

# OSSEO AREA SCHOOLS

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ISD  279

## Comprehensive ANNUAL FINANCIAL REPORT

*For the fiscal year ended June 30, 2015*

### **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 279**  
**OSSEO AREA SCHOOLS**  
Maple Grove, Minnesota



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2015

INDEPENDENT SCHOOL DISTRICT NO. 279  
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North  
Maple Grove, MN 55369

Prepared by:  
Business Services Department

Executive Director of Finance and Operations:  
Patricia Magnuson, RSBA

Director, Business Services:  
Kelly Benusa, CPA, RSBO, SFO

Coordinator, Accounting, and Payroll:  
Cindy Brown, RSBO, APM

Coordinator, Accounting, and Payroll:  
Michael Hueller, CPA

# OSSEO AREA SCHOOLS

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# **SECTION I**

# **INTRODUCTION**



November 9, 2015

## FISCAL YEAR 2015 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, 2015, 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, 2015. 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statute § 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 basic financial statements for the year ended June 30, 2015. 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.

Ph: (763) 391-7000

Fx: (763) 391-7232

11200 93rd Avenue N.  
Maple Grove, MN 55369

[district279.org](http://district279.org)

## **PROFILE OF THE DISTRICT**

The District was incorporated in 1953 and serves portions of eight suburban communities on the northwestern edge of the Minneapolis/St. Paul metropolitan area. The District enrolled 20,370 students in fiscal year (FY) 2015 from a population of 142,167 citizens residing in a 66 square mile area. In terms of the number of students, the District is Minnesota's fifth largest school district. The District encompasses all or most of the cities of Osseo, Maple Grove, and Brooklyn Park, and smaller portions of five other cities.

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.

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. Maple Grove Senior High was named one of the nation's 2015 Best High Schools by U.S. News & World Report. Garden City Elementary and Park Brook Elementary were named Minnesota Department of Education Celebration Schools (2013). Woodland Elementary was named a Minnesota School of Excellence (2011) and a Family Friendly School (2009). Magnet schools regularly earn state and national recognition as Schools of Excellence or Schools of Distinction.

The District has what parents want in an excellent school district, according to SchoolMatch, a national school evaluation company.

Magnet schools allow students to deepen their learning in special focus areas. At Weaver Lake Elementary: A Science, Math, and 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. Birch Grove School for the Arts offers students opportunities to achieve through the integration of fine arts, dance, drama, and music.

At the secondary level, North View Junior High and Park Center Senior High offer the International Baccalaureate (IB) Middle Years and Diploma Programmes, recognized worldwide for their challenging international education and rigorous assessment programs. Brooklyn Junior High offers a full-school STEAM (STEM plus Arts) program. Osseo Senior High offers a full health science magnet program and courses that continue the STEM emphasis.

Gifted education programs serve the academic, social and emotional needs of gifted/talented learners. Every high school, plus Brooklyn Junior High, offers college-level courses through the Advanced Placement Program.

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

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's careful stewardship of taxpayer funds has been recognized by the Minnesota Department of Education and the Association of School Business Officials (ASBO) International.

During FY 2015, the District operated 31 buildings: 3 high schools, 4 junior high 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 two leased facilities for special education. The instructional program is organized using several grade configurations: E-4, K-6, 7-9, and 10-12.

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**

The District intentionally focuses efforts of staff and other resources to identify financial resources that are available in order to maximize revenue. With the exception of 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.

Minnesota's economic and budget outlook has continued to improve during this past fiscal year. The February 2015 forecast from Minnesota Management and Budget shows a General Fund forecasted surplus for the coming biennium of \$1.87 billion. The 2015 Legislature adjourned its regular session on May 18, 2015. The E-12 Omnibus Education Finance and Policy Bill were vetoed by Governor Dayton. A budget agreement was reached after the session close and the E-12 Omnibus Education Finance and Policy Bill was passed in a special session that was called on June 12, 2015. This bill included \$525 million in increased investments for E-12 programs for the 2016-2017 biennium. This investment includes a 2 percent increase in the basic funding formula in both FY 2016 and FY 2017.

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 tax payers 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 budget planning steps began in November 2014, using the **Long-Range Financial Model (LRFM) and Annual Budget Framework** and the **FY 2016 Budget Planning Timeline**. In FY 2013, the District implemented a long-range financial planning process for developing the annual budget. This process was developed in FY 2012 and implemented in FY 2013 for the FY 2014 budget process. This process is continuously refined and improved. The following key budget considerations were used during the FY 2016 budget adjustment process:

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

- Create budget adjustment recommendations that align with our system’s Mission and Strategic Priorities.
- 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. 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 board policies and regulations have financial implications? If so, which policies and/or regulations might be changed?
5. 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.
6. Staff and citizen idea input will be solicited and shared with the School Board for consideration in the budget planning process, through LRFM Advisory and FISCAL. In addition, other formal district advisory groups, such as DPAC, Core Planning, APAC, and CEPAC, inform our work regarding district program priorities which impact budget priorities.

In addition, the capital budget planning process included facility and capital needs assessment and presentation of a 10-year capital budget proposal.

The School Board reviewed the proposals at several work sessions in February 2015 and March 2015. The public provided input on financial priorities via the Long-Range Financial Advisory team and [welisten@district279.org](mailto:welisten@district279.org). The School Board approved net budget adjustments of \$0 for the general operating/transportation budget, +\$75,000 for the food services budget, and +\$10,000 for the Community Service Special Revenue Fund on February 17, 2015.

## **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.*

### **CORE VALUES**

1. We believe that lifelong learning is essential for the individual and community to thrive.
2. We believe that everyone has equal intrinsic values.
3. We believe that trust is essential to sustaining successful relationships and to achieving results.
4. We believe that better decisions emerge when diverse perspectives are intentionally included in a collaborative process.
5. We believe that everyone benefits when cultural differences are acknowledged and understood, and individuals are treated respectfully and equitably.
6. We believe that everyone can learn more.

### **STRATEGIC OBJECTIVES**

#### **By 2017, All Students Will –**

1. Articulate, plan for, and progress toward their evolving dreams.
2. Choose to contribute to community in a mutually meaningful way.
3. Demonstrate initiative and persistence to continually learn that which is important to them.

### **STRATEGIES: Result Statements by Strategy**

Priority results for 2015–2016.

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

- The District has implemented culturally relevant instruction to ensure high levels of learning for all students.
- At every elementary site, student outcomes and measurements of achievement are aligned and Pre-K is integrated into all school processes.
- All sites have implemented research-based positive behavior intervention practices that promote equitable student achievement.
- A plan has been implemented to interrupt the pattern of racial disproportionality in special education.
- The District has expanded student access to mobile devices; increased use of online curriculum in Grades 6–12; and enhanced personalized and flexible learning.
- The new grade spans have been implemented with a plan to monitor and adjust in the following program areas: middle school, out-of-school time, and high school.

**\*Equitable student achievement has three components:**

1. Ensure high levels of achievement for all students.
2. Accelerate growth for students of color and other underperforming groups.
3. Close the achievement gap for all students.

Strategy: We will develop understanding and support of our district’s mission and core values among members of our community.

- Community members have increased trust in the District.

Strategy: We will engage students and families as partners to achieve our mission and strategic objectives.

- The District has created a family engagement structure to equitably engage and empower families to support their student’s success.

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

- Employees identify and respond to the influence of race and culture on learning.
- Effective staff recruitment and retention practices build toward a workforce that reflects the demographics of enrolled students.
- A framework has been developed to address enrollment management and building use in the long-term, including the recruitment and retention of resident students.

The 2015–2016 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 Statute § 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, 2015 was 23.5 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.

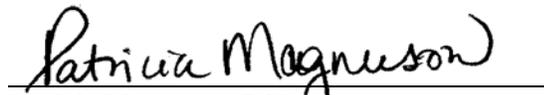
As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## **AWARDS AND ACKNOWLEDGEMENTS**

This report will be submitted to the ASBO International for consideration for the Certificate of Excellence 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 2014. In order to receive this award, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles 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 Certificate of Excellence 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 their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



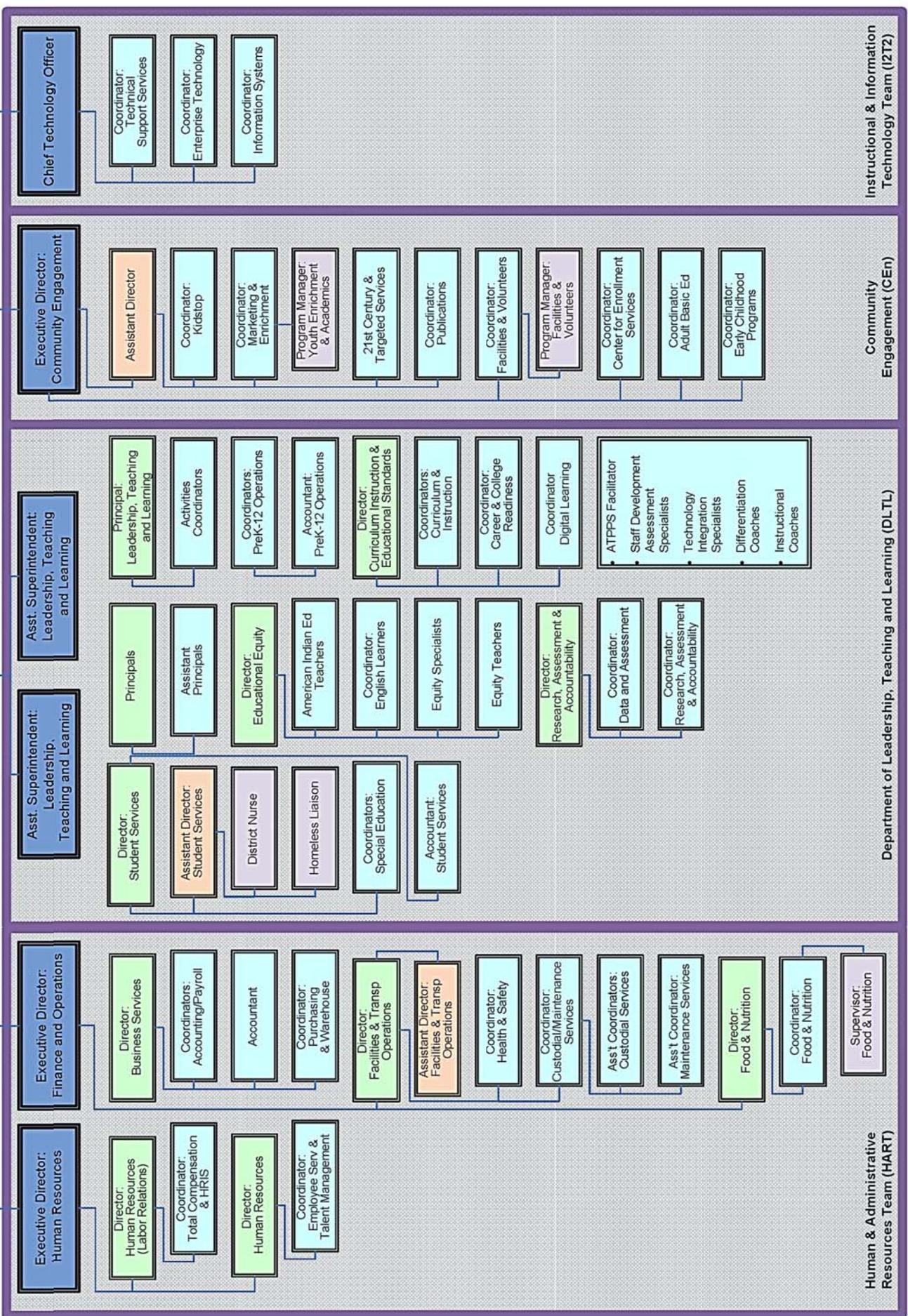
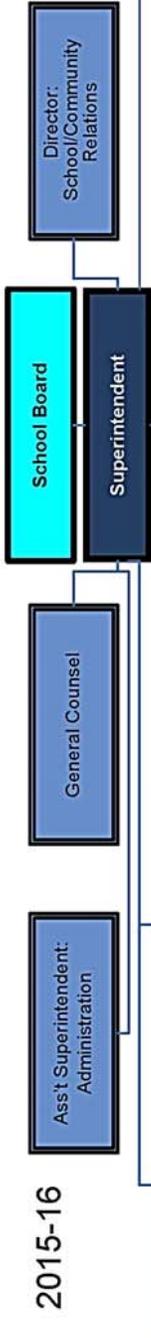
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Patricia Magnuson, RSBA  
Executive Director of Finance & Operations



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



INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration  
as of June 30, 2015

**SCHOOL BOARD**

	<u>Board Position</u>
Dean Henke	Chairperson
Jacki Girtz	Vice Chairperson
Robert Gerhart	Clerk
Jim Burgett	Treasurer
Jessica Craig	Director
Linda Etim	Director

**ADMINISTRATION**

**Cabinet**

Kate Maguire	Superintendent
Kelli Parpart	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Teri Staloch	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Kim Riesgraf	Assistant Superintendent, Administration
Patricia Magnuson, RSBA	Executive Director, Finance and Operations
Judy McDonald	Executive Director, Human Resources
Brian Siverson-Hall	Executive Director, Community Engagement and District 279 Foundation
Tim Wilson	Chief Technology Officer
Margaret Westin	School District General Counsel
Barbara Olson	Director, School/Community Relations

**Business Services Department**

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

# Association of School Business Officials International



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

## Independent School District No. 279 - Osseo Area Schools

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



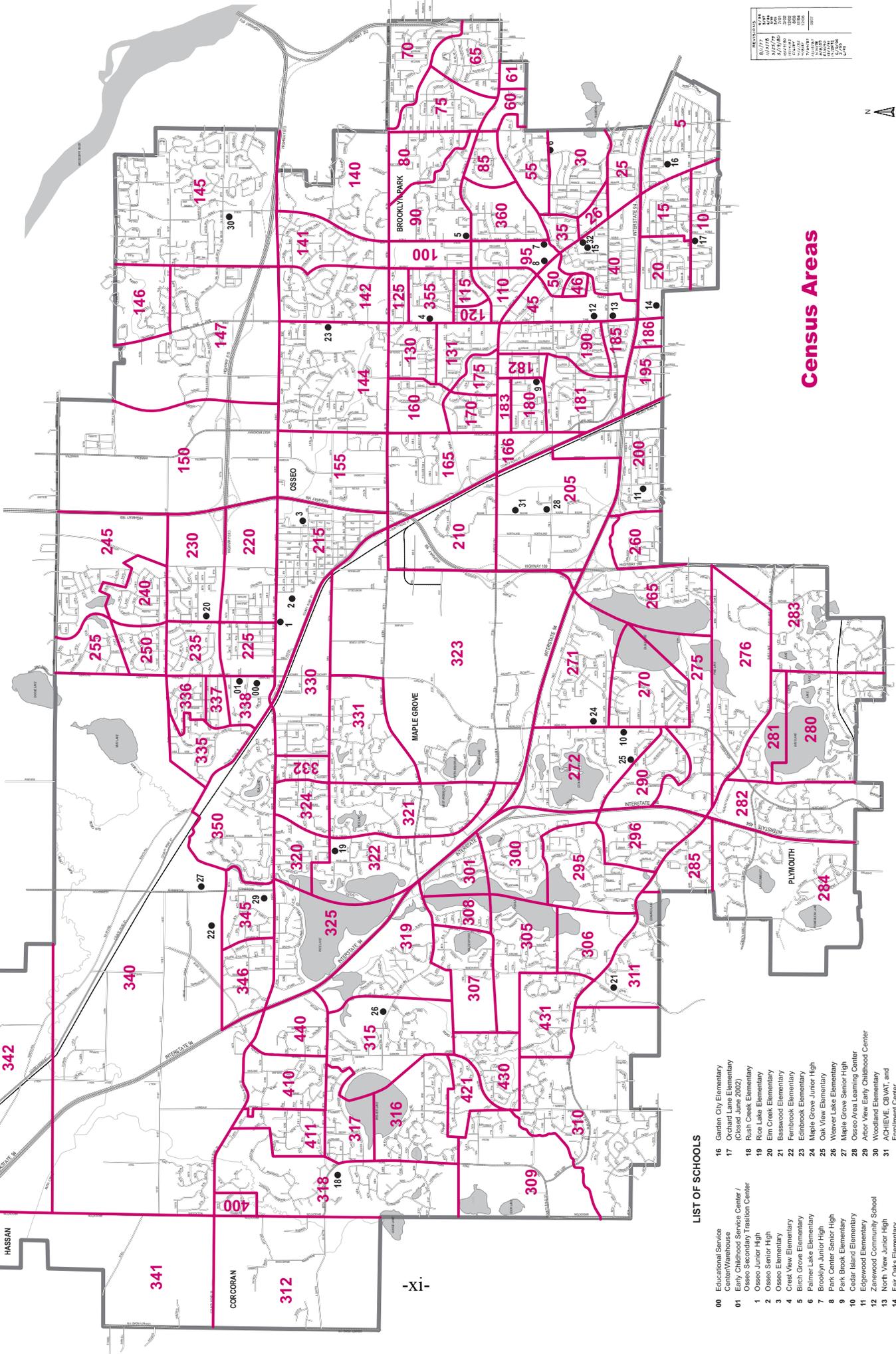
A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director

# Independent School District No. 279



## Census Areas

- LIST OF SCHOOLS**
- 00 Educational Service Center/Warehouse
  - 01 Early Childhood Service Center / Osseo Secondary Transition Center
  - 1 Osseo Junior High
  - 2 Osseo Senior High
  - 3 Osseo Elementary
  - 4 Crest View Elementary
  - 5 Palmer Lake Elementary
  - 6 Brooklyn Junior High
  - 7 Brooklyn Senior High
  - 8 Park Brook Elementary
  - 9 Cedar Island Elementary
  - 10 Edgewood Elementary
  - 11 North View Junior High
  - 12 Fair Oaks Elementary
  - 13 Willow Lane Early Childhood Center
  - 14 Garden City Elementary
  - 15 Orchard Lane Elementary (Closed June 2002)
  - 16 Rush Creek Elementary
  - 17 Rio Lakes Elementary
  - 18 Elm Creek Elementary
  - 19 Basswood Elementary
  - 20 Fernbrook Elementary
  - 21 Edinbrook Elementary
  - 22 Maple Grove Junior High
  - 23 Oak View Elementary
  - 24 Weaver Lake Elementary
  - 25 Osseo Area Learning Center
  - 26 Arbor View Early Childhood Center
  - 27 Woodland Elementary
  - 28 ACHIEVE, CBWAT, and Enrollment Center
  - 29 Adult Education Center
  - 30
  - 31
  - 32

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

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# SECTION II

# FINANCIAL

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PRINCIPALS

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, 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, 2015, 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, 2015, 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.

## **EMPHASIS OF MATTER**

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, during the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

## **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, 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 GASB, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

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

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

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

(continued)

## **Prior Year Comparative Information**

We have previously audited the District's 2014 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 7, 2014. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015 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 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 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 9, 2015

# 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 Year Ended June 30, 2015

This section of Independent School District No. 279 – Osseo Area Schools' (the District) comprehensive annual financial report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. 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 2015 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$91,542,490 (net position). The District's total net position increased by \$20,207,223 during the fiscal year ended June 30, 2015, exclusive of the change in accounting principle reported in the current year as discussed below.
- The District recorded a change in accounting principle in the current year for reporting the District's participation in the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) pension plans. This change reduced beginning net position in the government-wide statements by \$175,429,431.
- Overall actual revenues in the Statement of Activities were approximately \$310.8 million and about \$20.2 million more than expenses.

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

The financial section of the CAFR consists of five parts: independent auditor's report, Management's Discussion and Analysis (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 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 statements* offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*.
- The *fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

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**

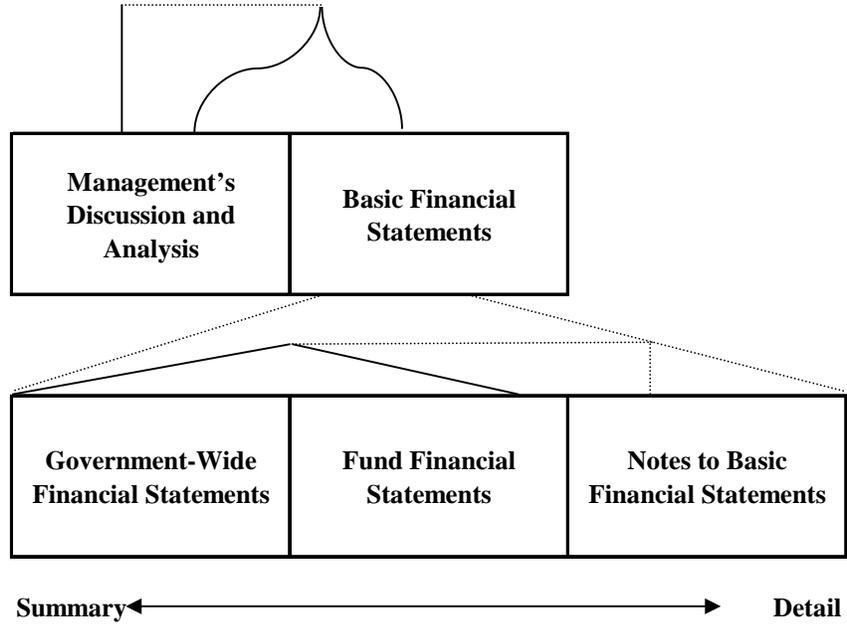


Figure B summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

<b>Figure B – Major Features of the Government-Wide and Fund Financial Statements</b>				
	<b>Government-Wide Financial 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, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities and deferred inflows of resources 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 they have 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* – Most 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—not 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 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 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 three internal service funds consisting of a self-insured dental 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, Post-Employment Benefits Irrevocable Trust, 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 \$91,542,490 on June 30, 2015. This was a decrease of 62.9 percent from the prior year.

