *Fiduciary Activities*, is intended to enhance consistency and comparability of fiduciary activity reporting by state and local governments. It is also meant to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The MDE has also issued guidance for implementing this standard, which will impact the reporting of extracurricular student activity accounts previously not under School Board control, beginning in the 2019–2020 fiscal year. This new guidance provided by the MDE will require the activities currently presented separately in this financial statement to be operated under School Board control and reported as part of the District’s General Fund for the year ending June 30, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2019

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 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	0.3926%	\$ 18,442,381	\$ -	\$ 18,442,381	\$ 20,638,451	89.36%	78.70%
06/30/2016	06/30/2015	0.3524%	\$ 18,263,198	\$ -	\$ 18,263,198	\$ 20,684,774	88.29%	78.20%
06/30/2017	06/30/2016	0.3631%	\$ 29,481,919	\$ 385,105	\$ 29,867,024	\$ 22,396,905	131.63%	68.90%
06/30/2018	06/30/2017	0.3681%	\$ 23,499,261	\$ 295,507	\$ 23,794,768	\$ 23,755,883	98.92%	75.90%
06/30/2019	06/30/2018	0.3705%	\$ 20,553,821	\$ 674,285	\$ 21,228,106	\$ 24,941,557	82.41%	79.50%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2019

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,527,411	\$ 1,527,411	\$ -	\$ 20,684,774	7.38%
06/30/2016	\$ 1,679,027	\$ 1,679,027	\$ -	\$ 22,396,905	7.50%
06/30/2017	\$ 1,778,675	\$ 1,778,675	\$ -	\$ 23,755,883	7.49%
06/30/2018	\$ 1,867,386	\$ 1,867,386	\$ -	\$ 24,941,557	7.49%
06/30/2019	\$ 1,983,618	\$ 1,983,618	\$ -	\$ 26,428,327	7.51%

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. 272

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2019

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	Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.1120%	\$ 51,240,159	\$ 3,604,593	\$ 54,844,752	\$ 50,758,363	100.95%	81.50%
06/30/2016	06/30/2015	1.0058%	\$ 62,218,677	\$ 7,631,910	\$ 69,850,587	\$ 51,428,891	120.98%	76.80%
06/30/2017	06/30/2016	1.0364%	\$247,206,129	\$ 24,812,446	\$272,018,575	\$ 54,216,148	455.96%	44.88%
06/30/2018	06/30/2017	1.0112%	\$201,853,864	\$ 19,511,695	\$221,365,559	\$ 54,659,806	369.29%	51.57%
06/30/2019	06/30/2018	0.9925%	\$ 62,338,290	\$ 5,856,612	\$ 68,194,902	\$ 54,876,205	113.60%	78.07%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2019

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 3,828,390	\$ 3,828,390	\$ -	\$ 51,428,891	7.44%
06/30/2016	\$ 4,043,043	\$ 4,043,043	\$ -	\$ 54,216,148	7.46%
06/30/2017	\$ 4,085,938	\$ 4,085,938	\$ -	\$ 54,659,806	7.48%
06/30/2018	\$ 4,106,891	\$ 4,106,891	\$ -	\$ 54,876,205	7.48%
06/30/2019	\$ 4,196,913	\$ 4,196,913	\$ -	\$ 54,469,575	7.71%

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. 272

Pension Benefits Plan
 Schedule of Changes in the District's
 Total Pension Liability and Related Ratios
 Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 24,635	\$ 30,311	\$ 31,507
Interest	9,931	9,186	11,500
Assumption changes	7,441	(10,298)	–
Plan changes	17,075	–	–
Difference between expected and actual experience	42,973	–	–
Benefit payments	<u>(14,859)</u>	<u>(97,642)</u>	<u>(145,219)</u>
Net change in total pension liability	87,196	(68,443)	(102,212)
Total pension liability – beginning of year	<u>266,474</u>	<u>334,917</u>	<u>437,129</u>
Total pension liability – end of year	<u>\$ 353,670</u>	<u>\$ 266,474</u>	<u>\$ 334,917</u>
Covered-employee payroll	<u>\$ 2,307,920</u>	<u>\$ 2,629,505</u>	<u>\$ 2,478,561</u>
Total pension liability as a percentage of covered-employee payroll	<u>15.32%</u>	<u>10.13%</u>	<u>13.51%</u>

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

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Net
 OPEB Liability and Related Ratios
 Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 417,686	\$ 541,720	\$ 542,422
Interest	853,059	790,171	766,806
Assumption changes	159,481	(104,010)	-
Plan changes	(13,266)	389,295	-
Differences between expected and actual experience	(4,637,752)	-	-
Benefit payments – employer-financed	(100,000)	-	(132,324)
Benefit payments – paid by trust	(702,747)	(1,006,882)	(714,186)
Net change in total OPEB liability	<u>(4,023,539)</u>	<u>610,294</u>	<u>462,718</u>
Total OPEB liability – beginning of year	<u>13,518,178</u>	<u>12,907,884</u>	<u>12,445,166</u>
Total OPEB liability – end of year	<u>9,494,639</u>	<u>13,518,178</u>	<u>12,907,884</u>
Plan fiduciary net position			
Contributions – employer	100,000	-	132,324
Investment earnings	999,208	1,020,373	1,645,487
Differences between expected and actual experience	(185,634)	170,558	-
Benefit payments – employer-financed	(100,000)	-	(132,324)
Benefit payments – paid by trust	(702,747)	(1,006,882)	(714,186)
Net change in plan fiduciary net position	<u>110,827</u>	<u>184,049</u>	<u>931,301</u>
Plan fiduciary net position – beginning of year	<u>16,380,453</u>	<u>16,196,404</u>	<u>15,265,103</u>
Plan fiduciary net position – end of year	<u>16,491,280</u>	<u>16,380,453</u>	<u>16,196,404</u>
Net OPEB liability (asset)	<u>\$ (6,996,641)</u>	<u>\$ (2,862,275)</u>	<u>\$ (3,288,520)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>173.69%</u>	<u>121.17%</u>	<u>125.48%</u>
Covered-employee payroll	<u>\$ 76,440,507</u>	<u>\$ 75,075,856</u>	<u>\$ 72,889,181</u>
Net OPEB (asset) as a percentage of covered-employee payroll	<u>(9.15%)</u>	<u>(3.81%)</u>	<u>(4.51%)</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2019

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	10.78%
2018	7.40%
2019	5.00%

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information
June 30, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

- The state's special funding contribution increased from \$6 million to \$16 million.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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. 272

Notes to Required Supplementary Information (continued)
June 30, 2019

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2019

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- 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. 272

Notes to Required Supplementary Information (continued)
June 30, 2019

PENSION BENEFITS PLAN

2019 CHANGES IN PLAN PROVISIONS

- The Eden Prairie Supervisor and Specialist post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2019 CHANGES IN PLAN PROVISIONS

- The Eden Prairie Supervisor and Specialist post-employment lump sum benefit was changed from 100.00 percent paid to a VEBA, to 50.00 percent paid to a VEBA, and 50.00 percent paid to the 403(b) plan.
- The Classified Administrative and Support Staff post-employment subsidized benefit was extended through June 30, 2019.
- A subsidized lump sum benefit of \$1,000 payable to a VEBA was added for MSEA paraprofessionals retiring before June 30, 2019.

