

OSSEO AREA SCHOOLS

ISD  279

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2021

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.*

2020-21

INDEPENDENT SCHOOL DISTRICT 279

OSSEO AREA SCHOOLS

Maple Grove, Minnesota

OSSEO AREA SCHOOLS

ISD  279

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and engage in a lifetime of learning.**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2021

INDEPENDENT SCHOOL DISTRICT NO. 279
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North
Maple Grove, MN 55369

Prepared by:
Business Services Department

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John Morstad, SFO, CSRM

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

Coordinator, Business Services:
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Coordinator, Business Services:
Michelle Larson

OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

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SECTION I

INTRODUCTION

OSSEO AREA SCHOOLS

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November 4, 2021

FISCAL YEAR 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2021, 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, 2021. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota 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 financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE DISTRICT

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

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

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

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

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

ISD 279 students reflect our vibrant global community, coming from homes where more than 100 dialects or languages are spoken. Our schools are racially and culturally diverse, and students experience rich, real-life learning environments that prepare them for success in the 21st century workplace.

The District enrolled 20,261 students in fiscal year (FY) 2021 from a population of 153,405 citizens residing in a 66 square mile area. Students are served pre-kindergarten through Grade 12, in 17 elementary schools (PreK-5), four middle schools (6-8), three senior highs (9-12), an area learning center, two early childhood centers, two special program sites, and an adult education/enrollment center. During FY 2021, the District operated on online option for students K-12 through the District Learning Academy online site, due to COVID-19. Community education classes serve lifelong learners from birth through senior citizens.

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

Prekindergarten programming – available at every elementary school – incorporates research-based early learning standards developed by the Minnesota Department of Education. Our teachers and staff work together to ensure the concepts and skills taught in prekindergarten lay the groundwork for those taught in kindergarten. High quality before- and after-school care (Kidstop) is available to all elementary students.

Elementary students are introduced to a range of subjects, from reading/language arts to math, science, social studies, art, music (vocal and instrumental) and physical education. Students in fourth and fifth grade can audition for the Children's Chorus, a districtwide performing group that has served the community for more than 50 years. Services are provided at each elementary school to support gifted learners and students with special needs.

In middle school, young minds thrive on active learning. Our middle school program keeps students engaged and challenged; helps them discover new interests; and supports their growth.

High school offers opportunities for students to explore, grow and prepare for entering the workplace or college. In addition to choosing core subjects and a wide range of electives, your child can participate in sports, theatre, arts, clubs, music, community service and leadership opportunities. Students have several options for earning college credit while in high school, including Advanced Placement and International Baccalaureate courses, credit agreements with local community and technical colleges, and Post-Secondary Enrollment Options. Our robust career and technical education offerings can help your child gain career-connected knowledge, skills and competencies that will help them succeed in life after high school. Students can even receive workplace-ready-certifications in fields such as automotive technology, culinary arts, health care, and information technology.

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

- Maple Grove Senior High and Osseo Senior High are two of the nation's Best High Schools, according to U.S. News & World Report
- Weaver Lake Elementary: A Science, Math and Technology School was named one of the nation's top three elementary STEM schools in 2015
- Minnesota School of Excellence honors awarded to Elm Creek Elementary (2017) and Woodland Elementary (2011)
- National Merit students honored each year
- Advanced Placement (AP) Scholars, Gates Millennium Scholars, Wallin Education Partners Scholars
- Award-winning staff: Minnesota National Outstanding Assistant Principal, Minnesota Elementary School Counselor of the Year, Minnesota Educational Support Professional of the Year, Minnesota School Business Official of the Year, Minnesota Council on the Teaching of Languages and Cultures Teacher of the year, and more
- Only Minnesota school district named one of nation's "Best Communities for Music Education" every year since 2009
- State and national award-winning magnet schools
- Recognized for excellence in financial reporting by the Minnesota Department of Education and the Association of School Business Officials International
- All-conference musicians in band, orchestra and choir
- State, section and conference champions in athletics
- Hennepin Theatre Trust Spotlight Award honorees, including statewide Triple Threat winners

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 had a budgeted enrollment of 20,294 adjusted average daily membership for FY 2021 and an actual enrollment of 20,261. The District's student enrollment for the FY 2022 is projected to increase with an estimated student enrollment of 20,518. A slight decrease in enrollment is projected over the next four years.

The District's school buildings were built between 1952 and 2005. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of \$271 million for deferred maintenance and health and safety facility needs.

Osseo Area Schools intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several biennia, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. For example, according to data provided by the Minnesota Department of Education, had the general education formula increased by the rate of inflation each year since 2003, the 2021 allowance per ADM would be \$7,128 rather than \$6,567, a difference of \$561 per ADM or 8.5 percent.

Minnesota's economic and budget outlook has become unpredictable, based on the COVID-19 pandemic and the federal stimulus bills that were passed to respond to the financial impact. The pandemic caused massive business closures in the state starting in March 2020, which caused the state outlook to change dramatically. However, as the economic data became clearer, the state financial forecast is more positive than previously predicted. According to the state budget and economic forecast released from the Minnesota Management and Budget (MMB) in July of 2021, the \$1.6 billion surplus that had been projected turned into a \$2.7 billion surplus. Additionally, significant funds were allocated to state and local governments as part of the American Rescue Plan, including \$2.8 billion to the state. A special session was called, and the final legislative agreement appropriated \$25 billion for E12 education over the next two years, a \$554 million increase from the previous biennium. Included in the increase was 2.45 percent and 2.00 percent per-pupil formula increase for each year of the agreement.

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

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

BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING

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

The budget planning steps began in October 2019, using the **Long-Range Financial Model (LRFM) and Annual Budget Framework** and the **FY 2021 Budget Planning Timeline**. The District implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2022 budget adjustment process:

Outcomes for budget adjustment process –

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

Budget adjustment proposal process –

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

The school board reviewed FY 2022 budget proposals at a work session on February 9, 2021. These budget proposals followed school board direction that was provided at the November 10, 2020 work session. Budget proposals were approved at the February 23, 2021 regular school board meeting and result in net adjustments of \$416,422, including LRFP budget adjustments of (\$2,415,511) and strategic priorities of \$2,831,933 for the general operating/transportation budget and (\$288,967) for the community service fund.

MISSION, CORE VALUES, AND STRATEGIC OBJECTIVES

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

MISSION

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

GOALS

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

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

STRATEGIES

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

CORE VALUES

We believe that—

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

Priority work for 2019–2020, by strategy

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

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

*Equitable student achievement means:

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

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

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

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

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

Strategy Delimiters

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

The District's strategic plan for 2021-2022 has not been finalized. Therefore the 2019-2020 strategic plan is being included and is available on the District's website: www.district279.org.

RELEVANT FINANCIAL POLICIES

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

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

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

Unrestricted fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund Operating Account on June 30, 2021 was 32.5 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 Association of School Business Officials International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990 and all subsequent submissions on an annual basis through FY 2020. To receive this award, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

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

Respectfully submitted,



John Morstad, SFO, CSRM
Executive Director of Finance & Operations



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

Superintendent

Executive Director:
Human ResourcesDirector:
Human Resources
(Labor Relations)Coordinator:
Total Compensation
& HRISDirector:
Human ResourcesCoordinator:
Employee Serv &
Talent ManagementExecutive Director:
Finance and OperationsDirector:
Business ServicesCoordinators:
Business Services (2)Coordinator:
Purchasing
& WarehouseDirector:
Food & NutritionAssistant Director:
Food & NutritionCoordinator:
Food & NutritionDirector:
Facilities and Transp.
OperationsCoordinator:
Risk ManagementCoordinator:
TransportationDirector:
Facilities and Transp.
OperationsCoordinator:
Risk ManagementCoordinator:
Custodial/Maint
OperationsAsst. Superintendent:
Elementary Schools

Elementary Principals

Elementary
Assist. PrincipalsAsst. Superintendent:
Secondary Schools

Middle School Principals

Middle School
Assist. Principals

High School Principals

High School
Assist. PrincipalsAsst. Superintendent:
Equity & AchievementDirector:
Educational EquityCoordinator:
English LearnersDistrict Level Principal
and Activities Coords.Director:
Learning & AchievementAssistant Director:
Learning & Achievement

Coordinators: (7)

Director:
Student ServicesAssistant Director:
Student ServicesCoordinators:
Special Education

279 Online

Family and Community
Engagement (FACE)Executive Director:
Community Engagement

Assistant Director

Coordinator:
Targeted ServicesCoordinator:
Kidstop/Four StarCoordinator:
Marketing/EnrichmentCoordinator:
Facilities & VolunteersCoordinator:
Center for Enrollment
ServicesCoordinator:
Adult Basic EdCoordinator:
Early Childhood
ProgramsExecutive Director:
TechnologyCoordinator:
Technical
Support ServicesCoordinator:
Enterprise TechnologyCoordinator:
Information SystemsCoordinator:
Instructional Systems

279 Online

Human & Administrative Resources Team (HART)

Department of Leadership, Teaching & Learning (DLTL)

Community
Engagement (CEen)Instructional &
Information Technology
Team (I2T2)

INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration
as of June 30, 2021

SCHOOL BOARD

	<u>Board Position</u>
Kelsey Dawson Walton	Chairperson
Jacqueline Mosqueda-Jones	Vice Chairperson
Heather Douglass	Clerk
Tanya Simons	Treasurer
Thomas Brooks	Director
Tamara Grady	Director

ADMINISTRATION

Cabinet

Cory McIntyre	Superintendent
Stephen Flisk	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Michael Lehan	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Kelli Parpart	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Brian Siverson-Hall	Executive Director, Community Engagement
John Morstad (as of August 30, 2021)	Executive Director, Finance and Operations
Laurel Anderson	Executive Director, Human Resources
Anthony Padrnos	Executive Director of Technology
Timothy Palmatier	School District General Counsel
Kay Villella	Director, School/Community Relations

Business Services Office

Kelly Benusa, CPA, RSBO, SFO	Director, Business Services
Michael Hueller, CPA	Coordinator, Business Services
Michelle Larson	Coordinator, Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District 279 -
Osseo Area Schools**

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

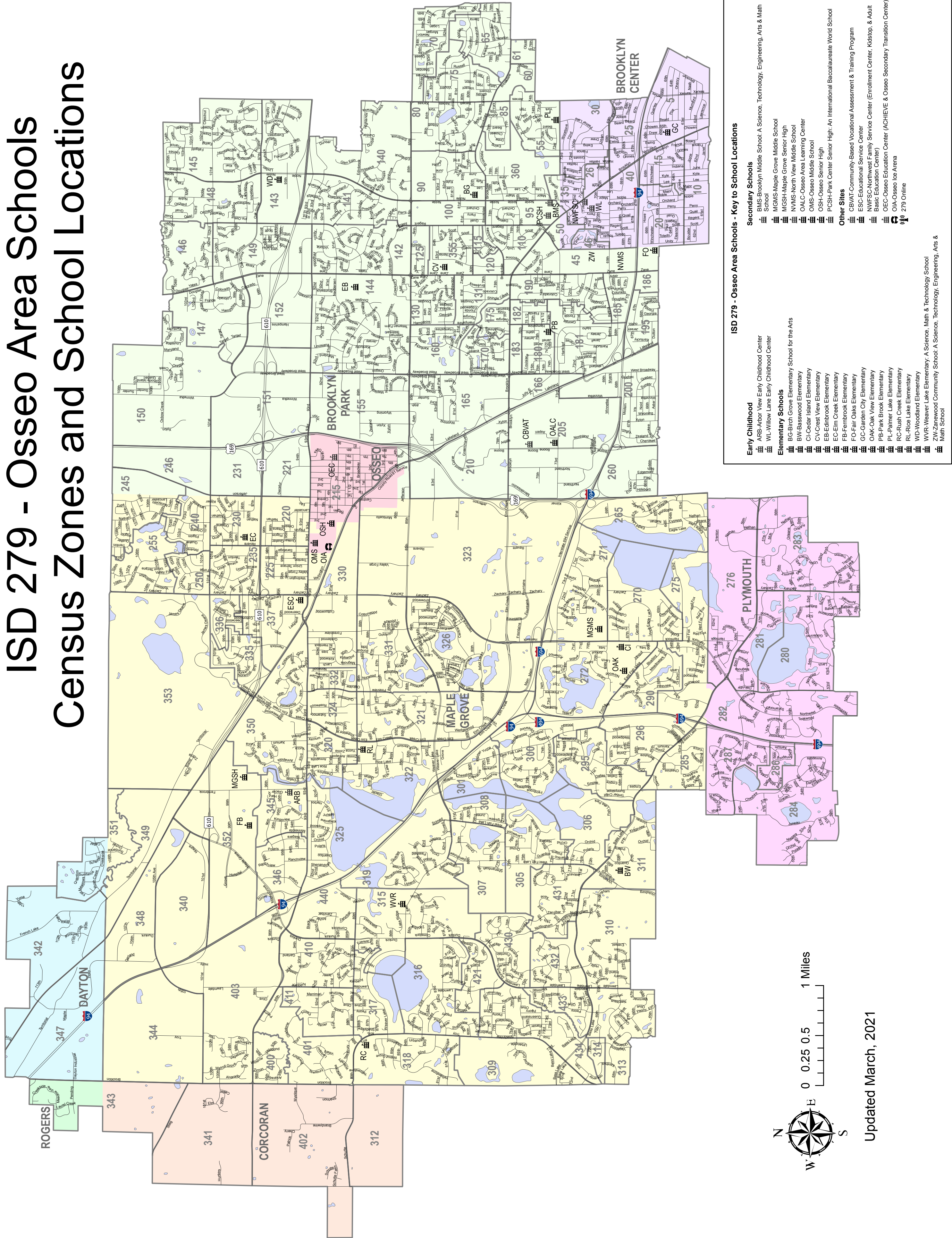
W. Edward Chabal
President

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

David J. Lewis
Executive Director

ISD 279 - Osseo Area Schools

Census Zones and School Locations



SECTION II

FINANCIAL

OSSEO AREA SCHOOLS

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.**



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2020 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 6, 2020. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 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 4, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 4, 2021

OSSEO AREA SCHOOLS

ISD  279

Our Mission

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Annual Comprehensive Financial Report presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2021. 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 2021 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$87,771,038 (net position). The District's total net position increased by \$11,820,033 during the fiscal year ended June 30, 2021. This change is mostly related to positive operating results offset by depreciation on capital assets and changes in net pension related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans the District participates in.
- Overall actual revenues in the Statement of Activities were \$369,210,059 million and \$11.8 million more than expenses.
- The District's General Fund experienced an increase in fund balance of \$8,098,848, which was \$14,432,301 higher than the \$6,333,453 deficit projected in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A
Organization of Annual Comprehensive Financial Report

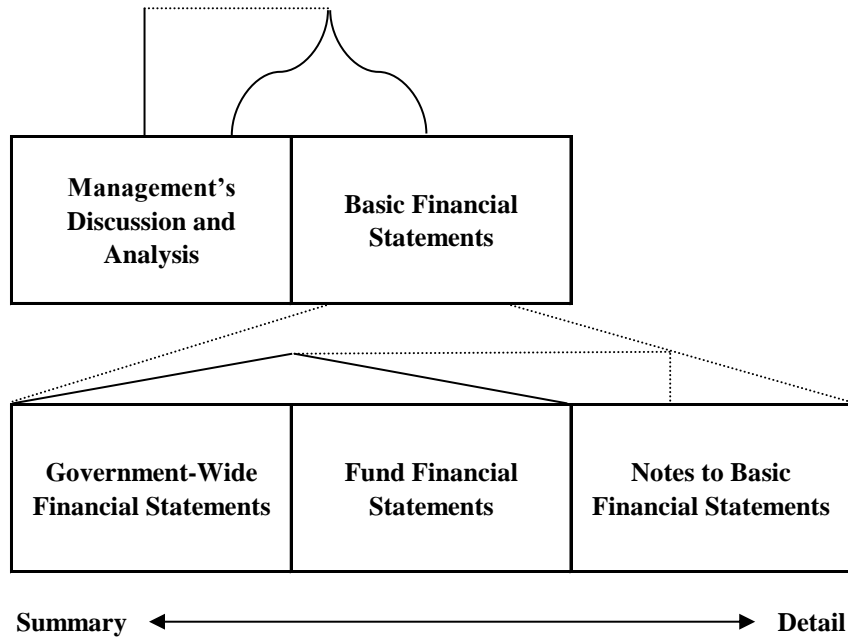


Figure B summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

Figure B – Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses, and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	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
Type of asset/liability information	All assets, deferred inflows of resources, liabilities, and deferred outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up, liabilities that come due during the year or soon thereafter, and deferred inflows of resources that become available; no capital assets or long-term liabilities are included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements, the District's activities are shown in one category:

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

FUND FINANCIAL STATEMENTS

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

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

The District has three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on: (1) how *cash and other financial assets* can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information in the governmental fund financial statements that explains the relationship (or differences) between them.
- **Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.
- **Fiduciary Funds** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Local Collaborative Time Study 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 \$87,771,038 on June 30, 2021. This was an increase of 15.6 percent from the prior year.