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and other assets	\$ 268,762,971	\$ 187,663,928
Capital assets, net of depreciation	310,770,680	297,066,079
<b>Total assets</b>	<u>\$ 579,533,651</u>	<u>\$ 484,730,007</u>
<b>Deferred outflows of resources</b>		
Pension plan deferments – PERA and TRA	<u>\$ 26,020,960</u>	<u>\$ –</u>
<b>Liabilities</b>		
Long-term liabilities	\$ 369,623,651	\$ 149,816,176
Other liabilities	17,130,658	10,710,826
<b>Total liabilities</b>	<u>\$ 386,754,309</u>	<u>\$ 160,527,002</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 79,960,894	\$ 77,438,307
Pension plan deferments – PERA and TRA	47,296,918	–
<b>Total deferred inflows of resources</b>	<u>\$ 127,257,812</u>	<u>\$ 77,438,307</u>
<b>Net position</b>		
Net investment in capital assets	\$ 188,563,705	\$ 188,480,399
Restricted	15,826,198	13,284,014
Unrestricted	(112,847,413)	45,000,285
<b>Total net position</b>	<u>\$ 91,542,490</u>	<u>\$ 246,764,698</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 decreased by \$155,222,208, which reflects an increase of \$20,207,223 from current year operating results, while the change in accounting principle mentioned earlier for PERA and TRA reduced unrestricted net position by \$175,429,431. This change in accounting principle for pensions significantly increased deferred outflows of resources, long-term liabilities, and deferred inflows of resources, as presented in the table above.

Current and other assets increased due to the issuance of crossover refunding bonds in the current year, resulting in cash and investments held for future debt service payments.

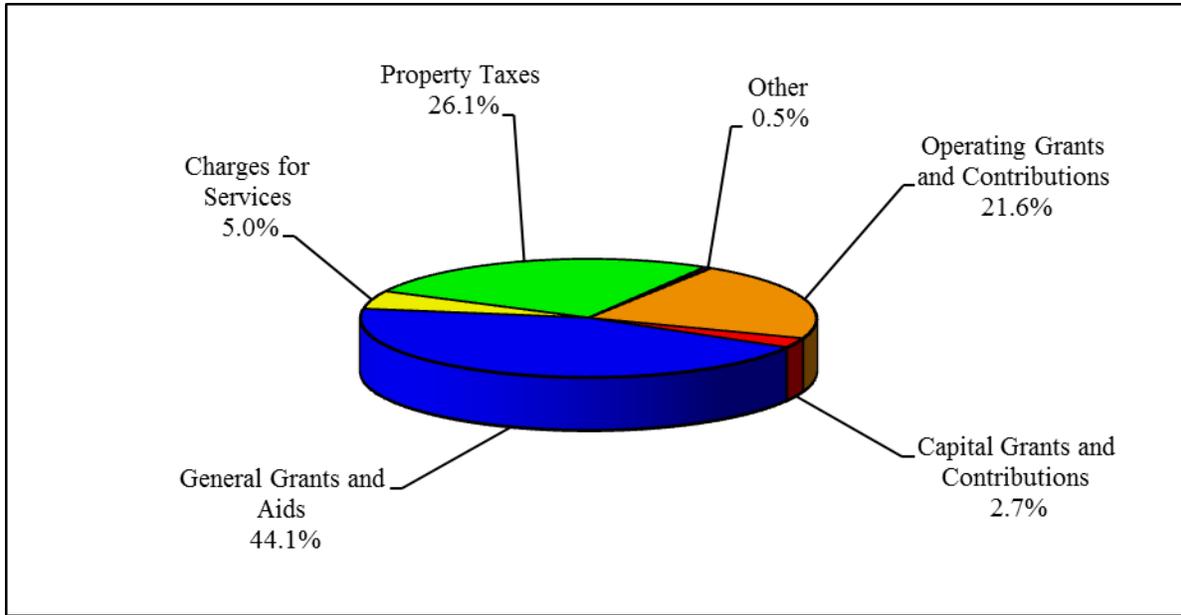
**Table 2**  
**Summary Statement of Activities**  
**for the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 15,586,735	\$ 16,325,460
Operating grants and contributions	67,178,824	66,776,775
Capital grants and contributions	8,343,272	8,295,544
General revenues		
Property taxes	81,348,382	73,500,404
General grants and aids	136,917,820	125,732,058
Other	1,434,125	2,104,492
<b>Total revenues</b>	<u>310,809,158</u>	<u>292,734,733</u>
<b>Expenses</b>		
Administration	10,381,868	9,575,101
District support services	7,703,891	7,526,010
Elementary and secondary regular instruction	129,757,253	116,638,392
Vocational education instruction	2,577,175	3,141,382
Special education instruction	44,261,176	46,401,292
Instructional support services	18,218,530	15,078,139
Pupil support services	21,213,677	21,381,700
Sites and buildings	17,371,714	16,537,008
Fiscal and other fixed cost programs	607,963	531,895
Food service	11,239,240	11,330,855
Community service	14,421,741	15,230,093
Depreciation expense (net of allocation to programs)	7,290,078	7,141,723
Interest and fiscal charges on debt	5,557,629	5,198,234
<b>Total expenses</b>	<u>290,601,935</u>	<u>275,711,824</u>
<b>Change in net position</b>	<b>20,207,223</b>	<b>17,022,909</b>
<b>Net position – beginning, as previously reported</b>	246,764,698	229,741,789
<b>Change in accounting principle</b>	(175,429,431)	–
<b>Net position – beginning, restated</b>	<u>71,335,267</u>	<u>229,741,789</u>
<b>End of year net position</b>	<u><b>\$ 91,542,490</b></u>	<u><b>\$ 246,764,698</b></u>

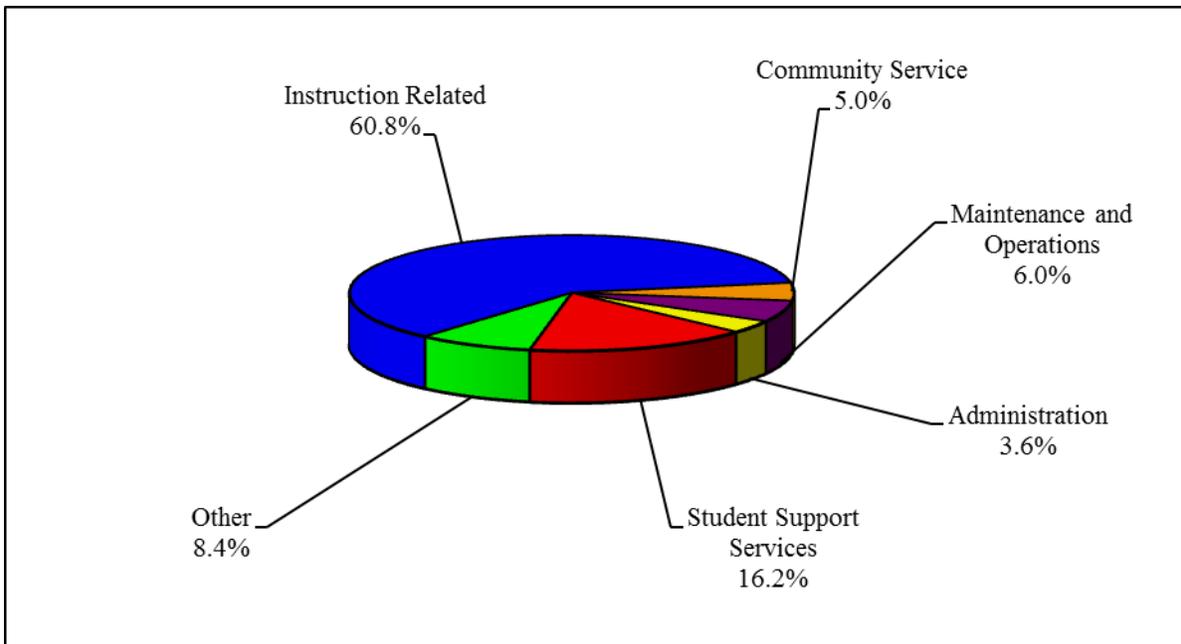
**Change in Net Position** – The District’s total revenues were \$310,809,158 for the year ended June 30, 2015. Property taxes and general grants and aids accounted for 70.2 percent (see Figure C) of total revenue for the year.

The total cost of all programs and services was \$290,601,935. The District’s expenses are predominantly related to educating and caring for students (77.0 percent) (see Figure D). The administrative activities of the District accounted for 3.6 percent of total costs.

**Figure C – Sources of Revenues for Fiscal Year 2015**



**Figure D – Expenses for Fiscal Year 2015**



- The cost of all *governmental* activities for fiscal year 2015 was \$290,601,935.
- Some of the cost, \$15,586,735, was paid by the users of the District's programs.
- The federal and state governments subsidized certain programs with grants and contributions of \$67,178,824.

- Most of the District's costs were paid for by district taxpayers and the taxpayers of our state through general grants and aids totaling \$218,266,202. This portion of governmental activities was paid for with \$81,348,382 in property taxes and \$136,917,820 of state aid based on the state-wide education aid formula.
- In the area of elementary and secondary regular instruction, the 11.2 percent increase is mainly attributed to severance costs paid out due to an early retirement incentive that was in place for fiscal year 2015.
- Instructional support services increased due to a voter-approved November, 2013 Capital Technology levy for fiscal year 2015.

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

	Total Cost of Services		Total Percent Change 2014-2015	Net Cost of Services		Total Percent Change 2014-2015
	2015	2014		2015	2014	
Administration	\$ 10,381,868	\$ 9,575,101	8.4%	\$ 9,726,080	\$ 9,098,222	6.9%
District support services	7,703,891	7,526,010	2.4%	7,663,020	7,492,260	2.3%
Elementary and secondary regular instruction	129,757,253	116,638,392	11.2%	107,348,042	94,702,827	13.4%
Vocational education instruction	2,577,175	3,141,382	(18.0%)	2,428,965	2,987,942	(18.7%)
Special education instruction	44,261,176	46,401,292	(4.6%)	14,685,034	16,578,265	(11.4%)
Instructional support services	18,218,530	15,078,139	20.8%	15,007,817	11,441,845	31.2%
Pupil support services	21,213,677	21,381,700	(0.8%)	19,267,555	19,284,822	(0.1%)
Sites and buildings	17,371,714	16,537,008	5.0%	8,793,408	7,810,829	12.6%
Fiscal and other fixed cost programs	607,963	531,895	14.3%	607,963	531,895	14.3%
Food service	11,239,240	11,330,855	(0.8%)	(101,574)	256,930	(139.5%)
Community service	14,421,741	15,230,093	(5.3%)	1,219,087	1,788,251	(31.8%)
Depreciation expense (net of allocation to programs)	7,290,078	7,141,723	2.1%	7,290,078	7,141,723	2.1%
Interest and fiscal charges on debt	5,557,629	5,198,234	6.9%	5,557,629	5,198,234	6.9%
<b>Total</b>	<b>\$ 290,601,935</b>	<b>\$ 275,711,824</b>	<b>5.4%</b>	<b>\$ 199,493,104</b>	<b>\$ 184,314,045</b>	<b>8.2%</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

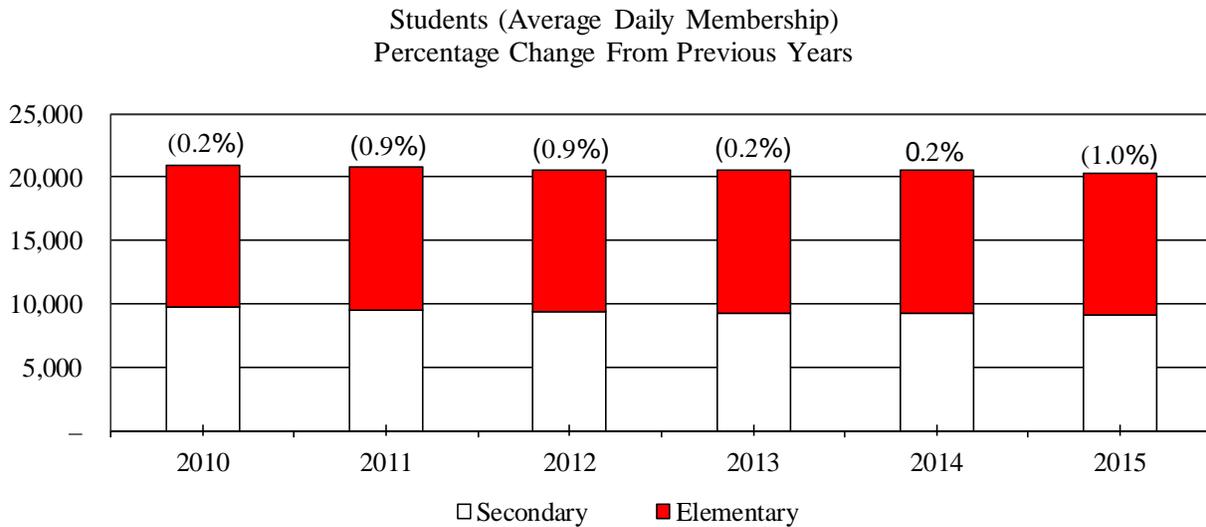
As the District completed the year, its governmental funds reported a *combined* fund balance of \$136,564,558, an increase from last year's ending fund balance of \$64,174,269, or 112.8 percent. This is primarily due to the nearly \$72.8 million sale of bonds and capital notes in fiscal 2015.

Revenues for the District's governmental funds were \$310,025,327, while total expenditures were \$321,449,974.

### 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 3.0 percent decrease in the number of students. Enrollment projections predict relatively flat enrollment over the next several years.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
Local sources				
Property taxes	\$ 58,770,557	\$ 27,849,067	\$ 30,921,490	111.0%
Investment earnings	135,739	98,923	36,816	37.2%
Other	6,129,092	5,792,086	337,006	5.8%
State sources	190,034,147	199,954,383	(9,920,236)	(5.0%)
Federal sources	7,987,321	8,805,345	(818,024)	(9.3%)
<b>Total General Fund revenue</b>	<b>\$ 263,056,856</b>	<b>\$ 242,499,804</b>	<b>\$ 20,557,052</b>	<b>8.5%</b>

Total General Fund revenue increased by \$20,557,052, or 8.5 percent, in fiscal year 2015 compared with fiscal year 2014. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including 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. The District's property taxes were higher and state sources were lower in fiscal year 2015 due to the allocation of revenue between state sources and property taxes in fiscal year 2015 as compared to fiscal year 2014 due to the recognition of the \$22 million tax shift.

Property taxes increased in two areas. In November 2013, voters approved a \$454 per pupil increase to the operating referendum and a \$5,000,000 capital technology levy effective for fiscal year 2015.

The increase in the basic formula allowance for general education state aid and the District adding a voter-approved capital project technology levy contributed to the increase in General Fund revenue.

The following schedule presents a summary of General Fund expenditures:

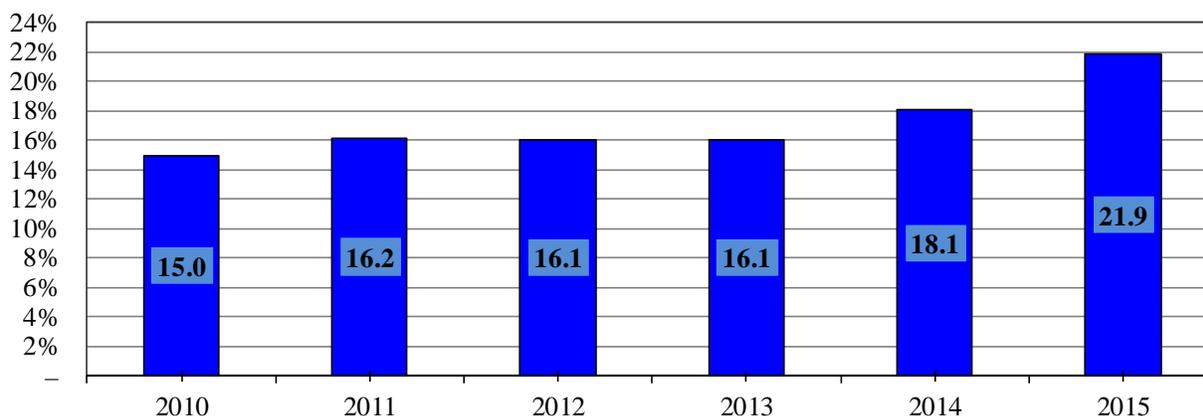
	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
Salaries	\$ 151,118,570	\$ 144,894,484	\$ 6,224,086	4.3%
Employee benefits	52,786,287	50,608,505	2,177,782	4.3%
Purchased services	29,347,637	29,401,254	(53,617)	(0.2%)
Supplies, materials, and equipment	19,047,899	13,292,297	5,755,602	43.3%
Other expenditures	<u>2,435,696</u>	<u>1,883,237</u>	<u>552,459</u>	29.3%
Total expenditures	<u>\$ 254,736,089</u>	<u>\$ 240,079,777</u>	<u>\$ 14,656,312</u>	6.1%

Total General Fund expenditures increased \$14,656,312, or 6.1 percent, from the previous year. The School Board approved \$3.5 million of budget enhancements in programs and services for all-day kindergarten expansion and preparation for grade span changes for fiscal year 2015.

In fiscal year 2015, salaries increased 4.3 percent and employee benefits increased 4.3 percent. The increase in salaries and benefits is attributed to employee contract improvements, the nearly \$3.6 million in additional positions, as noted above, and a one-time retiree incentive for teachers of \$1,088,000.

Supplies, materials, and equipment increased by \$5,755,602 from the prior year. The increase in supplies, materials, and equipment can be attributed to two main reasons: 1) the November 2013 Capital Technology levy approved by voters for \$5 million, and 2) expenditures for the grade span change, which includes additions, repurposing, and remodeling of each of the three senior high schools, effective for the 2016 school year.

The following graph shows the General Fund unassigned fund balance (net of any restricted account deficits) as a percentage of expenditures:



In fiscal year 2015, General Fund revenue and other financing sources were more than expenditures by \$13,079,914. Therefore, total fund balance increased to \$64,854,952 at June 30, 2015. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance increased from \$43,465,778 at June 30, 2014 to \$55,738,741 at June 30, 2015.

The graph above is the single best measure of overall financial health. The unassigned fund balance of \$55,738,741 at June 30, 2015 represents 21.9 percent of annual expenditures, or more than 11 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 revenues and other financing sources would exceed expenditures by \$6,329,829, the actual results for the year show an increase of \$13,079,914.

- Actual revenues were \$2,331,836 more than expected. Property tax collections were \$884,000 more than budgeted. Other revenue sources were over budget by \$1,857,000 due to several items, including more collections from third party billings for medical assistance and special education wards of the state collections being more than anticipated. Federal sources were under budgeted entitlement amounts by \$462,000. These grants contain carryover provisions and will be spent down during the next fiscal year as planned.
- Actual expenditures were about \$341,000 over budget, or a 0.1 percent variance.
- Other financing sources were \$4,759,000 over budget, due to the issuance of a capital lease for iPads.

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

The Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures by \$11,744,656, resulting in an increased fund balance of \$15,393,620 at June 30, 2015. This surplus was part of the planned funding for the senior high schools to accommodate the grade span change for fiscal year 2016 through the issuance of the 2014A Capital Facility Bonds, 2015A Alternative Facilities Bonds, 2014B Certificates of Participation, and 2015B Capital Notes.

The Debt Service Fund revenues and other financing sources exceeded expenditures by \$47,219,522 in fiscal year 2015. The main increase was from the issuance of the 2015C General Obligation Refunding Bonds. The remaining fund balance of \$51,033,469 at June 30, 2015 is available for meeting future debt service obligations.

## **NONMAJOR FUNDS**

Revenues exceeded expenditures in the nonmajor funds by \$346,197. The Food Service Special Revenue Fund had a decrease in fund balance of \$114,460. This was less than budgeted due to increased sales over budgeted amounts for regular and free and reduced lunch, breakfast, and summer food service programs. The Community Service Special Revenue Fund had an increase in fund balance of \$460,657. 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 2015, 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 \$26,072, resulting in a net position of \$534,874 at June 30, 2015.

The Retirement Incentive Pay Internal Service Fund change in net position increased \$110,327, resulting in a net position of \$4,160,218 at June 30, 2015. This increase is attributed to increased contributions from governmental funds as a result of the projections in an independent actuarial valuation study dated March 1, 2014, which computed future costs in this area.

Over the next several years, the District's annual obligation to pay post-employment benefits will remain at its current level because a large block of employees will be reaching retirement age. 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 in accordance with standards described in Governmental Accounting Standards Board (GASB) Statement Nos. 43 and 45. This revocable trust fund was established to provide a source of funds to fund current and future benefit obligations to employees. On June 30, 2015, this fund has a net position of \$12,694,546. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated March 1, 2014, computed the present value of these benefits. The long-term liability represents net OPEB pension benefit obligations based on actuarial estimates. The District has been strategic by pre-funding 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.

For information on the funding progress of the OPEB obligations of the District, refer to the notes to basic financial statements.

## POST-EMPLOYMENT BENEFITS IRREVOCABLE TRUST FUND

The Post-Employment Benefits Irrevocable Trust Fund was established to fund OPEB in accordance with standards described in GASB Statement Nos. 43 and 45. This irrevocable trust fund was established to provide a source of funds to fund current and future benefit obligations to employees. On June 30, 2015, this fund has a net position of \$293,639. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated March 1, 2014, computed the present value of these benefits. The long-term liability represents the present value of these benefits based on medical benefits earned. The District has been strategic by pre-funding a portion of this post-employment benefits liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid future reductions of regular programming that would have been necessary to pay for these post-employment benefits.

For information on the funding progress of the OPEB obligations of the District refer to the notes to basic financial statements.

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

### Capital Assets

By the end of fiscal year 2015, the District had invested almost \$471 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 additions at the three senior high schools for fiscal year 2015. (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 \$9.8 million as compared to a prior year depreciation expense of \$9.6 million.