INDEPENDENT SCHOOL DISTRICT NO. 272

Notes to Required Supplementary Information (continued)
June 30, 2019

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 6.30 percent to 6.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive was offered for teachers retiring at the end of the 2017–2018 school year. Teachers retiring after age 55 with 10 years of service will receive \$15,000 placed in a VEBA account. Plan A teachers (hired before October 1, 1993) receive the payment on June 30, 2023. Plan B teachers receive the payment no later than June 30, 2018.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.
- The discount rate was changed from 6.10 percent to 6.30 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.50 percent to 6.10 percent.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 33,695,445	\$ 33,480,404
Receivables		
Current taxes	18,750,030	15,889,330
Delinquent taxes	286,810	297,338
Accounts and interest	325,718	127,446
Due from other governmental units	11,138,357	10,990,801
Due from other funds	702,747	1,006,882
Prepaid items	<u>1,676,290</u>	<u>145,362</u>
Total assets	<u>\$ 66,575,397</u>	<u>\$ 61,937,563</u>
Liabilities		
Salaries payable	\$ 5,027,295	\$ 5,149,570
Accounts and contracts payable	5,208,243	4,639,045
Due to other governmental units	622,339	350,336
Unearned revenue	<u>268,201</u>	<u>286,191</u>
Total liabilities	11,126,078	10,425,142
Deferred inflows of resources		
Property taxes levied for subsequent year	33,504,348	30,928,607
Unavailable revenue – delinquent taxes	<u>286,810</u>	<u>297,338</u>
Total deferred inflows of resources	33,791,158	31,225,945
Fund balances		
Nonspendable for prepaid items	1,676,290	145,362
Restricted for capital projects levy	504,823	485,096
Restricted for operating capital	615,334	852,824
Restricted for Medical Assistance	283,523	675,813
Restricted for long-term facilities maintenance	–	92,679
Assigned for site carryover	319,357	374,988
Assigned for activity accounts	409,399	463,047
Assigned for construction	1,172,417	697,417
Assigned for curriculum adoption	500,000	150,000
Assigned for subsequent year’s budget	425,542	–
Unassigned	<u>15,751,476</u>	<u>16,349,250</u>
Total fund balances	<u>21,658,161</u>	<u>20,286,476</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 66,575,397</u>	 <u>\$ 61,937,563</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		2018	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 35,546,662	\$ 35,340,872	\$ (205,790)	\$ 34,390,488
Investment earnings	150,000	633,410	483,410	350,364
Other	4,759,600	4,213,272	(546,328)	4,402,057
State sources	79,862,186	81,507,436	1,645,250	79,545,674
Federal sources	2,877,000	2,614,949	(262,051)	2,867,120
Total revenue	<u>123,195,448</u>	<u>124,309,939</u>	<u>1,114,491</u>	<u>121,555,703</u>
Expenditures				
Current				
Administration				
Salaries	2,763,346	2,808,605	45,259	2,750,031
Employee benefits	820,827	868,145	47,318	893,115
Purchased services	70,900	72,453	1,553	34,345
Supplies and materials	3,850	5,152	1,302	5,048
Capital expenditures	-	3,935	3,935	-
Other expenditures	66,500	63,015	(3,485)	59,950
Total administration	<u>3,725,423</u>	<u>3,821,305</u>	<u>95,882</u>	<u>3,742,489</u>
District support services				
Salaries	2,404,043	2,390,930	(13,113)	2,179,989
Employee benefits	720,154	772,811	52,657	672,413
Purchased services	1,803,717	1,898,732	95,015	1,725,796
Supplies and materials	932,639	1,043,316	110,677	821,634
Capital expenditures	1,045,003	490,063	(554,940)	370,144
Other expenditures	22,500	18,951	(3,549)	23,405
Total district support services	<u>6,928,056</u>	<u>6,614,803</u>	<u>(313,253)</u>	<u>5,793,381</u>
Elementary and secondary regular instruction				
Salaries	40,440,634	39,720,721	(719,913)	39,512,444
Employee benefits	12,002,543	11,928,301	(74,242)	12,089,344
Purchased services	3,059,198	1,660,714	(1,398,484)	1,889,674
Supplies and materials	1,800,377	2,051,372	250,995	2,612,441
Capital expenditures	120,766	224,070	103,304	220,135
Other expenditures	62,268	344,610	282,342	297,269
Total elementary and secondary regular instruction	<u>57,485,786</u>	<u>55,929,788</u>	<u>(1,555,998)</u>	<u>56,621,307</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,147,755	1,259,331	111,576	1,028,250
Employee benefits	327,920	351,885	23,965	298,240
Purchased services	521,000	921,621	400,621	807,263
Supplies and materials	21,750	71,808	50,058	82,906
Other expenditures	336	17,161	16,825	9,813
Total vocational education instruction	2,018,761	2,621,806	603,045	2,226,472
Special education instruction				
Salaries	14,068,768	13,660,985	(407,783)	13,972,045
Employee benefits	4,234,236	4,261,709	27,473	4,283,437
Purchased services	1,832,377	2,526,201	693,824	2,737,694
Supplies and materials	122,860	82,420	(40,440)	88,016
Capital expenditures	207,116	192,225	(14,891)	203,009
Other expenditures	25,300	94,018	68,718	88,980
Total special education instruction	20,490,657	20,817,558	326,901	21,373,181
Community service				
Salaries	–	150,583	150,583	–
Employee benefits	–	50,287	50,287	–
Total community service	–	200,870	200,870	–
Instructional support services				
Salaries	5,297,320	5,246,907	(50,413)	5,028,708
Employee benefits	1,488,958	1,534,755	45,797	1,434,358
Purchased services	738,819	1,143,282	404,463	703,713
Supplies and materials	439,505	115,467	(324,038)	132,559
Capital expenditures	194,990	725,179	530,189	85,843
Other expenditures	15,925	50,751	34,826	35,837
Total instructional support services	8,175,517	8,816,341	640,824	7,421,018
Pupil support services				
Salaries	5,818,417	5,819,461	1,044	5,695,847
Employee benefits	2,478,307	2,478,531	224	2,355,425
Purchased services	155,680	212,665	56,985	342,181
Supplies and materials	845,405	857,008	11,603	793,529
Capital expenditures	654,000	663,070	9,070	266,646
Other expenditures	4,400	27,613	23,213	28,019
Total pupil support services	9,956,209	10,058,348	102,139	9,481,647

INDEPENDENT SCHOOL DISTRICT NO. 272

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		2018	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	4,481,527	4,500,025	18,498	4,439,784
Employee benefits	1,614,729	1,503,942	(110,787)	1,518,051
Purchased services	3,117,951	3,018,338	(99,613)	3,059,701
Supplies and materials	963,000	991,415	28,415	1,047,521
Capital expenditures	1,419,037	1,548,213	129,176	1,792,544
Other expenditures	13,300	21,751	8,451	13,208
Total sites and buildings	11,609,544	11,583,684	(25,860)	11,870,809
Fiscal and other fixed cost programs				
Purchased services	350,000	476,818	126,818	381,996
Debt service				
Principal	1,845,561	1,857,049	11,488	1,872,965
Interest and fiscal charges	23,915	12,427	(11,488)	24,162
Total debt service	1,869,476	1,869,476	-	1,897,127
Total expenditures	122,609,429	122,810,797	201,368	120,809,427
Excess of revenue over expenditures	586,019	1,499,142	913,123	746,276
Other financing sources (uses)				
Sale of capital assets	-	23,800	23,800	83,976
Transfers (out)	(157,864)	(151,257)	6,607	(178,419)
Total other financing sources (uses)	(157,864)	(127,457)	30,407	(94,443)
Net change in fund balances	\$ 428,155	1,371,685	\$ 943,530	651,833
Fund balances				
Beginning of year		20,286,476		19,634,643
End of year		\$ 21,658,161		\$ 20,286,476

