

OSSEO AREA SCHOOLS

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ISD  279

# **Comprehensive ANNUAL FINANCIAL REPORT**

For the fiscal year ended June 30, 2019

*OUR MISSION*

*is to inspire and prepare all students with the confidence, courage and competence  
to achieve their dreams; contribute to community;  
and engage in a lifetime of learning.*

**2018-19**

**INDEPENDENT SCHOOL DISTRICT 279**

**OSSEO AREA SCHOOLS**

**Maple Grove, Minnesota**



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

INDEPENDENT SCHOOL DISTRICT NO. 279  
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North  
Maple Grove, MN 55369

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Coordinator, Business Services:  
Michael Hueller, CPA

OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

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ISD  279

## **Our Mission**

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# SECTION I

# INTRODUCTION



November 6, 2019

## FISCAL YEAR 2019 COMPREHENSIVE

### ANNUAL FINANCIAL REPORT

To: Independent School District No. 279 – Osseo Area Schools School Board Members and Citizens:

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2019, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota state legal compliance audit under Minnesota Statutes § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

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

Malloy, Montague, Karnowski, Radosevich & Co., P.A., has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF THE DISTRICT

The District was incorporated in 1953. As Minnesota's fifth-largest school district, the District serves all or parts of Brooklyn Center, Brooklyn Park, Corcoran, Dayton, Maple Grove, Osseo, Plymouth, and Rogers.

The District is governed by an elected six-member School Board. The seated School Board consists of six members who are elected at large in even-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

With the District, we inspire and prepare all students to achieve their dreams; contribute to community; and engage in a lifetime of learning. Our scholars benefit from exceptional opportunities, support and partnerships that help them graduate with the confidence, courage, and competence to make their dreams a reality.

Our size is an advantage, allowing us to offer more academic and extracurricular opportunities for your child to thrive; greater access to technology to enhance learning; and more staff to support your student's individual learning needs.

The District's students reflect the global community, coming from homes where more than 80 dialects or languages other than English are spoken. Diverse demographics contribute to rich, real-life learning environments that prepare students for the 21st century workplace.

The District enrolled 21,075 students in fiscal year (FY) 2019 from a population of 149,640 citizens residing in a 66 square mile area. Students are served pre-kindergarten through Grade 12, in 17 elementary schools (Pre-K–5), 4 middle schools (6–8), 3 senior highs (9–12), an area learning center, 2 early childhood centers, 2 special program sites, and an adult education/enrollment center. Community education classes serve lifelong learners from birth through senior citizens.

From your child's first day of preschool or kindergarten until high school graduation, the District offers students unparalleled learning opportunities in the classroom, in the community, on stage and on the field.

Preschool is offered at both early childhood centers and most elementary schools. Free all-day kindergarten is available at all elementary sites. High quality before- and after-school care (Kidstop) is available to all elementary students.

Magnet schools allow students to deepen their learning in special focus areas.

- At Birch Grove Elementary School for the Arts, fine arts, dance, drama, and music are woven into all core subject areas.
- At Weaver Lake Elementary: A Science, Math & Technology School, students discover the scientists in themselves through inquiry-based, hands-on classroom science and math activities, using current technology and equipment for collecting and analyzing data.
- At Zanewood Community School: A Science, Technology, Engineering, Arts and Math School, science, technology, engineering, arts and math concepts are woven throughout the entire curriculum at every grade level (including pre-kindergarten). We prepare our scholars to thrive in a world that requires critical thinking, problem solving, creativity, collaboration, and experiential learning.
- Brooklyn Middle School offers a full-school STEAM (STEM plus Arts) program.

- Osseo Senior High offers a full health science magnet program, including courses that continue the STEM emphasis.
- Park Center Senior High offers the International Baccalaureate Diploma Programme, recognized worldwide for its challenging international education and rigorous assessment programs.

In each of our comprehensive high schools, students can earn workplace-ready certifications in culinary arts and information technology. In Osseo Senior High's health science program, students prepare for certification in a variety of health care careers. In designated engineering and manufacturing courses, students may be able to attain college credit from the University of Minnesota or St. Cloud State University.

Co-curricular offerings build character, stretch minds, and challenge the body. Students have been recognized as state champions in various sports; Minnesota State High School League Academic Excellence award winners; state qualifiers in multiple sports; All-Conference musicians; and the Hennepin Theater Trust SpotLight Award.

The District is known for excellence in areas ranging from academics and arts to sports and finance.

- The District is the only Minnesota school district honored as one of the nation's "Best Communities for Music Education" every year since 2009.
- The District has two of the nation's Best High Schools according to U.S. News & World Report: Maple Grove Senior High (2015–2017, 2019) and Osseo Senior High (2018–2019).
- Weaver Lake Elementary: A Science, Math and Technology School is a nationally certified magnet school and was named one of the nation's Top Three Elementary STEM schools in 2015.
- Elm Creek Elementary was named a Minnesota School of Excellence in 2017.
- The District's careful stewardship of taxpayer funds is recognized annually by the Minnesota Department of Education and the Association of School Business Officials (ASBO) International.

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

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

## **LOCAL ECONOMY**

During FY 2019, the District operated 31 buildings: 3 high schools, 4 middle schools, 17 elementary schools, 1 area learning center, 2 early childhood sites, 1 special education site, an adult education center, an ice arena complex, and a central administration/warehouse building. The District also operated programs in one leased facility for special education. The instructional program is organized using several grade configurations: Pre-K–5, 6–8, and 9–12. The District had a budgeted enrollment of 21,172 pupil units for FY 2019 and an actual enrollment of 21,075. The District's student enrollment for the current year is projected to increase with an estimated student enrollment of 21,327. A slight increase in enrollment is projected over the next four years.

The District's school buildings were built between 1952 and 2005. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of \$242 million for deferred maintenance and health and safety facility needs.

The District intentionally focuses efforts of staff and other resources to identify available financial resources in order to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several biennia, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs due to increased inflationary costs and required mandates. For example, according to research from the Minnesota Association of School Business Officials, had the general education formula increased by the rate of inflation each year since 2003, the 2019 allowance per average daily membership (ADM) would be \$6,930 rather than \$6,312, a difference of \$618 per ADM, or 9.8 percent.

Minnesota's economic and budget outlook has continued to be strong during this past fiscal year. The February 2019 forecast from Minnesota Management and Budget shows a General Fund forecasted surplus for the biennium of \$563 million, which while \$157 million lower than the November 2018 forecast, it is still significant. The Minnesota Legislature session ended on May 20, 2019 without a budget bill passed for the next biennium. A special session was called, and the final legislative agreement appropriated \$20 billion for E-12 Education for the next two fiscal years, a \$543 million increase from the previous biennium. Included in the increase was a 2 percent per pupil formula increase for each year of the agreement, as well as additional funding to help school districts hold down the growing special education cross-subsidy. Additionally, voluntary preschool and school readiness funding was continued for another two years, and one-time safe schools supplemental aid was approved, contingent on the state's FY 2019 budget levels at the end of its fiscal year.

Numerous factors affect public school finance and are monitored on an on-going basis, such as:

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

## **BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING**

The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization.

The budget planning steps began in October 2018, using the **Long-Range Financial Model (LRFM)** and **Annual Budget Framework** and the **FY 2020 Budget Planning Timeline**. The District's implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2020 budget adjustment process:

#### **Outcomes for budget adjustment process –**

- Create budget adjustment recommendations that align with our system's Mission and Strategic Plan.
- Involve school and community stakeholders in determining how to provide a quality education using available resources.
- Provide budget recommendations for School Board approval that achieve a school district budget that maintains required fund balance.

#### **Budget adjustment proposal process –**

1. The system has identified legally required and mandated essential services and programs. These will not be considered for adjustment.
2. The analysis of budget adjustments will be based on a review of the effectiveness of specific programs or services. Information will be used to determine which program or initiatives are not getting expected results and should be considered for budget adjustments.
3. The third analysis of budget adjustments will consider the basic requirements for providing the educational program at sites. This analysis will establish the base quality education level that the District does not want to go below, and the essential support services required to deliver the base.
4. The analysis will consider the impact on our work to ensure equitable student achievement.
5. School Board policies will be considered to determine if they exceed legally required and mandated essential services and programs or the basic requirements for providing the education program. Do School Board policies and regulations have financial implications? If so, which policies and/or regulations might be changed?
6. All proposed adjustments will be evaluated using the Program Efficiency Abandonment and Redirection (PEAR) process. The process considers the impact of the enhancement, reduction, elimination, or restructuring of services on the education programs.
7. Staff and citizen idea input will be solicited and shared with budget managers for consideration in the budget planning process, through the LRFP Advisory and Financial Involvement School Community Accountability Liaisons (FISCAL). In addition, other formal district advisory groups, such as District Planning Advisory Council (DPAC), Core Planning, Activities Program Advisory Council (APAC), and Community Education Program Advisory Council (CEPAC), inform our work regarding district program priorities, which impacts budget priorities.

The School Board reviewed FY 2020 budget proposals at a work session on January 8, 2019. These budget proposals followed School Board direction that was provided at the November 13, 2018 work session. Budget proposals were approved at the February 12, 2019 regular School Board meeting and result in adjustments of \$381,222 for the General Operating/Transportation Fund budget, \$315,000 for the Food Service Special Revenue Fund budget, and \$229,816 for the Community Service Special Revenue Fund. At the June 4, 2019 School Board work session, the School Board directed the addition of \$195,000 for co-located services for one year only in the General Operating/Transportation Fund budget for FY 2020.

## MISSION, CORE VALUES, AND STRATEGIC OBJECTIVES

The District's mission, core values, and strategic objectives provide direction for the investment of human and financial resources across the system.

### MISSION

*Our mission is to inspire and prepare all students with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.*

### GOALS

- Each student articulates, plans for, and progresses toward his/her evolving dreams.
- Each student chooses to contribute to community in a mutually meaningful way.
- Each student demonstrates initiative and persistence to continually learn that which is important to him/her.
- Each student is ready for kindergarten.\*\*
- Each third grader can read at grade level.\*\*
- Each student graduates from high school.\*\*
- Each student is ready for college and career.\*\*
- The achievement gap is closed on all state-mandated measures.\*\*

\*\* Indicates one of Minnesota's World's Best Workforce goals

### STRATEGIES

- Create transformational system change to ensure equitable student achievement.
- Develop understanding and support of our district's mission and core values among members of our community.
- Engage students and families as partners to achieve our mission and strategic objectives.
- Leverage and align the talents of our employees and the assets of our system to achieve our mission and strategic objectives.

### CORE VALUES

We believe that—

- lifelong learning is essential for the individual and community to thrive;
- everyone has equal intrinsic value;
- trust is essential to sustaining successful relationships and to achieving results;
- better decisions emerge when diverse perspectives are intentionally included in a collaborative process;
- everyone benefits when cultural differences are acknowledged and understood, and individuals are treated respectfully and equitably; and
- everyone can learn more.



## **Priority work for 2019–2020, by strategy**

### **We will create transformational system change to ensure equitable student achievement. \***

- All sites will engage in the use of culturally responsive instructional strategies.
- At every elementary site, student outcomes and measurements of achievement will be aligned, and pre-K is integrated into all school processes.
- All sites will implement culturally responsive, research-based positive behavior intervention practices that include the use of trauma-informed and restorative practices.
- All sites engage in the use of differentiated instructional strategies to support language learner success.
- Students will experience learning that is personalized in path, place, and pace through strengthening teaching and learning practices that support student success.

\*Equitable student achievement means:

1. Ensuring high levels of achievement for all students, and
2. Accelerating growth for students of color and other underperforming groups, in order to
3. Close the achievement gap on all state-mandated measures.

### **We will engage students and families as partners to achieve our mission and strategic objectives.**

- The District will implement a system-wide plan to engage and empower families to support their student(s).

### **We will leverage and align the talents of our employees and the assets of our system to achieve our mission and strategic objectives.**

- Employees will identify and respond to the influence of race and culture on learning.
- Effective staff recruitment and retention practices will build toward a workforce that reflects the demographics of enrolled students.
- Implementation of the Enrollment and Capacity Management Framework will lead to increased community trust in the District through engagement in long-range planning for enrollment and building use.

### **Additional School Board priorities for 2019–2020**

1. Onboarding of new superintendent
2. Strategic planning
3. Referendum decision.

### **Strategy Delimiters**

We will not adopt any new program or service unless it is consistent with and contributes to our mission, and is accompanied by the staff development needed for effective implementation; accept any behavior that demeans the worth of any person; and allow past practice to interfere with the consideration of new ideas.

The 2019–2020 strategic plan is available on the District’s website: [www.district279.org](http://www.district279.org).

## RELEVANT FINANCIAL POLICIES

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

School Board Policy 730 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board endeavors to maintain an unassigned fund balance that will not fall below 5 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81."

Unrestricted fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund Operating Account at June 30, 2019 was 28.1 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

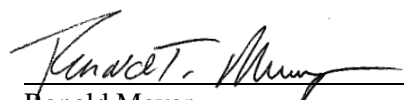
As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## AWARDS AND ACKNOWLEDGEMENTS

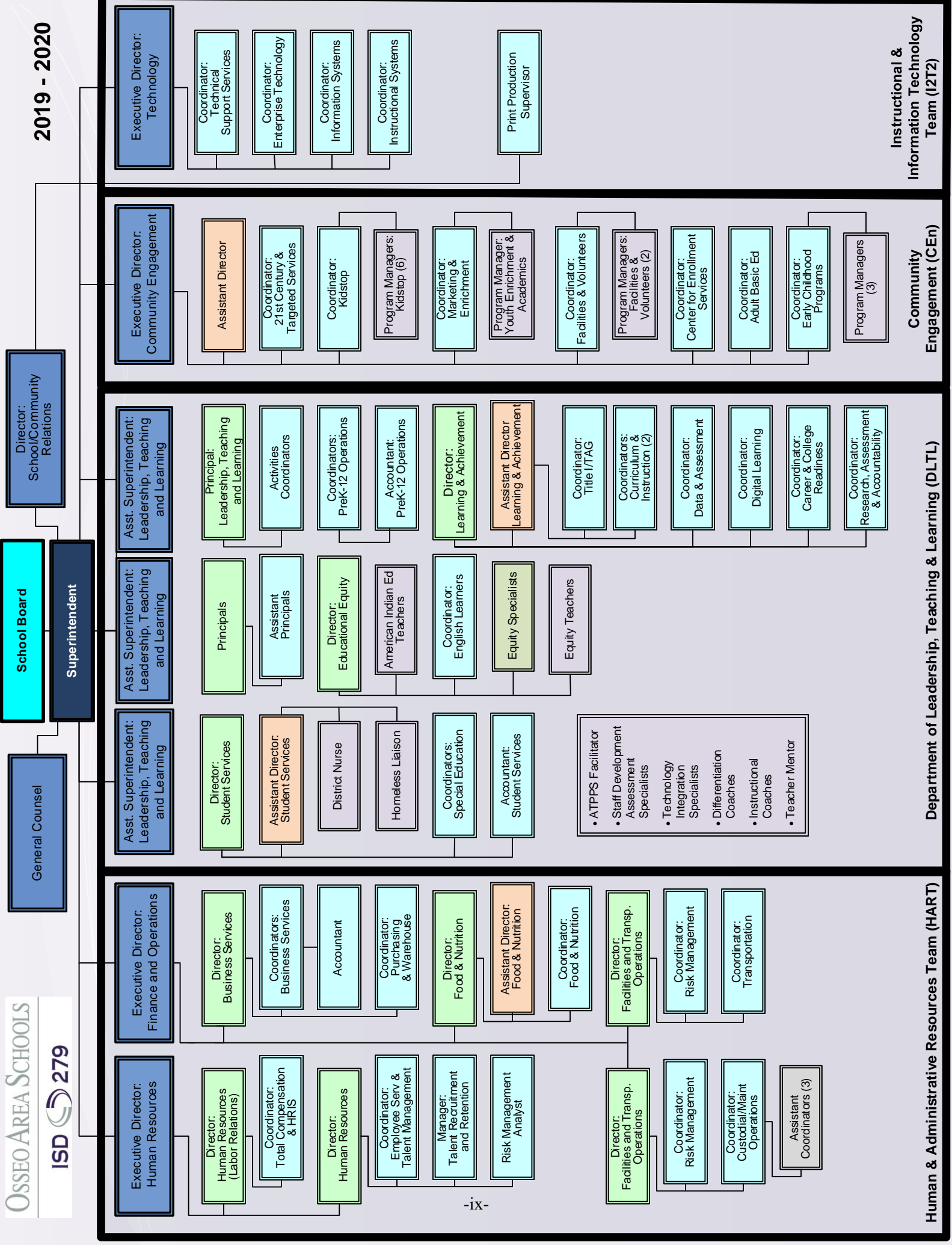
This report will be submitted to the ASBO International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990 and all subsequent submissions on an annual basis through FY 2018. In order to receive this award, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business Services Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the School Board for its unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

  
\_\_\_\_\_  
Ronald Meyer  
Executive Director of Finance & Operations

  
\_\_\_\_\_  
Kelly Benusa, CPA, RSBO, SFO  
Director, Business Services



INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration  
as of June 30, 2019

**SCHOOL BOARD**

	<u>Board Position</u>
Mike Ostaffe	Chairperson
Jessica Craig	Vice Chairperson
Heather Douglass	Clerk
Tanya Simons	Treasurer
Kelsey Dawson Walton	Director
Jackie Mosqueda-Jones	Director

**ADMINISTRATION**

**Cabinet**

Jim Bauck	Interim Superintendent
Stephen Flisk	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Kelli Parpart	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Patrick Smith	Interim Assistant Superintendent, Division of Leadership, Teaching, and Learning
Brian Siverson-Hall	Executive Director, Community Engagement
Ronald Meyer	Executive Director, Finance and Operations
Laurel Anderson	Executive Director, Human Resources
Anthony Padrnos	Executive Director, Technology
Timothy Palmatier	School District General Counsel
Barbara Olson	Director, School/Community Relations

**Business Services Office**

Kelly Benusa, CPA, RSBO, SFO	Director, Business Services
Cindy Brown, RSBO, APM	Coordinator, Business Services
Michael Hueller, CPA	Coordinator, Business Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Independent School District 279 -  
Osseo 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'.

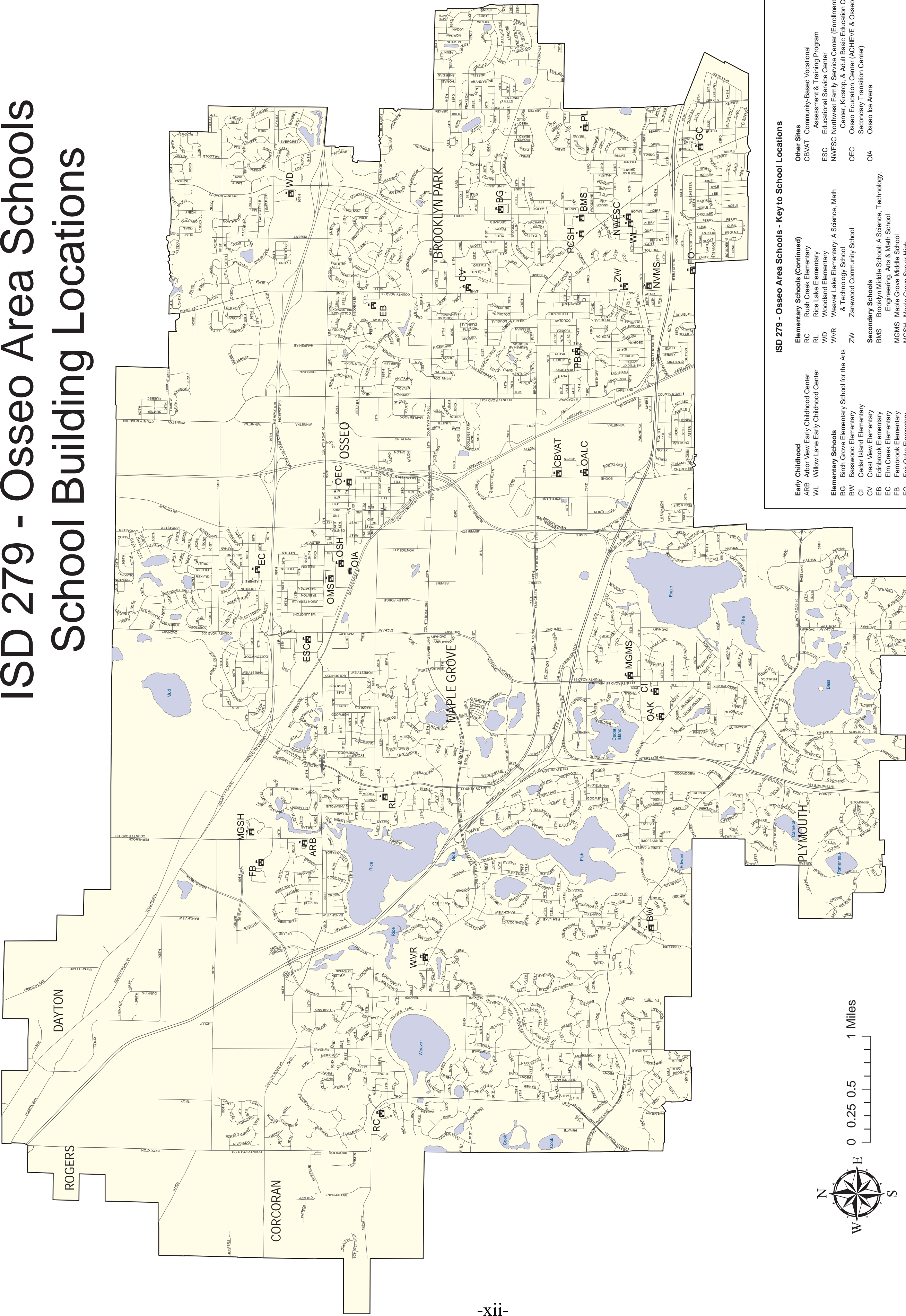
Tom Wohlleber, CSRM  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE  
Chief Operating Officer



# D 279 - Osseo Area Schools School Building Locations



ISD 279 - Osseo Area Schools - Key to School Locations			
<b>Early Childhood</b>	<b>Elementary Schools (Continued)</b>	<b>Other Sites</b>	
ARB Ador View Early Childhood Center	RC Rush Creek Elementary	CBVAT Community-Based Vocational Assessment & Training Program	
WL Willow Lane Early Childhood Center	RL Rice Lake Elementary	ESC Educational Service Center	
	WD Woodland Elementary	NWFSO Northwest Family Service Center (Enrollment Center, Kidstop, & Adult Basic Education Center)	
<b>Elementary Schools</b>	WVR Weaver Lake Elementary: A Science, Math & Technology School	OEC Osseo Education Center (ACHEVE & Osseo Secondary Transition Center)	
BG Birch Grove Elementary School for the Arts	ZW Zanewood Community School	OIA Osseo Ice Arena	
BW Basswood Elementary			
CI Cedar Island Elementary	<b>Secondary Schools</b>		
CV Crest View Elementary	BMS Brooklyn Middle School: A Science, Technology, Engineering, Arts & Math School		
EB Edinbrook Elementary	MGMS Maple Grove Middle School		
EC Elm Creek Elementary	MGSH Maple Grove Senior High		
FO Fair Oaks Elementary	NVMS North View Middle School: An International Baccalaureate World School		
GC Garden City Elementary	OALC Osseo Area Learning Center		
OAK Oak View Elementary	OMS Osseo Middle School		
PB Park Brook Elementary	OSH Osseo Senior High		
PL Palmer Lake Elementary	PCSH Park Center Senior High: An International Baccalaureate World School		

Updated June 14, 2016

# SECTION II

## FINANCIAL







## PRINCIPALS

Thomas A. Karnowski, CPA  
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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. 279 – Osseo Area Schools  
Maple Grove, 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. 279 – Osseo 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 November 13, 2018. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
November 6, 2019

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2019 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$66,786,738 (net position). The District's total net position increased by \$84,377,902 during the fiscal year ended June 30, 2019. This increase is mostly related to changes in net pension related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans the District participates in.
- Overall actual revenues in the Statement of Activities were \$357.3 million and \$84.4 million more than expenses.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the CAFR consists of five parts: independent auditor's report, MD&A (this section), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, which are presented as supplemental information. The basic financial statements include several kinds of statements, which present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A shows how the various parts of this CAFR are arranged and relate to one another:

**Figure A**  
**Organization of Comprehensive Annual Financial Report**

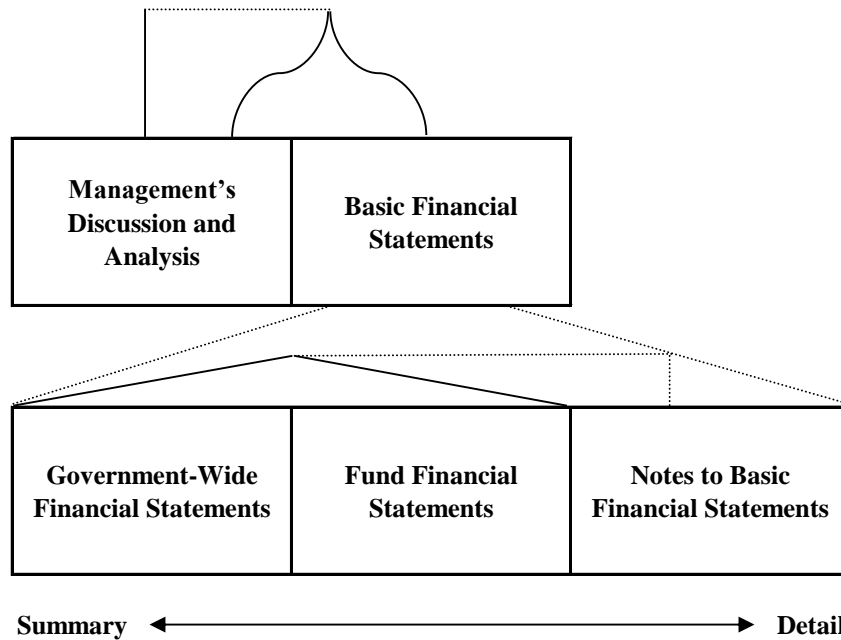


Figure B summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

<b>Figure B – Major Features of the Government-Wide and Fund Financial Statements</b>				
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities of the District that operate similar to businesses: Internal Service Fund	Instances in which the District administers resources on behalf of someone else
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenue, Expenses, and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider 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 shown in one category:

- *Governmental Activities* – All of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*—focusing on its most significant or major funds—rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has three kinds of funds:

- **Governmental Funds** – Most of 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 fewer 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 in the governmental fund financial statements that explains the relationship (or differences) between them.
- **Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.
- **Fiduciary Funds** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Flexible Benefit Plan, Local Collaborative Time Study Grant, and Northwest Family Service Center. 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

**Net Position** – The District’s *combined* net position was \$66,786,738 on June 30, 2019. This was an increase of 479.7 percent from the prior year.