Table 1 Summary Statement of Net Position – Governmental Activities as of June 30, 2021 and 2020		
	2021	2020
Assets		
Current and other assets	\$ 289,567,013	\$ 264,331,535
Capital assets, net of depreciation	393,330,536	381,982,372
Total assets	<u>\$ 682,897,549</u>	<u>\$ 646,313,907</u>
Deferred outflows of resources		
OPEB plan deferments	\$ 5,071,861	\$ 1,099,848
Pension plan deferments – PERA and TRA	89,060,971	146,482,727
Total deferred outflows of resources	<u>\$ 94,132,832</u>	<u>\$ 147,582,575</u>
Liabilities		
Long-term liabilities	\$ 422,192,172	\$ 378,138,538
Other liabilities	16,875,121	14,459,519
Total liabilities	<u>\$ 439,067,293</u>	<u>\$ 392,598,057</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 94,866,569	\$ 95,608,110
OPEB plan deferments	2,609,342	3,188,890
Deferred gain on refunding	–	450,076
Pension plan deferments – PERA and TRA	152,716,139	226,100,344
Total deferred inflows of resources	<u>\$ 250,192,050</u>	<u>\$ 325,347,420</u>
Net position		
Net investment in capital assets	\$ 240,761,946	\$ 233,739,330
Restricted	20,389,202	17,275,589
Unrestricted	(173,380,110)	(175,063,914)
Total net position	<u>\$ 87,771,038</u>	<u>\$ 75,951,005</u>

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

Total net position increased by \$11,820,033, which primarily reflects an increase from operations which are offset by depreciation on capital assets and an increase in the District’s share of the Public Employees Retirement Association and the Teachers Retirement Association (TRA) pension plans. This change impacts deferred outflows of resources, long-term liabilities, and deferred inflows of resources. The increase in OPEB plan deferments in the table above is offset by an increase in total OPEB obligations in the current year.

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 5,901,177	\$ 13,478,019
Operating grants and contributions	105,334,938	89,989,964
Capital grants and contributions	7,183,646	9,463,840
General revenues		
Property taxes	101,500,996	100,043,500
General grants and aids	144,806,099	143,538,316
Other	4,483,203	5,838,696
Total revenues	<u>369,210,059</u>	<u>362,352,335</u>
Expenses		
Administration	12,618,772	12,045,309
District support services	9,774,932	9,664,778
Elementary and secondary regular instruction	150,649,757	156,972,364
Vocational education instruction	3,506,547	3,816,686
Special education instruction	59,143,900	58,331,647
Instructional support services	34,930,503	21,783,939
Pupil support services	25,441,090	25,046,915
Sites and buildings	24,052,035	21,518,505
Fiscal and other fixed cost programs	612,385	578,794
Food service	10,579,695	11,787,601
Community service	12,283,972	18,797,900
Unallocated depreciation expense	10,014,580	9,336,423
Interest and fiscal charges	3,781,858	3,931,328
Total expenses	<u>357,390,026</u>	<u>353,612,189</u>
Change in net position	11,820,033	8,740,146
Net position – beginning	<u>75,951,005</u>	<u>67,210,859</u>
Net position – ending	<u><u>\$ 87,771,038</u></u>	<u><u>\$ 75,951,005</u></u>

Change in Net Position – The District’s total revenues were \$369,210,059 for the year ended June 30, 2021. Property taxes and general grants and aids accounted for 66.7 percent (see Figure C) of total revenue for the year. Capital and operating grants and contributions increased \$13,064,780 from an increase in federal aid received, while charges for services decreased \$7,576,842 for the fiscal year ended June 30, 2021, from a decline in fees collected, due to the impact of COVID-19. Revenues for operating grants and contributions increased in two main areas, federal grants to address the impact of COVID-19, and special education revenue.

The total cost of all programs and services was \$357,390,026. The District’s expenses are predominantly related to educating and caring for students (79.4 percent) (see Figure D). The administrative activities of the District accounted for 3.5 percent of total costs. Expenses for fiscal year 2021 increased \$15,680,094 for instructional support services and sites and buildings, while elementary and secondary regular instruction and community services decreased \$12,836,535, due to the continued impact of COVID-19 on programs and services.

Figure C – Sources of Revenues for Fiscal Year 2021

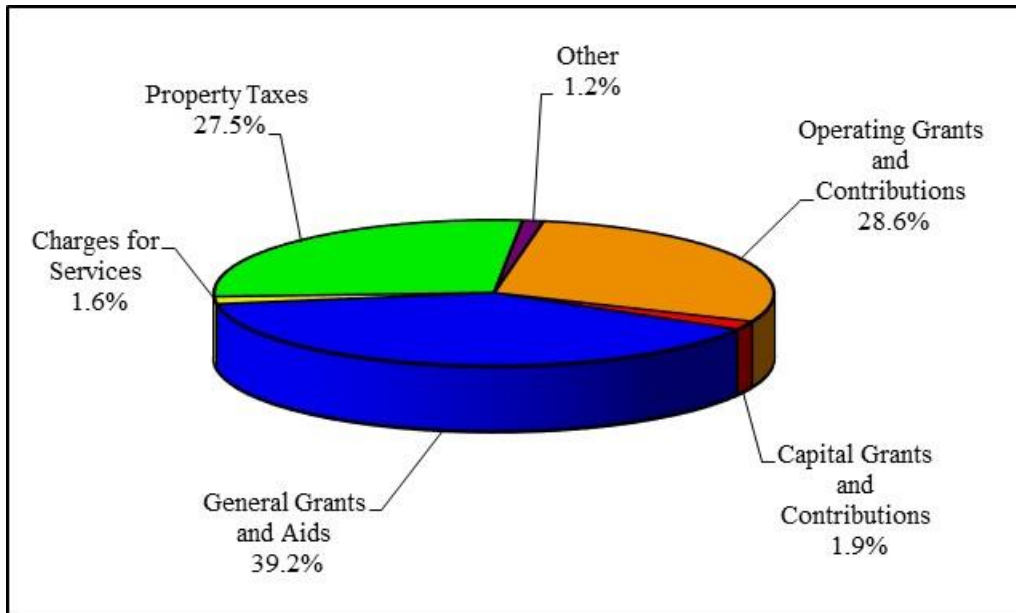
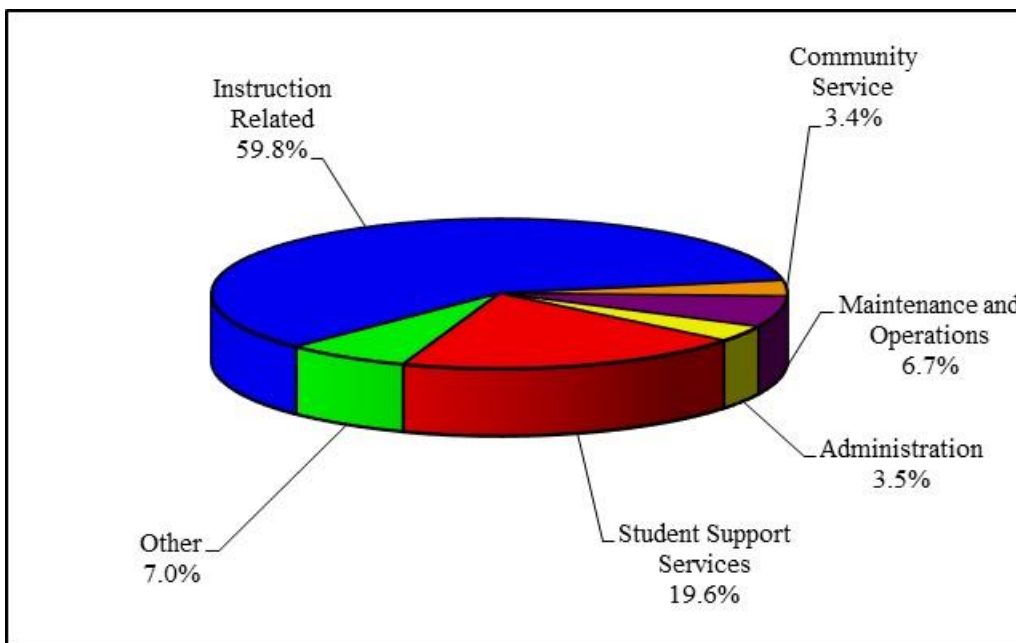


Figure D – Expenses for Fiscal Year 2021



- The cost of all *governmental* activities for fiscal year 2021 was \$357,390,026.
- Most of the District's costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling \$250,790,298. This portion of governmental activities was paid for with \$101,500,996 in property taxes and \$144,806,099 of primarily state aid based on the state-wide education aid formula.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$105,334,938 and \$7,183,646 of capital grants and contributions.
- Some of the cost, \$5,901,177, was paid by the users of the District's programs.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percent Change	Net Cost of Services		Total Percent Change
	2021	2020	2020–2021	2021	2020	2020–2021
Administration	\$ 12,618,772	\$ 12,045,309	4.8%	\$ 12,391,527	\$ 11,754,980	5.4%
District support services	9,774,932	9,664,778	1.1%	9,645,103	9,602,328	0.4%
Elementary and secondary regular instruction	150,649,757	156,972,364	(4.0%)	111,708,542	120,375,747	(7.2%)
Vocational education instruction	3,506,547	3,816,686	(8.1%)	3,332,577	3,640,367	(8.5%)
Special education instruction	59,143,900	58,331,647	1.4%	21,118,162	23,189,185	(8.9%)
Instructional support services	34,930,503	21,783,939	60.3%	26,984,696	18,101,380	49.1%
Pupil support services	25,441,090	25,046,915	1.6%	22,487,189	21,820,583	3.1%
Sites and buildings	24,052,035	21,518,505	11.8%	16,761,929	11,774,115	42.4%
Fiscal and other fixed cost programs	612,385	578,794	5.8%	612,385	578,794	5.8%
Food service	10,579,695	11,787,601	(10.2%)	(2,366,262)	1,422,422	(266.4%)
Community service	12,283,972	18,797,900	(34.7%)	2,497,979	5,152,714	(51.5%)
Unallocated depreciation expense	10,014,580	9,336,423	7.3%	10,014,580	9,336,423	7.3%
Interest and fiscal charges	3,781,858	3,931,328	(3.8%)	3,781,858	3,931,328	(3.8%)
Total	<u>\$ 357,390,026</u>	<u>\$ 353,612,189</u>	1.1%	<u>\$ 238,970,265</u>	<u>\$ 240,680,366</u>	(0.7%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

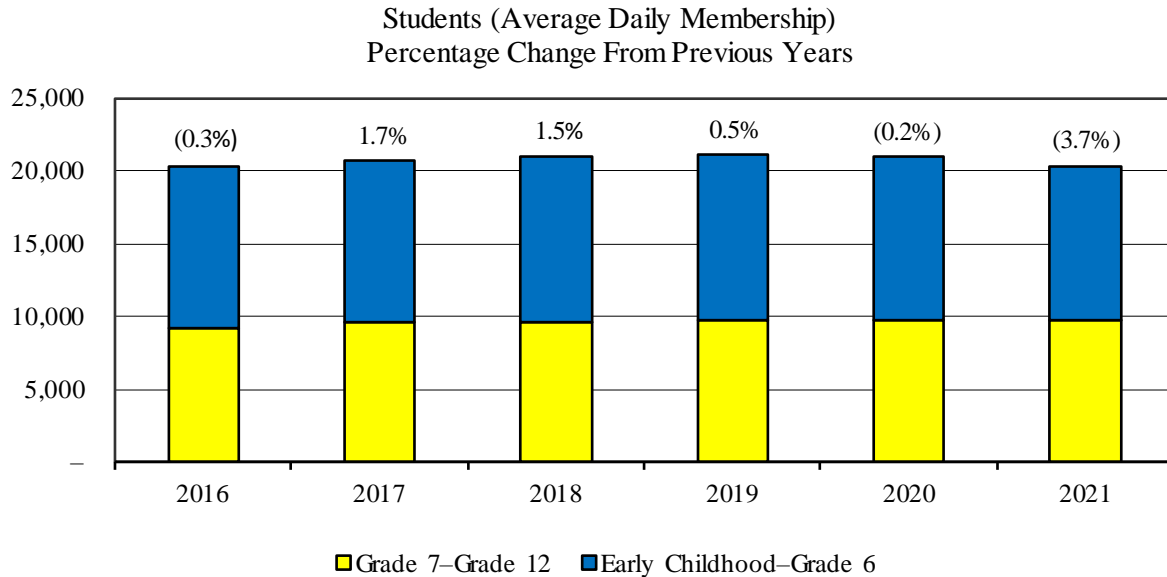
As the District completed the year, its governmental funds reported a *combined* fund balance of \$141,893,918, an increase from last year's ending fund balance of \$119,842,105, or 18.4 percent.

Revenues for the District's governmental funds were \$365,528,765, while total expenditures were \$379,533,420. Total other financing sources (uses) were \$36,056,468, due to debt issued, debt retirement from refunding bonds, and capital leases issued during the fiscal year 2021.

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 0.5 percent decrease in the number of students. Enrollment projections predict an increase in enrollment over the next two years to recapture students not served in fiscal year 2021. In the fall of 2020, student enrollment decreased from projections, due to the impact of COVID-19. This occurred in most Minnesota school districts and is being considered in future projections.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of	Percent
	2021	2020	Increase (Decrease)	Increase (Decrease)
Local sources				
Property taxes	\$ 75,583,434	\$ 77,283,444	\$ (1,700,010)	(2.2%)
Investment earnings	405,348	1,864,278	(1,458,930)	(78.3%)
Other	4,080,860	4,228,608	(147,748)	(3.5%)
State sources	216,103,073	218,558,741	(2,455,668)	(1.1%)
Federal sources	19,421,504	9,630,449	9,791,055	101.7%
Total General Fund revenue	<u>\$ 315,594,219</u>	<u>\$ 311,565,520</u>	<u>\$ 4,028,699</u>	1.3%

Total General Fund revenue increased by \$4,028,699, or 1.3 percent, in fiscal year 2021, compared with fiscal year 2020. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year, without any net change in revenue.

Total federal sources increased, due to additional funding for COVID-19 being available in fiscal year 2021.

Total state source revenue decreased in several areas: general education state aid decreased, due to fewer students served, compensatory, and long-term facilities maintenance. This decrease was reduced by additional special education revenue for the current year, due to adjusted formulas.

Property taxes local source revenue decreased mainly in long-term facilities maintenance.

The following schedule presents a summary of General Fund expenditures:

	Year Ended June 30,		Amount of	Percent
	2021	2020	Increase (Decrease)	Increase (Decrease)
Salaries	\$ 181,132,414	\$ 175,913,886	\$ 5,218,528	3.0%
Employee benefits	67,651,684	65,756,247	1,895,437	2.9%
Purchased services	30,751,801	33,440,205	(2,688,404)	(8.0%)
Supplies, materials, and equipment	27,413,809	21,813,504	5,600,305	25.7%
Other expenditures	<u>5,545,673</u>	<u>5,895,779</u>	<u>(350,106)</u>	(5.9%)
Total expenditures	<u>\$ 312,495,381</u>	<u>\$ 302,819,621</u>	<u>\$ 9,675,760</u>	3.2%

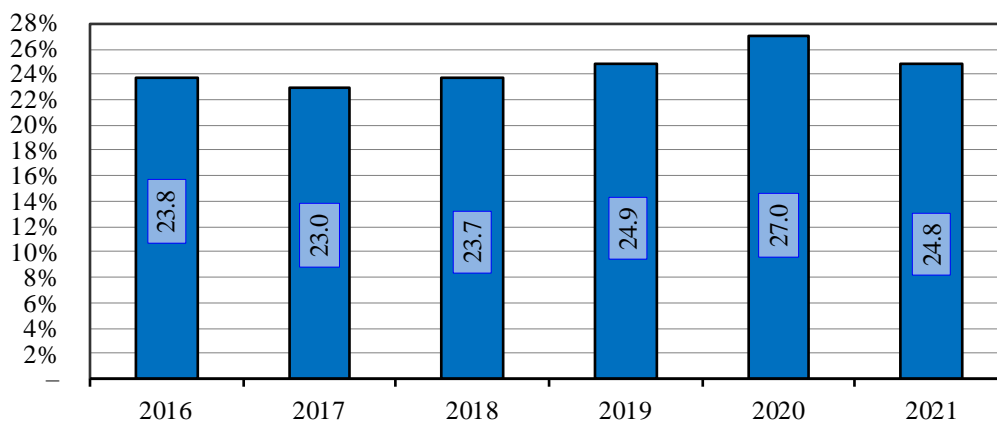
Total General Fund expenditures increased \$9,675,760, or 3.2 percent, from the previous year.

In fiscal year 2021, salaries increased 3.0 percent and employee benefits increased 2.9 percent. The increase in salaries and benefits is attributed to employee contract improvements.

Purchased services decreased by \$2,688,404 for contracted transportation services, due to a negotiated reduced rate of 85 percent being paid, due to the changing learning models throughout the fiscal year.

Supplies, materials, and equipment increased by \$5,600,305, or 25.7 percent, from the prior year. The increase can be mainly attributed to additional technology, personal protective equipment, ventilation, water filtration upgrades, and other various items purchased through Coronavirus Aid Relief and Economic Security (CARES) and Elementary and Secondary School Emergency Relief (ESSER) federal funds, due to the impact of COVID-19 in fiscal year 2021.

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



In fiscal year 2021, General Fund revenue and other financing sources were more than expenditures by \$8,098,848. Therefore, total fund balance increased to \$104,690,821 at June 30, 2021. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance decreased from \$81,696,260 at June 30, 2020 to \$77,400,156 at June 30, 2021.

The graph above is the single best measure of overall financial health. The unassigned fund balance of \$77,400,156 at June 30, 2021 represents 24.8 percent of annual expenditures, or 12.9 weeks of operations. The District closely monitors its fund balances.

General Fund Budgetary Highlights

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

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

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by \$6,333,453, reducing fund balance, the actual results for the year show an increase of \$8,098,848.