	2015	2014	Total Percent Change 2014–2015
Land	\$ 8,323,417	\$ 8,323,417	–
Land improvements	30,394,387	29,488,070	3.1%
Buildings	406,467,020	398,977,319	1.9%
Furniture and equipment	8,798,928	8,573,540	2.6%
Construction in progress	17,292,480	2,513,199	588.1%
Less accumulated depreciation	<u>(160,505,552)</u>	<u>(150,809,466)</u>	6.4%
Total	<u>\$ 310,770,680</u>	<u>\$ 297,066,079</u>	4.6%

## Debt Administration

At June 30, 2015, the District had bonded debt of \$185,165,000. 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**

	2015	2014	Total Percent Change
General obligation bonds and notes payable	\$ 171,080,000	\$ 124,400,000	37.5%
Certificates of participation	14,085,000	-	-
Capital leases	3,556,372	95,433	3,626.6%
Unamortized premiums on debt issued	10,602,876	5,285,194	100.6%
Net pension liability – PERA*	37,345,117	-	-
Net pension liability – TRA*	113,378,068	-	-
Post-employment severance benefits payable	11,536,482	12,510,057	(7.8%)
Net other post-employment benefit obligation	8,039,736	7,525,492	6.8%
<b>Total</b>	<b>\$ 369,623,651</b>	<b>\$ 149,816,176</b>	<b>146.7%</b>

\*Reflects current year change in accounting principle; prior year balances were not restated.

As previously discussed, the District recorded a change in accounting principle in the current year for reporting the District's participation in the PERA and TRA pension plans. Information needed to restate previous periods was not readily available; therefore, prior period amounts were not restated.

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 \$1,942,619,831.

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

The Legislature approved an increase of 2 percent in the general education formula for both fiscal years 2016 and 2017. 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 longstanding 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;  
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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position  
as of June 30, 2015

(With Partial Comparative Information as of June 30, 2014)

	Governmental Activities	
	2015	2014
<b>Assets</b>		
Cash and temporary investments	\$ 132,652,762	\$ 103,919,991
Receivables		
Current taxes	41,501,904	40,046,838
Delinquent taxes	779,685	567,205
Accounts and interest	492,712	357,860
Note	424,690	408,356
Due from other governmental units	24,864,769	22,219,123
Inventory	373,514	428,644
Restricted assets – temporarily restricted		
Cash and investments for OPEB	20,582,190	19,597,501
Interest receivable for OPEB	152,092	118,410
Cash and investments for debt service	46,932,288	–
Interest receivable for debt service	6,365	–
Total restricted assets – temporarily restricted	<u>67,672,935</u>	<u>19,715,911</u>
Capital assets		
Not depreciated	25,615,897	10,836,616
Depreciated, net of accumulated depreciation	285,154,783	286,229,463
Total capital assets, net of accumulated depreciation	<u>310,770,680</u>	<u>297,066,079</u>
Total assets	579,533,651	484,730,007
Deferred outflows of resources		
Pension plan deferments – PERA and TRA	26,020,960	–
Total assets and deferred outflows of resources	<u>\$ 605,554,611</u>	<u>\$ 484,730,007</u>
<b>Liabilities</b>		
Salaries payable	\$ 844,545	\$ 1,143,597
Accounts and contracts payable	11,772,165	5,952,766
Due to other governmental units	1,323,458	947,116
Unearned revenue	276,434	256,214
Accrued interest payable	2,914,056	2,411,133
Long-term liabilities		
Due within one year	63,568,315	13,932,340
Due in more than one year	306,055,336	135,883,836
Total long-term liabilities	<u>369,623,651</u>	<u>149,816,176</u>
Total liabilities	386,754,309	160,527,002
Deferred inflows of resources		
Property taxes levied for subsequent year	79,960,894	77,438,307
Pension plan deferments – PERA and TRA	47,296,918	–
Total deferred inflows of resources	<u>127,257,812</u>	<u>77,438,307</u>
Net position (deficit)		
Net investment in capital assets	188,563,705	188,480,399
Restricted for		
Capital asset acquisition	8,996,637	8,203,769
Debt service	1,348,296	–
Food service	3,012,786	3,127,246
Community service	2,284,950	1,821,758
Other purposes (state funding restrictions)	183,529	131,241
Unrestricted	(112,847,413)	45,000,285
Total net position	<u>91,542,490</u>	<u>246,764,698</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 605,554,611</u>	<u>\$ 484,730,007</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Activities  
 Year Ended June 30, 2015  
 (With Partial Comparative Information for the Year Ended June 30, 2014)

Functions/Programs	2015				2014	
	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	\$ 10,381,868	\$ 450,601	\$ 205,187	\$ -	\$ (9,726,080)	\$ (9,098,222)
District support services	7,703,891	23,133	17,738	-	(7,663,020)	(7,492,260)
Elementary and secondary regular instruction	129,757,253	1,556,077	20,853,134	-	(107,348,042)	(94,702,827)
Vocational education instruction	2,577,175	-	148,210	-	(2,428,965)	(2,987,942)
Special education instruction	44,261,176	10,646	29,565,496	-	(14,685,034)	(16,578,265)
Instructional support services	18,218,530	1,052	3,098,654	111,007	(15,007,817)	(11,441,845)
Pupil support services	21,213,677	375	1,945,747	-	(19,267,555)	(19,284,822)
Sites and buildings	17,371,714	315,718	30,323	8,232,265	(8,793,408)	(7,810,829)
Fiscal and other fixed cost programs	607,963	-	-	-	(607,963)	(531,895)
Food service	11,239,240	4,554,115	6,786,699	-	101,574	(256,930)
Community service	14,421,741	8,675,018	4,527,636	-	(1,219,087)	(1,788,251)
Depreciation expense (net of allocations to programs)	7,290,078	-	-	-	(7,290,078)	(7,141,723)
Interest and fiscal charges	5,557,629	-	-	-	(5,557,629)	(5,198,234)
<b>Total governmental activities</b>	<b>\$290,601,935</b>	<b>\$15,586,735</b>	<b>\$67,178,824</b>	<b>\$ 8,343,272</b>	<b>(199,493,104)</b>	<b>(184,314,045)</b>
General revenues						
Taxes						
Property taxes, levied for general purposes					58,867,528	48,483,768
Property taxes, levied for community service					1,917,363	1,922,267
Property taxes, levied for debt service					17,940,548	20,463,285
Property taxes, levied for building construction					2,622,943	2,631,084
General grants and aids					136,917,820	125,732,058
Other general revenues					968,988	895,594
Gain on sale of capital assets					-	733,095
Investment earnings					465,137	475,803
<b>Total general revenues</b>					<b>219,700,327</b>	<b>201,336,954</b>
Change in net position					20,207,223	17,022,909
Net position – beginning, as previously reported					246,764,698	229,741,789
Change in accounting principle					(175,429,431)	-
Net position – beginning, as restated					<u>71,335,267</u>	<u>229,741,789</u>
Net position – ending					<u>\$ 91,542,490</u>	<u>\$ 246,764,698</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Balance Sheet  
Governmental Funds  
as of June 30, 2015

(With Partial Comparative Information as of June 30, 2014)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
	<u>General Fund</u>	<u>Construction Fund</u>	<u>Service Fund</u>
<b>Assets</b>			
Cash and temporary investments	\$ 76,033,324	\$ 19,615,883	\$ 13,201,011
Cash and investments held by trustee	–	–	46,932,288
Receivables			
Current taxes	31,621,469	–	8,911,267
Delinquent taxes	560,303	–	200,803
Accounts and interest	278,583	13,258	6,365
Note	424,690	–	–
Due from other governmental units	24,143,127	–	68
Inventory	360,735	–	–
	<u>360,735</u>	<u>–</u>	<u>–</u>
Total assets	<u>\$ 133,422,231</u>	<u>\$ 19,629,141</u>	<u>\$ 69,251,802</u>
<b>Liabilities</b>			
Salaries payable	\$ 463,049	\$ 1,750	\$ –
Accounts and contracts payable	5,958,929	4,233,771	–
Due to other governmental units	1,323,458	–	–
Unearned revenue	–	–	–
Total liabilities	<u>7,745,436</u>	<u>4,235,521</u>	<u>–</u>
<b>Deferred inflows of resources</b>			
Property taxes levied for subsequent year	59,949,537	–	18,050,797
Unavailable revenue – note receivable	424,690	–	–
Unavailable revenue – delinquent taxes	447,616	–	167,536
Total deferred inflows of resources	<u>60,821,843</u>	<u>–</u>	<u>18,218,333</u>
<b>Fund balances</b>			
Nonspendable	360,735	–	–
Restricted	9,238,249	15,393,620	51,033,469
Unassigned	55,255,968	–	–
Total fund balances	<u>64,854,952</u>	<u>15,393,620</u>	<u>51,033,469</u>
	<u>64,854,952</u>	<u>15,393,620</u>	<u>51,033,469</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 133,422,231</u>	<u>\$ 19,629,141</u>	<u>\$ 69,251,802</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2015	2014
\$ 6,349,561	\$ 115,199,779	\$ 86,675,434
–	46,932,288	–
969,168	41,501,904	40,046,838
18,579	779,685	567,205
200,871	499,077	357,860
–	424,690	408,356
721,574	24,864,769	22,219,123
12,779	373,514	428,644
<u>\$ 8,272,532</u>	<u>\$ 230,575,706</u>	<u>\$ 150,703,460</u>
\$ 379,746	\$ 844,545	\$ 1,143,597
358,056	10,550,756	5,829,103
–	1,323,458	947,116
276,434	276,434	256,214
<u>1,014,236</u>	<u>12,995,193</u>	<u>8,176,030</u>
1,960,560	79,960,894	77,438,307
–	424,690	408,356
15,219	630,371	506,498
<u>1,975,779</u>	<u>81,015,955</u>	<u>78,353,161</u>
12,779	373,514	428,644
5,269,738	80,935,076	20,899,674
–	55,255,968	42,845,951
<u>5,282,517</u>	<u>136,564,558</u>	<u>64,174,269</u>
<u>\$ 8,272,532</u>	<u>\$ 230,575,706</u>	<u>\$ 150,703,460</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, 2015  
(With Partial Comparative Information as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Total fund balances – governmental funds	\$ 136,564,558	\$ 64,174,269
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	471,276,232	447,875,545
Accumulated depreciation	(160,505,552)	(150,809,466)
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	(171,080,000)	(124,400,000)
Certificates of participation	(14,085,000)	–
Capital leases	(3,556,372)	(95,433)
Premium on bonds	(10,602,876)	(5,285,194)
Net pension liability – PERA	(37,345,117)	–
Net pension liability – TRA	(113,378,068)	–
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,914,056)	(2,411,133)
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.	17,389,638	16,801,256
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 – PERA and TRA pension plans	26,020,960	–
Deferred inflows – PERA and TRA pension plans	(47,296,918)	–
Deferred inflows – delinquent property taxes	630,371	506,498
Certain revenues (including delinquent property taxes) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	<u>424,690</u>	<u>408,356</u>
Total net position – governmental activities	<u>\$ 91,542,490</u>	<u>\$ 246,764,698</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2015  
 (With Partial Comparative Information for the Year Ended June 30, 2014)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
<b>Revenue</b>			
Local sources			
Property taxes	\$ 58,770,557	\$ 2,622,943	\$ 17,916,181
Investment earnings	135,739	11,989	13,584
Other	6,129,092	–	–
State sources	190,034,147	–	662
Federal sources	7,987,321	–	–
Total revenue	<u>263,056,856</u>	<u>2,634,932</u>	<u>17,930,427</u>
<b>Expenditures</b>			
Current			
Administration	10,381,868	–	–
District support services	5,622,720	–	–
Elementary and secondary regular instruction	130,841,833	–	–
Vocational education instruction	2,573,885	–	–
Special education instruction	46,296,441	–	–
Instructional support services	18,270,519	–	–
Pupil support services	21,259,449	–	–
Sites and buildings	17,581,741	–	–
Fiscal and other fixed cost programs	607,963	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	22,630,619	–
Debt service			
Principal	1,298,208	–	11,995,000
Interest and fiscal charges	1,462	99,433	5,931,918
Total expenditures	<u>254,736,089</u>	<u>22,730,052</u>	<u>17,926,918</u>
Excess (deficiency) of revenue over expenditures	8,320,767	(20,095,120)	3,509
<b>Other financing sources</b>			
Refunding bonds issued	–	–	42,075,000
Debt issued	–	30,685,000	–
Premium on debt issued	–	1,154,776	5,141,013
Capital lease issued	4,759,147	–	–
Proceeds from sale of assets	–	–	–
Total other financing sources	<u>4,759,147</u>	<u>31,839,776</u>	<u>47,216,013</u>
Net change in fund balances	13,079,914	11,744,656	47,219,522
<b>Fund balances</b>			
Beginning of year	51,775,038	3,648,964	3,813,947
End of year	<u>\$ 64,854,952</u>	<u>\$ 15,393,620</u>	<u>\$ 51,033,469</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2015	2014
\$ 1,914,828	\$ 81,224,509	\$ 52,139,640
8,138	169,450	122,297
13,963,759	20,092,851	20,774,516
3,843,338	193,878,147	203,939,595
6,673,049	14,660,370	15,145,733
<u>26,403,112</u>	<u>310,025,327</u>	<u>292,121,781</u>
–	10,381,868	9,575,101
–	5,622,720	5,437,320
–	130,841,833	118,710,180
–	2,573,885	3,138,526
–	46,296,441	46,402,897
–	18,270,519	15,006,315
–	21,259,449	21,381,700
–	17,581,741	18,914,056
–	607,963	531,895
11,232,077	11,232,077	11,127,023
14,465,450	14,465,450	15,201,013
359,388	22,990,007	6,886,511
–	13,293,208	15,289,675
–	6,032,813	6,343,571
<u>26,056,915</u>	<u>321,449,974</u>	<u>293,945,783</u>
346,197	(11,424,647)	(1,824,002)
–	42,075,000	–
–	30,685,000	–
–	6,295,789	–
–	4,759,147	–
–	–	2,124,000
–	<u>83,814,936</u>	<u>2,124,000</u>
346,197	72,390,289	299,998
<u>4,936,320</u>	<u>64,174,269</u>	<u>63,874,271</u>
<u>\$ 5,282,517</u>	<u>\$ 136,564,558</u>	<u>\$ 64,174,269</u>

# OSSEO AREA SCHOOLS

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ISD  279

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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, 2015

(With Partial Comparative Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Total net change in fund balances – governmental funds	\$ 72,390,289	\$ 299,998
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	23,484,907	9,378,909
Depreciation expense	(9,770,771)	(9,615,418)
A (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(9,535)	(1,799,261)
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	(58,675,000)	–
Certificates of participation	(14,085,000)	–
Capital leases	(4,759,147)	–
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.		
	588,382	2,388,962
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	11,995,000	14,315,000
Capital leases	1,298,208	974,675
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.		
	(502,923)	258,491
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.		
	(5,317,682)	886,846
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	2,909,299	–
Net pension liability – TRA	21,796,947	–
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 – PERA and TRA pension plans	26,020,960	–
Deferred inflows – PERA and TRA pension plans	(47,296,918)	–
Deferred inflows – delinquent property taxes	123,873	–
Certain revenues (including delinquent property taxes) 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.		
	<u>16,334</u>	<u>(65,293)</u>
Change in net position – governmental activities	<u>\$ 20,207,223</u>	<u>\$ 17,022,909</u>

See notes to basic financial statements

# OSSEO AREA SCHOOLS

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ISD  279

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and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Property taxes	\$ 52,498,805	\$ 57,886,789	\$ 58,770,557	\$ 883,768
Investment earnings	91,000	116,000	135,739	19,739
Other	2,304,192	4,272,296	6,129,092	1,856,796
State sources	177,351,840	190,000,807	190,034,147	33,340
Federal sources	—	8,449,128	7,987,321	(461,807)
Total revenue	<u>232,245,837</u>	<u>260,725,020</u>	<u>263,056,856</u>	<u>2,331,836</u>
<b>Expenditures</b>				
Current				
Administration	8,287,359	10,653,456	10,381,868	(271,588)
District support services	6,655,719	6,980,301	5,622,720	(1,357,581)
Elementary and secondary regular instruction	81,930,072	125,754,419	130,841,833	5,087,414
Vocational education instruction	2,214,918	2,729,034	2,573,885	(155,149)
Special education instruction	35,130,888	47,325,591	46,296,441	(1,029,150)
Instructional support services	11,989,957	18,857,726	18,270,519	(587,207)
Pupil support services	21,492,925	22,276,317	21,259,449	(1,016,868)
Sites and buildings	15,512,800	17,868,611	17,581,741	(286,870)
Fiscal and other fixed cost programs	42,655,665	600,000	607,963	7,963
Debt service				
Principal	1,202,774	1,348,274	1,298,208	(50,066)
Interest and fiscal charges	1,462	1,462	1,462	—
Total expenditures	<u>227,074,539</u>	<u>254,395,191</u>	<u>254,736,089</u>	<u>340,898</u>
Excess of revenue over expenditures	5,171,298	6,329,829	8,320,767	1,990,938
<b>Other financing sources</b>				
Capital lease issued	—	—	4,759,147	4,759,147
Net change in fund balances	<u>\$ 5,171,298</u>	<u>\$ 6,329,829</u>	13,079,914	<u>\$ 6,750,085</u>
<b>Fund balances</b>				
Beginning of year			<u>51,775,038</u>	
End of year			<u>\$ 64,854,952</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position  
 Governmental Activities  
 Internal Service Funds  
 as of June 30, 2015

(With Partial Comparative Information as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and temporary investments	\$ 17,452,983	\$ 17,244,557
Cash and investments held by trustee	20,582,190	19,597,501
Interest receivable	<u>152,092</u>	<u>118,410</u>
Total assets	<u>38,187,265</u>	<u>36,960,468</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	1,221,409	123,663
Post-employment severance benefits payable	1,672,174	1,841,907
Long-term liabilities		
Net other post-employment benefit obligation	8,039,736	7,525,492
Post-employment severance benefits payable	<u>9,864,308</u>	<u>10,668,150</u>
Total liabilities	<u>20,797,627</u>	<u>20,159,212</u>
Net position		
Restricted for employee benefits	12,694,546	12,190,419
Unrestricted	<u>4,695,092</u>	<u>4,610,837</u>
Total net position	<u>\$ 17,389,638</u>	<u>\$ 16,801,256</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenses, and Changes in Net Position  
 Governmental Activities  
 Internal Service Funds  
 Year Ended June 30, 2015  
 (With Partial Comparative Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 3,860,920	\$ 3,579,599
Operating expenses		
Dental benefit claims	1,515,150	1,359,815
Post-employment severance benefits	1,538,831	(515,722)
Other post-employment benefits	514,244	700,050
Total operating expenses	<u>3,568,225</u>	<u>1,544,143</u>
Operating income	292,695	2,035,456
Nonoperating revenue		
Investment earnings	<u>295,687</u>	<u>353,506</u>
Change in net position	588,382	2,388,962
Net position		
Beginning of year	<u>16,801,256</u>	<u>14,412,294</u>
End of year	<u>\$ 17,389,638</u>	<u>\$ 16,801,256</u>

See notes to basic financial statements

# 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, 2015

(With Partial Comparative Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 3,860,920	\$ 3,579,599
Payments for dental claims	(1,505,404)	(1,350,488)
Post-employment severance benefit payments	(1,424,406)	(3,720,849)
Net cash flows from operating activities	<u>931,110</u>	<u>(1,491,738)</u>
Cash flows from investing activities		
Investment income received	<u>262,005</u>	<u>349,041</u>
Net change in cash and cash equivalents	1,193,115	(1,142,697)
Cash and cash equivalents		
Beginning of year	<u>36,842,058</u>	<u>37,984,755</u>
End of year	<u>\$ 38,035,173</u>	<u>\$ 36,842,058</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 292,695	\$ 2,035,456
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and contracts payable	1,097,746	(1,231,673)
Post-employment severance benefits payable	(973,575)	(2,995,571)
Net other post-employment benefit obligation	<u>514,244</u>	<u>700,050</u>
Net cash flows from operating activities	<u>\$ 931,110</u>	<u>\$ (1,491,738)</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 17,452,983	\$ 17,244,557
Cash and investments held by trustee	<u>20,582,190</u>	<u>19,597,501</u>
Total cash and cash equivalents	<u>\$ 38,035,173</u>	<u>\$ 36,842,058</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Fiduciary Net Position  
Fiduciary Funds  
as of June 30, 2015

	<u>Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and temporary investments	\$ —	\$ <u>1,902,581</u>
Investments held by trustee, at fair value		
Negotiable certificates of deposit	980,086	
First American Prime Obligation Fund	49,446	
MNTrust Investment Shares Portfolio	206,692	
Accounts and interest receivable	454	
Total assets	<u>1,236,678</u>	
Liabilities		
Accounts and contracts payable	868,565	
Due to other governmental units	—	<u>\$ 1,902,581</u>
Total liabilities	<u>868,565</u>	
Net position		
Held in trust for employee benefits	<u>\$ 368,113</u>	

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2015

	<u>Employee Benefit Trust Funds</u>
Additions	
Plan member contributions	\$ 1,144,460
Investment earnings	(1,572)
Total additions	<u>1,142,888</u>
Deductions	
Benefits to plan members	<u>1,849,488</u>
Change in net position	(706,600)
Net position	
Beginning of year	<u>1,074,713</u>
End of year	<u>\$ 368,113</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Basic Financial Statements  
June 30, 2015

**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 “depreciation expense (net of allocations to programs).” 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 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, and compensated absences, 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. 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 2009A Taxable Other Post-Employment Benefit (OPEB) 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–6 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 three internal service funds. The District’s internal service funds include financing for self-insurance of the employee dental insurance program, retirement incentive pay, and post-employment benefits revocable trust activity.

### Fiduciary Funds

**Employee Benefit Trust Funds** – The employee benefit trust funds are used to administer resources received and held by the District as the trustee for others. These funds include the District’s Flexible Benefit Plan (Internal Revenue Code § 125 Cafeteria Plan) and the Post-Employment Benefits Irrevocable Trust Fiduciary Fund (Internal Revenue Code § 501(c) 9). The Post-Employment Benefits Irrevocable Trust Fiduciary Fund includes assets held in an irrevocable trust to fund post-employment healthcare benefits of eligible employees.

**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 – Capital Expenditures Account by \$4,240,738, and the General Obligation Bonds Debt Service Fund by \$69,749.

### 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.

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 and OPEB payable to employees. In the Debt Service Fund, trust accounts are established for refunding bond proceeds. Interest earned on these investments was allocated directly to those accounts.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers’ acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

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

### **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 and note 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 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 \$4,090,033 of the property tax levy collectible in 2015 as revenue to the District in fiscal year 2015. The remaining portion of the taxes collectible in 2015 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.