**Table 1**  
**Summary Statement of Net Position – Governmental Activities**  
**as of June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Current and other assets	\$ 280,855,063	\$ 257,515,051
Capital assets, net of depreciation	360,579,579	343,529,383
Total assets	<u>\$ 641,434,642</u>	<u>\$ 601,044,434</u>
<b>Deferred outflows of resources</b>		
OPEB plan deferments	\$ 803,405	\$ 839,313
Pension plan deferments – PERA and TRA	218,043,695	290,542,065
Total deferred outflows of resources	<u>\$ 218,847,100</u>	<u>\$ 291,381,378</u>
<b>Liabilities</b>		
Long-term liabilities	\$ 399,503,420	\$ 716,689,733
Other liabilities	12,905,831	15,564,961
Total liabilities	<u>\$ 412,409,251</u>	<u>\$ 732,254,694</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 95,046,573	\$ 88,222,803
OPEB plan deferments	3,768,438	507,880
Deferred gain on refunding	990,166	1,530,256
Pension plan deferments – PERA and TRA	281,280,576	87,501,343
Total deferred inflows of resources	<u>\$ 381,085,753</u>	<u>\$ 177,762,282</u>
<b>Net position</b>		
Net investment in capital assets	\$ 217,683,814	\$ 209,642,657
Restricted	21,207,005	19,443,331
Unrestricted	<u>(172,104,081)</u>	<u>(246,677,152)</u>
Total net position	<u>\$ 66,786,738</u>	<u>\$ (17,591,164)</u>

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

Total net position increased by \$84,337,902, which primarily reflects a change in the District’s share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which also contributed to the change in unrestricted net position. A change in the District’s share of the PERA and the TRA pension plans also contributed to the change in deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

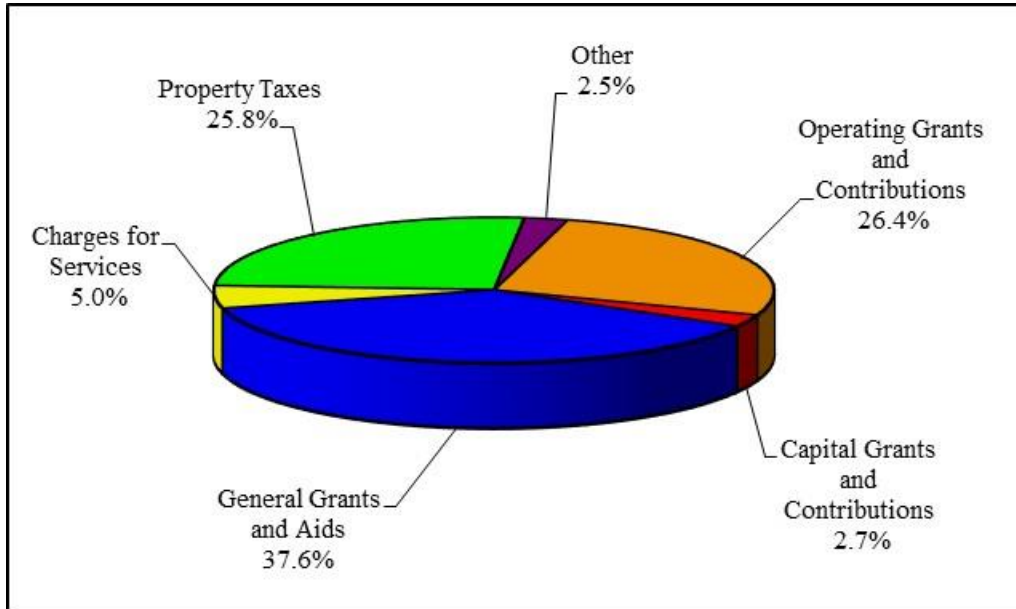
**Table 2**  
**Summary Statement of Activities**  
**for the Years Ended June 30, 2019 and 2018**

	2019	2018
Revenues		
Program revenues		
Charges for services	\$ 17,852,790	\$ 18,033,146
Operating grants and contributions	94,288,399	71,983,248
Capital grants and contributions	9,709,050	8,401,701
General revenues		
Property taxes	92,274,678	90,236,057
General grants and aids	134,202,995	150,314,612
Other	8,926,440	4,507,040
Total revenues	<u>357,254,352</u>	<u>343,475,804</u>
Expenses		
Administration	11,579,014	11,514,189
District support services	9,161,865	9,685,524
Elementary and secondary regular instruction	96,467,422	201,729,524
Vocational education instruction	3,896,875	3,877,502
Special education instruction	37,278,468	63,405,079
Instructional support services	20,153,137	19,776,626
Pupil support services	24,378,844	23,150,650
Sites and buildings	26,923,739	24,049,266
Fiscal and other fixed cost programs	478,592	437,569
Food service	11,725,300	12,641,891
Community service	17,988,019	20,570,178
Unallocated depreciation expense	8,572,041	8,217,000
Interest and fiscal charges	4,273,134	4,678,075
Total expenses	<u>272,876,450</u>	<u>403,733,073</u>
Change in net position	84,377,902	(60,257,269)
Beginning of year net position	<u>(17,591,164)</u>	<u>42,666,105</u>
End of year net position	<u>\$ 66,786,738</u>	<u>\$ (17,591,164)</u>

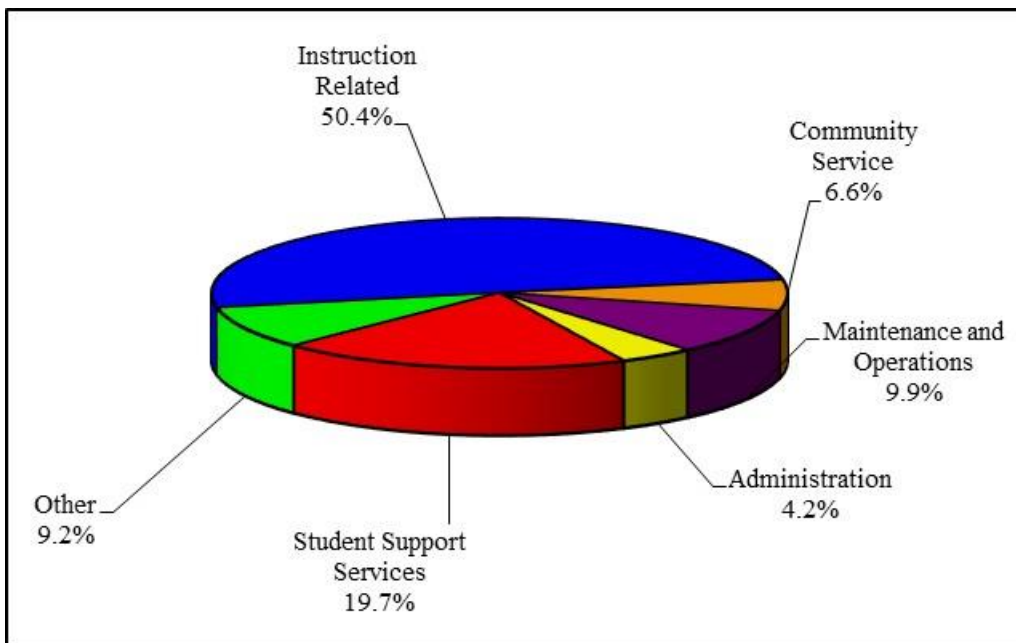
**Change in Net Position** – The District’s total revenues were \$357,254,352 for the year ended June 30, 2019. Property taxes and general grants and aids accounted for 63.4 percent (see Figure C) of total revenue for the year.

The total cost of all programs and services was \$272,876,450. The District’s expenses are predominantly related to educating and caring for students (70.1 percent) (see Figure D). The administrative activities of the District accounted for 4.2 percent of total costs.

**Figure C – Sources of Revenues for Fiscal Year 2019**



**Figure D – Expenses for Fiscal Year 2019**



- The cost of all *governmental* activities for fiscal year 2019 was \$272,876,450.
- Some of the cost, \$17,852,790, was paid by the users of the District's programs.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$94,288,399.

- Most of the District's costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling \$226,477,673. This portion of governmental activities was paid for with \$92,274,678 in property taxes and \$134,202,995 of state aid based on the state-wide education aid formula.

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Total Percent Change 2018–2019	Net Cost of Services		Total Percent Change 2018–2019
	2019	2018		2019	2018	
Administration	\$ 11,579,014	\$ 11,514,189	0.6%	\$ 11,297,534	\$ 11,227,099	0.6%
District support services	9,161,865	9,685,524	(5.4%)	8,988,892	9,605,624	(6.4%)
Elementary and secondary regular instruction	96,467,422	201,729,524	(52.2%)	52,933,973	175,525,657	(69.8%)
Vocational education instruction	3,896,875	3,877,502	0.5%	3,723,129	3,714,686	0.2%
Special education instruction	37,278,468	63,405,079	(41.2%)	5,336,751	35,649,049	(85.0%)
Instructional support services	20,153,137	19,776,626	1.9%	16,417,944	16,199,347	1.3%
Pupil support services	24,378,844	23,150,650	5.3%	22,053,754	20,757,627	6.2%
Sites and buildings	26,923,739	24,049,266	12.0%	16,956,038	15,530,920	9.2%
Fiscal and other fixed cost programs	478,592	437,569	9.4%	478,592	437,569	9.4%
Food service	11,725,300	12,641,891	(7.3%)	(1,046,111)	(420,068)	149.0%
Community service	17,988,019	20,570,178	(12.6%)	1,040,540	4,192,393	(75.2%)
Unallocated depreciation expense	8,572,041	8,217,000	4.3%	8,572,041	8,217,000	4.3%
Interest and fiscal charges	4,273,134	4,678,075	(8.7%)	4,273,134	4,678,075	(8.7%)
Total	<u>\$ 272,876,450</u>	<u>\$ 403,733,073</u>	(32.4%)	<u>\$ 151,026,211</u>	<u>\$ 305,314,978</u>	(50.5%)

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

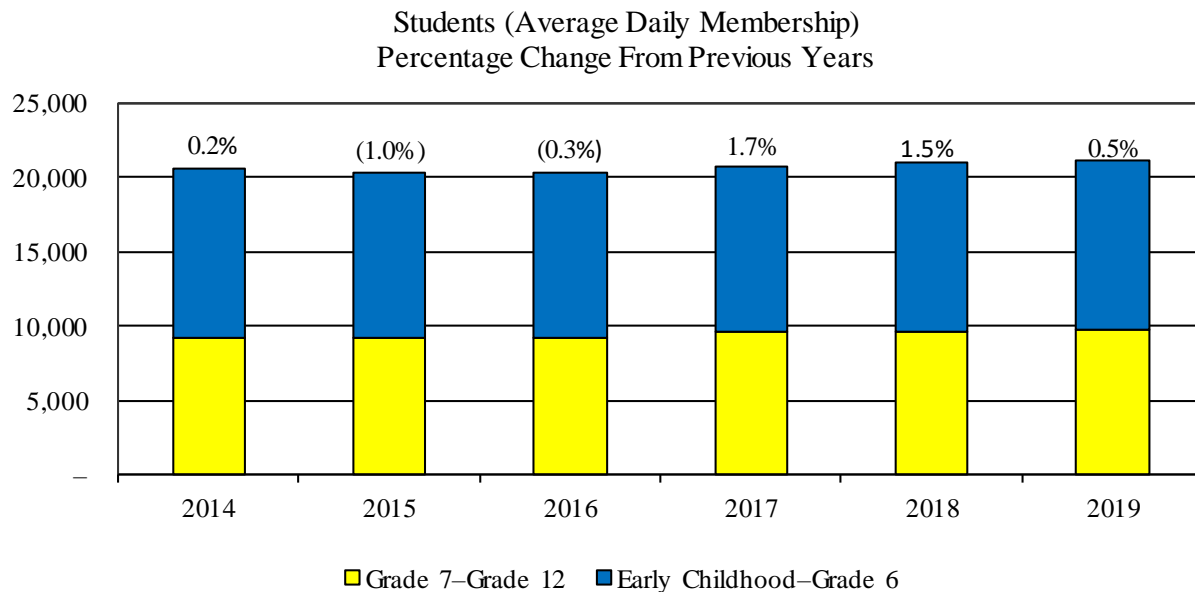
As the District completed the year, its governmental funds reported a *combined* fund balance of \$139,715,482, an increase from last year's ending fund balance of \$120,132,427, or 16.3 percent. This is primarily due to the \$43,340,000 issuance of the 2018B General Obligation Facilities Maintenance Bonds in fiscal 2019.

Revenues for the District's governmental funds were \$354,106,577, while total expenditures were \$373,734,058.

## GENERAL FUND

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

The following graph shows the percentage change in the number of students over the last several years:



Over the last six years, the District has seen a 2.6 percent increase in the number of students. Enrollment projections predict a slight increase in enrollment over the next several years.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of	Percent
	2019	2018	Increase (Decrease)	Increase (Decrease)
Local sources				
Property taxes	\$ 69,741,962	\$ 69,621,125	\$ 120,837	0.2%
Investment earnings	2,260,901	1,015,188	1,245,713	122.7%
Other	6,411,992	5,691,273	720,719	12.7%
State sources	212,696,610	204,440,246	8,256,364	4.0%
Federal sources	9,408,631	9,800,950	(392,319)	(4.0%)
<b>Total General Fund revenue</b>	<b>\$ 300,520,096</b>	<b>\$ 290,568,782</b>	<b>\$ 9,951,314</b>	<b>3.4%</b>

Total General Fund revenue increased by \$9,951,314, or 3.4 percent, in fiscal year 2019 compared with fiscal year 2018. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue.

Total state source revenue increased in two areas. First, general education state aid increased in the basic formula allowance for general education state aid and an additional 134 adjusted pupil units over the previous year. Secondly, special education revenue increased for the current year and prior year due to revised calculations provided by the Minnesota Department of Education based in part from updated legislative information.

The following schedule presents a summary of General Fund expenditures:

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2019	2018		
Salaries	\$ 173,268,495	\$ 169,234,817	\$ 4,033,678	2.4%
Employee benefits	63,299,849	60,945,011	2,354,838	3.9%
Purchased services	32,447,916	31,756,039	691,877	2.2%
Supplies, materials, and equipment	28,878,875	18,039,148	10,839,727	60.1%
Other expenditures	6,353,171	7,059,204	(706,033)	(10.0%)
Total expenditures	<u>\$ 304,248,306</u>	<u>\$ 287,034,219</u>	<u>\$ 17,214,087</u>	6.0%

Total General Fund expenditures increased \$17,214,087, or 6.0 percent, from the previous year.

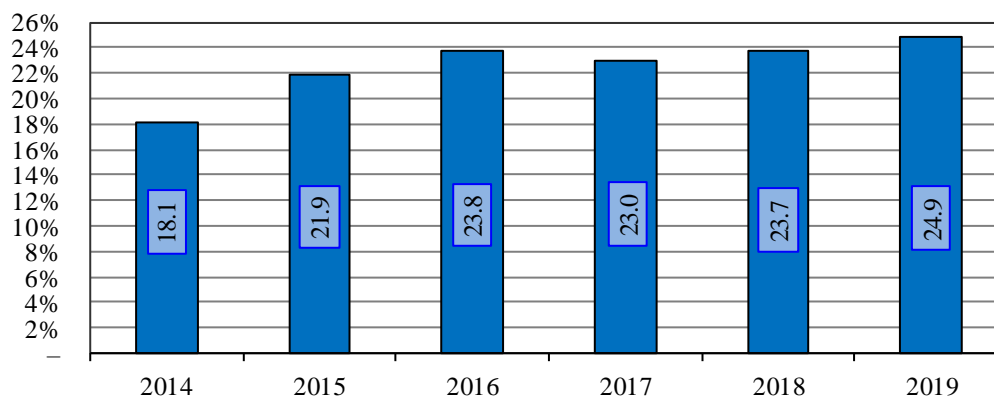
In fiscal year 2019, salaries increased 2.4 percent and employee benefits increased 3.9 percent. The increase in salaries and benefits is attributed to employee contract improvements.

Purchased services increased \$691,877. Transportation costs increased due to growth in desegregation, hazardous, 504 plan, homeless, and voluntary pre-kindergarten student categories served and increased contract costs in fiscal year 2019.

Supplies, materials, and equipment increased by \$10,839,727 from the prior year. The increase can be attributed to the issuance of leases for technology and facilities equipment, site improvements, textbooks for the math curriculum adoption, and software.

Other expenditures decreased \$706,033 in two main areas; principal and interest payments on leases for technology equipment and membership fees, specifically for Sourcewell Technology; these were partially offset by increases in miscellaneous expenditures for special events.

The following graph shows the General Fund unassigned fund balance (without including any restricted account deficits) as a percentage of expenditures:



In fiscal year 2019, General Fund revenue and other financing sources were more than expenditures by \$3,937,010. Therefore, total fund balance increased to \$87,172,388 at June 30, 2019. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance increased from \$67,945,278 at June 30, 2018 to \$75,728,626 at June 30, 2019.

The graph above is the single best measure of overall financial health. The unassigned fund balance of \$75,728,626 at June 30, 2019 represents 24.9 percent of annual expenditures, or 12.9 weeks of operations. The District closely monitors its fund balances.

### General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

1. Implementing budgets for specially funded projects, which include both federal and state grants; reinstating prior year purchase orders being carried over; and budgeting for clearing, resale, and gifts.
2. Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by \$5,873,075, reducing fund balance, the actual results for the year show an increase of \$3,937,010.

- Actual revenues were \$3,678,930 more than expected. State sources were over budget by \$2,311,087, primarily due to two areas: special education, current and prior year under accrual of \$3,447,184 and partially offset by general education aid, which was lower than budget by \$804,267, due to a decrease of 101 actual adjusted pupil units from budgeted amounts. Other revenue sources were over budget by \$1,583,792, mainly due to fees from gifts, admissions and gate receipts, and third party medical billing exceeding budgeted amounts. Federal sources were under budgeted entitlement amounts by \$865,046. These grants contain carryover provisions and will be spent down during the next fiscal year as planned.
- Actual expenditures were \$1,534,065 over budget, or a 0.5 percent variance.
- Other financing sources were \$7,665,220 over budget, due to the issuance of four capital leases for equipment purchased in the current year and proceeds from the District's portion of the TIES building sale.

## **CAPITAL PROJECTS AND DEBT SERVICE FUNDS**

The Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures and other financing uses by \$25,640,982, resulting in a fund balance of \$38,626,107 at June 30, 2019. The increase is due to the issuance of the 2018B General Obligation Facilities Maintenance Bonds for \$43,340,000. The difference is due to the planned spend down in accordance with the long-term facilities maintenance plan.

The Debt Service Fund expenditures and other financing uses exceeded revenues and other financing sources by \$10,747,244 in fiscal year 2019, mainly due to debt retirement from refunding bonds issued in prior years. The remaining fund balance of \$5,842,002 at June 30, 2019 is available for meeting future debt service obligations.

## **NONMAJOR FUNDS**

Revenues exceeded expenditures in the nonmajor funds by \$752,307. The Food Service Special Revenue Fund had an increase in fund balance of \$709,996. This was more than budgeted due to lower than projected expenditures in three areas: purchases of food, milk, and commodities. The Community Service Special Revenue Fund had an increase in fund balance of \$42,311. From the standpoint of maintaining current operating expenditures within the range of annual revenue, these funds continue to operate on a sound financial basis and are monitored throughout the year.

## **INTERNAL SERVICE FUNDS**

During fiscal year 2019, the District operated a Dental Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured dental insurance program. Net position in this fund decreased \$112,858, resulting in a net position of \$356,926 at June 30, 2019.

During fiscal year 2019, the District operated a Medical Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical insurance program. Net position in this fund increased \$204,572, resulting in a net position of \$592,698 at June 30, 2019.

The Retirement Incentive Pay Internal Service Fund change in net position decreased \$270,663, resulting in a net position of \$2,968,575 at June 30, 2019. This decrease is attributed to payments made for severance expenses.

Over the next several years, the District's annual obligation to pay post-employment benefits will gradually decrease from its current level because the number of eligible employees reaching retirement age will also decrease. Accordingly, the District established a Retirement Incentive Pay Internal Service Fund and adopted a plan to fund its early retirement incentive (severance) as the benefits are earned in accordance with governmental accounting standards. The Retirement Incentive Pay Internal Service Fund is used to finance the early retirement incentive benefits provided by all of the departments and funds of the District on a cost-reimbursement basis.

The Post-Employment Benefits Revocable Trust Internal Service Fund was established to fund OPEB. This revocable trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2019, this fund had a net position of \$6,766,228. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated June 30, 2019, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations based on actuarial estimates. The District has been strategic by prefunding a portion of this post-employment benefit liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid the future reductions of regular programming that would have been necessary to pay for these post-employment benefits.



## CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

### Capital Assets

By the end of fiscal year 2019, the District had invested \$556.2 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The major increase in capital assets can be attributed to various long-term facilities maintenance projects for fiscal year 2019. (More detailed information about capital assets can be found in Note 3 of the notes to basic financial statements.) Total depreciation expense for the year was \$11.0 million as compared to a prior year depreciation expense of \$10.7 million.

**Table 4**  
**Capital Assets – Governmental Activities**

	2019	2018	Total Percent Change 2018–2019
Land	\$ 8,973,417	\$ 8,323,417	7.8%
Land improvements	31,988,651	30,897,771	3.5%
Buildings	493,392,348	456,522,719	8.1%
Furniture and equipment	10,605,589	9,658,055	9.8%
Construction in progress	11,214,268	22,797,439	(50.8%)
Less accumulated depreciation	(195,594,694)	(184,670,018)	5.9%
Total	<u>\$ 360,579,579</u>	<u>\$ 343,529,383</u>	5.0%

## Debt Administration

At June 30, 2019, the District had bonded debt of \$174,725,000. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation equal to 15 percent of the actual value of all taxable property within the District. The District is within its legal authority for bonded debt.