- Actual revenues were \$3,170,029 under budget, mainly due to federal sources being \$1,966,345 under budget, due to unspent and carried over funds to future fiscal years.
- Actual expenditures were \$12,602,320 under budget. Although the variance is comprised of numerous items, the main areas of savings were due to the impact of COVID-19 and cost containment of management and staff. In order to provide flexibility due to learning model changes, which were caused by COVID-19, budget capacity was maintained for the fiscal year 2021.
- Net other financing sources (uses) were \$5,000,010 over budget, due to the issuance of capital leases for technology and maintenance equipment, storage shed, security cameras, and card access readers in the current year.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures by \$10,859,025, resulting in a fund balance of \$25,068,151 at June 30, 2021. The increase is due to the issuance of 2020A General Obligation Facilities Maintenance and Refunding Bonds of \$22,060,000 and 2021A Certificates of Participation Bonds of \$8,715,000, along with the planned spend down in accordance with the long-term facilities maintenance and certificate of participation plans.

The Debt Service Fund revenue and other financing sources exceeded expenditures and other financing uses by \$1,219,981 in fiscal year 2021. The remaining fund balance of \$4,729,348 at June 30, 2021 is available for meeting future debt service obligations.

NONMAJOR FUNDS

Revenues exceeded expenditures in the nonmajor funds by \$1,873,959. The Food Service Special Revenue Fund had an increase in fund balance of \$1,298,853. This was more than budgeted, due to lower than projected expenditures for salaries and benefits, due to unfilled positions and unused budget capacity and less purchased food for the extended summer food service program, due to the impact of COVID-19. The Community Service Special Revenue Fund had an increase in fund balance of \$575,106, due to less participation in Kidstop programs for childcare, due to the impact of COVID-19. Beginning in March 2020, Kidstop programs in Minnesota were required to offer services to Tier 1 employees, due to the impact of COVID-19. 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 2021, the District operated a Dental Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured dental program. Net position in this fund decreased \$37,304, resulting in a net position of \$470,472 at June 30, 2021.

During fiscal year 2021, the District operated a Medical Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical program. Net position in this fund increased \$204,299, resulting in a net position of \$1,161,959 at June 30, 2021.

The Retirement Incentive Pay Internal Service Fund change in net position decreased \$908,835, resulting in a net position of \$1,742,514 at June 30, 2021. This decrease is attributed to payments made for severance expenses.

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

The Post-Employment Benefits Revocable Trust Internal Service Fund was established to fund Other Post-Employment Benefits (OPEB). This revocable trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2021, this fund had a net position of \$12,578,313. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated July 29, 2021, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations, based on actuarial estimates. The District has been strategic by prefunding a portion of this post-employment benefit liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid the future reductions of regular programming that would have been necessary to pay for these post-employment benefits.

CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

Capital Assets

By the end of fiscal year 2021, the District had invested \$613 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The major increase in capital assets can be attributed to various long-term facilities maintenance projects for fiscal year 2021. (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 \$12.4 million, as compared to a prior year depreciation expense of \$11.7 million.

Table 4
Capital Assets – Governmental Activities

	2021	2020	Total Percent Change 2021–2020
Land	\$ 8,973,417	\$ 8,973,417	–
Land improvements	40,328,214	36,093,707	11.7%
Buildings	540,626,000	523,127,725	3.3%
Furniture and equipment	12,731,843	11,271,723	13.0%
Construction in progress	10,357,558	9,853,572	5.1%
Less accumulated depreciation	<u>(219,686,496)</u>	<u>(207,337,772)</u>	6.0%
Total	<u>\$ 393,330,536</u>	<u>\$ 381,982,372</u>	3.0%

Debt Administration

At June 30, 2021, the District had bonded debt of \$168,965,000. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation equal to 15.0 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

	2021	2020	Total Percent Change
General obligation bonds and notes payable	\$ 150,885,000	\$ 146,965,000	2.7%
Certificates of participation	18,080,000	10,225,000	76.8%
Capital leases	6,466,474	4,374,530	47.8%
Unamortized premiums (discounts) on debt issued	4,845,267	5,547,562	(12.7%)
Net pension liability	217,737,115	190,468,926	14.3%
Post-employment severance benefits payable	5,701,981	6,384,319	(10.7%)
Total OPEB obligation	18,476,335	14,173,201	30.4%
Total	<u>\$ 422,192,172</u>	<u>\$ 378,138,538</u>	11.7%

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

Bond Ratings

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

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding debt is significantly below this limit, which is currently \$2,899,191,746.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature has added \$161, or 2.45 percent per pupil, to the formula for fiscal year 2022 and added \$135, or 2 percent per pupil, to the formula for fiscal year 2023. 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. Additionally, the effect of the COVID-19 pandemic on student enrollment and the state-wide economy will likely impact the financial condition of the District. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This ACFR 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.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	Governmental Activities	
	2021	2020
Assets		
Cash and temporary investments	\$ 185,813,896	\$ 160,882,333
Receivables		
Current taxes	49,759,910	51,234,440
Delinquent taxes	745,603	706,427
Accounts and interest	524,715	1,954,840
Due from other governmental units	22,970,854	22,390,276
Inventory	445,112	607,655
Prepaid items	—	100,428
Restricted assets – temporarily restricted		
Cash and investments for OPEB	29,052,608	26,230,179
Interest receivable for OPEB	254,315	224,957
Total restricted assets – temporarily restricted	29,306,923	26,455,136
Capital assets		
Not depreciated	19,330,975	18,826,989
Depreciated, net of accumulated depreciation	373,999,561	363,155,383
Total capital assets, net of accumulated depreciation	393,330,536	381,982,372
Total assets	682,897,549	646,313,907
Deferred outflows of resources		
OPEB plan deferments	5,071,861	1,099,848
Pension plan deferments – PERA and TRA	89,060,971	146,482,727
Total deferred outflows of resources	94,132,832	147,582,575
Total assets and deferred outflows of resources	\$ 777,030,381	\$ 793,896,482
Liabilities		
Salaries payable	\$ 2,362,313	\$ 535,478
Accounts and contracts payable	10,378,709	9,236,701
Due to other governmental units	1,249,949	2,052,577
Unearned revenue	435,260	265,498
Accrued interest payable	2,448,890	2,369,265
Long-term liabilities		
Due within one year	19,591,666	22,019,584
Due in more than one year	402,600,506	356,118,954
Total long-term liabilities	422,192,172	378,138,538
Total liabilities	439,067,293	392,598,057
Deferred inflows of resources		
Property taxes levied for subsequent year	94,866,569	95,608,110
OPEB plan deferments	2,609,342	3,188,890
Deferred gain on refunding	—	450,076
Pension plan deferments – PERA and TRA	152,716,139	226,100,344
Total deferred inflows of resources	250,192,050	325,347,420
Net position		
Net investment in capital assets	240,761,946	233,739,330
Restricted for		
Capital asset acquisition	7,892,036	7,863,182
Debt service	2,435,008	1,279,180
Food service	4,698,150	3,399,297
Community service	2,728,342	2,151,559
Other purposes (state funding restrictions)	2,635,666	2,582,371
Unrestricted	(173,380,110)	(175,063,914)
Total net position	87,771,038	75,951,005
Total liabilities, deferred inflows of resources, and net position	\$ 777,030,381	\$ 793,896,482

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Activities
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

Functions/Programs	2021				2020	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
					Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 12,618,772	\$ 143,657	\$ 83,588	\$ —	\$ (12,391,527)	\$ (11,754,980)
District support services	9,774,932	22,954	106,875	—	(9,645,103)	(9,602,328)
Elementary and secondary regular instruction	150,649,757	845,449	38,095,766	—	(111,708,542)	(120,375,747)
Vocational education instruction	3,506,547	—	173,970	—	(3,332,577)	(3,640,367)
Special education instruction	59,143,900	1,710	37,994,337	29,691	(21,118,162)	(23,189,185)
Instructional support services	34,930,503	386,157	7,559,650	—	(26,984,696)	(18,101,380)
Pupil support services	25,441,090	—	2,953,901	—	(22,487,189)	(21,820,583)
Sites and buildings	24,052,035	27,561	108,590	7,153,955	(16,761,929)	(11,774,115)
Fiscal and other fixed cost programs	612,385	—	—	—	(612,385)	(578,794)
Food service	10,579,695	246,038	12,699,919	—	2,366,262	(1,422,422)
Community service	12,283,972	4,227,651	5,558,342	—	(2,497,979)	(5,152,714)
Unallocated depreciation expense (excludes amounts directly allocated)	10,014,580	—	—	—	(10,014,580)	(9,336,423)
Interest and fiscal charges	3,781,858	—	—	—	(3,781,858)	(3,931,328)
Total governmental activities	<u>\$ 357,390,026</u>	<u>\$ 5,901,177</u>	<u>\$ 105,334,938</u>	<u>\$ 7,183,646</u>	(238,970,265)	(240,680,366)
General revenues						
Taxes						
Property taxes, levied for general purposes					75,604,475	77,069,829
Property taxes, levied for community service					3,059,339	2,964,636
Property taxes, levied for debt service					22,837,182	20,009,035
General grants and aids					144,806,099	143,538,316
Other general revenues					730,287	694,465
Investment earnings					3,752,916	5,144,231
Total general revenues					<u>250,790,298</u>	<u>249,420,512</u>
Change in net position					11,820,033	8,740,146
Net position – beginning					<u>75,951,005</u>	<u>67,210,859</u>
Net position – ending					<u>\$ 87,771,038</u>	<u>\$ 75,951,005</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Balance Sheet
Governmental Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 126,176,434	\$ 29,848,179	\$ 12,569,385
Receivables			
Current taxes	40,455,524	–	7,786,239
Delinquent taxes	561,277	–	162,405
Accounts and interest	303,715	341	–
Due from other governmental units	20,302,258	–	101,129
Inventory	310,730	–	–
Prepaid items	–	–	–
Total assets	<u>\$ 188,109,938</u>	<u>\$ 29,848,520</u>	<u>\$ 20,619,158</u>
Liabilities			
Salaries payable	\$ 1,817,930	\$ –	\$ –
Accounts and contracts payable	4,329,278	4,780,369	–
Due to other governmental units	535,155	–	–
Unearned revenue	137,850	–	–
Total liabilities	<u>6,820,213</u>	<u>4,780,369</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	76,063,108	–	15,735,260
Unavailable revenue – delinquent taxes	535,796	–	154,550
Total deferred inflows of resources	<u>76,598,904</u>	<u>–</u>	<u>15,889,810</u>
Fund balances			
Nonspendable	310,730	–	–
Restricted	11,169,237	25,068,151	4,729,348
Assigned	16,452,233	–	–
Unassigned	76,758,621	–	–
Total fund balances	<u>104,690,821</u>	<u>25,068,151</u>	<u>4,729,348</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 188,109,938</u>	<u>\$ 29,848,520</u>	<u>\$ 20,619,158</u>

Nonmajor Funds	Total Governmental Funds	
	2021	2020
\$ 7,475,261	\$ 176,069,259	\$ 149,899,241
1,518,147	49,759,910	51,234,440
21,921	745,603	706,427
169,935	473,991	1,907,841
2,567,467	22,970,854	22,390,276
134,382	445,112	607,655
—	—	100,428
<u>\$ 11,887,113</u>	<u>\$ 250,464,729</u>	<u>\$ 226,846,308</u>
\$ 544,383	\$ 2,362,313	\$ 535,478
550,627	9,660,274	8,707,714
—	535,155	1,214,353
297,410	435,260	265,498
<u>1,392,420</u>	<u>12,993,002</u>	<u>10,723,043</u>
3,068,201	94,866,569	95,608,110
20,894	711,240	673,050
<u>3,089,095</u>	<u>95,577,809</u>	<u>96,281,160</u>
134,382	445,112	708,083
7,271,216	48,237,952	33,805,744
—	16,452,233	3,926,582
—	76,758,621	81,401,696
<u>7,405,598</u>	<u>141,893,918</u>	<u>119,842,105</u>
<u>\$ 11,887,113</u>	<u>\$ 250,464,729</u>	<u>\$ 226,846,308</u>

OSSEO AREA SCHOOLS

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Our Mission

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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

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Total fund balances – governmental funds	\$ 141,893,918	\$ 119,842,105
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	613,017,032	589,320,144
Accumulated depreciation	(219,686,496)	(207,337,772)
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	(150,885,000)	(146,965,000)
Certificates of participation	(18,080,000)	(10,225,000)
Capital leases	(6,466,474)	(4,374,530)
Premium (discounts) on bonds	(4,845,267)	(5,547,562)
Net pension liability – PERA	(44,108,577)	(40,647,562)
Net pension liability – TRA	(173,628,538)	(149,821,364)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,448,890)	(2,369,265)
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.		
	15,953,258	13,471,454
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	89,060,971	146,482,727
Deferred inflows of resources – pension plans	(152,716,139)	(226,100,344)
Deferred inflows of resources – deferred gain on refunding	–	(450,076)
Deferred inflows of resources – delinquent property taxes	<u>711,240</u>	<u>673,050</u>
Total net position – governmental activities	<u>\$ 87,771,038</u>	<u>\$ 75,951,005</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 75,583,434	\$ –	\$ 22,821,710
Investment earnings	405,348	59,446	48,671
Other	4,080,860	–	–
State sources	216,103,073	–	1,011,298
Federal sources	19,421,504	–	–
Total revenue	315,594,219	59,446	23,881,679
Expenditures			
Current			
Administration	12,630,825	–	–
District support services	7,717,054	–	–
Elementary and secondary regular instruction	140,547,910	–	–
Vocational education instruction	3,509,057	–	–
Special education instruction	56,677,434	–	–
Instructional support services	34,912,873	–	–
Pupil support services	25,510,887	–	–
Sites and buildings	26,146,167	–	–
Fiscal and other fixed cost programs	612,385	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	20,105,238	–
Debt service			
Principal	3,768,066	–	17,335,000
Interest and fiscal charges	462,723	95,023	5,383,316
Total expenditures	312,495,381	20,200,261	22,718,316
Excess (deficiency) of revenue over expenditures	3,098,838	(20,140,815)	1,163,363
Other financing sources (uses)			
Debt issued	–	30,775,000	–
Refunding bonds issued	–	–	14,405,000
Premium on debt issued	–	224,840	861,618
Debt retirement from refunding bonds	–	–	(15,210,000)
Capital leases issued	5,000,010	–	–
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	5,000,010	30,999,840	56,618
Net change in fund balances	8,098,848	10,859,025	1,219,981
Fund balances			
Beginning of year	96,591,973	14,209,126	3,509,367
End of year	\$ 104,690,821	\$ 25,068,151	\$ 4,729,348

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2021	2020
\$ 3,057,662	\$ 101,462,806	\$ 100,328,694
19,876	533,341	2,833,396
5,388,647	9,469,507	17,114,579
4,460,101	221,574,472	224,158,572
13,067,135	32,488,639	15,891,453
<u>25,993,421</u>	<u>365,528,765</u>	<u>360,326,694</u>
—	12,630,825	12,045,309
—	7,717,054	7,631,179
—	140,547,910	143,989,921
—	3,509,057	3,888,466
—	56,677,434	55,159,242
—	34,912,873	23,051,707
—	25,510,887	25,060,178
—	26,146,167	27,088,116
—	612,385	578,794
11,023,452	11,023,452	11,756,680
12,342,444	12,342,444	18,413,160
753,566	20,858,804	25,628,871
—	21,103,066	20,491,339
—	5,941,062	7,140,795
<u>24,119,462</u>	<u>379,533,420</u>	<u>381,923,757</u>
1,873,959	(14,004,655)	(21,597,063)
—	30,775,000	—
—	14,405,000	—
—	1,086,458	—
—	(15,210,000)	—
—	5,000,010	1,299,565
—	—	1,050,000
—	—	(1,050,000)
<u>—</u>	<u>36,056,468</u>	<u>1,299,565</u>
1,873,959	22,051,813	(20,297,498)
<u>5,531,639</u>	<u>119,842,105</u>	<u>140,139,603</u>
<u>\$ 7,405,598</u>	<u>\$ 141,893,918</u>	<u>\$ 119,842,105</u>

OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds

Year Ended June 30, 2021

(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Total net change in fund balances – governmental funds	\$ 22,051,813	\$ (20,297,498)
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	23,796,878	33,145,871
Depreciation expense	(12,439,527)	(11,743,078)
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.	(9,187)	–
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	(36,465,000)	–
Certificates of participation	(8,715,000)	–
Capital leases	(5,000,010)	(1,299,565)
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.	2,481,804	2,787,027
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	33,405,000	17,535,000
Capital leases	2,908,066	2,956,339
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.	(79,625)	761,537
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.	702,295	1,907,840
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	(3,461,015)	1,419,814
Net pension liability – TRA	(23,807,174)	(2,307,301)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	(57,421,756)	(71,560,968)
Deferred inflows of resources – pension plans	73,384,205	55,180,232
Deferred inflows of resources – deferred gain on refunding	450,076	540,090
Deferred inflows of resources – delinquent property taxes	38,190	(285,194)
Change in net position – governmental activities	<u>\$ 11,820,033</u>	<u>\$ 8,740,146</u>

OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 64,413,996	\$ 75,227,730	\$ 75,583,434	\$ 355,704
Investment earnings	601,000	436,500	405,348	(31,152)
Other	2,187,604	4,969,080	4,080,860	(888,220)
State sources	205,946,644	216,743,089	216,103,073	(640,016)
Federal sources	—	21,387,849	19,421,504	(1,966,345)
Total revenue	273,149,244	318,764,248	315,594,219	(3,170,029)
Expenditures				
Current				
Administration	9,522,672	13,059,248	12,630,825	(428,423)
District support services	7,005,715	8,593,825	7,717,054	(876,771)
Elementary and secondary regular instruction	100,560,175	145,991,902	140,547,910	(5,443,992)
Vocational education instruction	3,088,824	3,855,215	3,509,057	(346,158)
Special education instruction	40,955,620	58,715,660	56,677,434	(2,038,226)
Instructional support services	14,031,336	33,379,416	34,912,873	1,533,457
Pupil support services	25,912,550	29,755,502	25,510,887	(4,244,615)
Sites and buildings	16,105,190	26,838,905	26,146,167	(692,738)
Fiscal and other fixed cost programs	55,858,488	675,919	612,385	(63,534)
Debt service				
Principal	4,460,030	3,768,066	3,768,066	—
Interest and fiscal charges	1,061,692	464,043	462,723	(1,320)
Total expenditures	278,562,292	325,097,701	312,495,381	(12,602,320)
Excess (deficiency) of revenue over expenditures	(5,413,048)	(6,333,453)	3,098,838	9,432,291
Other financing sources				
Capital leases issued	—	—	5,000,010	5,000,010
Net change in fund balances	\$ (5,413,048)	\$ (6,333,453)	8,098,848	\$ 14,432,301
Fund balances				
Beginning of year			96,591,973	
End of year			\$ 104,690,821	