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 798,544	\$ 791,065
Receivables		
Accounts and interest	2,581	3,120
Due from other governmental units	23,239	32,730
Inventory	<u>118,178</u>	<u>108,557</u>
Total assets	<u>\$ 942,542</u>	<u>\$ 935,472</u>
Liabilities		
Salaries payable	\$ 9,447	\$ 8,810
Accounts and contracts payable	49,131	29,127
Unearned revenue	<u>207,575</u>	<u>132,613</u>
Total liabilities	266,153	170,550
Fund balances		
Nonspendable for inventory	118,178	108,557
Restricted for food service	<u>558,211</u>	<u>656,365</u>
Total fund balances	<u>676,389</u>	<u>764,922</u>
Total liabilities and fund balances	<u>\$ 942,542</u>	<u>\$ 935,472</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 2,000	\$ 14,490	\$ 12,490	\$ 9,675
Other – primarily meal sales	3,488,803	3,364,687	(124,116)	3,453,049
State sources	172,425	147,729	(24,696)	157,789
Federal sources	1,451,750	1,479,599	27,849	1,393,425
Total revenue	<u>5,114,978</u>	<u>5,006,505</u>	<u>(108,473)</u>	<u>5,013,938</u>
Expenditures				
Current				
Salaries	1,895,163	2,001,336	106,173	1,933,995
Employee benefits	886,570	805,921	(80,649)	760,168
Purchased services	232,500	281,311	48,811	256,792
Supplies and materials	2,020,025	1,899,498	(120,527)	1,911,067
Other expenditures	5,000	11,790	6,790	10,909
Capital outlay	75,000	95,182	20,182	88,417
Total expenditures	<u>5,114,258</u>	<u>5,095,038</u>	<u>(19,220)</u>	<u>4,961,348</u>
Net change in fund balances	<u>\$ 720</u>	<u>(88,533)</u>	<u>\$ (89,253)</u>	<u>52,590</u>
Fund balances				
Beginning of year		<u>764,922</u>		<u>712,332</u>
End of year		<u>\$ 676,389</u>		<u>\$ 764,922</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 1,444,797	\$ 1,329,792
Receivables		
Current taxes	486,573	378,606
Delinquent taxes	8,968	9,726
Accounts and interest	169,443	4,439
Due from other governmental units	65,074	63,423
Prepaid items	<u>50,230</u>	<u>46,200</u>
Total assets	<u>\$ 2,225,085</u>	<u>\$ 1,832,186</u>
Liabilities		
Salaries payable	\$ 188,525	\$ 105,093
Accounts and contracts payable	102,141	143,370
Due to other governmental units	–	6,790
Unearned revenue	<u>429,208</u>	<u>334,066</u>
Total liabilities	719,874	589,319
Deferred inflows of resources		
Property taxes levied for subsequent year	979,789	837,634
Unavailable revenue – delinquent taxes	<u>8,968</u>	<u>9,726</u>
Total deferred inflows of resources	988,757	847,360
Fund balances (deficits)		
Nonspendable for prepaid items	50,230	46,200
Restricted for community education programs	99,364	249,746
Restricted for early childhood family education programs	336,947	403,884
Restricted for school readiness	29,913	–
Unassigned – school readiness restricted account deficit	–	(304,323)
Total fund balances	<u>516,454</u>	<u>395,507</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,225,085</u>	<u>\$ 1,832,186</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 829,351	\$ 837,071	\$ 7,720	\$ 838,786
Investment earnings	–	5,739	5,739	12,349
Other – primarily tuition and fees	6,893,350	6,242,872	(650,478)	3,986,745
State sources	659,302	766,148	106,846	743,824
Total revenue	<u>8,382,003</u>	<u>7,851,830</u>	<u>(530,173)</u>	<u>5,581,704</u>
Expenditures				
Current				
Salaries	4,438,603	4,880,847	442,244	3,754,962
Employee benefits	1,180,414	1,448,913	268,499	1,087,671
Purchased services	1,898,405	1,250,449	(647,956)	1,158,173
Supplies and materials	586,403	298,339	(288,064)	242,596
Other expenditures	174,161	3,012	(171,149)	9,445
Capital outlay	–	580	580	–
Total expenditures	<u>8,277,986</u>	<u>7,882,140</u>	<u>(395,846)</u>	<u>6,252,847</u>
Excess (deficiency) of revenue over expenditures	104,017	(30,310)	(134,327)	(671,143)
Other financing sources				
Transfers in	<u>150,000</u>	<u>151,257</u>	<u>1,257</u>	<u>178,419</u>
Net change in fund balances	<u>\$ 254,017</u>	<u>120,947</u>	<u>\$ (133,070)</u>	<u>(492,724)</u>
Fund balances				
Beginning of year		<u>395,507</u>		<u>888,231</u>
End of year		<u>\$ 516,454</u>		<u>\$ 395,507</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 10,192,117	\$ 6,221,419
Receivables		
Accounts and interest	10,485	57,987
Due from other governmental units	<u>–</u>	<u>12,618</u>
Total assets	<u>\$ 10,202,602</u>	<u>\$ 6,292,024</u>
Liabilities		
Accounts and contracts payable	\$ 633,049	\$ 724,729
Fund balances		
Restricted for long-term facilities maintenance	<u>9,569,553</u>	<u>5,567,295</u>
Total liabilities and fund balances	<u>\$ 10,202,602</u>	<u>\$ 6,292,024</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 30,000	\$ 135,551	\$ 105,551	\$ 84,386
Expenditures				
Capital outlay				
Purchased services	4,719,448	5,778,029	1,058,581	4,303,288
Excess (deficiency) of revenue over expenditures	(4,689,448)	(5,642,478)	(953,030)	(4,218,902)
Other financing sources (uses)				
Debt issued	–	9,670,157	9,670,157	–
(Discount) on debt issued	–	(25,421)	(25,421)	–
Total other financing sources (uses)	–	9,644,736	9,644,736	–
Net change in fund balances	<u>\$ (4,689,448)</u>	4,002,258	<u>\$ 8,691,706</u>	(4,218,902)
Fund balances				
Beginning of year		<u>5,567,295</u>		<u>9,786,197</u>
End of year		<u>\$ 9,569,553</u>		<u>\$ 5,567,295</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
 Balance Sheet by Account
 as of June 30, 2019
 (With Comparative Totals as of June 30, 2018)

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2019	2018
Assets				
Cash and temporary investments	\$ 5,711,915	\$ -	\$ 5,711,915	\$ 6,104,856
Receivables				
Current taxes	3,949,159	-	3,949,159	4,021,937
Delinquent taxes	85,078	-	85,078	88,843
Accounts and interest	13,542	-	13,542	15,182
Due from other governmental units	73	-	73	10
Total assets	\$ 9,759,767	\$ -	\$ 9,759,767	\$ 10,230,828
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 7,951,882	\$ -	\$ 7,951,882	\$ 8,898,312
Unavailable revenue – delinquent taxes	85,078	-	85,078	88,843
Total deferred inflows of resources	8,036,960	-	8,036,960	8,987,155
Fund balances				
Restricted for debt service	1,722,807	-	1,722,807	1,243,673
Total deferred inflows of resources and fund balances	\$ 9,759,767	\$ -	\$ 9,759,767	\$ 10,230,828

INDEPENDENT SCHOOL DISTRICT NO. 272

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Budget	2019 Actual	
		Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 8,807,576	\$ 4,891,882	\$ 4,001,014
Investment earnings	–	44,103	40,598
State sources	–	577	16
Total revenue	<u>8,807,576</u>	<u>4,936,562</u>	<u>4,041,628</u>
Expenditures			
Debt service			
Principal	6,460,000	2,705,000	3,755,000
Interest	2,263,370	2,047,457	215,913
Fiscal charges and other	3,600	125,487	474
Total expenditures	<u>8,726,970</u>	<u>4,877,944</u>	<u>3,971,387</u>
Excess (deficiency) of revenue over expenditures	80,606	58,618	70,241
Other financing sources (uses)			
Debt issued	–	324,843	–
Refunding debt issued	–	8,410,000	–
Premium on debt issued	–	575,432	–
Payment on refunded debt	–	(8,960,000)	–
Transfers in	–	749,994	–
Transfers (out)	–	–	(749,994)
Total other financing sources (uses)	<u>–</u>	<u>1,100,269</u>	<u>(749,994)</u>
Net change in fund balances	<u>\$ 80,606</u>	1,158,887	(679,753)
Fund balances			
Beginning of year		<u>563,920</u>	<u>679,753</u>
End of year		<u>\$ 1,722,807</u>	<u>\$ –</u>

	2018	
Total	Over (Under) Budget	Actual
\$ 8,892,896	\$ 85,320	\$ 7,883,759
84,701	84,701	45,768
593	593	89
<u>8,978,190</u>	<u>170,614</u>	<u>7,929,616</u>
6,460,000	–	5,895,000
2,263,370	–	2,549,551
125,961	122,361	3,600
<u>8,849,331</u>	<u>122,361</u>	<u>8,448,151</u>
128,859	48,253	(518,535)
324,843	324,843	–
8,410,000	8,410,000	–
575,432	575,432	–
(8,960,000)	(8,960,000)	–
749,994	749,994	–
(749,994)	(749,994)	–
<u>350,275</u>	<u>350,275</u>	<u>–</u>
479,134	<u>\$ 398,528</u>	(518,535)
<u>1,243,673</u>		<u>1,762,208</u>
<u>\$ 1,722,807</u>		<u>\$ 1,243,673</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2019
 (With Comparative Totals as of June 30, 2018)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	<u>Totals</u>	
			<u>2019</u>	<u>2018</u>
Assets				
Current assets				
Cash and temporary investments	\$ 5,232,258	\$ 469,350	\$ 5,701,608	\$ 3,412,287
Liabilities				
Current liabilities				
Unearned revenue	1,051,877	98,203	1,150,080	1,012,130
Claims payable	655,000	34,614	689,614	504,704
Total current liabilities	<u>1,706,877</u>	<u>132,817</u>	<u>1,839,694</u>	<u>1,516,834</u>
Net position				
Unrestricted	<u>\$ 3,525,381</u>	<u>\$ 336,533</u>	<u>\$ 3,861,914</u>	<u>\$ 1,895,453</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2019	2018
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 12,986,425	\$ 1,274,336	\$ 14,260,761	\$ 13,611,757
Operating expenses				
Health benefit claims	11,107,103	-	11,107,103	9,946,365
Dental benefit claims	-	1,255,772	1,255,772	1,261,629
Total operating expenses	<u>11,107,103</u>	<u>1,255,772</u>	<u>12,362,875</u>	<u>11,207,994</u>
Operating income	1,879,322	18,564	1,897,886	2,403,763
Nonoperating revenue				
Investment earnings	<u>61,901</u>	<u>6,674</u>	<u>68,575</u>	<u>17,613</u>
Change in net position	1,941,223	25,238	1,966,461	2,421,376
Net position				
Beginning of year	<u>1,584,158</u>	<u>311,295</u>	<u>1,895,453</u>	<u>(525,923)</u>
End of year	<u>\$ 3,525,381</u>	<u>\$ 336,533</u>	<u>\$ 3,861,914</u>	<u>\$ 1,895,453</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	Health Benefits	Dental Benefits	Totals	
	Self-Insurance	Self-Insurance	2019	2018
Cash flows from operating activities				
Contributions from governmental funds	\$ 13,113,411	\$ 1,285,300	\$ 14,398,711	\$ 13,543,474
Payment for health benefit claims	(10,928,103)	–	(10,928,103)	(10,620,710)
Payment for dental benefit claims	–	(1,249,862)	(1,249,862)	(1,261,507)
Net cash flows from operating activities	<u>2,185,308</u>	<u>35,438</u>	<u>2,220,746</u>	<u>1,661,257</u>
Cash flows from investing activities				
Investment income received	<u>61,901</u>	<u>6,674</u>	<u>68,575</u>	<u>17,613</u>
Net change in cash and cash equivalents	2,247,209	42,112	2,289,321	1,678,870
Cash and cash equivalents				
Beginning of year	<u>2,985,049</u>	<u>427,238</u>	<u>3,412,287</u>	<u>1,733,417</u>
End of year	<u>\$ 5,232,258</u>	<u>\$ 469,350</u>	<u>\$ 5,701,608</u>	<u>\$ 3,412,287</u>
Reconciliation of operating income to net cash flows from operating activities				
Operating income	\$ 1,879,322	\$ 18,564	\$ 1,897,886	\$ 2,403,763
Adjustments to reconcile operating income to net cash flows from operating activities				
Changes in assets and liabilities				
Unearned revenue	126,986	10,964	137,950	(68,283)
Claims payable	<u>179,000</u>	<u>5,910</u>	<u>184,910</u>	<u>(674,223)</u>
Net cash flows from operating activities	<u>\$ 2,185,308</u>	<u>\$ 35,438</u>	<u>\$ 2,220,746</u>	<u>\$ 1,661,257</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Employee Benefit Trust Funds
 Combining Statement of Fiduciary Net Position
 as of June 30, 2019