## Long-Term Liabilities

**Table 5**  
**Outstanding Long-Term Liabilities**

	2019	2018	Total Percent Change
General obligation bonds and notes payable	\$ 163,665,000	\$ 148,370,000	10.3%
Certificates of participation	11,060,000	11,870,000	(6.8%)
Capital leases	6,031,304	1,608,641	274.9%
Unamortized premiums (discounts) on debt issued	7,455,402	6,980,144	6.8%
Net pension liability	189,581,439	520,761,724	(63.6%)
Post-employment severance benefits payable	7,125,631	8,553,978	(16.7%)
Total OPEB obligation	14,584,644	18,545,246	(21.4%)
Total	<u>\$ 399,503,420</u>	<u>\$ 716,689,733</u>	(44.3%)

More detailed information about the District's long-term liabilities is presented in Note 4 of the notes to basic financial statements.

### Bond Ratings

The District's general obligation bonds carry a rating of Aa1.

### Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding debt is significantly below this limit, which is currently \$2,521,110,069.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The Legislature has added \$126, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2020, and an additional \$129, or 2 percent, per pupil to the formula for fiscal year 2021. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs due to increased costs from inflation and required mandates. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.

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

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Department, Independent School District No. 279, Educational Service Center, 11200 – 93rd Avenue North, Maple Grove, Minnesota 55369-6605.

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

## BASIC FINANCIAL STATEMENTS

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Governmental Activities	
	2019	2018
<b>Assets</b>		
Cash and temporary investments	\$ 178,451,667	\$ 149,537,004
Receivables		
Current taxes	49,270,847	44,082,924
Delinquent taxes	558,980	354,681
Accounts and interest	2,495,141	1,235,498
Due from other governmental units	24,400,992	24,589,810
Inventory	558,126	379,164
Restricted assets – temporarily restricted		
Cash and investments for OPEB	24,906,975	23,541,604
Cash and investments for debt service	–	13,552,190
Interest receivable for OPEB	212,335	242,176
Total restricted assets – temporarily restricted	25,119,310	37,335,970
Capital assets		
Not depreciated	20,187,685	31,120,856
Depreciated, net of accumulated depreciation	340,391,894	312,408,527
Total capital assets, net of accumulated depreciation	360,579,579	343,529,383
Total assets	641,434,642	601,044,434
Deferred outflows of resources		
OPEB plan deferments	803,405	839,313
Pension plan deferments – PERA and TRA	218,043,695	290,542,065
Total deferred outflows of resources	218,847,100	291,381,378
Total assets and deferred outflows of resources	\$ 860,281,742	\$ 892,425,812
<b>Liabilities</b>		
Salaries payable	\$ 685,751	\$ 1,048,366
Accounts and contracts payable	7,208,924	11,153,496
Due to other governmental units	1,641,082	685,686
Unearned revenue	239,272	242,256
Accrued interest payable	3,130,802	2,435,157
Long-term liabilities		
Due within one year	21,779,088	31,170,990
Due in more than one year	377,724,332	685,518,743
Total long-term liabilities	399,503,420	716,689,733
Total liabilities	412,409,251	732,254,694
Deferred inflows of resources		
Property taxes levied for subsequent year	95,046,573	88,222,803
OPEB plan deferments	3,768,438	507,880
Deferred gain on refunding	990,166	1,530,256
Pension plan deferments – PERA and TRA	281,280,576	87,501,343
Total deferred inflows of resources	381,085,753	177,762,282
<b>Net position</b>		
Net investment in capital assets	217,683,814	209,642,657
Restricted for		
Capital asset acquisition	8,825,929	10,237,338
Debt service	2,913,684	694,187
Food service	5,073,936	4,363,940
Community service	3,028,439	2,970,246
Other purposes (state funding restrictions)	1,365,017	1,177,620
Unrestricted	(172,104,081)	(246,677,152)
Total net position	66,786,738	(17,591,164)
Total liabilities, deferred inflows of resources, and net position	\$ 860,281,742	\$ 892,425,812

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

		2019			2018	
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 11,579,014	\$ 244,897	\$ 36,583	\$ —	\$ (11,297,534)	\$ (11,227,099)
District support services	9,161,865	26,214	146,759	—	(8,988,892)	(9,605,624)
Elementary and secondary regular instruction	96,467,422	1,375,260	42,158,189	—	(52,933,973)	(175,525,657)
Vocational education instruction	3,896,875	—	173,746	—	(3,723,129)	(3,714,686)
Special education instruction	37,278,468	3,425	31,938,292	—	(5,336,751)	(35,649,049)
Instructional support services	20,153,137	108,116	3,627,077	—	(16,417,944)	(16,199,347)
Pupil support services	24,378,844	—	2,325,090	—	(22,053,754)	(20,757,627)
Sites and buildings	26,923,739	127,561	131,090	9,709,050	(16,956,038)	(15,530,920)
Fiscal and other fixed cost programs	478,592	—	—	—	(478,592)	(437,569)
Food service	11,725,300	5,311,834	7,459,577	—	1,046,111	420,068
Community service	17,988,019	10,655,483	6,291,996	—	(1,040,540)	(4,192,393)
Unallocated depreciation expense (excludes amounts directly allocated)	8,572,041	—	—	—	(8,572,041)	(8,217,000)
Interest and fiscal charges	4,273,134	—	—	—	(4,273,134)	(4,678,075)
Total governmental activities	<u>\$ 272,876,450</u>	<u>\$ 17,852,790</u>	<u>\$ 94,288,399</u>	<u>\$ 9,709,050</u>	(151,026,211)	(305,314,978)
General revenues						
Taxes						
Property taxes, levied for general purposes					70,139,704	69,614,963
Property taxes, levied for community service					2,751,535	2,584,830
Property taxes, levied for debt service					19,383,439	18,036,264
General grants and aids					134,202,995	150,314,612
Other general revenues					2,650,329	1,837,047
Sale of assets					199,685	—
Investment earnings					6,076,426	2,669,993
Total general revenues					<u>235,404,113</u>	<u>245,057,709</u>
Change in net position					84,377,902	(60,257,269)
Net position – beginning					<u>(17,591,164)</u>	<u>42,666,105</u>
Net position – ending					\$ 66,786,738	\$ (17,591,164)

INDEPENDENT SCHOOL DISTRICT NO. 279

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	\$ 99,595,326	\$ 41,878,374	\$ 16,073,130
Cash and investments held by trustee	–	–	–
Receivables			
Current taxes	37,840,193	–	9,985,771
Delinquent taxes	425,289	–	118,039
Accounts and interest	1,740,253	533,459	–
Due from other governmental units	23,598,465	–	47,811
Inventory	427,061	–	–
Total assets	<u>\$ 163,626,587</u>	<u>\$ 42,411,833</u>	<u>\$ 26,224,751</u>
Liabilities			
Salaries payable	\$ 224,217	\$ –	\$ –
Accounts and contracts payable	2,717,579	3,785,726	–
Due to other governmental units	837,677	–	–
Unearned revenue	–	–	–
Total liabilities	<u>3,779,473</u>	<u>3,785,726</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	71,946,356	–	20,180,265
Unavailable revenue – delinquent taxes	728,370	–	202,484
Total deferred inflows of resources	<u>72,674,726</u>	<u>–</u>	<u>20,382,749</u>
Fund balances			
Nonspendable	427,061	–	–
Restricted	10,900,900	38,626,107	5,842,002
Assigned	825,755	–	–
Unassigned	75,018,672	–	–
Total fund balances	<u>87,172,388</u>	<u>38,626,107</u>	<u>5,842,002</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 163,626,587</u>	<u>\$ 42,411,833</u>	<u>\$ 26,224,751</u>



Nonmajor Funds	Total Governmental Funds	
	2019	2018
\$ 9,434,256	\$ 166,981,086	\$ 136,472,673
—	—	13,552,190
1,444,883	49,270,847	44,082,924
15,652	558,980	354,681
185,349	2,459,061	1,200,303
754,716	24,400,992	25,429,123
131,065	558,126	379,164
<u>\$ 11,965,921</u>	<u>\$ 244,229,092</u>	<u>\$ 221,471,058</u>
\$ 461,534	\$ 685,751	\$ 1,048,366
242,788	6,746,093	10,705,096
—	837,677	685,686
239,272	239,272	242,256
<u>943,594</u>	<u>8,508,793</u>	<u>12,681,404</u>
2,919,952	95,046,573	88,222,803
27,390	958,244	434,424
<u>2,947,342</u>	<u>96,004,817</u>	<u>88,657,227</u>
131,065	558,126	379,164
7,943,920	63,312,929	48,310,073
—	825,755	3,634,947
—	75,018,672	67,808,243
<u>8,074,985</u>	<u>139,715,482</u>	<u>120,132,427</u>
<u>\$ 11,965,921</u>	<u>\$ 244,229,092</u>	<u>\$ 221,471,058</u>

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

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INDEPENDENT SCHOOL DISTRICT NO. 279

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)

	2019	2018
Total fund balances – governmental funds	\$ 139,715,482	\$ 120,132,427
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	556,174,273	528,199,401
Accumulated depreciation	(195,594,694)	(184,670,018)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds and notes	(163,665,000)	(148,370,000)
Certificates of participation	(11,060,000)	(11,870,000)
Capital leases	(6,031,304)	(1,608,641)
Premium (discounts) on bonds	(7,455,402)	(6,980,144)
Net pension liability – PERA	(42,067,376)	(48,505,128)
Net pension liability – TRA	(147,514,063)	(472,256,596)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(3,130,802)	(2,435,157)
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.	10,684,427	8,827,802
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 plans	218,043,695	290,542,065
Deferred inflows of resources – pension plans	(281,280,576)	(87,501,343)
Deferred inflows of resources – deferred gain on refunding	(990,166)	(1,530,256)
Deferred inflows of resources – delinquent property taxes	958,244	434,424
Total net position – governmental activities	\$ 66,786,738	\$ (17,591,164)

INDEPENDENT SCHOOL DISTRICT NO. 279

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	\$ 69,741,962	\$ –	\$ 19,273,243
Investment earnings	2,260,901	815,001	361,411
Other	6,411,992	–	–
State sources	212,696,610	–	481,515
Federal sources	9,408,631	–	–
Total revenue	300,520,096	815,001	20,116,169
Expenditures			
Current			
Administration	11,579,014	–	–
District support services	7,122,254	–	–
Elementary and secondary regular instruction	144,692,508	–	–
Vocational education instruction	3,907,331	–	–
Special education instruction	51,507,841	–	–
Instructional support services	26,200,345	–	–
Pupil support services	24,378,844	–	–
Sites and buildings	30,083,755	–	–
Fiscal and other fixed cost programs	478,592	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	18,135,061	–
Debt service			
Principal	3,852,872	–	13,950,000
Interest and fiscal charges	444,950	134,292	5,363,395
Total expenditures	304,248,306	18,269,353	19,313,395
Excess (deficiency) of revenue over expenditures	(3,728,210)	(17,454,352)	802,774
Other financing sources (uses)			
Debt issued	–	43,340,000	16,070,000
Premium (discount) on debt issued	–	(244,666)	2,544,982
Debt retirement from refunding bonds	–	–	(30,165,000)
Sale of assets	199,685	–	–
Capital leases issued	7,465,535	–	–
Total other financing sources (uses)	7,665,220	43,095,334	(11,550,018)
Net change in fund balances	3,937,010	25,640,982	(10,747,244)
Fund balances			
Beginning of year	83,235,378	12,985,125	16,589,246
End of year	\$ 87,172,388	\$ 38,626,107	\$ 5,842,002

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2019	2018
\$ 2,735,653	\$ 91,750,858	\$ 90,260,977
214,843	3,652,156	1,604,857
17,327,981	23,739,973	22,858,261
4,986,790	218,164,915	209,621,427
7,390,044	16,798,675	17,198,842
<u>32,655,311</u>	<u>354,106,577</u>	<u>341,544,364</u>
—	11,579,014	11,514,189
—	7,122,254	6,903,161
—	144,692,508	141,017,874
—	3,907,331	3,874,646
—	51,507,841	49,252,014
—	26,200,345	19,713,175
—	24,378,844	23,150,650
—	30,083,755	26,295,190
—	478,592	437,569
11,900,447	11,900,447	12,369,060
19,669,050	19,669,050	18,835,328
333,507	18,468,568	30,922,886
—	17,802,872	17,825,824
—	5,942,637	6,692,091
<u>31,903,004</u>	<u>373,734,058</u>	<u>368,803,657</u>
752,307	(19,627,481)	(27,259,293)
—	59,410,000	12,900,000
—	2,300,316	687,685
—	(30,165,000)	—
—	199,685	473,993
—	7,465,535	800,876
<u>—</u>	<u>39,210,536</u>	<u>14,862,554</u>
752,307	19,583,055	(12,396,739)
<u>7,322,678</u>	<u>120,132,427</u>	<u>132,529,166</u>
<u>\$ 8,074,985</u>	<u>\$ 139,715,482</u>	<u>\$ 120,132,427</u>

# OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

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)

	2019	2018
Total net change in fund balances – governmental funds	\$ 19,583,055	\$ (12,396,739)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	28,023,909	37,724,606
Depreciation expense	(10,973,713)	(10,660,379)
Basis of disposed capital assets	–	(5,184,022)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(59,410,000)	(12,900,000)
Capital leases	(7,465,535)	(800,876)
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.	1,856,625	(795,041)
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.	44,925,000	14,240,000
Capital leases	3,042,872	3,585,824
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.	(695,645)	485,933
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.	(475,258)	2,370,654
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability – PERA	6,437,752	12,082,608
Net pension liability – TRA	324,742,533	73,915,338
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 plans	(72,498,370)	(82,047,521)
Deferred inflows of resources – pension plans	(193,779,233)	(77,846,531)
Deferred inflows of resources – deferred gain on refunding	540,090	(1,530,256)
Deferred inflows of resources – delinquent property taxes	523,820	(41,523)
Certain revenues are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.	–	(459,344)
Change in net position – governmental activities	<u>\$ 84,377,902</u>	<u>\$ (60,257,269)</u>

# OSSEO AREA SCHOOLS

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ISD  279

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INDEPENDENT SCHOOL DISTRICT NO. 279

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	\$ 58,427,334	\$ 69,473,766	\$ 69,741,962	\$ 268,196
Investment earnings	1,575,000	1,880,000	2,260,901	380,901
Other	2,200,400	4,828,200	6,411,992	1,583,792
State sources	189,948,502	210,385,523	212,696,610	2,311,087
Federal sources	—	10,273,677	9,408,631	(865,046)
Total revenue	252,151,236	296,841,166	300,520,096	3,678,930
Expenditures				
Current				
Administration	8,997,234	11,814,164	11,579,014	(235,150)
District support services	7,207,073	8,453,707	7,122,254	(1,331,453)
Elementary and secondary regular instruction	95,059,466	146,989,755	144,692,508	(2,297,247)
Vocational education instruction	3,005,897	3,898,374	3,907,331	8,957
Special education instruction	37,458,548	52,405,957	51,507,841	(898,116)
Instructional support services	15,262,869	21,383,579	26,200,345	4,816,766
Pupil support services	22,478,052	24,602,898	24,378,844	(224,054)
Sites and buildings	16,677,133	28,367,984	30,083,755	1,715,771
Fiscal and other fixed cost programs	50,387,749	500,000	478,592	(21,408)
Debt service				
Principal	—	3,852,873	3,852,872	(1)
Interest and fiscal charges	—	444,950	444,950	—
Total expenditures	256,534,021	302,714,241	304,248,306	1,534,065
Excess (deficiency) of revenue over expenditures	(4,382,785)	(5,873,075)	(3,728,210)	2,144,865
Other financing sources				
Sale of assets	—	—	199,685	199,685
Capital leases issued	—	—	7,465,535	7,465,535
Total other financing sources	—	—	7,665,220	7,665,220
Net change in fund balances	\$ (4,382,785)	\$ (5,873,075)	3,937,010	\$ 9,810,085
Fund balances				
Beginning of year			83,235,378	
End of year			\$ 87,172,388	

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019	2018
Assets		
Current assets		
Cash and temporary investments	\$ 11,470,581	\$ 13,064,331
Cash and investments held by trustee	24,906,975	23,541,604
Accounts and interest receivable	248,415	277,371
Total assets	36,625,971	36,883,306
Deferred outflows of resources		
OPEB plan deferments	803,405	839,313
Liabilities		
Current liabilities		
Accounts and contracts payable	462,831	448,400
Due to other governmental units	803,405	839,313
Post-employment severance benefits payable	1,287,749	1,751,030
Long-term liabilities		
Total OPEB obligation	14,584,644	18,545,246
Post-employment severance benefits payable	5,837,882	6,802,948
Total liabilities	22,976,511	28,386,937
Deferred inflows of resources		
OPEB plan deferments	3,768,438	507,880
Net position		
Restricted for employee benefits	6,766,228	4,730,654
Unrestricted	3,918,199	4,097,148
Total net position	\$ 10,684,427	\$ 8,827,802

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 7,058,570	\$ 7,388,858
Operating expenses		
Dental benefit claims	1,852,031	1,770,030
Medical benefit claims	5,129,987	5,521,988
Post-employment severance benefits	504,928	1,311,393
OPEB	<u>139,269</u>	<u>645,624</u>
Total operating expenses	<u>7,626,215</u>	<u>9,249,035</u>
Operating (loss)	(567,645)	(1,860,177)
Nonoperating revenue		
Investment earnings	<u>2,424,270</u>	<u>1,065,136</u>
Change in net position	1,856,625	(795,041)
Net position		
Beginning of year	<u>8,827,802</u>	<u>9,622,843</u>
End of year	<u><u>\$ 10,684,427</u></u>	<u><u>\$ 8,827,802</u></u>

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Cash Flows  
Governmental Activities  
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		
Received from assessments made to other funds	\$ 7,057,685	\$ 7,392,680
Payments for dental claims	(1,837,600)	(1,751,706)
Payments for medical claims	(5,129,987)	(5,471,988)
Post-employment severance and OPEB benefit payments	<u>(2,772,588)</u>	<u>(2,340,243)</u>
Net cash flows from operating activities	(2,682,490)	(2,171,257)
Cash flows from investing activities		
Investment income received	<u>2,454,111</u>	<u>1,004,025</u>
Net change in cash and cash equivalents	(228,379)	(1,167,232)
Cash and cash equivalents		
Beginning of year	<u>36,605,935</u>	<u>37,773,167</u>
End of year	<u><u>\$ 36,377,556</u></u>	<u><u>\$ 36,605,935</u></u>
Reconciliation of operating (loss) to net cash flows from operating activities		
Operating (loss)	\$ (567,645)	\$ (1,860,177)
Adjustments to reconcile operating (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(885)	3,822
Deferred outflows of resources	35,908	(839,313)
Accounts and contracts payable	14,431	68,324
Due to other governmental units	(35,908)	(9,748)
Post-employment severance benefits payable	(1,428,347)	(179,789)
Total OPEB obligation	(3,960,602)	137,744
Deferred inflows of resources	<u>3,260,558</u>	<u>507,880</u>
Net cash flows from operating activities	<u><u>\$ (2,682,490)</u></u>	<u><u>\$ (2,171,257)</u></u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 11,470,581	\$ 13,064,331
Cash and investments held by trustee	<u>24,906,975</u>	<u>23,541,604</u>
Total cash and cash equivalents	<u><u>\$ 36,377,556</u></u>	<u><u>\$ 36,605,935</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Employee Benefit Trust Fund	Agency Funds
Assets		
Cash and temporary investments	\$ —	\$ 1,924,427
Investments held by trustee, at fair value		
MNTrust Investment Shares Portfolio	274,423	
Total assets	274,423	
Liabilities		
Accounts and contracts payable	108,487	
Due to other governmental units	—	\$ 1,924,427
Total liabilities	108,487	
Net position		
Held in trust for employee benefits	\$ 165,936	

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

	Employee Benefit Trust Fund
Additions	
Plan member contributions	\$ 881,402
Deductions	
Benefits to plan members	859,348
Change in net position	22,054
Net position	
Beginning of year	143,882
End of year	\$ 165,936

## INDEPENDENT SCHOOL DISTRICT NO. 279

### Notes to Basic Financial Statements June 30, 2019

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

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

Independent School District No. 279 – Osseo Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

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 these financial statements.

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

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

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

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

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

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

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, pension (or other benefit) trust, and agency. 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.

The internal service funds are presented in the proprietary fund financial statements. Because the principal user of the internal services are the District’s governmental activities, the financial statements of 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 for service. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.



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

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, post-employment severance benefits, other post-employment health benefits, compensated absences, and net pension 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

### Description of Funds

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

### Major Governmental Funds

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District’s General Fund maintains two accounts:

1. **Operating Account** – The Operating Account is used to account for the general operations of the District, including pupil transportation activities.
2. **Capital Expenditure Account** – The Capital Expenditure Account is used to account for the maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by debt issue or levy issuance program.

**Debt Service Fund** – Debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bonds, interest, and related costs. The General Obligation Bonds Debt Service Account is used for the debt service on all general obligation bonds except for the 2018D Taxable Other Post-Employment Benefit (OPEB) Refunding Bond issue for which a separate OPEB Bonds Debt Service Account is established.

### Nonmajor Governmental Funds

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is used to account for food service revenues and expenditures.

**Community Service Special Revenue Fund** – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, pre-K–8 extended day programs, or other similar services.

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

### **Proprietary Funds**

**Internal Service Funds** – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The District has four internal service funds. The District's internal service funds include financing for self-insurance of the employee health and dental insurance programs, retirement incentive pay, and post-employment benefits revocable trust activity.

### **Fiduciary Funds**

**Employee Benefit Trust Fund** – The Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for others. This fund includes the District's Flexible Benefit Plan (Internal Revenue Code [IRC] § 125 Cafeteria Plan).

**Agency Funds** – The agency funds were established to account for cash and other assets held by the District as the agent for others. These funds are used to account for a local collaborative time study grant and the Northwest Family Service Center.

### **E. Budgeting**

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund by \$1,534,065.

### **F. Cash and Investments**

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the internal service funds, trust accounts are established to finance future OPEB obligations. In the employee benefit trust funds, trust accounts are established for flexible benefits to employees. Interest earned on these investments was allocated directly to those accounts.

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

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

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.

### **G. Receivables**

All receivables are shown, net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The receivables not expected to be fully collected within one year are property taxes receivable.

### **H. Inventories**

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

### **I. Property Taxes**

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state 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 \$4,524,274 of the property tax levy collectible in 2019 as revenue to the District in fiscal year 2019. The remaining portion of the taxes collectible in 2019 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as 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. No allowance for uncollectible taxes is considered necessary.

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

### **J. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks or other land improvements are considered to be part of the cost of buildings or other improvable property.

### **K. Accounts and Contracts Payable**

At June 30, 2019, accounts and contracts payable are \$3,266,074 and \$3,942,850, respectively, within the Statement of Net Position.

### **L. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

### **M. Vacation Pay**

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no vacation liabilities are recorded in the financial statements.

### **N. Sick Pay**

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of post-employment severance and health benefits for some employees upon termination.

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

### **O. Post-Employment Severance Benefits**

The District provides post-employment severance benefits to certain eligible employees. The District finances these obligations with an Internal Service Fund.

The District maintains various early retirement incentive payment plans for its employee groups. The amount of the early retirement incentive payment is calculated using balances in accrued sick leave and also based on years of service. No employee can receive a payment exceeding one year's salary. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 199 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

### **P. Pensions**

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.

### **Q. Risk Management**

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

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

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

The District makes premium payments to these funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss 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:

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2018	\$ 130,076	\$ 1,770,030	\$ 1,751,706	\$ 148,400
2019	\$ 148,400	\$ 1,852,031	\$ 1,837,600	\$ 162,831

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2018	\$ 250,000	\$ 5,521,988	\$ 5,471,988	\$ 300,000
2019	\$ 300,000	\$ 5,129,987	\$ 5,129,987	\$ 300,000

**R. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of financial resource (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and Proprietary Fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, changes in proportion, 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.

