

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA

4148 Winnetka Avenue North
New Hope, Minnesota 55427-1288



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

INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA

Prepared by:
Finance Department

Executive Director of Business Services
Greg Hein

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INDEPENDENT SCHOOL DISTRICT NO. 281

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INTRODUCTORY SECTION



Individual Focus. Infinite Potential.

January 13, 2020

To the School Board, Citizens, Employees, and Students of
Independent School District No. 281, Robbinsdale Area Schools

INTRODUCTION

The following Comprehensive Annual Financial Report (CAFR) of Independent School District No. 281, Robbinsdale Area Schools (the District) presents the financial position of the District as of June 30, 2019, and the results of its operations for the fiscal year then ended. This report is prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. State law requires the District to publish a complete set of audited financial statements within six months of the close of the District's fiscal year.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established internal controls. The internal controls are designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not be more than the benefits, the District's internal controls are designed to provide reasonable, rather than absolute, assurance that these financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this CAFR is complete and reliable, in all material respects.

These financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2019, are fairly presented, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District was part of a broader, federally mandated, “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statutes, Section 6.65. These reports are available in a separate document.

REPORT FORMAT

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this letter of transmittal, organizational chart, information on the School Board and Administration, a map of the District, and the Certificate of Excellence in Financial Reporting Award. The financial section contains the independent auditor’s report, management’s discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information. The statistical section contains supplemental financial and other statistical data, generally presented on a multi-year basis.

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

DISTRICT GOALS

The Mission of the District is to inspire and educate all learners to develop their unique potential and positively contribute to their community.

Unified District Vision:

The District is committed to ensuring every student graduates career and college ready. We believe each student has limitless possibilities and we strive to ignite the potential in every student. We expect high intellectual performance from all our students. We are committed to ensuring an equitable and respectful educational experience for every student, family, and staff member, focusing on strengths related to: race, culture, ethnicity, home or first language, national origin, socioeconomic status, gender, sexual orientation, age, ability, religion, or physical appearance.

The Unified District Vision Consists of Four Key Goals:

- Implement policies and practices that open pathways to academic excellence for all students
- Utilize culturally relevant teaching and personalized learning for all students
- Engage family and community members as partners
- Engage and empower students by amplifying student voice

The School Board determines the mission and vision of the District and establishes goals. These goals are then monitored through workshops and frequent reports at public School Board meetings. The established district goals are used as guides in setting the annual superintendent goals. The School Board evaluates its performance and the performance of the superintendent annually.

The laws of the state of Minnesota give the authority to direct the District's business operations and educational functions to the District's School Board, whose members are elected officials. The School Board has the authority to levy taxes, set fees, approve budgets, and staff positions, along with other business and educational functions without prior approval from any other governmental unit. The School Board can issue debt generally with prior district voter approval. The Minnesota Department of Education does have some minor oversight responsibility over the District that is generally related to compliance and approval of certain laws and procedures, but not substantive in nature.

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

LOCATION AND LEARNING ENVIRONMENT

The District is located in Hennepin County, which is one of seven counties that make up the Twin Cities metropolitan area. This seven-county area is the most populated area of Minnesota with service division jobs constituting the greatest growth of the area's employment. Within the metropolitan area, health services, business services, and retail trade are the most significant industries.

As a Minneapolis suburban school district, the District serves a general population of approximately 104,207. The geographic boundary, spanning about 32 square miles, wholly covers the cities of Crystal, New Hope, and Robbinsdale, and partially the cities of Brooklyn Center, Brooklyn Park, Golden Valley, and Plymouth.

The District is Minnesota's ninth largest school district, in terms of student numbers, serving 12,238 students during the 2018–2019 fiscal year. The enrollment reflects a decline of 70 students. The decline is a reflection of expanded enrollment choice options in recent years.

The District owns and operates 20 facilities in Brooklyn Center, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. During Minnesota’s special legislative session in calendar year 2015, the FAIR School in Crystal, Minnesota was conveyed to the District. The District assumed operating responsibilities for this building in the 2015–2016 school year. For the audit period covered in this report, the District operated the following configuration of buildings; 2 senior high schools, 4 middle schools, 11 elementary schools, and 3 multi-purpose facilities:

Facility	Grades	Year Built
Cooper High School	9–12	1964
Armstrong High School	9–12	1970
Plymouth Middle School	6–8	1968
Robbinsdale Middle School	6–8	1956
FAIR School Crystal	4–8	2000
FAIR School Pilgrim Lane	K–3	1966
Forest Elementary	K–5	2005
Lakeview Elementary	K–5	1964
Meadow Lake Elementary	K–5	1961
Neill Elementary	K–5	1957
Noble Elementary	K–5	1954
Northport Elementary	K–5	1956
Olson Elementary	K–5	1971
Sandburg Middle School/HV	6–8	1959
Sonnesyn Elementary	K–5	1962
Sunny Hollow Elementary	K–5	1960
Zachary Lane Elementary	K–5	1969

Multi-Purpose Facility	Use	Year Built
New Hope	Various	1960
Transportation		1966
Administration		1968

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic education, special education for exceptional children, and career/vocational education. Child nutrition, transportation, and before and after school care are provided as supporting programs. The District’s community education program also provides early childhood and family education programs, an adult basic education program, and a myriad of classes for lifelong learning and engagement experiences for children and adults within the community.

The District is an award-winning district committed to academic excellence. We take pride in the options we provide for families and for students.

- Robbinsdale Cooper High School is an International Baccalaureate (IB) site. The academic curriculum of an IB site must follow an international standard and, as such, our IB diplomas are recognized world-wide.
- Robbinsdale Armstrong High School has a full continuum of Advanced Placement (AP) courses, and has one of the largest selections of AP courses in the state of Minnesota.
- The District has five schools that have received the National School of Excellence Blue Ribbon designation.

- The District has a fully authorized K–12 IB Programme, including the Primary Years, Middle Years, and Diploma Programmes. The Middle Years Programme was recognized by the international organization in Geneva for outstanding program design. The District’s Middle Years Programme is the only one in Minnesota to achieve this distinction and was one of four schools chosen world-wide to be used as a model for a Harvard University publication on best practices of interdisciplinary teaching methods among IB Middle Years Programs.
- The District offers Advancement Via Individual Determination programming in both of our middle schools and both of our high schools. This program accelerates student learning, uses research-based methods of effective instruction, raises expectations of students, and puts in place a system of supports that help students succeed.
- Students in our district regularly achieve great success in enrichment programs. We have teams in *FIRST*, LEGO League, and Destination Imagination that have competed in national competitions; we have students who have placed nationally in competitions such as National History Day, and students in world language who consistently rank at the top in national exams.
- Teachers in our district have also been recognized for their dedication to excellence in teaching, representing Minnesota in national and international institutes in such areas as economics and history.

BUDGETARY PROCESS

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 plan is developed as a partnership between the School Board members and the District’s administration, which follows a timeline with completion and adoption in June, prior to the start of the school year.

Enrollment is a critical factor in determining funding levels. Approximately 70 percent of the General Fund revenue is enrollment driven and, as such, the administration places a high premium on enrollment projections as a determinant of both funding and, staffing levels needed for the forthcoming year. A preliminary financial forecast is prepared by the executive director of finance and staffing levels are determined keeping the financial projection in focus. The administration then recommends staffing and other budgetary changes in line with the District’s mission to the School Board for approval.

The executive director of finance has responsibility for the financial integrity of the District. The District utilizes an integrated payroll/finance system for all financial record keeping. 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 15,000 accounts have been defined within the District’s chart of accounts. Each site and department administrator have access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility.

The district 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 revenue and expenditure budgets are monitored and modified as conditions change. All revisions to the budget are approved by the School Board.

ECONOMIC FACTORS

The state of Minnesota guarantees each school district a base amount of funding per pupil unit through the General Education Funding Program. This funding relationship intertwines the District’s economic outlook to that of the state. The funding increases in the biennium, while modest, still fall short of the inflationary costs incurred by school districts. The basic formula allowance was increased 2.0 percent for the 2018–2019 school year.

Minnesota school districts also have the ability to raise additional revenue through voter-approved excess levy referendums. The referendum formula determines the amount of the referendum that is state aid as compared to local levy, a process called equalization. For fiscal 2019, the District had voter-approved authority of \$1,475 per pupil unit of excess levy authority, which raises a total of approximately \$20.4 million. Most of this revenue is provided from property taxes.

Taxable market value in the District increased 7.5 percent for taxes payable in 2019 to \$9,847,024,275.

CONFORMANCE WITH STATE ACCOUNTING REGULATIONS

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. 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.

FINANCIAL POLICIES

The cash management policy of the District is to invest idle funds. Cash is invested in certificates of deposit, mutual funds, external investment pools, and interest-bearing checking accounts. Short-term borrowing, which is sometimes needed by the District, was not utilized for fiscal year 2019.

The District has adopted a formal fund balance policy that establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2019, the unassigned fund balance of the General Fund (excluding any restricted account deficits) was zero percent of the annual budgeted expenditures for the year then ended.

AWARDS AND ACKNOWLEDGEMENTS

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Excellence, the District published an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Excellence Program's requirements and we are submitting it to the ASBO International to determine its eligibility for another certificate.

This report could not have been completed without the dedicated services of the District's Business Services Team. We would like to express our sincere thanks to all members of the District who assisted and contributed to the preparation of this report.

Our appreciation is also given to the School Board for its continued support in leading the District in sound and responsible financial management as well as academic excellence.

Respectfully submitted,

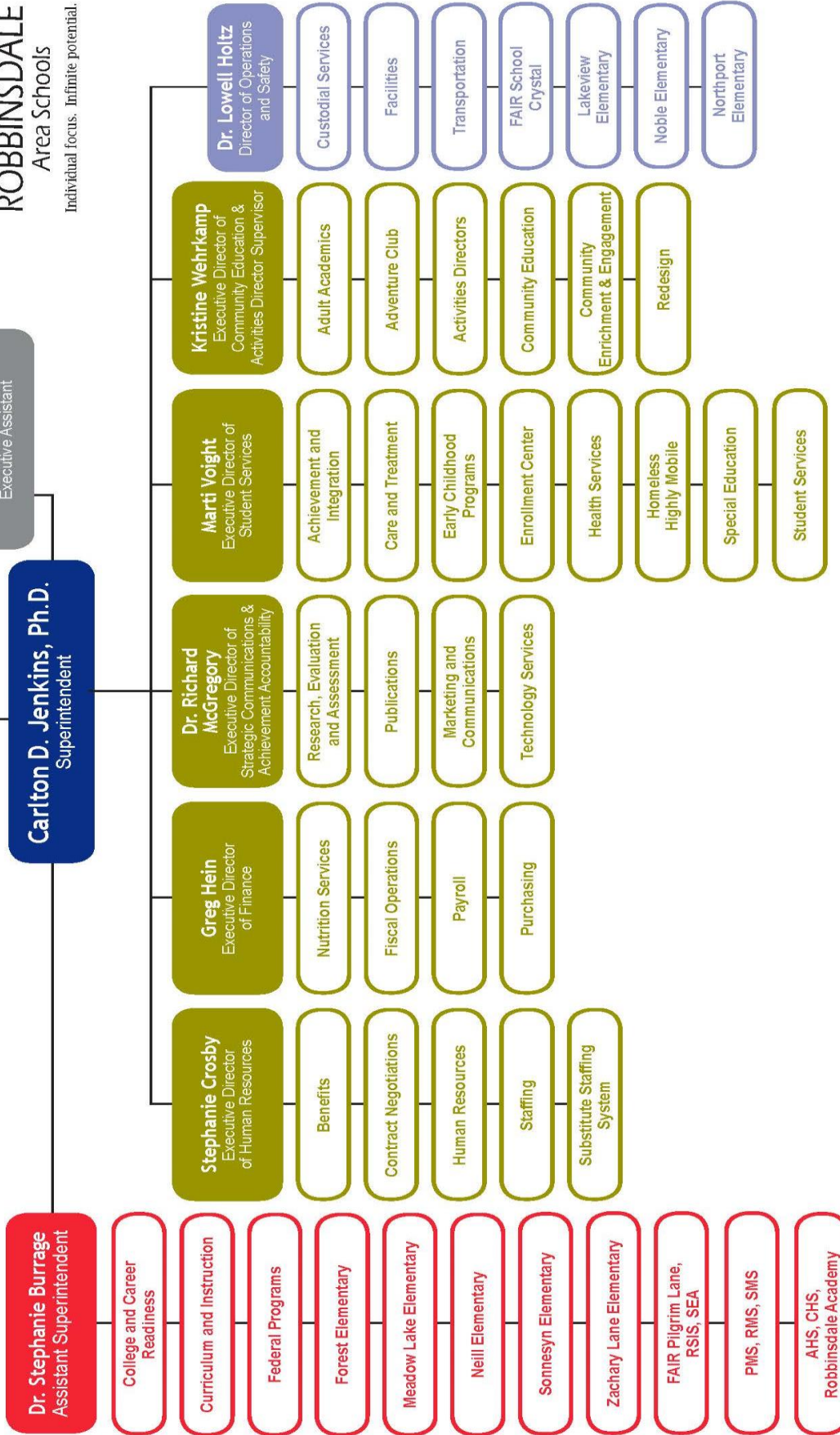


Dr. Carlton D. Jenkins
Superintendent



Greg Hein
Executive Director of Finance

SUPERINTENDENT'S ORGANIZATIONAL CHART



INDEPENDENT SCHOOL DISTRICT NO. 281

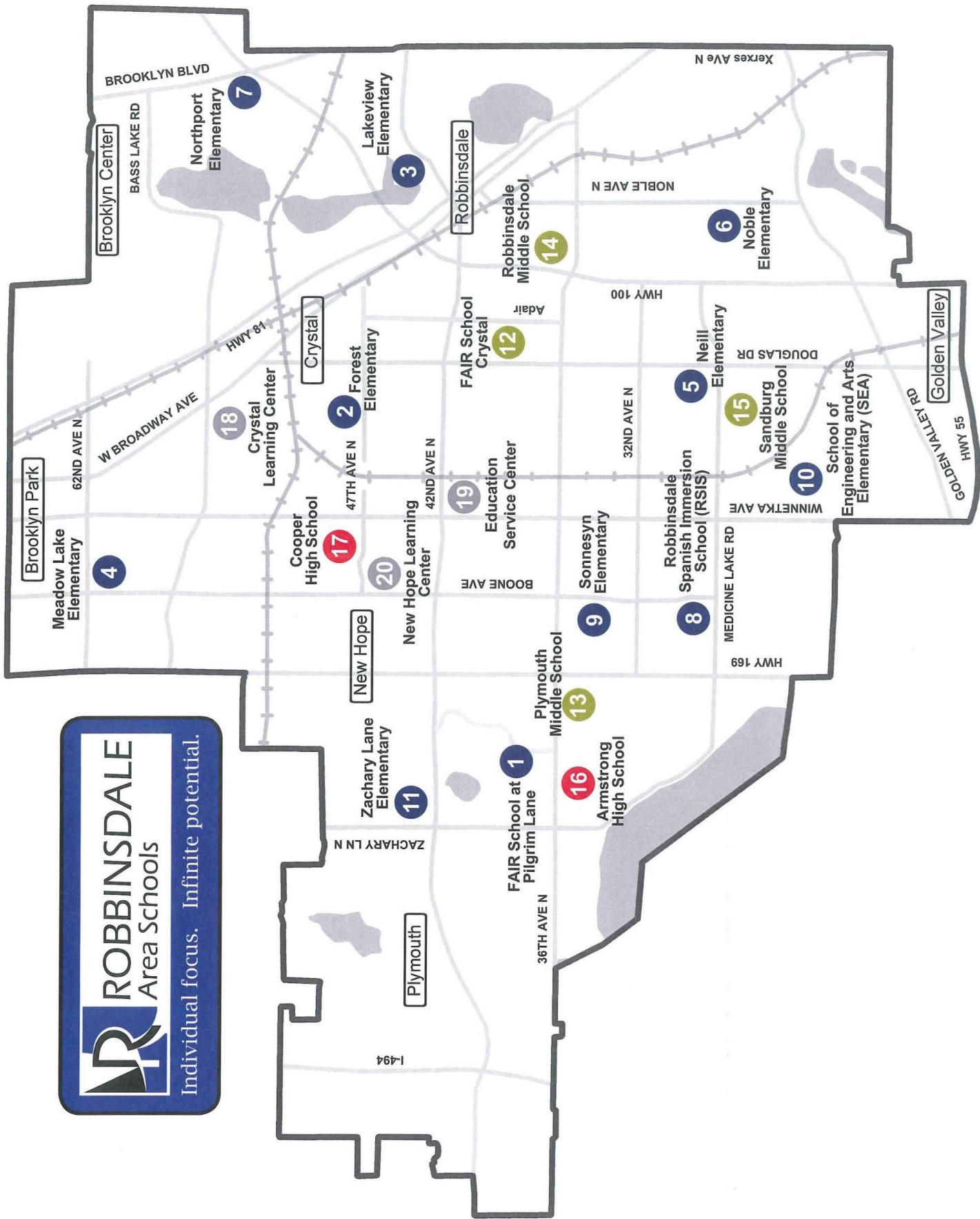
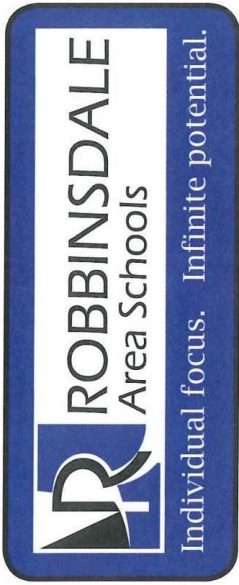
School Board and Administration
Year Ended June 30, 2019

SCHOOL BOARD

	<u>Position</u>
John Vento	Chair
Mike Herring	Vice Chair
Helen Bassett	Treasurer
David Boone	Clerk
Pam Lindberg	Clerk
Sam Sant	Director
Sherry Tyrrell	Director

ADMINISTRATION

<u>Cabinet</u>	
Dr. Carlton Jenkins	Superintendent
Dr. Stephanie Burrage	Assistant Superintendent
Stephanie Crosby	Executive Director of Human Resources
Greg Hein	Executive Director of Finance
Dr. Richard McGregory	Executive Director of Strategic Communication and Achievement Accountability
Marti Voight	Executive Director of Student Services
Dr. Kristine Wehrkamp	Executive Director of Community Education and Activities Director Supervisor
Dr. Lowell Holtz	Director of Operations and Safety



Robbinsdale Area Schools

Elementary Schools

1. **FAIR School at Pilgrim Lane**
3725 Pilgrim Lane North
Plymouth MN 55441
763-504-8400
fair.rdale.org
2. **Forest Elementary**
6800 47th Avenue North
Crystal, MN 55428
763-504-7900
foe.rdale.org
3. **Lakeview Elementary**
4110 Lake Drive North
Robbinsdale, MN 55422
763-504-4100
lve.rdale.org
4. **Meadow Lake Elementary**
8525 62nd Avenue North
New Hope, MN 55428
763-504-7700
mle.rdale.org
5. **Neill Elementary**
6600 Medicine Lake Road
Crystal, MN 55427
763-504-7400
ene.rdale.org
6. **Noble Elementary**
2601 Noble Avenue North
Golden Valley, MN 55422
763-504-4000
noe.rdale.org
7. **Northport Elementary**
5421 Brooklyn Boulevard
Brooklyn Center, MN 55429
763-504-7800
npe.rdale.org
8. **Robbinsdale Spanish Immersion School (RSIS)**
8808 Medicine Lake Road
New Hope, MN 55427
763-504-4400
rsi.rdale.org
9. **Sonnesyn Elementary**
3421 Boone Avenue North
New Hope, MN 55427
763-504-7600
see.rdale.org
10. **School of Engineering and Arts Elementary (SEA)**
1751 Kelley Dr.
Golden Valley, MN 55427
763-504-7200
sea.rdale.org
11. **Zachary Lane Elementary**
4350 Zachary Lane N.
Plymouth, MN 55442
763-504-7300
zle.rdale.org

Revised 6-13-2018

Middle Schools

12. **FAIR School Crystal**
3915 Adair Ave N
Crystal, MN 55422
(763) 971-4500
fair.rdale.org
13. **Plymouth Middle School**
10011 36th Avenue North
Plymouth, MN 55441
763-504-7100
pms.rdale.org
14. **Robbinsdale Middle School**
Robbinsdale Area Learning Campus
3730 Toledo Avenue North
Robbinsdale, MN 55422
763-504-4800
rms.rdale.org
15. **Sandburg Middle School**
2400 Sandburg Lane
Golden Valley, MN 55427
763-504-8200
sms.rdale.org

High Schools

16. **Armstrong High School**
10635 36th Avenue North
Plymouth, MN 55441
763-504-8800
ahs.rdale.org
17. **Cooper High School**
8230 47th Avenue North
New Hope, MN 55428
763-504-8500
chs.rdale.org

Learning and Service Centers

18. **Crystal Learning Center**
305 Willow Bend
Crystal, MN 55428
763-504-8300
19. **Education Service Center**
4148 Winnetka Avenue North
New Hope, MN 55427
763-504-8000 (Main Switchboard)
763-504-8107 (Transportation)
20. **New Hope Learning Center**
8301 47th Avenue North
New Hope, MN 55428
763-504-4160



ROBBINSDALE
Area Schools

Individual focus. Infinite potential.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District #281
Robbinsdale Area Schools**

**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, CSR
President

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

David J. Lewis
Executive Director

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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. 281
New Hope, 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. 281, Robbinsdale Area Schools (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 comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

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 January 7, 2019. 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 January 13, 2020 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
January 13, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Comprehensive Annual Financial Report (CAFR) presents management's discussion 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 \$37.6 million (deficit net position).
- Government-wide revenues totaled \$208.6 million and expenses were \$180.1 million. Including the impact of a \$4.8 million special item discussed below, the District's overall net position improved by \$33.3 million during the fiscal year ended June 30, 2019.
- The General Fund's total fund balance increased \$1.1 million from the prior year, compared to a \$4.2 million decrease approved in the final budget.
- During the 2019 fiscal year, the District made the decision to make a one-time draw from its Post-Employment Benefits Trust Fund to reimburse the District for \$4.8 million of other post-employment benefits (OPEB) costs incurred since the trust was established (fiscal years 2009 through 2018) for which the District had not previously been reimbursed. Due to the significant and infrequent nature of this transaction, it has been reported as a special item in the government-wide, governmental fund, and fiduciary fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, transportation, administration, food service, 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 that do not meet the threshold to be classified as major funds are called "nonmajor" funds, and include the Food Service and Community Service Special Revenue Funds. Detailed financial information for nonmajor funds are presented as supplemental information.