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
 Governmental Activities
 Internal Service Funds
 as of June 30, 2021
 (With Partial Comparative Information as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and temporary investments	\$ 9,744,637	\$ 10,983,092
Cash and investments held by trustee	29,052,608	26,230,179
Accounts and interest receivable	<u>305,039</u>	<u>271,956</u>
Total assets	39,102,284	37,485,227
Deferred outflows of resources		
OPEB plan deferments	5,071,861	1,099,848
Liabilities		
Current liabilities		
Accounts and contracts payable	718,435	528,987
Due to other governmental units	714,794	838,224
Post-employment severance benefits payable	1,320,719	916,518
OPEB obligation	2,286,941	—
Long-term liabilities		
Post-employment severance benefits payable	4,381,262	5,467,801
OPEB obligation	<u>16,189,394</u>	<u>14,173,201</u>
Total liabilities	25,611,545	21,924,731
Deferred inflows of resources		
OPEB plan deferments	<u>2,609,342</u>	<u>3,188,890</u>
Net position		
Restricted for employee benefits	12,578,313	9,354,669
Unrestricted	<u>3,374,945</u>	<u>4,116,785</u>
Total net position	<u><u>\$ 15,953,258</u></u>	<u><u>\$ 13,471,454</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenses, and Changes in Net Position
 Governmental Activities
 Internal Service Funds
 Year Ended June 30, 2021
 (With Comparative Information for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 8,382,528	\$ 7,465,826
Operating expenses		
Dental benefit claims	1,937,287	1,654,867
Medical benefit claims	5,778,813	5,306,032
Post-employment severance benefits	937,831	477,946
OPEB	466,368	(449,211)
Total operating expenses	<u>9,120,299</u>	<u>6,989,634</u>
Operating income (loss)	(737,771)	476,192
Nonoperating revenue		
Investment earnings	<u>3,219,575</u>	<u>2,310,835</u>
Change in net position	2,481,804	2,787,027
Net position		
Beginning of year	<u>13,471,454</u>	<u>10,684,427</u>
End of year	<u><u>\$ 15,953,258</u></u>	<u><u>\$ 13,471,454</u></u>

OSSEO AREA SCHOOLS

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, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 8,378,803	\$ 7,454,907
Payments for dental claims	(1,897,839)	(1,688,711)
Payments for medical claims	(5,628,813)	(5,206,032)
Post-employment severance and OPEB benefit payments	<u>(2,458,394)</u>	<u>(2,022,662)</u>
Net cash flows from operating activities	(1,606,243)	(1,462,498)
Cash flows from investing activities		
Investment income received	<u>3,190,217</u>	<u>2,298,213</u>
Net change in cash and cash equivalents	1,583,974	835,715
Cash and cash equivalents		
Beginning of year	<u>37,213,271</u>	<u>36,377,556</u>
End of year	<u><u>\$ 38,797,245</u></u>	<u><u>\$ 37,213,271</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (737,771)	\$ 476,192
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(3,725)	(10,919)
Deferred outflows of resources	(3,972,013)	(296,443)
Accounts and contracts payable	189,448	66,156
Due to other governmental units	(123,430)	34,819
Post-employment severance benefits payable	(682,338)	(741,312)
Total OPEB obligation	4,303,134	(411,443)
Deferred inflows of resources	<u>(579,548)</u>	<u>(579,548)</u>
Net cash flows from operating activities	<u><u>\$ (1,606,243)</u></u>	<u><u>\$ (1,462,498)</u></u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 9,744,637	\$ 10,983,092
Cash and investments held by trustee	<u>29,052,608</u>	<u>26,230,179</u>
Total cash and cash equivalents	<u><u>\$ 38,797,245</u></u>	<u><u>\$ 37,213,271</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Fiduciary Net Position
as of June 30, 2021

Assets	
Cash and temporary investments	\$ 1,771,441
Liabilities	
Salaries payable	2,222
Accounts and contracts payable	<u>5,638</u>
Total liabilities	<u>7,860</u>
Net position	
Restricted for local collaborative time study	1,182,203
Restricted for Northwest Family Service Center	<u>581,378</u>
Total net position	<u>\$ 1,763,581</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

Additions	
Investment earnings	\$ 4,710
Rents	283,817
Grants	549,284
Total additions	<u>837,811</u>
Deductions	
Elementary and secondary regular instruction	
Salaries	135,892
Employee benefits	39,368
Purchased services	330,686
Supplies and materials	1,257
Other expenditures	256
Total elementary and secondary regular instruction	<u>507,459</u>
Sites and buildings	
Purchased services	285,928
Supplies and materials	29,669
Total sites and buildings	<u>315,597</u>
Total deductions	<u>823,056</u>
Net change in fiduciary net position	14,755
Net position	
Beginning of year	<u>1,748,826</u>
End of year	<u><u>\$ 1,763,581</u></u>

OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Basic Financial Statements June 30, 2021

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.

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type including the District’s custodial funds. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, post-employment severance benefits, other post-employment health benefits, compensated absences, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds within the applicable functional areas.

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

Description of Funds

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

Major Governmental Funds

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

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

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

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

Nonmajor Governmental Funds

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

Fiduciary Funds

Custodial Funds – The custodial 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 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 Expenditure Account by \$4,480,315. The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

F. Cash and Investments

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

G. Receivables

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

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$5,693,341 of the property tax levy collectible in 2021 as revenue to the District in fiscal year 2021. The remaining portion of the taxes collectible in 2021 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

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

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

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

L. Accounts and Contracts Payable

At year end, accounts and contracts payable are \$5,768,241 and \$4,610,468, respectively, within the Statement of Net Position.

M. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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.

N. 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.

O. Sick Pay

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Post-Employment Severance Benefits

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

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

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 127 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

Q. State-Wide Pension Plans

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

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

R. Risk Management

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2020	\$ 162,831	\$ 1,654,867	\$ 1,688,711	\$ 128,987
2021	\$ 128,987	\$ 1,937,287	\$ 1,897,839	\$ 168,435

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2020	\$ 300,000	\$ 5,306,032	\$ 5,206,032	\$ 400,000
2021	\$ 400,000	\$ 5,778,813	\$ 5,628,813	\$ 550,000

S. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

T. Statement of Cash Flows

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

U. 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."

V. Net Position

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Fund Balance Classifications

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

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

X. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2021, the unassigned fund balance of the General Fund – Operating Account was 26.8 percent of the fiscal 2021 General Fund Operating Account expenditures.

Y. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, 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.

Z. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 12,363,202
Investments	204,270,793
Cash on hand	<u>3,950</u>
Total	<u><u>\$ 216,637,945</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 185,813,896
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	29,052,608
Statement of Fiduciary Net Position – Custodial Funds	
Cash and temporary investments	<u>1,771,441</u>
Total	<u><u>\$ 216,637,945</u></u>

B. Deposits

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

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$12,363,202, while the balance on the bank records was \$12,363,200. At June 30, 2021, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
U.S. government agencies	AA	S&P	Level 2	\$ –	\$ 1,128,219	\$ 308,056	\$ 373,839	\$ 1,810,114
Municipal bonds	AAA	S&P	Level 2	\$ –	\$ 103,795	\$ 320,691	\$ 1,007,723	1,432,209
Municipal bonds	Aaa	Moody's	Level 2	\$ –	\$ –	\$ –	\$ 224,068	224,068
Municipal bonds	AA	S&P	Level 2	\$ –	\$ 533,857	\$ 806,241	\$ 102,151	1,442,249
Municipal bonds	Aa	Moody's	Level 2	\$ –	\$ 268,500	\$ 595,414	\$ 258,013	1,121,927
Municipal bonds	A	S&P	Level 2	\$ –	\$ –	\$ –	\$ 327,388	327,388
Municipal bonds	A	Moody's	Level 2	\$ –	\$ –	\$ 540,133	\$ 654,846	1,194,979
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ –	\$ 569,632	569,632
Corporate obligations	AA	S&P	Level 1	\$ 311,307	\$ –	\$ –	\$ 789,690	1,100,997
Corporate obligations	A	S&P	Level 1	\$ 1,041,805	\$ 1,012,931	\$ 1,004,404	\$ 2,436,202	5,495,342
Corporate obligations	A	Moody's	Level 1	\$ –	\$ 813,798	\$ 395,016	\$ 643,584	1,852,398
Corporate obligations	Baa	Moody's	Level 1	\$ –	\$ 266,881	\$ 315,990	\$ 357,734	940,605
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 319,299	\$ 1,448,548	\$ 647,448	2,415,295
Exchange Traded Fund	N/A	N/A	Level 2	N/A	N/A	N/A	N/A	8,600,849
Negotiable certificates of deposit	N/A	N/A	Level 2	\$ 988,422	\$ –	\$ –	\$ –	988,422
Investment pools/mutual funds								
MNTrust Investment Term Series	N/R	N/A	Amortized Cost	\$ 29,000,000	N/A	N/A	N/A	29,000,000
Minnesota School District Liquid Asset Fund (MSDLAF)	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	4,668,830
First American Government Obligation Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	9,000,922
MSDLAF Investment Term Series	AAA	Fitch	Amortized Cost	\$ 30,000,000	N/A	N/A	N/A	30,000,000
Goldman Sachs Financial Square Prime Obligations Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	24,555
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	102,060,012
Total investments								<u>\$ 204,270,793</u>

N/R – Not Rated

N/A – Not Applicable

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

For MNTrust accounts and MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class. Within MSDLAF, the redemption notice period is 14 days for the MAX Class and early redemption will likely cause a penalty. Within MNTrust, the redemption notice period is 7 days for the Term Series and early redemption will likely cause a penalty. MSDLAF Investment Term Series has a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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%

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy does not further address concentration risk.

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

NOTE 3 – CAPITAL ASSETS

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

	Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 8,973,417	\$ –	\$ –	\$ –	\$ 8,973,417
Construction in progress	9,853,572	17,196,583	–	(16,692,597)	10,357,558
Total capital assets, not depreciated	18,826,989	17,196,583	–	(16,692,597)	19,330,975
Capital assets, depreciated					
Land improvements	36,093,707	492,225	–	3,742,282	40,328,214
Buildings	523,127,725	4,547,960	–	12,950,315	540,626,000
Furniture and equipment	11,271,723	1,560,110	(99,990)	–	12,731,843
Total capital assets, depreciated	570,493,155	6,600,295	(99,990)	16,692,597	593,686,057
Less accumulated depreciation for					
Land improvements	(22,062,998)	(1,182,408)	–	–	(23,245,406)
Buildings	(177,848,977)	(10,615,605)	–	–	(188,464,582)
Furniture and equipment	(7,425,797)	(641,514)	90,803	–	(7,976,508)
Total accumulated depreciation	(207,337,772)	(12,439,527)	90,803	–	(219,686,496)
Net capital assets, depreciated	363,155,383	(5,839,232)	(9,187)	16,692,597	373,999,561
Total capital assets, net	\$ 381,982,372	\$ 11,357,351	\$ (9,187)	\$ –	\$ 393,330,536

NOTE 3 – CAPITAL ASSETS (CONTINUED)

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

Administration	\$ 747
District support services	2,075,873
Elementary and secondary regular instruction	28,066
Vocational education instruction	9,614
Special education instruction	10,292
Community service	37,836
Instructional support services	33,227
Pupil support services	4,861
Food service	224,431
Unallocated depreciation expense	<u>10,014,580</u>
Total depreciation expense	<u>\$ 12,439,527</u>

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					
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	\$ 5,770,000	02/01/2029	\$ 3,365,000
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	615,000
2016A Facilities Maintenance Bonds	11/16/2016	2.75%–4.00%	\$ 50,745,000	02/01/2032	50,745,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	\$ 43,340,000	02/01/2037	43,340,000
2018C Alternative Facilities Refunding Bonds	11/15/2018	5.00%	\$ 8,390,000	02/01/2022	4,360,000
2018D Taxable OPEB Refunding Bonds	11/15/2018	2.85%–3.05%	\$ 7,680,000	02/01/2022	2,640,000
2020A G.O. Facilities Maintenance and Refunding Bonds	11/12/2020	1.50%–2.00%	\$ 36,465,000	02/01/2038	<u>36,465,000</u>
Total general obligation bonds and notes					<u>\$ 150,885,000</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	\$ 9,365,000
2021A Certificates of Participaton	02/18/2021	1.00%–3.00%	\$ 8,715,000	04/01/2036	<u>8,715,000</u>
Total Certificates of Participation					<u>\$ 18,080,000</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

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 November 2020, the District issued \$36,465,000 of General Obligation Facilities and Refunding bonds, Series 2020A. A portion of the proceeds of this issue and a portion of the interest earned thereon were used to refund, in advance of their stated maturities, the 2022 through 2023 maturities of the District's 2011A and 2013A bonds totaling \$8,685,000 and \$6,525,000 on February 1, 2021. This current refunding will reduce the District's total future debt service payments by approximately \$595,565 and will result in present value savings of approximately \$574,755.

Certificates of Participation – In November 2014 and February 2021, the District sold \$14,085,000 and \$8,715,000 respectively of certificates of participation to finance construction at various District 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 and Debt Service Funds.

Capital Leases Payable – The District entered into capital lease agreements to finance equipment purchases, which call for monthly principal and interest payments through July 2024 with interest rates ranging from 1.33 percent to 4.10 percent. These leases are paid by the General Fund. Amortization of the leased equipment required to be capitalized is included in depreciation. At June 30, 2021, the capitalized assets under capital lease have been recorded at \$1,727,104 (the present value of future minimum lease payments as of the inception dates of the leases). The accumulated amortization on these capitalized assets under capital leases was \$776,766.

Failure by the District to pay any payments under these agreements, or upon the occurrence of a continuation of an event of default, the lender, without any further demand or notice, may take one or any combination of the following steps: 1) with or without terminating the agreement, may declare all payments due, or become due, during the fiscal year in effect when the default occurs; 2) may repossess the leased assets by giving the District written notice to surrender the leased assets and; 3) will thereafter use its best efforts to sell or lease its interest in the leased assets, or any portion thereof, in a commercially reasonable manner, in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in these agreements.

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

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2021:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 44,108,577	\$ 4,776,490	\$ 2,481,362	\$ 1,694,583
State-wide, multiple-employer – TRA	173,628,538	84,284,481	150,234,777	26,033,904
Total	<u>\$ 217,737,115</u>	<u>\$ 89,060,971</u>	<u>\$ 152,716,139</u>	<u>\$ 27,728,487</u>

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
2022	\$ 11,855,000	\$ 5,129,123	\$ 1,415,000	\$ 562,202	\$ 2,714,006	\$ 39,462
2023	11,815,000	4,468,238	1,415,000	488,988	2,082,448	51,286
2024	7,360,000	4,064,013	1,470,000	437,338	1,670,020	22,205
2025	6,490,000	3,843,213	1,520,000	383,638	–	–
2026	7,515,000	3,615,313	1,575,000	328,088	–	–
2027–2031	43,500,000	13,676,525	7,510,000	770,550	–	–
2032–2036	49,830,000	6,761,850	3,175,000	131,455	–	–
2037–2038	12,520,000	432,694	–	–	–	–
	<u>\$ 150,885,000</u>	<u>\$ 41,990,967</u>	<u>\$ 18,080,000</u>	<u>\$ 3,102,257</u>	<u>\$ 6,466,474</u>	<u>\$ 112,954</u>

E. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
General obligation bonds and notes	\$ 146,965,000	\$ 36,465,000	\$ 32,545,000	\$ 150,885,000	\$ 11,855,000
Certificates of participation	10,225,000	8,715,000	860,000	18,080,000	1,415,000
Capital leases	4,374,530	5,000,010	2,908,066	6,466,474	2,714,006
Unamortized premiums (discounts)					
on debt issued	5,547,562	1,086,458	1,788,753	4,845,267	–
Net pension liability	190,468,926	43,212,018	15,943,829	217,737,115	–
Post-employment severance benefits payable	6,384,319	842,392	1,524,730	5,701,981	1,320,719
Total OPEB obligation	<u>14,173,201</u>	<u>4,303,134</u>	<u>–</u>	<u>18,476,335</u>	<u>2,286,941</u>
	<u>\$ 378,138,538</u>	<u>\$ 99,624,012</u>	<u>\$ 55,570,378</u>	<u>\$ 422,192,172</u>	<u>\$ 19,591,666</u>

NOTE 5 – FUND BALANCES

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

A. Classifications

At June 30, 2021, 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	\$ 310,730	\$ –	\$ –	\$ 134,382	\$ 445,112
Restricted					
Student activities	292,122	–	–	–	292,122
Operating capital	8,533,571	–	–	–	8,533,571
Gifted and talented	190,031	–	–	–	190,031
Achievement and integration	244,689	–	–	–	244,689
Safe schools crime levy	296,374	–	–	–	296,374
Basic skills extended time programs	762,509	–	–	–	762,509
Medical Assistance	849,941	–	–	–	849,941
Certificates of participation	–	7,202,253	–	–	7,202,253
Long-term facilities maintenance	–	17,854,577	–	–	17,854,577
Capital notes	–	11,321	–	–	11,321
Food service	–	–	–	4,563,768	4,563,768
Community education	–	–	–	835,665	835,665
Early childhood family education programs	–	–	–	1,354,159	1,354,159
School readiness	–	–	–	513,003	513,003
Adult basic education	–	–	–	4,621	4,621
General debt service	–	–	4,123,272	–	4,123,272
OPEB bonds debt service	–	–	606,076	–	606,076
Total restricted	11,169,237	25,068,151	4,729,348	7,271,216	48,237,952
Assigned					
Subsequent year budget	15,952,233	–	–	–	15,952,233
Strategic priorities	500,000	–	–	–	500,000
Total assigned	16,452,233	–	–	–	16,452,233
Unassigned					
Unassigned – long-term facilities maintenance restricted account deficit	(641,535)	–	–	–	(641,535)
Unassigned	77,400,156	–	–	–	77,400,156
Total unassigned	76,758,621	–	–	–	76,758,621
Total	\$ 104,690,821	\$ 25,068,151	\$ 4,729,348	\$ 7,405,598	\$ 141,893,918

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

A. Plan Description

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

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

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

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

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

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled \$714,795 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

C. Membership

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

Retirees and beneficiaries receiving benefits	199
Active plan members	<u>2,802</u>
Total members	<u><u>3,001</u></u>

F. Total OPEB Liability of the District

The District's total OPEB liability of \$18,476,335 at year-end was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.45%
20-year municipal bond yield	2.45%
Inflation rate	2.25%
Healthcare cost trend rate	6.70% grading to 3.80% over 55 years

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

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

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 14,173,201
Changes for the year	
Service cost	792,980
Interest	438,714
Differences between expected and actual experience	3,745,353
Changes of assumptions	997,623
Changes in benefit terms	227,952
Benefit payments	(1,899,488)
Total net changes	<u>4,303,134</u>
Ending balance	<u><u>\$ 18,476,335</u></u>

Assumption changes and changes in benefit terms since the prior measurement date include the following:

- The discount rate was changed from 3.13 percent to 2.45 percent.
- The general inflation rate was changed from 2.50 percent to 2.25 percent.
- The healthcare cost trend rate was changed to 6.70 percent, grading to 3.80 percent over 55 years.
- The Teacher explicit subsidy contribution was revised based on updated contract information.