	Employee Benefits Trust Fund	Post-Employment Benefits Trust Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets			
Receivables			
Accounts and interest	\$ —	\$ 39,115	\$ 39,115
Investments, at fair value			
Treasury securities	—	1,824,986	1,824,986
Mortgage-backed securities	—	50,023	50,023
Corporate obligations	—	2,351,100	2,351,100
International corporate obligations	—	4,615	4,615
Equities	—	4,130,691	4,130,691
Real estate investment trusts	—	52,076	52,076
Mutual funds	—	8,741,421	8,741,421
Total assets	<u> </u> —	<u> </u> 17,194,027	<u> </u> 17,194,027
Liabilities			
Due to governmental funds	<u> </u> —	<u> </u> 702,747	<u> </u> 702,747
Net position			
Restricted for OPEB	<u> </u> \$ —	<u> </u> \$ 16,491,280	<u> </u> \$ 16,491,280

INDEPENDENT SCHOOL DISTRICT NO. 272

Employee Benefit Trust Funds
 Combining Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2019

	Employee Benefits Trust Fund	Post-Employment Benefits Trust Fund	Totals
Additions			
Contributions			
Plan participants	\$ 636,682	\$ -	\$ 636,682
Investment earnings			
Total investment earnings	-	941,393	941,393
Less investment expense	-	127,819	127,819
Net investment earnings	-	813,574	813,574
Total additions	636,682	813,574	1,450,256
Deductions			
Employee benefits	683,671	-	683,671
OPEB	-	702,747	702,747
Total deductions	683,671	702,747	1,386,418
Change in net position	(46,989)	110,827	63,838
Net position			
Beginning of year	46,989	16,380,453	16,427,442
End of year	\$ -	\$ 16,491,280	\$ 16,491,280

SECTION III – STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 272's (the District) Comprehensive Annual Financial Report (CAFR) 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 CAFR 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 CAFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 28,961,979	\$ 31,238,048	\$ 37,922,925	\$ 41,721,166
Restricted	4,496,085	4,458,122	3,827,113	4,933,513
Unrestricted	10,950,127	14,590,499	14,591,609	13,424,028
Total governmental activities net position	<u>\$ 44,408,191</u>	<u>\$ 50,286,669</u>	<u>\$ 56,341,647</u>	<u>\$ 60,078,707</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$80.1 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$11.3 million. Prior years were not restated.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 46,150,573	\$ 49,968,770	\$ 46,495,778	\$ 43,813,793	\$ 41,716,939	\$ 38,506,213
5,314,896	4,820,097	4,148,442	4,598,772	3,970,336	3,450,332
<u>12,945,749</u>	<u>(65,730,130)</u>	<u>(59,580,118)</u>	<u>(100,181,524)</u>	<u>(124,901,677)</u>	<u>(87,950,660)</u>
<u>\$ 64,411,218</u>	<u>\$ (10,941,263)</u>	<u>\$ (8,935,898)</u>	<u>\$ (51,768,959)</u>	<u>\$ (79,214,402)</u>	<u>\$ (45,994,115)</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Expenses				
Administration	\$ 4,143,352	\$ 3,995,200	\$ 4,138,483	\$ 4,453,035
District support services	3,894,235	3,054,468	3,237,176	3,223,136
Elementary and secondary regular instruction	52,116,355	50,112,864	49,895,524	53,349,424
Vocational education instruction	2,058,781	1,832,713	1,869,260	1,746,242
Special education instruction	17,379,807	17,219,661	17,253,839	17,062,035
Instructional support services	5,872,358	5,308,108	6,096,063	5,583,066
Pupil support services	8,374,135	8,436,663	8,905,444	8,630,429
Sites and buildings	14,845,097	16,928,520	15,980,936	14,734,120
Fiscal and other fixed cost programs	285,524	271,816	281,021	290,451
Food service	4,279,727	4,284,420	4,511,845	4,633,990
Community service	4,859,368	4,868,967	5,042,537	5,439,220
Interest and fiscal charges	3,836,347	3,562,030	3,164,787	3,211,059
Total governmental activities expenses	<u>121,945,086</u>	<u>119,875,430</u>	<u>120,376,915</u>	<u>122,356,207</u>
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,204,157	1,262,449	1,469,962	1,359,191
Special education instruction	-	-	-	-
Instructional support services	2,656	-	-	-
Pupil support services	206,265	189,926	165,634	173,782
Sites and buildings	30,683	36,313	61,642	80,293
Food service	3,701,874	3,394,632	3,166,996	3,118,787
Community service	2,346,409	2,277,723	2,788,349	3,324,895
Operating grants and contributions	23,013,592	16,624,548	17,088,039	17,795,374
Capital grants and contributions	2,375,195	3,176,925	3,446,645	1,040,292
Total governmental activities program revenues	<u>32,880,831</u>	<u>26,962,516</u>	<u>28,187,267</u>	<u>26,892,614</u>
Net (expense) revenue	(89,064,255)	(92,912,914)	(92,189,648)	(95,463,593)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	26,165,030	37,366,027	23,222,475	25,272,782
Property taxes, levied for community service	1,469,042	1,838,319	1,203,912	1,332,721
Property taxes, levied for building construction	-	-	-	499,999
Property taxes, levied for debt service	13,477,263	12,004,142	13,271,401	13,328,797
General grants and aids	51,934,801	46,802,152	59,604,896	58,089,586
Unrestricted investment earnings	262,057	90,399	29,272	40,833
Gain on sale of capital assets	-	-	-	-
Miscellaneous	602,290	690,353	912,670	635,935
Total general revenues and other changes in net position	<u>93,910,483</u>	<u>98,791,392</u>	<u>98,244,626</u>	<u>99,200,653</u>
Change in net position	<u>\$ 4,846,228</u>	<u>\$ 5,878,478</u>	<u>\$ 6,054,978</u>	<u>\$ 3,737,060</u>