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$ 99,050,835	\$ 103,613,326
Capital assets, net of depreciation	298,428,170	305,733,999
Total assets	<u>\$ 397,479,005</u>	<u>\$ 409,347,325</u>
Deferred outflows of resources		
Pension plan deferments	\$ 131,099,394	\$ 175,740,542
OPEB plan deferments	-	236,294
Deferred charges on refundings	461,684	507,852
Total deferred outflows of resources	<u>\$ 131,561,078</u>	<u>\$ 176,484,688</u>
Liabilities		
Current and other liabilities	\$ 19,898,124	\$ 18,302,443
Long-term liabilities, including due within one year	311,320,752	529,339,521
Total liabilities	<u>\$ 331,218,876</u>	<u>\$ 547,641,964</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 61,017,057	\$ 56,227,361
OPEB plan deferments	2,427,465	14,066
Pension plan deferments	172,015,279	52,919,304
Total deferred inflows of resources	<u>\$ 235,459,801</u>	<u>\$ 109,160,731</u>
Net position		
Net investment in capital assets	\$ 116,151,974	\$ 117,654,573
Restricted	11,057,047	11,038,463
Unrestricted	<u>(164,847,615)</u>	<u>(199,663,718)</u>
Total net position	<u>\$ (37,638,594)</u>	<u>\$ (70,970,682)</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 depreciation estimates and capitalization policies. Unfunded long-term liabilities for compensated absences, severance, and pensions cause many Minnesota school districts to report a deficit in unrestricted net position.

Much of the increase in unrestricted net position, as well as the changes in long-term liabilities and deferred outflows/inflows of resources, can be attributed to changes in the District's share of unfunded pension liabilities and related deferments reported for the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans.

Table 2 presents a condensed version of the Change in Net Position of the District:

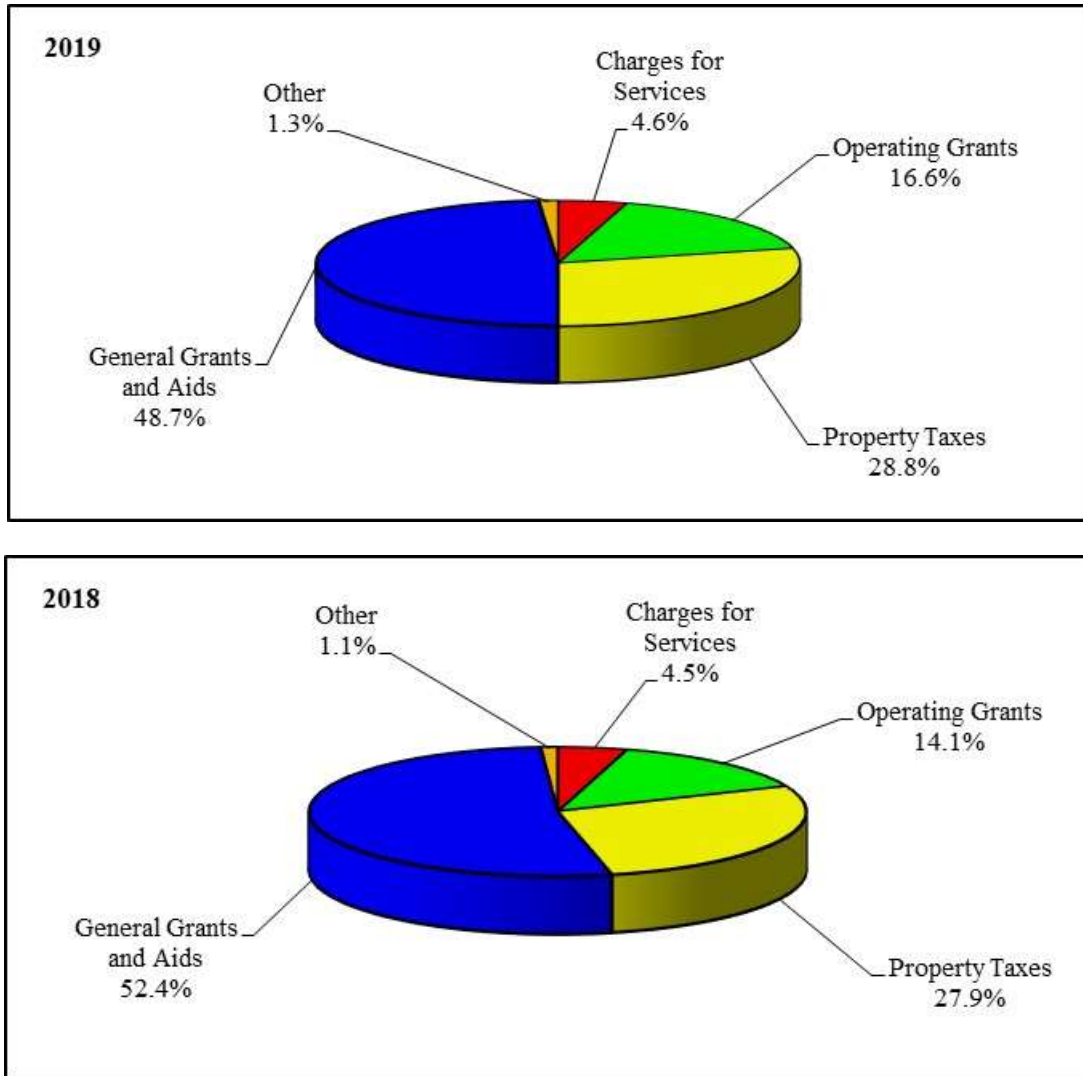
Table 2		
Change in Net Position		
for the Years Ended June 30, 2019 and 2018		
	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues		
Charges for services	\$ 9,502,703	\$ 9,212,488
Operating grants and contributions	34,578,208	29,103,055
General revenues		
Property taxes	60,144,832	57,592,850
General grants and aids	101,589,910	107,954,995
Other	2,818,911	2,210,206
Total revenues	<u>208,634,564</u>	<u>206,073,594</u>
Expenses		
Administration	5,515,211	7,721,781
District support services	9,766,522	7,836,267
Elementary and secondary regular instruction	53,979,385	106,754,453
Vocational education instruction	773,463	1,986,611
Special education instruction	25,976,927	39,746,365
Instructional support services	9,105,680	19,570,243
Pupil support services	17,315,538	19,034,575
Sites and buildings	33,669,988	30,324,113
Fiscal and other fixed cost programs	452,980	521,264
Food service	7,706,006	8,020,908
Community service	10,154,134	11,745,783
Interest and fiscal charges	5,636,378	5,864,901
Total expenses	<u>180,052,212</u>	<u>259,127,264</u>
Change in net position before special item	28,582,352	(53,053,670)
Special item – OPEB trust draw	<u>4,749,736</u>	<u>–</u>
Change in net position	33,332,088	(53,053,670)
Net position – beginning	<u>(70,970,682)</u>	<u>(17,917,012)</u>
Net position – ending	<u>\$ (37,638,594)</u>	<u>\$ (70,970,682)</u>

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

The reduction in revenue from general grants and aids, and the significant decrease in expenses, were both primarily caused by the changes in the PERA and TRA state-wide pension plans mentioned earlier.

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

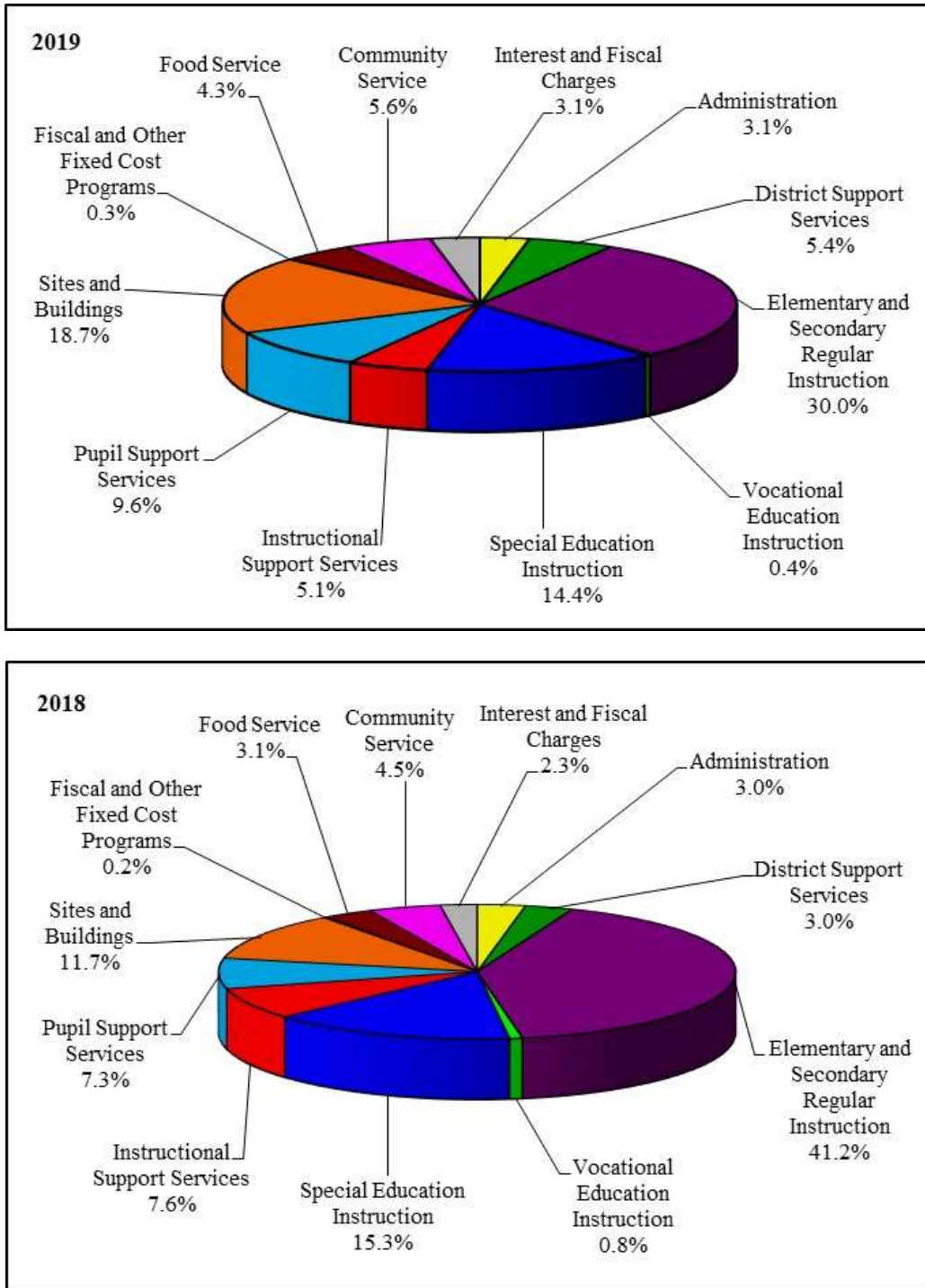
Figure A – Sources of Revenues for Fiscal Years 2019 and 2018



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 – Expenses for Fiscal Years 2019 and 2018



The District’s expenses prioritize the delivery of instruction to students. Programs such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction. Other expenditures are either auxiliary to instruction or related to the operational needs necessary to sustain the learning environment.

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above, was mainly 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 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>	<u>Percent Change</u>
Major funds				
General	\$ 6,054,430	\$ 4,979,913	\$ 1,074,517	21.6%
Capital Projects – Building				
Construction	3,025,152	12,386,151	(9,360,999)	(75.6%)
Debt Service	3,046,255	2,427,803	618,452	25.5%
Nonmajor funds				
Food Service Special Revenue	1,014,401	985,010	29,391	3.0%
Community Service Special Revenue	1,432,849	1,432,346	503	0.0%
Total governmental funds	<u>\$ 14,573,087</u>	<u>\$ 22,211,223</u>	<u>\$ (7,638,136)</u>	(34.4%)

Analysis of the General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12, including pupil transportation and capital outlay projects.

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>
Revenue	<u>\$ 169,504,859</u>	<u>\$ 172,680,111</u>	<u>\$ 3,175,252</u>	<u>1.9%</u>
Expenditures	<u>\$ 168,871,168</u>	<u>\$ 176,869,051</u>	<u>\$ 7,997,883</u>	<u>4.7%</u>

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

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2019 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 174,309,547	\$ 1,629,436	0.9%	\$ 7,268,541	4.4%
Expenditures	177,984,766	\$ 1,115,715	0.6%	\$ 2,363,923	1.3%
Special item – OPEB trust draw	<u>4,749,736</u>				
Net change in fund balances	<u>\$ 1,074,517</u>				

General Fund total fund balances increased \$1,074,517 in fiscal 2019, as compared to a decrease of \$4,188,940 projected in the final budget. The majority of this favorable variance was due to the special item discussed previously, which was not included in the budget. Unassigned fund balance in the General Fund (excluding deficit fund balance restrictions) had a zero balance as of June 30, 2019.

Approximately 72 percent of General Fund operational revenue is controlled by a complex set of state funding formulas, as such, the local School Board has minimal authority in the establishment of the level of resources. Special education funding is also included in state aid. This funding source is based in part on the identified needs of the special education student population and the related expenditures. Other state formulas further determine the portion of revenue provided through property taxes versus state aid.

An increase in the District’s property tax levy; along with additional funding from state general education aid, state special education aid, and the federal Title I grant program, contributed to the overall increase in General Fund revenue for fiscal 2019. Revenue exceeded the District’s conservative budget in several areas, including property taxes, state aids, and other local sources such as fees, tuition, donations, and investment income.

Expenditures were held to a modest increase of 1.3 percent from the prior year, as inflationary increases to purchased services and supplies were partially offset by decreased personnel and capital expenditures. Expenditures exceeded budget by 0.6 percent overall. The variance was spread across a number of program areas, with the largest variances in elementary and secondary regular instruction (\$2,320,433 over budget), special education instruction (\$1,421,911 over budget), and instructional support services (\$3,218,674 under budget).

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund expenditures exceeded revenues by \$9,360,999 in fiscal 2019, due to the spend down of the remaining proceeds from long-term facility maintenance bonds issued in the previous year. The District had fund balances of \$3,025,152 at year-end restricted for various capital purposes.

Debt Service Fund

Revenues and other financing sources exceeded expenditures and other financing uses by \$618,452 in the Debt Service Fund. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The District issued \$9,910,000 of General Obligation Taxable OPEB Refunding Bonds to refund the District's Series 2009A General Obligation Taxable Bonds. The ending fund balance of \$3,046,255 at June 30, 2019 is available for meeting future debt service obligations.

Nonmajor Funds

Revenue exceeded expenditures in the District's two nonmajor funds by \$29,894.

The Food Service Special Revenue Fund had an increase in fund balance of \$29,391, compared to a budgeted decrease of \$15,573, ending the year with a fund balance of \$1,014,401. Revenue (mainly federal grants and reimbursements) and expenditures (mainly food and supplies) were both under budget and down from the previous year, mainly due to lower than anticipated program participation

The June 30, 2019 fund balance of the Community Service Special Revenue Fund was \$1,432,849, an increase of \$503 from the prior year, compared to a budgeted decrease of \$120,968. Revenue and expenditures both increased from last year and were higher than budget, mainly due to additional staffing required to meet the needs of increased program participation, particularly in the District's before and after school programs.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 1,218,930	\$ 1,218,930	\$ —
Construction in progress	4,636,727	8,779,788	(4,143,061)
Land improvements	8,725,410	8,323,054	402,356
Buildings	457,189,537	443,827,475	13,362,062
Furniture and equipment	27,117,386	26,545,358	572,028
Less accumulated depreciation	<u>(200,459,820)</u>	<u>(182,960,606)</u>	<u>(17,499,214)</u>
Total	<u>\$ 298,428,170</u>	<u>\$ 305,733,999</u>	<u>\$ (7,305,829)</u>
Depreciation expense	<u>\$ 17,499,214</u>	<u>\$ 16,146,387</u>	<u>\$ 1,352,827</u>

By the end of 2019, the District had net capital assets of \$298.4 million, representing a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and other equipment for various instructional programs. Total depreciation expense for the year was \$17.5 million, as compared to \$16.1 million the previous year.

The District's 10-year facility plan under the Long-Term Facilities Maintenance Program, which involves performing deferred maintenance and renovation of the District's buildings, accounted for much of the asset additions for the year.

Long-Term Liabilities

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Percent Change</u>
General obligation bonds	\$ 173,310,000	\$ 187,945,000	\$ (14,635,000)	(7.8%)
Certificates of participation	7,810,000	8,375,000	(565,000)	(6.7%)
Unamortized premiums (discounts)	8,048,551	9,394,298	(1,345,747)	(14.3%)
Capital leases	3,234,849	3,439,416	(204,567)	(5.9%)
Compensated absences payable	1,436,746	1,426,299	10,447	0.7%
Severance benefits payable	3,405,267	2,432,944	972,323	40.0%
Net pension liability	<u>114,075,339</u>	<u>316,326,564</u>	<u>(202,251,225)</u>	(63.9%)
Total	<u>\$ 311,320,752</u>	<u>\$ 529,339,521</u>	<u>\$ (218,018,769)</u>	(41.2%)

At year-end, the District had \$189.2 million in general obligation bonds and certificates of participation payable, including net premiums and discounts. The District issued \$9.9 million in General Obligation Taxable OPEB Refunding Bonds during the year, which were used to redeem \$9.8 million of outstanding bonds at a more favorable interest rate. In addition, the District made scheduled principal payments of \$15.5 million on outstanding bonds, certificates of participation, and capital leases during the year.

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

The District’s bonds presently carry a Standard and Poor’s long-term rating of “AAA/Stable” and a school-issuer credit rating of “A/Negative.”

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	\$ 9,847,024,275
Limit rate	<u>15%</u>
Legal debt limit	<u>\$ 1,477,053,641</u>

Additional details of the District’s capital assets and long-term liabilities activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The General Education Funding 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 2020, and an additional \$129, or 2 percent, per pupil to the formula for fiscal 2021.

The District ran and successfully passed a \$515 per pupil unit operating referendum for a 10-year period beginning in fiscal 2020, which will provide an estimated \$6.3 million of additional annual funding.