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

Property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is 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.

The District also reports deferred inflows 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.

### **S. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent. The cash and investments held by trustee in the Post-Employment Benefits Revocable Trust Internal Service Fund are also considered a cash equivalent.

### **T. Restricted Assets**

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee" and the interest receivable is included within "accounts and interest receivable."

### **U. Net Position**

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

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

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

### V. Fund Balance Classifications

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

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

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

When nonspendable, restricted, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) nonspendable, 2) restricted, 3) assigned, and 4) unassigned.

### W. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2019, the unassigned fund balance of the General Fund – Operating Account was 27.8 percent of the fiscal 2019 General Fund Operating Account expenditures.

### X. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### Y. Use of Estimates

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



## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

Deposits	\$ 95,676,818
Investments	109,876,424
Cash on hand	<u>4,250</u>
Total	<u><u>\$ 205,557,492</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 178,451,667
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	24,906,975
Statement of Fiduciary Net Position – Employee Benefit Trust Funds	
Investments held by trustee, at fair value	
MNTrust Investment Shares Portfolio	274,423
Statement of Fiduciary Net Position – Agency Fund	
Cash and temporary investments	<u>1,924,427</u>
Total	<u><u>\$ 205,557,492</u></u>

### B. Deposits

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

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$95,676,818, while the balance on the bank records was \$95,679,687. At June 30, 2019, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
U.S. treasury securities	AA	S&P	Level 1	\$ 5,556,191	\$ 443,344	\$ –	\$ –	\$ 5,999,535
U.S. government agencies	AA	S&P	Level 2	\$ 9,997,810	\$ –	\$ 828,986	\$ –	10,826,796
Municipal bonds	AAA	S&P	Level 2	\$ 499,310	\$ 445,383	\$ –	\$ 498,972	1,443,665
Municipal bonds	Aaa	Moody's	Level 2	\$ 252,138	\$ –	\$ –	\$ –	252,138
Municipal bonds	AA	S&P	Level 2	\$ 2,898,825	\$ 202,933	\$ 417,946	\$ 859,268	4,378,972
Municipal bonds	Aa	Moody's	Level 2	\$ 2,823,364	\$ 907,063	\$ 461,863	\$ 255,093	4,447,383
Municipal bonds	AA	S&P	Level 2	\$ –	\$ –	\$ –	\$ 272,265	272,265
Municipal bonds	Aa	Moody's	Level 2	\$ –	\$ –	\$ –	\$ 233,048	233,048
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ 267,009	\$ –	267,009
Corporate obligations	AA	S&P	Level 1	\$ 250,175	\$ 658,509	\$ 408,603	\$ 459,688	1,776,975
Corporate obligations	Aa	Moody's	Level 1	\$ 768,449	\$ –	\$ –	\$ –	768,449
Corporate obligations	A	S&P	Level 1	\$ –	\$ 1,307,250	\$ 1,693,187	\$ 1,558,163	4,558,600
Corporate obligations	A	Moody's	Level 1	\$ –	\$ –	\$ 610,445	\$ 855,295	1,465,740
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ –	\$ 455,923	\$ –	455,923
Corporate obligations	Baa	Moody's	Level 1	\$ –	\$ 199,922	\$ 1,353,867	\$ 259,461	1,813,250
Stocks	N/A	N/A	Level 2	N/A	N/A	N/A	N/A	7,412,945
Negotiable certificates of deposit	N/A	N/A	Level 2	\$ 1,583,497	\$ –	\$ –	\$ –	1,583,497
Investment pools/mutual funds								
MNTrust Investment								
Term Series	AAA	Fitch	Amortized Cost	\$25,000,000	N/A	N/A	N/A	25,000,000
Minnesota School District								
Liquid Asset Fund (MSDLAF)	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	11,449,013
First American Government								
Obligations Fund Class D	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	369
Goldman Sachs Financial								
Square Prime Obligations								
Fund Class FST	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	42,652
MNTrust Investment								
Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	25,428,200
Total investments								<u>\$ 109,876,424</u>

N/A – Not Applicable

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio (MNTrust) and amounts invested in the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these funds is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

For MNTrust and MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class. Within MSDLAF, the redemption notice period is 14 days for the MAX Class. Within MNTrust, the redemption notice period is 7 days for the Term Series.

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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

The District has an internal investment policy that limits investment choices and addresses these potential risks beyond the statutory limitations described above. The District’s policy requires that investments be diversified to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. No more than 66 percent of the total portfolio can be placed with any one depository. The maximum percentage in which the portfolio can be invested in specific instruments is as follows:

U.S. treasury obligations	100%
U.S. government agency securities and instrumentalities of government sponsored corporations	75%
Repurchase agreements	25%
Certificates of deposit – FDIC-covered	100%
Certificates of deposit – savings and loans	75%
Local government investment pool	75%
Money market funds	75%

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

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 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 policy does not further address concentration risk. The District’s investment portfolio includes an investment in Federal Farm Credit Bank totaling 9.1 percent of the overall portfolio.

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

### NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the current year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 8,323,417	\$ 650,000	\$ –	\$ –	\$ 8,973,417
Construction in progress	22,797,439	20,351,742	–	(31,934,913)	11,214,268
Total capital assets, not depreciated	31,120,856	21,001,742	–	(31,934,913)	20,187,685
Capital assets, depreciated					
Land improvements	30,897,771	1,090,880	–	–	31,988,651
Buildings	456,522,719	4,934,716	–	31,934,913	493,392,348
Furniture and equipment	9,658,055	996,571	(49,037)	–	10,605,589
Total capital assets, depreciated	497,078,545	7,022,167	(49,037)	31,934,913	535,986,588
Less accumulated depreciation for					
Land improvements	(20,080,053)	(963,636)	–	–	(21,043,689)
Buildings	(158,257,757)	(9,458,526)	–	–	(167,716,283)
Furniture and equipment	(6,332,208)	(551,551)	49,037	–	(6,834,722)
Total accumulated depreciation	(184,670,018)	(10,973,713)	49,037	–	(195,594,694)
Net capital assets, depreciated	312,408,527	(3,951,546)	–	31,934,913	340,391,894
Total capital assets, net	\$ 343,529,383	\$ 17,050,196	\$ –	\$ –	\$ 360,579,579

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

District support services	\$ 2,077,397
Elementary and secondary regular instruction	52,359
Vocational education instruction	3,082
Special education instruction	4,643
Instructional support services	31,797
Food service	199,242
Community service	33,152
Unallocated depreciation expense	8,572,041
Total depreciation expense	\$ 10,973,713

## NOTE 4 – LONG-TERM LIABILITIES

### A. General Obligation Bonds and Notes

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

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds and notes, including refunding bonds					
2011A Alternative Facilities Bonds	04/27/2011	4.00%–4.13%	\$ 8,685,000	02/01/2023	\$ 8,685,000
2013A Alternative Facilities Bonds	06/04/2013	0.30%–1.75%	\$ 6,625,000	02/01/2023	6,525,000
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	\$ 5,770,000	02/01/2029	4,095,000
2015A Alternative Facilities Bonds	05/06/2015	2.00%–3.00%	\$ 9,355,000	02/01/2025	9,355,000
2015B Capital Notes	05/06/2015	2.00%–3.00%	\$ 1,475,000	02/01/2025	900,000
2015C Refunding Bonds	05/06/2015	2.00%–5.00%	\$ 42,075,000	02/01/2021	15,160,000
2016A Facilities Maintenance Bonds	11/16/2016	2.75%–4.00%	\$ 50,745,000	02/01/2032	50,745,000
2018A Refunding Bonds	05/10/2018	5.00%	\$ 12,900,000	02/01/2021	8,790,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	\$ 43,340,000	02/01/2037	43,340,000
2018C Alternative Facilities Refunding Bonds	11/15/2018	5.00%	\$ 8,390,000	02/01/2022	8,390,000
2018D Taxable OPEB Refunding Bonds	11/15/2018	2.85%–3.05%	\$ 7,680,000	02/01/2022	7,680,000
Total general obligation bonds and notes					<u>\$ 163,665,000</u>

### B. Certificates of Participation

The District currently has the following certificates of participation outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
2014B Certificates of Participation	11/18/2014	2.00%–4.00%	\$ 14,085,000	02/01/2030	\$ 11,060,000

### C. Description of Long-Term Liabilities

**General Obligation Bonds and Notes** – These obligations were issued to finance acquisition and/or construction of capital facilities, finance OPEB, or to refinance (refund) previous bond issues. Assets of the debt service funds, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In May 2018, the District issued \$12,900,000 of General Obligation School Building Refunding Bonds, Series 2018A. The proceeds of this issue and interest earned thereon were used to refund, in advance of their stated maturities, the 2019 through 2021 maturities of the District's 2010A Bonds totaling \$13,560,00 on August 1, 2018. This current refunding will reduce the District's total future debt service payments by approximately \$385,260 and will result in present value savings of approximately \$369,752.

In November 2018, the District issued \$43,340,000 of General Obligation Facilities Maintenance Bonds, Series 2018B. The proceeds of this issue and interest earned thereon will be used to complete the ten-year facility plan. Payments will be made twice a year through February 2037.

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

In November 2018, the District issued \$8,390,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2018C. The proceeds of this issue and interest earned thereon were used to refund, in advance of their stated maturities, the 2020 through 2022 maturities of the District's 2009B Bonds totaling \$8,945,000 on February 1, 2019. This current refunding will reduce the District's total future debt service payments by approximately \$265,713 and will result in present value savings of approximately \$246,906.

In November 2018, the District issued \$7,680,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2018D. The proceeds of this issue and interest earned thereon were used to refund, in advance of their stated maturities, the 2019 through 2021 maturities of the District's 2009A Bonds totaling \$7,660,000 on February 1, 2019. This current refunding will reduce the District's total future debt service payments by approximately \$415,666 and will result in present value savings of approximately \$386,626.

**Certificates of Participation** – In November 2014, the District sold \$14,085,000 of certificates of participation to finance the construction of additions to several high school sites. 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 paid by the General Fund.

**Capital Leases Payable** – The District entered into capital lease agreements to finance equipment purchases, which call for monthly principal and interest payments through July 2021 with interest rates ranging from 2.46 percent to 4.10 percent. These leases are paid by the General Fund. Amortization of the leased equipment required to be capitalized is included in depreciation. At June 30, 2019, the capitalized assets under capital lease have been recorded at \$1,751,437 (the present value of future minimum lease payments as of the inception dates of the leases). The accumulated amortization on these capitalized assets under capital leases was \$507,042.

**Post-Employment Severance Benefits Payable** – Post-employment severance benefits payable consist of early retirement incentive pay (based on convertible sick leave) payable to employees upon retirement. Post-employment severance benefits are paid by the Retirement Incentive Pay Internal Service Fund.

**Net Pension Liability and Total OPEB Obligation** – The details of these liabilities are discussed elsewhere in these notes. Such benefits are financed by the governmental funds and the Post-Employment Benefits Revocable Trust Fund, respectively.

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

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 42,067,376	\$ 9,586,662	\$ 10,414,800	\$ 2,050,370
State-wide, multiple-employer – TRA	147,514,063	208,457,033	270,865,776	(62,107,699)
Total	<u>\$ 189,581,439</u>	<u>\$ 218,043,695</u>	<u>\$ 281,280,576</u>	<u>\$ (60,057,329)</u>

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

### D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire general obligation bonds and notes, certificates of participation, and capital leases:

Year Ending June 30,	General Obligation Bonds and Notes		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 16,700,000	\$ 6,577,823	\$ 835,000	\$ 407,675	\$ 2,956,339	\$ 127,695
2021	17,335,000	5,303,610	860,000	382,625	2,470,133	92,514
2022	12,150,000	4,502,945	885,000	356,825	604,832	14,903
2023	12,325,000	4,015,800	920,000	321,425	—	—
2024	7,360,000	3,672,444	960,000	284,625	—	—
2025–2029	39,255,000	14,459,569	5,395,000	816,525	—	—
2030–2034	36,605,000	8,034,632	1,205,000	39,162	—	—
2035–2037	21,935,000	1,626,825	—	—	—	—
	<u>\$ 163,665,000</u>	<u>\$ 48,193,648</u>	<u>\$ 11,060,000</u>	<u>\$ 2,608,862</u>	<u>\$ 6,031,304</u>	<u>\$ 235,112</u>

### E. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
General obligation bonds and notes	\$ 148,370,000	\$ 59,410,000	\$ 44,115,000	\$ 163,665,000	\$ 16,700,000
Certificates of participation	11,870,000	—	810,000	11,060,000	835,000
Capital leases	1,608,641	7,465,535	3,042,872	6,031,304	2,956,339
Unamortized premiums (discounts) on debt issued	6,980,144	2,300,316	1,825,058	7,455,402	—
Net pension liability	520,761,724	3,864,614	335,044,899	189,581,439	—
Post-employment severance benefits payable	8,553,978	504,928	1,933,275	7,125,631	1,287,749
Total OPEB obligation	<u>18,545,246</u>	<u>139,269</u>	<u>4,099,871</u>	<u>14,584,644</u>	<u>—</u>
	<u>\$ 716,689,733</u>	<u>\$ 73,684,662</u>	<u>\$ 390,870,975</u>	<u>\$ 399,503,420</u>	<u>\$ 21,779,088</u>

## NOTE 5 – FUND BALANCES

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

### A. Classifications

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 427,061	\$ –	\$ –	\$ 131,065	\$ 558,126
Restricted					
Operating capital	9,521,802	–	–	–	9,521,802
Gifted and talented	123,309	–	–	–	123,309
Medical Assistance	977,664	–	–	–	977,664
Basic skills	278,125	–	–	–	278,125
Certificates of participation	–	597	–	–	597
Capital notes	–	114,163	–	–	114,163
Long-term facilities maintenance	–	38,511,347	–	–	38,511,347
Food service	–	–	–	4,942,871	4,942,871
Community education	–	–	–	426,458	426,458
Early childhood family education programs	–	–	–	1,410,474	1,410,474
School readiness	–	–	–	1,159,496	1,159,496
Adult basic education	–	–	–	4,621	4,621
General debt service	–	–	5,262,943	–	5,262,943
OPEB bonds debt service	–	–	579,059	–	579,059
Total restricted	10,900,900	38,626,107	5,842,002	7,943,920	63,312,929
Assigned					
Subsequent year budget	825,755	–	–	–	825,755
Unassigned					
Unassigned – safe schools levy account deficit	(14,081)	–	–	–	(14,081)
Unassigned – long-term facilities maintenance restricted account deficit	(695,873)	–	–	–	(695,873)
Unassigned	75,728,626	–	–	–	75,728,626
Total unassigned	75,018,672	–	–	–	75,018,672
Total	\$ 87,172,388	\$ 38,626,107	\$ 5,842,002	\$ 8,074,985	\$ 139,715,482



## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

### A. Plan Description

The District provides post-employment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare plan administered by the District. The plan does not issue a publicly available financial report. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. These benefits are summarized as follows:

**Others' Post-Employment Medical Plan** – All retirees of the District have the option to continue their medical coverage into retirement. Retirees must pay the full district premium rate for their coverage and dependent coverage. Coverage in the District's plan ends at age 65.

**Teachers' Post-Employment Medical Plan** – Teachers with 15 continuous years of service are eligible to receive a contribution towards the teacher's health insurance after retirement from age 55 to 65. The amount will be determined by multiplying the teacher's daily rate of pay at the time of retirement times the number of the teacher's accumulated sick leave days in excess of 123 days as of the date of retirement. However, the total amount will not exceed \$37,800. The monthly district contribution toward the premium will be determined using the cumulative total amount earned divided by the number of months until the teacher qualifies for Medicare. The benefit amount will not exceed 100 percent of the premium of the insurance plan selected by the teacher. If the teacher's full-time equivalent (FTE) status is not full-time at the time of retirement, the benefit will be prorated according to the teacher's current FTE.

**Administrators' Post-Employment Medical Plan** – The District pays for full medical plan coverage after retirement for certain administrators and their spouses and dependents up to age 65.

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

### B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled \$803,405 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section

### C. Membership

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

Retirees and beneficiaries receiving benefits	210
Active plan members	<u>2,824</u>
Total members	<u><u>3,034</u></u>

### D. Total OPEB Liability of the District

The District's total OPEB liability of \$14,584,644 at year-end was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

### E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.62%
20-year municipal bond yield	3.62%
Inflation rate	2.50%
Salary increases	2.85% to 9.25%
Healthcare cost trend rate	6.90% grading to 4.00% over 58 years

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

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

### F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 18,545,246
Changes for the year	
Service cost	1,207,403
Interest	662,144
Differences between expected and actual experience	(1,127,935)
Changes of assumptions	(2,712,171)
Benefit payments	(1,990,043)
Total net changes	<u>(3,960,602)</u>
Ending balance	<u><u>\$ 14,584,644</u></u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.53 percent to 3.62 percent.
- The 20-year municipal bond yield changed from 3.53 percent to 3.62 percent.
- The inflation rate changed from 2.75 percent to 2.50 percent.
- The healthcare cost trend rate changed from 6.80 percent, grading to 4.40 percent over 58 years to 6.90 percent, grading to 4.00 percent over 58 years.

**NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)****G. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.62%	3.62%	4.62%
Total OPEB liability	\$ 15,217,163	\$ 14,584,644	\$ 13,955,624

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.90% decreasing to 3.00% over 58 years	6.90% decreasing to 4.00% over 58 years	7.90% decreasing to 5.00% over 58 years
Total OPEB liability	\$ 13,678,763	\$ 14,584,644	\$ 15,615,817

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

For the current year ended, the District recognized OPEB expense of \$139,269. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ —	\$ 980,106
Change of assumptions	—	2,788,332
District's contributions to the OPEB subsequent to the measurement date	<u>803,405</u>	<u>—</u>
Total	<u>\$ 803,405</u>	<u>\$ 3,768,438</u>

A total of \$803,405 reported as deferred outflows of resources related to OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020.

## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

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

Year Ending June 30,	OPEB Expense Amount
2020	\$ (579,548)
2021	(579,548)
2022	(579,548)
2023	(579,548)
2024	(579,548)
Thereafter	(870,698)
	<u>\$ (3,768,438)</u>

## NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

### A. Plan Descriptions.

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

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

### **B. Benefits Provided**

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

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

#### **1. 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.

Benefit increases are provided to benefit recipients each January. GERF 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.

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

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

### Tier I Benefits

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

With these provisions:

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

### 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.

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

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 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 \$3,902,412. 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
<b>Basic Plan</b>	11.00 %	11.50 %	11.00 %	11.50 %	11.00 %	11.71 %
<b>Coordinated Plan</b>	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 \$10,294,789. The District's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report (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	(471)
Total employer contributions	378,779
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	\$ 414,367

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

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

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2019, the District reported a liability of \$42,067,376 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 0.7583 percent at the end of the measurement period and 0.7598 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	\$ 42,067,376
State's proportionate share of the net pension liability associated with the District	<u>1,379,755</u>
Total	<u>\$ 43,447,131</u>

For the year ended June 30, 2019, the District recognized pension expense of \$1,728,573 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$321,797 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

At June 30, 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	\$ 1,115,556	\$ 1,207,347
Changes in actuarial assumptions	3,954,377	4,733,119
Differences between projected and actual investment earnings	–	4,402,516
Changes in proportion	614,317	71,818
District's contributions to the GERF subsequent to the measurement date	<u>3,902,412</u>	<u>–</u>
Total	<u>\$ 9,586,662</u>	<u>\$ 10,414,800</u>



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

A total of \$3,902,412 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 GERP pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2020	\$ 1,653,720
2021	\$ (2,064,837)
2022	\$ (3,441,415)
2023	\$ (878,018)

**2. TRA Pension Costs**

At June 30, 2019, the District reported a liability of \$147,514,063 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 2.3486 percent at the end of the measurement period and 2.3658 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	\$ 147,514,063
State's proportionate share of the net pension liability associated with the District	<u>13,859,624</u>
Total	<u>\$ 161,373,687</u>

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

For the year ended June 30, 2019, the District recognized negative pension expense of \$52,434,606. It also recognized \$9,673,093 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	\$ 1,629,149	\$ 2,993,821
Changes in actuarial assumptions	184,438,607	251,914,551
Difference between projected and actual investment earnings	–	12,049,825
Changes in proportion	12,094,488	3,907,579
District's contributions to the TRA subsequent to the measurement date	10,294,789	–
Total	<u>\$ 208,457,033</u>	<u>\$ 270,865,776</u>

A total of \$10,294,789 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	\$ 14,311,783
2021	\$ 7,496,229
2022	\$ 76,327
2023	\$ (54,149,285)
2024	\$ (40,438,586)

**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 debilitants 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 7 – 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. GERP**

#### **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 7 – 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic 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	<u>100 %</u>	

**F. Discount Rate****1. GERF**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**2. TRA**

The discount rate used to measure the total pension liability was 7.50 percent. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

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

### G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 68,364,870	\$ 42,067,375	\$ 20,359,544
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 234,104,221	\$ 147,514,063	\$ 76,077,754

### 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](http://www.mnpera.org); by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

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

## NOTE 8 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

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

Amounts withheld for medical reimbursement and dependent care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are included in the financial statements in the Post-Employment Benefits Revocable Trust Internal Service Fund and the Employee Benefit Plan Trust Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the District in an amount equal to 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 – LEASE ARRANGEMENTS

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$439,423 for operating leases during the year ended June 30, 2019. These leases are scheduled to expire on various dates through 2020. Many of the leases are negotiated on a yearly basis and payment commitments extend out one year. The following is a summary of minimum lease payment commitments for all operating leases:

Year Ending June 30,	Amount
2020	\$ 81,104

## **NOTE 10 – COMMITMENTS AND CONTINGENCIES**

### **A. 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.

### **B. 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.

### **C. Construction Contracts**

At June 30, 2019, the District had commitments totaling approximately \$13.2 million under various construction contracts for which the work was not yet completed.

## **NOTE 11 – 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.



REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

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 Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.7950%	\$ 37,345,117	\$ —	\$ 37,345,117	\$ 41,705,669	89.54%	78.70%
06/30/2016	06/30/2015	0.7414%	\$ 38,423,195	\$ —	\$ 38,423,195	\$ 42,823,653	89.72%	78.20%
06/30/2017	06/30/2016	0.7462%	\$ 60,587,736	\$ 791,251	\$ 61,378,987	\$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	\$ 48,505,128	\$ 609,916	\$ 49,115,044	\$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	\$ 42,067,376	\$ 1,379,755	\$ 43,447,131	\$ 50,835,205	82.75%	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	\$ 3,211,774	\$ 3,211,774	\$ —	\$ 42,823,653	7.50%
06/30/2016	\$ 3,460,530	\$ 3,460,530	\$ —	\$ 46,140,396	7.50%
06/30/2017	\$ 3,667,745	\$ 3,667,745	\$ —	\$ 48,899,109	7.50%
06/30/2018	\$ 3,813,782	\$ 3,813,782	\$ —	\$ 50,835,205	7.50%
06/30/2019	\$ 3,902,412	\$ 3,902,412	\$ —	\$ 52,027,292	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. 279

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	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	2.4605%	\$113,378,068	\$ 7,976,017	\$121,354,085	\$112,313,831	101.00%	81.50%
06/30/2016	06/30/2015	2.2895%	\$141,628,218	\$ 17,371,855	\$159,000,073	\$116,202,693	121.88%	76.80%
06/30/2017	06/30/2016	2.2898%	\$546,171,934	\$ 54,820,624	\$600,992,558	\$119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	\$472,256,596	\$ 45,651,630	\$517,908,226	\$127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	\$147,514,063	\$ 13,859,624	\$161,373,687	\$129,737,193	113.70%	78.07%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 8,713,050	\$ 8,713,050	\$ —	\$116,202,693	7.50%
06/30/2016	\$ 8,933,896	\$ 8,933,896	\$ —	\$119,107,808	7.50%
06/30/2017	\$ 9,552,598	\$ 9,552,598	\$ —	\$127,198,277	7.51%
06/30/2018	\$ 9,734,349	\$ 9,734,349	\$ —	\$129,737,193	7.50%
06/30/2018	\$ 10,294,789	\$ 10,294,789	\$ —	\$133,428,902	7.72%

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. 279

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

	District Fiscal Year-End Date	
	2018	2019
Total OPEB liability		
Service cost	\$ 1,361,945	\$ 1,207,403
Interest	558,450	662,144
Differences between expected and actual experience	—	(1,127,935)
Changes of assumptions	(584,138)	(2,712,171)
Benefit payments	(2,047,574)	(1,990,043)
Net change in total OPEB liability	(711,317)	(3,960,602)
Total OPEB liability – beginning of year	19,256,563	18,545,246
Total OPEB liability – end of year	\$ 18,545,246	\$ 14,584,644
Covered-employee payroll	\$ 130,286,782	\$ 158,757,096
Total OPEB liability as a percentage of covered-employee payroll	14.23%	9.19%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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. 279

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. 279

### 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. 279

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.