### **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 fair market 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.

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

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, 2015, accounts and contracts payable are \$10,871,889 and \$900,276, respectively, within the Statement of Net Position.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

### **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 by converting a portion of accrued sick leave, by computing a benefit based solely on years of service, or a combination of both. 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.

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

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. As part of the actuarial valuation, the projected unit credit actuarial cost method is used. A discount rate (equal to the current interest rate on the District's investments) is used to discount the obligation. The District has approximately 391 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

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

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and 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.

### **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 fiscal year 2015.

**Self-Insurance** – The District maintains the Dental Self-Insurance Internal Service Fund to account for and finance its uninsured risk of loss for an employee dental plan. Under this plan, the Internal Service Fund provides coverage to participating employees and their dependants for various dental costs as described in the plan.

The District makes premium payments to the Internal Service Fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss 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. The District pays for claims by an individual up to \$1,000. The claims liability of \$133,409 reported in the fund at June 30, 2015 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the loss can be reasonably estimated.

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

Although the District only pays up to \$1,000 per individual per year, there is a possibility for loss if claims exceed premiums collected. The District does not expect this occurrence would have a material financial effect on the District.

Changes in the fund's claim liability were:

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2014	\$ 114,336	\$ 1,359,814	\$ 1,350,487	\$ 123,663
2015	\$ 123,663	\$ 1,515,150	\$ 1,505,404	\$ 133,409

### R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings on pension plan investments, and from 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 standards.

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items which qualify for reporting in this category.

The first item is 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.

The second item, unavailable revenue from property taxes and notes receivable, arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes and notes receivable 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 third item, deferred inflows of resources related to pensions, is reported in the government-wide Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

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

### 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 is 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."

### 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.

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

- **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. 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, 2014, 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.

### **X. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Y. Change in Accounting Principles**

During the year ended June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. GASB Statement No. 68 included major changes in how employers account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), an employer is required to recognize a liability for its share of the net pension liability provided through the pension plan. An employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources for its share related to pensions. This standard required retroactive implementation, which resulted in the restatement of net position as of June 30, 2014. The net position of governmental activities in the government-wide financial statements as of June 30, 2014 was decreased by \$175,429,431. This change reflects the District's proportion share of the net pension liabilities (\$186,317,371 decrease in net position) and related deferred outflows of resources (\$10,887,940 increase in net position) for the PERA and TRA pension plans, which are now reported by employers under current guidance. Certain amounts necessary to fully restate fiscal year 2014 financial information are not determinable; therefore, prior year comparative amounts have not been restated.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

Deposits	\$ 108,385,299
Investments	94,914,571
Cash on hand	<u>6,175</u>
Total	<u>\$ 203,306,045</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 132,652,762
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	20,582,190
Cash and investments for debt service	46,932,288
Statement of Fiduciary Net Position – Employee Benefit Trust Funds	
Investments held by trustee, at fair value	
Negotiable certificates of deposit	980,086
First American Prime Obligation Fund	49,446
MNTrust Investment Shares Portfolio	206,692
Statement of Fiduciary Net Position – Agency Fund	
Cash and temporary investments	<u>1,902,581</u>
Total	<u>\$ 203,306,045</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 non-negotiable 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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the carrying amount of the District’s deposits was \$108,385,299 while the balance on the bank records was \$108,385,307. At June 30, 2015, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

### C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years			Total
	Rating	Agency	Less Than 1	1 to 5	5 to 10	
Municipal bonds	Aaa	Moody’s	\$ –	\$ 305,251	\$ –	\$ 305,251
Municipal bonds	Aa	Moody’s	\$ 1,409,266	\$ 2,983,864	\$ 524,571	4,917,701
Municipal bonds	AA	S&P	\$ 1,618,665	\$ 1,894,394	\$ 565,554	4,078,613
Municipal bonds	A	Moody’s	\$ 1,282,983	\$ 654,698	\$ –	1,937,681
Municipal bonds	N/R	N/A	\$ –	\$ 283,390	\$ –	283,390
Negotiable certificates of deposit	N/A	N/A	\$ 2,474,002	\$ 3,329,560	\$ –	5,803,562
Investment pools/mutual funds						
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	N/A	10,003,760
First American Government Obligations Fund Class D	AAA	S&P	N/A	N/A	N/A	1,829,242
First American Prime Obligations Fund Class Y	AAA	S&P	N/A	N/A	N/A	49,446
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	N/A	N/A	<u>65,705,925</u>
Total investments						<u>\$ 94,914,571</u>

N/A – Not Applicable

N/R – Not Rated

The amount in investment pools/mutual funds includes \$9,123,637 invested in the MNTrust Investment Shares Portfolio, \$56,582,288 invested in the MNTrust Term Series, and \$10,003,760 invested in the Minnesota School District Liquid Asset Fund, which are external investment pools regulated by Minnesota Statutes not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under rule 2a7. 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.

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

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

**Interest Rate Risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment 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 year ended June 30, 2015 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 8,323,417	\$ –	\$ –	\$ –	\$ 8,323,417
Construction in progress	2,513,199	19,479,891	–	(4,700,610)	17,292,480
Total capital assets, not depreciated	10,836,616	19,479,891	–	(4,700,610)	25,615,897
Capital assets, depreciated					
Land improvements	29,488,070	906,317	–	–	30,394,387
Buildings	398,977,319	2,789,091	–	4,700,610	406,467,020
Furniture and equipment	8,573,540	309,608	(84,220)	–	8,798,928
Total capital assets, depreciated	437,038,929	4,005,016	(84,220)	4,700,610	445,660,335
Less accumulated depreciation for					
Land improvements	(18,439,218)	(1,145,180)	–	–	(19,584,398)
Buildings	(126,127,647)	(8,129,370)	–	–	(134,257,017)
Furniture and equipment	(6,242,601)	(496,221)	74,685	–	(6,664,137)
Total accumulated depreciation	(150,809,466)	(9,770,771)	74,685	–	(160,505,552)
Net capital assets, depreciated	286,229,463	(5,765,755)	(9,535)	4,700,610	285,154,783
Total capital assets, net	\$ 297,066,079	\$ 13,714,136	\$ (9,535)	\$ –	\$ 310,770,680

Depreciation expense for the year ended June 30, 2015 was charged to the following governmental functions:

District support services	\$ 2,103,783
Elementary and secondary regular instruction	37,530
Vocational education instruction	2,856
Special education instruction	7,038
Instructional support services	85,954
Food service	213,141
Community service	30,391
Depreciation expense (net of allocations to programs)	7,290,078
Total depreciation expense	\$ 9,770,771

## 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					
2005A Refunding Bonds	10/18/2005	4.50%–5.00%	\$ 67,055,000	02/01/2021	\$ 46,930,000
2006A Alternative Facilities Bonds	12/28/2006	3.85%	\$ 5,235,000	02/01/2017	1,315,000
2009A Taxable OPEB Bonds	01/07/2009	6.00%	\$ 16,000,000	02/01/2022	14,785,000
2009B Alternative Facilities Bonds	06/11/2009	3.13%–4.00%	\$ 8,945,000	02/01/2022	8,945,000
2010A Refunding Bonds	03/25/2010	4.00%–5.00%	\$ 35,790,000	02/01/2021	25,220,000
2011A Alternative Facilities Bonds	04/27/2011	4.00%–4.125%	\$ 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	5,770,000
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	1,475,000
2015C Refunding Bonds	05/06/2015	2.00%–5.00%	\$ 42,075,000	02/01/2021	42,075,000
Total general obligation bonds and notes					<u>\$ 171,080,000</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	\$ 14,085,000

### 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 2015, the District issued \$42,075,000 of General Obligation School Building Refunding Bonds, Series 2015C. The proceeds of this issue and interest earned thereon will be used to refund, in advance of their stated maturities, the 2016 through 2021 maturities of the District’s 2005A Refunding Bonds, on the August 1, 2015 call date of the refunded issue. This advance “crossover refunding” reduced the District’s total future debt service payments by approximately \$5,145,992 and will result in present value savings of approximately \$4,901,289.

**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.

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

**Capital Leases Payable** – The District entered into two capital leases in fiscal 2015. The leases have four-year terms, bear an interest rate of 0.79 percent, and have a final maturity of July 2017. All assets under this lease were below the minimum capitalization threshold of the District. These leases are paid by the General Fund.

**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.

### 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
2016	\$ 60,060,000	\$ 5,841,738	\$ 660,000	\$ 582,295	\$ 1,176,141	\$ 28,095
2017	12,840,000	4,810,719	770,000	470,925	1,185,433	18,804
2018	13,455,000	4,176,606	785,000	455,525	1,194,798	9,439
2019	14,125,000	3,496,656	810,000	431,975	–	–
2020	16,965,000	2,782,506	835,000	407,675	–	–
2021–2025	51,850,000	4,320,969	4,620,000	1,591,725	–	–
2026–2030	1,785,000	135,900	5,605,000	609,463	–	–
	<u>\$ 171,080,000</u>	<u>\$ 25,565,094</u>	<u>\$ 14,085,000</u>	<u>\$ 4,549,583</u>	<u>\$ 3,556,372</u>	<u>\$ 56,338</u>

### E. Changes in Long-Term Liabilities

	June 30, 2014	Change in Accounting Principle*	Additions	Retirements	June 30, 2015	Due Within One Year
Long-term liabilities						
General obligation bonds and notes	\$ 124,400,000	\$ –	\$ 58,675,000	\$ 11,995,000	\$ 171,080,000	\$ 60,060,000
Certificates of participation	–	–	14,085,000	–	14,085,000	660,000
Capital leases	95,433	–	4,759,147	1,298,208	3,556,372	1,176,141
Unamortized premiums on debt issued	5,285,194	–	6,295,789	978,107	10,602,876	–
Net pension liability – PERA	–	40,254,416	2,759,401	5,668,700	37,345,117	–
Net pension liability – TRA	–	135,175,015	6,083,072	27,880,019	113,378,068	–
Post-employment severance benefits payable	12,510,057	–	524,659	1,498,234	11,536,482	1,672,174
Net OPEB obligation	7,525,492	–	1,579,997	1,065,753	8,039,736	–
	<u>\$ 149,816,176</u>	<u>\$ 175,429,431</u>	<u>\$ 94,762,065</u>	<u>\$ 50,384,021</u>	<u>\$ 369,623,651</u>	<u>\$ 63,568,315</u>

\*Adjustment is part of the change in accounting principle described earlier in these notes.

## 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, 2015, 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	\$ 360,735	\$ –	\$ –	\$ 12,779	\$ 373,514
Restricted					
Operating capital	9,054,720	–	–	–	9,054,720
Safe schools	38,237	–	–	–	38,237
Gifted and talented	145,292	–	–	–	145,292
Alternative facilities program	–	7,776,636	–	–	7,776,636
Certificates of participation	–	3,244,042	–	–	3,244,042
Capital facility bonds	–	2,910,980	–	–	2,910,980
Capital notes	–	1,461,962	–	–	1,461,962
Food service	–	–	–	3,000,007	3,000,007
Community education	–	–	–	1,302,924	1,302,924
Early childhood family education programs	–	–	–	635,441	635,441
School readiness	–	–	–	205,092	205,092
Adult basic education	–	–	–	126,274	126,274
General debt service	–	–	3,797,916	–	3,797,916
Bond refundings	–	–	46,938,653	–	46,938,653
Other post-employment benefits bonds debt service	–	–	296,900	–	296,900
Total restricted	9,238,249	15,393,620	51,033,469	5,269,738	80,935,076
Unassigned					
Health and safety restricted account deficit	(477,346)	–	–	–	(477,346)
Capital projects levy restricted account deficit	(5,427)	–	–	–	(5,427)
Unassigned	55,738,741	–	–	–	55,738,741
Total unassigned	55,255,968	–	–	–	55,255,968
Total	\$ 64,854,952	\$ 15,393,620	\$ 51,033,469	\$ 5,282,517	\$ 136,564,558

### B. 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 percent of the District’s General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2015, the unassigned fund balance of the General Fund was 23.5 percent of the fiscal 2015 General Fund Operating Account expenditures.

## 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 dependant coverage. Coverage in the District’s plan ends at age 65.

**Teachers’ Post-Employment Medical Plan** – For teachers with 15 continuous years of service, they 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 dependants up to age 65.

### B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. The District has established the Post-Employment Benefits Irrevocable Trust Fiduciary Fund to fund these obligations.

### C. Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District net OPEB obligation to the plan:

ARC	\$ 1,714,176
Interest on net OPEB obligation	301,020
Adjustment to ARC	(435,199)
Annual OPEB cost	<u>1,579,997</u>
Contributions made	<u>1,065,753</u>
Increase in net OPEB obligation	514,244
Net OPEB obligation – beginning of year	<u>7,525,492</u>
Net OPEB obligation – end of year	<u><u>\$ 8,039,736</u></u>

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

The District's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for the past three years are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,751,014	\$ 1,010,320	57.7 %	\$ 6,825,442
2014	\$ 1,781,275	\$ 1,081,225	60.7 %	\$ 7,525,492
2015	\$ 1,579,997	\$ 1,065,753	67.5 %	\$ 8,039,736

### D. Funded Status and Funding Progress

On March 1, 2014, the most recent actuarial valuation date, the plan was 7.4 percent funded. The actuarial accrued liability for benefits was \$17,327,159, and the actuarial value of assets was \$1,285,350, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,041,809. The covered payroll (annual payroll of active employees covered by the plan) was \$154,000,000, and the ratio of the UAAL to the covered payroll was 10.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress following the notes to basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, a 5.2 percent rate of projected salary, which includes steps and educational advances, an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5 percent after 8 years. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period on March 1, 2014 was 30 years.

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

**F. Post-Employment Benefits Irrevocable Trust Fiduciary Fund**

The District administers a defined benefit Post-Employment Benefits Irrevocable Trust Fiduciary Fund. The assets of the plan are reported in the District’s financial report in the Post-Employment Benefits Irrevocable Trust Fiduciary Fund. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan.

The Post-Employment Benefits Irrevocable Trust Fiduciary Fund is reported using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

**G. Membership**

Membership in the plan consisted of the following as of March 1, 2014:

Retirees and beneficiaries receiving benefits	191
Active plan members	<u>2,947</u>
Total members	<u><u>3,138</u></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 Internal Revenue Code.

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

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

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**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 and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

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

Teachers employed in Minnesota’s public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

### **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.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.
- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0 percent. After the TRA funded ratio exceeds 90 percent for two consecutive years, the annual post-retirement benefit will increase to 2.5 percent.

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year 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 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

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

### 2. TRA Benefits

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

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

#### Tier I Benefits

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

With these provisions:

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

#### Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. 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 calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

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

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.5 percent, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5 percent of pay in 2015. In calendar year 2014, the District was required to contribute 11.78 percent of pay for Basic Plan members and 7.25 percent for Coordinated Plan members. In 2015, employer rates increased to 7.5 percent in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$3,211,774. The District's contributions were equal to the required contributions for each year as set by state statutes.

#### 2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	Year Ended June 30,			
	2014		2015	
	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	10.5%	11.0%	11.0%	11.5%
<b>Coordinated Plan</b>	7.0%	7.0%	7.5%	7.5%

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2015, were \$8,713,050. The District's contributions were equal to the required contributions for each year as set by state statutes.

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2015, the District reported a liability of \$37,345,117 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013, through June 30, 2014, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2014, the District's proportion was 0.7950 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$2,759,401 for its proportionate share of the GERF's pension expense.

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

At June 30, 2015, the District reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 573,131	\$ –
Changes in actuarial assumptions	3,848,786	–
Differences between projected and actual investment earnings	–	10,090,617
District’s contributions to the GERF subsequent to the measurement date	3,211,774	–
<b>Total</b>	<b>\$ 7,633,691</b>	<b>\$ 10,090,617</b>

A total of \$3,211,774 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (1,048,682)
2017	\$ (1,048,682)
2018	\$ (1,048,682)
2019	\$ (2,522,654)

**2. TRA Pension Costs**

At June 30, 2015, the District reported a liability of \$113,378,068 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2014, 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 2.4605 percent at the end of the measurement period and 2.4934 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 net pension liability	\$ 113,378,068
State’s proportionate share of the net pension liability associated with the District	\$ 7,976,017

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

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2015, the District recognized pension expense of \$5,735,135. It also recognized \$347,937 as pension expense for the support provided by direct aid.

At June 30, 2015, the District reported its proportionate share of the TRA’s deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 9,674,219	\$ –
Difference between projected and actual investment earnings	–	35,644,919
Changes in proportion and differences between contributions made and the District’s proportionate share of contributions	–	1,561,382
District’s contributions to the TRA subsequent to the measurement date	<u>8,713,050</u>	<u>–</u>
Total	<u>\$ 18,387,269</u>	<u>\$ 37,206,301</u>

A total of \$8,713,050 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 ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the TRA will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (7,217,527)
2017	\$ (7,217,527)
2018	\$ (7,217,527)
2019	\$ (7,217,527)
2020	\$ 1,338,026

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per year	3.0%
Active member payroll growth	3.50% per year	3.75% based on years of service
Investment rate of return	7.90%	8.25%

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB Statement No. 67 valuation.

The following changes in actuarial assumptions for the GERS occurred in 2014: as of July 1, 2013, the post-retirement benefit increase rate was assumed to increase from 1.0 percent to 2.5 percent on January 1, 2046. As of July 1, 2014, the post-retirement benefit increase rate was assumed to increase from 1.0 percent to 2.5 percent on January 1, 2031.

There was a change in actuarial assumptions that affected the measurement of the total liability for the TRA since the prior measurement date. Post-retirement benefit adjustments are now assumed to increase from 2.0 percent annually to 2.5 percent annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9 percent for the GERS and 8.25 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
Total	<u>100%</u>	

### F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent for the GERS and 8.25 percent for the TRA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on those assumptions, each of the pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 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	6.90%	7.90%	8.90%
District’s proportionate share of the GERF net pension liability	\$ 60,201,836	\$ 37,345,117	\$ 18,539,416
TRA discount rate	7.25%	8.25%	9.25%
District’s proportionate share of the TRA net pension liability	\$ 187,375,121	\$ 113,378,068	\$ 51,690,110

### 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 55103-2088; 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 at the TRA website at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-2088; 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 Internal Revenue Code. 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 pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependant care benefits.

Before the beginning of the Plan year, each participant designates a total amount of pre-tax 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.

**NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)**

Amounts withheld for medical reimbursement and dependant 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 dependant care activity is included in the financial statements in the Post-Employment Benefits Revocable Trust Internal Service Fund, Flexible Benefit Plan Trust Fund, and the Post-Employment Benefits Irrevocable Trust Fiduciary 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 dependant 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 \$496,950 for operating leases during the year ended June 30, 2015. These leases are scheduled to expire on various dates through 2018. 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
2016	\$ 239,159
2017	234,237
2018	13,767
	<u>\$ 487,163</u>

**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, 2015, the District had commitments totaling approximately \$7.2 million under various construction contracts for which the work was not yet completed.

## **NOTE 11 – SUBSEQUENT EVENTS**

### **Capital Leases**

1. In July 2015, the District entered into a capital lease for technology equipment totaling \$2,335,571 with payments over three years. The lease matures in July 2018.
2. In July 2015, the District entered into a capital lease for custodial equipment totaling \$749,857 with payments over three years. The lease matures in July 2018.
3. In July 2015, the District entered into a capital lease for maintenance, buildings and grounds, technology, and office equipment totaling \$2,609,250 with payments over three years. The lease matures in July 2018.
4. In October 2015, the District entered into a capital lease for technology and office equipment totaling \$586,642 with payments over three years. The lease matures in July 2018.

# 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.**

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

Defined Benefit Pensions Plans  
 Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability  
 GERF/TRA Retirement Funds  
 June 30, 2015

**Public Employees Retirement Association**

	<u>2014</u>
District's proportion of the net pension liability (asset)	<u>0.7950%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 37,345,117</u>
District's covered-employee payroll	<u>\$ 41,705,669</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>89.54%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.70%</u>

**Teachers Retirement Association**

District's proportion of the net pension liability (asset)	<u>2.4605%</u>
District's proportionate share of the net pension liability (asset) (a)	\$ 113,378,068
District's proportionate share of the state of Minnesota's proportionate share of the net pension liability (b)	<u>7,976,017</u>
Proportionate share of the net pension liability and the District's share of the state of Minnesota's share of the net pension liability (a + b)	<u>\$ 121,354,085</u>
District's covered-employee payroll	<u>\$ 112,313,831</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>100.95%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.50%</u>

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This information is not available for previous fiscal years.

INDEPENDENT SCHOOL DISTRICT NO. 279

Defined Benefit Pensions Plans  
 Schedule of District Contributions  
 GERF/TRA Retirement Funds  
 June 30, 2015

**Public Employees Retirement Association**

	<u>2015</u>
Statutorily required contribution	\$ 3,211,774
Contributions in relation to the statutorily required contributions	<u>3,211,774</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 42,823,653</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>

**Teachers Retirement Association**

Statutorily required contribution	\$ 8,713,050
Contributions in relation to the statutorily required contributions	<u>8,713,050</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 124,472,143</u>
Contributions as a percentage of covered-employee payroll	<u>7.00%</u>

Note: The District implemented GASB Statement No. 68 in fiscal 2015. This information is not available for previous fiscal years.

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Plan  
 Schedule of Funding Progress and Schedule of Employer Contributions  
 June 30, 2015

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
June 30, 2011	\$ 26,564,231	\$ 3,199,535	\$ 23,364,696	12.0 %	\$ 116,125,716	20.1 %
March 1, 2012	\$ 18,433,766	\$ 3,208,232	\$ 15,225,534	17.4 %	\$ 134,920,782	11.3 %
March 1, 2014	\$ 17,327,159	\$ 1,285,350	\$ 16,041,809	7.4 %	\$ 154,000,000	10.4 %

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2011	\$ 1,928,903	89.4 %	\$ 4,674,282
2012	\$ 2,672,645	44.6 %	\$ 6,084,748
2013	\$ 1,842,599	54.8 %	\$ 6,825,442
2014	\$ 1,884,008	57.4 %	\$ 7,525,492
2015	\$ 1,714,176	62.2 %	\$ 8,039,736

Note 1: The Schedule of Funding Progress reflects information from the most recent actuarial reports. On January 7, 2009, the District issued taxable OPEB bonds to fund a significant portion of the actuarial accrued liability and initial debt service costs.