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 CAFR or need additional financial information, contact the Business Services Department, Independent School District No. 281, 4148 Winnetka Avenue North, New Hope, Minnesota 55427.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 37,984,705	\$ 47,770,002
Receivables		
Current taxes	32,283,933	28,629,907
Delinquent taxes	508,028	474,267
Accounts and interest	975,065	848,658
Due from other governmental units	15,210,152	16,468,306
Due from post-employment benefit trust	5,431,060	583,727
Inventory	271,470	305,422
Prepaid items	59,441	263,234
Restricted assets – temporarily restricted		
Cash and investments for capital projects	1,797	330
Net OPEB asset	6,325,184	8,269,473
Capital assets		
Not depreciated	5,855,657	9,998,718
Depreciated, net of accumulated depreciation	292,572,513	295,735,281
Total capital assets, net of accumulated depreciation	<u>298,428,170</u>	<u>305,733,999</u>
Total assets	397,479,005	409,347,325
Deferred outflows of resources		
Pension plan deferments	131,099,394	175,740,542
OPEB plan deferments	–	236,294
Deferred charges on refundings	461,684	507,852
Total deferred outflows of resources	<u>131,561,078</u>	<u>176,484,688</u>
Total assets and deferred outflows of resources	<u>\$ 529,040,083</u>	<u>\$ 585,832,013</u>
Liabilities		
Salaries payable	\$ 960,655	\$ 1,246,508
Accounts and contracts payable	11,805,300	11,711,912
Accrued interest payable	2,621,979	2,717,038
Due to other governmental units	1,050,602	542,638
Unearned revenue	3,459,588	2,084,347
Long-term liabilities		
Due within one year	15,386,956	17,225,866
Due in more than one year	295,933,796	512,113,655
Total long-term liabilities	<u>311,320,752</u>	<u>529,339,521</u>
Total liabilities	331,218,876	547,641,964
Deferred inflows of resources		
Property taxes levied for subsequent year	61,017,057	56,227,361
OPEB plan deferments	2,427,465	14,066
Pension plan deferments	172,015,279	52,919,304
Total deferred inflows of resources	<u>235,459,801</u>	<u>109,160,731</u>
Net position		
Net investment in capital assets	116,151,974	117,654,573
Restricted for		
Capital asset acquisition	7,112,650	7,641,098
Debt service	557,450	–
Food service	1,164,384	1,215,571
Community service	1,532,443	1,618,576
Other purposes (state funding restrictions)	690,120	563,218
Unrestricted	<u>(164,847,615)</u>	<u>(199,663,718)</u>
Total net position	<u>(37,638,594)</u>	<u>(70,970,682)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 529,040,083</u>	<u>\$ 585,832,013</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Functions/Programs	Expenses	2019		2018	
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				Governmental Activities	
Governmental activities					
Administration	\$ 5,515,211	\$ 330	\$ –	\$ (5,514,881)	\$ (7,721,451)
District support services	9,766,522	225,115	–	(9,541,407)	(7,701,759)
Elementary and secondary regular instruction	53,979,385	940,917	6,752,624	(46,285,844)	(100,806,710)
Vocational education instruction	773,463	–	46,562	(726,901)	(1,923,640)
Special education instruction	25,976,927	400,456	16,830,591	(8,745,880)	(24,181,763)
Instructional support services	9,105,680	1,871	159,510	(8,944,299)	(19,394,242)
Pupil support services	17,315,538	166,538	2,192,945	(14,956,055)	(18,612,558)
Sites and buildings	33,669,988	20,618	–	(33,649,370)	(30,309,105)
Fiscal and other fixed cost programs	452,980	–	–	(452,980)	(521,264)
Food service	7,706,006	2,104,594	5,428,447	(172,965)	(256,645)
Community service	10,154,134	5,642,264	3,167,529	(1,344,341)	(3,517,683)
Interest and fiscal charges	5,636,378	–	–	(5,636,378)	(5,864,901)
Total governmental activities	\$ 180,052,212	\$ 9,502,703	\$ 34,578,208	(135,971,301)	(220,811,721)
General revenues					
Taxes					
Property taxes, for general purposes				37,273,204	35,777,957
Property taxes, for community service				2,044,276	1,841,325
Property taxes, for debt service				20,827,352	19,973,568
General grants and aids				101,589,910	107,954,995
Other general revenues				1,960,668	1,701,133
Investment earnings				858,243	509,073
Special item – OPEB trust draw				4,749,736	–
Total general revenues and special item				169,303,389	167,758,051
Change in net position				33,332,088	(53,053,670)
Net position – beginning				(70,970,682)	(17,917,012)
Net position – ending				\$ (37,638,594)	\$ (70,970,682)

INDEPENDENT SCHOOL DISTRICT NO. 281

Balance Sheet
Governmental Funds
as of June 30, 2019

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 13,796,889	\$ 6,141,826	\$ 12,188,237
Cash and investments held by trustee	–	1,797	–
Receivables			
Current taxes	21,935,935	–	9,155,317
Delinquent taxes	317,398	–	173,843
Accounts and interest	169,170	1,009	–
Due from other governmental units	13,939,831	–	92,320
Due from other funds	5,712,927	–	–
Inventory	209,167	–	–
Prepaid items	55,379	–	–
	<u>56,136,696</u>	<u>6,144,632</u>	<u>21,609,717</u>
Total assets	\$ 56,136,696	\$ 6,144,632	\$ 21,609,717
Liabilities			
Salaries payable	\$ 707,057	\$ –	\$ –
Accounts and contracts payable	7,162,351	3,119,480	1,663
Due to other governmental units	1,048,739	–	–
Due to other funds	–	–	–
Unearned revenue	733,973	–	–
	<u>9,652,120</u>	<u>3,119,480</u>	<u>1,663</u>
Total liabilities	9,652,120	3,119,480	1,663
Deferred inflows of resources			
Property taxes levied for subsequent year	40,187,699	–	18,428,625
Unavailable revenue – delinquent taxes	242,447	–	133,174
	<u>40,430,146</u>	<u>–</u>	<u>18,561,799</u>
Total deferred inflows of resources	40,430,146	–	18,561,799
Fund balances (deficit)			
Nonspendable	264,546	–	–
Restricted	4,994,822	3,025,152	3,046,255
Assigned	1,210,419	–	–
Unassigned	(415,357)	–	–
	<u>6,054,430</u>	<u>3,025,152</u>	<u>3,046,255</u>
Total fund balances	6,054,430	3,025,152	3,046,255
	<u>\$ 56,136,696</u>	<u>\$ 6,144,632</u>	<u>\$ 21,609,717</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 56,136,696	\$ 6,144,632	\$ 21,609,717

Nonmajor Funds	Total Governmental Funds	
	2019	2018
\$ 2,539,808	\$ 34,666,760	\$ 43,420,534
–	1,797	330
1,192,681	32,283,933	28,629,907
16,787	508,028	474,267
804,886	975,065	848,658
1,178,001	15,210,152	16,468,306
–	5,712,927	1,150,561
62,303	271,470	305,422
4,062	59,441	263,234
<u>\$ 5,798,528</u>	<u>\$ 89,689,573</u>	<u>\$ 91,561,219</u>
\$ 253,598	\$ 960,655	\$ 1,246,508
138,735	10,422,229	9,416,051
1,863	1,050,602	542,638
281,867	281,867	566,834
261,608	995,581	856,839
<u>937,671</u>	<u>13,710,934</u>	<u>12,628,870</u>
2,400,733	61,017,057	56,227,361
12,874	388,495	493,765
<u>2,413,607</u>	<u>61,405,552</u>	<u>56,721,126</u>
66,365	330,911	568,656
2,380,885	13,447,114	22,961,915
–	1,210,419	–
–	(415,357)	(1,319,348)
<u>2,447,250</u>	<u>14,573,087</u>	<u>22,211,223</u>
<u>\$ 5,798,528</u>	<u>\$ 89,689,573</u>	<u>\$ 91,561,219</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 14,573,087	\$ 22,211,223
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	498,887,990	488,694,605
Accumulated depreciation	(200,459,820)	(182,960,606)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds	(173,310,000)	(187,945,000)
Certificates of participation	(7,810,000)	(8,375,000)
Unamortized (premiums) discounts	(8,048,551)	(9,394,298)
Capital leases	(3,234,849)	(3,439,416)
Compensated absences payable	(1,436,746)	(1,426,299)
Severance benefits payable	(3,405,267)	(2,432,944)
Net pension liability	(114,075,339)	(316,326,564)
Net OPEB obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.		
	6,325,184	8,269,473
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,621,979)	(2,717,038)
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.		
	(529,133)	826,099
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	131,099,394	175,740,542
Deferred outflows of resources – OPEB plan deferments	–	236,294
Deferred outflows of resources – deferred charges on refundings	461,684	507,852
Deferred inflows of resources – OPEB plan deferments	(2,427,465)	(14,066)
Deferred inflows of resources – pension plan deferments	(172,015,279)	(52,919,304)
Deferred inflows of resources – delinquent property taxes	388,495	493,765
Total net position – governmental activities	<u>\$ (37,638,594)</u>	<u>\$ (70,970,682)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 37,343,094	\$ –	\$ 20,860,085
Investment earnings	263,638	280,575	209,380
Other	3,716,513	–	–
State sources	125,643,126	–	932,236
Federal sources	7,343,176	–	–
Total revenue	<u>174,309,547</u>	<u>280,575</u>	<u>22,001,701</u>
Expenditures			
Current			
Administration	6,668,226	–	–
District support services	7,116,200	–	–
Elementary and secondary regular instruction	77,514,144	–	–
Vocational education instruction	1,229,923	–	–
Special education instruction	32,635,544	–	–
Instructional support services	13,123,834	–	–
Pupil support services	18,357,090	–	–
Sites and buildings	15,460,915	–	–
Fiscal and other fixed cost programs	452,980	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	4,373,576	9,641,574	–
Debt service			
Principal	769,567	–	14,730,000
Interest and fiscal charges	282,767	–	6,748,249
Total expenditures	<u>177,984,766</u>	<u>9,641,574</u>	<u>21,478,249</u>
Excess (deficiency) of revenue over expenditures	(3,675,219)	(9,360,999)	523,452
Other financing sources (uses)			
Bonds and certificates of participation issued	–	–	–
Refunding bonds issued	–	–	9,910,000
Premiums on debt issued	–	–	–
Payment to refunded bond escrow agent	–	–	(9,815,000)
Sale of assets	–	–	–
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>95,000</u>
Special item – OPEB trust draw	<u>4,749,736</u>	<u>–</u>	<u>–</u>
Net change in fund balances	1,074,517	(9,360,999)	618,452
Fund balances			
Beginning of year	<u>4,979,913</u>	<u>12,386,151</u>	<u>2,427,803</u>
End of year	<u>\$ 6,054,430</u>	<u>\$ 3,025,152</u>	<u>\$ 3,046,255</u>

Nonmajor Funds	Total Governmental Funds	
	2019	2018
\$ 2,046,923	\$ 60,250,102	\$ 57,519,158
59,114	812,707	462,688
7,746,858	11,463,371	10,913,571
3,323,299	129,898,661	125,976,478
5,272,677	12,615,853	11,127,379
<u>18,448,871</u>	<u>215,040,694</u>	<u>205,999,274</u>
–	6,668,226	6,211,188
–	7,116,200	5,654,002
–	77,514,144	76,052,466
–	1,229,923	1,386,757
–	32,635,544	31,490,066
–	13,123,834	15,458,739
–	18,357,090	17,171,870
–	15,460,915	15,743,020
–	452,980	521,264
7,461,022	7,461,022	7,461,961
10,854,534	10,854,534	10,366,492
103,421	14,118,571	21,610,466
–	15,499,567	14,113,584
–	7,031,016	7,218,300
<u>18,418,977</u>	<u>227,523,566</u>	<u>230,460,175</u>
29,894	(12,482,872)	(24,460,901)
–	–	14,200,000
–	9,910,000	–
–	–	924,549
–	(9,815,000)	–
–	–	50
<u>–</u>	<u>95,000</u>	<u>15,124,599</u>
<u>–</u>	<u>4,749,736</u>	<u>–</u>
29,894	(7,638,136)	(9,336,302)
<u>2,417,356</u>	<u>22,211,223</u>	<u>31,547,525</u>
<u>\$ 2,447,250</u>	<u>\$ 14,573,087</u>	<u>\$ 22,211,223</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ (7,638,136)	\$ (9,336,302)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in 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	10,193,385	20,058,889
Depreciation expense	(17,499,214)	(16,146,387)
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 and certificates of participation	(9,910,000)	(14,200,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	25,110,000	13,910,000
Capital leases	204,567	203,584
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(10,447)	143,261
Severance benefits payable	(972,323)	225,433
Net pension liability	202,251,225	66,191,075
Net OPEB obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	(1,944,289)	(202,587)
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.		
	95,059	50,112
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	1,345,747	424,906
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.		
	(1,355,232)	(2,435,740)
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	(44,641,148)	(63,127,548)
Deferred outflows of resources – OPEB plan deferments	(236,294)	236,294
Deferred outflows of resources – deferred charges on refundings	(46,168)	(46,168)
Deferred inflows of resources – OPEB plan deferments	(2,413,399)	(12,654)
Deferred inflows of resources – pension plan deferments	(119,095,975)	(49,063,530)
Deferred inflows of resources – delinquent property taxes	(105,270)	73,692
Change in net position – governmental activities	<u>\$ 33,332,088</u>	<u>\$ (53,053,670)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 33,526,633	\$ 36,721,988	\$ 37,343,094	\$ 621,106
Investment earnings	100,000	100,840	263,638	162,798
Other	6,034,957	3,107,981	3,716,513	608,532
State sources	123,416,157	125,090,303	125,643,126	552,823
Federal sources	6,427,112	7,658,999	7,343,176	(315,823)
Total revenue	<u>169,504,859</u>	<u>172,680,111</u>	<u>174,309,547</u>	<u>1,629,436</u>
Expenditures				
Current				
Administration	5,703,123	5,772,725	6,668,226	895,501
District support services	3,897,967	7,355,920	7,116,200	(239,720)
Elementary and secondary regular instruction	78,675,146	75,193,711	77,514,144	2,320,433
Vocational education instruction	1,602,406	1,573,073	1,229,923	(343,150)
Special education instruction	28,812,834	31,213,633	32,635,544	1,421,911
Instructional support services	12,710,812	16,342,508	13,123,834	(3,218,674)
Pupil support services	15,555,262	17,435,904	18,357,090	921,186
Sites and buildings	11,903,759	16,334,660	15,460,915	(873,745)
Fiscal and other fixed cost programs	508,021	578,021	452,980	(125,041)
Capital outlay	9,501,838	5,068,896	4,373,576	(695,320)
Debt service				
Principal	–	–	769,567	769,567
Interest and fiscal charges	–	–	282,767	282,767
Total expenditures	<u>168,871,168</u>	<u>176,869,051</u>	<u>177,984,766</u>	<u>1,115,715</u>
Excess (deficiency) of revenue over expenditures	633,691	(4,188,940)	(3,675,219)	513,721
Special item – OPEB trust draw	–	–	4,749,736	4,749,736
Net change in fund balances	<u>\$ 633,691</u>	<u>\$ (4,188,940)</u>	<u>1,074,517</u>	<u>\$ 5,263,457</u>
Fund balances				
Beginning of year			<u>4,979,913</u>	
End of year			<u>\$ 6,054,430</u>	

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Net Position
 Internal Service Funds
 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	\$ 3,317,945	\$ 4,349,468
Liabilities		
Current liabilities		
Claims payable	1,383,071	2,295,861
Unearned revenue	2,464,007	1,227,508
Total current liabilities	<u>3,847,078</u>	<u>3,523,369</u>
Net position		
Unrestricted	<u>\$ (529,133)</u>	<u>\$ 826,099</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenses, and Changes in Net Position
 Internal Service Funds
 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	\$ 16,685,899	\$ 17,310,119
Operating expenses		
Dental benefit claims	1,340,583	1,307,421
Health benefit claims	<u>16,746,084</u>	<u>18,484,823</u>
Total operating expenses	<u>18,086,667</u>	<u>19,792,244</u>
Operating income (loss)	(1,400,768)	(2,482,125)
Nonoperating revenue		
Investment earnings	<u>45,536</u>	<u>46,385</u>
Change in net position	(1,355,232)	(2,435,740)
Net position		
Beginning of year	<u>826,099</u>	<u>3,261,839</u>
End of year	<u><u>\$ (529,133)</u></u>	<u><u>\$ 826,099</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Cash Flows
Internal Service Funds
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	\$ 17,922,398	\$ 17,310,119
Payments for dental claims	(1,338,926)	(1,325,178)
Payments for health claims	<u>(17,660,531)</u>	<u>(17,397,951)</u>
Net cash flows from operating activities	(1,077,059)	(1,413,010)
Cash flows from investing activities		
Investment income received	<u>45,536</u>	<u>46,385</u>
Net change in cash and cash equivalents	(1,031,523)	(1,366,625)
Cash and cash equivalents		
Beginning of year	<u>4,349,468</u>	<u>5,716,093</u>
End of year	<u>\$ 3,317,945</u>	<u>\$ 4,349,468</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (1,400,768)	\$ (2,482,125)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Claims payable	(912,790)	1,069,115
Unearned revenue	<u>1,236,499</u>	<u>—</u>
Net cash flows from operating activities	<u>\$ (1,077,059)</u>	<u>\$ (1,413,010)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Fiduciary Net Position
Fiduciary Funds
as of June 30, 2019

	Employee Benefit Trust Funds	Scholarship Private-Purpose Trust Fund
Assets		
Cash and cash equivalents	\$ 421,078	\$ 440,457
Investments		
Mutual funds	19,512,991	-
Accounts and interest receivable	-	1,182
Total assets	<u>19,934,069</u>	<u>441,639</u>
Liabilities		
Due to other funds	<u>5,431,060</u>	<u>-</u>
Net position		
Held in trust for employee benefits and other purposes	<u>\$ 14,503,009</u>	<u>\$ 441,639</u>

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

	Employee Benefit Trust Funds	Scholarship Private-Purpose Trust Fund
Additions		
Contributions		
Gifts and donations	\$ -	\$ 12,650
Plan member contributions	736,907	-
Investment earnings	1,322,238	43,097
Total additions	<u>2,059,145</u>	<u>55,747</u>
Deductions		
Scholarships awarded	-	15,666
Flexible benefits	758,657	-
Retirement benefits	681,324	-
Administrative and other expenses	63,344	389
Total deductions	<u>1,503,325</u>	<u>16,055</u>
Change in net position before special item	555,820	39,692
Special item – OPEB trust draw	<u>(4,749,736)</u>	<u>-</u>
Change in net position	(4,193,916)	39,692
Net position		
Beginning of year	<u>18,696,925</u>	<u>401,947</u>
End of year	<u>\$ 14,503,009</u>	<u>\$ 441,639</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Basic Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 281, Robbinsdale Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District, located in Hennepin County, serves pre-kindergarten through Grade 12 students in all or parts of the cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. 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, 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 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 fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

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

Internal service funds are presented in the proprietary fund financial statements, which are reported using the accrual basis of accounting and economic resources measurement focus as described earlier in these notes. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental 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 services. 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. Fiduciary funds are also reported using the accrual basis of accounting and economic resources measurement focus. 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.

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.

Capital Projects – Building Construction Fund – This 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 – This fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs. The other post-employment benefits (OPEB) debt service account is used for OPEB bond issues. The regular debt service account is used for all other general obligation bonds debt service.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – This fund is used to account for the District’s child nutrition program.

Community Service Special Revenue Fund – This 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.

Proprietary Funds

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

Fiduciary Funds

Post-Employment Benefits Trust Fund – This fund is used to administer assets held in an irrevocable trust to fund post-employment benefits for eligible employees.

Employee Benefit Trust Fund – This fund is used to administer resources held for employees participating in the District’s flexible benefit plan (Internal Revenue Code [IRC] § 125 Cafeteria Plan).

Scholarship Private-Purpose Trust Fund – This fund is used to account for resources held in trust to be used by various other third parties to award scholarships to former students.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts annual budgets for all governmental funds, prepared on the same basis of accounting as the financial statements. Legal budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Actual expenditures exceeded final budgeted appropriations by \$1,115,715 in the General Fund, \$689,619 in the Community Service Special Revenue Fund, and \$2,354,810 in the Capital Projects – Building Construction Fund.

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. Earnings from the investment of debt proceeds recorded in the Capital Projects – Building Construction Fund and all trust fund investments are not pooled, and earnings on these assets are allocated directly to the respective funds.

Cash and investments held by trustee reported in the Capital Projects – Building Construction Fund represent assets held in escrow accounts for future capital projects in accordance with applicable debt provisions. In the government-wide financial statements, these accounts are reported as restricted assets.

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

Investments are generally stated at fair value, except for 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 property taxes receivable.

Amounts due from other governmental units at year-end consist of the following:

Due from the MDE	\$	11,870,119
Due from federal government agencies		2,850,758
Due from other Minnesota school districts		238,397
Due from Hennepin County and others		<u>250,878</u>
Total	\$	<u><u>15,210,152</u></u>

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as 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 Minnesota 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 \$3,966,875 of the property tax levy collectible in 2019 as revenue in fiscal 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 by the county auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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 assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for furniture and equipment. Land and construction in progress are not depreciated.