2014	2015	2016	2017	2018	2019
\$ 3,659,478	\$ 3,318,266	\$ 3,827,612	\$ 4,736,758	\$ 4,520,405	\$ 2,852,678
6,767,218	6,168,708	5,337,689	5,682,115	5,860,095	6,583,609
53,878,287	53,765,254	59,627,119	82,848,774	80,606,299	37,173,654
1,698,280	1,845,940	1,929,401	2,875,255	2,799,977	2,020,289
17,107,046	18,620,390	19,886,753	27,120,384	26,612,680	14,259,908
7,971,692	7,201,154	7,722,877	9,535,521	8,946,008	7,114,901
9,376,195	9,119,888	8,897,020	10,719,258	10,510,787	8,559,073
11,067,099	11,811,681	13,696,744	14,574,619	15,048,481	15,317,919
368,206	329,667	252,593	312,351	381,996	476,818
4,908,136	4,919,568	4,893,018	5,084,197	4,983,613	4,917,671
5,811,208	4,156,097	4,492,095	6,168,308	6,674,630	7,449,706
2,743,155	2,034,145	2,442,183	2,315,611	2,181,273	2,011,137
<u>125,356,000</u>	<u>123,290,758</u>	<u>133,005,104</u>	<u>171,973,151</u>	<u>169,126,244</u>	<u>108,737,363</u>
4,084,921	1,385,244	1,455,096	1,086,487	1,308,532	1,048,161
433,841	463,135	883,511	843,310	326,560	312,860
—	—	—	—	—	—
148,748	127,424	128,862	120,717	118,929	119,335
71,671	38,760	83,193	38,813	123,089	80,657
3,090,246	3,046,821	3,183,516	3,282,523	3,414,483	3,298,481
3,462,217	2,131,108	2,427,585	2,946,131	3,714,217	5,849,105
18,304,009	17,531,443	19,955,518	20,243,863	20,056,189	20,140,103
383,805	886,495	869,776	744,095	2,562,744	1,194,380
<u>29,979,458</u>	<u>25,610,430</u>	<u>28,987,057</u>	<u>29,305,939</u>	<u>31,624,743</u>	<u>32,043,082</u>
(95,376,542)	(97,680,328)	(104,018,047)	(142,667,212)	(137,501,501)	(76,694,281)
16,665,577	25,962,472	33,216,511	33,659,448	34,452,614	35,330,344
721,453	1,171,597	1,006,495	1,011,306	839,740	836,313
—	—	—	—	—	—
12,206,366	12,320,333	7,746,601	7,833,737	7,891,071	8,889,131
68,326,914	60,176,831	61,289,944	65,912,935	63,786,229	61,010,762
238,990	35,877	98,806	240,592	520,155	942,466
22,966	—	—	—	—	—
<u>1,526,787</u>	<u>2,749,324</u>	<u>2,665,055</u>	<u>2,492,689</u>	<u>2,566,249</u>	<u>2,905,552</u>
<u>99,709,053</u>	<u>102,416,434</u>	<u>106,023,412</u>	<u>111,150,707</u>	<u>110,056,058</u>	<u>109,914,568</u>
<u>\$ 4,332,511</u>	<u>\$ 4,736,106</u>	<u>\$ 2,005,365</u>	<u>\$ (31,516,505)</u>	<u>\$ (27,445,443)</u>	<u>\$ 33,220,287</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Property Tax				Total
	General Purposes	Community Service	Capital Projects – Building Construction	Debt Service	
2010	\$ 26,165,030	\$ 1,469,042	\$ –	\$ 13,477,263	\$ 41,111,335
2011	37,366,027	1,838,319	–	12,004,142	51,208,488
2012	23,222,475	1,203,912	–	13,271,401	37,697,788
2013	25,272,782	1,332,721	499,999	13,328,797	40,434,299
2014	16,665,577	721,453	–	12,206,366	29,593,396
2015	25,962,472	1,171,597	–	12,320,333	39,454,402
2016	33,216,511	1,006,495	–	7,746,601	41,969,607
2017	33,659,448	1,011,306	–	7,833,737	42,504,491
2018	34,452,614	839,740	–	7,891,071	43,183,425
2019	35,330,344	836,313	–	8,889,131	45,055,788

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 259,349	\$ 278,350	\$ 337,027	\$ 244,799
Restricted	1,920,583	2,514,651	1,880,684	684,054
Assigned	2,509,358	2,830,859	804,305	708,318
Unassigned	<u>10,672,253</u>	<u>12,132,508</u>	<u>13,936,928</u>	<u>13,722,291</u>
Total General Fund	<u>\$ 15,361,543</u>	<u>\$ 17,756,368</u>	<u>\$ 16,958,944</u>	<u>\$ 15,359,462</u>
All other governmental funds				
Nonspendable	\$ 104,048	\$ 118,730	\$ 113,711	\$ 145,478
Restricted	9,267,346	15,507,318	22,525,907	15,744,487
Unassigned, reported in Special revenue funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total all other governmental funds	<u>\$ 9,371,394</u>	<u>\$ 15,626,048</u>	<u>\$ 22,639,618</u>	<u>\$ 15,889,965</u>
Total all governmental funds	<u>\$ 24,732,937</u>	<u>\$ 33,382,416</u>	<u>\$ 39,598,562</u>	<u>\$ 31,249,427</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 952,663	\$ 422,808	\$ 462,195	\$ 717,276	\$ 145,362	\$ 1,676,290
810,854	1,256,917	1,207,446	1,871,785	2,106,412	1,403,680
1,834,953	3,036,146	2,727,888	2,409,257	1,685,452	2,826,715
<u>11,824,573</u>	<u>10,281,140</u>	<u>13,111,310</u>	<u>14,636,325</u>	<u>16,349,250</u>	<u>15,751,476</u>
<u>\$ 15,423,043</u>	<u>\$ 14,997,011</u>	<u>\$ 17,508,839</u>	<u>\$ 19,634,643</u>	<u>\$ 20,286,476</u>	<u>\$ 21,658,161</u>
\$ 111,767	\$ 154,926	\$ 199,906	\$ 186,341	\$ 154,757	\$ 168,408
10,746,472	15,064,990	9,241,713	13,284,487	8,120,963	12,316,795
<u>—</u>	<u>(184,509)</u>	<u>(321,863)</u>	<u>(321,860)</u>	<u>(304,323)</u>	<u>—</u>
<u>\$ 10,858,239</u>	<u>\$ 15,035,407</u>	<u>\$ 9,119,756</u>	<u>\$ 13,148,968</u>	<u>\$ 7,971,397</u>	<u>\$ 12,485,203</u>
<u>\$ 26,281,282</u>	<u>\$ 30,032,418</u>	<u>\$ 26,628,595</u>	<u>\$ 32,783,611</u>	<u>\$ 28,257,873</u>	<u>\$ 34,143,364</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Local sources				
Property taxes	\$ 41,031,054	\$ 51,404,212	\$ 40,992,041	\$ 40,508,045
Investment earnings	405,512	90,399	29,272	40,807
Other	7,950,879	7,851,396	8,799,079	9,315,124
State sources	66,602,464	62,158,520	71,410,243	72,240,750
Federal sources	10,721,124	4,445,105	5,313,914	4,062,261
Total revenues	<u>126,711,033</u>	<u>125,949,632</u>	<u>126,544,549</u>	<u>126,166,987</u>
Expenditures				
Current				
Administration	4,077,932	3,968,529	4,126,012	4,544,080
District support services	3,838,206	3,366,929	3,203,924	3,221,560
Elementary and secondary regular instruction	48,095,266	45,677,557	46,664,877	52,948,572
Vocational education instruction	2,058,781	1,832,713	1,869,260	1,746,242
Special education instruction	17,342,047	17,024,148	17,263,273	17,046,948
Instructional support services	5,998,444	5,713,290	6,116,035	5,575,141
Pupil support services	7,522,119	8,089,888	8,244,509	8,322,069
Sites and buildings	12,233,537	12,576,180	12,692,387	13,580,178
Fiscal and other fixed cost programs	285,524	271,816	281,021	290,451
Food service	4,217,195	4,237,186	4,448,639	4,695,697
Community service	4,806,808	4,816,407	4,989,977	5,386,661
Capital outlay	9,303,142	9,001,838	10,217,981	5,459,202
Debt service				
Principal	9,677,141	8,850,329	9,813,895	9,632,857
Interest and fiscal charges	4,439,057	4,042,152	3,993,854	4,391,302
Total expenditures	<u>133,895,199</u>	<u>129,468,962</u>	<u>133,925,644</u>	<u>136,840,960</u>
Excess of revenues over (under) expenditures	(7,184,166)	(3,519,330)	(7,381,095)	(10,673,973)
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Insurance recovery proceeds	-	-	-	-
Capital lease issued	-	-	-	3,865,771
Debt issued	-	12,070,000	11,520,000	25,170,000
Premium on debt issued	-	98,809	2,077,241	684,067
Payment on refunded debt	-	-	-	(27,695,000)
Transfer in	461,382	608,124	509,805	513,349
Transfer (out)	(461,382)	(608,124)	(509,805)	(513,349)
Total other financing sources (uses)	<u>-</u>	<u>12,168,809</u>	<u>13,597,241</u>	<u>2,024,838</u>
Net change in fund balances	<u>\$ (7,184,166)</u>	<u>\$ 8,649,479</u>	<u>\$ 6,216,146</u>	<u>\$ (8,649,135)</u>
Debt service as a percentage of noncapital expenditures	<u>11.1%</u>	<u>10.5%</u>	<u>11.0%</u>	<u>11.0%</u>