**OPEB PLAN**

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- Discount rate was changed from 3.53 percent to 3.62 percent.
- 20-year municipal bond yield changed from 3.53 percent to 3.62 percent.
- Inflation rate changed from 2.75 percent to 2.50 percent.
- Healthcare cost trend rate changed from 6.80 percent, grading to 4.40 percent over 58 years to 6.90 percent, grading to 4.00 percent over 58 years.

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- Discount rate was changed from 2.85 percent to 3.53 percent.



SUPPLEMENTAL INFORMATION

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

NONMAJOR GOVERNMENTAL FUNDS

## INDEPENDENT SCHOOL DISTRICT NO. 279

## Nonmajor Governmental Funds

## Combining Balance Sheet

as of June 30, 2019

(With Partial Comparative Information for the Year Ended June 30, 2018)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2019	2018
Assets				
Cash and temporary investments	\$ 5,101,895	\$ 4,332,361	\$ 9,434,256	\$ 8,784,581
Receivables				
Current taxes	–	1,444,883	1,444,883	1,296,435
Delinquent taxes	–	15,652	15,652	9,275
Accounts and interest	385	184,964	185,349	147,967
Due from other governmental units	190,126	564,590	754,716	847,539
Inventory	131,065	–	131,065	1,934
Total assets	<u>\$ 5,423,471</u>	<u>\$ 6,542,450</u>	<u>\$ 11,965,921</u>	<u>\$ 11,087,731</u>
Liabilities				
Salaries payable	\$ 12,488	\$ 449,046	\$ 461,534	\$ 446,083
Accounts and contracts payable	97,775	145,013	242,788	336,455
Unearned revenue	239,272	–	239,272	242,256
Total liabilities	<u>349,535</u>	<u>594,059</u>	<u>943,594</u>	<u>1,024,794</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	–	2,919,952	2,919,952	2,728,751
Unavailable revenue – delinquent taxes	–	27,390	27,390	11,508
Total deferred inflows of resources	<u>–</u>	<u>2,947,342</u>	<u>2,947,342</u>	<u>2,740,259</u>
Fund balances				
Nonspendable for inventory	131,065	–	131,065	1,934
Restricted	4,942,871	3,001,049	7,943,920	7,320,744
Total fund balances	<u>5,073,936</u>	<u>3,001,049</u>	<u>8,074,985</u>	<u>7,322,678</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,423,471</u>	<u>\$ 6,542,450</u>	<u>\$ 11,965,921</u>	<u>\$ 11,087,731</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2019	2018
Revenue				
Local sources				
Property taxes	\$ —	\$ 2,735,653	\$ 2,735,653	\$ 2,585,454
Investment earnings	103,991	110,852	214,843	98,907
Other	5,317,238	12,010,743	17,327,981	17,166,988
State sources	663,688	4,323,102	4,986,790	4,834,228
Federal sources	6,790,484	599,560	7,390,044	7,397,892
Total revenue	12,875,401	19,779,910	32,655,311	32,083,469
Expenditures				
Current				
Food service	11,900,447	—	11,900,447	12,369,060
Community service	—	19,669,050	19,669,050	18,835,328
Capital outlay	264,958	68,549	333,507	304,844
Total expenditures	12,165,405	19,737,599	31,903,004	31,509,232
Net change in fund balances	709,996	42,311	752,307	574,237
Fund balances				
Beginning of year	4,363,940	2,958,738	7,322,678	6,748,441
End of year	\$ 5,073,936	\$ 3,001,049	\$ 8,074,985	\$ 7,322,678

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

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INDIVIDUAL FUND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 5,101,895	\$ 4,350,243
Receivables		
Accounts and interest	385	—
Due from other governmental units	190,126	414,599
Inventory	<u>131,065</u>	<u>1,934</u>
Total assets	<u>\$ 5,423,471</u>	<u>\$ 4,766,776</u>
Liabilities		
Salaries payable	\$ 12,488	\$ 22,531
Accounts and contracts payable	97,775	138,049
Unearned revenue	<u>239,272</u>	<u>242,256</u>
Total liabilities	349,535	402,836
Fund balances		
Nonspendable for inventory	131,065	1,934
Restricted	<u>4,942,871</u>	<u>4,362,006</u>
Total fund balances	<u>5,073,936</u>	<u>4,363,940</u>
Total liabilities and fund balances	<u>\$ 5,423,471</u>	<u>\$ 4,766,776</u>



INDEPENDENT SCHOOL DISTRICT NO. 279

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			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 75,000	\$ 103,991	\$ 28,991	\$ 44,290
Other – primarily meal sales	5,310,738	5,317,238	6,500	5,470,539
State sources	677,296	663,688	(13,608)	668,386
Federal sources	6,865,883	6,790,484	(75,399)	6,923,035
Total revenue	12,928,917	12,875,401	(53,516)	13,106,250
Expenditures				
Current				
Salaries	4,406,579	4,208,459	(198,120)	4,263,667
Employee benefits	1,284,693	1,243,121	(41,572)	1,243,468
Purchased services	1,256,587	1,156,597	(99,990)	1,225,018
Supplies and materials	5,959,185	5,281,629	(677,556)	5,624,862
Other expenditures	–	10,641	10,641	12,045
Capital outlay	280,000	264,958	(15,042)	141,252
Total expenditures	13,187,044	12,165,405	(1,021,639)	12,510,312
Net change in fund balances	\$ (258,127)	709,996	\$ 968,123	595,938
Fund balances				
Beginning of year		4,363,940		3,768,002
End of year		\$ 5,073,936		\$ 4,363,940

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 4,332,361	\$ 4,434,338
Receivables		
Current taxes	1,444,883	1,296,435
Delinquent taxes	15,652	9,275
Accounts and interest	184,964	147,967
Due from other governmental units	<u>564,590</u>	<u>432,940</u>
Total assets	<u><u>\$ 6,542,450</u></u>	<u><u>\$ 6,320,955</u></u>
Liabilities		
Salaries payable	\$ 449,046	\$ 423,552
Accounts and contracts payable	<u>145,013</u>	<u>198,406</u>
Total liabilities	594,059	621,958
Deferred inflows of resources		
Property taxes levied for subsequent year	2,919,952	2,728,751
Unavailable revenue – delinquent taxes	<u>27,390</u>	<u>11,508</u>
Total deferred inflows of resources	2,947,342	2,740,259
Fund balances		
Restricted for community education programs	426,458	203,905
Restricted for early childhood family education programs	1,410,474	1,486,330
Restricted for school readiness	1,159,496	1,263,851
Restricted for adult basic education	<u>4,621</u>	<u>4,652</u>
Total fund balances	<u><u>3,001,049</u></u>	<u><u>2,958,738</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 6,542,450</u></u>	<u><u>\$ 6,320,955</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,751,161	\$ 2,735,653	\$ (15,508)	\$ 2,585,454
Investment earnings	65,000	110,852	45,852	54,617
Other – primarily tuition and fees	12,365,560	12,010,743	(354,817)	11,696,449
State sources	4,381,799	4,323,102	(58,697)	4,165,842
Federal sources	688,143	599,560	(88,583)	474,857
Total revenue	<u>20,251,663</u>	<u>19,779,910</u>	<u>(471,753)</u>	<u>18,977,219</u>
Expenditures				
Current				
Salaries	12,086,317	11,561,963	(524,354)	11,217,790
Employee benefits	3,764,525	3,593,826	(170,699)	3,374,422
Purchased services	3,602,512	3,318,171	(284,341)	2,992,308
Supplies and materials	1,124,414	1,130,809	6,395	1,175,438
Other expenditures	104,388	64,281	(40,107)	75,370
Capital outlay	188,117	68,549	(119,568)	163,592
Total expenditures	<u>20,870,273</u>	<u>19,737,599</u>	<u>(1,132,674)</u>	<u>18,998,920</u>
Net change in fund balances	<u>\$ (618,610)</u>	42,311	<u>\$ 660,921</u>	(21,701)
Fund balances				
Beginning of year		<u>2,958,738</u>		<u>2,980,439</u>
End of year		<u>\$ 3,001,049</u>		<u>\$ 2,958,738</u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 99,595,326	\$ 95,332,764
Receivables		
Current taxes	37,840,193	33,461,246
Delinquent taxes	425,289	269,186
Accounts and interest	1,740,253	910,473
Due from other governmental units	23,598,465	24,547,854
Inventory	<u>427,061</u>	<u>377,230</u>
Total assets	<u>\$ 163,626,587</u>	<u>\$ 154,898,753</u>
Liabilities		
Salaries payable	\$ 224,217	\$ 602,283
Accounts and contracts payable	2,717,579	4,178,016
Due to other governmental units	<u>837,677</u>	<u>685,686</u>
Total liabilities	<u>3,779,473</u>	<u>5,465,985</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	71,946,356	65,866,762
Unavailable revenue – delinquent taxes	<u>728,370</u>	<u>330,628</u>
Total deferred inflows of resources	<u>72,674,726</u>	<u>66,197,390</u>
Fund balances (deficits)		
Nonspendable for inventory	427,061	377,230
Restricted for operating capital	9,521,802	10,237,338
Restricted for gifted and talented	123,309	234,075
Restricted for safe schools crime levy	–	8,470
Restricted for Medical Assistance	977,664	928,733
Restricted for basic skills extended time programs	278,125	6,342
Assigned for subsequent year budget	825,755	3,634,947
Unassigned – safe schools crime levy restricted account deficit	(14,081)	–
Unassigned – long-term facilities maintenance restricted account deficit	(695,873)	(137,035)
Unassigned	<u>75,728,626</u>	<u>67,945,278</u>
Total fund balances	<u>87,172,388</u>	<u>83,235,378</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 163,626,587</u>	<u>\$ 154,898,753</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 69,473,766	\$ 69,741,962	\$ 268,196	\$ 69,621,125
Investment earnings	1,880,000	2,260,901	380,901	1,015,188
Other	4,828,200	6,411,992	1,583,792	5,691,273
State sources	210,385,523	212,696,610	2,311,087	204,440,246
Federal sources	10,273,677	9,408,631	(865,046)	9,800,950
Total revenue	296,841,166	300,520,096	3,678,930	290,568,782
Expenditures				
Current				
Administration				
Salaries	8,451,744	8,449,995	(1,749)	8,306,735
Employee benefits	2,693,766	2,699,177	5,411	2,708,595
Purchased services	246,677	143,332	(103,345)	165,177
Supplies and materials	66,620	95,539	28,919	111,357
Capital expenditures	5,000	—	(5,000)	21,993
Other expenditures	350,357	190,971	(159,386)	200,332
Total administration	11,814,164	11,579,014	(235,150)	11,514,189
District support services				
Salaries	5,354,952	5,029,511	(325,441)	4,732,681
Employee benefits	1,781,896	1,781,775	(121)	1,680,307
Purchased services	(125,689)	(641,327)	(515,638)	(309,199)
Supplies and materials	1,119,987	1,051,380	(68,607)	355,234
Capital expenditures	136,954	129,442	(7,512)	261,619
Other expenditures	185,607	(228,527)	(414,134)	182,519
Total district support services	8,453,707	7,122,254	(1,331,453)	6,903,161
Elementary and secondary regular instruction				
Salaries	99,382,933	97,568,470	(1,814,463)	96,227,786
Employee benefits	35,212,197	34,938,561	(273,636)	33,979,144
Purchased services	6,055,437	5,636,902	(418,535)	5,440,515
Supplies and materials	4,431,243	4,172,988	(258,255)	3,204,153
Capital expenditures	646,924	775,674	128,750	907,459
Other expenditures	1,261,021	1,599,913	338,892	1,258,817
Total elementary and secondary regular instruction	146,989,755	144,692,508	(2,297,247)	141,017,874

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,345,634	2,335,091	(10,543)	2,372,577
Employee benefits	895,195	898,507	3,312	893,200
Purchased services	410,624	427,384	16,760	405,511
Supplies and materials	189,817	170,557	(19,260)	166,480
Capital expenditures	56,904	75,792	18,888	36,828
Other expenditures	200	—	(200)	50
Total vocational education instruction	3,898,374	3,907,331	8,957	3,874,646
Special education instruction				
Salaries	34,016,282	33,784,837	(231,445)	32,549,012
Employee benefits	13,056,077	12,972,751	(83,326)	12,354,355
Purchased services	4,437,303	3,942,942	(494,361)	3,557,814
Supplies and materials	392,431	343,601	(48,830)	362,605
Capital expenditures	78,009	70,004	(8,005)	26,501
Other expenditures	425,855	393,706	(32,149)	401,727
Total special education instruction	52,405,957	51,507,841	(898,116)	49,252,014
Instructional support services				
Salaries	12,652,673	12,298,526	(354,147)	11,827,434
Employee benefits	4,102,073	4,090,981	(11,092)	3,887,643
Purchased services	1,716,327	1,380,779	(335,548)	1,257,475
Supplies and materials	2,749,140	2,494,308	(254,832)	1,948,542
Capital expenditures	125,513	5,917,301	5,791,788	680,590
Other expenditures	37,853	18,450	(19,403)	111,491
Total instructional support services	21,383,579	26,200,345	4,816,766	19,713,175
Pupil support services				
Salaries	5,624,772	5,544,111	(80,661)	5,430,032
Employee benefits	2,297,379	2,283,918	(13,461)	2,129,024
Purchased services	16,465,660	16,371,263	(94,397)	15,468,471
Supplies and materials	136,584	105,536	(31,048)	111,938
Capital expenditures	17,553	15,236	(2,317)	9,919
Other expenditures	60,950	58,780	(2,170)	1,266
Total pupil support services	24,602,898	24,378,844	(224,054)	23,150,650

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	7,786,973	8,257,954	470,981	7,788,560
Employee benefits	3,309,977	3,634,179	324,202	3,312,743
Purchased services	5,116,319	4,708,049	(408,270)	5,332,706
Supplies and materials	2,550,879	2,288,233	(262,646)	2,250,136
Capital expenditures	9,563,336	11,173,284	1,609,948	7,583,794
Other expenditures	40,500	22,056	(18,444)	27,251
Total sites and buildings	28,367,984	30,083,755	1,715,771	26,295,190
Fiscal and other fixed cost programs				
Purchased services	500,000	478,592	(21,408)	437,569
Debt service				
Principal	3,852,873	3,852,872	(1)	4,370,824
Interest and fiscal charges	444,950	444,950	—	504,927
Total debt service	4,297,823	4,297,822	(1)	4,875,751
Total expenditures	302,714,241	304,248,306	1,534,065	287,034,219
Excess (deficiency) of revenue over expenditures	(5,873,075)	(3,728,210)	2,144,865	3,534,563
Other financing sources				
Sale of assets	—	199,685	199,685	473,993
Capital leases issued	—	7,465,535	7,465,535	800,876
Total other financing sources	—	7,665,220	7,665,220	1,274,869
Net change in fund balances	<u>\$ (5,873,075)</u>	3,937,010	<u>\$ 9,810,085</u>	4,809,432
Fund balances				
Beginning of year		83,235,378		78,425,946
End of year		<u>\$ 87,172,388</u>		<u>\$ 83,235,378</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019	2018
Assets		
Cash and temporary investments	\$ 90,552,368	\$ 83,482,235
Receivables		
Current taxes	37,840,193	33,461,246
Delinquent taxes	425,289	269,186
Accounts and interest	1,669,462	867,714
Due from other governmental units	23,271,874	24,427,429
Inventory	295,095	292,548
Total assets	<u>\$ 154,054,281</u>	<u>\$ 142,800,358</u>
Liabilities		
Salaries payable	\$ 217,570	\$ 582,244
Accounts and contracts payable	2,121,224	2,293,455
Due to other governmental units	826,268	676,876
Total liabilities	<u>3,165,062</u>	<u>3,552,575</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	71,946,356	65,866,762
Unavailable revenue – delinquent taxes	728,370	330,628
Total deferred inflows of resources	<u>72,674,726</u>	<u>66,197,390</u>
Fund balances (deficits)		
Nonspendable for inventory	295,095	292,548
Restricted for gifted and talented	123,309	234,075
Restricted for safe schools crime levy	–	8,470
Restricted for Medical Assistance	977,664	928,733
Restricted for basic skills	278,125	6,342
Assigned for subsequent year budget	825,755	3,634,947
Unassigned – safe schools crime levy restricted account deficit	(14,081)	–
Unassigned	75,728,626	67,945,278
Total fund balances	<u>78,214,493</u>	<u>73,050,393</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 154,054,281</u>	<u>\$ 142,800,358</u>



INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 56,767,484	\$ 57,035,680	\$ 268,196	\$ 56,258,480
Investment earnings	1,800,000	2,146,871	346,871	946,675
Other	4,653,200	5,131,580	478,380	5,168,393
State sources	201,997,081	204,292,523	2,295,442	196,073,146
Federal sources	10,273,677	9,408,631	(865,046)	9,800,950
Total revenue	275,491,442	278,015,285	2,523,843	268,247,644
Expenditures				
Current				
Administration				
Salaries	8,451,744	8,449,995	(1,749)	8,306,735
Employee benefits	2,693,766	2,699,177	5,411	2,708,595
Purchased services	246,677	143,332	(103,345)	165,177
Supplies and materials	66,620	95,539	28,919	111,357
Capital expenditures	—	—	—	6,171
Other expenditures	350,357	190,971	(159,386)	200,332
Total administration	11,809,164	11,579,014	(230,150)	11,498,367
District support services				
Salaries	5,273,062	4,947,621	(325,441)	4,652,393
Employee benefits	1,759,743	1,759,786	43	1,658,519
Purchased services	(146,789)	(662,422)	(515,633)	(731,049)
Supplies and materials	271,077	168,920	(102,157)	169,993
Capital expenditures	40,451	41,539	1,088	39,621
Other expenditures	185,607	(228,527)	(414,134)	182,519
Total district support services	7,383,151	6,026,917	(1,356,234)	5,971,996
Elementary and secondary regular instruction				
Salaries	99,382,933	97,568,470	(1,814,463)	96,227,786
Employee benefits	35,212,197	34,938,561	(273,636)	33,979,144
Purchased services	6,055,437	5,636,902	(418,535)	5,440,515
Supplies and materials	2,821,605	2,714,605	(107,000)	2,434,939
Capital expenditures	174,250	182,740	8,490	154,329
Other expenditures	1,261,021	1,599,913	338,892	1,258,817
Total elementary and secondary regular instruction	144,907,443	142,641,191	(2,266,252)	139,495,530

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,345,634	2,335,091	(10,543)	2,372,577
Employee benefits	895,195	898,507	3,312	893,200
Purchased services	410,624	427,384	16,760	405,511
Supplies and materials	133,430	135,615	2,185	83,973
Capital expenditures	1,904	1,904	–	6,722
Other expenditures	200	–	(200)	50
Total vocational education instruction	3,786,987	3,798,501	11,514	3,762,033
Special education instruction				
Salaries	34,016,282	33,784,837	(231,445)	32,549,012
Employee benefits	13,056,077	12,972,751	(83,326)	12,354,355
Purchased services	4,237,303	3,942,942	(294,361)	3,557,814
Supplies and materials	392,431	342,692	(49,739)	360,559
Capital expenditures	74,689	67,935	(6,754)	25,722
Other expenditures	425,855	393,706	(32,149)	401,727
Total special education instruction	52,202,637	51,504,863	(697,774)	49,249,189
Instructional support services				
Salaries	10,962,972	10,661,689	(301,283)	10,133,615
Employee benefits	3,500,830	3,525,802	24,972	3,275,185
Purchased services	1,651,327	1,325,642	(325,685)	1,250,675
Supplies and materials	881,220	765,758	(115,462)	698,029
Capital expenditures	62,013	41,491	(20,522)	5,397
Other expenditures	37,853	18,450	(19,403)	111,491
Total instructional support services	17,096,215	16,338,832	(757,383)	15,474,392
Pupil support services				
Salaries	5,624,772	5,544,111	(80,661)	5,430,032
Employee benefits	2,297,379	2,283,918	(13,461)	2,129,024
Purchased services	16,465,660	16,371,263	(94,397)	15,468,471
Supplies and materials	136,584	105,536	(31,048)	111,938
Capital expenditures	–	593	593	314
Other expenditures	60,950	58,780	(2,170)	1,266
Total pupil support services	24,585,345	24,364,201	(221,144)	23,141,045

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	7,786,973	7,454,030	(332,943)	7,006,741
Employee benefits	3,309,977	3,294,604	(15,373)	3,018,029
Purchased services	3,666,454	3,150,858	(515,596)	3,396,672
Supplies and materials	2,550,879	2,188,864	(362,015)	2,114,456
Capital expenditures	197,722	30,363	(167,359)	–
Other expenditures	500	355	(145)	340
Total sites and buildings	17,512,505	16,119,074	(1,393,431)	15,536,238
Fiscal and other fixed cost programs				
Purchased services	500,000	478,592	(21,408)	437,569
Total expenditures	279,783,447	272,851,185	(6,932,262)	264,566,359
Net change in fund balances	<u>\$ (4,292,005)</u>	5,164,100	<u>\$ 9,456,105</u>	3,681,285
Fund balances				
Beginning of year		73,050,393		69,369,108
End of year		<u>\$ 78,214,493</u>		<u>\$ 73,050,393</u>

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account  
Comparative Balance Sheet  
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 9,042,958	\$ 11,850,529
Receivables		
Accounts and interest	70,791	42,759
Due from other governmental units	326,591	120,425
Inventory	<u>131,966</u>	<u>84,682</u>
Total assets	<u><u>\$ 9,572,306</u></u>	<u><u>\$ 12,098,395</u></u>
Liabilities		
Salaries payable	\$ 6,647	\$ 20,039
Accounts and contracts payable	596,355	1,884,561
Due to other governmental units	<u>11,409</u>	<u>8,810</u>
Total liabilities	<u>614,411</u>	<u>1,913,410</u>
Fund balances (deficits)		
Nonspendable for inventory	131,966	84,682
Restricted for operating capital	9,521,802	10,237,338
Unassigned – long-term facilities maintenance restricted account deficit	<u>(695,873)</u>	<u>(137,035)</u>
Total fund balances	<u>8,957,895</u>	<u>10,184,985</u>
Total liabilities and fund balances	<u><u>\$ 9,572,306</u></u>	<u><u>\$ 12,098,395</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 12,706,282	\$ 12,706,282	\$ –	\$ 13,362,645
Investment earnings	80,000	114,030	34,030	68,513
Other	175,000	1,280,412	1,105,412	522,880
State sources	8,388,442	8,404,087	15,645	8,367,100
Total revenue	21,349,724	22,504,811	1,155,087	22,321,138
Expenditures				
Current				
Administration				
Capital expenditures	5,000	–	(5,000)	15,822
District support services				
Salaries	81,890	81,890	–	80,288
Employee benefits	22,153	21,989	(164)	21,788
Purchased services	21,100	21,095	(5)	421,850
Supplies and materials	848,910	882,460	33,550	185,241
Capital expenditures	96,503	87,903	(8,600)	221,998
Total district support services	1,070,556	1,095,337	24,781	931,165
Elementary and secondary regular instruction				
Supplies and materials	1,609,638	1,458,383	(151,255)	769,214
Capital expenditures	472,674	592,934	120,260	753,130
Total elementary and secondary regular instruction	2,082,312	2,051,317	(30,995)	1,522,344
Vocational education instruction				
Supplies and materials	56,387	34,942	(21,445)	82,507
Capital expenditures	55,000	73,888	18,888	30,106
Total vocational education services	111,387	108,830	(2,557)	112,613
Special education instruction				
Supplies and materials	–	909	909	2,046
Capital expenditures	3,320	2,069	(1,251)	779
Total special education instruction	3,320	2,978	(342)	2,825