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

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 experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB Plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations

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

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

N. Compensated Absences

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

O. Severance Benefits Payable

The District provides lump sum severance benefits to certain eligible employee groups in accordance with provisions in collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. State-Wide Pension Plans

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

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

R. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for workers’ compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in fiscal 2019.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its uninsured 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 to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018	\$ 39,996	\$ 1,307,421	\$ 1,325,178	\$ 22,239
2019	\$ 22,239	\$ 1,340,583	\$ 1,338,926	\$ 23,896

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018	\$ 1,186,750	\$ 18,484,823	\$ 17,397,951	\$ 2,273,622
2019	\$ 2,273,622	\$ 16,746,084	\$ 17,660,531	\$ 1,359,175

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted** – 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** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balances 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 the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent or designee is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

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

W. Special Item

During the 2019 fiscal year, the District made the decision to make a one-time draw from its Post-Employment Benefits Trust Fund (the Trust) to reimburse the District for \$4,749,736 of OPEB costs incurred since the Trust was established (fiscal years 2009 through 2018) for which the District had not previously been reimbursed. Due to the significant and infrequent nature of this transaction, it has been reported as a special item in the government-wide, governmental fund, and fiduciary fund financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 1,339,976
Investments	<u>57,021,052</u>
Total	<u>\$ 58,361,028</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 37,984,705
Restricted assets – temporarily restricted – cash and investments for capital projects	1,797
Statement of Fiduciary Net Position	
Cash and cash equivalents – Employee Benefit Trust Funds	421,078
Investments – Employee Benefit Trust Funds	19,512,991
Cash and temporary investments – Scholarship Private-Purpose Trust Fund	<u>440,457</u>
Total	<u>\$ 58,361,028</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 of the District’s deposits was \$1,339,976, while the balance on the bank records was \$3,246,154. At June 30, 2019, all of these deposits were fully covered by federal deposit insurance or by collateral held by the District’s agent in the District’s name.

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	Maturity Duration in Years			
			Less Than 1		1 to 5	6 to 10		
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ –	\$ –	\$ 221,985	\$ 101,470	\$ 323,455
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	\$ 29,684,275	\$ –	\$ –	\$ –	29,684,275
MNTrust Term Series	N/R	N/A	N/A	\$ –	\$ 7,500,000	\$ –	\$ –	7,500,000
Mutual funds	AAA	S&P	Level 2	\$ 50,163	\$ –	\$ –	\$ –	50,163
Mutual funds	N/R	N/A	Level 2	\$ 19,463,159	\$ –	\$ –	\$ –	19,463,159
Total investments								<u>\$ 57,021,052</u>

N/A – Not Applicable

N/R – Not Rated

The MNTrust Investment Shares Portfolio and MNTrust Term Series are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District’s investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio. MNTrust Term Series Portfolios are intended to be held until maturity; a participant’s 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 MNTrust Term Series Portfolio 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 District’s irrevocable OPEB (Post-Employment Benefits) trust account, the investment options available 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.

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.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 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.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,218,930	\$ –	\$ –	\$ –	\$ 1,218,930
Construction in progress	8,779,788	6,565,738	–	(10,708,799)	4,636,727
Total capital assets not depreciated	9,998,718	6,565,738	–	(10,708,799)	5,855,657
Capital assets, depreciated					
Land improvements	8,323,054	402,356	–	–	8,725,410
Buildings	443,827,475	2,653,263	–	10,708,799	457,189,537
Furniture and equipment	26,545,358	572,028	–	–	27,117,386
Total capital assets, depreciated	478,695,887	3,627,647	–	10,708,799	493,032,333
Less accumulated depreciation for					
Land improvements	(5,053,499)	(243,111)	–	–	(5,296,610)
Buildings	(154,816,716)	(16,590,072)	–	–	(171,406,788)
Furniture and equipment	(23,090,391)	(666,031)	–	–	(23,756,422)
Total accumulated depreciation	(182,960,606)	(17,499,214)	–	–	(200,459,820)
Net capital assets, depreciated	295,735,281	(13,871,567)	–	10,708,799	292,572,513
Total capital assets, net	<u>\$ 305,733,999</u>	<u>\$ (7,305,829)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 298,428,170</u>

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

Administration	\$ 658
District support services	12,780
Elementary and secondary regular instruction	29,196
Vocational education instruction	425
Special education instruction	4,671
Instructional support services	1,174
Pupil support services	176,829
Sites and buildings	17,183,425
Food service	89,445
Community service	611
Total depreciation expense	<u>\$ 17,499,214</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
2008 Refunding Bonds	12/16/2008	4.20%	\$ 6,080,000	02/01/2020	\$ 670,000
2010 Refunding Bonds	05/01/2010	3.00%–5.00%	\$ 20,790,000	02/01/2024	10,070,000
2010 Refunding Bonds	12/17/2010	2.00%–3.25%	\$ 7,685,000	02/01/2024	3,780,000
2011 Alternative Facilities Bonds	06/01/2011	2.00%–4.50%	\$ 10,990,000	02/01/2032	7,805,000
2011 Refunding Bonds	11/15/2011	3.00%–5.00%	\$ 20,630,000	02/01/2021	4,995,000
2012 Alternative Facilities Bonds	08/29/2012	2.00%–3.00%	\$ 8,535,000	02/01/2024	8,315,000
2012 Refunding Bonds	11/06/2012	2.00%–5.00%	\$ 24,610,000	02/01/2022	9,290,000
2013 Capital Facilities Bond	07/18/2013	2.00%–3.00%	\$ 3,200,000	02/01/2023	1,300,000
2014 Alternative Facilities Bond	05/01/2014	3.00%	\$ 13,425,000	02/01/2026	13,325,000
2014 Refunding Bonds	11/20/2014	2.00%–5.00%	\$ 9,640,000	02/01/2024	5,850,000
2015 Alternative Facilities Bonds	08/25/2015	3.00%–4.00%	\$ 17,100,000	02/01/2028	17,100,000
2015 Refunding Bonds	11/19/2015	5.00%	\$ 2,300,000	02/01/2020	635,000
2016 Capital Facilities Bonds	03/10/2016	2.00%–4.00%	\$ 9,235,000	02/01/2031	9,235,000
2016 Alternative Facilities Bonds	06/01/2016	2.00%–5.00%	\$ 7,080,000	02/01/2027	5,930,000
2016 Facilities Maintenance Bonds	06/01/2016	2.00%–3.00%	\$ 40,800,000	02/01/2032	40,800,000
2017 Alternative Facilities Refunding Bonds	05/24/2017	2.00%–5.00%	\$ 12,170,000	02/01/2029	11,005,000
2018 Facilities Maintenance Bonds	05/30/2018	3.00%–5.00%	\$ 14,200,000	02/01/2031	13,295,000
2018 Taxable OPEB Refunding Bonds	11/06/2018	3.00%–3.300%	\$ 9,910,000	02/01/2025	9,910,000
Total general obligation bonds payable					<u>\$ 173,310,000</u>

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

In November 2018, the District issued \$9,910,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2018B. The proceeds of this issue were used to refund, in advance of their stated maturities, the remaining maturities of the District's General Obligation Taxable OPEB Bonds, Series 2009A. This current refunding reduced the District's total future debt service payments by \$397,581, and resulted in a present value savings of approximately \$506,070. 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. Certificates of Participation Payable

On July 19, 2016, the District sold \$9,535,000 of certificates of participation to finance the construction of additions to several elementary sites and one middle school site. The certificates bear interest rates ranging from 2.00–4.00 percent, with a final maturity of April 1, 2031. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being repaid from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Capital Leases

The District entered into a capital lease agreement to finance the construction of an addition to Pilgrim Lane Elementary School. The lease has an effective interest rate of 2.49 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the lease, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease. The gross amount of capital assets and accumulated depreciation recorded related to the capital lease was \$1,942,000 and \$77,680, respectively. Net book value of \$1,864,320 is recorded as part of buildings.

The District entered into a capital lease agreement to finance the construction of two additions to the School of Engineering and Arts. The lease has an effective interest rate of 3.04 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. If the District fails to make rental payments specified in the agreement or otherwise defaults on the lease, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease. The gross amount of capital assets and accumulated depreciation recorded related to the capital lease was \$1,701,000 and \$68,040, respectively. Net book value of \$1,632,960 is recorded as part of buildings.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund and special revenue funds.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2019:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA	\$ 24,082,088	\$ 5,287,077	\$ 6,662,426	\$ 906,969
TRA	<u>89,993,251</u>	<u>125,812,317</u>	<u>165,352,853</u>	<u>(36,827,147)</u>
Total	<u>\$ 114,075,339</u>	<u>\$ 131,099,394</u>	<u>\$ 172,015,279</u>	<u>\$ (35,920,178)</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 187,945,000	\$ 9,910,000	\$ 24,545,000	\$ 173,310,000	\$ 12,715,000
Certificates of participation	8,375,000	–	565,000	7,810,000	575,000
Unamortized premiums	9,475,010	–	1,426,459	8,048,551	–
Unamortized discounts	(80,712)	–	(80,712)	–	–
Capital leases	3,439,416	–	204,567	3,234,849	210,210
Compensated absences payable	1,426,299	1,436,746	1,426,299	1,436,746	1,436,746
Severance benefits payable	2,432,944	1,418,470	446,147	3,405,267	450,000
Net pension liability	316,326,564	2,212,354	204,463,579	114,075,339	–
	<u>\$ 529,339,521</u>	<u>\$ 14,977,570</u>	<u>\$ 232,996,339</u>	<u>\$ 311,320,752</u>	<u>\$ 15,386,956</u>

F. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 12,715,000	\$ 6,060,005	\$ 575,000	\$ 178,456	\$ 210,210	\$ 87,373
2021	13,330,000	5,415,849	585,000	166,956	216,011	81,572
2022	13,895,000	4,883,749	600,000	155,256	221,973	75,610
2023	14,415,000	4,389,149	610,000	143,256	228,102	69,482
2024	14,005,000	3,873,031	620,000	131,056	234,401	63,182
2025–2029	72,710,000	11,738,125	3,365,000	398,525	1,272,824	215,092
2030–2032	32,240,000	1,746,913	1,455,000	53,850	851,328	41,420
	<u>\$ 173,310,000</u>	<u>\$ 38,106,821</u>	<u>\$ 7,810,000</u>	<u>\$ 1,227,355</u>	<u>\$ 3,234,849</u>	<u>\$ 633,731</u>

NOTE 5 – FUND BALANCES

A. Classifications

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. 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 summary of the District's governmental fund balance classifications at year-end are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 209,167	\$ –	\$ –	\$ 62,303	\$ 271,470
Prepaid items	55,379	–	–	4,062	59,441
Total nonspendable	264,546	–	–	66,365	330,911
Restricted					
Capital projects levy	1,218,457	–	–	–	1,218,457
Operating capital	3,062,492	–	–	–	3,062,492
Basic skills	690,120	–	–	–	690,120
Projects funded by COP	–	261,494	–	–	261,494
Long-term facilities maintenance	23,753	1,617,834	–	–	1,641,587
Capital projects	–	1,145,824	–	–	1,145,824
Food service	–	–	–	948,036	948,036
Community education programs	–	–	–	670,139	670,139
Early childhood family education programs	–	–	–	222,048	222,048
School readiness	–	–	–	303,173	303,173
Adult basic education	–	–	–	151,832	151,832
Community service	–	–	–	85,657	85,657
Debt service	–	–	3,046,255	–	3,046,255
Total restricted	4,994,822	3,025,152	3,046,255	2,380,885	13,447,114
Assigned					
Building carryover	645,772	–	–	–	645,772
LCTS program	162,096	–	–	–	162,096
Q comp	402,551	–	–	–	402,551
Total assigned	1,210,419	–	–	–	1,210,419
Unassigned					
Safe schools levy – restricted account deficit	(415,357)	–	–	–	(415,357)
Total	\$ 6,054,430	\$ 3,025,152	\$ 3,046,255	\$ 2,447,250	\$ 14,573,087

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 6.5 percent of the annual projected expenditures. At June 30, 2019, the unassigned fund balance of the General Fund (excluding any restricted account deficits) was zero percent of budgeted expenditures for the year then ended, which was below the minimum established in the School Board policy.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the 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 \$2,088,247. 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 \$6,215,604. 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. GERF Pension Costs

At June 30, 2019, the District reported a liability of \$24,082,088 for its proportionate share of the GERF’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 0.4341 percent at the end of the measurement period and 0.4442 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	\$ 24,082,088
State’s proportionate share of the net pension liability associated with the District	\$ 789,866

For the year ended June 30, 2019, the District recognized pension expense of \$722,774 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$184,195 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

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	\$ 651,579	\$ 729,068
Changes in actuarial assumptions	2,387,889	2,748,973
Difference between projected and actual investment earnings	–	2,440,978
Changes in proportion	159,362	743,407
District’s contributions to the GERF subsequent to the measurement date	<u>2,088,247</u>	<u>–</u>
Total	<u>\$ 5,287,077</u>	<u>\$ 6,662,426</u>

A total of \$2,088,247 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	\$ 768,712
2021	\$ (1,587,052)
2022	\$ (2,142,621)
2023	\$ (502,635)

2. TRA Pension Costs

At June 30, 2019, the District reported a liability of \$89,993,251 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 1.4328 percent at the end of the measurement period and 1.4426 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	\$ 89,993,251
State’s proportionate share of the net pension liability associated with the District	\$ 8,455,056

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

For the year ended June 30, 2019, the District recognized negative pension expense of \$30,926,082. It also recognized \$5,901,065 as a decrease to pension expense (and grant revenue) for the support provided by direct aid.

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	\$ 957,884	\$ 1,825,865
Changes in actuarial assumptions	116,752,286	153,668,889
Difference between projected and actual investment earnings	–	7,003,461
Changes in proportion	1,886,543	2,854,638
District’s contributions to the TRA subsequent to the measurement date	<u>6,215,604</u>	<u>–</u>
Total	<u>\$ 125,812,317</u>	<u>\$ 165,352,853</u>

A total of \$6,215,604 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	\$ 9,521,185
2021	\$ 4,613,081
2022	\$ (86,493)
2023	\$ (35,156,783)
2024	\$ (24,647,130)

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	– %
Total	100 %	

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.

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

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	\$ 39,136,477	\$ 24,082,088	\$ 11,655,121
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 142,818,925	\$ 89,993,251	\$ 46,412,418

H. Pension Plan Fiduciary Net Position

Detailed information about the GERF'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 at 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 – 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 is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

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

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their health insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Other employee groups receive a maximum benefit contribution based on a number of days per year of service times their rate of pay at retirement. 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.

Changes in plan provisions since the previous actuarial valuation include:

- OPEB benefits were added for the child nutrition, office employees, program directors, and program assistant contract groups.
- Retiree premiums and District-provided contribution amounts were updated to current levels.

C. Contributions

Required contributions are based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District did not make any pay-as-you-go contributions to the plan in the current fiscal year.

D. Membership

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

Retirees and beneficiaries receiving benefits	61
Active plan members	<u>1,799</u>
Total members	<u><u>1,860</u></u>

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

E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2018 (census date). The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 7,756,747
Plan fiduciary net position	<u>(14,081,931)</u>
District's net OPEB liability (asset)	<u>\$ (6,325,184)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u>181.5%</u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation with a measurement date 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	5.50%
Expected long-term investment return	5.50%
20-year municipal bond yield	3.13%
Inflation rate	2.50%
Payroll growth rate	3.50%
Healthcare trend rate	6.90%, grading to an ultimate rate of 4.00% in 2076

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. Mortality rates were based on the RP-2014 White Collar Mortality Tables, with MP-2015 Generational Improvement Scale for Teachers and MP-2017 Generational Improvement Scale for nonteachers.

Changes in assumptions since the previous actuarial valuation include:

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Mortality and salary increase rates were updated to those used in the current PERA and the TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 2.75 percent to 2.50 percent.

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

The District’s policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic equity	20.00 %	4.76 %	7.26 %
International equity	10.00	5.41 %	7.91 %
Fixed income	70.00	2.01 %	4.51 %
Total (net of investment expense)	<u>100.00 %</u>		5.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 6.93 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 5.50 percent.

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

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2018	\$ 9,984,624	\$ 18,254,097	\$ (8,269,473)
Changes for the year			
Service cost	429,786	–	429,786
Interest	554,056	–	554,056
Differences between expected and actual experience	(2,065,851)	–	(2,065,851)
Changes of assumptions	(650,979)	–	(650,979)
Changes of benefit terms	186,435	–	186,435
Net investment income	–	1,265,190	(1,265,190)
Benefit payments from trust	(681,324)	(681,324)	–
Administrative expense	–	(6,296)	6,296
Other deductions (special item)	–	(4,749,736)	4,749,736
Total net changes	<u>(2,227,877)</u>	<u>(4,172,166)</u>	<u>1,944,289</u>
Ending balance – June 30, 2019	<u>\$ 7,756,747</u>	<u>\$ 14,081,931</u>	<u>\$ (6,325,184)</u>

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:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.50%	5.50%	6.50%
Net OPEB liability (asset)	\$ (5,939,714)	\$ (6,325,184)	\$ (6,694,332)

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:

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB healthcare trend rate	5.90% decreasing to 3.00% in 2076	6.90% decreasing to 4.00% in 2076	7.90% decreasing to 5.00% in 2076
Net OPEB liability (asset)	\$ (6,811,329)	\$ (6,325,184)	\$ (5,783,337)

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

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

For the current year ended, the District recognized OPEB expense of \$4,593,982. As of year-end, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ –	\$ 1,812,372
Changes in actuarial assumptions	–	583,294
Differences between projected and actual investment earnings	–	31,799
Total	<u>\$ –</u>	<u>\$ 2,427,465</u>

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

Year Ending June 30,	OPEB Expense
2020	\$ (328,522)
2021	\$ (328,522)
2022	\$ (328,168)
2023	\$ (387,507)
2024	\$ (335,230)
2025 and thereafter	\$ (719,516)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC. Employee eligibility is determined by the terms of the various District collective bargaining agreements or contracts. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments of insurance premiums (health, dental, and disability) are made by the District directly to the internal service funds or designated insurance companies from the District’s General Fund and special revenue funds. Amounts withheld for medical reimbursement and dependent care are deposited in the District’s account.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate district checking account on a monthly basis. All assets of the Plan are held in a separate bank account, administered by an employee of the District. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. On June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

The Plan is administered by a third party trustee that handles all record keeping duties. The medical reimbursement and dependent care activity of the Plan is included in the financial statements as the Employee Benefit Trust Fund.

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

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2019:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds		
General Fund	\$ 5,712,927	\$ –
Nonmajor funds		
Food Service Special Revenue Fund	–	281,867
Fiduciary fund		
Post-Employment Benefits Trust Fund	–	5,431,060
	<u>\$ 5,712,927</u>	<u>\$ 5,712,927</u>

As of June 30, 2019, the District’s General Fund had an interfund receivable of \$281,867 due from the Food Service Special Revenue Fund to eliminate a temporary cash deficit. The remaining interfund balances represent post-employment benefit reimbursements due from the trust to the governmental funds. Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables or payables due between fiduciary funds and other District funds are not eliminated.

NOTE 10 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2019, the District’s Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$1,698,571. This deficit is expected to be eliminated through future premiums paid from the District’s governmental funds.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

The District is committed to a number of contracts for the construction and improvement of various district properties. At June 30, 2019, the remaining commitment under these contracts is \$8,940,038.

B. Federal and State Revenue

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

C. Legal Contingencies

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 12 – SUBSEQUENT EVENTS

In November 2019, the District sold \$10,330,000 of General Obligation Refunding Bonds, Series 2019A. The proceeds from this issue will be used to redeem the 2021 through 2024 maturities of the District's General Obligation School Building Refunding Bonds, Series 2010A and 2010B on February 1, 2020. The General Obligation Refunding Bonds, Series 2019A, bear an interest rate of 5.0 percent, and have a final maturity date of February 1, 2024.

In December 2019, the District sold \$16,605,000 of General Obligation Facilities Maintenance Bonds, Series 2019B, to finance the construction of various capital projects.