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	1.45%	2.45%	3.45%
Total OPEB liability	\$ 19,275,208	\$ 18,476,335	\$ 17,682,736

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.70% decreasing to 2.80% over 55 years	6.70% decreasing to 3.80% over 55 years	7.70% decreasing to 4.80% over 55 years
Total OPEB liability	\$ 17,305,362	\$ 18,476,335	\$ 19,809,186

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)**H. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources**

For the current year ended, the District recognized OPEB expense of a \$466,368. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ 3,265,180	\$ 684,448
Change of assumptions	1,091,886	1,924,894
District's contributions to the OPEB subsequent to the measurement date	<u>714,795</u>	<u>—</u>
Total	<u><u>\$ 5,071,861</u></u>	<u><u>\$ 2,609,342</u></u>

A total of \$714,795 reported as deferred outflows of resources related to district contributions for OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022.

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

Year Ending June 30,	OPEB Expense Amount
2022	\$ 67,986
2023	67,986
2024	67,986
2025	93,912
2026	330,458
Thereafter	<u>1,119,396</u>
	<u><u>\$ 1,747,724</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 (IRC).

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan (DCP) administered by Minnesota State.

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2021, were \$3,709,133. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2019		2020		2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.71 %	11.00 %	11.92 %	11.00 %	12.13 %
Coordinated Plan	7.50 %	7.71 %	7.50 %	7.92 %	7.50 %	8.13 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were \$11,324,179. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	\$ 425,223
Add employer contributions not related to future contribution efforts	(56)
Deduct the TRA's contributions not included in allocation	(508)
Total employer contributions	424,659
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	\$ 460,246

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2021, the District reported a liability of \$44,108,577 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$1,360,176. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.7357 percent at the end of the measurement period and 0.7352 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 44,108,577
State's proportionate share of the net pension liability associated with the District	1,360,176
Total	\$ 45,468,753

For the year ended June 30, 2021, the District recognized pension expense of \$1,576,206 for its proportionate share of the GERF's pension expense. In addition, the District recognized \$118,377 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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

At June 30, 2021, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 402,391	\$ 166,886
Changes in actuarial assumptions	–	1,649,790
Net collective difference		
between projected and actual investment earnings	644,233	–
Changes in proportion	20,733	664,686
District's contributions to the GERF subsequent to the measurement date	3,709,133	–
Total	<u>\$ 4,776,490</u>	<u>\$ 2,481,362</u>

A total of \$3,709,133 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ (2,944,278)
2023	\$ (380,882)
2024	\$ 845,477
2025	\$ 1,065,678

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of \$173,628,538 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2020, 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 2.3501 percent at the end of the measurement period and 2.3505 percent for the beginning of the period.

The pension liability amount reflected a reduction, due to direct aid provided to the TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 173,628,538
State's proportionate share of the net pension liability associated with the District	<u>14,550,315</u>
Total	<u>\$ 188,178,853</u>

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

For the year ended June 30, 2021, the District recognized pension expense of \$24,700,997. It also recognized \$1,332,907 as an increase to pension expense for the support provided by direct aid.

At June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,481,955	\$ 2,640,540
Changes in actuarial assumptions	60,702,938	145,856,275
Net difference between projected and actual investment earnings on pension plan investments	2,650,154	—
Changes in proportion	6,125,255	1,737,962
District's contributions to the TRA subsequent to the measurement date	11,324,179	—
Total	<u>\$ 84,284,481</u>	<u>\$ 150,234,777</u>

A total of \$11,324,179 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 4,275,173
2023	\$ (49,950,439)
2024	\$ (36,239,741)
2025	\$ 3,922,255
2026	\$ 718,277

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality Table for the GERF Plan and the RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2020 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERS plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

1. GERS

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Employer contribution rate increased from 7.92 percent to 8.13 percent in July 2020.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30 %
Cash equivalents	2.00	– %
Total	100.00 %	

F. Discount Rate

1. GERP

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERP was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 70,690,750	\$ 44,108,577	\$ 22,180,421
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 265,823,454	\$ 173,628,538	\$ 97,664,586

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org.

Detailed information about the plan's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

NOTE 8 – FLEXIBLE BENEFIT PLAN

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

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

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

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

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

NOTE 9 – LEASE ARRANGEMENTS

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$344,158 for operating leases during the year ended June 30, 2021. These leases are scheduled to expire on various dates through 2023. 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
2022	\$ 85,210
2023	87,340
	<u>\$ 172,550</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, 2021, the District had commitments totaling \$15,991,897 million under various construction contracts for which the work was not yet completed.

D. COVID-19

The COVID-19 pandemic has caused numerous financial and operation challenges for districts in fiscal 2021, and is expected to have a significant impact for fiscal 2022 and possibly beyond. Any potential effects it may have on the District's future operations and financial condition cannot be determined at this time and have not been reflected in these financial statements.

OSSEO AREA SCHOOLS

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

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.7950%	\$ 37,345,117	\$ —	\$ 37,345,117	\$ 41,705,669	89.54%	78.70%
06/30/2016	06/30/2015	0.7414%	\$ 38,423,195	\$ —	\$ 38,423,195	\$ 42,823,653	89.72%	78.20%
06/30/2017	06/30/2016	0.7462%	\$ 60,587,736	\$ 791,251	\$ 61,378,987	\$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	\$ 48,505,128	\$ 609,916	\$ 49,115,044	\$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	\$ 42,067,376	\$ 1,379,755	\$ 43,447,131	\$ 50,835,205	82.75%	79.50%
06/30/2020	06/30/2019	0.7352%	\$ 40,647,562	\$ 1,263,278	\$ 41,910,840	\$ 52,027,292	78.13%	80.20%
06/30/2021	06/30/2020	0.7357%	\$ 44,108,575	\$ 1,360,176	\$ 45,468,753	\$ 52,432,906	84.12%	79.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 3,211,774	\$ 3,211,774	\$ —	\$ 42,823,653	7.50%
06/30/2016	\$ 3,460,530	\$ 3,460,530	\$ —	\$ 46,140,396	7.50%
06/30/2017	\$ 3,667,745	\$ 3,667,745	\$ —	\$ 48,899,109	7.50%
06/30/2018	\$ 3,813,782	\$ 3,813,782	\$ —	\$ 50,835,205	7.50%
06/30/2019	\$ 3,902,412	\$ 3,902,412	\$ —	\$ 52,027,292	7.50%
06/30/2020	\$ 3,932,259	\$ 3,932,259	\$ —	\$ 52,432,906	7.50%
06/30/2021	\$ 3,709,133	\$ 3,709,133	\$ —	\$ 49,455,038	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	2.4605%	\$113,378,068	\$ 7,976,017	\$121,354,085	\$112,313,831	101.00%	81.50%
06/30/2016	06/30/2015	2.2895%	\$141,628,218	\$ 17,371,855	\$159,000,073	\$116,202,693	121.88%	76.80%
06/30/2017	06/30/2016	2.2898%	\$546,171,934	\$ 54,820,624	\$600,992,558	\$119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	\$472,256,596	\$ 45,651,630	\$517,908,226	\$127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	\$147,514,063	\$ 13,859,624	\$161,373,687	\$129,737,193	113.70%	78.07%
06/30/2020	06/30/2019	2.3505%	\$149,821,364	\$ 13,258,675	\$163,080,039	\$133,428,902	112.29%	78.21%
06/30/2021	06/30/2020	2.3501%	\$173,628,538	\$ 14,550,315	\$188,178,853	\$136,565,103	127.14%	75.48%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 8,713,050	\$ 8,713,050	\$ —	\$116,202,693	7.50%
06/30/2016	\$ 8,933,896	\$ 8,933,896	\$ —	\$119,107,808	7.50%
06/30/2017	\$ 9,552,598	\$ 9,552,598	\$ —	\$127,198,277	7.51%
06/30/2018	\$ 9,734,349	\$ 9,734,349	\$ —	\$129,737,193	7.50%
06/30/2019	\$ 10,294,789	\$ 10,294,789	\$ —	\$133,428,902	7.72%
06/30/2020	\$ 10,815,614	\$ 10,815,614	\$ —	\$136,565,103	7.92%
06/30/2021	\$ 11,324,179	\$ 11,324,179	\$ —	\$139,314,570	8.13%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2021

	District Fiscal Year-End Date			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 1,361,945	\$ 1,207,403	\$ 701,553	\$ 792,980
Interest	558,450	662,144	518,383	438,714
Differences between expected and actual experience	—	(1,127,935)	—	3,745,353
Changes of assumptions	(584,138)	(2,712,171)	301,086	997,623
Changes of benefit terms	—	—	—	227,952
Benefit payments	(2,047,574)	(1,990,043)	(1,932,465)	(1,899,488)
Net change in total OPEB liability	(711,317)	(3,960,602)	(411,443)	4,303,134
Total OPEB liability – beginning of year	19,256,563	18,545,246	14,584,644	14,173,201
Total OPEB liability – end of year	<u>\$ 18,545,246</u>	<u>\$ 14,584,644</u>	<u>\$ 14,173,201</u>	<u>\$ 18,476,335</u>
Covered-employee payroll	<u>\$130,286,782</u>	<u>\$158,757,096</u>	<u>\$167,369,946</u>	<u>\$173,754,599</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>14.23%</u>	<u>9.19%</u>	<u>8.47%</u>	<u>10.63%</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information
June 30, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)
June 30, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)
June 30, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)
June 30, 2021

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)
June 30, 2021

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information (continued)
June 30, 2021

OTHER POST-EMPLOYMENT BENEFIT PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 CHANGES IN BENEFIT TERMS

- The Teacher explicit subsidy contribution was revised based on updated contract information.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent.

SUPPLEMENTAL INFORMATION

OSSEO AREA SCHOOLS

ISD  279

Our Mission

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

NONMAJOR GOVERNMENTAL FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds

Combining Balance Sheet

as of June 30, 2021

(With Partial Comparative Information as of June 30, 2020)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2021	2020
Assets				
Cash and temporary investments	\$ 2,907,164	\$ 4,568,097	\$ 7,475,261	\$ 6,600,278
Receivables				
Current taxes	—	1,518,147	1,518,147	1,531,513
Delinquent taxes	—	21,921	21,921	20,195
Accounts and interest	—	169,935	169,935	35,933
Due from other governmental units	2,254,458	313,009	2,567,467	1,017,903
Inventory	134,382	—	134,382	184,505
Total assets	<u>\$ 5,296,004</u>	<u>\$ 6,591,109</u>	<u>\$ 11,887,113</u>	<u>\$ 9,390,327</u>
Liabilities				
Salaries payable	\$ 49,317	\$ 495,066	\$ 544,383	\$ 292,382
Accounts and contracts payable	337,527	213,100	550,627	288,269
Unearned revenue	211,010	86,400	297,410	265,498
Total liabilities	<u>597,854</u>	<u>794,566</u>	<u>1,392,420</u>	<u>846,149</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	—	3,068,201	3,068,201	2,993,322
Unavailable revenue – delinquent taxes	—	20,894	20,894	19,217
Total deferred inflows of resources	<u>—</u>	<u>3,089,095</u>	<u>3,089,095</u>	<u>3,012,539</u>
Fund balances				
Nonspendable for inventory	134,382	—	134,382	184,505
Restricted	4,563,768	2,707,448	7,271,216	5,347,134
Total fund balances	<u>4,698,150</u>	<u>2,707,448</u>	<u>7,405,598</u>	<u>5,531,639</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,296,004</u>	<u>\$ 6,591,109</u>	<u>\$ 11,887,113</u>	<u>\$ 9,390,327</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2021	2020
Revenue				
Local sources				
Property taxes	\$ —	\$ 3,057,662	\$ 3,057,662	\$ 2,972,809
Investment earnings	8,753	11,123	19,876	135,766
Other	360,744	5,027,903	5,388,647	12,885,971
State sources	85,561	4,374,540	4,460,101	4,872,286
Federal sources	12,499,653	567,482	13,067,135	6,261,004
Total revenue	12,954,711	13,038,710	25,993,421	27,127,836
Expenditures				
Current				
Food service	11,023,452	—	11,023,452	11,756,680
Community service	—	12,342,444	12,342,444	18,413,160
Capital outlay	632,406	121,160	753,566	551,342
Total expenditures	11,655,858	12,463,604	24,119,462	30,721,182
Excess (deficiency) of revenue over expenditures	1,298,853	575,106	1,873,959	(3,593,346)
Other financing sources				
Transfers in	—	—	—	1,050,000
Net change in fund balances	1,298,853	575,106	1,873,959	(2,543,346)
Fund balances				
Beginning of year	3,399,297	2,132,342	5,531,639	8,074,985
End of year	\$ 4,698,150	\$ 2,707,448	\$ 7,405,598	\$ 5,531,639

OSSEO AREA SCHOOLS

ISD  279

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INDIVIDUAL FUND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 2,907,164	\$ 3,275,849
Receivables		
Accounts and interest	—	(164)
Due from other governmental units	2,254,458	419,154
Inventory	<u>134,382</u>	<u>184,505</u>
Total assets	<u><u>\$ 5,296,004</u></u>	<u><u>\$ 3,879,344</u></u>
Liabilities		
Salaries payable	\$ 49,317	\$ 46,264
Accounts and contracts payable	337,527	168,285
Unearned revenue	<u>211,010</u>	<u>265,498</u>
Total liabilities	597,854	480,047
Fund balances		
Nonspendable for inventory	134,382	184,505
Restricted	<u>4,563,768</u>	<u>3,214,792</u>
Total fund balances	<u><u>4,698,150</u></u>	<u><u>3,399,297</u></u>
Total liabilities and fund balances	<u><u>\$ 5,296,004</u></u>	<u><u>\$ 3,879,344</u></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, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 18,500	\$ 8,753	\$ (9,747)	\$ 76,760
Other – primarily meal sales	199,023	360,744	161,721	3,780,177
State sources	—	85,561	85,561	475,625
Federal sources	12,455,162	12,499,653	44,491	6,109,378
Total revenue	<u>12,672,685</u>	<u>12,954,711</u>	<u>282,026</u>	<u>10,441,940</u>
Expenditures				
Current				
Salaries	4,471,728	4,293,608	(178,120)	4,616,433
Employee benefits	1,492,563	1,366,055	(126,508)	1,419,220
Purchased services	631,050	580,175	(50,875)	473,611
Supplies and materials	5,071,112	4,707,459	(363,653)	5,121,186
Other expenditures	117,515	76,155	(41,360)	126,230
Capital outlay	713,734	632,406	(81,328)	359,899
Total expenditures	<u>12,497,702</u>	<u>11,655,858</u>	<u>(841,844)</u>	<u>12,116,579</u>
Net change in fund balances	<u>\$ 174,983</u>	1,298,853	<u>\$ 1,123,870</u>	(1,674,639)
Fund balances				
Beginning of year		<u>3,399,297</u>		<u>5,073,936</u>
End of year		<u>\$ 4,698,150</u>		<u>\$ 3,399,297</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 4,568,097	\$ 3,324,429
Receivables		
Current taxes	1,518,147	1,531,513
Delinquent taxes	21,921	20,195
Accounts and interest	169,935	36,097
Due from other governmental units	<u>313,009</u>	<u>598,749</u>
Total assets	<u><u>\$ 6,591,109</u></u>	<u><u>\$ 5,510,983</u></u>
Liabilities		
Salaries payable	\$ 495,066	\$ 246,118
Accounts and contracts payable	213,100	119,984
Unearned revenue	<u>86,400</u>	<u>—</u>
Total liabilities	<u>794,566</u>	<u>366,102</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	3,068,201	2,993,322
Unavailable revenue – delinquent taxes	<u>20,894</u>	<u>19,217</u>
Total deferred inflows of resources	<u>3,089,095</u>	<u>3,012,539</u>
Fund balances		
Restricted for community education programs	835,665	49,420
Restricted for early childhood family education programs	1,354,159	1,376,612
Restricted for school readiness	513,003	701,689
Restricted for adult basic education	<u>4,621</u>	<u>4,621</u>
Total fund balances	<u><u>2,707,448</u></u>	<u><u>2,132,342</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 6,591,109</u></u>	<u><u>\$ 5,510,983</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 3,030,041	\$ 3,057,662	\$ 27,621	\$ 2,972,809
Investment earnings	14,000	11,123	(2,877)	59,006
Other – primarily tuition and fees	5,039,449	5,027,903	(11,546)	9,105,794
State sources	4,585,571	4,374,540	(211,031)	4,396,661
Federal sources	555,963	567,482	11,519	151,626
Total revenue	13,225,024	13,038,710	(186,314)	16,685,896
Expenditures				
Current				
Salaries	8,570,914	7,511,977	(1,058,937)	11,340,539
Employee benefits	2,993,875	2,575,001	(418,874)	3,580,505
Purchased services	1,983,001	1,797,032	(185,969)	2,638,454
Supplies and materials	453,568	422,665	(30,903)	810,266
Other expenditures	48,993	35,769	(13,224)	43,396
Capital outlay	110,296	121,160	10,864	191,443
Total expenditures	14,160,647	12,463,604	(1,697,043)	18,604,603
Excess (deficiency) of revenue over expenditures	(935,623)	575,106	1,510,729	(1,918,707)
Other financing sources				
Transfers in	—	—	—	1,050,000
Net change in fund balances	\$ (935,623)	575,106	\$ 1,510,729	(868,707)
Fund balances				
Beginning of year		2,132,342		3,001,049
End of year		\$ 2,707,448		\$ 2,132,342