Note 2: The unfunded actuarial accrued liability was amortized on a level dollar basis over a period of 30 years for the March 1, 2014 actuarial study.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 as of June 30, 2015

(With Partial Comparative Information for the Year Ended June 30, 2014)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2015	2014
<b>Assets</b>				
Cash and temporary investments	\$ 3,206,404	\$ 3,143,157	\$ 6,349,561	\$ 6,052,127
Receivables				
Current taxes	–	969,168	969,168	900,628
Delinquent taxes	–	18,579	18,579	14,177
Accounts and interest	2,745	198,126	200,871	145,033
Due from other governmental units	234,369	487,205	721,574	683,757
Inventory	12,779	–	12,779	16,823
<b>Total assets</b>	<b>\$ 3,456,297</b>	<b>\$ 4,816,235</b>	<b>\$ 8,272,532</b>	<b>\$ 7,812,545</b>
<b>Liabilities</b>				
Salaries payable	\$ 33,184	\$ 346,562	\$ 379,746	\$ 325,063
Accounts and contracts payable	133,893	224,163	358,056	445,308
Unearned revenue	276,434	–	276,434	256,214
<b>Total liabilities</b>	<b>443,511</b>	<b>570,725</b>	<b>1,014,236</b>	<b>1,026,585</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	–	1,960,560	1,960,560	1,836,956
Unavailable revenue – delinquent taxes	–	15,219	15,219	12,684
<b>Total deferred inflows of resources</b>	<b>–</b>	<b>1,975,779</b>	<b>1,975,779</b>	<b>1,849,640</b>
<b>Fund balances</b>				
Nonspendable for inventory	12,779	–	12,779	16,823
Restricted	3,000,007	2,269,731	5,269,738	4,919,497
<b>Total fund balances</b>	<b>3,012,786</b>	<b>2,269,731</b>	<b>5,282,517</b>	<b>4,936,320</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,456,297</b>	<b>\$ 4,816,235</b>	<b>\$ 8,272,532</b>	<b>\$ 7,812,545</b>

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2015  
 (With Partial Comparative Information for the Year Ended June 30, 2014)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2015	2014
<b>Revenue</b>				
Local sources				
Property taxes	\$ -	\$ 1,914,828	\$ 1,914,828	\$ 1,053,994
Investment earnings	5,749	2,389	8,138	7,549
Other	4,600,505	9,363,254	13,963,759	14,982,430
State sources	574,070	3,269,268	3,843,338	3,984,303
Federal sources	6,166,240	506,809	6,673,049	6,340,388
Total revenue	<u>11,346,564</u>	<u>15,056,548</u>	<u>26,403,112</u>	<u>26,368,664</u>
<b>Expenditures</b>				
Current				
Food service	11,232,077	-	11,232,077	11,127,023
Community service	-	14,465,450	14,465,450	15,201,013
Capital outlay	228,947	130,441	359,388	324,473
Total expenditures	<u>11,461,024</u>	<u>14,595,891</u>	<u>26,056,915</u>	<u>26,652,509</u>
Net change in fund balances	(114,460)	460,657	346,197	(283,845)
<b>Fund balances</b>				
Beginning of year	<u>3,127,246</u>	<u>1,809,074</u>	<u>4,936,320</u>	<u>5,220,165</u>
End of year	<u>\$ 3,012,786</u>	<u>\$ 2,269,731</u>	<u>\$ 5,282,517</u>	<u>\$ 4,936,320</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and temporary investments	\$ 3,206,404	\$ 3,347,204
Receivables		
Accounts and interest	2,745	8,517
Due from other governmental units	234,369	268,885
Inventory	<u>12,779</u>	<u>16,823</u>
Total assets	<u>\$ 3,456,297</u>	<u>\$ 3,641,429</u>
<b>Liabilities</b>		
Salaries payable	\$ 33,184	\$ 12,596
Accounts and contracts payable	133,893	245,373
Unearned revenue	<u>276,434</u>	<u>256,214</u>
Total liabilities	443,511	514,183
<b>Fund balances</b>		
Nonspendable for inventory	12,779	16,823
Restricted	<u>3,000,007</u>	<u>3,110,423</u>
Total fund balances	<u>3,012,786</u>	<u>3,127,246</u>
Total liabilities and fund balances	<u>\$ 3,456,297</u>	<u>\$ 3,641,429</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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Investment earnings	\$ 5,500	\$ 5,749	\$ 249	\$ 5,570
Other – primarily meal sales	4,511,391	4,600,505	89,114	4,778,193
State sources	584,130	574,070	(10,060)	418,915
Federal sources	6,133,025	6,166,240	33,215	5,876,817
Total revenue	<u>11,234,046</u>	<u>11,346,564</u>	<u>112,518</u>	<u>11,079,495</u>
<b>Expenditures</b>				
Current				
Salaries	3,895,075	3,891,733	(3,342)	3,765,095
Employee benefits	1,095,824	1,079,040	(16,784)	1,035,183
Purchased services	990,512	1,043,090	52,578	1,026,328
Supplies and materials	5,502,672	5,210,373	(292,299)	5,292,151
Other expenditures	–	7,841	7,841	8,266
Capital outlay	246,500	228,947	(17,553)	191,714
Total expenditures	<u>11,730,583</u>	<u>11,461,024</u>	<u>(269,559)</u>	<u>11,318,737</u>
Net change in fund balances	<u>\$ (496,537)</u>	(114,460)	<u>\$ 382,077</u>	(239,242)
<b>Fund balances</b>				
Beginning of year		<u>3,127,246</u>		<u>3,366,488</u>
End of year		<u>\$ 3,012,786</u>		<u>\$ 3,127,246</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and temporary investments	\$ 3,143,157	\$ 2,704,923
Receivables		
Current taxes	969,168	900,628
Delinquent taxes	18,579	14,177
Accounts and interest	198,126	136,516
Due from other governmental units	<u>487,205</u>	<u>414,872</u>
Total assets	<u>\$ 4,816,235</u>	<u>\$ 4,171,116</u>
<b>Liabilities</b>		
Salaries payable	\$ 346,562	\$ 312,467
Accounts and contracts payable	<u>224,163</u>	<u>199,935</u>
Total liabilities	570,725	512,402
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	1,960,560	1,836,956
Unavailable revenue – delinquent taxes	<u>15,219</u>	<u>12,684</u>
Total deferred inflows of resources	1,975,779	1,849,640
<b>Fund balances</b>		
Restricted for community education programs	1,302,924	1,361,290
Restricted for early childhood family education programs	635,441	334,796
Restricted for school readiness	205,092	108,335
Restricted for adult basic education	<u>126,274</u>	<u>4,653</u>
Total fund balances	<u>2,269,731</u>	<u>1,809,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,816,235</u>	<u>\$ 4,171,116</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, 2015

(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Property taxes	\$ 1,888,877	\$ 1,914,828	\$ 25,951	\$ 1,053,994
Investment earnings	2,000	2,389	389	1,979
Other – primarily tuition and fees	9,147,474	9,363,254	215,780	10,204,237
State sources	3,271,366	3,269,268	(2,098)	3,565,388
Federal sources	569,119	506,809	(62,310)	463,571
Total revenue	<u>14,878,836</u>	<u>15,056,548</u>	<u>177,712</u>	<u>15,289,169</u>
<b>Expenditures</b>				
Current				
Salaries	8,724,647	8,661,120	(63,527)	9,238,822
Employee benefits	2,427,214	2,317,038	(110,176)	2,610,840
Purchased services	2,417,310	2,246,876	(170,434)	2,147,574
Supplies and materials	1,086,479	1,175,083	88,604	1,148,216
Other expenditures	88,158	65,333	(22,825)	55,561
Capital outlay	205,432	130,441	(74,991)	132,759
Total expenditures	<u>14,949,240</u>	<u>14,595,891</u>	<u>(353,349)</u>	<u>15,333,772</u>
Net change in fund balances	<u>\$ (70,404)</u>	460,657	<u>\$ 531,061</u>	(44,603)
<b>Fund balances</b>				
Beginning of year		<u>1,809,074</u>		<u>1,853,677</u>
End of year		<u>\$ 2,269,731</u>		<u>\$ 1,809,074</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
Comparative Balance Sheet  
as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and temporary investments	\$ 76,033,324	\$ 63,457,128
Receivables		
Current taxes	31,621,469	30,220,921
Delinquent taxes	560,303	392,788
Accounts and interest	278,583	209,411
Notes receivable	424,690	408,356
Due from other governmental units	24,143,127	21,535,276
Inventory	<u>360,735</u>	<u>411,821</u>
Total assets	<u>\$ 133,422,231</u>	<u>\$ 116,635,701</u>
<b>Liabilities</b>		
Salaries payable	\$ 463,049	\$ 813,584
Accounts and contracts payable	5,958,929	4,936,632
Due to other governmental units	<u>1,323,458</u>	<u>947,116</u>
Total liabilities	7,745,436	6,697,332
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	59,949,537	57,404,330
Unavailable revenue – notes receivable	424,690	408,356
Unavailable revenue – delinquent taxes	<u>447,616</u>	<u>350,645</u>
Total deferred inflows of resources	60,821,843	58,163,331
<b>Fund balances (deficits)</b>		
Nonspendable for inventory	360,735	411,821
Restricted for operating capital	9,054,720	8,386,025
Restricted for gifted and talented	145,292	131,241
Restricted for safe schools crime levy	38,237	–
Unassigned – health and safety restricted account deficit	(477,346)	(590,612)
Unassigned – capital projects levy restricted account deficit	(5,427)	–
Unassigned – safe schools restricted account deficit	–	(29,215)
Unassigned	<u>55,738,741</u>	<u>43,465,778</u>
Total fund balances	<u>64,854,952</u>	<u>51,775,038</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 133,422,231</u>	 <u>\$ 116,635,701</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Property taxes	\$ 57,886,789	\$ 58,770,557	\$ 883,768	\$ 27,849,067
Investment earnings	116,000	135,739	19,739	98,923
Other	4,272,296	6,129,092	1,856,796	5,792,086
State sources	190,000,807	190,034,147	33,340	199,954,383
Federal sources	8,449,128	7,987,321	(461,807)	8,805,345
Total revenue	260,725,020	263,056,856	2,331,836	242,499,804
<b>Expenditures</b>				
Current				
Administration				
Salaries	7,581,635	7,472,871	(108,764)	7,306,500
Employee benefits	2,406,203	2,443,812	37,609	1,801,668
Purchased services	245,513	168,088	(77,425)	169,258
Supplies and materials	67,897	82,761	14,864	82,704
Capital expenditures	5,401	2,063	(3,338)	15,000
Other expenditures	346,807	212,273	(134,534)	199,971
Total administration	10,653,456	10,381,868	(271,588)	9,575,101
District support services				
Salaries	4,239,455	4,107,325	(132,130)	4,132,019
Employee benefits	1,317,646	1,335,981	18,335	1,167,235
Purchased services	844,875	(286,109)	(1,130,984)	(277,554)
Supplies and materials	376,095	254,301	(121,794)	256,474
Capital expenditures	141,970	125,259	(16,711)	80,386
Other expenditures	60,260	85,963	25,703	78,760
Total district support services	6,980,301	5,622,720	(1,357,581)	5,437,320
Elementary and secondary regular instruction				
Salaries	85,879,245	86,116,115	236,870	80,049,353
Employee benefits	29,559,214	30,101,729	542,515	29,913,849
Purchased services	4,132,391	4,059,061	(73,330)	3,682,524
Supplies and materials	4,202,944	3,960,582	(242,362)	3,670,151
Capital expenditures	1,700,495	6,217,161	4,516,666	1,091,384
Other expenditures	280,130	387,185	107,055	302,919
Total elementary and secondary regular instruction	125,754,419	130,841,833	5,087,414	118,710,180

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,608,868	1,595,753	(13,115)	1,663,020
Employee benefits	525,705	534,960	9,255	597,056
Purchased services	435,656	306,113	(129,543)	760,513
Supplies and materials	98,440	78,954	(19,486)	88,982
Capital expenditures	56,312	54,152	(2,160)	23,610
Other expenditures	4,053	3,953	(100)	5,345
Total vocational education instruction	<u>2,729,034</u>	<u>2,573,885</u>	<u>(155,149)</u>	<u>3,138,526</u>
Special education instruction				
Salaries	30,106,149	30,128,388	22,239	30,755,746
Employee benefits	11,927,646	11,786,775	(140,871)	11,049,994
Purchased services	4,556,367	3,777,662	(778,705)	4,077,500
Supplies and materials	389,246	276,610	(112,636)	281,460
Capital expenditures	90,051	78,310	(11,741)	28,239
Other expenditures	256,132	248,696	(7,436)	209,958
Total special education instruction	<u>47,325,591</u>	<u>46,296,441</u>	<u>(1,029,150)</u>	<u>46,402,897</u>
Instructional support services				
Salaries	10,881,552	10,470,187	(411,365)	10,199,288
Employee benefits	2,773,084	2,770,317	(2,767)	2,280,940
Purchased services	1,142,340	1,019,699	(122,641)	963,055
Supplies and materials	1,283,855	1,275,587	(8,268)	1,191,215
Capital expenditures	2,647,363	2,609,065	(38,298)	273,621
Other expenditures	129,532	125,664	(3,868)	98,196
Total instructional support services	<u>18,857,726</u>	<u>18,270,519</u>	<u>(587,207)</u>	<u>15,006,315</u>
Pupil support services				
Salaries	5,299,004	5,128,801	(170,203)	4,928,698
Employee benefits	1,783,424	1,785,840	2,416	1,777,858
Purchased services	14,987,842	14,162,980	(824,862)	14,622,991
Supplies and materials	188,528	168,551	(19,977)	51,688
Capital expenditures	17,374	11,647	(5,727)	–
Other expenditures	145	1,630	1,485	465
Total pupil support services	<u>22,276,317</u>	<u>21,259,449</u>	<u>(1,016,868)</u>	<u>21,381,700</u>

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	6,145,695	6,099,130	(46,565)	5,859,860
Employee benefits	2,004,691	2,026,873	22,182	2,019,905
Purchased services	5,896,174	5,532,180	(363,994)	4,871,072
Supplies and materials	2,625,674	2,589,988	(35,686)	3,008,765
Capital expenditures	1,121,377	1,262,908	141,531	3,148,618
Other expenditures	75,000	70,662	(4,338)	5,836
Total sites and buildings	<u>17,868,611</u>	<u>17,581,741</u>	<u>(286,870)</u>	<u>18,914,056</u>
Fiscal and other fixed cost programs				
Purchased services	600,000	607,963	7,963	531,895
Debt service				
Principal	1,348,274	1,298,208	(50,066)	974,675
Interest and fiscal charges	1,462	1,462	-	7,112
Total debt service	<u>1,349,736</u>	<u>1,299,670</u>	<u>(50,066)</u>	<u>981,787</u>
Total expenditures	<u>254,395,191</u>	<u>254,736,089</u>	<u>340,898</u>	<u>240,079,777</u>
Excess of revenue over expenditures	6,329,829	8,320,767	1,990,938	2,420,027
Other financing sources				
Capital lease issued	-	4,759,147	4,759,147	-
Proceeds from sale of assets	-	-	-	2,124,000
Total other financing sources	<u>-</u>	<u>4,759,147</u>	<u>4,759,147</u>	<u>2,124,000</u>
Net change in fund balances	<u>\$ 6,329,829</u>	13,079,914	<u>\$ 6,750,085</u>	4,544,027
Fund balances				
Beginning of year		<u>51,775,038</u>		<u>47,231,011</u>
End of year		<u>\$ 64,854,952</u>		<u>\$ 51,775,038</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account  
 Comparative Balance Sheet  
 as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and temporary investments	\$ 66,279,871	\$ 55,424,197
Receivables		
Current taxes	31,621,469	30,220,921
Delinquent taxes	560,303	392,788
Accounts and interest	226,404	181,030
Due from other governmental units	24,101,710	21,496,692
Inventory	<u>349,941</u>	<u>397,467</u>
Total assets	<u><u>\$ 123,139,698</u></u>	<u><u>\$ 108,113,095</u></u>
<b>Liabilities</b>		
Salaries payable	\$ 446,699	\$ 813,181
Accounts and contracts payable	4,700,177	4,632,552
Due to other governmental units	<u>1,323,458</u>	<u>947,116</u>
Total liabilities	6,470,334	6,392,849
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	59,949,537	57,404,330
Unavailable revenue – delinquent taxes	<u>447,616</u>	<u>350,645</u>
Total deferred inflows of resources	60,397,153	57,754,975
<b>Fund balances (deficits)</b>		
Nonspendable for inventory	349,941	397,467
Restricted for gifted and talented	145,292	131,241
Restricted for safe schools	38,237	–
Unassigned – safe schools restricted account deficit	–	(29,215)
Unassigned	<u>55,738,741</u>	<u>43,465,778</u>
Total fund balances	<u><u>56,272,211</u></u>	<u><u>43,965,271</u></u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u><u>\$ 123,139,698</u></u>	 <u><u>\$ 108,113,095</u></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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Property taxes	\$ 52,886,789	\$ 53,770,557	\$ 883,768	\$ 27,849,067
Investment earnings	115,000	131,857	16,857	97,230
Other	3,847,296	5,434,612	1,587,316	4,805,336
State sources	181,799,971	181,828,908	28,937	191,674,840
Federal sources	8,449,128	7,987,321	(461,807)	8,805,345
Total revenue	247,098,184	249,153,255	2,055,071	233,231,818
<b>Expenditures</b>				
Current				
Administration				
Salaries	7,581,635	7,472,871	(108,764)	7,306,500
Employee benefits	2,406,203	2,443,812	37,609	1,801,668
Purchased services	245,513	168,088	(77,425)	169,258
Supplies and materials	67,897	82,761	14,864	82,704
Other expenditures	346,807	212,273	(134,534)	199,971
Total administration	10,648,055	10,379,805	(268,250)	9,560,101
District support services				
Salaries	4,165,373	4,033,243	(132,130)	4,058,898
Employee benefits	1,296,979	1,315,310	18,331	1,147,139
Purchased services	367,422	(750,397)	(1,117,819)	(686,115)
Supplies and materials	346,095	254,301	(91,794)	226,099
Other expenditures	60,260	85,963	25,703	78,760
Total district support services	6,236,129	4,938,420	(1,297,709)	4,824,781
Elementary and secondary regular instruction				
Salaries	85,879,245	86,116,115	236,870	80,049,353
Employee benefits	29,559,214	30,101,729	542,515	29,913,849
Purchased services	4,102,391	4,059,061	(43,330)	3,682,524
Supplies and materials	2,219,594	1,998,912	(220,682)	2,284,979
Capital expenditures	207,841	164,040	(43,801)	284,128
Other expenditures	280,130	387,185	107,055	302,919
Total elementary and secondary regular instruction	122,248,415	122,827,042	578,627	116,517,752

(continued)

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, 2015

(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,608,868	1,595,753	(13,115)	1,663,020
Employee benefits	525,705	534,960	9,255	597,056
Purchased services	435,656	306,113	(129,543)	760,513
Supplies and materials	83,274	67,138	(16,136)	71,675
Capital expenditures	21,478	21,383	(95)	12,417
Other expenditures	4,053	3,953	(100)	5,345
Total vocational education instruction	2,679,034	2,529,300	(149,734)	3,110,026
Special education instruction				
Salaries	30,106,149	30,128,388	22,239	30,755,746
Employee benefits	11,927,646	11,786,775	(140,871)	11,049,994
Purchased services	4,556,367	3,777,662	(778,705)	4,077,500
Supplies and materials	389,246	276,610	(112,636)	281,460
Capital expenditures	71,257	59,564	(11,693)	23,416
Other expenditures	256,132	248,696	(7,436)	209,958
Total special education instruction	47,306,797	46,277,695	(1,029,102)	46,398,074
Instructional support services				
Salaries	10,242,032	9,853,939	(388,093)	9,880,985
Employee benefits	2,528,247	2,560,588	32,341	2,164,952
Purchased services	1,078,840	1,016,199	(62,641)	962,964
Supplies and materials	617,621	581,218	(36,403)	607,557
Capital expenditures	2,339	2,384	45	153,036
Other expenditures	129,532	125,664	(3,868)	98,196
Total instructional support services	14,598,611	14,139,992	(458,619)	13,867,690
Pupil support services				
Salaries	5,299,004	5,128,801	(170,203)	4,928,698
Employee benefits	1,783,424	1,785,840	2,416	1,777,858
Purchased services	14,987,842	14,162,980	(824,862)	14,622,991
Supplies and materials	188,528	168,551	(19,977)	51,688
Other expenditures	145	1,630	1,485	465
Total pupil support services	22,258,943	21,247,802	(1,011,141)	21,381,700

(continued)