2014	2015	2016	2017	2018	2019
\$ 29,522,943	\$ 39,380,714	\$ 42,043,669	\$ 42,513,230	\$ 43,113,033	\$ 45,070,839
238,771	35,818	98,544	235,548	502,542	873,891
12,469,887	10,254,894	11,199,258	11,196,024	11,841,851	13,820,831
82,458,725	74,137,366	77,667,614	78,997,964	80,447,376	82,421,906
4,032,872	3,987,082	4,075,184	4,366,037	4,260,545	4,094,548
<u>128,723,198</u>	<u>127,795,874</u>	<u>135,084,269</u>	<u>137,308,803</u>	<u>140,165,347</u>	<u>146,282,015</u>
3,721,836	3,339,290	3,584,683	3,685,730	3,742,489	3,821,305
6,578,632	6,252,752	5,494,082	5,420,285	5,793,381	6,614,803
52,490,337	52,144,459	57,391,706	57,571,373	56,621,307	55,929,788
1,855,742	1,868,424	1,946,168	2,198,932	2,226,472	2,621,806
17,512,064	18,874,537	19,999,874	19,933,386	21,373,181	20,817,558
7,803,481	7,278,407	7,755,337	7,470,572	7,421,018	8,816,341
8,983,572	9,048,612	9,002,606	9,574,415	9,481,647	10,058,348
8,831,002	8,953,223	11,225,225	10,607,283	11,870,809	11,583,684
368,206	329,667	252,593	312,351	381,996	476,818
5,080,318	4,806,685	4,834,354	4,903,381	4,872,931	4,999,856
5,758,648	4,052,806	4,469,778	5,547,410	6,252,847	8,082,430
4,945,754	6,069,185	5,738,416	6,830,546	4,391,705	5,873,791
11,313,922	13,544,547	7,424,957	9,790,936	7,767,965	8,317,049
3,291,854	2,915,695	2,760,168	2,583,448	2,577,313	2,401,758
<u>138,535,368</u>	<u>139,478,289</u>	<u>141,879,947</u>	<u>146,430,048</u>	<u>144,775,061</u>	<u>150,415,335</u>
(9,812,170)	(11,682,415)	(6,795,678)	(9,121,245)	(4,609,714)	(4,133,320)
22,966	1,935,052	70,551	1,389,100	83,976	23,800
871,675	—	—	—	—	—
3,949,384	2,925,198	3,321,304	2,620,690	—	—
—	10,310,000	—	10,940,000	—	18,405,000
—	263,301	—	326,471	—	550,011
—	—	—	—	—	(8,960,000)
345,710	213,684	187,683	162,423	178,419	151,257
<u>(345,710)</u>	<u>(213,684)</u>	<u>(187,683)</u>	<u>(162,423)</u>	<u>(178,419)</u>	<u>(151,257)</u>
<u>4,844,025</u>	<u>15,433,551</u>	<u>3,391,855</u>	<u>15,276,261</u>	<u>83,976</u>	<u>10,018,811</u>
<u>\$ (4,968,145)</u>	<u>\$ 3,751,136</u>	<u>\$ (3,403,823)</u>	<u>\$ 6,155,016</u>	<u>\$ (4,525,738)</u>	<u>\$ 5,885,491</u>
<u>11.3%</u>	<u>12.6%</u>	<u>7.7%</u>	<u>9.0%</u>	<u>7.4%</u>	<u>7.4%</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

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 Fund	Capital Projects – Building Construction	Debt Service Fund	
2010	\$ 26,113,936	\$ 1,466,173	\$ –	\$ 13,450,945	\$ 41,031,054
2011	37,508,844	1,845,345	–	12,050,023	51,404,212
2012	26,516,728	1,203,912	–	13,271,401	40,992,041
2013	25,323,714	1,334,894	499,999	13,349,438	40,508,045
2014	16,618,372	719,110	–	12,185,461	29,522,943
2015	25,919,031	1,168,409	–	12,293,274	39,380,714
2016	33,239,697	1,010,283	–	7,793,689	42,043,669
2017	33,662,761	1,012,447	–	7,838,022	42,513,230
2018	34,390,488	838,786	–	7,883,759	43,113,033
2019	35,340,872	837,071	–	8,892,896	45,070,839

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 272

Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

Payable Year	(1) Residential Property	(1) Commercial Property	(1) Total Assessed Value	(2) Estimated Actual Taxable Value	Total Direct Tax Rate
2010	\$ 7,157,914,400	\$ 1,840,890,500	\$ 8,998,804,900	\$ 9,235,410,000	25.96 %
2011	6,673,993,300	1,691,119,900	8,365,113,200	8,595,831,400	28.42
2012	6,207,699,397	1,717,671,300	7,925,370,697	8,166,688,156	29.29
2013	6,311,618,573	1,860,094,000	8,171,712,573	7,909,976,999	29.07
2014	6,402,140,621	1,914,628,600	8,316,769,221	8,004,131,794	27.82
2015	6,585,945,500	2,041,177,200	8,627,122,700	8,402,678,939	22.03
2016	6,412,304,300	2,666,034,900	9,078,339,200	8,898,122,781	20.95
2017	6,839,600,000	2,793,643,700	9,633,243,700	9,129,810,474	21.87
2018	6,929,195,500	2,943,607,000	9,872,802,500	9,476,978,643	20.53
2019	6,809,813,100	3,399,801,800	10,209,614,900	9,927,938,697	20.76

(1) Source: City of Eden Prairie assessor. Includes all properties within the city boundaries. This breakdown is not available for property within school district boundaries. Residential includes single-family homes, townhomes and condominiums, and all other property, including vacant land, farm, utilities, personal property, and railroad property. Commercial property above includes both commercial and industrial property.

(2) Source: Hennepin County. Includes all properties within the school district boundaries.

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Tax Collection Calendar Year	ISD No. 272 Direct Rate (1)			Overlapping Rates		
	General Fund	Community Service	General Obligation Debt Service	Total Direct School Tax Rate	City of Bloomington	City of Chanhassen
2010	12.601%	1.289%	12.069%	25.959%	39.771%	25.185%
2011	12.642%	1.248%	14.530%	28.420%	43.088%	26.604%
2012	13.365%	1.423%	14.504%	29.292%	44.776%	28.532%
2013	12.911%	1.623%	14.533%	29.067%	47.207%	28.429%
2014	12.514%	1.329%	13.974%	27.817%	50.545%	27.817%
2015	12.349%	1.109%	8.572%	22.030%	47.336%	24.634%
2016	11.824%	1.041%	8.083%	20.948%	45.909%	24.253%
2017	13.100%	0.844%	7.921%	21.865%	42.484%	23.856%
2018	11.331%	0.791%	8.403%	20.525%	42.127%	22.667%
2019	12.789%	0.874%	7.093%	20.756%	41.581%	21.105%

(1) Tax capacity rate method.

(2) Special districts includes Metropolitan Mosquito Control District, Metropolitan Council, and Metro Transit.

Sources: Overlapping rate data provided by the District’s financial advisor, Ehlers & Associates, and the School Tax Report from the County Auditor’s office.

City of Eden Prairie	City of Edina	Special Districts (2)	Hennepin County	Three Rivers Park District	Other	Total Eden Prairie Resident
28.742%	22.972%	2.620%	42.056%	3.499%	3.499%	106.375%
31.239%	24.660%	2.949%	45.840%	3.765%	3.765%	115.978%
33.250%	26.247%	3.084%	48.231%	3.943%	2.941%	120.741%
34.617%	27.216%	3.242%	49.461%	4.054%	4.187%	124.628%
34.709%	27.920%	3.335%	49.959%	4.169%	4.547%	124.536%
33.954%	26.605%	3.006%	46.398%	3.789%	2.990%	112.167%
32.327%	27.137%	2.899%	45.356%	3.601%	4.263%	109.394%
32.667%	28.271%	2.821%	44.087%	3.365%	4.390%	109.195%
32.526%	27.849%	2.683%	42.808%	3.161%	4.333%	106.036%
31.690%	27.499%	2.542%	41.861%	2.961%	3.047%	102.857%

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INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
United Healthcare Services, Inc.	\$ 3,092,230	1	2.47 %	\$ -	-	- %
CAPREF Eden Prairie LLC (Eden Prairie Mall)	1,859,250	2	1.48	2,604,500	2	2.08
DCHR Acquisition LLC (C.H. Robinson Campus)	1,063,350	3	0.85	-	-	-
REEP-MF Fountain Place LLC (Fountain Place Apts.)	1,010,001	4	0.81	-	-	-
FPACP3 Eden, LLC (Arrive Eden Prairie Apts.)	937,376	5	0.75	-	-	-
AGNL Health (Optum Campus)	898,500	6	0.72	-	-	-
FPA/WC Parkway (Renew Eden Prairie)	690,100	7	0.55	-	-	-
Lifetouch, Inc.	634,482	8	0.51	842,622	4	0.67
EP Senior Housing LLC (Summit Place Senior Campus)	605,451	9	0.48	-	-	-
Park at City West Apts.	577,539	10	0.46	-	-	-
Liberty Property Ltd	-	-	-	3,236,770	1	2.58
ADC Telecommunications Inc.	-	-	-	1,057,210	3	0.84
Geneva Office Exchange LLC	-	-	-	749,250	5	0.60
Kraus-Anderson, Inc.	-	-	-	656,960	6	0.52
Gelco Corp	-	-	-	611,430	7	0.49
Flying Cloud Office Inc.	-	-	-	595,430	8	0.47
First Industrial, LP	-	-	-	582,776	9	0.46
LT Landlord, LLC	-	-	-	558,500	10	0.44
Total principal taxpayers	11,368,279		9.08	11,495,448		9.16
All other taxpayers	113,859,121		90.92	114,011,166		90.84
Total	\$ 125,227,400		100.00 %	\$ 125,506,614		100.00 %