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. 281

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 State of Minnesota's Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's 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	0.4714%	\$ 22,144,010	\$ -	\$ 22,144,010	\$ 23,850,298	92.85%	78.70%
06/30/2016	06/30/2015	0.4383%	\$ 22,714,981	\$ -	\$ 22,714,981	\$ 25,717,752	88.32%	78.20%
06/30/2017	06/30/2016	0.4506%	\$ 36,586,485	\$ 477,849	\$ 37,064,334	\$ 27,936,974	130.96%	68.90%
06/30/2018	06/30/2017	0.4442%	\$ 28,357,435	\$ 356,565	\$ 28,714,000	\$ 28,513,259	99.45%	75.90%
06/30/2019	06/30/2018	0.4341%	\$ 24,082,088	\$ 789,866	\$ 24,871,954	\$ 29,158,626	82.59%	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	\$ 1,900,180	\$ 1,900,180	\$ -	\$ 25,717,752	7.39%
06/30/2016	\$ 2,095,274	\$ 2,095,274	\$ -	\$ 27,936,974	7.50%
06/30/2017	\$ 2,144,453	\$ 2,144,453	\$ -	\$ 28,513,259	7.52%
06/30/2018	\$ 2,186,897	\$ 2,186,897	\$ -	\$ 29,158,626	7.50%
06/30/2019	\$ 2,088,247	\$ 2,088,247	\$ -	\$ 27,844,660	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 281

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	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.4456%	\$ 66,612,207	\$ 4,686,092	\$ 71,298,299	\$ 65,989,556	100.94%	81.50%
06/30/2016	06/30/2015	1.3943%	\$ 86,251,245	\$ 10,579,374	\$ 96,830,619	\$ 70,765,080	121.88%	76.80%
06/30/2017	06/30/2016	1.4503%	\$345,931,154	\$ 34,723,065	\$380,654,219	\$ 75,456,567	458.45%	44.88%
06/30/2018	06/30/2017	1.4426%	\$287,969,129	\$ 27,837,905	\$315,807,034	\$ 77,542,890	371.37%	51.57%
06/30/2019	06/30/2018	1.4328%	\$ 89,993,251	\$ 8,455,056	\$ 98,448,307	\$ 79,157,830	113.69%	78.07%

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

District Fiscal Year-End	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 5,307,332	\$ 5,307,332	\$ -	\$ 70,765,080	7.50%
06/30/2016	\$ 5,658,083	\$ 5,658,083	\$ -	\$ 75,456,567	7.50%
06/30/2017	\$ 5,812,034	\$ 5,812,034	\$ -	\$ 77,542,890	7.50%
06/30/2018	\$ 5,927,137	\$ 5,927,137	\$ -	\$ 79,157,830	7.49%
06/30/2019	\$ 6,215,604	\$ 6,215,604	\$ -	\$ 80,619,743	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. 281

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

	Year Ended June 30,		
	2017	2018	2019
Total OPEB liability			
Service cost	\$ 374,192	\$ 395,745	\$ 429,786
Interest	551,130	559,636	554,056
Differences between expected and actual experience	–	–	(2,065,851)
Changes of assumptions	–	(15,942)	(650,979)
Changes of benefit terms	–	–	186,435
Benefit payments	(1,014,169)	(583,727)	(681,324)
Net change in total OPEB liability	(88,847)	355,712	(2,227,877)
Total OPEB liability – beginning of year	9,717,759	9,628,912	9,984,624
Total OPEB liability – end of year	9,628,912	9,984,624	7,756,747
Plan fiduciary net position			
Contributions – paid from governmental funds	28,001	–	–
Net investment income	1,039,704	823,399	1,265,190
Benefit payments – paid from governmental funds	(28,001)	–	–
Benefit payments – paid from trust	(986,168)	(583,727)	(681,324)
Administrative expense	(7,007)	(86,547)	(6,296)
Other deductions – special item (Note 2)	–	–	(4,749,736)
Net change in plan fiduciary net position	46,529	153,125	(4,172,166)
Plan fiduciary net position – beginning of year	18,054,443	18,100,972	18,254,097
Plan fiduciary net position – end of year	18,100,972	18,254,097	14,081,931
Net OPEB liability (asset)	\$ (8,472,060)	\$ (8,269,473)	\$ (6,325,184)
Plan fiduciary net position as a percentage of the total OPEB liability	187.99%	182.82%	181.54%
Covered-employee payroll	\$ 115,661,449	\$ 115,803,161	\$ 92,975,942
Net OPEB liability (asset) as a percentage of covered-employee payroll	(7.32%)	(7.14%)	(6.80%)

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note 2: In fiscal 2019, the District made a draw from the trust to reimburse the District for OPEB costs incurred since the trust was established (fiscal years 2009 through 2018) that had not previously been reimbursed.

INDEPENDENT SCHOOL DISTRICT NO. 281

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	5.76%
2018	4.11%
2019	6.93%

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

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INDEPENDENT SCHOOL DISTRICT NO. 281

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. 281

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. 281

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. 281

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. 281

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Mortality and salary increase rates were updated to those used in the current PERA and TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 2.75 percent to 2.50 percent.

2019 CHANGES IN PLAN PROVISIONS

- OPEB benefits were added for the child nutrition, office employees, program directors, and program assistant contract groups.
- Retiree premiums and District-provided contribution amounts were updated to current levels.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The discount rate was changed from 5.75 percent to 5.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Withdrawal, disability, retirement, mortality, and salary increase rates were updated to correct the PERA and the TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 3.00 percent to 2.75 percent.
- The discount rate was changed from 4.00 percent to 5.75 percent.

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2019

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ —	\$ 2,539,808	\$ 2,539,808
Receivables			
Current taxes	—	1,192,681	1,192,681
Delinquent taxes	—	16,787	16,787
Accounts and interest	723,493	81,393	804,886
Due from other governmental units	730,826	447,175	1,178,001
Inventory	62,303	—	62,303
Prepaid items	4,062	—	4,062
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,520,684</u>	<u>\$ 4,277,844</u>	<u>\$ 5,798,528</u>
Liabilities			
Salaries payable	\$ 21,594	\$ 232,004	\$ 253,598
Accounts and contracts payable	61,683	77,052	138,735
Due to other governmental units	—	1,863	1,863
Due to other funds	281,867	—	281,867
Unearned revenue	141,139	120,469	261,608
Total liabilities	<u>506,283</u>	<u>431,388</u>	<u>937,671</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	—	2,400,733	2,400,733
Unavailable revenue – delinquent taxes	—	12,874	12,874
Total deferred inflows of resources	<u>—</u>	<u>2,413,607</u>	<u>2,413,607</u>
Fund balances			
Nonspendable	66,365	—	66,365
Restricted	948,036	1,432,849	2,380,885
Total fund balances	<u>1,014,401</u>	<u>1,432,849</u>	<u>2,447,250</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,520,684</u>	<u>\$ 4,277,844</u>	<u>\$ 5,798,528</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2019

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 2,046,923	\$ 2,046,923
Investment earnings	7,017	52,097	59,114
Other	2,104,594	5,642,264	7,746,858
State sources	412,901	2,910,398	3,323,299
Federal sources	5,015,546	257,131	5,272,677
Total revenue	<u>7,540,058</u>	<u>10,908,813</u>	<u>18,448,871</u>
Expenditures			
Current			
Food service	7,461,022	-	7,461,022
Community service	-	10,854,534	10,854,534
Capital outlay	49,645	53,776	103,421
Total expenditures	<u>7,510,667</u>	<u>10,908,310</u>	<u>18,418,977</u>
Net change in fund balances	29,391	503	29,894
Fund balances			
Beginning of year	<u>985,010</u>	<u>1,432,346</u>	<u>2,417,356</u>
End of year	<u>\$ 1,014,401</u>	<u>\$ 1,432,849</u>	<u>\$ 2,447,250</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 13,796,889	\$ 13,011,098
Receivables		
Current taxes	21,935,935	17,630,970
Delinquent taxes	317,398	299,655
Accounts and interest	169,170	179,244
Due from other governmental units	13,939,831	15,056,755
Due from other funds	5,712,927	1,083,186
Inventory	209,167	232,567
Prepaid items	55,379	253,529
	<u>56,136,696</u>	<u>47,747,004</u>
Total assets	<u>\$ 56,136,696</u>	<u>\$ 47,747,004</u>
Liabilities		
Salaries payable	\$ 707,057	\$ 980,263
Accounts and contracts payable	7,162,351	7,102,385
Due to other governmental units	1,048,739	536,406
Unearned revenue	733,973	593,583
Total liabilities	<u>9,652,120</u>	<u>9,212,637</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	40,187,699	33,242,117
Unavailable revenue – delinquent taxes	242,447	312,337
Total deferred inflows of resources	<u>40,430,146</u>	<u>33,554,454</u>
Fund balances (deficit)		
Nonspendable for inventory	209,167	232,567
Nonspendable for prepaid items	55,379	253,529
Restricted for staff development	–	5,878
Restricted for health and safety	–	226,635
Restricted for capital projects levy	1,218,457	718,695
Restricted for operating capital	3,062,492	4,304,617
Restricted for basic skills	690,120	–
Restricted for LTFM	23,753	–
Restricted for Medical Assistance	–	557,340
Assigned for building carryover	645,772	–
Assigned for LCTS program	162,096	–
Assigned for Q Comp	402,551	–
Unassigned – safe schools levy restricted account deficit	(415,357)	(348,736)
Unassigned – LTFM restricted account deficit	–	(192,793)
Unassigned	–	(777,819)
Total fund balances	<u>6,054,430</u>	<u>4,979,913</u>
	<u>\$ 56,136,696</u>	<u>\$ 47,747,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,136,696</u>	<u>\$ 47,747,004</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 36,721,988	\$ 37,343,094	\$ 621,106	\$ 35,734,126
Investment earnings	100,840	263,638	162,798	199,551
Other	3,107,981	3,716,513	608,532	3,519,274
State sources	125,090,303	125,643,126	552,823	121,946,342
Federal sources	7,658,999	7,343,176	(315,823)	5,641,713
Total revenue	<u>172,680,111</u>	<u>174,309,547</u>	<u>1,629,436</u>	<u>167,041,006</u>
Expenditures				
Current				
Administration				
Salaries	4,268,298	4,897,795	629,497	4,663,048
Employee benefits	1,208,424	1,506,469	298,045	1,300,773
Purchased services	209,160	94,327	(114,833)	88,394
Supplies and materials	56,372	82,213	25,841	48,058
Capital expenditures	7,750	350	(7,400)	1,077
Other expenditures	30,471	87,422	56,951	110,915
Total administration	<u>5,780,475</u>	<u>6,668,576</u>	<u>888,101</u>	<u>6,212,265</u>
District support services				
Salaries	3,697,831	2,697,265	(1,000,566)	2,887,451
Employee benefits	818,697	799,173	(19,524)	878,477
Purchased services	2,585,158	3,039,954	454,796	1,209,106
Supplies and materials	796,175	850,783	54,608	734,514
Capital expenditures	3,299,120	2,566,214	(732,906)	2,012,345
Other expenditures	(541,941)	(270,975)	270,966	(55,546)
Total district support services	<u>10,655,040</u>	<u>9,682,414</u>	<u>(972,626)</u>	<u>7,666,347</u>
Elementary and secondary regular instruction				
Salaries	53,926,803	54,404,933	478,130	54,577,762
Employee benefits	15,952,007	15,887,071	(64,936)	16,224,609
Purchased services	3,671,060	3,244,715	(426,345)	3,244,724
Supplies and materials	1,365,965	3,117,100	1,751,135	1,249,315
Capital expenditures	307,931	267,015	(40,916)	349,243
Other expenditures	277,876	860,325	582,449	756,056
Total elementary and secondary regular instruction	<u>75,501,642</u>	<u>77,781,159</u>	<u>2,279,517</u>	<u>76,401,709</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	1,127,589	863,996	(263,593)	1,017,051
Employee benefits	294,384	269,703	(24,681)	314,632
Purchased services	99,120	50,357	(48,763)	7,463
Supplies and materials	44,480	33,725	(10,755)	36,693
Capital expenditures	45,000	21,416	(23,584)	20,943
Other expenditures	7,500	12,142	4,642	10,918
Total vocational education instruction	<u>1,618,073</u>	<u>1,251,339</u>	<u>(366,734)</u>	<u>1,407,700</u>
Special education instruction				
Salaries	21,731,364	23,395,993	1,664,629	21,851,959
Employee benefits	8,169,090	7,466,111	(702,979)	6,909,314
Purchased services	1,202,434	1,351,341	148,907	2,417,329
Supplies and materials	105,745	291,052	185,307	190,339
Capital expenditures	51,151	20,935	(30,216)	46,637
Other expenditures	5,000	131,047	126,047	121,125
Total special education instruction	<u>31,264,784</u>	<u>32,656,479</u>	<u>1,391,695</u>	<u>31,536,703</u>
Instructional support services				
Salaries	13,107,666	9,011,145	(4,096,521)	10,601,016
Employee benefits	2,230,854	2,333,486	102,632	2,731,204
Purchased services	454,217	899,284	445,067	881,470
Supplies and materials	549,771	795,465	245,694	1,184,190
Capital expenditures	–	25	25	3,388
Other expenditures	–	84,454	84,454	60,859
Total instructional support services	<u>16,342,508</u>	<u>13,123,859</u>	<u>(3,218,649)</u>	<u>15,462,127</u>
Pupil support services				
Salaries	4,955,314	5,068,079	112,765	5,181,592
Employee benefits	1,733,344	1,556,826	(176,518)	1,519,011
Purchased services	10,501,571	10,935,601	434,030	10,067,349
Supplies and materials	245,675	760,021	514,346	320,212
Capital expenditures	18,464	13,455	(5,009)	2,496
Other expenditures	–	36,563	36,563	83,706
Total pupil support services	<u>17,454,368</u>	<u>18,370,545</u>	<u>916,177</u>	<u>17,174,366</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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)				
Sites and buildings				
Salaries	4,249,455	4,785,990	536,535	5,471,244
Employee benefits	1,608,895	1,707,409	98,514	1,854,266
Purchased services	8,972,091	8,031,075	(941,016)	7,502,681
Supplies and materials	992,048	819,575	(172,473)	888,195
Capital expenditures	1,339,480	1,484,166	144,686	3,197,759
Other expenditures	512,171	116,866	(395,305)	26,634
Total sites and buildings	<u>17,674,140</u>	<u>16,945,081</u>	<u>(729,059)</u>	<u>18,940,779</u>
Fiscal and other fixed cost programs				
Purchased services	578,021	452,980	(125,041)	521,264
Debt service				
Principal	–	769,567	769,567	203,584
Interest and fiscal charges	–	282,767	282,767	93,999
Total debt service	<u>–</u>	<u>1,052,334</u>	<u>1,052,334</u>	<u>297,583</u>
Total expenditures	<u>176,869,051</u>	<u>177,984,766</u>	<u>1,115,715</u>	<u>175,620,843</u>
Excess (deficiency) of revenue over expenditures	(4,188,940)	(3,675,219)	513,721	(8,579,837)
Special item – OPEB trust draw	<u>–</u>	<u>4,749,736</u>	<u>4,749,736</u>	<u>–</u>
Net change in fund balances	<u>\$ (4,188,940)</u>	<u>1,074,517</u>	<u>\$ 5,263,457</u>	<u>(8,579,837)</u>
Fund balances				
Beginning of year		<u>4,979,913</u>		<u>13,559,750</u>
End of year		<u>\$ 6,054,430</u>		<u>\$ 4,979,913</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2019</u>	<u>2018</u>
Assets		
Receivables		
Accounts and interest	\$ 723,493	\$ 638,355
Due from other governmental units	730,826	1,003,076
Due from other funds	-	48,810
Inventory	62,303	72,855
Prepaid items	<u>4,062</u>	<u>6,525</u>
Total assets	<u>\$ 1,520,684</u>	<u>\$ 1,769,621</u>
Liabilities		
Salaries payable	\$ 21,594	\$ 16,449
Accounts and contracts payable	61,683	84,581
Due to other funds	281,867	566,834
Unearned revenue	<u>141,139</u>	<u>116,747</u>
Total liabilities	506,283	784,611
Fund balances		
Nonspendable for inventory	62,303	72,855
Nonspendable for prepaid items	4,062	6,525
Restricted for food service	<u>948,036</u>	<u>905,630</u>
Total fund balances	<u>1,014,401</u>	<u>985,010</u>
Total liabilities and fund balances	<u>\$ 1,520,684</u>	<u>\$ 1,769,621</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ -	\$ 7,017	\$ 7,017	\$ 1,631
Other – primarily meal sales	2,141,464	2,104,594	(36,870)	2,101,585
State sources	416,714	412,901	(3,813)	408,972
Federal sources	5,390,699	5,015,546	(375,153)	5,253,706
Total revenue	<u>7,948,877</u>	<u>7,540,058</u>	<u>(408,819)</u>	<u>7,765,894</u>
Expenditures				
Current				
Salaries	2,503,210	2,521,311	18,101	2,475,189
Employee benefits	992,523	997,952	5,429	948,490
Purchased services	231,587	279,416	47,829	154,269
Supplies and materials	4,038,408	3,637,451	(400,957)	3,847,440
Other expenditures	45,000	24,892	(20,108)	36,573
Capital outlay	153,722	49,645	(104,077)	545,229
Total expenditures	<u>7,964,450</u>	<u>7,510,667</u>	<u>(453,783)</u>	<u>8,007,190</u>
Excess (deficiency) of revenue over expenditures	(15,573)	29,391	44,964	(241,296)
Other financing sources				
Sale of assets	-	-	-	50
Net change in fund balances	<u>\$ (15,573)</u>	<u>29,391</u>	<u>\$ 44,964</u>	<u>(241,246)</u>
Fund balances				
Beginning of year		<u>985,010</u>		<u>1,226,256</u>
End of year		<u>\$ 1,014,401</u>		<u>\$ 985,010</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 2,539,808	\$ 2,791,413
Receivables		
Current taxes	1,192,681	982,895
Delinquent taxes	16,787	15,095
Accounts and interest	81,393	30,050
Due from other governmental units	447,175	319,370
Due from other funds	-	18,565
Prepaid items	-	1,680
	<u> </u>	<u> </u>
Total assets	<u>\$ 4,277,844</u>	<u>\$ 4,159,068</u>
Liabilities		
Salaries payable	\$ 232,004	\$ 249,796
Accounts and contracts payable	77,052	254,640
Due to other governmental units	1,863	6,232
Unearned revenue	120,469	146,509
	<u> </u>	<u> </u>
Total liabilities	431,388	657,177
Deferred inflows of resources		
Property taxes levied for subsequent year	2,400,733	2,054,024
Unavailable revenue – delinquent taxes	12,874	15,521
	<u> </u>	<u> </u>
Total deferred inflows of resources	2,413,607	2,069,545
Fund balances		
Nonspendable for prepaid items	-	1,680
Restricted for community education programs	670,139	708,474
Restricted for early childhood family education programs	222,048	200,840
Restricted for school readiness	303,173	337,103
Restricted for adult basic education	151,832	78,917
Restricted for community service	85,657	105,332
	<u> </u>	<u> </u>
Total fund balances	1,432,849	1,432,346
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,277,844</u>	<u>\$ 4,159,068</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 1,715,770	\$ 2,046,923	\$ 331,153	\$ 1,838,995
Investment earnings	–	52,097	52,097	30,293
Other – primarily tuition and fees	5,353,115	5,642,264	289,149	5,291,223
State sources	2,769,395	2,910,398	141,003	2,704,917
Federal sources	259,443	257,131	(2,312)	231,960
Total revenue	<u>10,097,723</u>	<u>10,908,813</u>	<u>811,090</u>	<u>10,097,388</u>
Expenditures				
Current				
Salaries	6,433,279	7,276,669	843,390	6,920,864
Employee benefits	2,135,427	2,177,185	41,758	2,091,010
Purchased services	1,132,400	1,038,656	(93,744)	894,634
Supplies and materials	353,243	338,456	(14,787)	415,339
Other expenditures	28,669	23,568	(5,101)	44,645
Capital outlay	135,673	53,776	(81,897)	58,925
Total expenditures	<u>10,218,691</u>	<u>10,908,310</u>	<u>689,619</u>	<u>10,425,417</u>
Net change in fund balances	<u>\$ (120,968)</u>	503	<u>\$ 121,471</u>	(328,029)
Fund balances				
Beginning of year		<u>1,432,346</u>		<u>1,760,375</u>
End of year		<u>\$ 1,432,849</u>		<u>\$ 1,432,346</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 6,141,826	\$ 14,353,557
Cash and investments held by trustee	1,797	330
Receivables		
Accounts and interest	<u>1,009</u>	<u>1,009</u>
 Total assets	 <u><u>\$ 6,144,632</u></u>	 <u><u>\$ 14,354,896</u></u>
Liabilities		
Accounts and contracts payable	\$ 3,119,480	\$ 1,968,745
Fund balances		
Restricted for projects funded by certificates of participation	261,494	261,494
Restricted for long-term facilities maintenance	1,617,834	10,985,938
Restricted for capital projects	<u>1,145,824</u>	<u>1,138,719</u>
Total fund balances	<u><u>3,025,152</u></u>	<u><u>12,386,151</u></u>
 Total liabilities and fund balances	 <u><u>\$ 6,144,632</u></u>	 <u><u>\$ 14,354,896</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ –	\$ 280,575	\$ 280,575	\$ 128,460
Other	–	–	–	1,489
Total revenue	–	280,575	280,575	129,949
Expenditures				
Capital outlay				
Salaries	–	38,188	38,188	149,283
Employee benefits	–	9,017	9,017	39,876
Purchased services	–	217,435	217,435	118,880
Supplies and materials	–	–	–	542
Capital expenditures	7,286,764	9,376,934	2,090,170	15,063,843
Debt service				
Fiscal charges and other	–	–	–	191,756
Total expenditures	7,286,764	9,641,574	2,354,810	15,564,180
Excess (deficiency) of revenue over expenditures	(7,286,764)	(9,360,999)	(2,074,235)	(15,434,231)
Other financing sources				
Bonds and certificates of participation issued	30,300,000	–	(30,300,000)	14,200,000
Premiums on debt issued	–	–	–	924,549
Total other financing sources	30,300,000	–	(30,300,000)	15,124,549
Net change in fund balances	\$ 23,013,236	(9,360,999)	\$ (32,374,235)	(309,682)
Fund balances				
Beginning of year		12,386,151		12,695,833
End of year		\$ 3,025,152		\$ 12,386,151