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 126,176,434	\$ 109,057,047
Receivables		
Current taxes	40,455,524	37,989,454
Delinquent taxes	561,277	540,389
Accounts and interest	303,715	1,208,772
Due from other governmental units	20,302,258	21,299,619
Inventory	310,730	423,150
Prepaid items	<u>—</u>	<u>100,428</u>
Total assets	<u><u>\$ 188,109,938</u></u>	<u><u>\$ 170,618,859</u></u>
Liabilities		
Salaries payable	\$ 1,817,930	\$ 243,096
Accounts and contracts payable	4,329,278	2,333,324
Due to other governmental units	535,155	1,214,353
Unearned revenue	<u>137,850</u>	<u>—</u>
Total liabilities	6,820,213	3,790,773
Deferred inflows of resources		
Property taxes levied for subsequent year	76,063,108	69,721,358
Unavailable revenue – delinquent taxes	<u>535,796</u>	<u>514,755</u>
Total deferred inflows of resources	76,598,904	70,236,113
Fund balances (deficits)		
Nonspendable for inventory	310,730	423,150
Nonspendable for prepaid items	—	100,428
Restricted for operating capital	8,533,571	8,157,746
Restricted for student activities	292,122	325,537
Restricted for gifted and talented	190,031	94,972
Restricted for achievement and integration	244,689	244,689
Restricted for safe schools crime levy	296,374	405,084
Restricted for basic skills extended time programs	762,509	762,509
Restricted for Medical Assistance	849,941	749,580
Assigned for subsequent year budget	15,952,233	3,926,582
Assigned for strategic priorities	500,000	—
Unassigned – long-term facilities maintenance restricted account deficit	(641,535)	(294,564)
Unassigned	<u>77,400,156</u>	<u>81,696,260</u>
Total fund balances	<u><u>104,690,821</u></u>	<u><u>96,591,973</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 188,109,938</u></u>	<u><u>\$ 170,618,859</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 75,227,730	\$ 75,583,434	\$ 355,704	\$ 77,283,444
Investment earnings	436,500	405,348	(31,152)	1,864,278
Other	4,969,080	4,080,860	(888,220)	4,228,608
State sources	216,743,089	216,103,073	(640,016)	218,558,741
Federal sources	21,387,849	19,421,504	(1,966,345)	9,630,449
Total revenue	318,764,248	315,594,219	(3,170,029)	311,565,520
Expenditures				
Current				
Administration				
Salaries	9,173,237	9,204,109	30,872	8,719,374
Employee benefits	3,130,206	3,032,984	(97,222)	2,850,685
Purchased services	320,301	227,602	(92,699)	239,148
Supplies and materials	58,704	54,194	(4,510)	106,598
Capital expenditures	12,800	13,684	884	—
Other expenditures	364,000	98,252	(265,748)	129,504
Total administration	13,059,248	12,630,825	(428,423)	12,045,309
District support services				
Salaries	5,563,287	5,345,762	(217,525)	5,206,222
Employee benefits	1,928,505	1,861,028	(67,477)	1,852,564
Purchased services	(247,461)	(595,244)	(347,783)	(613,567)
Supplies and materials	1,486,173	1,247,147	(239,026)	1,338,694
Capital expenditures	79,358	46,102	(33,256)	59,995
Other expenditures	(216,037)	(187,741)	28,296	(212,729)
Total district support services	8,593,825	7,717,054	(876,771)	7,631,179
Elementary and secondary regular instruction				
Salaries	97,885,478	95,806,971	(2,078,507)	98,166,730
Employee benefits	35,676,091	35,507,306	(168,785)	36,063,521
Purchased services	4,991,041	3,319,152	(1,671,889)	4,535,367
Supplies and materials	5,450,741	4,177,804	(1,272,937)	3,064,905
Capital expenditures	775,804	718,599	(57,205)	871,401
Other expenditures	1,212,747	1,018,078	(194,669)	1,287,997
Total elementary and secondary regular instruction	145,991,902	140,547,910	(5,443,992)	143,989,921

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,209,101	2,181,984	(27,117)	2,341,269
Employee benefits	877,870	853,319	(24,551)	905,477
Purchased services	436,940	321,135	(115,805)	372,418
Supplies and materials	315,025	140,495	(174,530)	168,141
Capital expenditures	16,079	12,124	(3,955)	101,161
Other expenditures	200	—	(200)	—
Total vocational education instruction	3,855,215	3,509,057	(346,158)	3,888,466
Special education instruction				
Salaries	37,046,482	35,952,880	(1,093,602)	34,862,856
Employee benefits	14,348,524	13,832,357	(516,167)	13,558,479
Purchased services	6,476,070	6,223,073	(252,997)	5,956,155
Supplies and materials	435,130	375,057	(60,073)	380,284
Capital expenditures	61,154	28,370	(32,784)	119,799
Other expenditures	348,300	265,697	(82,603)	281,669
Total special education instruction	58,715,660	56,677,434	(2,038,226)	55,159,242
Instructional support services				
Salaries	17,929,282	16,839,197	(1,090,085)	12,884,973
Employee benefits	6,110,973	5,826,849	(284,124)	4,383,552
Purchased services	2,124,960	1,166,960	(958,000)	1,139,206
Supplies and materials	6,966,978	6,702,118	(264,860)	3,197,427
Capital expenditures	127,603	4,314,489	4,186,886	1,422,271
Other expenditures	119,620	63,260	(56,360)	24,278
Total instructional support services	33,379,416	34,912,873	1,533,457	23,051,707
Pupil support services				
Salaries	7,462,748	7,211,236	(251,512)	5,570,799
Employee benefits	2,893,139	2,811,376	(81,763)	2,324,025
Purchased services	18,923,917	15,257,391	(3,666,526)	17,042,548
Supplies and materials	125,211	99,281	(25,930)	92,016
Capital expenditures	349,537	129,025	(220,512)	29,323
Other expenditures	950	2,578	1,628	1,467
Total pupil support services	29,755,502	25,510,887	(4,244,615)	25,060,178

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	8,430,813	8,590,275	159,462	8,161,663
Employee benefits	3,749,424	3,926,465	177,041	3,817,944
Purchased services	4,440,608	4,226,347	(214,261)	4,195,486
Supplies and materials	4,433,511	4,095,568	(337,943)	2,066,019
Capital expenditures	5,713,371	5,259,752	(453,619)	8,795,470
Other expenditures	71,178	47,760	(23,418)	51,534
Total sites and buildings	26,838,905	26,146,167	(692,738)	27,088,116
Fiscal and other fixed cost programs				
Purchased services	670,919	605,385	(65,534)	573,444
Other expenditures	5,000	7,000	2,000	5,350
Total fiscal and other fixed cost programs	675,919	612,385	(63,534)	578,794
Debt service				
Principal	3,768,066	3,768,066	—	3,791,339
Interest and fiscal charges	464,043	462,723	(1,320)	535,370
Total debt service	4,232,109	4,230,789	(1,320)	4,326,709
Total expenditures	325,097,701	312,495,381	(12,602,320)	302,819,621
Excess (deficiency) of revenue over expenditures	(6,333,453)	3,098,838	9,432,291	8,745,899
Other financing sources (uses)				
Capital leases issued	—	5,000,010	5,000,010	1,299,565
Transfers (out)	—	—	—	(1,050,000)
Total other financing sources (uses)	—	5,000,010	5,000,010	249,565
Net change in fund balances	\$ (6,333,453)	8,098,848	\$ 14,432,301	8,995,464
Fund balances				
Beginning of year		96,591,973		87,596,509
End of year		\$ 104,690,821		\$ 96,591,973

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	\$ 117,591,792	\$ 100,805,874
Receivables		
Current taxes	40,455,524	37,989,454
Delinquent taxes	561,277	540,389
Accounts and interest	303,101	1,204,943
Due from other governmental units	20,249,671	21,213,331
Inventory	217,512	312,628
Prepaid items	—	100,428
Total assets	<u>\$ 179,378,877</u>	<u>\$ 162,167,047</u>
Liabilities		
Salaries payable	\$ 1,774,598	\$ 229,096
Accounts and contracts payable	3,636,854	1,869,216
Due to other governmental units	525,104	1,214,353
Unearned revenue	137,850	—
Total liabilities	<u>6,074,406</u>	<u>3,312,665</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	76,063,108	69,721,358
Unavailable revenue – delinquent taxes	535,796	514,755
Total deferred inflows of resources	<u>76,598,904</u>	<u>70,236,113</u>
Fund balances		
Nonspendable for inventory	217,512	312,628
Nonspendable for prepaid items	—	100,428
Restricted for student activities	292,122	325,537
Restricted for gifted and talented	190,031	94,972
Restricted for achievement and integration	244,689	244,689
Restricted for safe schools crime levy	296,374	405,084
Restricted for basic skills extended day program	762,509	762,509
Restricted for Medical Assistance	849,941	749,580
Assigned for subsequent year budget	15,952,233	3,926,582
Assigned for strategic priorities	500,000	—
Unassigned	77,400,156	81,696,260
Total fund balances	<u>96,705,567</u>	<u>88,618,269</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 179,378,877</u>	<u>\$ 162,167,047</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		2020	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 63,820,561	\$ 64,689,741	\$ 869,180	\$ 64,852,735
Investment earnings	436,000	405,325	(30,675)	1,827,338
Other	4,779,116	3,608,344	(1,170,772)	4,040,169
State sources	209,842,353	208,973,905	(868,448)	209,126,204
Federal sources	21,387,849	19,421,504	(1,966,345)	9,630,449
Total revenue	300,265,879	297,098,819	(3,167,060)	289,476,895
Expenditures				
Current				
Administration				
Salaries	9,173,237	9,204,109	30,872	8,719,374
Employee benefits	3,130,206	3,032,984	(97,222)	2,850,685
Purchased services	320,301	227,602	(92,699)	239,148
Supplies and materials	58,704	54,194	(4,510)	106,598
Capital expenditures	12,800	13,684	884	–
Other expenditures	364,000	98,252	(265,748)	129,504
Total administration	13,059,248	12,630,825	(428,423)	12,045,309
District support services				
Salaries	5,563,287	5,345,762	(217,525)	5,206,222
Employee benefits	1,928,505	1,861,028	(67,477)	1,852,564
Purchased services	(268,561)	(595,244)	(326,683)	(627,631)
Supplies and materials	445,791	259,351	(186,440)	163,081
Capital expenditures	43,051	19,535	(23,516)	1,666
Other expenditures	(216,037)	(187,741)	28,296	(212,729)
Total district support services	7,496,036	6,702,691	(793,345)	6,383,173
Elementary and secondary regular instruction				
Salaries	97,885,478	95,806,971	(2,078,507)	98,166,730
Employee benefits	35,676,091	35,507,306	(168,785)	36,063,521
Purchased services	4,991,041	3,319,152	(1,671,889)	4,535,367
Supplies and materials	3,929,241	2,676,383	(1,252,858)	2,466,783
Capital expenditures	57,867	113,037	55,170	88,453
Other expenditures	1,212,747	1,018,078	(194,669)	1,287,997
Total elementary and secondary regular instruction	143,752,465	138,440,927	(5,311,538)	142,608,851

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, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Vocational education instruction			
Salaries	2,209,101	2,181,984	(27,117)
Employee benefits	877,870	853,319	(24,551)
Purchased services	436,940	321,135	(115,805)
Supplies and materials	116,025	79,551	(36,474)
Capital expenditures	16,079	12,124	(3,955)
Other expenditures	200	–	(200)
Total vocational education instruction	3,656,215	3,448,113	(208,102)
Special education instruction			
Salaries	37,046,482	35,952,880	(1,093,602)
Employee benefits	14,348,524	13,832,357	(516,167)
Purchased services	6,476,070	6,223,073	(252,997)
Supplies and materials	435,130	375,057	(60,073)
Capital expenditures	57,500	26,366	(31,134)
Other expenditures	348,300	265,697	(82,603)
Total special education instruction	58,712,006	56,675,430	(2,036,576)
Instructional support services			
Salaries	16,218,711	15,109,038	(1,109,673)
Employee benefits	5,488,002	5,235,770	(252,232)
Purchased services	2,082,160	1,160,510	(921,650)
Supplies and materials	4,441,675	4,458,513	16,838
Capital expenditures	–	3,227	3,227
Other expenditures	119,620	63,260	(56,360)
Total instructional support services	28,350,168	26,030,318	(2,319,850)
Pupil support services			
Salaries	7,462,748	7,211,236	(251,512)
Employee benefits	2,893,139	2,811,376	(81,763)
Purchased services	18,923,917	15,257,391	(3,666,526)
Supplies and materials	125,211	99,281	(25,930)
Capital expenditures	349,537	129,025	(220,512)
Other expenditures	950	2,578	1,628
Total pupil support services	29,755,502	25,510,887	(4,244,615)

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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	8,430,813	7,850,939	(579,874)	7,347,804
Employee benefits	3,749,424	3,606,496	(142,928)	3,454,519
Purchased services	3,048,570	2,679,624	(368,946)	2,743,943
Supplies and materials	4,334,483	3,805,772	(528,711)	1,910,340
Capital expenditures	1,072,707	1,016,794	(55,913)	303,872
Other expenditures	600	320	(280)	425
Total sites and buildings	20,636,597	18,959,945	(1,676,652)	15,760,903
Fiscal and other fixed cost programs				
Purchased services	670,919	605,385	(65,534)	573,444
Other expenditures	5,000	7,000	2,000	5,350
Total fiscal and other fixed cost programs	675,919	612,385	(63,534)	578,794
Total expenditures	306,094,156	289,011,521	(17,082,635)	278,447,240
Excess (deficiency) of revenue over expenditures	(5,828,277)	8,087,298	13,915,575	11,029,655
Other financing (uses)				
Transfer out	—	—	—	(1,050,000)
Net change in fund balances	<u>\$ (5,828,277)</u>	8,087,298	<u>\$ 13,915,575</u>	9,979,655
Fund balances				
Beginning of year		88,618,269		78,638,614
End of year		<u>\$ 96,705,567</u>		<u>\$ 88,618,269</u>

OSSEO AREA SCHOOLS

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 8,584,642	\$ 8,251,173
Receivables		
Accounts and interest	614	3,829
Due from other governmental units	52,587	86,288
Inventory	<u>93,218</u>	<u>110,522</u>
Total assets	<u>\$ 8,731,061</u>	<u>\$ 8,451,812</u>
Liabilities		
Salaries payable	\$ 43,332	\$ 14,000
Accounts and contracts payable	692,424	464,108
Due to other governmental units	<u>10,051</u>	<u>–</u>
Total liabilities	<u>745,807</u>	<u>478,108</u>
Fund balances (deficits)		
Nonspendable for inventory	93,218	110,522
Restricted for operating capital	8,533,571	8,157,746
Unassigned – long-term facilities maintenance restricted account deficit	<u>(641,535)</u>	<u>(294,564)</u>
Total fund balances	<u>7,985,254</u>	<u>7,973,704</u>
Total liabilities and fund balances	<u>\$ 8,731,061</u>	<u>\$ 8,451,812</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, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 11,407,169	\$ 10,893,693	\$ (513,476)	\$ 12,430,709
Investment earnings	500	23	(477)	36,940
Other	189,964	472,516	282,552	188,439
State sources	6,900,736	7,129,168	228,432	9,432,537
Total revenue	18,498,369	18,495,400	(2,969)	22,088,625
Expenditures				
Current				
District support services				
Purchased services	21,100	–	(21,100)	14,064
Supplies and materials	1,040,382	987,796	(52,586)	1,175,613
Capital expenditures	36,307	26,567	(9,740)	58,329
Total district support services	1,097,789	1,014,363	(83,426)	1,248,006
Elementary and secondary regular instruction				
Supplies and materials	1,521,500	1,501,421	(20,079)	598,122
Capital expenditures	717,937	605,562	(112,375)	782,948
Total elementary and secondary regular instruction	2,239,437	2,106,983	(132,454)	1,381,070
Vocational education instruction				
Supplies and materials	199,000	60,944	(138,056)	37,313
Capital expenditures	–	–	–	75,935
Total vocational education services	199,000	60,944	(138,056)	113,248
Special education instruction				
Supplies and materials	–	–	–	951
Capital expenditures	3,654	2,004	(1,650)	9,150
Total special education instruction	3,654	2,004	(1,650)	10,101
Instructional support services				
Salaries	1,710,571	1,730,159	19,588	1,583,263
Employee benefits	622,971	591,079	(31,892)	540,138
Purchased services	42,800	6,450	(36,350)	27,064
Supplies and materials	2,525,303	2,243,605	(281,698)	2,435,658
Capital expenditures	127,603	4,311,262	4,183,659	1,350,588
Total instructional support services	5,029,248	8,882,555	3,853,307	5,936,711