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

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

For Taxes Collectible	Taxes Levied for the Fiscal Year					Collected Within the First Year of Levy	
	General Fund Basic Levy	Community Service Levy	Debt Service Levy	OPEB/Pension Levy	Total Tax Levy	Current Tax Collection	Percentage of Levy
2010	\$ 28,093,064	\$ 1,309,775	\$ 11,232,990	\$ 1,036,573	\$ 41,672,402	\$ 20,510,475	49.2 %
2011	26,602,500	1,168,806	12,814,385	798,972	41,384,663	20,380,373	49.2
2012	25,975,642	1,281,184	12,593,426	472,886	40,323,138	20,152,524	50.0
2013	25,444,223	1,419,490	11,189,819	1,521,684	39,575,216	19,897,572	50.3
2014	25,529,344	1,175,946	11,573,877	1,175,946	39,455,113	19,796,741	50.2
2015	33,319,644	1,022,125	4,092,167	3,808,316	42,242,252	20,739,473	49.1
2016	33,574,885	1,030,212	4,079,271	3,920,004	42,604,372	21,408,517	50.2
2017	34,640,296	852,158	3,968,095	4,029,712	43,490,261	21,844,359	50.2
2018	35,153,927	837,634	4,890,176	4,008,136	44,889,873	24,600,000	54.8
2019	37,754,091	979,789	7,951,882	–	46,685,762	23,500,000	50.3

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent
	Total Tax Collection	Percentage of Levy		
\$ 21,161,927	\$ 41,672,402	100.0 %	\$ -	- %
21,004,290	41,384,663	100.0	-	-
20,162,568	40,315,092	100.0	8,046	-
19,617,334	39,514,906	99.8	60,310	0.2
19,633,741	39,430,482	99.9	24,631	0.1
21,496,033	42,235,506	100.0	6,746	-
21,143,248	42,551,765	99.9	52,607	0.1
21,568,407	43,412,766	99.8	77,495	0.2
20,138,852	44,738,852	99.7	151,021	0.3
-	23,500,000	50.3	-	-
			<u>\$ 380,856</u>	

INDEPENDENT SCHOOL DISTRICT NO. 272

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Improvement Loans	Capital Leases	Special Assessments Payable			
2010	\$ 83,001,078	\$ 1,491,709	\$ -	\$ 137,362	\$ 84,630,149	- %	\$ 1,352
2011	86,307,559	1,306,380	-	80,547	87,694,486	-	1,442
2012	89,894,608	1,112,485	-	32,325	91,039,418	-	1,477
2013	77,926,451	909,628	2,812,956	4,105	81,653,140	-	1,317
2014	67,533,863	697,395	5,365,651	-	73,596,909	-	1,187
2015	67,926,290	475,351	4,573,346	-	72,974,987	-	1,163
2016	62,311,892	243,044	6,047,000	-	68,601,936	-	1,096
2017	67,930,803	-	4,489,798	-	72,420,601	-	1,133
2018	61,744,640	-	2,616,833	-	64,361,473	-	1,019
2019	64,869,056	-	759,784	-	65,628,840	-	1,030

(1) Presented net of issuance premiums and discounts.

(2) Personal income information for residents living within the District is not available.

(3) See Demographics and Economic Statistics table for source of estimated population.

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

INDEPENDENT SCHOOL DISTRICT NO. 272

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

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds on Hand (2)	Net Bonded Debt	Estimated Actual Taxable Value (3)	Percent of Net Debt to Estimated Actual Taxable Value	Estimated Population (4)	Net Bonded Debt per Capita
2010	\$ 83,001,078	\$ 2,080,062	\$ 80,921,016	\$9,235,410,000	0.88 %	62,604	\$ 1,293
2011	86,307,559	1,920,513	84,387,046	8,595,831,400	0.98	60,797	1,388
2012	89,894,608	15,477,778	74,416,830	8,166,688,156	0.91	61,657	1,207
2013	77,926,451	1,859,579	76,066,872	7,909,976,999	0.96	62,004	1,227
2014	67,533,863	1,079,474	66,454,389	8,004,131,794	0.83	62,004	1,072
2015	67,926,290	1,718,842	66,207,448	8,402,678,939	0.79	62,729	1,055
2016	62,311,892	1,475,305	60,836,587	8,898,122,781	0.68	62,593	972
2017	67,930,803	1,762,208	66,168,595	9,129,810,474	0.72	63,914	1,035
2018	61,744,640	1,243,673	60,500,967	9,476,978,643	0.64	63,163	958
2019	64,869,056	1,722,807	63,146,249	9,927,938,697	0.64	63,726	991

(1) Presented net of issuance premiums and discounts.

(2) Includes all restricted fund balances in the Debt Service Fund. We believe this is the most accurate and consistent representation of the resources restricted for debt service as it includes crossover refunding bond proceeds held in escrow when applicable, which are not included in the governmental activities net position restricted for debt service, due to the conversion for full accrual accounting.

(3) See Assessed and Actual Value of Taxable Property table for estimated actual taxable value.

(4) See Demographics and Economic Statistics table for source of estimated population.

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

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INDEPENDENT SCHOOL DISTRICT NO. 272

Direct and Overlapping Debt
as of June 30, 2019

Governmental Unit	2018–2019 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 272	Portion Allocable to ISD No. 272
Independent School District No. 272	\$ 112,000,738	\$ 65,628,840	100.00 %	\$ 65,628,840
Overlapping debt				
Hennepin County	1,979,015,644	1,049,340,000	5.66	59,386,348
City of Bloomington	154,095,368	55,975,000	0.30	170,484
City of Chanhassen	46,567,438	9,045,000	1.99	179,905
City of Eden Prairie	118,601,324	30,230,000	92.40	27,933,427
City of Edina	136,082,956	45,010,000	0.76	340,411
Metropolitan Council	4,268,355,428	263,285,000	2.62	6,908,598
Three Rivers Park District	1,392,585,502	53,385,000	8.04	4,293,542
Total overlapping debt				99,212,715
Total direct and overlapping debt				\$ 164,841,555

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

Source: Taxable value data used to estimate applicable percentages and debt outstanding data provided by the District's financial advisor, Ehlers & Associates.

INDEPENDENT SCHOOL DISTRICT NO. 272

Legal Debt Margin Information
 Last Ten Fiscal Years
 (Dollars in Thousands)

	Fiscal Year			
	2010	2011	2012	2013
Debt limit	\$ 1,446,763	\$ 1,260,243	\$ 1,188,806	\$ 1,174,647
Total debt applicable to the limit	81,965	85,370	87,270	75,315
Legal debt margin	<u>\$ 1,364,798</u>	<u>\$ 1,174,873</u>	<u>\$ 1,101,536</u>	<u>\$ 1,099,332</u>
Total debt applicable to the limit as a percentage of debt limit	5.67%	6.77%	7.34%	6.41%

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

Source: State of Minnesota School Tax Report

2014	2015	2016	2017	2018	2019
\$ 1,247,515	\$ 1,285,487	\$ 1,354,606	\$ 1,388,302	\$ 1,438,249	\$ 1,503,556
65,610	66,315	60,970	66,540	60,645	63,630
<u>\$ 1,181,905</u>	<u>\$ 1,219,172</u>	<u>\$ 1,293,636</u>	<u>\$ 1,321,762</u>	<u>\$ 1,377,604</u>	<u>\$ 1,439,926</u>
5.26%	5.16%	4.50%	4.79%	4.22%	4.23%

Legal Debt Margin Calculation for Fiscal Year 2019

Market value	\$ 10,023,706
Debt limit (15% of market value)	1,503,556
Debt applicable to the limit	
General obligation bonds	<u>63,630</u>
Legal debt margin	<u>\$ 1,439,926</u>

INDEPENDENT SCHOOL DISTRICT NO. 272

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Eden Prairie				School Enrollment	Unemployment Rate
	Population	Personal Income (1)	Per Capita Personal Income (1)			
2010	62,604 (2)	\$ -	\$ -		9,596	5.8 %
2011	60,797	-	-		9,487	5.2
2012	61,657	-	-		9,162	5.2
2013	62,004	-	-		9,046	4.7
2014	62,004	-	-		9,011	4.0
2015	62,729	-	-		8,941	2.4
2016	62,593	-	-		8,844	2.3
2017	63,914	-	-		8,835	2.6
2018	63,163	-	-		8,780	2.4
2019	63,726	-	-		8,861	2.6

(1) Personal income information for residents living within the District is not available.

(2) Information from the U.S. Census Bureau.