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 11,589,086	\$ 599,151	\$ 12,188,237	\$ 13,264,466
Receivables				
Current taxes	9,040,546	114,771	9,155,317	10,016,042
Delinquent taxes	157,112	16,731	173,843	159,517
Due from other governmental units	92,320	–	92,320	89,105
Prepaid items	–	–	–	1,500
Total assets	<u>\$ 20,879,064</u>	<u>\$ 730,653</u>	<u>\$ 21,609,717</u>	<u>\$ 23,530,630</u>
Liabilities				
Accounts payable	\$ 1,663	\$ –	\$ 1,663	\$ 5,700
Deferred inflows of resources				
Property taxes levied for subsequent year	18,197,604	231,021	18,428,625	20,931,220
Unavailable revenue – delinquent taxes	120,365	12,809	133,174	165,907
Total deferred inflows of resources	<u>18,317,969</u>	<u>243,830</u>	<u>18,561,799</u>	<u>21,097,127</u>
Fund balances				
Nonspendable for prepaid items	–	–	–	1,500
Restricted for debt service	2,559,432	486,823	3,046,255	2,426,303
Total fund balances	<u>2,559,432</u>	<u>486,823</u>	<u>3,046,255</u>	<u>2,427,803</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,879,064</u>	<u>\$ 730,653</u>	<u>\$ 21,609,717</u>	<u>\$ 23,530,630</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Total
		Regular Debt Service Account	OPEB Debt Service Account	
Revenue				
Local sources				
Property taxes	\$ 21,228,005	\$ 18,948,962	\$ 1,911,123	\$ 20,860,085
Investment earnings	–	157,141	52,239	209,380
State sources	–	932,233	3	932,236
Total revenue	<u>21,228,005</u>	<u>20,038,336</u>	<u>1,963,365</u>	<u>22,001,701</u>
Expenditures				
Debt service				
Principal	13,305,000	13,385,000	1,345,000	14,730,000
Interest	9,117,754	6,070,649	569,765	6,640,414
Fiscal charges and other	–	28,712	79,123	107,835
Total expenditures	<u>22,422,754</u>	<u>19,484,361</u>	<u>1,993,888</u>	<u>21,478,249</u>
Excess (deficiency) of revenue over expenditures	(1,194,749)	553,975	(30,523)	523,452
Other financing sources (uses)				
Refunding bonds issued	–	–	9,910,000	9,910,000
Payment to refunded bond escrow agent	–	–	(9,815,000)	(9,815,000)
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>95,000</u>	<u>95,000</u>
Net change in fund balances	<u>\$ (1,194,749)</u>	553,975	64,477	618,452
Fund balances				
Beginning of year		<u>2,005,457</u>	<u>422,346</u>	<u>2,427,803</u>
End of year		<u>\$ 2,559,432</u>	<u>\$ 486,823</u>	<u>\$ 3,046,255</u>

	<u>2018</u>	
Over (Under) Budget	<u>Actual</u>	
\$ (367,920)	\$ 19,946,037	
209,380	102,753	
<u>932,236</u>	<u>916,247</u>	
773,696	20,965,037	
1,425,000	13,910,000	
(2,477,340)	6,916,845	
<u>107,835</u>	<u>15,700</u>	
<u>(944,505)</u>	<u>20,842,545</u>	
1,718,201	122,492	
9,910,000	—	
<u>(9,815,000)</u>	<u>—</u>	
<u>95,000</u>	<u>—</u>	
<u>\$ 1,813,201</u>	122,492	
	<u>2,305,311</u>	
	<u>\$ 2,427,803</u>	

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>Dental Self-Insurance</u>	<u>Health Benefits Self-Insurance</u>	<u>Totals</u>	
			<u>2019</u>	<u>2018</u>
Assets				
Current assets				
Cash and temporary investments	\$ 1,331,661	\$ 1,986,284	\$ 3,317,945	\$ 4,349,468
Liabilities				
Current liabilities				
Claims payable	23,896	1,359,175	1,383,071	2,295,861
Unearned revenue	138,327	2,325,680	2,464,007	1,227,508
Total current liabilities	<u>162,223</u>	<u>3,684,855</u>	<u>3,847,078</u>	<u>3,523,369</u>
Net position				
Unrestricted	<u>\$ 1,169,438</u>	<u>\$ (1,698,571)</u>	<u>\$ (529,133)</u>	<u>\$ 826,099</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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)

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2019	2018
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 1,284,903	\$ 15,400,996	\$ 16,685,899	\$ 17,310,119
Operating expenses				
Dental benefit claims	1,340,583	-	1,340,583	1,307,421
Health benefit claims	-	16,746,084	16,746,084	18,484,823
Total operating expenses	<u>1,340,583</u>	<u>16,746,084</u>	<u>18,086,667</u>	<u>19,792,244</u>
Operating income (loss)	(55,680)	(1,345,088)	(1,400,768)	(2,482,125)
Nonoperating revenue				
Investment earnings	<u>21,568</u>	<u>23,968</u>	<u>45,536</u>	<u>46,385</u>
Change in net position	(34,112)	(1,321,120)	(1,355,232)	(2,435,740)
Net position				
Beginning of year	<u>1,203,550</u>	<u>(377,451)</u>	<u>826,099</u>	<u>3,261,839</u>
End of year	<u>\$ 1,169,438</u>	<u>\$ (1,698,571)</u>	<u>\$ (529,133)</u>	<u>\$ 826,099</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Dental	Health Benefits	Totals	
	Self-Insurance	Self-Insurance	2019	2018
Cash flows from operating activities				
Contributions from governmental funds	\$ 1,291,081	\$ 16,631,317	\$ 17,922,398	\$ 17,310,119
Payments for dental claims	(1,338,926)	–	(1,338,926)	(1,325,178)
Payments for health claims	–	(17,660,531)	(17,660,531)	(17,397,951)
Net cash flows from operating activities	(47,845)	(1,029,214)	(1,077,059)	(1,413,010)
Cash flows from investing activities				
Investment income received	21,568	23,968	45,536	46,385
Net change in cash and cash equivalents	(26,277)	(1,005,246)	(1,031,523)	(1,366,625)
Cash and cash equivalents				
Beginning of year	1,357,938	2,991,530	4,349,468	5,716,093
End of year	\$ 1,331,661	\$ 1,986,284	\$ 3,317,945	\$ 4,349,468
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (55,680)	\$ (1,345,088)	\$ (1,400,768)	\$ (2,482,125)
Adjustments to reconcile operating income (loss) to cash flows from operating activities				
Changes in assets and liabilities				
Claims payable	1,657	(914,447)	(912,790)	1,069,115
Unearned revenue	6,178	1,230,321	1,236,499	–
Net cash flows from operating activities	\$ (47,845)	\$ (1,029,214)	\$ (1,077,059)	\$ (1,413,010)

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Post-Employment Benefits Trust Fund	Employee Benefit Trust Fund	Totals
Assets			
Cash and cash equivalents	\$ —	\$ 421,078	\$ 421,078
Investments			
Mutual funds	19,512,991	—	19,512,991
Total assets	<u>19,512,991</u>	<u>421,078</u>	<u>19,934,069</u>
Liabilities			
Due to other funds	<u>5,431,060</u>	<u>—</u>	<u>5,431,060</u>
Net position			
Held in trust for employee benefits	<u>\$ 14,081,931</u>	<u>\$ 421,078</u>	<u>\$ 14,503,009</u>

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

	Post-Employment Benefits Trust Fund	Employee Benefit Trust Fund	Totals
Additions			
Contributions			
Plan member contributions	\$ —	\$ 736,907	\$ 736,907
Investment earnings	1,322,238	—	1,322,238
Total additions	<u>1,322,238</u>	<u>736,907</u>	<u>2,059,145</u>
Deductions			
Flexible benefits	—	758,657	758,657
Retirement benefits	681,324	—	681,324
Administrative and other expenses	63,344	—	63,344
Total deductions	<u>744,668</u>	<u>758,657</u>	<u>1,503,325</u>
Change in net position before special item	577,570	(21,750)	555,820
Special item – OPEB trust draw	<u>(4,749,736)</u>	<u>—</u>	<u>(4,749,736)</u>
Change in net position	(4,172,166)	(21,750)	(4,193,916)
Net position			
Beginning of year	<u>18,254,097</u>	<u>442,828</u>	<u>18,696,925</u>
End of year	<u>\$ 14,081,931</u>	<u>\$ 421,078</u>	<u>\$ 14,503,009</u>

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**STATISTICAL SECTION
(UNAUDITED)**

**STATISTICAL SECTION
(UNAUDITED)**

This section of Independent School District No. 281, Robbinsdale Area Schools' (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. 281

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	\$ 91,838,388	\$ 89,269,252	\$ 93,870,910	\$ 95,833,155
Restricted	9,271,428	17,648,539	18,157,806	14,265,052
Unrestricted	9,420,046	16,601,884	19,053,209	16,714,922
Total governmental activities	<u>\$ 110,529,862</u>	<u>\$ 123,519,675</u>	<u>\$ 131,081,925</u>	<u>\$ 126,813,129</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 net position by approximately \$101.1 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$3.4 million. Prior year amounts have not been restated.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 106,560,557	\$ 107,207,460	\$ 122,266,332	\$ 115,303,157	\$ 117,654,573	\$ 116,151,974
4,501,991	5,848,970	8,691,982	9,768,518	11,038,463	11,057,047
<u>14,680,171</u>	<u>(83,516,985)</u>	<u>(86,000,673)</u>	<u>(142,988,687)</u>	<u>(199,663,718)</u>	<u>(164,847,615)</u>
<u>\$ 125,742,719</u>	<u>\$ 29,539,445</u>	<u>\$ 44,957,641</u>	<u>\$ (17,917,012)</u>	<u>\$ (70,970,682)</u>	<u>\$ (37,638,594)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Expenses				
Administration	\$ 3,265,762	\$ 4,721,420	\$ 5,254,684	\$ 4,939,023
District support services	4,244,896	4,022,006	4,007,776	3,296,804
Elementary and secondary regular instruction	63,422,893	61,558,467	67,086,723	71,691,366
Vocational education instruction	3,268,132	2,922,693	3,257,103	2,454,349
Special education instruction	22,070,152	21,442,593	22,327,429	23,808,735
Instructional support services	6,887,487	6,928,011	7,210,665	8,280,859
Pupil support services	12,385,012	13,066,229	13,986,891	13,881,436
Sites and buildings	26,617,949	24,689,560	26,014,078	29,182,133
Fiscal and other fixed cost programs	474,219	470,583	467,751	501,766
Food service	5,940,503	5,694,290	6,441,276	6,615,100
Community service	7,788,768	7,820,064	8,081,600	8,167,201
Interest and fiscal charges on debt	8,598,049	8,869,478	7,174,191	8,588,804
Total expenses	<u>164,963,822</u>	<u>162,205,394</u>	<u>171,310,167</u>	<u>181,407,576</u>
Program revenues				
Charges for services				
Administration	-	-	-	-
District support services	4,937	4,783	250	-
Elementary and secondary regular instruction	1,716,661	1,249,357	2,012,918	1,151,548
Vocational education instruction	2,118	1,992	1,415	-
Special education instruction	7,748	12,082	11,222	9,568
Instructional support services	15,524	21,441	45,705	14,343
Pupil support services	63,333	80,255	63,398	56,462
Sites and buildings	1,629,512	1,415,346	1,512,452	287,425
Food service	2,619,119	2,508,784	2,541,098	2,304,145
Community service	3,211,959	3,183,403	3,396,561	3,596,651
Total charges for services	<u>9,270,911</u>	<u>8,477,443</u>	<u>9,585,019</u>	<u>7,420,142</u>
Operating grants and contributions	31,893,287	28,195,959	25,617,442	25,623,668
Capital grants and contributions	3,052,837	3,027,743	973,129	-
Total program revenues	<u>44,217,035</u>	<u>39,701,145</u>	<u>36,175,590</u>	<u>33,043,810</u>
Net (expense) revenue	(120,746,787)	(122,504,249)	(135,134,577)	(148,363,766)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	30,301,163	42,140,903	27,699,645	30,424,159
Property taxes, levied for community service	1,554,723	2,432,268	1,721,469	1,844,255
Property taxes, levied for building construction	5,695,569	5,697,723	6,084,113	3,252,849
Property taxes, levied for debt service	15,216,114	16,137,889	17,427,622	17,775,903
General grants and aids	73,066,799	65,790,325	86,221,137	88,456,839
Other general revenues	3,087,196	3,264,695	3,431,905	2,290,343
Gain on disposal of capital assets	-	-	-	-
Investment earnings	278,822	30,259	110,936	50,622
Special item – conveyance of FAIR School	-	-	-	-
Special item – OPEB trust draw	-	-	-	-
Total general revenues and other changes in net position	<u>129,200,386</u>	<u>135,494,062</u>	<u>142,696,827</u>	<u>144,094,970</u>
Change in net position	<u>\$ 8,453,599</u>	<u>\$ 12,989,813</u>	<u>\$ 7,562,250</u>	<u>\$ (4,268,796)</u>

	2014	2015	2016	2017	2018	2019
\$	5,323,237	\$ 5,390,640	\$ 6,098,358	\$ 7,886,010	\$ 7,721,781	\$ 5,515,211
	4,655,575	5,367,003	7,218,076	8,291,512	7,836,267	9,766,522
	74,585,367	75,849,372	84,552,454	115,652,948	106,754,453	53,979,385
	1,891,133	1,928,738	1,794,043	2,284,209	1,986,611	773,463
	24,965,365	25,746,822	28,164,535	36,782,980	39,746,365	25,976,927
	8,669,006	11,497,919	10,769,418	17,235,990	19,570,243	9,105,680
	13,749,311	13,480,522	15,015,158	17,528,400	19,034,575	17,315,538
	28,589,660	27,603,972	25,787,522	34,887,431	30,324,113	33,669,988
	396,227	533,245	454,428	557,141	521,264	452,980
	6,482,286	7,054,514	7,822,574	8,429,759	8,020,908	7,706,006
	8,449,009	8,295,446	8,840,567	11,033,134	11,745,783	10,154,134
	5,792,505	5,644,096	6,107,024	6,758,127	5,864,901	5,636,378
	183,548,681	188,392,289	202,624,157	267,327,641	259,127,264	180,052,212
	800	165	652	625	330	330
	14,161	162,582	247,734	145,124	134,508	225,115
	1,410,509	1,101,536	1,119,601	1,264,788	1,182,309	940,917
	2,415	2,326	18	14	-	-
	147,548	208,893	195,777	267,964	483,254	400,456
	15,070	8,675	903	222	1,503	1,871
	22,363	47,177	38,486	-	2,768	166,538
	2,037,673	282,482	93,200	113,621	15,008	20,618
	2,226,066	2,217,047	2,172,672	2,052,382	2,101,585	2,104,594
	4,199,608	3,894,381	4,368,503	4,939,077	5,291,223	5,642,264
	10,076,213	7,925,264	8,237,546	8,783,817	9,212,488	9,502,703
	26,227,085	27,540,323	28,424,275	29,846,808	29,103,055	34,578,208
	-	-	-	-	-	-
	36,303,298	35,465,587	36,661,821	38,630,625	38,315,543	44,080,911
	(147,245,383)	(152,926,702)	(165,962,336)	(228,697,016)	(220,811,721)	(135,971,301)
	18,184,240	31,895,867	35,886,676	37,576,196	35,777,957	37,273,204
	972,623	1,784,695	1,690,354	1,729,633	1,841,325	2,044,276
	2,320,542	2,540,747	1,440,091	-	-	-
	17,988,593	18,626,998	18,175,924	18,800,718	19,973,568	20,827,352
	104,689,723	99,826,289	107,504,169	109,188,461	107,954,995	101,589,910
	1,146,041	3,130,188	1,914,060	1,512,981	1,701,133	1,960,668
	859,894	-	-	-	-	-
	13,317	12,767	106,758	377,622	509,073	858,243
	-	-	14,662,500	-	-	-
	-	-	-	-	-	4,749,736
	146,174,973	157,817,551	181,380,532	169,185,611	167,758,051	169,303,389
\$	(1,070,410)	\$ 4,890,849	\$ 15,418,196	\$ (59,511,405)	\$ (53,053,670)	\$ 33,332,088

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	Building Construction	Debt Service	
2010	\$ 30,301,163	\$ 1,554,723	\$ 5,695,569	\$ 15,216,114	\$ 52,767,569
2011	42,140,903	2,432,268	5,697,723	16,137,889	66,408,783
2012	27,699,645	1,721,469	6,084,113	17,427,622	52,932,849
2013	30,424,159	1,844,255	3,252,849	17,775,903	53,297,166
2014	18,184,240	972,623	2,320,542	17,988,593	39,465,998
2015	31,895,867	1,784,695	2,540,747	18,626,998	54,848,307
2016	35,886,676	1,690,354	1,440,091	18,175,924	57,193,045
2017	37,576,196	1,729,633	–	18,800,718	58,106,547
2018	35,777,957	1,841,325	–	19,973,568	57,592,850
2019	37,273,204	2,044,276	–	20,827,352	60,144,832

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Those changes were offset by an adjustment to state aid payments of an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 1,880,978	\$ 2,070,239	\$ 1,005,846	\$ 914,253
Restricted	6,391,551	6,202,569	3,486,453	1,158,322
Assigned	413,497	-	-	1,835,483
Unassigned	6,799,329	12,786,913	17,383,851	13,409,077
Total General Fund	<u>\$ 15,485,355</u>	<u>\$ 21,059,721</u>	<u>\$ 21,876,150</u>	<u>\$ 17,317,135</u>
All other governmental funds				
Nonspendable, reported in				
Special revenue funds	\$ 57,798	\$ 74,072	\$ 87,550	\$ 79,068
Capital Projects – Building				
Construction Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Restricted, reported in				
Special revenue funds	2,822,079	2,840,899	2,916,759	2,995,585
Capital Projects – Building				
Construction Fund	5,827,740	19,287,258	16,886,988	11,072,844
Debt Service Fund	41,025,067	46,842,001	10,685,888	3,013,158
Unassigned, reported in				
Capital Projects – Building				
Construction Fund	-	-	-	-
Total all other governmental funds	<u>\$ 49,732,684</u>	<u>\$ 69,044,230</u>	<u>\$ 30,577,185</u>	<u>\$ 17,160,655</u>

2014	2015	2016	2017	2018	2019
\$ 890,495	\$ 800,112	\$ 552,260	\$ 375,117	\$ 486,096	\$ 264,546
1,560,153	1,506,725	2,265,076	4,348,161	5,813,165	4,994,822
1,231,939	930,246	1,839,081	873,292	–	1,210,419
14,953,578	15,855,654	13,580,091	7,963,180	(1,319,348)	(415,357)
<u>\$ 18,636,165</u>	<u>\$ 19,092,737</u>	<u>\$ 18,236,508</u>	<u>\$ 13,559,750</u>	<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>
\$ 123,085	\$ 92,131	\$ 71,158	\$ 102,859	\$ 81,060	\$ 66,365
496	769	–	–	–	–
–	–	900	1,350	1,500	–
3,245,474	3,198,194	3,325,652	2,883,772	2,336,296	2,380,885
8,274,406	–	47,102,855	12,695,833	12,386,151	3,025,152
2,617,489	2,679,063	11,408,622	2,303,961	2,426,303	3,046,255
–	(276,195)	–	–	–	–
<u>\$ 14,260,950</u>	<u>\$ 5,693,962</u>	<u>\$ 61,909,187</u>	<u>\$ 17,987,775</u>	<u>\$ 17,231,310</u>	<u>\$ 8,518,657</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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				
Taxes	\$ 52,808,624	\$ 66,431,752	\$ 52,832,586	\$ 53,406,864
Investment earnings	275,979	30,302	106,565	48,062
Other	11,878,562	11,729,666	13,622,717	10,319,044
State sources	88,604,283	85,628,695	99,893,311	103,111,825
Federal sources	19,408,640	11,385,332	12,312,604	10,360,123
Total revenues	<u>172,976,088</u>	<u>175,205,747</u>	<u>178,767,783</u>	<u>177,245,918</u>
Expenditures				
Current				
Administration	4,120,538	4,893,005	4,948,012	4,928,293
District support services	3,564,904	3,249,904	3,247,017	3,073,635
Elementary and secondary regular instruction	60,910,733	61,621,318	63,837,775	68,702,102
Vocational education instruction	3,234,364	3,009,100	3,201,878	2,393,168
Special education instruction	21,607,328	21,623,658	21,918,570	23,296,305
Instructional support services	7,932,077	6,671,402	6,981,737	7,900,411
Pupil support services	11,838,514	12,598,149	13,263,280	13,284,375
Sites and buildings	13,497,762	12,545,861	12,026,127	13,296,728
Fiscal and other fixed cost programs	474,219	470,583	467,751	501,766
Food service	5,662,712	5,534,958	6,298,281	6,102,084
Community service	7,523,301	7,736,612	7,845,731	7,950,731
Capital outlay	11,079,156	11,104,790	18,049,095	27,099,007
Debt service				
Principal	8,974,330	10,367,549	11,038,778	11,545,312
Interest and fiscal charges	8,490,912	9,012,300	9,245,568	7,592,003
Total expenditures	<u>168,910,850</u>	<u>170,439,189</u>	<u>182,369,600</u>	<u>197,665,920</u>
Excess of revenues over (under) expenditures	4,065,238	4,766,558	(3,601,817)	(20,420,002)
Other financing sources (uses)				
Refunding debt issued	-	7,685,000	20,630,000	24,610,000
Debt issued	20,790,000	10,990,000	-	8,535,000
Premiums on debt issued	1,565,666	244,195	2,525,262	3,182,260
Payment to refunded bond escrow agent	-	-	(57,990,000)	(34,765,000)
Sale of capital assets	753,069	1,200,159	2,723	882,197
Transfers in	37,505	-	-	-
Transfers (out)	(37,505)	-	-	-
Capital leases	-	-	783,216	-
Total other financing sources (uses)	<u>23,108,735</u>	<u>20,119,354</u>	<u>(34,048,799)</u>	<u>2,444,457</u>
Special item – OPEB trust draw	-	-	-	-
Net change in fund balances	<u>\$ 27,173,973</u>	<u>\$ 24,885,912</u>	<u>\$ (37,650,616)</u>	<u>\$ (17,975,545)</u>
Debt service as a percentage of noncapital expenditures	<u>11.1%</u>	<u>12.2%</u>	<u>12.0%</u>	<u>10.8%</u>