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, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Pupil support services			
Capital expenditures	—	—	—
			29,323
Sites and buildings			
Salaries	—	739,336	739,336
Employee benefits	—	319,969	319,969
Purchased services	1,392,038	1,546,723	154,685
Supplies and materials	99,028	289,796	190,768
Capital expenditures	4,640,664	4,242,958	(397,706)
Other expenditures	70,578	47,440	(23,138)
Total sites and buildings	6,202,308	7,186,222	983,914
			11,327,213
Debt service			
Principal	3,768,066	3,768,066	—
Interest and fiscal charges	464,043	462,723	(1,320)
Total debt service	4,232,109	4,230,789	(1,320)
			4,326,709
Total expenditures	19,003,545	23,483,860	4,480,315
			24,372,381
Excess (deficiency) of revenue over expenditures	(505,176)	(4,988,460)	(4,483,284)
			(2,283,756)
Other financing sources			
Capital leases issued	—	5,000,010	5,000,010
			1,299,565
Net change in fund balances	\$ (505,176)	11,550	\$ 516,726
			(984,191)
Fund balances			
Beginning of year		7,973,704	8,957,895
End of year		\$ 7,985,254	\$ 7,973,704

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 29,848,179	\$ 19,632,111
Receivables		
Accounts and interest	<u>341</u>	<u>663,136</u>
Total assets	<u><u>\$ 29,848,520</u></u>	<u><u>\$ 20,295,247</u></u>
Liabilities		
Accounts and contracts payable	\$ 4,780,369	\$ 6,086,121
Fund balances		
Restricted for building projects funded by certificates of participation	7,202,253	961
Restricted for long-term facilities maintenance	17,854,577	14,196,844
Restricted for building projects funded by capital notes	<u>11,321</u>	<u>11,321</u>
Total fund balances	<u><u>25,068,151</u></u>	<u><u>14,209,126</u></u>
Total liabilities and fund balances	<u><u>\$ 29,848,520</u></u>	<u><u>\$ 20,295,247</u></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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue		
Local sources		
Investment earnings	\$ 59,446	\$ 660,548
Expenditures		
Capital outlay		
Purchased services	830,191	–
Capital expenditures	<u>19,275,047</u>	<u>25,077,529</u>
Total capital outlay	20,105,238	25,077,529
Debt service		
Interest and fiscal charges	<u>95,023</u>	<u>–</u>
Total expenditures	<u>20,200,261</u>	<u>25,077,529</u>
Excess (deficiency) of revenue over expenditures	(20,140,815)	(24,416,981)
Other financing sources		
Debt issued	30,775,000	–
Premium on on debt issued	<u>224,840</u>	<u>–</u>
Total other financing sources	<u>30,999,840</u>	<u>–</u>
Net change in fund balances	10,859,025	(24,416,981)
Fund balances		
Beginning of year	<u>14,209,126</u>	<u>38,626,107</u>
End of year	<u><u>\$ 25,068,151</u></u>	<u><u>\$ 14,209,126</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Balance Sheet by Account
as of June 30, 2021
(With Comparative Totals as of June 30, 2020)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Totals	
			2021	2020
Assets				
Cash and temporary investments	\$ 10,570,655	\$ 1,998,730	\$ 12,569,385	\$ 14,609,805
Receivables				
Current taxes	6,421,304	1,364,935	7,786,239	11,713,473
Delinquent taxes	141,270	21,135	162,405	145,843
Due from other governmental units	101,120	9	101,129	72,754
Total assets	<u>\$ 17,234,349</u>	<u>\$ 3,384,809</u>	<u>\$ 20,619,158</u>	<u>\$ 26,541,875</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 12,976,762	\$ 2,758,498	\$ 15,735,260	\$ 22,893,430
Unavailable revenue – delinquent taxes	134,315	20,235	154,550	139,078
Total deferred inflows of resources	<u>13,111,077</u>	<u>2,778,733</u>	<u>15,889,810</u>	<u>23,032,508</u>
Fund balances				
Restricted for general debt service	4,123,272	–	4,123,272	2,899,899
Restricted for OPEB bonds debt service	–	606,076	606,076	609,468
Total fund balances	<u>4,123,272</u>	<u>606,076</u>	<u>4,729,348</u>	<u>3,509,367</u>
Total deferred inflows of resources and fund balances	<u>\$ 17,234,349</u>	<u>\$ 3,384,809</u>	<u>\$ 20,619,158</u>	<u>\$ 26,541,875</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Total	
			2021	2020
Revenue				
Local sources				
Property taxes	\$ 20,207,164	\$ 2,614,546	\$ 22,821,710	\$ 20,072,441
Investment earnings	42,842	5,829	48,671	172,804
State sources	1,011,205	93	1,011,298	727,545
Total revenue	21,261,211	2,620,468	23,881,679	20,972,790
Expenditures				
Debt service				
Principal	14,865,000	2,470,000	17,335,000	16,700,000
Interest and fiscal charges	5,229,456	153,860	5,383,316	6,605,425
Total expenditures	20,094,456	2,623,860	22,718,316	23,305,425
Excess (deficiency) of revenue over expenditures	1,166,755	(3,392)	1,163,363	(2,332,635)
Other financing sources (uses)				
Refunding bonds issued	14,405,000	—	14,405,000	—
Premium on on debt issued	861,618	—	861,618	—
Debt retirement from refunding bonds	(15,210,000)	—	(15,210,000)	—
Total other financing sources (uses)	56,618	—	56,618	—
Net change in fund balances	1,223,373	(3,392)	1,219,981	(2,332,635)
Fund balances				
Beginning of year	2,899,899	609,468	3,509,367	5,842,002
End of year	\$ 4,123,272	\$ 606,076	\$ 4,729,348	\$ 3,509,367

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, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 19,969,860	\$ 20,207,164	\$ 237,304	\$ 17,227,277
Investment earnings	34,000	42,842	8,842	142,707
State sources	1,011,211	1,011,205	(6)	727,449
Total revenue	21,015,071	21,261,211	246,140	18,097,433
Expenditures				
Debt service				
Principal	14,865,000	14,865,000	—	14,130,000
Interest and fiscal charges	5,300,225	5,229,456	(70,769)	6,330,477
Total expenditures	20,165,225	20,094,456	(70,769)	20,460,477
Excess (deficiency) of revenue over expenditures	849,846	1,166,755	316,909	(2,363,044)
Other financing sources (uses)				
Refunding bonds issued	14,405,000	14,405,000	—	—
Premium on bonds issued	861,618	861,618	—	—
Payments on bond refunding	(15,210,000)	(15,210,000)	—	—
Total other financing sources (uses)	56,618	56,618	—	—
Net change in fund balances	\$ 906,464	1,223,373	\$ 316,909	(2,363,044)
Fund balances				
Beginning of year		2,899,899		5,262,943
End of year		\$ 4,123,272		\$ 2,899,899

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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		2020	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,582,965	\$ 2,614,546	\$ 31,581	\$ 2,845,164
Investment earnings	7,000	5,829	(1,171)	30,097
State sources	92	93	1	96
Total revenue	<u>2,590,057</u>	<u>2,620,468</u>	<u>30,411</u>	<u>2,875,357</u>
Expenditures				
Debt service				
Principal	2,470,000	2,470,000	—	2,570,000
Interest and fiscal charges	<u>154,385</u>	<u>153,860</u>	<u>(525)</u>	<u>274,948</u>
Total expenditures	<u>2,624,385</u>	<u>2,623,860</u>	<u>(525)</u>	<u>2,844,948</u>
Net change in fund balances	<u>\$ (34,328)</u>	<u>(3,392)</u>	<u>\$ 30,936</u>	<u>30,409</u>
Fund balances				
Beginning of year		<u>609,468</u>		<u>579,059</u>
End of year		<u>\$ 606,076</u>		<u>\$ 609,468</u>

OSSEO AREA SCHOOLS

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INTERNAL SERVICE FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2021
(With Comparative Totals as of June 30, 2020)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Retirement Incentive Pay</u>
Assets			
Current assets			
Cash and temporary investments	\$ 603,520	\$ 1,696,622	\$ 7,444,495
Cash and investments held by trustee	—	—	—
Accounts and interest receivable	<u>35,387</u>	<u>15,337</u>	<u>—</u>
Total assets	638,907	1,711,959	7,444,495
Deferred outflow of resources			
OPEB plan deferments	—	—	—
Liabilities			
Current liabilities			
Accounts and contracts payable	168,435	550,000	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	1,320,719
OPEB obligation	—	—	—
Long-term liabilities			
Post-employment severance benefits payable	—	—	4,381,262
OPEB obligation	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	168,435	550,000	5,701,981
Deferred inflows of resources			
OPEB plan deferments	<u>—</u>	<u>—</u>	<u>—</u>
Net position			
Restricted for employee benefits	—	—	—
Unrestricted	<u>470,472</u>	<u>1,161,959</u>	<u>1,742,514</u>
Total net position	<u>\$ 470,472</u>	<u>\$ 1,161,959</u>	<u>\$ 1,742,514</u>

Post-Employment Benefits Revocable Trust	Totals	
	2021	2020
\$ —	\$ 9,744,637	\$ 10,983,092
29,052,608	29,052,608	26,230,179
254,315	305,039	271,956
<u>29,306,923</u>	<u>39,102,284</u>	<u>37,485,227</u>
5,071,861	5,071,861	1,099,848
—	718,435	528,987
714,794	714,794	838,224
—	1,320,719	916,518
2,286,941	2,286,941	—
—	4,381,262	5,467,801
<u>16,189,394</u>	<u>16,189,394</u>	<u>14,173,201</u>
19,191,129	25,611,545	21,924,731
<u>2,609,342</u>	<u>2,609,342</u>	<u>3,188,890</u>
12,578,313	12,578,313	9,354,669
<u>—</u>	<u>3,374,945</u>	<u>4,116,785</u>
<u>\$ 12,578,313</u>	<u>\$ 15,953,258</u>	<u>\$ 13,471,454</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Retirement Incentive Pay</u>
Operating revenue			
Contributions from governmental funds	\$ 1,899,833	\$ 5,982,695	\$ —
Operating expenses			
Dental benefit claims	1,937,287	—	—
Medical benefit claims	—	5,778,813	—
Post-employment severance benefits	—	—	937,831
OPEB	—	—	—
Total operating expenses	<u>1,937,287</u>	<u>5,778,813</u>	<u>937,831</u>
Operating income (loss)	(37,454)	203,882	(937,831)
Nonoperating revenue			
Investment earnings	<u>150</u>	<u>417</u>	<u>28,996</u>
Change in net position	(37,304)	204,299	(908,835)
Net position			
Beginning of year	<u>507,776</u>	<u>957,660</u>	<u>2,651,349</u>
End of year	<u>\$ 470,472</u>	<u>\$ 1,161,959</u>	<u>\$ 1,742,514</u>

Post-Employment Benefits Revocable Trust	Totals	
	2021	2020
\$ 500,000	\$ 8,382,528	\$ 7,465,826
—	1,937,287	1,654,867
—	5,778,813	5,306,032
—	937,831	477,946
466,368	466,368	(449,211)
466,368	9,120,299	6,989,634
33,632	(737,771)	476,192
3,190,012	3,219,575	2,310,835
3,223,644	2,481,804	2,787,027
9,354,669	13,471,454	10,684,427
\$ 12,578,313	\$ 15,953,258	\$ 13,471,454

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	\$ 1,897,872	\$ 5,980,931	\$ —
Payments for dental claims	(1,897,839)	—	—
Payments for medical claims	—	(5,628,813)	—
Post-employment severance and OPEB benefit payments	—	—	(1,620,169)
Net cash flows from operating activities	33	352,118	(1,620,169)
Cash flows from investing activities			
Investment income received	150	417	28,996
Net change in cash and cash equivalents	183	352,535	(1,591,173)
Cash and cash equivalents			
Beginning of year	603,337	1,344,087	9,035,668
End of year	<u>\$ 603,520</u>	<u>\$ 1,696,622</u>	<u>\$ 7,444,495</u>
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ (37,454)	\$ 203,882	\$ (937,831)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts receivable	(1,961)	(1,764)	—
Deferred outflow of resources	—	—	—
Accounts and contracts payable	39,448	150,000	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	(682,338)
Total OPEB obligation	—	—	—
Deferred inflows of resources	—	—	—
Net cash flows from operating activities	<u>\$ 33</u>	<u>\$ 352,118</u>	<u>\$ (1,620,169)</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	\$ 603,520	\$ 1,696,622	\$ 7,444,495
Cash and investments held by trustee	—	—	—
Total cash and cash equivalents	<u>\$ 603,520</u>	<u>\$ 1,696,622</u>	<u>\$ 7,444,495</u>

Post-Employment Benefits Revocable Trust	Totals	
	2021	2020
\$ 500,000	\$ 8,378,803	\$ 7,454,907
—	(1,897,839)	(1,688,711)
—	(5,628,813)	(5,206,032)
(838,225)	(2,458,394)	(2,022,662)
(338,225)	(1,606,243)	(1,462,498)
3,160,654	3,190,217	2,298,213
2,822,429	1,583,974	835,715
26,230,179	37,213,271	36,377,556
<u>\$ 29,052,608</u>	<u>\$ 38,797,245</u>	<u>\$ 37,213,271</u>
\$ 33,632	\$ (737,771)	\$ 476,192
—	(3,725)	(10,919)
(3,972,013)	(3,972,013)	(296,443)
—	189,448	66,156
(123,430)	(123,430)	34,819
—	(682,338)	(741,312)
4,303,134	4,303,134	(411,443)
(579,548)	(579,548)	(579,548)
<u>\$ (338,225)</u>	<u>\$ (1,606,243)</u>	<u>\$ (1,462,498)</u>
\$ —	\$ 9,744,637	\$ 10,983,092
29,052,608	29,052,608	26,230,179
<u>\$ 29,052,608</u>	<u>\$ 38,797,245</u>	<u>\$ 37,213,271</u>

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FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Combining Statement of Fiduciary Net Position
as of June 30, 2021

	Northwest Family Service Center	Local Collaborative Time Study	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 581,378	\$ 1,190,063	\$ 1,771,441
Liabilities			
Salaries payable	—	2,222	2,222
Accounts and contracts payable	—	5,638	5,638
Total liabilities	<u> — </u>	<u> 7,860 </u>	<u> 7,860 </u>
Net position			
Restricted for local collaborative time study	—	1,182,203	1,182,203
Restricted for Northwest Family Service Center	<u> 581,378 </u>	<u> — </u>	<u> 581,378 </u>
Total net position	<u> \$ 581,378 </u>	<u> \$ 1,182,203 </u>	<u> \$ 1,763,581 </u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Northwest Family Service Center	Local Collaborative Time Study	Total
Additions			
Investment earnings	\$ —	\$ 4,710	\$ 4,710
Rents	283,817	—	283,817
Grants	—	549,284	549,284
Total additions	283,817	553,994	837,811
Deductions			
Elementary and secondary regular instruction			
Salaries	—	135,892	135,892
Employee benefits	—	39,368	39,368
Purchased services	—	330,686	330,686
Supplies and materials	—	1,257	1,257
Other expenditures	—	256	256
Total elementary and secondary regular instruction	—	507,459	507,459
Sites and buildings			
Purchased services	285,928	—	285,928
Supplies and materials	29,669	—	29,669
Total sites and buildings	315,597	—	315,597
Total deductions	315,597	507,459	823,056
Net change in fiduciary net position	(31,780)	46,535	14,755
Net position			
Beginning of year	613,158	1,135,668	1,748,826
End of year	\$ 581,378	\$ 1,182,203	\$ 1,763,581

OSSEO AREA SCHOOLS

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SECTION III

STATISTICAL

OSSEO AREA SCHOOLS

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 279 – Osseo Area Schools’ (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the District’s ACFR relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District’s ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 168,810,854	\$ 178,183,551	\$ 188,480,399	\$ 188,563,705
Restricted	9,848,155	11,675,297	13,284,014	15,826,198
Unrestricted	44,898,462	39,882,941	45,000,285	(112,847,413)
Total governmental activities net position	<u>\$ 223,557,471</u>	<u>\$ 229,741,789</u>	<u>\$ 246,764,698</u>	<u>\$ 91,542,490</u>

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

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

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by \$424,121.