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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,915,184	5,869,716	(45,468)	5,642,323
Employee benefits	1,932,455	1,958,458	26,003	1,966,088
Purchased services	3,767,858	3,545,048	(222,810)	3,399,418
Supplies and materials	2,554,674	2,525,074	(29,600)	2,948,310
Total sites and buildings	<u>14,170,171</u>	<u>13,898,296</u>	<u>(271,875)</u>	<u>13,956,139</u>
Fiscal and other fixed cost programs				
Purchased services	<u>600,000</u>	<u>607,963</u>	<u>7,963</u>	<u>531,895</u>
Total expenditures	<u>240,746,155</u>	<u>236,846,315</u>	<u>(3,899,840)</u>	<u>230,148,158</u>
Net change in fund balances	<u>\$ 6,352,029</u>	12,306,940	<u>\$ 5,954,911</u>	3,083,660
Fund balances				
Beginning of year		<u>43,965,271</u>		<u>40,881,611</u>
End of year		<u>\$ 56,272,211</u>		<u>\$ 43,965,271</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ 9,753,453	\$ 8,032,931
Receivables		
Accounts and interest	52,179	28,381
Notes receivable	424,690	408,356
Due from other governmental units	41,417	38,584
Inventory	<u>10,794</u>	<u>14,354</u>
Total assets	<u>\$ 10,282,533</u>	<u>\$ 8,522,606</u>
Liabilities		
Salaries payable	\$ 16,350	\$ 403
Accounts and contracts payable	<u>1,258,752</u>	<u>304,080</u>
Total liabilities	1,275,102	304,483
Deferred inflows of resources		
Unavailable revenue – notes receivable	424,690	408,356
Fund balances (deficits)		
Nonspendable for inventory	10,794	14,354
Restricted for operating capital	9,054,720	8,386,025
Unassigned – capital projects levy restricted account deficit	(5,427)	–
Unassigned – health and safety restricted account deficit	<u>(477,346)</u>	<u>(590,612)</u>
Total fund balances	<u>8,582,741</u>	<u>7,809,767</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,282,533</u>	<u>\$ 8,522,606</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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Property taxes	\$ 5,000,000	\$ 5,000,000	\$ –	\$ –
Investment earnings	1,000	3,882	2,882	1,693
Other	425,000	694,480	269,480	986,750
State sources	8,200,836	8,205,239	4,403	8,279,543
Total revenue	13,626,836	13,903,601	276,765	9,267,986
<b>Expenditures</b>				
Current				
Administration				
Capital expenditures	5,401	2,063	(3,338)	15,000
District support services				
Salaries	74,082	74,082	–	73,121
Employee benefits	20,667	20,671	4	20,096
Purchased services	477,453	464,288	(13,165)	408,561
Supplies and materials	30,000	–	(30,000)	30,375
Capital expenditures	141,970	125,259	(16,711)	80,386
Total district support services	744,172	684,300	(59,872)	612,539
Elementary and secondary regular instruction				
Purchased services	30,000	–	(30,000)	–
Supplies and materials	1,983,350	1,961,670	(21,680)	1,385,172
Capital expenditures	1,492,654	6,053,121	4,560,467	807,256
Total elementary and secondary regular instruction	3,506,004	8,014,791	4,508,787	2,192,428
Vocational education instruction				
Supplies and materials	15,166	11,816	(3,350)	17,307
Capital expenditures	34,834	32,769	(2,065)	11,193
Total vocational education services	50,000	44,585	(5,415)	28,500
Special education instruction				
Capital expenditures	18,794	18,746	(48)	4,823

(continued)

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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Salaries	639,520	616,248	(23,272)	318,303
Employee benefits	244,837	209,729	(35,108)	115,988
Purchased services	63,500	3,500	(60,000)	91
Supplies and materials	666,234	694,369	28,135	583,658
Capital expenditures	2,645,024	2,606,681	(38,343)	120,585
Total instructional support services	4,259,115	4,130,527	(128,588)	1,138,625
Pupil support services				
Capital expenditures	17,374	11,647	(5,727)	–
Sites and buildings				
Salaries	230,511	229,414	(1,097)	217,537
Employee benefits	72,236	68,415	(3,821)	53,817
Purchased services	2,128,316	1,987,132	(141,184)	1,471,654
Supplies and materials	71,000	64,914	(6,086)	60,455
Capital expenditures	1,121,377	1,262,908	141,531	3,148,618
Other expenditures	75,000	70,662	(4,338)	5,836
Total sites and buildings	3,698,440	3,683,445	(14,995)	4,957,917
Debt service				
Principal	1,348,274	1,298,208	(50,066)	974,675
Interest and fiscal charges	1,462	1,462	–	7,112
Total debt service	1,349,736	1,299,670	(50,066)	981,787
Total expenditures	13,649,036	17,889,774	4,240,738	9,931,619
Excess (deficiency) of revenue over expenditures	(22,200)	(3,986,173)	(3,963,973)	(663,633)
Other financing sources				
Capital lease issued	–	4,759,147	4,759,147	–
Proceeds from sale of assets	–	–	–	2,124,000
Total other financing sources	–	4,759,147	4,759,147	2,124,000
Net change in fund balances	\$ (22,200)	772,974	\$ 795,174	1,460,367
Fund balances				
Beginning of year		7,809,767		6,349,400
End of year		\$ 8,582,741		\$ 7,809,767

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund  
 Comparative Balance Sheet  
 as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and temporary investments	\$ 19,615,883	\$ 4,097,661
Receivables		
Accounts and interest	<u>13,258</u>	<u>3,416</u>
Total assets	<u>\$ 19,629,141</u>	<u>\$ 4,101,077</u>
<b>Liabilities</b>		
Salaries payable	\$ 1,750	\$ 4,950
Accounts and contracts payable	<u>4,233,771</u>	<u>447,163</u>
Total liabilities	4,235,521	452,113
<b>Fund balances</b>		
Restricted for alternative facilities program	7,776,636	3,648,964
Restricted for building projects funded by certificates of participation	3,244,042	–
Restricted for building projects funded by capital facility bonds	2,910,980	–
Restricted for building projects funded by capital notes	<u>1,461,962</u>	–
Total fund balances	<u>15,393,620</u>	<u>3,648,964</u>
Total liabilities and fund balances	<u>\$ 19,629,141</u>	<u>\$ 4,101,077</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue		
Local sources		
Property taxes	\$ 2,622,943	\$ 2,631,084
Investment earnings	11,989	4,393
Total revenue	<u>2,634,932</u>	<u>2,635,477</u>
Expenditures		
Capital outlay		
Salaries	187,912	195,812
Employee benefits	62,518	61,694
Purchased services	79,125	–
Capital expenditures	<u>22,301,064</u>	<u>6,304,532</u>
Total capital outlay	<u>22,630,619</u>	<u>6,562,038</u>
Debt service		
Interest and fiscal charges	<u>99,433</u>	<u>–</u>
Total expenditures	<u>22,730,052</u>	<u>6,562,038</u>
Excess (deficiency) of revenue over expenditures	(20,095,120)	(3,926,561)
Other financing sources		
Debt issued	30,685,000	–
Premium on debt issued	1,154,776	–
Total other financing sources	<u>31,839,776</u>	<u>–</u>
Net change in fund balances	11,744,656	(3,926,561)
Fund balances		
Beginning of year	<u>3,648,964</u>	<u>7,575,525</u>
End of year	<u>\$ 15,393,620</u>	<u>\$ 3,648,964</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund  
 Balance Sheet by Account  
 as of June 30, 2015  
 (With Comparative Totals as of June 30, 2014)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Totals	
			2015	2014
<b>Assets</b>				
Cash and temporary investments	\$ 11,742,503	\$ 1,458,508	\$ 13,201,011	\$ 13,068,518
Cash and investments held by trustee	46,932,288	–	46,932,288	–
<b>Receivables</b>				
Current taxes	7,774,811	1,136,456	8,911,267	8,925,289
Delinquent taxes	184,865	15,938	200,803	160,240
Accounts and interest	6,365	–	6,365	–
Due from other governmental units	59	9	68	90
<b>Total assets</b>	<b>\$ 66,640,891</b>	<b>\$ 2,610,911</b>	<b>\$ 69,251,802</b>	<b>\$ 22,154,137</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	\$ 15,748,498	\$ 2,302,299	\$ 18,050,797	\$ 18,197,021
Unavailable revenue – delinquent taxes	155,824	11,712	167,536	143,169
<b>Total deferred inflows of resources</b>	<b>15,904,322</b>	<b>2,314,011</b>	<b>18,218,333</b>	<b>18,340,190</b>
<b>Fund balances</b>				
Restricted for general debt service	3,797,916	–	3,797,916	3,634,893
Restricted for bond refunding	46,938,653	–	46,938,653	–
Restricted for OPEB bonds debt service	–	296,900	296,900	179,054
<b>Total fund balances</b>	<b>50,736,569</b>	<b>296,900</b>	<b>51,033,469</b>	<b>3,813,947</b>
<b>Total deferred inflows of resources and fund balances</b>	<b>\$ 66,640,891</b>	<b>\$ 2,610,911</b>	<b>\$ 69,251,802</b>	<b>\$ 22,154,137</b>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
 Year Ended June 30, 2015  
 (With Comparative Totals for the Year Ended June 30, 2014)

	General	Other	Total	
	Obligation Bonds	Post-Employment Benefits Bonds	2015	2014
<b>Revenue</b>				
Local sources				
Property taxes	\$ 15,626,101	\$ 2,290,080	\$ 17,916,181	\$ 20,605,495
Investment earnings	10,403	3,181	13,584	11,432
State sources	627	35	662	909
Total revenue	<u>15,637,131</u>	<u>2,293,296</u>	<u>17,930,427</u>	<u>20,617,836</u>
<b>Expenditures</b>				
Debt service				
Principal	10,780,000	1,215,000	11,995,000	14,315,000
Interest and fiscal agent fees	4,971,468	960,450	5,931,918	6,336,459
Total expenditures	<u>15,751,468</u>	<u>2,175,450</u>	<u>17,926,918</u>	<u>20,651,459</u>
Excess (deficiency) of revenue over expenditures	(114,337)	117,846	3,509	(33,623)
<b>Other financing sources</b>				
Refunding bonds issued	42,075,000	–	42,075,000	–
Premium on debt issued	5,141,013	–	5,141,013	–
Total other financing sources	<u>47,216,013</u>	<u>–</u>	<u>47,216,013</u>	<u>–</u>
Net change in fund balances	47,101,676	117,846	47,219,522	(33,623)
<b>Fund balances</b>				
Beginning of year	<u>3,634,893</u>	<u>179,054</u>	<u>3,813,947</u>	<u>3,847,570</u>
End of year	<u>\$ 50,736,569</u>	<u>\$ 296,900</u>	<u>\$ 51,033,469</u>	<u>\$ 3,813,947</u>

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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 15,883,717	\$ 15,626,101	\$ (257,616)	\$ 19,628,577
Investment earnings	13,000	10,403	(2,597)	10,312
State sources	627	627	-	864
Total revenue	<u>15,897,344</u>	<u>15,637,131</u>	<u>(260,213)</u>	<u>19,639,753</u>
Expenditures				
Debt service				
Principal retirement	10,780,000	10,780,000	-	14,315,000
Interest and fiscal agent fees	<u>4,901,719</u>	<u>4,971,468</u>	<u>69,749</u>	<u>5,376,009</u>
Total expenditures	<u>15,681,719</u>	<u>15,751,468</u>	<u>69,749</u>	<u>19,691,009</u>
Excess (deficiency) of revenue over expenditures	215,625	(114,337)	(329,962)	(51,256)
Other financing sources				
Refunding bonds issued	-	42,075,000	42,075,000	-
Premium on debt issuance	<u>-</u>	<u>5,141,013</u>	<u>5,141,013</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>47,216,013</u>	<u>47,216,013</u>	<u>-</u>
Net change in fund balances	<u>\$ 215,625</u>	47,101,676	<u>\$ 46,886,051</u>	(51,256)
Fund balances				
Beginning of year		<u>3,634,893</u>		<u>3,686,149</u>
End of year		<u>\$ 50,736,569</u>		<u>\$ 3,634,893</u>

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, 2015  
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		Over (Under) Budget	2014
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 2,310,689	\$ 2,290,080	\$ (20,609)	\$ 976,918
Investment earnings	1,000	3,181	2,181	1,120
State sources	35	35	–	45
Total revenue	<u>2,311,724</u>	<u>2,293,296</u>	<u>(18,428)</u>	<u>978,083</u>
Expenditures				
Debt service				
Principal retirement	1,215,000	1,215,000	–	–
Interest and fiscal agent fees	<u>961,000</u>	<u>960,450</u>	<u>(550)</u>	<u>960,450</u>
Total expenditures	<u>2,176,000</u>	<u>2,175,450</u>	<u>(550)</u>	<u>960,450</u>
Net change in fund balances	<u>\$ 135,724</u>	117,846	<u>\$ (17,878)</u>	17,633
Fund balances				
Beginning of year		<u>179,054</u>		<u>161,421</u>
End of year		<u>\$ 296,900</u>		<u>\$ 179,054</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds  
 Combining Statement of Net Position  
 as of June 30, 2015  
 (With Comparative Totals as of June 30, 2014)

	Dental Self-Insurance	Retirement Incentive Pay	Post-Employment Benefits Revocable Trust Fund
Assets			
Current assets			
Cash and temporary investments	\$ 668,283	\$ 16,784,700	\$ -
Cash and investments held by trustee	-	-	20,582,190
Interest receivable	-	-	152,092
Total assets	<u>668,283</u>	<u>16,784,700</u>	<u>20,734,282</u>
Liabilities			
Current liabilities			
Accounts and contracts payable	133,409	1,088,000	-
Post-employment severance benefits payable	-	1,672,174	-
Long-term liabilities			
Net other post-employment benefits obligation	-	-	8,039,736
Post-employment severance benefits payable	-	9,864,308	-
Total liabilities	<u>133,409</u>	<u>12,624,482</u>	<u>8,039,736</u>
Net position			
Restricted for employee benefits	-	-	12,694,546
Unrestricted	<u>534,874</u>	<u>4,160,218</u>	<u>-</u>
Total net position	<u>\$ 534,874</u>	<u>\$ 4,160,218</u>	<u>\$ 12,694,546</u>

Totals	
2015	2014
\$ 17,452,983	\$ 17,244,557
20,582,190	19,597,501
152,092	118,410
<u>38,187,265</u>	<u>36,960,468</u>
1,221,409	123,663
1,672,174	1,841,907
8,039,736	7,525,492
<u>9,864,308</u>	<u>10,668,150</u>
<u>20,797,627</u>	<u>20,159,212</u>
12,694,546	12,190,419
<u>4,695,092</u>	<u>4,610,837</u>
<u>\$ 17,389,638</u>	<u>\$ 16,801,256</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds  
 Combining Statement of Revenue, Expenses, and Changes in Net Position  
 Year Ended June 30, 2015  
 (With Comparative Totals for the Year Ended June 30, 2014)

	<u>Dental Self-Insurance</u>	<u>Retirement Incentive Pay</u>	<u>Post-Employment Benefits Revocable Trust Fund</u>
Operating revenue			
Contributions from governmental funds	\$ 1,488,920	\$ 1,622,000	\$ 750,000
Operating expenses			
Dental benefit claims	1,515,150	-	-
Post-employment severance benefits	-	1,538,831	-
Other post-employment benefits	-	-	514,244
Total operating expenses	<u>1,515,150</u>	<u>1,538,831</u>	<u>514,244</u>
Operating income (loss)	(26,230)	83,169	235,756
Nonoperating revenue			
Investment earnings	<u>158</u>	<u>27,158</u>	<u>268,371</u>
Change in net position	(26,072)	110,327	504,127
Net position			
Beginning of year	<u>560,946</u>	<u>4,049,891</u>	<u>12,190,419</u>
End of year	<u>\$ 534,874</u>	<u>\$ 4,160,218</u>	<u>\$ 12,694,546</u>

Totals	
2015	2014
\$ 3,860,920	\$ 3,579,599
1,515,150	1,359,815
1,538,831	(515,722)
514,244	700,050
<u>3,568,225</u>	<u>1,544,143</u>
292,695	2,035,456
<u>295,687</u>	<u>353,506</u>
588,382	2,388,962
<u>16,801,256</u>	<u>14,412,294</u>
<u>\$ 17,389,638</u>	<u>\$ 16,801,256</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds  
 Combining Statement of Cash Flows  
 For the Year Ended June 30, 2015  
 (With Comparative Totals for the Year Ended June 30, 2014)

	Dental Self-Insurance	Retirement Incentive Pay	Post-Employment Benefits Revocable Trust Fund
Cash flows from operating activities			
Contributions from governmental funds	\$ 1,488,920	\$ 1,622,000	\$ 750,000
Payments for dental claims	(1,505,404)	-	-
Post-employment severance benefit payments	-	(1,424,406)	-
Net cash flows from operating activities	<u>(16,484)</u>	<u>197,594</u>	<u>750,000</u>
Cash flows from investing activities			
Investment income received	<u>158</u>	<u>27,158</u>	<u>234,689</u>
Net change in cash and cash equivalents	(16,326)	224,752	984,689
Cash and cash equivalents			
Beginning of year	<u>684,609</u>	<u>16,559,948</u>	<u>19,597,501</u>
End of year	<u>\$ 668,283</u>	<u>\$ 16,784,700</u>	<u>\$ 20,582,190</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income (loss)	\$ (26,230)	\$ 83,169	\$ 235,756
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts and contracts payable	9,746	1,088,000	-
Post-employment severance benefits payable	-	(973,575)	-
Net other post-employment benefits obligation	-	-	514,244
Net cash flows from operating activities	<u>\$ (16,484)</u>	<u>\$ 197,594</u>	<u>\$ 750,000</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	\$ 668,283	\$ 16,784,700	\$ -
Cash and investments held by trustee	<u>-</u>	<u>-</u>	<u>20,582,190</u>
Total cash and cash equivalents	<u>\$ 668,283</u>	<u>\$ 16,784,700</u>	<u>\$ 20,582,190</u>

Totals	
<u>2015</u>	<u>2014</u>
\$ 3,860,920	\$ 3,579,599
(1,505,404)	(1,350,488)
(1,424,406)	(3,720,849)
931,110	(1,491,738)
262,005	349,041
1,193,115	(1,142,697)
36,842,058	37,984,755
\$ 38,035,173	\$ 36,842,058
\$ 292,695	\$ 2,035,456
1,097,746	(1,231,673)
(973,575)	(2,995,571)
514,244	700,050
\$ 931,110	\$ (1,491,738)
\$ 17,452,983	\$ 17,244,557
20,582,190	19,597,501
\$ 38,035,173	\$ 36,842,058

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
 Employee Benefit Trust Funds  
 Combining Statement of Fiduciary Net Position  
 as of June 30, 2015

	Flexible Benefit Plan	Post-Employment Benefits Irrevocable Trust Fund	Totals
<b>Assets</b>			
Investments held by trustee, at fair value	\$ 206,692	\$ 1,029,532	\$ 1,236,224
Accounts and interest receivable	—	454	454
Total assets	<u>206,692</u>	<u>1,029,986</u>	<u>1,236,678</u>
<b>Liabilities</b>			
Accounts and contracts payable	<u>132,218</u>	<u>736,347</u>	<u>868,565</u>
<b>Net position</b>			
Held in trust for employee benefits	<u>\$ 74,474</u>	<u>\$ 293,639</u>	<u>\$ 368,113</u>

Fiduciary Funds  
 Employee Benefit Trust Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 Year Ended June 30, 2015

	Flexible Benefit Plan	Post-Employment Benefits Irrevocable Trust Fund	Totals
<b>Additions</b>			
Plan members contributions	\$ 1,144,460	\$ —	\$ 1,144,460
Investment earnings	—	(1,572)	(1,572)
Total additions	<u>1,144,460</u>	<u>(1,572)</u>	<u>1,142,888</u>
<b>Deductions</b>			
Benefits paid to plan members	<u>1,113,141</u>	<u>736,347</u>	<u>1,849,488</u>
Change in net position	31,319	(737,919)	(706,600)
<b>Net position</b>			
Beginning of year	<u>43,155</u>	<u>1,031,558</u>	<u>1,074,713</u>
End of year	<u>\$ 74,474</u>	<u>\$ 293,639</u>	<u>\$ 368,113</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended June 30, 2015

	<u>Balance – July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance – June 30, 2015</u>
<b>Local collaborative time study</b>				
Assets				
Cash and temporary investments	<u>\$ 1,739,361</u>	<u>\$ –</u>	<u>\$ 76,207</u>	<u>\$ 1,663,154</u>
Liabilities				
Due to other governmental units	<u>\$ 1,739,361</u>	<u>\$ –</u>	<u>\$ 76,207</u>	<u>\$ 1,663,154</u>
<b>Northwest Family Service Center</b>				
Assets				
Cash and temporary investments	<u>\$ 126,660</u>	<u>\$ 392,513</u>	<u>\$ 279,746</u>	<u>\$ 239,427</u>
Liabilities				
Due to other governmental units	<u>\$ 126,660</u>	<u>\$ 392,513</u>	<u>\$ 279,746</u>	<u>\$ 239,427</u>
<b>Total agency funds</b>				
Assets				
Cash and temporary investments	<u>\$ 1,866,021</u>	<u>\$ 392,513</u>	<u>\$ 355,953</u>	<u>\$ 1,902,581</u>
Liabilities				
Due to other governmental units	<u>\$ 1,866,021</u>	<u>\$ 392,513</u>	<u>\$ 355,953</u>	<u>\$ 1,902,581</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.**

**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.

Sources: 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			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 124,787,611	\$ 124,409,664	\$ 131,450,075	\$ 144,073,305
Restricted	12,617,075	14,759,910	17,721,351	13,292,206
Unrestricted	<u>27,262,251</u>	<u>28,172,864</u>	<u>20,057,766</u>	<u>31,514,504</u>
Total governmental activities net position	<u>\$ 164,666,937</u>	<u>\$ 167,342,438</u>	<u>\$ 169,229,192</u>	<u>\$ 188,880,015</u>

Note: 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.