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Salaries	1,689,701	1,636,837	(52,864)	1,693,819
Employee benefits	601,243	565,179	(36,064)	612,458
Purchased services	65,000	55,137	(9,863)	6,800
Supplies and materials	1,867,920	1,728,550	(139,370)	1,250,513
Capital expenditures	63,500	5,875,810	5,812,310	675,193
Total instructional support services	4,287,364	9,861,513	5,574,149	4,238,783
Pupil support services				
Capital expenditures	17,553	14,643	(2,910)	9,605
Sites and buildings				
Salaries	–	803,924	803,924	781,819
Employee benefits	–	339,575	339,575	294,714
Purchased services	1,449,865	1,557,191	107,326	1,936,034
Supplies and materials	–	99,369	99,369	135,680
Capital expenditures	9,365,614	11,142,921	1,777,307	7,583,794
Other expenditures	40,000	21,701	(18,299)	26,911
Total sites and buildings	10,855,479	13,964,681	3,109,202	10,758,952
Debt service				
Principal	3,852,873	3,852,872	(1)	4,370,824
Interest and fiscal charges	444,950	444,950	–	504,927
Total debt service	4,297,823	4,297,822	(1)	4,875,751
Total expenditures	22,730,794	31,397,121	8,666,327	22,467,860
Excess (deficiency) of revenue over expenditures	(1,381,070)	(8,892,310)	(7,511,240)	(146,722)
Other financing sources				
Sale of assets	–	199,685	199,685	473,993
Capital leases issued	–	7,465,535	7,465,535	800,876
Total other financing sources	–	7,665,220	7,665,220	1,274,869
Net change in fund balances	\$ (1,381,070)	(1,227,090)	\$ 153,980	1,128,147
Fund balances				
Beginning of year		10,184,985		9,056,838
End of year		\$ 8,957,895		\$ 10,184,985

INDEPENDENT SCHOOL DISTRICT NO. 279

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	\$ 41,878,374	\$ 19,033,887
Receivables		
Accounts and interest	<u>533,459</u>	<u>141,863</u>
Total assets	<u>\$ 42,411,833</u>	<u>\$ 19,175,750</u>
Liabilities		
Accounts and contracts payable	\$ 3,785,726	\$ 6,190,625
Fund balances		
Restricted for building projects funded by certificates of participation	597	171
Restricted for building projects funded by capital notes	114,163	111,802
Restricted for long-term facilities maintenance	<u>38,511,347</u>	<u>12,873,152</u>
Total fund balances	<u>38,626,107</u>	<u>12,985,125</u>
Total liabilities and fund balances	<u>\$ 42,411,833</u>	<u>\$ 19,175,750</u>



INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund  
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Local sources		
Investment earnings	\$ 815,001	\$ 353,388
Expenditures		
Capital outlay		
Salaries	1,635	9,144
Employee benefits	253	1,374
Capital expenditures	<u>18,133,173</u>	<u>30,607,524</u>
Total capital outlay	<u>18,135,061</u>	<u>30,618,042</u>
Debt service		
Interest and fiscal charges	<u>134,292</u>	<u>–</u>
Total expenditures	<u>18,269,353</u>	<u>30,618,042</u>
Excess (deficiency) of revenue over expenditures	(17,454,352)	(30,264,654)
Other financing sources (uses)		
Debt issued	43,340,000	–
(Discourt) on debt issued	<u>(244,666)</u>	<u>–</u>
Total other financing sources (uses)	<u>43,095,334</u>	<u>–</u>
Net change in fund balances	25,640,982	(30,264,654)
Fund balances		
Beginning of year	<u>12,985,125</u>	<u>43,249,779</u>
End of year	<u><u>\$ 38,626,107</u></u>	<u><u>\$ 12,985,125</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 279

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

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Totals	
			2019	2018
Assets				
Cash and temporary investments	\$ 14,035,767	\$ 2,037,363	\$ 16,073,130	\$ 13,321,441
Cash and investments held by trustee	—	—	—	13,552,190
Receivables				
Current taxes	8,569,601	1,416,170	9,985,771	9,325,243
Delinquent taxes	100,997	17,042	118,039	76,220
Due from other governmental units	47,795	16	47,811	33,730
Total assets	<u>\$ 22,754,160</u>	<u>\$ 3,470,591</u>	<u>\$ 26,224,751</u>	<u>\$ 36,308,824</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 17,318,352	\$ 2,861,913	\$ 20,180,265	\$ 19,627,290
Unavailable revenue – delinquent taxes	172,865	29,619	202,484	92,288
Total deferred inflows of resources	<u>17,491,217</u>	<u>2,891,532</u>	<u>20,382,749</u>	<u>19,719,578</u>
Fund balances				
Restricted for bond refunding	—	—	—	13,552,190
Restricted for general debt service	5,262,943	—	5,262,943	2,467,577
Restricted for OPEB bonds debt service	—	579,059	579,059	569,479
Total fund balances	<u>5,262,943</u>	<u>579,059</u>	<u>5,842,002</u>	<u>16,589,246</u>
Total deferred inflows of resources and fund balances	<u>\$ 22,754,160</u>	<u>\$ 3,470,591</u>	<u>\$ 26,224,751</u>	<u>\$ 36,308,824</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Total	
			2019	2018
Revenue				
Local sources				
Property taxes	\$ 16,403,331	\$ 2,869,912	\$ 19,273,243	\$ 18,054,398
Investment earnings	323,843	37,568	361,411	137,374
State sources	481,366	149	481,515	346,953
Total revenue	17,208,540	2,907,629	20,116,169	18,538,725
Expenditures				
Debt service				
Principal	11,675,000	2,275,000	13,950,000	13,455,000
Interest and fiscal agent fees	4,728,794	634,601	5,363,395	6,187,164
Total expenditures	16,403,794	2,909,601	19,313,395	19,642,164
Excess (deficiency) of revenue over expenditures	804,746	(1,972)	802,774	(1,103,439)
Other financing sources (uses)				
Debt issued	8,390,000	7,680,000	16,070,000	12,900,000
Premium (discount) on debt issued	2,553,430	(8,448)	2,544,982	687,685
Debt retirement from refunding bonds	(22,505,000)	(7,660,000)	(30,165,000)	—
Total other financing sources (uses)	(11,561,570)	11,552	(11,550,018)	13,587,685
Net change in fund balances	(10,756,824)	9,580	(10,747,244)	12,484,246
Fund balances				
Beginning of year	16,019,767	569,479	16,589,246	4,105,000
End of year	\$ 5,262,943	\$ 579,059	\$ 5,842,002	\$ 16,589,246

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019		2018
	Budget	Actual	Over (Under) Budget
			Actual
Revenue			
Local sources			
Property taxes	\$ 18,849,583	\$ 16,403,331	\$ (2,446,252)
Investment earnings	80,000	323,843	243,843
State sources	447,545	481,366	33,821
Total revenue	19,377,128	17,208,540	(2,168,588)
Expenditures			
Debt service			
Principal retirement	11,675,000	11,675,000	–
Interest and fiscal agent fees	4,811,213	4,728,794	(82,419)
Total expenditures	16,486,213	16,403,794	(82,419)
Excess (deficiency) of revenue over expenditures	2,890,915	804,746	(2,086,169)
Other financing sources (uses)			
Premium on debt issuance	–	2,553,430	2,553,430
Debt issued	10,943,430	8,390,000	(2,553,430)
Payments on bund refunding	(22,505,000)	(22,505,000)	–
Total other financing sources (uses)	(11,561,570)	(11,561,570)	–
Net change in fund balances	\$ (8,670,655)	(10,756,824)	\$ (2,086,169)
Fund balances			
Beginning of year		16,019,767	3,632,513
End of year		\$ 5,262,943	\$ 16,019,767

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,907,477	\$ 2,869,912	\$ (37,565)	\$ 2,966,470
Investment earnings	30,000	37,568	7,568	16,512
State sources	150	149	(1)	160
Total revenue	<u>2,937,627</u>	<u>2,907,629</u>	<u>(29,998)</u>	<u>2,983,142</u>
Expenditures				
Debt service				
Principal retirement	2,275,000	2,275,000	—	2,160,000
Interest and fiscal agent fees	<u>639,393</u>	<u>634,601</u>	<u>(4,792)</u>	<u>726,150</u>
Total expenditures	<u>2,914,393</u>	<u>2,909,601</u>	<u>(4,792)</u>	<u>2,886,150</u>
Excess (deficiency) of revenue over expenditures	23,234	(1,972)	(25,206)	96,992
Other financing sources (uses)				
Discount on debt issued	—	(8,448)	(8,448)	—
Debt issued	7,671,552	7,680,000	8,448	—
Payments on bond refunding	<u>(7,660,000)</u>	<u>(7,660,000)</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>11,552</u>	<u>11,552</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ 34,786</u>	9,580	<u>\$ (25,206)</u>	96,992
Fund balances				
Beginning of year		<u>569,479</u>		<u>472,487</u>
End of year		<u>\$ 579,059</u>		<u>\$ 569,479</u>

OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INTERNAL SERVICE FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Assets			
Current assets			
Cash and temporary investments	\$ 495,909	\$ 880,466	\$ 10,094,206
Cash and investments held by trustee	—	—	—
Accounts and interest receivable	23,848	12,232	—
Total assets	519,757	892,698	10,094,206
Deferred outflow of resources			
OPEB plan deferments	—	—	—
Liabilities			
Current liabilities			
Accounts and contracts payable	162,831	300,000	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	1,287,749
Long-term liabilities			
Total OPEB obligation	—	—	—
Post-employment severance benefits payable	—	—	5,837,882
Total liabilities	162,831	300,000	7,125,631
Deferred inflows of resources			
OPEB plan deferments	—	—	—
Net position			
Restricted for employee benefits	—	—	—
Unrestricted	356,926	592,698	2,968,575
Total net position	\$ 356,926	\$ 592,698	\$ 2,968,575



Post-Employment Benefits Revocable Trust	Totals	
	2019	2018
\$ —	\$ 11,470,581	\$ 13,064,331
24,906,975	24,906,975	23,541,604
212,335	248,415	277,371
<u>25,119,310</u>	<u>36,625,971</u>	<u>36,883,306</u>
803,405	803,405	839,313
—	462,831	448,400
803,405	803,405	839,313
—	1,287,749	1,751,030
14,584,644	14,584,644	18,545,246
—	5,837,882	6,802,948
<u>15,388,049</u>	<u>22,976,511</u>	<u>28,386,937</u>
<u>3,768,438</u>	<u>3,768,438</u>	<u>507,880</u>
6,766,228	6,766,228	4,730,654
—	3,918,199	4,097,148
<u>\$ 6,766,228</u>	<u>\$ 10,684,427</u>	<u>\$ 8,827,802</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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	Medical Self-Insurance	Retirement Incentive Pay
Operating revenue			
Contributions from governmental funds	\$ 1,732,943	\$ 5,325,627	\$ —
Operating expenses			
Dental benefit claims	1,852,031	—	—
Medical benefit claims	—	5,129,987	—
Post-employment severance benefits	—	—	504,928
OPEB	—	—	—
Total operating expenses	<u>1,852,031</u>	<u>5,129,987</u>	<u>504,928</u>
Operating income (loss)	(119,088)	195,640	(504,928)
Nonoperating revenue			
Investment earnings	<u>6,230</u>	<u>8,932</u>	<u>234,265</u>
Change in net position	(112,858)	204,572	(270,663)
Net position			
Beginning of year	<u>469,784</u>	<u>388,126</u>	<u>3,239,238</u>
End of year	<u>\$ 356,926</u>	<u>\$ 592,698</u>	<u>\$ 2,968,575</u>

Post-Employment Benefits Revocable Trust	Totals	
	2019	2018
\$ —	\$ 7,058,570	\$ 7,388,858
—	1,852,031	1,770,030
—	5,129,987	5,521,988
—	504,928	1,311,393
139,269	139,269	645,624
139,269	7,626,215	9,249,035
(139,269)	(567,645)	(1,860,177)
2,174,843	2,424,270	1,065,136
2,035,574	1,856,625	(795,041)
4,730,654	8,827,802	9,622,843
\$ 6,766,228	\$ 10,684,427	\$ 8,827,802

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	\$ 1,730,640	\$ 5,327,045	\$ —
Payments for dental claims	(1,837,600)	—	—
Payments for medical claims	—	(5,129,987)	—
Post-employment severance and OPEB benefit payments	—	—	(1,933,275)
Net cash flows from operating activities	(106,960)	197,058	(1,933,275)
Cash flows from investing activities			
Investment income received	6,230	8,932	234,265
Net change in cash and cash equivalents	(100,730)	205,990	(1,699,010)
Cash and cash equivalents			
Beginning of year	596,639	674,476	11,793,216
End of year	<u>\$ 495,909</u>	<u>\$ 880,466</u>	<u>\$ 10,094,206</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income (loss)	\$ (119,088)	\$ 195,640	\$ (504,928)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts and interest receivable	(2,303)	1,418	—
Deferred outflow of resources	—	—	—
Accounts and contracts payable	14,431	—	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	(1,428,347)
Total OPEB obligation	—	—	—
Deferred inflows of resources	—	—	—
Net cash flows from operating activities	<u>\$ (106,960)</u>	<u>\$ 197,058</u>	<u>\$ (1,933,275)</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	\$ 495,909	\$ 880,466	\$ 10,094,206
Cash and investments held by trustee	—	—	—
Total cash and cash equivalents	<u>\$ 495,909</u>	<u>\$ 880,466</u>	<u>\$ 10,094,206</u>

Post-Employment Benefits Revocable Trust	Totals	
	2019	2018
\$ —	\$ 7,057,685	\$ 7,392,680
—	(1,837,600)	(1,751,706)
—	(5,129,987)	(5,471,988)
(839,313)	(2,772,588)	(2,340,243)
(839,313)	(2,682,490)	(2,171,257)
2,204,684	2,454,111	1,004,025
1,365,371	(228,379)	(1,167,232)
23,541,604	36,605,935	37,773,167
<u>\$ 24,906,975</u>	<u>\$ 36,377,556</u>	<u>\$ 36,605,935</u>
\$ (139,269)	\$ (567,645)	\$ (1,860,177)
—	(885)	3,822
35,908	35,908	(839,313)
—	14,431	68,324
(35,908)	(35,908)	(9,748)
—	(1,428,347)	(179,789)
(3,960,602)	(3,960,602)	137,744
3,260,558	3,260,558	507,880
<u>\$ (839,313)</u>	<u>\$ (2,682,490)</u>	<u>\$ (2,171,257)</u>
\$ —	\$ 11,470,581	\$ 13,064,331
24,906,975	24,906,975	23,541,604
<u>\$ 24,906,975</u>	<u>\$ 36,377,556</u>	<u>\$ 36,605,935</u>

OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

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FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2019

	Balance – July 1, 2018	Additions	Deletions	Balance – June 30, 2019
<b>Local collaborative time study</b>				
Assets				
Cash and temporary investments	<u>\$ 1,336,541</u>	<u>\$ –</u>	<u>\$ 19,742</u>	<u>\$ 1,316,799</u>
Liabilities				
Due to other governmental units	<u>\$ 1,336,541</u>	<u>\$ –</u>	<u>\$ 19,742</u>	<u>\$ 1,316,799</u>
<b>Northwest Family Service Center</b>				
Assets				
Cash and temporary investments	<u>\$ 504,486</u>	<u>\$ 420,541</u>	<u>\$ 317,399</u>	<u>\$ 607,628</u>
Liabilities				
Due to other governmental units	<u>\$ 504,486</u>	<u>\$ 420,541</u>	<u>\$ 317,399</u>	<u>\$ 607,628</u>
<b>Total agency funds</b>				
Assets				
Cash and temporary investments	<u>\$ 1,841,027</u>	<u>\$ 420,541</u>	<u>\$ 337,141</u>	<u>\$ 1,924,427</u>
Liabilities				
Due to other governmental units	<u>\$ 1,841,027</u>	<u>\$ 420,541</u>	<u>\$ 337,141</u>	<u>\$ 1,924,427</u>



# SECTION III

## STATISTICAL



## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 279 – Osseo 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. 279

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	\$ 150,448,560	\$ 163,464,982	\$ 168,810,854	\$ 178,183,551
Restricted	15,771,277	12,675,484	9,848,155	11,675,297
Unrestricted	37,845,296	41,346,994	44,898,462	39,882,941
Total governmental activities net position	<u>\$ 204,065,133</u>	<u>\$ 217,487,460</u>	<u>\$ 223,557,471</u>	<u>\$ 229,741,789</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$175.4 million.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$8.8 million.

2014	2015	2016	2017	2018	2019
\$ 188,480,399	\$ 188,563,705	\$ 193,342,167	\$ 201,669,570	\$ 209,642,657	\$ 217,683,814
13,284,014	15,826,198	15,552,674	19,153,181	19,443,331	21,207,005
45,000,285	(112,847,413)	(99,033,629)	(169,293,406)	(246,677,152)	(172,104,081)
<u>\$ 246,764,698</u>	<u>\$ 91,542,490</u>	<u>\$ 109,861,212</u>	<u>\$ 51,529,345</u>	<u>\$ (17,591,164)</u>	<u>\$ 66,786,738</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
Administration	\$ 9,990,833	\$ 9,889,383	\$ 10,010,161	\$ 9,302,245
District support services	7,470,338	7,939,090	7,846,332	7,707,269
Elementary and secondary regular instruction	112,598,739	117,486,457	119,863,495	120,150,495
Vocational education instruction	3,414,483	2,979,308	3,483,484	2,224,938
Special education instruction	44,629,039	45,409,052	44,724,609	46,747,032
Instructional support services	12,435,878	15,395,191	12,333,695	12,485,545
Pupil support services	21,266,892	20,512,419	20,217,797	21,507,907
Sites and buildings	15,167,362	13,423,282	15,331,085	16,097,883
Fiscal and other fixed cost programs	323,660	338,224	338,499	515,881
Food service	9,834,805	10,230,489	10,795,396	10,891,333
Community service	13,819,853	13,880,502	14,095,978	14,903,788
Unallocated depreciation expense (excluding amounts directly allocated)	7,173,730	7,320,312	7,694,060	7,908,028
Interest and fiscal charges on debt	12,218,481	8,151,200	7,214,344	5,197,263
Total governmental activities expenses	270,344,093	272,954,909	273,948,935	275,639,607
Program revenues				
Governmental activities				
Charges for services				
Food service	5,171,603	4,924,319	4,829,635	4,694,700
Community service	8,126,265	8,417,053	8,722,701	8,504,086
All other	5,142,327	4,963,175	4,196,696	2,382,531
Operating grants and contributions	75,496,551	66,466,389	62,160,093	61,361,045
Capital grants and contributions	7,663,263	7,589,202	7,521,842	8,016,685
Total governmental activities program revenues	101,600,009	92,360,138	87,430,967	84,959,047
Net (expense) revenue	(168,744,084)	(180,594,771)	(186,517,968)	(190,680,560)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	44,627,270	63,920,940	44,688,424	48,214,311
Property taxes, levied for community service	2,500,000	2,648,450	1,835,225	1,888,383
Property taxes, levied for debt service	19,240,286	19,827,193	19,362,076	20,440,190
Property taxes, levied for capital projects	1,690,268	2,369,678	2,700,760	2,572,515
General grants and aids	110,986,372	103,822,810	123,399,761	122,691,081
Other general revenues	20,433	52,094	7,514	383,238
Gain on sale of capital assets	1,242,367	—	—	491,389
Investment earnings	3,622,206	1,375,933	594,219	183,771
Total governmental activities	183,929,202	194,017,098	192,587,979	196,864,878
Change in net position	\$ 15,185,118	\$ 13,422,327	\$ 6,070,011	\$ 6,184,318

2014	2015	2016	2017	2018	2019
\$ 9,575,101	\$ 10,381,868	\$ 10,818,228	\$ 11,001,338	\$ 11,514,189	\$ 11,579,014
7,526,010	7,703,891	8,179,156	8,567,156	9,685,524	9,161,865
116,638,392	129,757,253	132,739,729	199,497,344	201,729,524	96,467,422
3,141,382	2,577,175	3,382,640	3,512,275	3,877,502	3,896,875
46,401,292	44,261,176	47,918,552	63,245,199	63,405,079	37,278,468
15,078,139	18,218,530	19,542,885	19,301,766	19,776,626	20,153,137
21,381,700	21,213,677	20,057,132	21,774,370	23,150,650	24,378,844
16,537,008	17,371,714	18,587,008	20,886,238	24,049,266	26,923,739
531,895	607,963	529,352	501,639	437,569	478,592
11,330,855	11,239,240	12,207,490	12,579,723	12,641,891	11,725,300
15,230,093	14,421,741	16,419,921	19,965,214	20,570,178	17,988,019
7,141,723	7,290,078	7,814,428	8,015,144	8,217,000	8,572,041
5,198,234	5,557,629	4,063,175	4,456,962	4,678,075	4,273,134
275,711,824	290,601,935	302,259,696	393,304,368	403,733,073	272,876,450
4,681,620	4,554,115	5,018,871	5,324,443	5,426,342	5,311,834
9,559,310	8,675,018	9,518,778	9,954,275	10,433,494	10,655,483
2,084,530	2,357,602	2,101,396	2,240,416	2,173,310	1,885,473
66,776,775	67,178,824	69,859,744	70,475,866	71,983,248	94,288,399
8,295,544	8,343,272	8,831,507	8,419,910	8,401,701	9,709,050
91,397,779	91,108,831	95,330,296	96,414,910	98,418,095	121,850,239
(184,314,045)	(199,493,104)	(206,929,400)	(296,889,458)	(305,314,978)	(151,026,211)
48,483,768	58,867,528	61,342,344	64,372,997	69,614,963	70,139,704
1,922,267	1,917,363	1,998,320	2,435,152	2,584,830	2,751,535
20,463,285	17,940,548	17,810,240	17,843,905	18,036,264	19,383,439
2,631,084	2,622,943	2,622,943	—	—	—
125,732,058	136,917,820	138,867,011	150,549,947	150,314,612	134,202,995
895,594	968,988	1,302,473	1,212,290	1,837,047	2,650,329
733,095	—	—	—	—	199,685
475,803	465,137	1,304,791	2,143,300	2,669,993	6,076,426
201,336,954	219,700,327	225,248,122	238,557,591	245,057,709	235,404,113
\$ 17,022,909	\$ 20,207,223	\$ 18,318,722	\$ (58,331,867)	\$ (60,257,269)	\$ 84,377,902

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Reserved				
Operating Account	\$ 533,030	\$ —	\$ —	\$ —
Capital Expenditure Account	10,161,288	—	—	—
Unreserved – Capital Expenditure Account	(162,696)	—	—	—
Unreserved – Operating Account	40,290,600	—	—	—
Nonspendable				
Operating Account	—	2,065,648	465,537	333,685
Capital Expenditure Account	—	153,481	35,742	20,751
Restricted				
Operating Account	—	237,001	53,938	102,612
Capital Expenditure Account	—	7,330,000	4,911,656	7,094,538
Assigned	—	7,994,876	8,861,190	1,865,912
Unassigned				
Operating Account	—	38,222,696	37,962,599	38,579,402
Capital Expenditure Account	—	(564,624)	(682,984)	(765,889)
Total General Fund	<u>\$ 50,822,222</u>	<u>\$ 55,439,078</u>	<u>\$ 51,607,678</u>	<u>\$ 47,231,011</u>
All other governmental funds				
Reserved	\$ 119,002,177	\$ —	\$ —	\$ —
Unreserved, reported in				
Special revenue funds	2,871,254	—	—	—
Debt Service Fund – General Obligation Bonds	4,426,151	—	—	—
Nonspendable				
Special revenue funds	—	465,278	408,864	437,871
Capital Projects – Building Construction Fund	—	25,359	—	—
Restricted				
Special revenue funds	—	5,237,015	5,201,069	4,785,089
Capital Projects – Building Construction Fund	—	9,821,424	5,253,567	7,575,525
Debt Service Fund	—	43,716,229	3,753,106	3,847,570
Unassigned, reported in				
Special revenue funds	—	(64,332)	(70,745)	(2,795)
Total all other governmental funds	<u>\$ 126,299,582</u>	<u>\$ 59,200,973</u>	<u>\$ 14,545,861</u>	<u>\$ 16,643,260</u>
Unreserved/unassigned – Operating Account as a percentage of total expenditures	<u>18.4%</u>	<u>17.3%</u>	<u>16.9%</u>	<u>16.7%</u>

Note: The District implemented GASB Statement No. 54 in fiscal 2011, which established new fund balance classifications.