Source: City of Eden Prairie

INDEPENDENT SCHOOL DISTRICT NO. 272

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year					
	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Optum	3,312	1	19.45 %	-	-	- %
Eden Prairie Mall LLC / Homart Development	2,310	2	13.57	2,424	1	19.68
C.H. Robinson	2,200	3	12.92	1,312	5	10.65
Starkey Labs	2,000	4	11.75	1,400	4	11.37
Emerson Process Management	1,500	5	8.81	-	-	-
ISD No. 272 (Eden Prairie)	1,477	6	8.67	1,493	2	12.12
Element Fleet Management	1,200	7	7.05	-	-	-
Super Valu Stores, Inc.	1,100	8	6.46	1,476	3	11.99
MTS Systems Corporation	1,000	9	5.87	704	9	5.72
City of Eden Prairie	929	10	5.46	-	-	-
CIGNA Behavioral Health, Inc.	-	-	-	1,040	6	8.45
Ingenix, Inc.	-	-	-	950	7	7.71
Kroll Ontrack	-	-	-	815	8	6.62
GE Capital Fleet Services	-	-	-	700	10	5.68
Total	17,028		100.00 %	12,314		100.00 %
Total ISD No. 272 population (see the Demographic and Economic Statistics)	63,726			62,604		
Percent of principal employers to total ISD No. 272 population	26.7%			19.7%		

Note: Total number of employees working for employers in the District's boundaries is not readily available. The District has provided total population to provide a comparison to reference between current year and nine years ago.

Source: Ehlers & Associates

INDEPENDENT SCHOOL DISTRICT NO. 272

Employees by Classification
Last Ten Fiscal Years

Licensed Employees	Fiscal Year			
	2010	2011	2012	2013
Administrative staff	20.0	19.8	19.8	20.8
Support service staff	60.3	56.4	57.7	55.8
Classroom teachers	583.7	561.6	553.7	540.5
Special education teachers	48.2	40.4	54.0	43.1
Total	712.2	678.2	685.2	660.2

Source: Minnesota Department of Education STARS report (October 1)

2014	2015	2016	2017	2018	2019
23.7	24.5	24.5	20.8	19.8	21.0
56.6	51.0	53.0	51.9	53.5	54.8
548.9	544.9	570.7	558.2	557.2	558.8
21.7	19.0	20.7	25.5	34.1	34.6
<u>650.9</u>	<u>639.4</u>	<u>668.9</u>	<u>656.4</u>	<u>664.6</u>	<u>669.2</u>

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INDEPENDENT SCHOOL DISTRICT NO. 272

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Total Governmental Funds Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2010	9,596	\$ 133,895,199	\$ 13,953	(6.2) %	583.7	16.4
2011	9,487	129,468,962	13,647	(2.2)	561.6	16.9
2012	9,162	133,925,644	14,618	7.1	553.7	16.5
2013	9,046	136,840,960	15,127	3.5	540.5	16.7
2014	9,011	138,535,368	15,374	1.6	548.9	16.4
2015	8,941	139,478,289	15,600	1.5	544.9	16.4
2016	8,844	141,879,947	16,043	2.8	570.7	15.5
2017	8,835	146,430,048	16,574	3.3	558.2	15.8
2018	8,780	144,775,061	16,489	(0.5)	557.2	15.8
2019	8,861	150,415,335	16,975	2.9	558.8	15.9

Note: Enrollment is as of October 1.

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 272

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Elementary Schools				
Eden Lake (1987)				
Enrollment (1)	893.45	853.94	812.58	940.20
Square feet	110,469	110,469	110,469	110,469
Forest Hills (1972)				
Enrollment (1)	586.24	582.25	548.82	654.51
Square feet	93,000	93,000	93,000	93,000
Prairie View (1965)				
Enrollment (1)	645.83	559.10	542.05	651.84
Square feet	95,063	95,063	95,063	95,063
Cedar Ridge (1987)				
Enrollment (1)	868.36	904.32	707.59	842.69
Square feet	115,599	115,599	115,599	115,599
Oak Point Facility (1990)				
Square feet	278,887	278,887	278,887	278,887
Oak Point Elementary				
Enrollment (1)	1,378.78	1,336.08	1,305.10	795.10
Eagle Heights Spanish Immersion (2)				
Enrollment (1)	565.51	692.48	806.28	830.92
Middle School				
Central Middle School (1960)				
Enrollment (1)	1,456.77	1,450.82	1,416.84	1,396.94
Square feet	242,699	242,699	242,699	242,699
High School				
Eden Prairie High School (1981)				
Enrollment (1)	3,201.26	3,107.86	3,022.32	2,934.10
Square feet	689,771	689,771	689,771	689,771
Total enrollment	9,596.20	9,486.85	9,161.58	9,046.30
Total square feet	1,625,488	1,625,488	1,625,488	1,625,488
Athletics				
Football fields	2	2	2	2
Soccer fields	5	5	5	5
Running tracks	2	2	2	2
Baseball/softball	2	2	2	2
Swimming pools	1	1	1	1
Playgrounds	6	6	6	6

(1) Enrollment reflects average daily membership (ADM) served by site. Resident students served under tuition agreements are excluded from this enrollment data.

(2) Eagle Heights Spanish Immersion School was housed partially at the Oak Point facility from 2009 to 2012.

Source: Square footage, capacity, and athletic statistics are derived from district records. Enrollment was obtained from a combination of district records and school ADM reports available on the Minnesota Department of Education website.

2014	2015	2016	2017	2018	2019
900.91	881.27	727.95	803.15	823.88	773.34
110,469	110,469	110,469	110,469	110,469	110,469
724.90	752.10	773.48	636.19	650.28	694.65
93,000	93,000	93,000	93,000	93,000	93,000
658.30	657.17	682.87	709.83	727.42	728.39
95,063	95,063	95,063	95,063	95,063	95,063
776.56	750.92	723.29	673.38	631.72	641.40
115,599	115,599	115,599	115,599	115,599	115,599
278,887	278,887	278,887	278,887	278,887	278,887
782.16	757.16	757.58	738.30	740.28	742.68
814.63	808.76	814.13	824.38	830.05	825.85
1,424.11	1,415.40	1,377.65	1,368.09	1,341.93	1,317.97
242,699	242,699	242,699	242,699	242,699	242,699
2,929.31	3,026.64	2,893.37	2,989.96	2,937.77	2,962.76
689,771	689,771	689,771	689,771	689,771	689,771
9,010.88	9,049.42	8,750.32	8,743.28	8,683.33	8,687.04
1,625,488	1,625,488	1,625,488	1,625,488	1,625,488	1,625,488
2	2	2	2	2	2
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
6	6	6	6	6	6

INDEPENDENT SCHOOL DISTRICT NO. 272

Food Service
School Lunch Program Data
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Program Adult Meals</u>	<u>Meals Served Students</u>	<u>Full Price Meals Served</u>	<u>Free Meals Served</u>	<u>Reduced-Price Meals Served</u>
2010	26,207	971,678	724,201	205,915	41,562
2011	29,850	959,409	695,428	220,201	43,780
2012	26,234	896,075	643,794	210,399	41,882
2013	23,978	833,667	577,623	218,766	37,278
2014	7,789	797,641	534,096	224,999	38,546
2015	5,633	845,853	578,949	222,388	44,516
2016	3,707	811,294	546,690	219,430	45,174
2017	4,083	798,449	543,414	210,444	44,591
2018	17,224	782,399	524,985	213,101	44,313
2019	17,556	770,876	518,229	211,279	41,368

<u>Year Ended June 30,</u>	<u>Student Regular Lunch Prices</u>		
	<u>Elementary</u>	<u>Middle</u>	<u>High School (1)</u>
2010	\$ 2.35	\$ 2.60	\$ 2.60
2011	2.40	2.65	2.65
2012	2.40	2.65	2.65
2013	2.40	2.65	2.65
2014	2.50	2.75	2.75
2015	2.60	2.85	2.85
2016	2.70	3.05	3.05
2017	2.70	3.05	3.05
2018	2.85	3.20	3.20
2019	2.85	3.20	3.20

(1) Includes new generation and ethnic food options.

INDEPENDENT SCHOOL DISTRICT NO. 272

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	
2010	86.12	661.80	4,279.36	4,774.44	9,801.72	11,367.79
2011	85.34	663.98	4,270.65	4,694.38	9,714.35	11,251.77
2012	89.25	578.66	4,150.02	4,593.11	9,411.04	10,941.60
2013	106.10	629.48	4,080.75	4,500.90	9,317.23	10,794.31
2014	104.31	560.27	4,006.32	4,492.37	9,163.27	10,662.17
2015	123.38	595.08	3,889.68	4,445.20	9,053.34	9,942.38
2016	126.05	561.73	3,880.82	4,380.66	8,949.26	9,825.39
2017	116.98	561.06	3,791.63	4,466.26	8,935.93	9,829.18
2018	121.66	564.94	3,804.19	4,350.39	8,841.18	9,711.27
2019	152.89	560.86	3,807.93	4,382.74	8,904.42	9,780.97

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

Note 2: Beginning in fiscal 2015, changes in ADM weightings as noted below reduced the calculated pupil units.

Note 3: 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 2010 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2019	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

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