2010	2011	2012	2013	2014	2015
\$ 150,448,560	\$ 163,464,982	\$ 168,810,854	\$ 178,183,551	\$ 188,480,399	\$ 188,563,705
15,771,277	12,675,484	9,848,155	11,675,297	13,284,014	15,826,198
37,845,296	41,346,994	44,898,462	39,882,941	45,000,285	(112,847,413)
<u>\$ 204,065,133</u>	<u>\$ 217,487,460</u>	<u>\$ 223,557,471</u>	<u>\$ 229,741,789</u>	<u>\$ 246,764,698</u>	<u>\$ 91,542,490</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities				
Administration	\$ 9,742,766	\$ 9,993,084	\$ 10,063,773	\$ 9,010,266
District support services	7,839,330	7,758,332	8,083,375	7,466,464
Elementary and secondary regular instruction	101,323,546	113,139,917	118,598,218	110,299,265
Vocational education instruction	4,263,387	3,941,086	3,728,269	3,009,509
Special education instruction	40,645,883	44,143,783	45,785,607	41,770,841
Instructional support services	13,154,946	14,088,857	14,963,628	13,992,893
Pupil support services	16,638,284	22,116,462	22,161,931	19,904,914
Sites and buildings	15,429,568	16,424,757	15,964,989	15,930,494
Fiscal and other fixed cost programs	648,147	675,592	473,187	406,778
Food service	8,580,455	8,768,750	9,196,217	9,640,003
Community service	11,212,714	12,921,276	12,936,464	13,444,016
Depreciation expense (net of allocations to programs)	5,621,407	6,608,269	7,583,134	6,942,870
Interest and fiscal charges on debt	11,488,036	12,238,463	11,673,207	11,603,663
Total governmental activities expenses	<u>246,588,469</u>	<u>272,818,628</u>	<u>281,211,999</u>	<u>263,421,976</u>
<b>Program revenues</b>				
Governmental activities				
Charges for services				
Food service	5,023,991	4,967,714	5,129,756	5,088,224
Community service	6,389,336	7,638,000	8,138,424	8,106,834
All other	5,369,229	4,784,065	4,141,480	5,267,724
Operating grants and contributions	60,924,189	54,064,749	61,524,104	57,098,030
Capital grants and contributions	7,433,946	7,289,819	9,847,821	8,781,111
Total governmental activities program revenues	<u>85,140,691</u>	<u>78,744,347</u>	<u>88,781,585</u>	<u>84,341,923</u>
Net (expense) revenue	(161,447,778)	(194,074,281)	(192,430,414)	(179,080,053)
<b>General revenues and other changes in net position</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	15,771,786	31,857,093	36,266,718	43,768,195
Property taxes, levied for community service	732,972	1,496,514	1,559,500	1,272,495
Property taxes, levied for debt service	19,189,590	17,725,156	17,672,387	18,727,775
Property taxes, levied for capital projects	2,417,258	2,417,258	3,496,264	2,252,863
General grants and aids	123,672,171	130,531,939	129,243,681	128,054,844
Gain on sale of capital assets	14,694,266	-	-	-
Other general revenues	113,958	114,092	63,633	46,918
Investment earnings	5,165,872	6,570,363	6,014,985	4,607,786
Total governmental activities	<u>181,757,873</u>	<u>190,712,415</u>	<u>194,317,168</u>	<u>198,730,876</u>
Change in net position	<u>\$ 20,310,095</u>	<u>\$ (3,361,866)</u>	<u>\$ 1,886,754</u>	<u>\$ 19,650,823</u>

2010	2011	2012	2013	2014	2015
\$ 9,990,833	\$ 9,889,383	\$ 10,010,161	\$ 9,302,245	\$ 9,575,101	\$ 10,381,868
7,470,338	7,939,090	7,846,332	7,707,269	7,526,010	7,703,891
112,598,739	117,486,457	119,863,495	120,150,495	116,638,392	129,757,253
3,414,483	2,979,308	3,483,484	2,224,938	3,141,382	2,577,175
44,629,039	45,409,052	44,724,609	46,747,032	46,401,292	44,261,176
12,435,878	15,395,191	12,333,695	12,485,545	15,078,139	18,218,530
21,266,892	20,512,419	20,217,797	21,507,907	21,381,700	21,213,677
15,167,362	13,423,282	15,331,085	16,097,883	16,537,008	17,371,714
323,660	338,224	338,499	515,881	531,895	607,963
9,834,805	10,230,489	10,795,396	10,891,333	11,330,855	11,239,240
13,819,853	13,880,502	14,095,978	14,903,788	15,230,093	14,421,741
7,173,730	7,320,312	7,694,060	7,908,028	7,141,723	7,290,078
12,218,481	8,151,200	7,214,344	5,197,263	5,198,234	5,557,629
270,344,093	272,954,909	273,948,935	275,639,607	275,711,824	290,601,935
5,171,603	4,924,319	4,829,635	4,694,700	4,681,620	4,554,115
8,126,265	8,417,053	8,722,701	8,504,086	9,559,310	8,675,018
5,142,327	4,963,175	4,196,696	2,382,531	2,084,530	2,357,602
75,496,551	66,466,389	62,160,093	61,361,045	66,776,775	67,178,824
7,663,263	7,589,202	7,521,842	8,016,685	8,295,544	8,343,272
101,600,009	92,360,138	87,430,967	84,959,047	91,397,779	91,108,831
(168,744,084)	(180,594,771)	(186,517,968)	(190,680,560)	(184,314,045)	(199,493,104)
44,627,270	63,920,940	44,688,424	48,214,311	48,483,768	58,867,528
2,500,000	2,648,450	1,835,225	1,888,383	1,922,267	1,917,363
19,240,286	19,827,193	19,362,076	20,440,190	20,463,285	17,940,548
1,690,268	2,369,678	2,700,760	2,572,515	2,631,084	2,622,943
110,986,372	103,822,810	123,399,761	122,691,081	125,732,058	136,917,820
1,242,367	-	-	491,389	895,594	968,988
20,433	52,094	7,514	383,238	733,095	-
3,622,206	1,375,933	594,219	183,771	475,803	465,137
183,929,202	194,017,098	192,587,979	196,864,878	201,336,954	219,700,327
\$ 15,185,118	\$ 13,422,327	\$ 6,070,011	\$ 6,184,318	\$ 17,022,909	\$ 20,207,223

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved				
Operating Account	\$ 256,619	\$ 327,996	\$ 506,027	\$ 660,346
Capital Expenditure Account	11,040,797	12,047,096	12,214,774	7,336,875
Unreserved – Capital Expenditure Account	(2,042,771)	(1,689,393)	(395,386)	(55,785)
Unreserved – Operating Account	34,934,417	25,769,032	20,088,634	31,789,373
Nonspendable				
Operating Account	-	-	-	-
Capital Expenditure Account	-	-	-	-
Restricted				
Operating Account	-	-	-	-
Capital Expenditure Account	-	-	-	-
Assigned	-	-	-	-
Unassigned				
Operating Account	-	-	-	-
Capital Expenditure Account	-	-	-	-
Total General Fund	<u>\$ 44,189,062</u>	<u>\$ 36,454,731</u>	<u>\$ 32,414,049</u>	<u>\$ 39,730,809</u>
All other governmental funds				
Reserved	\$ 76,097,156	\$ 74,967,997	\$ 75,194,504	\$ 83,953,551
Unreserved, reported in				
Special revenue funds	1,690,982	1,521,478	2,032,961	2,312,497
Capital Projects – Building Construction Fund	(3,530,679)	59,710	-	-
Debt Service Fund – General Obligation Bonds	4,779,568	5,013,972	4,757,150	5,092,734
Nonspendable				
Special revenue funds	-	-	-	-
Capital Projects – Building Construction Fund	-	-	-	-
Restricted				
Special revenue funds	-	-	-	-
Capital Projects – Building Construction Fund	-	-	-	-
Debt Service Fund – General Obligation Bonds	-	-	-	-
Unassigned, reported in				
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 79,037,027</u>	<u>\$ 81,563,157</u>	<u>\$ 81,984,615</u>	<u>\$ 91,358,782</u>
Unreserved/unassigned – Operating Account as a percentage of total expenditures	<u>17.4%</u>	<u>11.6%</u>	<u>8.8%</u>	<u>14.0%</u>

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

2010	2011	2012	2013	2014	2015
\$ 533,030	\$ -	\$ -	\$ -	\$ -	\$ -
10,161,288	-	-	-	-	-
(162,696)	-	-	-	-	-
40,290,600	-	-	-	-	-
-	2,065,648	465,537	333,685	397,467	349,941
-	153,481	35,742	20,751	14,354	10,794
-	237,001	53,938	102,612	131,241	183,529
-	7,330,000	4,911,656	7,094,538	8,386,025	9,054,720
-	7,994,876	8,861,190	1,865,912	-	-
-	38,222,696	37,962,599	38,579,402	43,436,563	55,738,741
-	(564,624)	(682,984)	(765,889)	(590,612)	(482,773)
<u>\$ 50,822,222</u>	<u>\$ 55,439,078</u>	<u>\$ 51,607,678</u>	<u>\$ 47,231,011</u>	<u>\$ 51,775,038</u>	<u>\$ 64,854,952</u>
\$ 119,002,177	\$ -	\$ -	\$ -	\$ -	\$ -
2,871,254	-	-	-	-	-
-	-	-	-	-	-
4,426,151	-	-	-	-	-
-	465,278	408,864	437,871	16,823	12,779
-	25,359	-	-	-	-
-	5,237,015	5,201,069	4,785,089	4,919,497	5,269,738
-	9,821,424	5,253,567	7,575,525	3,648,964	15,393,620
-	43,716,229	3,753,106	3,847,570	3,813,947	51,033,469
-	(64,332)	(70,745)	(2,795)	-	-
<u>\$ 126,299,582</u>	<u>\$ 59,200,973</u>	<u>\$ 14,545,861</u>	<u>\$ 16,643,260</u>	<u>\$ 12,399,231</u>	<u>\$ 71,709,606</u>
<u>18.4%</u>	<u>17.3%</u>	<u>16.9%</u>	<u>16.7%</u>	<u>18.9%</u>	<u>23.5%</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues</b>				
Local sources				
Taxes	\$ 37,894,566	\$ 53,116,313	\$ 58,726,894	\$ 65,613,628
Investment earnings	4,539,494	5,929,166	5,494,552	4,180,823
Other	19,609,949	21,080,964	20,310,897	21,500,746
State sources	176,717,537	176,452,641	186,341,580	178,308,918
Federal sources	12,599,334	11,857,856	11,426,422	12,634,021
Total revenues	<u>251,360,880</u>	<u>268,436,940</u>	<u>282,300,345</u>	<u>282,238,136</u>
<b>Expenditures</b>				
Current				
Administration	9,677,102	9,927,437	10,052,596	9,008,356
District support services	4,730,043	4,918,609	5,208,267	6,597,460
Elementary and secondary regular instruction	99,534,825	109,765,803	113,381,446	118,327,117
Vocational education instruction	4,256,486	3,969,198	3,718,292	3,009,143
Special education instruction	40,322,851	44,059,232	45,643,778	45,242,029
Instructional support services	10,893,040	11,842,154	13,357,181	14,720,337
Pupil support services	16,611,977	22,087,652	22,148,423	20,377,010
Sites and buildings	13,536,960	14,362,239	14,107,319	23,592,865
Fiscal and other fixed cost programs	648,147	675,592	473,187	406,778
Food service	8,388,194	8,830,855	8,981,026	9,475,675
Community service	11,109,433	12,855,079	12,874,087	13,348,656
Capital outlay	22,712,217	13,578,636	12,022,631	2,048,070
Debt service				
Principal	12,538,980	11,334,931	11,550,524	12,557,332
Interest and fiscal charges	10,019,452	13,534,029	12,410,812	11,862,190
Total expenditures	<u>264,979,707</u>	<u>281,741,446</u>	<u>285,929,569</u>	<u>290,573,018</u>
Excess of revenues over (under) expenditures	(13,618,827)	(13,304,506)	(3,629,224)	(8,334,882)
<b>Other financing sources (uses)</b>				
Refunding bonds issued	67,055,000	-	-	-
Debt issued	-	5,235,000	-	24,945,000
Premium on debt issued	5,077,782	61,305	-	80,809
Proceeds from sale of assets	14,953,800	-	10,000	-
Transfers in	-	-	234,382	208,660
Transfers out	-	-	(234,382)	(208,660)
Debt retirement from escrow	-	-	-	-
Capital leases issued	-	2,800,000	-	-
Refunding capital leases issued	-	-	-	-
Total other financing sources (uses)	<u>87,086,582</u>	<u>8,096,305</u>	<u>10,000</u>	<u>25,025,809</u>
Net change in fund balances	<u>\$ 73,467,755</u>	<u>\$ (5,208,201)</u>	<u>\$ (3,619,224)</u>	<u>\$ 16,690,927</u>
Debt service as a percentage of noncapital expenditures	<u>9.3%</u>	<u>9.3%</u>	<u>8.7%</u>	<u>8.5%</u>

Note: Starting in fiscal year 2009, General Fund capital outlay is included within the current programs instead of being reported in capital outlay.

2010	2011	2012	2013	2014	2015
\$ 68,129,655	\$ 88,854,246	\$ 68,998,755	\$ 73,229,773	\$ 52,139,640	\$ 81,224,509
3,081,100	951,880	242,195	79,081	122,297	169,450
21,011,030	21,475,142	21,287,557	19,433,552	20,774,516	20,092,851
159,688,952	153,387,645	172,738,587	173,713,412	203,939,595	193,878,147
31,906,832	21,357,251	16,812,098	14,886,402	15,145,733	14,660,370
<u>283,817,569</u>	<u>286,026,164</u>	<u>280,079,192</u>	<u>281,342,220</u>	<u>292,121,781</u>	<u>310,025,327</u>
9,988,924	9,887,474	10,010,161	9,302,245	9,575,101	10,381,868
5,386,523	5,925,326	5,738,350	5,628,062	5,437,320	5,622,720
110,571,064	115,476,010	121,086,618	121,609,632	118,710,180	130,841,833
3,414,117	2,983,259	3,518,848	2,222,082	3,138,526	2,573,885
44,620,521	45,407,700	44,716,402	46,755,363	46,402,897	46,296,441
12,401,998	15,591,201	12,364,771	12,502,018	15,006,315	18,270,519
21,265,279	20,510,806	20,217,797	21,507,907	21,381,700	21,259,449
19,336,434	19,803,684	17,436,926	19,041,698	18,914,056	17,581,741
323,660	338,224	338,499	515,881	531,895	607,963
9,551,844	9,987,972	10,517,361	10,634,472	11,127,023	11,232,077
13,714,124	13,762,170	13,963,156	14,742,075	15,201,013	14,465,450
7,109,133	6,811,326	7,644,310	7,123,098	6,886,511	22,990,007
13,161,297	12,730,000	14,221,944	14,626,680	15,289,675	13,293,208
12,771,091	11,320,100	9,277,293	6,881,284	6,343,571	6,032,813
<u>283,616,009</u>	<u>290,535,252</u>	<u>291,052,436</u>	<u>293,092,497</u>	<u>293,945,783</u>	<u>321,449,974</u>
201,560	(4,509,088)	(10,973,244)	(11,750,277)	(1,824,002)	(11,424,647)
52,375,000	5,775,000	–	–	–	42,075,000
–	8,685,000	–	6,625,000	–	30,685,000
5,384,227	370,331	–	7,155	–	6,295,789
5,236,426	15,004	–	2,838,854	2,124,000	–
–	–	–	–	–	–
–	–	–	–	–	–
(17,165,000)	(75,415,000)	(37,895,000)	–	–	–
–	2,597,000	381,732	–	–	4,759,147
–	–	–	–	–	–
<u>45,830,653</u>	<u>(57,972,665)</u>	<u>(37,513,268)</u>	<u>9,471,009</u>	<u>2,124,000</u>	<u>83,814,936</u>
<u>\$ 46,032,213</u>	<u>\$ (62,481,753)</u>	<u>\$ (48,486,512)</u>	<u>\$ (2,279,268)</u>	<u>\$ 299,998</u>	<u>\$ 72,390,289</u>
<u>9.4%</u>	<u>8.7%</u>	<u>8.3%</u>	<u>7.5%</u>	<u>7.5%</u>	<u>6.5%</u>

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
2006	\$ 9,677,102 4.8%	\$ 4,730,043 2.4%	\$ 99,534,825 49.7%	\$ 4,256,486 2.1%	\$ 40,322,851 20.1%
2007	9,927,437 4.5%	4,918,609 2.2%	109,765,803 49.5%	3,969,198 1.8%	44,059,232 19.9%
2008	10,052,596 4.4%	5,208,267 2.3%	113,381,446 49.7%	3,718,292 1.6%	45,643,778 20.0%
2009	8,999,895 4.0%	6,058,214 2.7%	115,806,205 50.9%	2,985,960 1.3%	45,205,282 19.8%
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%

<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>
\$ 10,893,040 5.5%	\$ 16,611,977 8.3%	\$ 13,536,960 6.8%	\$ 648,147 0.3%	\$ 200,211,431 100.0%	8.0%
11,842,154 5.3%	22,087,652 10.0%	14,362,239 6.5%	675,592 0.3%	221,607,916 100.0%	10.7%
13,357,181 5.9%	22,148,423 9.7%	14,107,319 6.2%	473,187 0.2%	228,090,489 100.0%	2.9%
13,760,634 6.0%	20,370,175 8.9%	14,143,153 6.2%	406,778 0.2%	227,736,296 100.0%	(0.2%)
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%

# OSSEO AREA SCHOOLS

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ISD  279

## **Our Mission**

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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
2006	\$ 15,668,894 8%	\$ 165,288,912 84%	\$ 8,516,856 4%	\$ 8,232,849 4%	\$ 197,707,511 100%
2007	31,598,901 15%	165,853,043 78%	7,372,899 3%	7,689,065 4%	212,513,908 100%
2008	36,023,837 16%	172,935,695 78%	7,006,205 3%	6,622,385 3%	222,588,122 100%
2009	43,470,958 19%	165,720,993 74%	7,978,772 4%	6,585,131 3%	223,755,854 100%
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%

(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
	2006	2007	2008	2009
<b>Revenue</b>				
General Fund				
Operating Account	\$ 197,707,511	\$ 212,513,908	\$ 222,588,122	\$ 223,755,854
Capital Expenditure Account	8,707,146	9,307,362	11,318,906	10,653,126
Special revenue funds				
Food Service	8,952,943	9,284,843	9,640,510	9,934,674
Community Service	11,144,346	13,077,544	13,657,891	13,390,804
Debt service funds				
Debt Service Account – General				
Obligation Bonds	20,477,291	18,941,917	18,753,734	19,478,520
Debt Service Account – Other				
Post-Employment Benefits Bonds	–	–	–	1,515
Total revenue	<u>\$ 246,989,237</u>	<u>\$ 263,125,574</u>	<u>\$ 275,959,163</u>	<u>\$ 277,214,493</u>
<b>Expenditures</b>				
General Fund				
Operating Account	\$ 200,211,431	\$ 221,607,916	\$ 228,090,489	\$ 227,736,296
Capital Expenditure Account	17,021,098	10,747,685	9,632,839	15,191,424
Special revenue funds				
Food Service	8,791,714	9,461,753	9,121,744	9,680,730
Community Service	11,217,250	12,920,891	12,929,848	13,432,902
Debt service funds				
Debt Service Account – General				
Obligation Bonds	20,477,497	18,794,993	19,010,556	19,479,210
Debt Service Account – Other				
Post-Employment Benefits Bonds	–	–	–	–
Total expenditures	<u>\$ 257,718,990</u>	<u>\$ 273,533,238</u>	<u>\$ 278,785,476</u>	<u>\$ 285,520,562</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 225,547,633	\$ 229,105,709	\$ 223,767,752	\$ 223,896,832	\$ 233,231,818	\$ 249,153,255
9,341,486	8,822,827	8,429,276	9,042,349	9,267,986	13,903,601
10,295,493	10,421,017	10,609,307	11,008,927	11,079,495	11,346,564
13,416,748	13,834,024	14,103,160	14,334,020	15,289,169	15,056,548
19,166,032	19,617,297	19,279,004	19,503,802	19,639,753	15,637,131
876,986	999,343	1,000,072	980,645	978,083	2,293,296
<u>\$ 278,644,378</u>	<u>\$ 282,800,217</u>	<u>\$ 277,188,571</u>	<u>\$ 278,766,575</u>	<u>\$ 289,486,304</u>	<u>\$ 307,390,395</u>
\$ 218,404,684	\$ 221,409,118	\$ 224,944,709	\$ 230,358,485	\$ 230,148,158	\$ 236,846,315
10,560,929	14,514,566	11,465,451	9,708,191	9,931,619	17,889,774
9,741,558	10,091,851	10,706,589	10,749,330	11,318,737	11,461,024
13,816,380	13,856,582	14,104,651	14,912,640	15,333,772	14,595,891
19,805,100	19,958,431	19,859,761	19,524,714	19,691,009	15,751,468
1,024,450	960,450	960,450	960,450	960,450	2,175,450
<u>\$ 273,353,101</u>	<u>\$ 280,790,998</u>	<u>\$ 282,041,611</u>	<u>\$ 286,213,810</u>	<u>\$ 287,383,745</u>	<u>\$ 298,719,922</u>

# OSSEO AREA SCHOOLS

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ISD  279

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INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student  
 Year Ended June 30, 2015  
 (Modified Accrual Basis of Accounting)

	<u>Hennepin County Average</u>	<u>ISD No. 279</u>
General education formula revenue per pupil unit (1)		
General education (includes transportation)	\$ 5,831	\$ 5,831
Referendum	1,309	1,565
Gifted and talented, extended, compensatory, and EL	649	789
Operating capital	231	224
Supplemental, equity, and other	<u>554</u>	<u>542</u>
 General education formula revenue per pupil unit (property tax and state aid)	 <u>\$ 8,574</u>	 <u>\$ 8,951</u>
 General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		\$ 10,515
Less Capital Expenditure Account		<u>(648)</u>
General education formula revenue per student – General Fund Operating Account		9,867
 State categorical revenue (special education, secondary vocational, cooperation, and other)		<u>1,699</u>
Total property tax and state aid revenue		11,566
 Federal revenue (special education, Title I, and other)		392
Other local revenue – interest, participation fees, and other		<u>273</u>
 Total General Fund – Operating Account revenue per student		<u><u>\$ 12,231</u></u>

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

(2) Average daily membership (ADM) 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>
2006	\$ 12,437,223,500	\$ 87,635,200	\$ 12,524,858,700
2007	13,792,479,900	93,196,000	13,885,675,900
2008	14,938,565,700	92,621,600	15,031,187,300
2009	14,948,296,100	94,114,500	15,042,410,600
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

Source: Hennepin County Department of Property Tax and Public Records

<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 12,765,496,800	98.1 %
14,068,304,000	98.7
15,142,401,100	99.3
15,106,544,900	99.6
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

# OSSEO AREA SCHOOLS

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ISD  279

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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	
2006	\$ 15,668,894	\$ 726,825	\$ 2,417,258	\$ 19,081,589	\$ 37,894,566
2007	31,598,901	1,484,987	2,417,258	17,615,167	53,116,313
2008	36,023,837	1,559,673	3,496,264	17,647,120	58,726,894
2009	43,470,958	1,264,260	2,252,863	18,625,547	65,613,628
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

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2006, 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