2014	2015	2016	2017	2018	2019
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
397,467	349,941	347,972	257,014	292,548	295,095
14,354	10,794	41,908	40,940	84,682	131,966
131,241	183,529	141,786	1,587,675	1,177,620	1,379,098
8,386,025	9,054,720	8,890,846	9,051,446	10,237,338	9,521,802
—	—	3,628,175	4,258,291	3,634,947	825,755
43,436,563	55,738,741	63,161,707	63,266,128	67,945,278	75,714,545
(590,612)	(482,773)	(433,430)	(35,548)	(137,035)	(695,873)
<u>\$ 51,775,038</u>	<u>\$ 64,854,952</u>	<u>\$ 75,778,964</u>	<u>\$ 78,425,946</u>	<u>\$ 83,235,378</u>	<u>\$ 87,172,388</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
16,823	12,779	8,553	2,575	1,934	131,065
—	—	—	—	—	—
4,919,497	5,269,738	5,594,482	6,745,866	7,320,744	7,943,920
3,648,964	15,393,620	4,952,256	43,249,779	12,985,125	38,626,107
3,813,947	51,033,469	2,951,458	4,105,000	16,589,246	5,842,002
—	—	—	—	—	—
<u>\$ 12,399,231</u>	<u>\$ 71,709,606</u>	<u>\$ 13,506,749</u>	<u>\$ 54,103,220</u>	<u>\$ 36,897,049</u>	<u>\$ 52,543,094</u>
<u>18.9%</u>	<u>23.5%</u>	<u>25.8%</u>	<u>24.7%</u>	<u>25.7%</u>	<u>27.8%</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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	\$ 68,129,655	\$ 88,854,246	\$ 68,998,755	\$ 73,229,773
Investment earnings	3,081,100	951,880	242,195	79,081
Other	21,011,030	21,475,142	21,287,557	19,433,552
State sources	159,688,952	153,387,645	172,738,587	173,713,412
Federal sources	31,906,832	21,357,251	16,812,098	14,886,402
Total revenues	<u>283,817,569</u>	<u>286,026,164</u>	<u>280,079,192</u>	<u>281,342,220</u>
Expenditures				
Current				
Administration	9,988,924	9,887,474	10,010,161	9,302,245
District support services	5,386,523	5,925,326	5,738,350	5,628,062
Elementary and secondary regular instruction	110,571,064	115,476,010	121,086,618	121,609,632
Vocational education instruction	3,414,117	2,983,259	3,518,848	2,222,082
Special education instruction	44,620,521	45,407,700	44,716,402	46,755,363
Instructional support services	12,401,998	15,591,201	12,364,771	12,502,018
Pupil support services	21,265,279	20,510,806	20,217,797	21,507,907
Sites and buildings	19,336,434	19,803,684	17,436,926	19,041,698
Fiscal and other fixed cost programs	323,660	338,224	338,499	515,881
Food service	9,551,844	9,987,972	10,517,361	10,634,472
Community service	13,714,124	13,762,170	13,963,156	14,742,075
Capital outlay	7,109,133	6,811,326	7,644,310	7,123,098
Debt service				
Principal	13,161,297	12,730,000	14,221,944	14,626,680
Interest and fiscal charges	12,771,091	11,320,100	9,277,293	6,881,284
Total expenditures	<u>283,616,009</u>	<u>290,535,252</u>	<u>291,052,436</u>	<u>293,092,497</u>
Excess (deficiency) of revenues over expenditures	201,560	(4,509,088)	(10,973,244)	(11,750,277)
Other financing sources (uses)				
Refunding bonds issued	52,375,000	5,775,000	—	—
Debt issued	—	8,685,000	—	6,625,000
Premium (discount) on debt issued	5,384,227	370,331	—	7,155
Proceeds from sale of assets	5,236,426	15,004	—	2,838,854
Debt retirement from refunding bonds	(17,165,000)	(75,415,000)	(37,895,000)	—
Capital leases issued	—	2,597,000	381,732	—
Total other financing sources (uses)	<u>45,830,653</u>	<u>(57,972,665)</u>	<u>(37,513,268)</u>	<u>9,471,009</u>
Net change in fund balances	<u>\$ 46,032,213</u>	<u>\$ (62,481,753)</u>	<u>\$ (48,486,512)</u>	<u>\$ (2,279,268)</u>
Debt service as a percentage of noncapital expenditures	<u>9.4%</u>	<u>8.7%</u>	<u>8.3%</u>	<u>7.5%</u>

2014	2015	2016	2017	2018	2019
\$ 52,139,640	\$ 81,224,509	\$ 83,812,427	\$ 84,767,898	\$ 90,260,977	\$ 91,750,858
122,297	169,450	348,164	974,405	1,604,857	3,652,156
20,774,516	20,092,851	21,359,596	22,410,973	22,858,261	23,739,973
203,939,595	193,878,147	198,912,577	202,174,527	209,621,427	218,164,915
15,145,733	14,660,370	15,210,620	16,625,266	17,198,842	16,798,675
292,121,781	310,025,327	319,643,384	326,953,069	341,544,364	354,106,577
9,575,101	10,381,868	10,818,228	11,001,338	11,514,189	11,579,014
5,437,320	5,622,720	6,172,803	6,460,730	6,903,161	7,122,254
118,710,180	130,841,833	133,079,885	136,536,746	141,017,874	144,692,508
3,138,526	2,573,885	3,380,229	3,509,419	3,874,646	3,907,331
46,402,897	46,296,441	48,125,942	48,194,816	49,252,014	51,507,841
15,006,315	18,270,519	19,590,144	19,265,127	19,713,175	26,200,345
21,381,700	21,259,449	20,059,076	21,774,370	23,150,650	24,378,844
18,914,056	17,581,741	19,359,537	23,465,235	26,295,190	30,083,755
531,895	607,963	529,352	501,639	437,569	478,592
11,127,023	11,232,077	12,021,733	12,142,784	12,369,060	11,900,447
15,201,013	14,465,450	16,420,852	17,937,598	18,835,328	19,669,050
6,886,511	22,990,007	13,341,882	14,429,416	30,922,886	18,468,568
15,289,675	13,293,208	16,895,743	16,908,235	17,825,824	17,802,872
6,343,571	6,032,813	6,478,143	5,519,548	6,692,091	5,942,637
293,945,783	321,449,974	326,273,549	337,647,001	368,803,657	373,734,058
(1,824,002)	(11,424,647)	(6,630,165)	(10,693,932)	(27,259,293)	(19,627,481)
—	42,075,000	—	—	—	16,070,000
—	30,685,000	—	50,745,000	12,900,000	43,340,000
—	6,295,789	—	2,232,510	687,685	2,300,316
2,124,000	—	—	—	473,993	199,685
—	—	(46,930,000)	—	—	(30,165,000)
—	4,759,147	6,281,320	959,875	800,876	7,465,535
2,124,000	83,814,936	(40,648,680)	53,937,385	14,862,554	39,210,536
\$ 299,998	\$ 72,390,289	\$ (47,278,845)	\$ 43,243,453	\$ (12,396,739)	\$ 19,583,055
7.5%	6.5%	7.5%	6.9%	7.3%	6.7%

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Expenditures by Program  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2010	\$ 9,979,526 4.6%	\$ 5,245,557 2.4%	\$ 108,739,133 49.8%	\$ 3,405,199 1.6%	\$ 44,613,682 20.4%
2011	9,874,328 4.5%	5,063,114 2.3%	112,961,341 51.0%	2,973,611 1.3%	45,401,988 20.5%
2012	10,003,428 4.4%	5,214,235 2.3%	117,955,040 52.4%	3,484,305 1.5%	44,680,840 19.9%
2013	9,281,897 4.0%	5,449,851 2.4%	119,645,813 52.0%	2,172,192 0.9%	46,746,603 20.3%
2014	9,560,101 4.1%	4,824,781 2.1%	116,517,752 50.6%	3,110,026 1.4%	46,398,074 20.2%
2015	10,379,805 4.4%	4,938,420 2.1%	122,827,042 51.8%	2,529,300 1.1%	46,277,695 19.5%
2016	10,815,433 4.4%	5,521,493 2.3%	129,193,844 52.8%	3,124,154 1.3%	48,120,113 19.6%
2017	10,999,162 4.3%	5,703,811 2.2%	134,282,353 52.4%	3,426,012 1.3%	48,191,475 18.9%
2018	11,498,367 4.4%	5,971,996 2.3%	139,495,530 52.7%	3,762,033 1.4%	49,249,189 18.6%
2019	11,579,014 4.2%	6,026,917 2.2%	142,641,191 52.3%	3,798,501 1.4%	51,504,863 18.9%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Fiscal and Other Fixed Cost Programs</u>	<u>Total</u>	<u>Percent Increase (Decrease) From Prior Year</u>
\$ 11,675,311 5.4%	\$ 21,265,279 9.7%	\$ 13,157,337 6.0%	\$ 323,660 0.1%	\$ 218,404,684 100.0%	(4.1%)
10,806,374 4.9%	20,510,261 9.3%	13,479,877 6.1%	338,224 0.1%	221,409,118 100.0%	1.4%
9,798,501 4.4%	20,216,904 9.0%	13,252,957 5.9%	338,499 0.2%	224,944,709 100.0%	1.6%
11,342,939 4.9%	21,506,904 9.3%	13,696,405 6.0%	515,881 0.2%	230,358,485 100.0%	2.4%
13,867,690 6.0%	21,381,700 9.3%	13,956,139 6.1%	531,895 0.2%	230,148,158 100.0%	(0.1%)
14,139,992 6.0%	21,247,802 9.0%	13,898,296 5.9%	607,963 0.2%	236,846,315 100.0%	2.9%
13,472,009 5.5%	20,033,798 8.2%	14,018,585 5.7%	529,352 0.2%	244,828,781 100.0%	3.4%
16,108,984 6.3%	21,749,139 8.5%	15,245,250 5.9%	501,639 0.2%	256,207,825 100.0%	4.7%
15,474,392 5.9%	23,141,045 8.8%	15,536,238 5.8%	437,569 0.1%	264,566,359 100.0%	3.3%
16,338,832 6.0%	24,364,201 8.9%	16,119,074 5.9%	478,592 0.2%	272,851,185 100.0%	3.1%

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue by Source  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2010	\$ 44,661,262 20%	\$ 148,358,068 66%	\$ 26,935,136 12%	\$ 5,593,167 2%	\$ 225,547,633 100%
2011	63,977,647 28%	142,872,500 62%	15,979,803 7%	6,275,759 3%	229,105,709 100%
2012	44,965,114 20%	161,516,194 72%	11,021,029 5%	6,265,415 3%	223,767,752 100%
2013	48,294,901 21%	162,587,636 73%	8,630,373 4%	4,383,922 2%	223,896,832 100%
2014	27,849,067 12%	191,674,840 82%	8,805,345 4%	4,902,566 2%	233,231,818 100%
2015	53,770,557 22%	181,828,908 73%	7,987,321 3%	5,566,469 2%	249,153,255 100%
2016	56,353,162 22%	185,858,768 73%	8,184,157 3%	5,440,123 2%	255,836,210 100%
2017	54,872,791 21%	188,741,825 73%	9,076,514 4%	5,950,070 2%	258,641,200 100%
2018	56,258,480 21%	196,073,146 73%	9,800,950 4%	6,115,068 2%	268,247,644 100%
2019	57,035,680 21%	204,292,523 73%	9,408,631 3%	7,278,451 3%	278,015,285 100%

- (1) Basic general education revenue in the General Fund is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The state periodically changes the mix of property tax and state aid revenue with no net effect on total revenue.

INDEPENDENT SCHOOL DISTRICT NO. 279

Revenue and Expenditures –  
General Fund, Special Revenue Funds, General Obligation Bonds, and  
Other Post-Employment Benefits Bonds – Debt Service Accounts  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

				Fiscal Year
	2010	2011	2012	2013
Revenue				
General Fund				
Operating Account	\$ 225,547,633	\$ 229,105,709	\$ 223,767,752	\$ 223,896,832
Capital Expenditure Account	9,341,486	8,822,827	8,429,276	9,042,349
Special revenue funds				
Food Service	10,295,493	10,421,017	10,609,307	11,008,927
Community Service	13,416,748	13,834,024	14,103,160	14,334,020
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,166,032	19,617,297	19,279,004	19,503,802
Debt Service Account – Other				
Post-Employment Benefits Bonds	876,986	999,343	1,000,072	980,645
Total revenue	<u>\$ 278,644,378</u>	<u>\$ 282,800,217</u>	<u>\$ 277,188,571</u>	<u>\$ 278,766,575</u>
Expenditures				
General Fund				
Operating Account	\$ 218,404,684	\$ 221,409,118	\$ 224,944,709	\$ 230,358,485
Capital Expenditure Account	10,560,929	14,514,566	11,465,451	9,708,191
Special revenue funds				
Food Service	9,741,558	10,091,851	10,706,589	10,749,330
Community Service	13,816,380	13,856,582	14,104,651	14,912,640
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,805,100	19,958,431	19,859,761	19,524,714
Debt Service Account – Other				
Post-Employment Benefits Bonds	1,024,450	960,450	960,450	960,450
Total expenditures	<u>\$ 273,353,101</u>	<u>\$ 280,790,998</u>	<u>\$ 282,041,611</u>	<u>\$ 286,213,810</u>



2014	2015	2016	2017	2018	2019
\$ 233,231,818	\$ 249,153,255	\$ 255,836,210	\$ 258,641,200	\$ 268,247,644	\$ 278,015,285
9,267,986	13,903,601	14,294,742	18,373,136	22,321,138	22,504,811
11,079,495	11,346,564	12,189,464	12,949,410	13,106,250	12,875,401
15,289,169	15,056,548	16,828,669	18,535,705	18,977,219	19,779,910
19,639,753	15,637,131	15,564,377	15,955,955	15,555,583	17,208,540
978,083	2,293,296	2,284,434	2,278,253	2,983,142	2,907,629
<u>\$ 289,486,304</u>	<u>\$ 307,390,395</u>	<u>\$ 316,997,896</u>	<u>\$ 326,733,659</u>	<u>\$ 341,190,976</u>	<u>\$ 353,291,576</u>
\$ 230,148,158	\$ 236,846,315	\$ 244,828,781	\$ 256,207,825	\$ 264,566,359	\$ 272,851,185
9,931,619	17,889,774	20,659,479	19,119,404	22,467,860	31,397,121
11,318,737	11,461,024	12,140,458	12,243,200	12,510,312	12,165,405
15,333,772	14,595,891	16,557,157	18,096,509	18,998,920	19,737,599
19,691,009	15,751,468	16,813,272	15,471,116	16,756,014	16,403,794
960,450	2,175,450	2,187,550	2,199,550	2,886,150	2,909,601
<u>\$ 287,383,745</u>	<u>\$ 298,719,922</u>	<u>\$ 313,186,697</u>	<u>\$ 323,337,604</u>	<u>\$ 338,185,615</u>	<u>\$ 355,464,705</u>

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student  
Year Ended June 30, 2019  
(Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
General education formula revenue per pupil unit (1)		
General education (includes transportation)	\$ 6,312	\$ 6,312
Referendum	1,650	1,716
Gifted and talented, extended, compensatory, and English learner	722	909
Operating capital	231	227
Supplemental, equity, and other	567	550
General education formula revenue per pupil unit (property tax and state aid)	\$ 9,482	\$ 9,714
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		\$ 11,506
Less Capital Expenditure Account		(955)
General education formula revenue per student – General Fund – Operating Account		10,551
State categorical revenue (special education, secondary vocational, cooperation, and other)		1,849
Total property tax and state aid revenue		12,400
Federal revenue (special education, Title I, and other)		447
Other local revenue – interest, participation fees, and other		345
Total General Fund – Operating Account revenue per student		\$ 13,192

(1) Pupil units or adjusted pupil units consist of differential weighting of students by grade level for funding purposes.

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

Source: General education formula revenue per pupil unit is from the Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 279

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>
2010	\$ 14,173,173,200	\$ 95,121,100	\$ 14,268,294,300
2011	13,032,638,800	101,798,900	13,134,437,700
2012	11,833,845,856	105,372,900	11,939,218,756
2013	11,073,727,012	116,771,700	11,190,498,712
2014	11,124,552,594	120,485,200	11,245,037,794
2015	12,260,171,126	126,039,300	12,386,210,426
2016	13,072,587,948	131,212,400	13,203,800,348
2017	13,963,187,839	135,759,200	14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964

Source: Hennepin County Department of Property Tax and Public Records

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 14,290,474,500	99.8 %
13,157,941,200	99.8
12,694,768,500	94.0
11,981,778,000	93.4
12,032,929,900	93.5
13,117,972,200	94.4
13,913,604,700	94.9
14,790,857,500	95.3
15,935,351,000	96.0
17,052,240,800	96.4

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

Governmental Fund 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	\$ 44,661,262	\$ 1,692,225	\$ 2,500,000	\$ 19,276,168	\$ 68,129,655	
2011	63,977,647	2,650,091	2,369,678	19,856,830	88,854,246	
2012	44,965,114	1,844,014	2,700,760	19,488,867	68,998,755	
2013	48,294,901	1,890,869	2,572,515	20,471,488	73,229,773	
2014	27,849,067	1,053,994	2,631,084	20,605,495	52,139,640	
2015	58,770,557	1,914,828	2,622,943	17,916,181	81,224,509	
2016	61,356,156	1,999,515	2,622,943	17,833,813	83,812,427	
2017	64,453,408	2,437,044	–	17,877,446	84,767,898	
2018	69,621,125	2,585,454	–	18,054,398	90,260,977	
2019	69,741,962	2,735,653	–	19,273,243	91,750,858	

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

## INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Property Taxpayers  
Current Year and Nine Years Ago

			2019			
			Property Valuation			
			Percentage of Tax Capacity			
Taxpayer	Property Classification	City	Tax Capacity	Rank	Value	Market Value
Target Corporation	Commercial	Brooklyn Park	\$ 1,847,616	1	1.0 %	\$ 92,418,300
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	1,592,978	2	0.8	79,686,400
KIR Maple Grove, LP	Commercial	Maple Grove	1,191,344	3	0.6	59,604,700
Skye at Arbor Lakes LLLP	Apartment	Maple Grove	1,119,336	4	0.6	89,546,900
Weidner Property Management	Residential	Plymouth	870,975	5	0.4	69,678,000
MFREVF II Maple Grove, LLC	Residential	Plymouth	727,025	6	0.4	58,162,000
KIMCO Realty Corporation	Commercial	Maple Grove	694,634	7	0.4	34,769,200
Brooklyn Park 73rd (DLB), LLC	Residential	Brooklyn Park	633,619	8	0.3	50,689,500
BPP, LLC	Industrial	Brooklyn Park	600,754	9	0.3	30,075,200
Fairview Hospital	Commercial	Maple Grove	579,692	10	0.3	29,022,100
Cousins Properties	Commercial	Maple Grove	—	—	—	—
Boston Scientific Scimed, Inc.	Industrial	Maple Grove	—	—	—	—
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	—	—	—	—
Thomson Reuters Prop Tx Services	Apartment	Plymouth	—	—	—	—
Great River Energy	Commercial	Maple Grove	—	—	—	—
Select Comfort Corporation	Commercial	Plymouth	—	—	—	—
Total for 10 largest principal taxpayers			\$ 9,857,973		5.1 %	\$ 593,652,300

Note: Minnesota's tax capacity system includes class rates whereby commercial, industrial, and utility properties pay taxes based on a higher percentage of market value than homeowners.

Source: Hennepin County Department of Property Tax and Public Records



2010				
Property Valuation				
Percentage of Tax Capacity Value				
Tax Capacity	Rank			Market Value
\$ 1,525,014	2	1.1 %		\$ 76,288,200
—	—	—		—
604,278	7	0.4		30,251,400
—	—	—		—
—	—	—		—
—	—	—		—
673,978	4	0.5		33,736,400
—	—	—		—
—	—	—		—
671,308	5	0.5		33,602,900
1,692,564	1	1.2		84,665,700
1,085,394	3	0.8		54,307,200
648,026	6	0.5		32,438,800
525,875	8	0.4		42,070,000
524,178	9	0.4		26,246,400
500,150	10	0.4		25,045,000
<u>\$ 8,450,765</u>		<u>6.1 %</u>		<u>\$ 438,652,000</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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>Debt Service Fund</u>	<u>Total Levy All Funds</u>
<b>Levies</b>					
	2010	\$ 46,861,625	\$ 1,691,197	\$ 20,701,420	\$ 69,254,242
	2011	47,820,241	1,875,058	20,446,632	70,141,931
	2012	48,571,280	1,783,976	20,796,263	71,151,519
	2013	51,110,640	1,810,052	20,705,227	73,625,919
	2014	61,625,634	1,836,956	18,197,021	81,659,611
	2015	64,037,957	1,960,560	18,050,797	84,049,314
	2016	64,021,060	2,375,031	17,945,293	84,341,384
	2017	69,353,231	2,523,098	18,139,842	90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
<b>Net tax rates</b>					
Tax capacity rate					
	2010	8.188 %	1.072 %	13.121 %	22.381 %
	2011	9.087	1.271	13.859	24.217
	2012	8.792	1.275	14.863	24.930
	2013	11.044	1.361	15.568	27.973
	2014	14.823	1.375	13.621	29.819
	2015	13.693	1.319	12.144	27.156
	2016	13.348	1.510	11.409	26.267
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
Market value rate					
	2010	0.211 %	— %	— %	0.211 %
	2011	0.230	—	—	0.230
	2012	0.252	—	—	0.252
	2013	0.268	—	—	0.268
	2014	0.309	—	—	0.309
	2015	0.294	—	—	0.294
	2016	0.278	—	—	0.278
	2017	0.275	—	—	0.275
	2018	0.266	—	—	0.266
	2019	0.275	—	—	0.275

(1) A portion of the total spread levy is paid through various property tax credits for residential homestead properties, which are paid through state aids.

Note: In fiscal 2012, a portion of the property tax credits was eliminated and replaced with permanent state aid.

Source: Hennepin County Department of Property Tax and Public Records

Less Homestead and Agricultural Credit Aid (HACA) and Fiscal Disparities	Net Levy	Less Referendum Spread on Market Value	Remaining Amount Spread on Tax Capacity Value	Property Tax Credits (1)
\$ (8,295,564)	\$ 60,958,678	\$ (29,877,170)	\$ 31,081,508	\$ (1,261,264)
(8,986,473)	61,155,458	(30,004,643)	31,150,815	(1,365,729)
(9,187,341)	61,964,178	(31,586,126)	30,378,052	(1,402)
(9,538,081)	64,087,838	(31,703,793)	32,384,045	—
(9,799,243)	71,860,368	(36,803,819)	35,056,549	—
(10,726,997)	73,322,317	(38,109,021)	35,213,296	—
(9,941,590)	74,399,794	(37,953,980)	36,445,814	—
(10,497,320)	79,518,851	(39,956,973)	39,561,878	—
(11,070,502)	81,712,423	(41,651,739)	40,060,684	—
(11,010,109)	88,560,738	(46,196,821)	42,363,917	—

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	Municipalities				
		Hassan Township	Brooklyn Center	Brooklyn Park	Corcoran	Dayton
Tax capacity rate	2010	22.883%	51.095%	44.157%	32.995%	50.867%
Market value rate	2010	—	0.03799%	0.02464%	—	—
Tax capacity rate	2011	27.886%	57.217%	50.309%	37.041%	48.567%
Market value rate	2011	—	0.04126%	0.02768%	—	—
Tax capacity rate	2012	—	64.359%	56.087%	39.617%	57.817%
Market value rate	2012	—	0.04326%	0.02950%	—	—
Tax capacity rate	2013	—	71.074%	61.311%	46.111%	64.169%
Market value rate	2013	—	0.04702%	0.02791%	—	—
Tax capacity rate	2014	—	74.133%	60.469%	49.743%	65.600%
Market value rate	2014	—	—	0.02847%	—	—
Tax capacity rate	2015	—	70.026%	56.136%	45.311%	57.029%
Market value rate	2015	—	—	0.02589%	—	—
Tax capacity rate	2016	—	71.775%	55.251%	45.691%	57.150%
Market value rate	2016	—	—	0.02399%	—	—
Tax capacity rate	2017	—	70.498%	54.365%	45.994%	55.467%
Market value rate	2017	—	—	0.02464%	—	—
Tax capacity rate	2018	—	67.067%	51.159%	45.357%	55.664%
Market value rate	2018	—	—	0.01584%	—	—
Tax capacity rate	2019	—	70.400%	51.869%	45.160%	55.212%
Market value rate	2019	—	—	0.01110%	—	—

N/A – Not Available

- (1) The miscellaneous other levy includes AVTI, mosquito control, park/museum, metro transit, other metro services, county parks bonds, and interest. These miscellaneous levies vary slightly between municipalities.