2014	2015	2016	2017	2018	2019
\$ 39,592,903	\$ 54,844,379	\$ 57,309,754	\$ 58,167,629	\$ 57,519,158	\$ 60,250,102
13,317	12,767	106,758	349,903	462,688	812,707
11,222,254	11,055,452	10,151,606	10,296,798	10,913,571	11,463,371
120,362,250	116,764,176	124,317,336	123,539,976	125,976,478	129,898,661
10,554,558	10,398,015	11,611,108	11,099,637	11,127,379	12,615,853
181,745,282	193,074,789	203,496,562	203,453,943	205,999,274	215,040,694
5,352,963	5,457,327	5,876,647	6,057,838	6,211,188	6,668,226
3,955,195	3,996,042	4,460,021	7,539,458	5,654,002	7,116,200
71,812,151	75,446,692	82,611,441	80,495,431	76,052,466	77,514,144
1,851,632	1,950,594	1,799,623	1,505,730	1,386,757	1,229,923
24,373,242	25,753,766	27,740,788	27,998,488	31,490,066	32,635,544
8,265,307	11,484,753	10,468,901	13,890,413	15,458,739	13,123,834
13,181,909	13,018,795	14,674,569	15,417,357	17,171,870	18,357,090
13,546,358	13,427,858	13,598,259	14,352,208	15,743,020	15,460,915
396,227	533,245	454,428	557,141	521,264	452,980
6,322,283	6,956,562	7,499,503	7,434,021	7,461,961	7,461,022
8,175,526	8,167,323	8,779,365	9,529,583	10,366,492	10,854,534
25,252,839	16,241,393	29,095,514	51,330,006	21,610,466	14,118,571
12,465,481	12,492,199	12,375,776	13,312,096	14,113,584	15,499,567
6,816,235	6,378,142	6,640,092	8,148,233	7,218,300	7,031,016
201,767,348	201,304,691	226,074,927	257,568,003	230,460,175	227,523,566
(20,022,066)	(8,229,902)	(22,578,365)	(54,114,060)	(24,460,901)	(12,482,872)
–	9,640,000	9,380,000	12,170,000	–	9,910,000
16,625,000	–	67,135,000	9,535,000	14,200,000	–
161,221	1,603,918	3,932,191	1,476,967	924,549	–
–	(11,125,000)	(2,515,000)	(21,309,077)	–	(9,815,000)
1,655,170	568	5,170	–	50	–
–	–	9,238	–	–	–
–	–	(9,238)	–	–	–
–	–	–	3,643,000	–	–
18,441,391	119,486	77,937,361	5,515,890	15,124,599	95,000
–	–	–	–	–	4,749,736
\$ (1,580,675)	\$ (8,110,416)	\$ 55,358,996	\$ (48,598,170)	\$ (9,336,302)	\$ (7,638,136)
10.6%	9.4%	9.5%	10.0%	10.1%	10.4%

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	
2010	\$ 30,324,738	\$ 1,555,933	\$ 5,700,000	\$ 15,227,953	\$ 52,808,624
2011	42,155,478	2,433,109	5,699,694	16,143,471	66,431,752
2012	27,659,448	1,716,530	6,084,113	17,372,495	52,832,586
2013	30,507,654	1,848,270	3,252,849	17,798,091	53,406,864
2014	18,272,948	976,762	2,317,001	18,026,192	39,592,903
2015	31,906,847	1,784,355	2,538,546	18,614,631	54,844,379
2016	35,915,801	1,694,733	1,445,833	18,253,387	57,309,754
2017	37,616,397	1,731,656	–	18,819,576	58,167,629
2018	35,734,126	1,838,995	–	19,946,037	57,519,158
2019	37,343,094	2,046,923	–	20,860,085	60,250,102

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal years 2011 and 2014, which were offset by an equal adjustment to state aid payments.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Revenue by Source (1)
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous (2)	Total
2010	\$ 31,880,671 21.22%	\$ 87,056,968 57.94%	\$ 19,408,640 12.92%	\$ 11,899,238 7.92%	\$ 150,245,517 100.00%
2011	44,588,587 29.38%	84,045,406 55.38%	11,385,332 7.50%	11,740,546 7.74%	151,759,871 100.00%
2012	29,375,978 19.14%	98,213,652 64.01%	12,312,604 8.02%	13,557,721 8.82%	153,459,955 100.00%
2013	32,355,924 20.84%	102,210,710 65.84%	10,360,123 6.67%	10,327,046 6.64%	155,253,803 100.00%
2014	19,249,710 12.00%	119,462,108 74.45%	10,554,558 6.58%	11,200,301 6.98%	160,466,677 100.00%
2015	33,691,202 19.70%	115,864,130 67.75%	10,398,015 6.08%	11,064,587 6.47%	171,017,934 100.00%
2016	37,610,534 20.57%	123,417,289 67.50%	11,611,108 6.35%	10,197,238 5.58%	182,836,169 100.00%
2017	39,348,053 21.44%	122,665,128 66.84%	11,099,637 6.05%	10,409,678 5.67%	183,522,496 100.00%
2018	37,573,121 20.32%	125,060,231 67.64%	11,127,379 6.02%	11,143,557 6.02%	184,904,288 100.00%
2019	39,390,017 20.44%	128,966,425 66.91%	12,615,853 6.54%	11,786,123 6.11%	192,758,418 100.00%

(1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

(2) Includes interest earnings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Expenditures by Function (1) (2)
Last Ten Fiscal Years

Year Ended June 30,	District and School Administration	District Support Services	Regular Instruction	Vocational Instruction	Special Education Instruction
2010	\$ 4,127,649 2.81%	\$ 4,254,242 2.89%	\$ 63,007,735 42.87%	\$ 3,243,971 2.21%	\$ 21,746,095 14.80%
2011	4,904,409 3.34%	4,171,415 2.84%	62,908,654 42.83%	3,069,746 2.09%	21,777,295 14.83%
2012	4,954,561 3.23%	4,125,691 2.69%	65,577,766 42.77%	3,238,651 2.11%	22,019,090 14.36%
2013	4,948,560 3.08%	3,823,897 2.38%	70,441,755 43.85%	2,449,812 1.53%	23,399,623 14.57%
2014	5,371,076 3.28%	4,361,338 2.67%	73,588,280 44.97%	1,852,246 1.13%	24,511,412 14.98%
2015	5,467,794 3.20%	5,286,447 3.10%	76,169,169 44.64%	1,951,604 1.14%	25,867,207 15.16%
2016	5,886,622 3.21%	6,978,242 3.80%	83,354,768 45.40%	1,799,623 0.98%	27,811,806 15.15%
2017	6,062,513 3.21%	7,997,649 4.24%	81,026,361 42.96%	1,505,730 0.80%	28,045,053 14.87%
2018	6,212,265 3.20%	7,666,347 3.95%	76,401,709 39.37%	1,407,700 0.73%	31,536,703 16.25%
2019	6,668,576 3.39%	9,682,414 4.93%	77,781,159 39.60%	1,251,339 0.64%	32,656,479 16.63%

- (1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.
- (2) Capital expenditures are included by function.
- (3) Includes food service.

Community Education	Instructional Support Services	Pupil Support Services (3)	Sites, Buildings, and Equipment	Fiscal and Other Fixed Cost Programs	Total
\$ 7,546,099 5.13%	\$ 8,289,440 5.64%	\$ 18,439,348 12.55%	\$ 15,848,424 10.78%	\$ 474,236 0.32%	\$ 146,977,239 100.00%
7,846,646 5.34%	6,961,092 4.74%	18,758,500 12.77%	16,002,113 10.90%	470,583 0.32%	146,870,453 100.00%
7,903,018 5.15%	7,140,788 4.66%	20,905,495 13.63%	16,296,968 10.63%	1,178,099 0.77%	153,340,127 100.00%
7,996,246 4.98%	8,178,000 5.09%	19,962,399 12.43%	18,458,669 11.49%	965,710 0.60%	160,624,671 100.00%
8,293,743 5.07%	8,596,851 5.25%	19,633,674 12.00%	16,580,964 10.13%	860,172 0.53%	163,649,756 100.00%
8,279,318 4.85%	11,704,553 6.86%	20,064,106 11.76%	15,119,911 8.86%	730,055 0.43%	170,640,164 100.00%
8,830,748 4.81%	10,559,425 5.75%	22,346,244 12.17%	15,363,128 8.37%	651,239 0.36%	183,581,845 100.00%
9,580,335 5.08%	13,899,807 7.37%	23,827,014 12.63%	15,911,020 8.44%	753,951 0.40%	188,609,433 100.00%
10,425,417 5.37%	15,462,127 7.97%	25,181,556 12.98%	18,940,779 9.76%	818,847 0.42%	194,053,450 100.00%
10,908,310 5.55%	13,123,859 6.68%	25,881,212 13.18%	16,945,081 8.63%	1,505,314 0.77%	196,403,743 100.00%

INDEPENDENT SCHOOL DISTRICT NO. 281

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation			
	Agricultural	Nonagricultural	Fiscal Disparities	
			Contribution	Distribution
2010	\$ 2,153	\$ 100,797,530	\$ (9,612,898)	\$ 15,655,021
2011	2,143	92,918,269	(9,281,070)	15,695,118
2012	2,142	84,396,807	(8,672,925)	15,191,476
2013	2,176	79,534,454	(8,230,582)	14,688,145
2014	2,261	79,030,536	(8,449,034)	14,712,766
2015	2,259	86,141,492	(8,633,147)	14,813,573
2016	8,043	89,754,553	(8,340,302)	14,346,780
2017	444	95,900,642	(9,078,698)	15,883,569
2018	440	103,737,702	(9,371,466)	16,328,556
2019	440	111,522,449	(10,121,106)	17,069,047

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (2,573,847)	\$ 104,267,959	28.621	\$ 8,661,341,800	1.20 %
(2,361,556)	96,972,904	34.387	7,402,074,612	1.31
(2,501,570)	88,415,930	32.810	7,681,019,073	1.15
(1,868,438)	84,125,755	32.347	7,219,687,475	1.17
(2,096,844)	83,199,685	34.777	7,149,705,435	1.16
(2,247,092)	90,077,085	33.226	7,691,217,200	1.17
(2,451,835)	93,317,239	33.833	7,994,981,425	1.17
(2,804,981)	99,900,976	31.612	8,497,124,725	1.18
(3,365,469)	107,329,763	31.957	9,160,183,925	1.17
(3,747,880)	114,722,950	29.909	9,847,024,275	1.17

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INDEPENDENT SCHOOL DISTRICT NO. 281

Taxable Net Tax Capacity and Estimated Market Value
of All Taxable Property
Last Ten Fiscal Years

<u>Tax Collection Year</u>	<u>Sales Ratio</u>	<u>Taxable Net Tax Capacity</u>	<u>Estimated Market Value</u>	<u>Percent Total Tax Capacity of Estimated Market Value</u>	<u>Indicated Market Value (1)</u>
2010	98.4	\$ 104,267,959	\$ 8,661,341,800	1.20 %	\$ 8,802,176,626
2011	100.1	96,972,904	7,402,074,612	1.31	7,394,679,932
2012	100.3	88,415,930	7,681,019,073	1.15	7,658,044,938
2013	101.3	84,125,755	7,219,687,475	1.17	7,127,036,007
2014	99.9	83,199,685	7,149,705,435	1.16	7,156,862,297
2015	94.3	90,077,085	7,691,217,200	1.17	8,156,115,801
2016	94.3	93,317,239	7,994,981,425	1.17	8,478,241,172
2017	93.5	99,900,976	8,497,124,725	1.18	9,087,833,930
2018	93.9	107,329,763	9,160,183,925	1.17	9,758,372,137
2019	94.4	114,722,950	9,847,024,275	1.17	10,431,169,783

(1) Calculated by dividing the estimated market value by the sales ratio.

Note: Taxable net tax capacity is as adjusted for fiscal disparities and tax increments.

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Capacity Rates
All Overlapping Governmental Units
Last Ten Fiscal Years

Tax Collection Year	Property Tax Rate – Based on Tax Capacity Values				
	ISD No. 281 (1)	City of Brooklyn Center	City of Brooklyn Park	City of Crystal	City of Golden Valley
2010	28.621	52.412	46.041	44.270	48.196
2011	34.387	57.217	50.309	47.346	53.060
2012	32.810	64.359	56.087	51.341	55.796
2013	32.347	72.202	62.741	57.630	58.204
2014	34.777	75.742	62.034	56.015	61.839
2015	33.226	71.256	57.494	50.498	54.626
2016	33.833	73.292	56.690	50.498	54.452
2017	31.612	70.498	55.207	50.360	56.109
2018	31.957	68.432	52.373	50.416	55.152
2019	29.909	71.860	52.695	48.771	53.780

Tax Collection Year	Total Tax Capacity Rate for Taxpayers as a				
	Brooklyn Resident	Brooklyn Park Resident	Crystal Resident	Golden Valley Resident	New Hope Resident
2010	130.570	124.199	122.428	126.354	124.172
2011	146.219	139.311	136.348	142.062	137.943
2012	153.393	145.121	140.375	144.830	143.843
2013	163.621	154.160	149.049	149.623	150.231
2014	170.424	156.716	150.697	156.521	153.278
2015	160.665	146.903	139.907	144.035	145.387
2016	162.011	145.409	139.217	143.171	146.124
2017	155.019	139.728	134.881	140.630	144.452
2018	151.713	135.654	133.697	138.433	141.870
2019	152.180	133.015	129.091	134.100	148.310

- (1) The rate does not include the referendum, which is spread on School District Referendum Market Value.
- (2) Special districts include the Metropolitan Mosquito Control, Metropolitan Council, Metropolitan Transit, Three Rivers Park District, Park Museum, and Hennepin County Regional Railroad Authority.
- (3) District voters have authorized additional school funding through an operating referendum.

Source: Hennepin County Auditor

City of New Hope	City of Plymouth	City of Robbinsdale	Special Districts (2)	Hennepin County
46.014	26.007	42.182	6.897	42.640
48.941	26.944	44.628	8.775	45.840
54.809	28.146	48.642	7.993	48.231
58.812	29.816	55.282	9.611	49.461
58.596	30.114	57.436	10.047	49.858
55.978	28.374	51.134	9.785	46.398
57.405	27.838	53.785	9.530	45.356
59.931	26.959	50.574	8.822	44.087
58.589	26.804	50.346	8.516	42.808
67.990	26.355	50.807	8.550	41.861

Plymouth Resident	Robbinsdale Resident	ISD No. 281 Market Value Base Tax (3)
104.165	120.340	0.22900
115.946	133.630	0.23107
117.180	137.676	0.27612
121.235	146.701	0.29668
124.796	152.118	0.30399
117.783	140.543	0.28484
116.557	142.504	0.28216
111.480	135.095	0.24959
110.085	133.627	0.23433
106.675	131.127	0.26683

INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Bigos Management, Inc.	\$ 643,163	1	0.56 %	\$ 378,750	5	0.36 %
FW MN–Rockford Road, LLC	605,580	2	0.53	–	–	–
Abbott Laboratories	573,970	3	0.50	–	–	–
Boom (Minnesota), LLC	571,250	4	0.50	–	–	–
Crystal Shopping Center Association	460,950	5	0.40	399,250	4	0.38
Plymouth Ponds, LLLP	398,438	6	0.35	–	–	–
Columbia II Rockridge Center	358,630	7	0.31	–	–	–
Golden Valley Investors LLC	305,490	8	0.27	–	–	–
Liberty Xing Investment Partnership	296,838	9	0.26	–	–	–
CRW Plymouth, LLC	286,110	10	0.25	284,650	8	0.27
Target Corporation	–	–	–	505,380	1	0.48
United Health Care Services, Inc.	–	–	–	503,950	2	0.48
U.S. Retail Partners, LLC	–	–	–	439,880	3	0.42
Honeywell, Inc.	–	–	–	294,750	6	0.28
AGA Medical Corporation	–	–	–	289,530	7	0.28
HP 3, LLC	–	–	–	280,630	9	0.27
Brooks Mall Properties, LLC	–	–	–	216,250	10	0.21
Total	<u>\$ 4,500,419</u>		<u>3.92 %</u>	<u>\$ 3,593,020</u>		<u>3.45 %</u>
Total district tax capacity	<u>\$ 114,722,950</u>			<u>\$ 104,267,959</u>		

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>Year Collectible</u>	<u>General Fund</u>	<u>Community Service Special Revenue Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>	<u>OPEB Pension Fund</u>	<u>Total All Funds</u>
Levies (1)							
	2010	\$ 28,812,571	\$ 1,627,141	\$ 5,700,000	\$ 14,953,850	\$ 1,935,749	\$ 53,029,311
	2011	27,920,679	1,804,625	6,254,928	16,350,387	1,945,125	54,275,744
	2012	30,918,858	1,809,057	3,285,126	15,921,133	1,951,236	53,885,410
	2013	29,745,257	1,905,421	3,252,849	16,071,319	1,979,247	52,954,093
	2014	31,819,451	1,793,663	2,550,206	16,784,964	1,930,734	54,879,018
	2015	35,345,951	1,698,476	1,478,895	16,354,011	1,904,762	56,782,094
	2016	37,577,972	1,734,090	–	16,992,968	1,910,341	58,215,371
	2017	35,768,682	1,849,437	–	18,147,591	1,913,261	57,678,971
	2018	36,844,663	2,054,024	–	19,013,924	1,917,296	59,829,907
	2019	44,154,574	2,400,734	–	18,197,604	231,021	64,983,933
Tax capacity rates							
	2010	0.05370	0.01563	0.05472	0.14357	0.01859	0.28621
	2011	0.06734	0.01893	0.06563	0.17156	0.02041	0.34387
	2012	0.06481	0.02074	0.03766	0.18252	0.02237	0.32810
	2013	0.05762	0.02274	0.02770	0.19179	0.02362	0.32347
	2014	0.06830	0.02174	0.03090	0.20343	0.02340	0.34777
	2015	0.09733	0.01865	0.01584	0.17953	0.02091	0.33226
	2016	0.11712	0.01859	–	0.18214	0.02048	0.33833
	2017	0.10015	0.01823	–	0.17888	0.01886	0.31612
	2018	0.10618	0.01907	–	0.17652	0.01780	0.31957
	2019	0.11698	0.02099	–	0.15910	0.00202	0.29909
Referendum market value tax rate (2)							
	2010	0.00229	–	–	–	–	0.00229
	2011	0.00231	–	–	–	–	0.00231
	2012	0.00276	–	–	–	–	0.00276
	2013	0.00297	–	–	–	–	0.00297
	2014	0.00304	–	–	–	–	0.00304
	2015	0.00285	–	–	–	–	0.00285
	2016	0.00282	–	–	–	–	0.00282
	2017	0.00250	–	–	–	–	0.00250
	2018	0.00234	–	–	–	–	0.00234
	2019	0.00267	–	–	–	–	0.00267

(1) The levies include the Homestead and Agricultural Credit Aid, Education Homestead Credit adjustment, and the Homestead Market Value adjustment.

(2) The referendum levy was converted to a market value referendum in 1999, resulting in a separate tax rate computed on the total market value of the District's property.