Taxpayer	Property Classification	City	2015			
			Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
Target Corporation	Commercial	Brooklyn Park	\$ 1,646,020	1	1.3 %	\$ 82,301,000
KIR Maple Grove, LP	Commercial	Maple Grove	1,389,484	2	1.1	69,511,700
The Shoppes at Arbor Lakes	Commercial	Maple Grove	1,290,704	3	1.0	64,572,700
Boston Scientific Scimed, Inc.	Industrial	Maple Grove	795,280	4	0.6	39,801,500
KIMCO Realty Corporation	Commercial	Maple Grove	701,158	5	0.5	35,095,400
Weidner Property Management	Apartment	Plymouth	624,633	6	0.5	49,970,000
Fairview Hospital	Commercial	Maple Grove	525,150	7	0.4	26,295,000
BPP, LLC	Industrial	Brooklyn Park	507,666	8	0.4	25,420,800
Mept Plymouth, LLC	Apartment	Plymouth	478,500	9	0.4	38,280,000
Brooklyn Park 73rd (DLB), LLC	Apartment	Brooklyn Park	471,621	10	0.4	37,729,700
Prudential RE Investors	Commercial	Plymouth	-	-	-	-
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	-	-	-	-
Excel Energy	Utility	Maple Grove	-	-	-	-
CSHV Stoneleigh, LLC	Apartment	Plymouth	-	-	-	-
Protein Design Labs, Inc.	Industrial	Brooklyn Park	-	-	-	-
Prudential Financial, Inc.	Commercial	Plymouth	-	-	-	-
JPI Communities	Apartment	Plymouth	-	-	-	-
Total for 10 largest principal taxpayers			<u>\$ 8,430,216</u>		<u>6.6 %</u>	<u>\$ 468,977,800</u>

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

2006

Property Valuation			
Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
\$ 833,650	2	0.7 %	\$ 41,720,000
827,818	3	0.7	41,428,400
-	-	-	-
464,596	5	0.4	23,267,300
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,599,250	1	1.3	80,000,000
533,074	4	0.4	26,691,200
452,968	6	0.4	22,648,400
428,688	7	0.4	34,295,000
378,060	8	0.3	18,940,500
368,770	9	0.3	18,476,000
357,438	10	0.3	28,595,000
<u>\$ 6,244,312</u>		<u>5.2 %</u>	<u>336,061,800</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>					
	2006	\$ 32,817,224	\$ 1,577,345	\$ 18,593,022	\$ 52,987,591
	2007	41,388,874	1,624,729	18,455,532	61,469,135
	2008	45,634,995	1,337,173	19,738,957	66,711,125
	2009	47,218,603	1,664,357	20,085,324	68,968,284
	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
<b>Net tax rates</b>					
Tax capacity rate					
	2006	6.893 %	1.167 %	13.755 %	21.815 %
	2007	10.312	1.088	12.358	23.758
	2008	7.275	0.789	11.646	19.710
	2009	7.926	1.003	12.104	21.033
	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
Market value rate					
	2006	0.170 %	– %	– %	0.170 %
	2007	0.172	–	–	0.172
	2008	0.205	–	–	0.205
	2009	0.205	–	–	0.205
	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

(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)
\$ (5,130,129)	\$ 47,857,462	\$ (21,224,667)	\$ 26,632,795	\$ (1,327,290)
(5,521,124)	55,948,011	(23,654,517)	32,293,494	(1,345,808)
(6,509,728)	60,201,397	(30,565,648)	29,635,749	(1,102,357)
(7,119,449)	61,848,835	(30,549,468)	31,299,367	(1,109,074)
(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	-

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	2006	24.878%	46.934%	37.741%	29.275%	42.524%
Market value rate	2006	–	0.03872%	0.02107%	–	–
Tax capacity rate	2007	24.264%	44.292%	35.254%	30.703%	44.446%
Market value rate	2007	–	0.03579%	0.02402%	–	–
Tax capacity rate	2008	21.972%	43.896%	37.744%	30.213%	43.004%
Market value rate	2008	–	0.03346%	0.02163%	–	–
Tax capacity rate	2009	21.306%	47.521%	39.652%	30.677%	43.804%
Market value rate	2009	–	0.03387%	0.02310%	–	–
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%	–	–

N/A – Not Available

(1) The miscellaneous other levy includes AVTI, mosquito control, park/museum, metro transit and other metro services, and 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

<u>Maple Grove</u>	<u>Osseo</u>	<u>Plymouth</u>	<u>Rogers</u>	<u>ISD No. 279</u>	<u>Hennepin County</u>	<u>Miscellaneous Other (1)</u>	<u>Total Maple Grove Resident</u>
30.272%	30.102%	23.197%	-	21.815%	41.016%	7.021%	100.124%
0.00763%	-	0.00792%	-	0.17045%	-	-	0.17808%
30.169%	36.055%	23.280%	-	23.758%	39.110%	7.210%	100.247%
0.00749%	-	0.00731%	-	0.17155%	-	-	0.17904%
29.318%	42.416%	22.887%	-	19.710%	38.571%	7.312%	94.911%
-	-	0.00693%	-	0.20475%	-	-	0.20475%
31.259%	46.580%	24.368%	-	21.033%	40.413%	7.111%	99.816%
-	-	0.00701%	-	0.20487%	-	-	0.20487%
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%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Tax Collection Calendar Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>
2006	\$ 52,987,591	\$ 51,989,768	98.1 %	\$ 944,382
2007	61,465,876	59,939,916	97.5	1,538,638
2008	66,711,125	65,207,245	97.7	1,328,451
2009	68,968,284	67,710,766	98.2	1,139,712
2010	69,254,242	68,476,113	98.9	777,865
2011	70,141,931	69,519,388	99.1	478,387
2012	71,151,519	70,134,743	98.6	379,042
2013	73,625,919	72,840,448	98.9	299,561
2014	81,659,611	81,301,132	99.6	N/A
2015 (1)	84,049,314	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2014	\$ 81,301,132
Less tax shift allocation of the levy collectible in 2014 to fiscal year 2014	(2) (4,223,126)
Add tax shift allocation of the referendum levy collectible in 2015 to fiscal year 2015	(2) 4,090,033
Property tax delinquencies, abatements, and county apportionment	<u>56,470</u>
Total local property tax revenue – fiscal year 2015	<u><u>\$ 81,224,509</u></u>

N/A – Not Applicable

- (1) Only a portion of calendar year 2015 taxes are collectible by June 30, 2015. A total of \$42,547,411 of 2015 taxes were collected by June 30, 2015.
- (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, 2015 Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$ 52,934,150	99.9 %	\$ -	- %
61,478,554	100.0	-	-
66,535,696	99.7	-	-
68,850,478	99.8	-	-
69,253,978	100.0	45,405	0.1
69,997,775	99.8	55,144	0.1
70,513,785	99.1	134,308	0.2
73,140,009	99.3	186,349	0.3
81,301,132	99.6	358,479	0.4
N/A	N/A	-	N/A
		<u>\$ 779,685</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Government
	General Obligation Bonds and Notes	Certificates of Participation	Capital Leases	
2006	\$ 247,445,000	\$ –	\$ 3,579,084	\$ 251,024,084
2007	243,050,000	–	4,674,153	247,724,153
2008	233,000,000	–	3,173,629	236,173,629
2009	246,945,000	–	1,616,297	248,561,297
2010	270,610,000	–	–	270,610,000
2011	196,925,000	–	2,597,000	199,522,000
2012	145,755,000	–	2,031,788	147,786,788
2013	138,715,000	–	1,070,108	139,785,108
2014	124,400,000	–	95,433	124,495,433
2015	171,080,000	14,085,000	3,556,372	188,721,372

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.

<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
3.6 %	\$ 1,901
3.2	1,858
2.8	1,771
3.0	1,831
3.2	1,980
2.5	1,476
1.8	1,080
1.7	1,007
N/A	885
N/A	1,327

INDEPENDENT SCHOOL DISTRICT NO. 279

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

June 30,	Outstanding Bonded Debt	Unamortized Premiums	Balance on Hand – Debt Service Fund	Net Bonded Debt	Taxable Tax Capacity
2006	\$ 247,445,000	\$ –	\$ 78,681,383	\$ 168,763,617	\$ 122,084,778
2007	243,050,000	–	77,437,018	165,612,982	135,926,824
2008	233,000,000	–	76,650,169	156,349,831	150,358,956
2009	246,945,000	445,982	76,455,727	170,935,255	148,810,762
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

(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, 2015, the legal limit was \$1,942,619,831. Outstanding bonded debt as of June 30, 2015 was \$185,165,000, leaving a margin of \$1,757,454,831.

Source: Hennepin County Department of Property Tax and Public Records

<u>Ratio of Net Debt to Tax Capacity Value</u>	<u>Estimated Population (1)</u>	<u>Net Debt per Capita</u>
- %	132,047	\$ 1,278
-	133,327	1,242
104.0	133,327	1,173
114.9	135,770	1,259
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

# 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, 2015

Taxing Unit	Tax Collection Calendar Year – 2014 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	\$ 147,235,170	\$ 185,165,000	100.00 %	\$ 185,165,000
Overlapping debt				
Hennepin County	1,367,504,155	766,200,000	9.89	75,739,636
Cities				
Brooklyn Center	19,655,833	19,420,000	30.08	5,840,895
Brooklyn Park	59,796,568	23,220,000	72.85	16,914,772
Corcoran	6,279,877	5,258,000	7.03	369,690
Dayton	4,632,843	22,595,000	13.14	2,968,283
Maple Grove	76,538,750	83,190,000	91.57	76,173,755
Osseo	1,868,732	8,510,000	100.00	8,510,000
Plymouth	97,197,488	13,940,000	13.04	1,817,441
Rogers	15,474,364	11,175,000	0.20	22,316
Others				
Three Rivers Park District	993,329,908	54,835,000	13.61	7,462,331
Metropolitan Council	2,999,061,916	155,020,000	4.51	6,987,371
Total overlapping debt				<u>202,806,491</u>
Total direct and debt outstanding				<u>\$ 387,971,491</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			
	2006	2007	2008	2009
Debt limit	\$1,867,820,509	\$2,068,305,180	\$2,239,241,543	\$2,236,745,318
Total net debt applicable to limit	247,445,000	243,050,000	233,000,000	246,945,000
Legal debt margin	\$1,620,375,509	\$1,825,255,180	\$2,006,241,543	\$1,989,800,318
Total net debt applicable to the limit as a percentage of debt limit	13.25%	11.75%	10.41%	11.04%

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

2010	2011	2012	2013	2014	2015
\$2,121,656,719	\$1,954,105,770	\$ 1,881,545,183	\$ 1,773,605,673	\$ 1,783,879,819	\$ 1,942,619,831
270,610,000	196,925,000	145,755,000	138,715,000	124,400,000	185,165,000
<u>\$1,851,046,719</u>	<u>\$1,757,180,770</u>	<u>\$ 1,735,790,183</u>	<u>\$ 1,634,890,673</u>	<u>\$ 1,659,479,819</u>	<u>\$ 1,757,454,831</u>
12.75%	10.08%	7.75%	7.82%	6.97%	9.53%

Legal Debt Margin Calculation for Fiscal Year 2015

Market value	\$12,950,798,870
Debt limit (15% of market value)	1,942,619,831
Debt applicable to limit	
General obligation bonds and notes payable	<u>185,165,000</u>
Legal debt margin	<u>\$ 1,757,454,831</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service  
as of June 30, 2015

<u>Tax Collection Calendar Year</u>	<u>Deferred Tax Levies</u>
2016	\$ 18,533,255
2017	18,513,187
2018	18,502,739
2019	20,734,882
2020	20,806,623
2021	14,314,893
2022	13,238,407
2023	8,079,592
2024	2,540,002
2025	502,477
2026	504,840
2027	506,730
2028	<u>502,897</u>
Total amount to be levied in future years	<u>137,280,524</u>
2015	Amount levied for collection in 2015 and included in property taxes levied for subsequent year at June 30, 2015
	<u>18,050,797</u>
Total deferred tax levies for future bond debt service	<u><u>\$ 155,331,321</u></u>

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate (4)</u>
2006	132,047	\$ 6,985,946,535	\$ 52,905	37.4	21,942	4.0 %
2007	133,327	7,791,763,207	58,441	37.5	22,086	4.6
2008	133,327	8,302,938,925	62,275	38.0	21,770	5.4
2009	135,770	8,370,356,270	61,651	37.0	21,010	8.1
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	N/A	N/A	N/A	20,580	N/A
2015	142,167	N/A	N/A	N/A	20,370	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) Admin Minnesota – Department of Administration.
- (3) Admin Minnesota – Department of Administration, State Demographic Center.
- (4) Bureau of Labor Statistics and Minnesota Department of Economic Security.

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers  
Current Year and Nine Years Ago

Employer	2015		2006	
	Employees	Rank	Employees	Rank
Independent School District No. 279	3,012	1	3,021	2
Boston Scientific Scimed, Inc.	2,800	2	3,600	1
Medtronic	1,525	3	420	8
Target Corporation (2)	1,500	4	1,125	4
Prudential Insurance Company	805	5	1,600	3
Maple Grove Hospital (1)	760	6	-	-
United Parcel Services (2)	664	7	900	5
Walmart	630	8	-	-
North Hennepin Community College	500	9	-	-
RR Donnelley	458	10	-	-
Egan McKay	-	-	660	6
Caterpillar Paving Products	-	-	519	7
City of Brooklyn Park	-	-	371	9
Banta Catalog Minneapolis	-	-	350	10
Total	<u>12,654</u>		<u>12,566</u>	

(1) Most recent data available as of 2014.

(2) Most recent data available as of 2012.

Source: Infogroup ([www.salesgenie.com](http://www.salesgenie.com))

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>				
2005	4,670	\$ 195,235,861	452	\$ 128,379,786
2006	1,919	129,012,246	409	90,623,883
2007	1,015	96,292,834	153	41,331,831
2008	980	50,018,009	133	25,822,197
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
<b>City of Maple Grove</b>				
2005	3,288	\$ 188,495,852	307	\$ 92,444,299
2006	6,417	242,714,299	275	87,566,460
2007	3,354	191,651,545	219	76,172,797
2008	6,310	187,187,396	224	84,702,911
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

(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.

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
2006	127	1,570	129	665
2007	122	1,594	121	702
2008	128	1,662	122	687
2009	123	1,470	113	732
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
Percent increase (decrease) over 10 years	17.3%	(3.8%)	(15.5%)	22.0%

(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 administrative assistants.

Source: The District's Human Resources Department

<u>Food Service</u>	<u>Custodians</u>	<u>Health Services/ Early Childhood/ Other Employees</u>	<u>Total Employees</u>	<u>Total Students (ADM)</u>
170	153	207	3,021	21,943
178	158	230	3,105	22,083
177	159	227	3,162	21,770
152	150	150	2,890	21,010
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	20,370
(8.2%)	(3.9%)	(37.2%)	(0.3%)	(7.2%)

INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function  
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Total population	132,047	133,327	133,327	135,770
Percent of staff with degrees				
Bachelor	100%	100%	100%	100%
Masters	64%	71%	72%	72%
ACT information				
Average ACT score	22.4	22.4	22.2	22.5
Percent students taking ACT	61%	53%	57%	57%
National merit				
Commended	8	6	8	11
Finalists and semifinalists	7	8	2	4
AP Scholars	N/A	N/A	46	62

N/A – Not Available

Source: Schoolhouse Magazine

2010	2011	2012	2013	2014	2015
136,700	135,140	136,896	138,789	140,680	142,167
100%	100%	100%	100%	100%	100%
75%	74%	76%	76%	74%	73%
22.4	22.6	22.5	22.3	22.3	22.3
60%	60%	63%	63%	65%	73%
16	14	14	9	11	11
1	2	3	4	2	1
98	106	117	128	150	149

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function  
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Capital assets				
Land	\$ 6,960,390	\$ 6,960,390	\$ 6,966,686	\$ 10,702,198
Land improvements	19,747,238	20,269,853	20,663,242	21,658,286
Buildings	309,369,056	358,419,880	364,898,006	367,767,521
Equipment	13,190,905	12,762,515	12,616,184	10,230,574
Construction in progress	47,872,593	2,182,553	780,430	1,560,542
Total capital assets	<u>\$ 397,140,182</u>	<u>\$ 400,595,191</u>	<u>\$ 405,924,548</u>	<u>\$ 411,919,121</u>
Capital assets by function and activity				
Administration	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
District support services	114,619,590	114,629,654	114,660,822	114,660,821
Elementary and secondary regular instruction	787,427	824,284	894,873	1,021,287
Vocational education instruction	27,185	27,185	27,185	27,185
Special education instruction	289,187	289,187	289,187	289,187
Instructional support services	4,735,553	4,296,548	3,865,508	902,640
Pupil support services	–	–	59,647	59,647
Food service	3,230,896	4,088,825	4,185,739	4,888,338
Sites and buildings	272,448,483	275,431,447	280,916,020	289,029,995
Community service	982,766	988,966	1,006,472	1,020,926
Total capital assets by function and activity	<u>\$ 397,140,182</u>	<u>\$ 400,595,191</u>	<u>\$ 405,924,548</u>	<u>\$ 411,919,121</u>

Source: The District's Business Services Department

2010	2011	2012	2013	2014	2015
\$ 10,691,698	\$ 10,691,698	\$ 10,691,698	\$ 8,344,233	\$ 8,323,417	\$ 8,323,417
25,070,461	26,321,967	27,843,458	28,968,868	29,488,070	30,394,387
369,466,103	377,938,760	387,290,466	395,241,051	398,977,319	406,467,020
10,460,750	10,739,471	10,652,175	10,954,314	8,573,540	8,798,928
2,037,404	2,726,381	391,975	1,026,401	2,513,199	17,292,480
<u>\$ 417,726,416</u>	<u>\$ 428,418,277</u>	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>
\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
113,078,539	113,232,033	112,276,960	112,323,903	111,389,026	111,399,374
1,094,002	1,099,553	905,208	908,265	983,647	983,647
27,185	31,811	64,681	64,681	64,681	64,681
289,187	296,042	271,043	288,451	297,094	297,094
910,440	1,173,720	1,217,309	1,321,797	1,336,797	1,371,261
59,647	59,647	59,647	59,647	59,647	59,647
4,479,013	5,057,239	5,151,404	5,211,253	5,256,134	5,462,112
296,726,190	306,404,239	315,824,027	323,220,971	327,331,102	350,463,871
1,043,118	1,044,898	1,080,398	1,116,804	1,138,322	1,155,450
<u>\$ 417,726,416</u>	<u>\$ 428,418,277</u>	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>	<u>\$ 471,276,232</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>
2006	30.25
2007	29.37
2008	29.30
2009	29.94
2010	29.65
2011	29.13
2012	27.97
2013	27.52
2014	27.63
2015	26.47

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, 2015

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	54
Basswood Elementary	School	1995/2002	36.00	102,648	1,092
Birch Grove for the Arts	School	1966/1991/2004	15.00	74,314	556
Cedar Island Elementary	School	1970	23.16	66,871	366
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208	331
Edinbrook Elementary	School	1988/2002	20.00	106,406	853
Elm Creek Elementary	School	1980	15.00	84,300	585
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129	353
Fernbrook Elementary	School	1988/2003	43.00	105,440	883
Garden City Elementary	School	1959/1994/2004	10.00	55,153	393
Oak View Elementary	School	1991	22.00	98,600	727
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463	596
Park Brook Elementary	School	1959/1994/2004	10.00	55,011	306
Rice Lake Elementary	School	1980	15.42	84,300	734
Rush Creek Elementary	School	1995/2002	29.00	102,648	987
Weaver Lake Science, Math & Technology	School	1991	29.08	98,600	759
Willow Lane ECSE	School	1956/1957/1987	11.10	42,796	155
Woodland Elementary	School	2002	19.00	101,555	881
Zanewood Community School	School	1967/2002	9.21	81,843	528
Brooklyn Junior High	School	1963/1969/1980/2003	28.57	176,104	937
Maple Grove Junior High	School	1990/2003	46.62	275,680	1,614
North View Junior High IB World School	School	1970/1986/2002/2007	26.04	186,448	686
Osseo Junior High	School	1966/1969/2002/2004	19.89	194,507	1,093
Maple Grove Senior High	School	1996/2002/2004/2015 1952/1957/1960/1962/1964/1966/	110.00	351,718	1,606
Osseo Senior High	School	1975/1988/2002/2015 1964/1966/1971/1975/1987/1988/	43.63	413,610	1,388
Park Center Senior High IB World School	School	2002/2003/2015	31.00	414,774	1,310
Osseo Area Learning Center	School	1973, 2000	5.00	47,108	176
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	41
Timberland Properties	CBVAT	Leased	-	12,249	-
Dane Technologies, Inc.	Special education	Leased	-	11,800	60
Total				<u>3,840,545</u>	<u>20,050</u>

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

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
2006	21,285	2,662,435	172	15,479	72.7 %
2007	21,420	2,701,115	171	15,796	73.7
2008	21,116	2,661,288	172	15,473	73.3
2009	20,379	2,537,579	187	13,570	66.6
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

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

Source: The District's Food Service Department

Free Lunch		Reduced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
719,035	27.0 %	198,177	7.4 %
752,637	27.9	221,013	8.2
778,238	29.2	218,726	8.2
763,322	30.1	225,006	8.9
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

INDEPENDENT SCHOOL DISTRICT NO. 279

Students  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)				Total	
	Early Childhood and Kindergarten – Handicapped	Kindergarten	Elementary	Secondary	Number	Percent Increase (Decrease)
2006	261	1,415	9,702	10,565	21,943	0.8 %
2007	276	1,508	9,755	10,544	22,083	0.6
2008	282	1,421	9,677	10,390	21,770	(1.4)
2009	283	1,332	9,424	9,971	21,010	(3.5)
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	9,158	20,370	(1.0)

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 2006 through 2007	1.250	1.000	0.557	0.557	1.115	1.060
Fiscal 2008 through 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015	1.000	1.000	0.550	1.000	1.000	1.000

Beginning in FY 2015, Osseo 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)
25,375	0.9 %
25,476	0.4
25,231	(1.0)
24,361	(3.4)
24,217	(0.6)
23,969	(1.0)
23,715	(1.1)
23,648	(0.3)
23,644	-
22,201	(6.1)

Secondary

1.300

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.**