Note 1: Information for the City of Rogers was not available for fiscal 2011.

Note 2: Information for Hassan Township will not be included after fiscal 2011, due to it no longer being part of ISD No. 279 in fiscal 2012.

Source: Hennepin County Department of Property Tax and Public Records

Maple Grove	Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
33.845%	45.978%	25.495%	–	22.381%	42.640%	8.133%	106.999%
–	–	0.00726%	–	0.21123%	–	–	0.211%
36.714%	55.419%	26.944%	N/A	24.217%	45.840%	9.095%	115.866%
–	–	0.01032%	N/A	0.23032%	–	–	0.230%
39.450%	64.130%	28.146%	41.183%	24.930%	48.231%	9.423%	122.034%
–	–	0.01057%	–	0.25181%	–	–	0.252%
42.142%	77.832%	29.243%	38.291%	27.973%	49.461%	10.383%	129.959%
–	–	0.00596%	–	0.26813%	–	–	0.268%
42.267%	76.941%	29.547%	40.541%	29.819%	49.959%	10.429%	132.474%
–	–	0.00585%	–	0.30947%	–	–	0.309%
39.651%	72.935%	27.847%	40.377%	27.156%	46.398%	9.651%	122.856%
–	–	0.00698%	–	0.29426%	–	–	0.294%
39.196%	70.645%	27.330%	37.879%	26.267%	45.356%	9.449%	120.268%
–	–	0.00531%	–	0.27820%	–	–	0.278%
38.245%	69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
–	–	0.00499%	–	0.27516%	–	–	0.275%
36.709%	63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
–	–	0.00475%	–	0.26582%	–	–	0.266%
34.746%	60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
–	–	0.00219%	–	0.27486%	–	–	0.275%

## INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections  
Last Ten Fiscal Years

Tax Collection Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2010	\$ 69,254,242	\$ 68,476,113	98.9 %	\$ 732,460
2011	70,141,931	70,116,516	100.0	397,828
2012	71,151,519	71,070,094	99.9	27,249
2013	73,625,919	73,513,909	99.8	112,010
2014	81,659,611	81,494,375	99.8	139,304
2015	84,049,314	83,715,659	99.6	267,198
2016	84,341,384	83,868,531	99.4	399,982
2017	90,016,171	89,891,336	99.9	46,495
2018	92,782,925	92,467,545	99.7	N/A
2019 (1)	99,570,847	N/A	N/A	N/A

## Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2018	\$ 92,467,545
Less tax shift allocation of the levy collectible in 2018 to fiscal year 2018 (2)	(4,560,122)
Add tax shift allocation of the referendum levy collectible in 2019 to fiscal year 2019 (2)	4,524,274
Property tax delinquencies, abatements, and county apportionment	<u>(680,839)</u>
Total local property tax revenue – fiscal year 2019	<u><u>\$ 91,750,858</u></u>

N/A – Not Available

(1) Only a portion of calendar year 2019 taxes are collectible by June 30, 2019. A total of \$50,300,000 of 2019 taxes were collected by June 30, 2019.

(2) The state of Minnesota calculates the tax shift allocation based on various portions of the total tax levy.

Source: Hennepin County Department of Property Tax and Public Records

<u>Total Tax Collections</u>		<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>June 30, 2019 Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$	69,208,573	99.9 %	\$ —	— %
	70,514,344	100.5	—	—
	71,097,343	99.9	—	—
	73,625,919	100.0	—	—
	81,633,679	100.0	25,932	0.0
	83,982,857	99.9	66,457	0.1
	84,268,513	99.9	72,871	0.1
	89,937,831	99.9	78,340	0.1
	92,467,545	99.7	315,380	0.3
	N/A	N/A	—	N/A
			<u>\$ 558,980</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds and Notes	Certificates of Participation	Unamortized Premiums (Discounts) on Debt Issued	Capital Leases
2010	\$ 270,610,000	\$ —	\$ 10,034,581	\$ —
2011	196,925,000	—	8,772,303	2,597,000
2012	145,755,000	—	7,685,146	2,031,788
2013	138,715,000	—	6,172,040	1,070,108
2014	124,400,000	—	5,285,194	95,433
2015	171,080,000	14,085,000	10,602,876	3,556,372
2016	111,020,000	13,425,000	8,901,279	6,731,949
2017	148,925,000	12,655,000	9,350,798	4,393,589
2018	148,370,000	11,870,000	6,980,144	1,608,641
2019	163,665,000	11,060,000	7,455,402	6,031,304

N/A – Not Available

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

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



Total Government		Percentage of Personal Income (1)	Per Capita (1)	
\$	280,644,581	3.3 %	\$	2,053
	208,294,303	2.6		1,541
	155,471,934	1.9		1,136
	145,957,148	1.8		1,052
	129,780,627	1.5		923
	199,324,248	2.3		1,402
	140,078,228	1.5		963
	175,324,387	1.8		1,184
	168,828,785	N/A		1,141
	188,211,706	N/A		1,258

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratio of Net Bonded Debt to  
Tax Capacity and Legal Debt Margin  
Last Ten Fiscal Years

<u>June 30,</u>	<u>Outstanding Bonded Debt</u>	<u>Unamortized Premiums (Discounts)</u>	<u>Balance on Hand – Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Taxable Tax Capacity</u>
2010	\$ 270,610,000	\$ 10,034,581	\$ 115,524,154	\$ 165,120,427	\$ 138,874,529
2011	196,925,000	8,722,303	43,716,229	161,931,074	128,632,017
2012	145,755,000	7,685,146	3,753,106	149,687,040	121,853,398
2013	138,715,000	6,172,040	3,847,570	141,039,470	115,768,941
2014	124,400,000	5,285,194	3,813,947	125,871,247	117,564,467
2015	185,165,000	10,602,876	51,033,469	144,734,407	129,670,410
2016	124,445,000	8,901,279	2,951,458	130,394,821	138,751,338
2017	161,580,000	9,350,798	4,105,000	166,825,798	148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139

(1) District population is based upon an annual school district census and U.S. census. This information is certified to the state and is subsequently used in determining community education revenue.

Note: The legal debt limit for a school district in Minnesota is 15 percent of the actual value of all taxable property within the District. As of June 30, 2019, the legal debt limit was \$2,521,110,069. Outstanding bonded debt as of June 30, 2019 was \$167,045,000, leaving a margin of \$2,354,065,069 applicable to the limit.

Source: Hennepin County Department of Property Tax and Public Records

Ratio of Net Debt to Tax Capacity Value	Estimated Population (1)	Net Debt per Capita
118.9 %	136,700	\$ 1,208
125.9	135,140	1,198
122.8	136,896	1,093
121.8	138,789	1,016
107.1	140,680	895
111.6	142,167	1,018
94.0	145,451	896
112.7	148,029	1,127
83.1	148,029	1,018
91.0	149,640	1,178

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt  
as of June 30, 2019

Taxing Unit	Tax Collection Calendar Year – 2018 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 279 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 279	\$ 193,705,139	\$ 174,725,000	100.00 %	\$ 174,725,000
Overlapping debt				
Hennepin County	1,685,924,784	1,058,135,000	10.21	108,035,584
Cities				
Brooklyn Center	18,867,746	11,945,000	31.77	3,794,927
Brooklyn Park	72,781,784	23,570,000	75.41	17,774,137
Corcoran	8,904,234	6,317,000	6.64	419,449
Dayton	7,616,484	5,140,000	20.72	1,065,008
Maple Grove	97,212,638	52,655,000	92.23	48,563,707
Osseo	2,412,273	3,500,000	100.00	3,500,000
Plymouth	127,668,244	9,320,000	13.27	1,236,764
Rogers	20,250,828	4,855,000	0.21	10,196
Others				
Three Rivers Park District	1,207,240,792	59,085,000	14.26	8,425,521
Metropolitan Council	3,548,816,342	189,310,976	4.85	9,181,582
Total overlapping debt				<u>202,006,873</u>
Total direct and debt outstanding				<u>\$ 376,731,873</u>

(1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit	\$ 2,121,656,719	\$ 1,954,105,770	\$ 1,881,545,183	\$ 1,773,605,673
Total net debt applicable to the limit	270,610,000	196,925,000	145,755,000	138,715,000
Legal debt margin	\$ 1,851,046,719	\$ 1,757,180,770	\$ 1,735,790,183	\$ 1,634,890,673
Total net debt applicable to the limit as a percentage of debt limit	12.75%	10.08%	7.75%	7.82%

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

Source: Hennepin County Department of Property Tax and Public Records

2014	2015	2016	2017	2018	2019
\$ 1,783,879,819	\$ 1,942,619,831	\$ 2,046,404,386	\$ 2,178,203,956	\$ 2,350,372,780	\$ 2,521,110,069
124,400,000	185,165,000	124,445,000	161,580,000	150,305,000	167,045,000
<u>\$ 1,659,479,819</u>	<u>\$ 1,757,454,831</u>	<u>\$ 1,921,959,386</u>	<u>\$ 2,016,623,956</u>	<u>\$ 2,200,067,780</u>	<u>\$ 2,354,065,069</u>
6.97%	9.53%	6.08%	7.42%	6.39%	6.63%

Legal Debt Margin Calculation for Fiscal Year 2019

Market value	\$ 16,807,400,460
Debt limit (15% of market value)	2,521,110,069
Debt applicable to the limit	
General obligation bonds and notes payable	174,725,000
Less 2018 taxable OPEB refunding bonds	<u>(7,680,000)</u>
Subtotal	<u>167,045,000</u>
Legal debt margin	<u>\$ 2,354,065,069</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service  
as of June 30, 2019

Tax Collection Calendar Year	Deferred Tax Levies
2020	\$ 23,770,541
2021	17,485,592
2022	17,157,840
2023	11,584,066
2024	10,438,726
2025	11,275,681
2026	11,774,116
2027	12,526,441
2028	10,385,333
2029	10,085,768
2030	10,987,207
2031	9,267,149
2032	7,625,769
2033	8,905,929
2034	9,090,729
2035	8,977,067
2036	6,672,120
Total amount to be levied in future years	<u>198,010,074</u>
2019	Amount levied for collection in 2019 and included in property taxes levied for subsequent year at June 30, 2019
	<u>20,180,265</u>
Total deferred tax levies for future bond debt service	<u><u>\$ 218,190,339</u></u>

Note: These levies are subject to reduction based on excess fund balance limitations in accordance with Minnesota Statutes § 475.61.

Source: Debt service levy schedules in the various bond issues of the District.



# INDEPENDENT SCHOOL DISTRICT NO. 279

## Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2010	136,700	\$ 8,383,537,600	\$ 61,328	38.0	20,964	7.3 %
2011	135,140	7,902,446,640	58,476	37.7	20,772	6.4
2012	136,896	8,094,112,896	59,126	37.8	20,591	5.6
2013	138,789	8,304,578,604	59,836	37.2	20,549	5.1
2014	140,680	8,557,283,040	60,828	37.6	20,581	4.2
2015	142,167	8,742,133,164	61,492	37.7	20,373	3.7
2016	145,451	9,194,975,867	63,217	37.8	20,307	3.9
2017	148,029	9,725,357,271	65,699	37.9	20,659	3.4
2018	148,029	N/A	N/A	N/A	20,968	2.9
2019	149,640	N/A	N/A	N/A	21,075	N/A

N/A – Not Available

Data sources:

- (1) District population is based upon an annual school district census and U.S. census. This information is certified to the state and is subsequently used in determining community education revenue.
- (2) United States Census Bureau
- (3) United States Department of Agriculture/Economic Research Service

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers  
Current Year and Nine Years Ago

Employer	2019		2010	
	Employees	Rank	Employees	Rank
Target Corporation	4,000	1	2,000	3
Independent School District No. 279	3,140	2	2,884	2
Boston Scientific Scimed, Inc.	3,000	3	3,600	1
Nilfisk	700	4	—	—
United Parcel Service	700	4	750	5
North Hennepin Community College	610	6	420	8
Upsher-Smith Laboratories, Inc.	600	7	400	10
LSC Communications	540	8	—	—
Hy-Vee	500	9	—	—
Vascular Solutions	500	9	—	—
Prudential Insurance Company	—	—	1,600	4
Caterpillar Paving Products	—	—	745	6
Egan McKay	—	—	585	7
Medtronic	—	—	420	8
Total	14,290		13,404	

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove

INDEPENDENT SCHOOL DISTRICT NO. 279

Building Permits Issued by Major Cities  
Last Ten Fiscal Years

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
<b>City of Brooklyn Park</b>				
2009	7,917	\$ 95,103,237	109	\$ 21,736,225
2010	7,737	53,706,735	68	11,608,882
2011	7,460	74,491,011	78	17,373,799
2012	2,034	124,367,945	143	33,322,357
2013	1,772	114,821,218	168	36,561,609
2014	1,885	164,344,704	140	26,375,881
2015	2,036	149,524,929	142	35,840,775
2016	2,090	106,842,092	137	34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,105	61,983,105	124	24,245,774
<b>City of Maple Grove</b>				
2009	3,658	\$ 116,525,754	219	\$ 72,121,817
2010	2,655	136,034,855	284	83,993,912
2011	2,345	149,181,591	226	69,984,374
2012	2,136	120,446,202	231	77,225,361
2013	2,110	202,041,119	265	127,675,752
2014	2,252	193,572,052	278	106,325,973
2015	2,942	141,804,368	192	85,682,575
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747

(1) Includes single-family, duplexes, quad homes, townhomes, multi-unit, and condominiums; excludes apartment complexes.

Note: The District includes portions of eight municipalities. The table above includes the two largest municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year basis.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Employees by Classification  
Last Ten Fiscal Years

Year Ended June 30,	Employees			
	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals/ Laundry/Water Safety Instruction
2010	130	1,467	111	742
2011	132	1,468	110	760
2012	134	1,467	112	783
2013	132	1,487	108	780
2014	137	1,482	110	738
2015	149	1,510	109	811
2016	148	1,543	108	775
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
Percent increase (decrease) over 10 years	20.8%	7.0%	0.9%	11.9%

- (1) Superintendent, school executives, principals, secondary school building assistant principals, principals on special assignment, directors, coordinators, managers, supervisors, and secondary school building business managers and student management specialist.

Source: The District's Human Resources Department

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Food Service	Custodians	Health Services/ Early Childhood/ Other Employees	Total Employees	Total Students (ADM)
146	145	144	2,885	20,964
153	145	138	2,906	20,772
160	146	136	2,938	20,591
166	142	124	2,939	20,549
161	142	125	2,895	20,581
156	147	130	3,012	20,373
161	162	128	3,025	20,307
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,075
10.3%	19.3%	(4.2%)	8.8%	0.5%

## INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function  
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Total population	136,700	135,140	136,896	138,789
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	75%	74%	76%	76%
ACT information				
Average ACT score	22.4	22.6	22.5	22.3
Percent of students taking ACT	60%	60%	63%	63%
National Merit Scholarship Program				
Commended	16	14	14	9
Finalists and semifinalists	1	2	3	4
AP Scholars	98	106	117	128

N/A – Not Available

Source: The District's Division of Leadership, Teaching, and Learning

2014	2015	2016	2017	2018	2019
140,680	142,167	145,451	148,029	148,029	149,640
100%	100%	100%	100%	100%	100%
74%	73%	72%	72%	71%	71%
22.3	22.3	20.3	20.3	19.6	19.9
65%	73%	84%	92%	91%	93%
11	11	6	—	6	N/A
2	1	2	5	3	N/A
150	149	164	165	201	152

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function  
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Capital assets				
Land	\$ 10,691,698	\$ 10,691,698	\$ 10,691,698	\$ 8,344,233
Land improvements	25,070,461	26,321,967	27,843,458	28,968,868
Buildings	369,466,103	377,938,760	387,290,466	395,241,051
Equipment	10,460,750	10,739,471	10,652,175	10,954,314
Construction in progress	2,037,404	2,726,381	391,975	1,026,401
	<u>\$ 417,726,416</u>	<u>\$ 428,418,277</u>	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>
Total capital assets				
Capital assets by function and activity				
Administration	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
District support services	113,078,539	113,232,033	112,276,960	112,323,903
Elementary and secondary regular instruction	1,094,002	1,099,553	905,208	908,265
Vocational education instruction	27,185	31,811	64,681	64,681
Special education instruction	289,187	296,042	271,043	288,451
Instructional support services	910,440	1,173,720	1,217,309	1,321,797
Pupil support services	59,647	59,647	59,647	59,647
Food service	4,479,013	5,057,239	5,151,404	5,211,253
Sites and buildings	296,726,190	306,404,239	315,824,027	323,220,971
Community service	1,043,118	1,044,898	1,080,398	1,116,804
	<u>\$ 417,726,416</u>	<u>\$ 428,418,277</u>	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>
Total capital assets by function and activity				

Source: The District's Business Services Department



2014	2015	2016	2017	2018	2019
\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,973,417
29,488,070	30,394,387	31,479,888	32,672,400	30,897,771	31,988,651
398,977,319	406,467,020	428,532,037	443,751,224	456,522,719	493,392,348
8,573,540	8,798,928	10,098,560	10,744,070	9,658,055	10,605,589
2,513,199	17,292,480	6,655,427	6,699,868	22,797,439	11,214,268
<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>	<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>
\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
111,389,026	111,399,374	111,381,071	111,333,954	107,606,898	107,687,623
983,647	983,647	1,155,256	1,172,513	897,678	913,783
64,681	64,681	64,681	64,681	48,341	61,879
297,094	297,094	297,094	297,094	272,402	272,402
1,336,797	1,371,261	1,460,404	1,460,404	1,084,157	1,254,477
59,647	59,647	59,647	59,647	54,438	34,467
5,256,134	5,462,112	5,485,642	5,546,180	5,573,434	5,817,182
327,331,102	350,463,871	364,010,989	381,019,401	411,379,171	438,844,431
1,138,322	1,155,450	1,155,450	1,218,010	1,263,787	1,268,934
<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>	<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Average Class Size  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>ISD No. 279 Staffing Ratio</u>
2010	29.65
2011	29.13
2012	27.97
2013	27.52
2014	27.63
2015	26.47
2016	26.30
2017	25.60
2018	25.46
2019	25.54

Note: This is the government-wide teacher staffing ratio for regular instructional classrooms.

Source: The District's Division of Leadership, Teaching, and Learning

INDEPENDENT SCHOOL DISTRICT NO. 279

School Facilities  
as of June 30, 2019

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2) –
Basswood Elementary	School	1995/2002	36.00	102,648	1,059
Birch Grove Elementary School for the Arts	School	1966/1991/2004	15.00	74,314	436
Cedar Island Elementary	School	1970	23.16	66,871	450
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208	262
Edinbrook Elementary	School	1988/2002	20.00	106,406	742
Elm Creek Elementary	School	1980	15.00	84,300	559
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129	411
Fernbrook Elementary	School	1988/2003	43.00	105,440	832
Garden City Elementary	School	1959/1994/2004	10.00	55,153	353
Oak View Elementary	School	1991	22.00	98,600	515
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463	473
Park Brook Elementary	School	1959/1994/2004	10.00	55,011	296
Rice Lake Elementary	School	1980	15.42	84,300	686
Rush Creek Elementary	School	1995/2002	29.00	102,648	804
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600	644
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2) 194
Woodland Elementary	School	2002	19.00	101,555	698
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	81,843	381
Brooklyn Middle School: A Science, Technology, Engineering, Arts & Math School	School	1963/1969/1980/2003	28.57	176,104	1,068
Maple Grove Middle School	School	1990/2003	46.62	275,680	1,710
North View Middle School: An International Baccalaureate World School	School	1970/1986/2002/2007	26.04	186,448	608
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507	1,079
Maple Grove Senior High	School	1996/2002/2004/2015	110.00	351,718	2,306
Osseo Senior High	School	1952/1957/1960/1962/1964/ 1966/1975/1988/2002/2015	43.63	413,610	2,093
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/ 1988/2002/2003/2015	31.00	414,774	2,005
Osseo Area Learning Center	School	1973/2000	5.00	47,108	163
Educational Service Center/ warehouse/maintenance	Office/maintenance/ warehouse	1969/1975/1980/2005	17.76	121,100	–
New ice arena	Sports	1990/2005	3.62	32,640	–
Old ice arena	Sports	1974	–	34,840	–
Adult Education Center	Adult education	2005	–	25,538	–
Osseo Education Center	Special education	1954/1957/1987/2005	11.00	46,144	88
Timberland Properties	CBVAT	Leased	–	12,249	–
Dane Technologies, Inc.	Special education	Leased	–	11,800	–
Total				<u>3,840,545</u>	<u>20,915</u>

(1) Enrollment is defined as the adjusted ADM served, excluding resident students tuitioned out to other Minnesota school districts.

(2) Beginning in fiscal year 2016, both of these sites have been combined on MARSS.

Source: The District's Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service  
School Lunch Program Data  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2010	20,339	2,583,066	205	12,600	61.9 %
2011	20,141	2,591,135	195	13,288	66.0
2012	19,966	2,550,155	194	13,145	65.8
2013	19,919	2,483,379	196	12,670	63.6
2014	19,963	2,422,337	191	12,682	63.5
2015	19,759	2,510,507	215	11,677	59.1
2016	19,699	2,520,404	215	11,723	59.5
2017	20,020	2,483,812	206	12,057	60.2
2018	20,329	2,483,599	218	11,393	56.0
2019	20,443	2,388,829	214	11,163	54.6

(1) Based on State Food and Nutrition Department guidelines; attendance is deemed to be 97 percent of enrollment.

Source: The District's Food and Nutrition Department

Free Lunch		Reduced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
856,214	33.1 %	223,857	8.7 %
904,757	34.9	256,310	9.9
915,804	35.9	238,826	9.4
970,729	39.1	211,094	8.5
964,628	39.8	230,208	9.5
1,002,132	39.9	261,655	10.4
1,011,298	40.1	253,216	10.0
1,017,620	41.0	260,112	10.5
994,992	40.1	271,193	10.9
882,352	36.9	291,151	12.2

## INDEPENDENT SCHOOL DISTRICT NO. 279

Students  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)					
	Early Childhood and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Total	
					Number	Percent Increase (Decrease)
2010	315	1,435	9,449	9,765	20,964	(0.2) %
2011	313	1,377	9,635	9,447	20,772	(0.9)
2012	341	1,436	9,487	9,327	20,591	(0.9)
2013	339	1,444	9,548	9,218	20,549	(0.2)
2014	342	1,523	9,495	9,221	20,581	0.2
2015	383	1,432	9,397	9,161	20,373	(1.0)
2016	366	1,400	9,307	9,234	20,307	(0.3)
2017	514	1,357	9,237	9,551	20,659	1.7
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,426	9,355	9,750	21,075	0.5

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

Note 2: 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
Fiscal 2010 through 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2019	1.000	1.000	0.550	1.000	1.000	1.000

Beginning in fiscal year 2015, the District offered only all-day kindergarten programming; therefore, a 1.0 weighting factor applied to kindergarten students served per MDE guidance.

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
24,217	(0.6) %
23,969	(1.0)
23,715	(1.1)
23,648	(0.3)
23,644	—
22,205	(6.1)
22,153	(0.2)
22,569	1.9
22,891	1.4
23,025	0.6

Secondary  
7–12

1.300

1.200

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

**is to inspire and prepare all students  
with the confidence, courage and competence  
to achieve their dreams;  
contribute to community;  
and engage in a lifetime of learning.**