Source: School Tax Report

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INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2010	\$ 53,033,575	\$ 52,194,596	98.42 %	\$ 831,457	\$ 53,026,053	99.99 %
2011	54,275,744	53,665,310	98.88	610,434	54,275,744	100.00
2012	53,885,410	53,275,701	98.87	543,176	53,818,877	99.88
2013	52,954,093	52,537,173	99.21	416,920	52,954,093	100.00
2014	54,879,018	54,146,763	98.67	721,831	54,868,594	99.98
2015	56,782,094	55,931,584	98.50	799,064	56,730,648	99.91
2016	58,215,371	57,585,191	98.92	556,278	58,141,469	99.87
2017	57,678,971	57,085,020	98.97	531,939	57,616,959	99.89
2018	59,829,907	59,491,659	99.43	67,933	59,559,592	99.55
2019	64,983,933	32,700,000	50.32	–	32,700,000	50.32

Note 1: Total tax levy includes certified levy (including fiscal disparities) less tax credits.

Note 2: Property taxes are remitted to the District based on a calendar fiscal year; the current tax collections for the most recent levy represent collections through the District's fiscal year-end of June 30.

Source: Hennepin County Auditor and district records

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			Total Levy
	Local Spread	Fiscal Disparities	Homestead Market Value Credit Aid	
2010	\$ 43,909,112	\$ 7,918,466	\$ 1,205,997	\$ 53,033,575
2011	45,078,892	7,990,855	1,205,997	54,275,744
2012	45,233,941	8,651,394	75	53,885,410
2013	43,880,638	9,073,455	–	52,954,093
2014	45,551,752	9,327,266	–	54,879,018
2015	46,911,686	9,870,408	–	56,782,094
2016	49,272,306	8,943,065	–	58,215,371
2017	47,767,783	9,911,188	–	57,678,971
2018	50,546,470	9,283,437	–	59,829,907
2019	55,482,277	9,501,656	–	64,983,933

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids, most of which were eliminated in 2012.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2019

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
39,926	0.08	-	-
10,427	0.02	-	-
51,446	0.09	-	-
73,902	0.13	-	-
62,012	0.11	-	-
270,315	0.45	-	-
-	-	32,283,933	49.68
<u>\$ 508,028</u>		<u>\$ 32,283,933</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 281

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation (1)	Capital Leases	Total		
2010	\$ 209,130,777	\$ –	\$ 1,698,975	\$ 210,829,752	0.33 %	\$ 2,126
2011	217,932,890	–	1,301,426	219,234,316	0.33	2,182
2012	171,392,767	–	1,400,864	172,793,631	0.25	1,696
2013	161,939,769	–	955,552	162,895,321	0.22	1,599
2014	165,971,526	–	495,071	166,466,597	0.21	1,634
2015	153,041,516	–	322,872	153,364,388	0.19	1,488
2016	217,763,960	–	142,096	217,906,056	0.26	2,091
2017	196,769,592	9,079,612	3,643,000	209,492,204	N/A	2,010
2018	197,200,309	8,513,989	3,439,416	209,153,714	N/A	2,007
2019	181,230,185	7,938,366	3,234,849	192,403,400	N/A	1,846

N/A – Not Available

(1) Net of unamortized premiums and discounts.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Ratio of Net General Obligation Bonded Debt
to Tax Capacity, Indicated Market Value, and Estimated 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 (1)	Net Bonded Debt	Tax Capacity (2)	Percent of Net Debt to Tax Capacity	Indicated Market Value (IMV) (3)
2010	\$ 209,130,777	\$ 41,025,067	\$ 168,105,710	\$ 104,267,959	161.22 %	\$ 8,802,176,626
2011	217,932,890	46,842,001	171,090,889	96,972,904	176.43	7,394,679,932
2012	171,392,767	10,685,888	160,706,879	88,415,930	181.76	7,658,044,938
2013	161,939,769	3,013,158	158,926,611	84,125,755	188.92	7,127,036,007
2014	165,971,526	2,617,489	163,354,037	83,199,685	196.34	7,156,862,297
2015	153,041,516	2,679,063	150,362,453	90,077,085	166.93	8,156,115,801
2016	217,763,960	11,409,522	206,354,438	93,317,239	221.13	8,478,241,172
2017	196,769,592	2,305,311	194,464,281	99,900,976	194.66	9,087,833,930
2018	197,200,309	2,427,803	194,772,506	107,329,763	181.47	9,758,372,137
2019	181,230,185	3,046,255	178,183,930	114,722,950	155.32	10,431,169,783

- (1) The gross bonded debt includes refunding issues. The amount held in escrow for these bonds is included in debt service funds on hand.
- (2) See the Schedule of Tax Capacities and Market Values for tax capacity data.
- (3) See the Schedule of Tax Capacity and Estimated Market Value for IMV and EMV data.
- (4) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Percent of Net Debt to IMV	Estimated Market Value (EMV) (3)	Percent of Net Debt to EMV	Estimated Population (4)	Net Bonded Debt per Capita
1.91 %	\$ 8,661,341,800	1.94 %	99,178	\$ 1,695
2.31	7,402,074,612	2.31	100,497	1,702
2.10	7,681,019,073	2.09	101,885	1,577
2.23	7,219,687,475	2.20	101,885	1,560
2.28	7,149,705,435	2.28	101,885	1,603
1.84	7,691,217,200	1.95	103,064	1,459
2.43	7,994,981,425	2.58	104,207	1,980
2.14	8,497,124,725	2.29	104,207	1,866
2.00	9,160,183,925	2.13	104,207	1,869
1.71	9,847,024,275	1.81	104,207	1,710

INDEPENDENT SCHOOL DISTRICT NO. 281

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Expenditures (1)</u>	<u>Percent of Debt Service to General Expenditures</u>
2010	\$ 8,595,000	\$ 8,295,154	\$ 16,890,154	\$ 168,910,850	10.00 %
2011	9,970,000	8,929,732	18,899,732	170,439,189	11.09
2012	10,355,000	9,182,095	19,537,095	182,369,600	10.71
2013	11,100,000	7,536,469	18,636,469	197,665,920	9.43
2014	12,005,000	6,775,869	18,780,869	201,767,348	9.31
2015	12,320,000	6,353,531	18,673,531	201,304,691	9.28
2016	12,195,000	6,624,057	18,819,057	226,074,927	8.32
2017	13,170,000	7,880,048	21,050,048	257,568,003	8.17
2018	13,910,000	6,932,545	20,842,545	230,460,175	9.04
2019	14,730,000	6,748,249	21,478,249	227,523,566	9.44

(1) General expenditures include all governmental funds.

Note: Debt service expenditures included only bonded debt and do not include refundings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Direct and Overlapping Debt
June 30, 2019

<u>Governmental Unit</u>	<u>Tax Capacity</u>	<u>General Obligation Debt</u>	<u>Percent Allocable to ISD No. 281</u>	<u>Portion Allocable to ISD No. 281</u>
ISD No. 281	\$ 114,722,950	\$ 173,310,000	100.00 %	\$ 173,310,000
Overlapping debt				
Hennepin County	1,979,015,644	985,890,000	5.80 %	57,181,620
City of Brooklyn Center	26,538,221	27,470,000	21.90 %	6,015,930
City of Brooklyn Park	87,673,332	36,880,000	4.80 %	1,770,240
City of Crystal	23,103,648	15,560,000	100.00 %	15,560,000
City of Golden Valley	44,061,509	65,645,000	45.10 %	29,605,895
City of New Hope	23,074,453	45,280,000	100.00 %	45,280,000
City of Plymouth	135,579,210	8,270,000	18.30 %	1,513,410
City of Robbinsdale	13,780,470	10,220,000	100.00 %	10,220,000
Hennepin County Regional Railroad Authority		98,385,000	5.80 %	5,706,330
Metropolitan Council	4,281,620,797	5,735,000	2.70 %	154,845
Three Rivers Park District	1,392,585,502	51,690,000	8.20 %	4,238,580
Metropolitan Transit	<u>3,433,535,041</u>	<u>262,085,000</u>	<u>3.30 %</u>	<u>8,648,805</u>
Total overlapping debt	11,440,567,827			<u>185,895,655</u>
Total direct and overlapping debt				<u>\$ 359,205,655</u>

Source: Hennepin County Property Tax Division

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INDEPENDENT SCHOOL DISTRICT NO. 281

Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2010	\$ 8,661,341,800	\$ 1,299,201,270	\$ 166,414,933	\$ 1,132,786,337	12.81 %
2011	7,402,074,612	1,110,311,192	169,302,999	941,008,193	15.25
2012	7,681,019,073	1,152,152,861	157,744,112	994,408,749	13.69
2013	7,219,687,475	1,082,953,121	152,696,842	930,256,279	14.10
2014	7,149,705,435	1,072,455,815	157,712,511	914,743,304	14.71
2015	7,691,217,200	1,153,682,580	143,845,937	1,009,836,643	12.47
2016	7,994,981,425	1,199,247,214	196,920,478	1,002,326,736	16.42
2017	8,497,124,725	1,274,568,709	184,794,689	1,089,774,020	14.50
2018	9,160,183,925	1,374,027,589	185,517,197	1,188,510,392	13.50
2019	9,847,024,275	1,477,053,641	170,263,745	1,306,789,896	11.53

Legal Debt Margin Calculation for Fiscal Year 2019

Market value	<u>\$ 9,847,024,275</u>
Debt limit (15% of market value)	\$ 1,477,053,641
Debt applicable to limit	
General obligation bonds	173,310,000
Less amount set aside for repayment of general obligation debt	<u>3,046,255</u>
Total net debt applicable to limit	<u>170,263,745</u>
Legal debt margin	<u>\$ 1,306,789,896</u>

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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Hennepin County			
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age
2010	1,152,425	\$ 63,324,601,325	\$ 54,949	35.9
2011	1,168,431	67,156,740,156	57,476	35.9
2012	1,184,576	69,769,157,248	58,898	35.9
2013	1,198,778	72,647,145,578	60,601	36.0
2014	1,212,064	78,824,158,112	65,033	36.1
2015	1,223,149	79,787,232,419	65,231	36.1
2016	1,232,483	83,102,631,241	67,427	36.2
2017	1,252,024	N/A	N/A	36.2
2018	1,252,024 (2)	N/A	N/A	36.2
2019	1,259,428 (2)	N/A	N/A	36.5

N/A – Not Available

Sources:

- (1) Hennepin County
- (2) Estimated

ISD No. 281

Labor Force (1)	Unemployment Rate	Population (1)	School Enrollment
667,348	6.7 %	99,178	12,107
656,517	5.5	100,497	12,095
665,282	5.7	101,885	12,174
636,064	4.6	101,885	12,181
672,114	3.7	101,885	12,284
679,549	3.3	103,064	12,314
679,285	3.4	104,207	12,626
694,060	3.2	104,207 (2)	12,422
703,310	3.2 (2)	104,207 (2)	12,309
715,567	2.4 (2)	104,207 (2)	12,238

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INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Employers
Current and Nine Years Prior

Employer	2019 (3)		2010 (3)	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
North Memorial Medical Center	4,300	1	5,000	3
Honeywell, Inc.	2,000	2	1,732	6
ISD No. 281	1,995	3	1,748	5
United Health Care Services, Inc.	1,000	4	–	–
Metro Building Company	1,000	4	–	–
North Ridge Care Center	720	6	–	–
St. Therese of New Hope	620	7	–	–
All Around Taxi	620	7	–	–
US Food Service	550	9	–	–
Courage Center	400	10	–	–
Wells Fargo Bank (1)	–	–	19,000	1
General Mills, Inc.	–	–	5,500	2
Boston Scientific	–	–	3,000	4
Carlson Companies (1)	–	–	1,200	7
Promeon (2)	–	–	1,000	8
Minnesota Masonic Homes North Ridge	–	–	880	9
Tennant Company	–	–	700	10
Total	13,205		39,760	

- (1) Total employees for the entire state.
- (2) Includes locations in Brooklyn Center and Brooklyn Park only.
- (3) Total employees for the area encompassed by district boundaries is not available.

Note: Residents of the District are employed throughout the metropolitan area. Major employers in close proximity to the District are listed above.

Sources: Minnesota Department of Employment and Economic Development and Ehlers Public Sector Advisor

INDEPENDENT SCHOOL DISTRICT NO. 281

FTE Staff Allocation
Last Ten Fiscal Years

	<u>2009–2010</u>	<u>2010–2011</u>	<u>2011–2012</u>	<u>2012–2013</u>
Superintendent	1.00	1.00	1.00	1.00
Cabinet	6.00	7.00	7.00	7.00
Principals	13.00	13.00	13.00	14.00
Assistant principals	10.00	10.00	12.00	13.00
Program directors	40.80	38.63	37.00	36.00
Program assistants	89.07	87.46	91.98	88.83
Teachers	755.32	749.60	761.68	776.97
Counselors	15.50	15.37	17.00	18.00
Social workers	13.10	13.65	13.70	14.30
Psychologists	10.40	10.36	10.80	11.80
Nurses	9.06	9.30	9.30	9.40
Special assignments	57.10	53.68	51.10	57.80
Education assistants	336.68	319.56	324.91	329.50
Bus monitor	12.89	13.28	13.50	6.00
Custodians	99.50	98.60	102.00	104.25
Custodial/bus drivers	30.50	27.00	27.00	21.00
Mechanics	6.00	5.00	5.00	–
Transportation part-time	41.90	45.07	45.00	–
Community education	58.43	51.19	78.68	81.00
Office employees	76.18	69.44	70.27	73.25
Food service	83.60	87.23	88.18	92.00
Total	<u>1,766.03</u>	<u>1,725.42</u>	<u>1,780.10</u>	<u>1,755.10</u>

Source: The District's Human Resources Department

<u>2013–2014</u>	<u>2014–2015</u>	<u>2015–2016</u>	<u>2016–2017</u>	<u>2017–2018</u>	<u>2018–2019</u>
1.00	1.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	6.00	6.00
14.00	14.00	15.00	16.00	17.00	18.00
13.00	13.00	20.00	21.00	22.00	22.00
36.00	36.00	34.00	32.00	31.00	32.00
96.33	103.00	96.00	75.00	100.00	70.00
779.97	735.00	759.00	757.00	750.47	781.00
20.00	20.00	17.00	17.00	16.20	17.00
14.30	14.30	17.00	17.00	16.80	17.00
11.80	11.80	12.00	13.00	12.20	13.00
9.40	9.40	12.00	10.00	8.60	9.00
60.80	60.80	77.00	63.00	57.40	88.00
335.60	328.00	287.00	342.00	342.70	318.00
6.00	6.00	6.00	6.00	6.38	6.00
104.25	92.00	81.00	102.00	74.50	74.00
18.00	13.00	9.00	10.00	10.00	8.00
–	–	–	–	–	–
–	–	–	–	–	–
85.00	85.00	72.00	80.00	52.73	50.00
73.25	72.00	53.00	65.00	58.80	70.00
92.00	93.00	95.00	96.00	88.00	92.00
<u>1,777.70</u>	<u>1,714.30</u>	<u>1,670.00</u>	<u>1,730.00</u>	<u>1,671.78</u>	<u>1,692.00</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Physical Plant Characteristics
as of June 30, 2019

Facility	Grades Housed	Year Built	Year of Major Additions	Acreage	Total Square Footage	Actual Enrollment
Cooper	9-12	1964	2000	40	293,816	1,767
Armstrong	9-12	1970	1997	52	328,600	1,955
Plymouth	6-8	1968	1990	22	180,500	950
Robbinsdale	6-8	1956	1976	18.34	269,107	869
FAIR School – Crystal	5-8	2000	–	9.89	106,427	340
Forest	K-5	2005	–	14	75,870	518
Lakeview	K-5	1964	–	5.75	55,648	385
Meadow Lake	K-5	1961	1965	15	79,860	527
Neill	K-5	1957	1968 and 2000	14	71,037	396
Noble	K-5	1954	1956, 2000, and 2006	10	56,800	322
Northport	K-5	1956	1957 and 1984	14	65,300	516
Pilgrim Lane	K-5	1966	–	11.5	58,168	322
SEA School at Olson	K-5	1971	–	9.2	44,000	433
Sonnesyn	K-5	1962	1968	15	76,187	430
RSI at Sunny Hollow	K-5	1960	1965	14	74,564	758
Zachary Lane	K-5	1969	1993	14	73,596	520
<u>Multi-Purpose Facilities</u>						
Sandburg	Various	1959	–	36	174,939	658
New Hope	Various	1960	–	14	55,902	180
Highview, TASC RTC	Various	N/A	–	–	–	55
Transportation		1966	–	10.5	48,843	–
Administration		1968	–	3.32	<u>41,412</u>	–
Out of district tuition						<u>114</u>
Totals					<u><u>2,230,576</u></u>	<u><u>12,015</u></u>

N/A: Not Applicable

Source: The District's Buildings and Grounds Department

INDEPENDENT SCHOOL DISTRICT NO. 281

Miscellaneous Statistical Facts
as of June 30, 2019

Old district changed to ISD No. 281	1957
Form of government	School Board – Superintendent
Fiscal year begins	July 1
Area of ISD No. 281	32 square miles
Number of high schools	2
Number of middle schools	4
Number of elementary schools	10
Number of auxiliary buildings	5
Number of communities served	7
Staffing ratio	
Elementary school	18–31
Middle school	25.22
High school	28.1
Extracurricular activities at high school	
Athletic	30
Nonathletic	30 +
Teacher education	
Bachelor’s degree	100%
Master’s degree or doctorate	71%

Source: Various district departments

INDEPENDENT SCHOOL DISTRICT NO. 281

Schedule of Insurance Coverage
June 30, 2019

Type of Coverage	Amount of Coverage
Property coverage	
Real and personal property (all locations)	\$ 545,620,186
Demolition cost	1,000,000
Increased cost of construction	1,000,000
Exterior signs	60,000
Supplementary accounts receivable	250,000
Supplementary valuable papers and records	250,000
Boiler and machinery coverage	100,000,000
Flood and furnace (each)	250,000
Environmental insurance (Robbinsdale Middle School)	2,000,000
Inland marine coverage	
Miscellaneous equipment	100,000
Mini-computer equipment and media	13,050,000
Musical equipment and instruments and fine arts	850,000
Liability coverage	
Bodily injury and property damage per occurrence	1,000,000
Combined single limit annual aggregate	2,000,000
Medical payments	15,000
Employee benefits liability	
Each occurrence	1,000,000
Aggregate	3,000,000
Volunteer liability	250,000
International general liability	
Each occurrence	1,000,000
Aggregate	2,000,000
Employee benefits	
Each occurrence	1,000,000
Aggregate	1,000,000
Auto liability	1,000,000
Crime coverage	
Employee dishonesty	250,000
Faithful performance	250,000
Money and securities on and off premises	50,000
Computer fraud, funds transfers, and forgery – alterations	150,000
Automobile coverage	
Liability protection	1,000,000
Personal injury protection	40,000
Uninsured and underinsured motorist protection	1,000,000
Collision and comprehensive	Varies
Excess liability coverage	
Excess amount coverage per occurrence	5,000,000
School leaders legal liability coverage annual aggregate	1,000,000
Business income and extra expense	5,000,000
Cyber liability coverage	1,500,000

Source: The District's Business Office

INDEPENDENT SCHOOL DISTRICT NO. 281

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option ADM)					Total Pupil Units	
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total		
2010	135.35	803.73	5,241.42	5,926.79	12,107.29	14,055.67	
2011	131.32	763.02	5,298.59	5,902.02	12,094.95	14,057.02	
2012	132.40	782.86	5,316.91	5,941.93	12,174.10	14,139.37	
2013	124.04	836.07	5,366.02	5,855.08	12,181.21	14,105.52	
2014	138.25	851.78	5,488.05	5,805.52	12,283.60	14,198.17	
2015	177.15	865.91	5,479.86	5,791.06	12,313.98	13,466.10	
2016	193.89	817.95	5,815.32	5,798.67	12,625.83	13,784.02	
2017	187.69	784.97	5,707.53	5,742.06	12,422.25	13,569.14	
2018	368.80	764.98	5,442.00	5,732.89	12,308.67	13,453.48	
2019	*	405.31	770.36	5,383.94	5,678.67	12,238.28	13,372.29

* Estimated

Source: Minnesota Department of Education

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

	Early Childhood	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

INDEPENDENT SCHOOL DISTRICT NO. 281

Expenditures per Student
 Year Ended June 30, 2019
 (With Comparative Amounts for the Year Ended June 30, 2018)

	State Average	Metro Average	ISD No. 281	
	2018	2018	2018	2019
Expenditures (1) per student (ADM) (2)				
General Fund				
Administration and district support	\$ 1,031	\$ 1,045	\$ 950	\$ 1,116
Elementary and secondary				
regular instruction	5,646	5,976	6,088	6,273
Vocational education instruction	170	154	111	100
Special education instruction	2,298	2,418	2,521	2,641
Instructional support services	658	748	1,237	1,062
Pupil support services	1,118	1,209	1,375	1,486
Sites and buildings and other	936	896	1,326	1,373
Total General Fund expenditures	<u>\$ 11,857</u>	<u>\$ 12,446</u>	<u>\$ 13,608</u>	<u>\$ 14,051</u>
ADM used per profile model format			<u>12,493</u>	<u>12,357</u>

(1) Excludes capital expenditures.

(2) Average daily membership (ADM) is a measure of student attendance.

Source: Minnesota Department of Education School District Profiles Report