2016	2017	2018	2019	2020	2021
\$ 193,342,167	\$ 201,669,570	\$ 209,642,657	\$ 217,683,814	\$ 233,739,330	\$ 240,761,946
15,552,674	19,153,181	19,443,331	21,207,005	17,275,589	20,389,202
(99,033,629)	(169,293,406)	(246,677,152)	(172,104,081)	(175,063,914)	(173,380,110)
<u>\$ 109,861,212</u>	<u>\$ 51,529,345</u>	<u>\$ (17,591,164)</u>	<u>\$ 66,786,738</u>	<u>\$ 75,951,005</u>	<u>\$ 87,771,038</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
Administration	\$ 10,010,161	\$ 9,302,245	\$ 9,575,101	\$ 10,381,868
District support services	7,846,332	7,707,269	7,526,010	7,703,891
Elementary and secondary regular instruction	119,863,495	120,150,495	116,638,392	129,757,253
Vocational education instruction	3,483,484	2,224,938	3,141,382	2,577,175
Special education instruction	44,724,609	46,747,032	46,401,292	44,261,176
Instructional support services	12,333,695	12,485,545	15,078,139	18,218,530
Pupil support services	20,217,797	21,507,907	21,381,700	21,213,677
Sites and buildings	15,331,085	16,097,883	16,537,008	17,371,714
Fiscal and other fixed cost programs	338,499	515,881	531,895	607,963
Food service	10,795,396	10,891,333	11,330,855	11,239,240
Community service	14,095,978	14,903,788	15,230,093	14,421,741
Unallocated depreciation expense (excluding amounts directly allocated)	7,694,060	7,908,028	7,141,723	7,290,078
Interest and fiscal charges on debt	7,214,344	5,197,263	5,198,234	5,557,629
Total governmental activities expenses	273,948,935	275,639,607	275,711,824	290,601,935
Program revenues				
Governmental activities				
Charges for services				
Food service	4,829,635	4,694,700	4,681,620	4,554,115
Community service	8,722,701	8,504,086	9,559,310	8,675,018
All other	4,196,696	2,382,531	2,084,530	2,357,602
Operating grants and contributions	62,160,093	61,361,045	66,776,775	67,178,824
Capital grants and contributions	7,521,842	8,016,685	8,295,544	8,343,272
Total governmental activities program revenues	87,430,967	84,959,047	91,397,779	91,108,831
Net (expense) revenue	(186,517,968)	(190,680,560)	(184,314,045)	(199,493,104)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	44,688,424	48,214,311	48,483,768	58,867,528
Property taxes, levied for community service	1,835,225	1,888,383	1,922,267	1,917,363
Property taxes, levied for debt service	19,362,076	20,440,190	20,463,285	17,940,548
Property taxes, levied for capital projects	2,700,760	2,572,515	2,631,084	2,622,943
General grants and aids	123,399,761	122,691,081	125,732,058	136,917,820
Other general revenues	7,514	383,238	895,594	968,988
Gain on sale of capital assets	—	491,389	733,095	—
Investment earnings	594,219	183,771	475,803	465,137
Total governmental activities	192,587,979	196,864,878	201,336,954	219,700,327
Change in net position	\$ 6,070,011	\$ 6,184,318	\$ 17,022,909	\$ 20,207,223

2016	2017	2018	2019	2020	2021
\$ 10,818,228	\$ 11,001,338	\$ 11,514,189	\$ 11,579,014	\$ 12,045,309	\$ 12,618,772
8,179,156	8,567,156	9,685,524	9,161,865	9,664,778	9,774,932
132,739,729	199,497,344	201,729,524	96,467,422	156,972,364	150,649,757
3,382,640	3,512,275	3,877,502	3,896,875	3,816,686	3,506,547
47,918,552	63,245,199	63,405,079	37,278,468	58,331,647	59,143,900
19,542,885	19,301,766	19,776,626	20,153,137	21,783,939	34,930,503
20,057,132	21,774,370	23,150,650	24,378,844	25,046,915	25,441,090
18,587,008	20,886,238	24,049,266	26,923,739	21,518,505	24,052,035
529,352	501,639	437,569	478,592	578,794	612,385
12,207,490	12,579,723	12,641,891	11,725,300	11,787,601	10,579,695
16,419,921	19,965,214	20,570,178	17,988,019	18,797,900	12,283,972
7,814,428	8,015,144	8,217,000	8,572,041	9,336,423	10,014,580
4,063,175	4,456,962	4,678,075	4,273,134	3,931,328	3,781,858
302,259,696	393,304,368	403,733,073	272,876,450	353,612,189	357,390,026
5,018,871	5,324,443	5,426,342	5,311,834	3,778,743	246,038
9,518,778	9,954,275	10,433,494	10,655,483	8,177,105	4,227,651
2,101,396	2,240,416	2,173,310	1,885,473	1,522,171	1,427,488
69,859,744	70,475,866	71,983,248	94,288,399	89,989,964	105,334,938
8,831,507	8,419,910	8,401,701	9,709,050	9,463,840	7,183,646
95,330,296	96,414,910	98,418,095	121,850,239	112,931,823	118,419,761
(206,929,400)	(296,889,458)	(305,314,978)	(151,026,211)	(240,680,366)	(238,970,265)
61,342,344	64,372,997	69,614,963	70,139,704	77,069,829	75,604,475
1,998,320	2,435,152	2,584,830	2,751,535	2,964,636	3,059,339
17,810,240	17,843,905	18,036,264	19,383,439	20,009,035	22,837,182
2,622,943	—	—	—	—	—
138,867,011	150,549,947	150,314,612	135,755,407	143,538,316	144,806,099
1,302,473	1,212,290	1,837,047	1,097,917	694,465	730,287
—	—	—	199,685	—	—
1,304,791	2,143,300	2,669,993	6,076,426	5,144,231	3,752,916
225,248,122	238,557,591	245,057,709	235,404,113	249,420,512	250,790,298
\$ 18,318,722	\$ (58,331,867)	\$ (60,257,269)	\$ 84,377,902	\$ 8,740,146	\$ 11,820,033

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable				
Operating Account	\$ 465,537	\$ 333,685	\$ 397,467	\$ 349,941
Capital Expenditure Account	35,742	20,751	14,354	10,794
Restricted				
Operating Account	53,938	102,612	131,241	183,529
Capital Expenditure Account	4,911,656	7,094,538	8,386,025	9,054,720
Assigned	8,861,190	1,865,912	–	–
Unassigned				
Operating Account	37,962,599	38,579,402	43,436,563	55,738,741
Capital Expenditure Account	(682,984)	(765,889)	(590,612)	(482,773)
Total General Fund	<u>\$ 51,607,678</u>	<u>\$ 47,231,011</u>	<u>\$ 51,775,038</u>	<u>\$ 64,854,952</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ 408,864	\$ 437,871	\$ 16,823	\$ 12,779
Restricted				
Special revenue funds	5,201,069	4,785,089	4,919,497	5,269,738
Capital Projects – Building Construction Fund	5,253,567	7,575,525	3,648,964	15,393,620
Debt Service Fund	3,753,106	3,847,570	3,813,947	51,033,469
Unassigned, reported in				
Special revenue funds	(70,745)	(2,795)	–	–
Total all other governmental funds	<u>\$ 14,545,861</u>	<u>\$ 16,643,260</u>	<u>\$ 12,399,231</u>	<u>\$ 71,709,606</u>
Unassigned – Operating Account as a percentage of General Fund Operating Account expenditures	<u>16.9%</u>	<u>16.7%</u>	<u>18.9%</u>	<u>23.5%</u>

Note: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased the General Fund Unassigned – Operating Account fund balance by \$424,121.

2016	2017	2018	2019	2020	2021
\$ 347,972	\$ 257,014	\$ 292,548	\$ 295,095	\$ 413,056	\$ 217,512
41,908	40,940	84,682	131,966	110,522	93,218
141,786	1,587,675	1,177,620	1,379,098	2,582,371	2,635,666
8,890,846	9,051,446	10,237,338	9,521,802	8,157,746	8,533,571
3,628,175	4,258,291	3,634,947	825,755	3,926,582	16,452,233
63,161,707	63,266,128	67,945,278	75,714,545	81,696,260	77,400,156
(433,430)	(35,548)	(137,035)	(695,873)	(294,564)	(641,535)
<u>\$ 75,778,964</u>	<u>\$ 78,425,946</u>	<u>\$ 83,235,378</u>	<u>\$ 87,172,388</u>	<u>\$ 96,591,973</u>	<u>\$ 104,690,821</u>
\$ 8,553	\$ 2,575	\$ 1,934	\$ 131,065	\$ 184,505	\$ 134,382
5,594,482	6,745,866	7,320,744	7,943,920	5,347,134	7,271,216
4,952,256	43,249,779	12,985,125	38,626,107	14,209,126	25,068,151
2,951,458	4,105,000	16,589,246	5,842,002	3,509,367	4,729,348
—	—	—	—	—	—
<u>\$ 13,506,749</u>	<u>\$ 54,103,220</u>	<u>\$ 36,897,049</u>	<u>\$ 52,543,094</u>	<u>\$ 23,250,132</u>	<u>\$ 37,203,097</u>
<u>25.8%</u>	<u>24.7%</u>	<u>25.7%</u>	<u>27.8%</u>	<u>29.3%</u>	<u>26.8%</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Local sources				
Taxes	\$ 68,998,755	\$ 73,229,773	\$ 52,139,640	\$ 81,224,509
Investment earnings	242,195	79,081	122,297	169,450
Other	21,287,557	19,433,552	20,774,516	20,092,851
State sources	172,738,587	173,713,412	203,939,595	193,878,147
Federal sources	16,812,098	14,886,402	15,145,733	14,660,370
Total revenues	280,079,192	281,342,220	292,121,781	310,025,327
Expenditures				
Current				
Administration	10,010,161	9,302,245	9,575,101	10,381,868
District support services	5,738,350	5,628,062	5,437,320	5,622,720
Elementary and secondary regular instruction	121,086,618	121,609,632	118,710,180	130,841,833
Vocational education instruction	3,518,848	2,222,082	3,138,526	2,573,885
Special education instruction	44,716,402	46,755,363	46,402,897	46,296,441
Instructional support services	12,364,771	12,502,018	15,006,315	18,270,519
Pupil support services	20,217,797	21,507,907	21,381,700	21,259,449
Sites and buildings	17,436,926	19,041,698	18,914,056	17,581,741
Fiscal and other fixed cost programs	338,499	515,881	531,895	607,963
Food service	10,517,361	10,634,472	11,127,023	11,232,077
Community service	13,963,156	14,742,075	15,201,013	14,465,450
Capital outlay	7,644,310	7,123,098	6,886,511	22,990,007
Debt service				
Principal	14,221,944	14,626,680	15,289,675	13,293,208
Interest and fiscal charges	9,277,293	6,881,284	6,343,571	6,032,813
Total expenditures	291,052,436	293,092,497	293,945,783	321,449,974
Excess (deficiency) of revenues over expenditures	(10,973,244)	(11,750,277)	(1,824,002)	(11,424,647)
Other financing sources (uses)				
Refunding bonds issued	—	—	—	42,075,000
Debt issued	—	6,625,000	—	30,685,000
Premium (discount) on debt issued	—	7,155	—	6,295,789
Proceeds from sale of assets	—	2,838,854	2,124,000	—
Debt retirement from refunding bonds	(37,895,000)	—	—	—
Capital leases issued	381,732	—	—	4,759,147
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Total other financing sources (uses)	(37,513,268)	9,471,009	2,124,000	83,814,936
Net change in fund balances	\$ (48,486,512)	\$ (2,279,268)	\$ 299,998	\$ 72,390,289
Debt service as a percentage of noncapital expenditures	8.3%	7.5%	7.5%	6.5%

2016	2017	2018	2019	2020	2021
\$ 83,812,427	\$ 84,767,898	\$ 90,260,977	\$ 91,750,858	\$ 100,328,694	\$ 101,462,806
348,164	974,405	1,604,857	3,652,156	2,833,396	533,341
21,359,596	22,410,973	22,858,261	23,739,973	17,114,579	9,469,507
198,912,577	202,174,527	209,621,427	218,164,915	224,158,572	221,574,472
15,210,620	16,625,266	17,198,842	16,798,675	15,891,453	32,488,639
319,643,384	326,953,069	341,544,364	354,106,577	360,326,694	365,528,765
10,818,228	11,001,338	11,514,189	11,579,014	12,045,309	12,630,825
6,172,803	6,460,730	6,903,161	7,122,254	7,631,179	7,717,054
133,079,885	136,536,746	141,017,874	144,692,508	143,989,921	140,547,910
3,380,229	3,509,419	3,874,646	3,907,331	3,888,466	3,509,057
48,125,942	48,194,816	49,252,014	51,507,841	55,159,242	56,677,434
19,590,144	19,265,127	19,713,175	26,200,345	23,051,707	34,912,873
20,059,076	21,774,370	23,150,650	24,378,844	25,060,178	25,510,887
19,359,537	23,465,235	26,295,190	30,083,755	27,088,116	26,146,167
529,352	501,639	437,569	478,592	578,794	612,385
12,021,733	12,142,784	12,369,060	11,900,447	11,756,680	11,023,452
16,420,852	17,937,598	18,835,328	19,669,050	18,413,160	12,342,444
13,341,882	14,429,416	30,922,886	18,468,568	25,628,871	20,858,804
16,895,743	16,908,235	17,825,824	17,802,872	20,491,339	21,103,066
6,478,143	5,519,548	6,692,091	5,942,637	7,140,795	5,941,062
326,273,549	337,647,001	368,803,657	373,734,058	381,923,757	379,533,420
(6,630,165)	(10,693,932)	(27,259,293)	(19,627,481)	(21,597,063)	(14,004,655)
—	—	—	16,070,000	—	14,405,000
—	50,745,000	12,900,000	43,340,000	—	30,775,000
—	2,232,510	687,685	2,300,316	—	1,086,458
—	—	473,993	199,685	—	—
(46,930,000)	—	—	(30,165,000)	—	(15,210,000)
6,281,320	959,875	800,876	7,465,535	1,299,565	5,000,010
—	—	—	—	1,050,000	—
—	—	—	—	(1,050,000)	—
(40,648,680)	53,937,385	14,862,554	39,210,536	1,299,565	36,056,468
\$ (47,278,845)	\$ 43,243,453	\$ (12,396,739)	\$ 19,583,055	\$ (20,297,498)	\$ 22,051,813
7.5%	6.9%	7.3%	6.7%	7.8%	7.5%

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2012	\$ 10,003,428 4.4%	\$ 5,214,235 2.3%	\$ 117,955,040 52.4%	\$ 3,484,305 1.5%	\$ 44,680,840 19.9%
2013	9,281,897 4.0%	5,449,851 2.4%	119,645,813 52.0%	2,172,192 0.9%	46,746,603 20.3%
2014	9,560,101 4.1%	4,824,781 2.1%	116,517,752 50.6%	3,110,026 1.4%	46,398,074 20.2%
2015	10,379,805 4.4%	4,938,420 2.1%	122,827,042 51.8%	2,529,300 1.1%	46,277,695 19.5%
2016	10,815,433 4.4%	5,521,493 2.3%	129,193,844 52.8%	3,124,154 1.3%	48,120,113 19.6%
2017	10,999,162 4.3%	5,703,811 2.2%	134,282,353 52.4%	3,426,012 1.3%	48,191,475 18.9%
2018	11,498,367 4.4%	5,971,996 2.3%	139,495,530 52.7%	3,762,033 1.4%	49,249,189 18.6%
2019	11,579,014 4.2%	6,026,917 2.2%	142,641,191 52.3%	3,798,501 1.4%	51,504,863 18.9%
2020	12,045,309 4.3%	6,383,173 2.3%	142,608,851 51.2%	3,775,218 1.4%	55,149,141 19.8%
2021	12,630,825 4.4%	6,702,691 2.3%	138,440,927 47.9%	3,448,113 1.2%	56,675,430 19.6%

<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>
\$ 9,798,501 4.4%	\$ 20,216,904 9.0%	\$ 13,252,957 5.9%	\$ 338,499 0.2%	\$ 224,944,709 100.0%	1.6%
11,342,939 4.9%	21,506,904 9.3%	13,696,405 6.0%	515,881 0.2%	230,358,485 100.0%	2.4%
13,867,690 6.0%	21,381,700 9.3%	13,956,139 6.1%	531,895 0.2%	230,148,158 100.0%	(0.1%)
14,139,992 6.0%	21,247,802 9.0%	13,898,296 5.9%	607,963 0.2%	236,846,315 100.0%	2.9%
13,472,009 5.5%	20,033,798 8.2%	14,018,585 5.7%	529,352 0.2%	244,828,781 100.0%	3.4%
16,108,984 6.3%	21,749,139 8.5%	15,245,250 5.9%	501,639 0.2%	256,207,825 100.0%	4.7%
15,474,392 5.9%	23,141,045 8.8%	15,536,238 5.8%	437,569 0.1%	264,566,359 100.0%	3.3%
16,338,832 6.0%	24,364,201 8.9%	16,119,074 5.9%	478,592 0.2%	272,851,185 100.0%	3.1%
17,114,996 6.1%	25,030,855 9.0%	15,760,903 5.7%	578,794 0.2%	278,447,240 100.0%	2.1%
26,030,318 9.0%	25,510,887 8.8%	18,959,945 6.6%	612,385 0.2%	289,011,521 100.0%	3.8%

OSSEO AREA SCHOOLS

ISD  279

Our Mission

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2012	\$ 44,965,114 20%	\$ 161,516,194 72%	\$ 11,021,029 5%	\$ 6,265,415 3%	\$ 223,767,752 100%
2013	48,294,901 21%	162,587,636 73%	8,630,373 4%	4,383,922 2%	223,896,832 100%
2014	27,849,067 12%	191,674,840 82%	8,805,345 4%	4,902,566 2%	233,231,818 100%
2015	53,770,557 22%	181,828,908 73%	7,987,321 3%	5,566,469 2%	249,153,255 100%
2016	56,353,162 22%	185,858,768 73%	8,184,157 3%	5,440,123 2%	255,836,210 100%
2017	54,872,791 21%	188,741,825 73%	9,076,514 4%	5,950,070 2%	258,641,200 100%
2018	56,258,480 21%	196,073,146 73%	9,800,950 4%	6,115,068 2%	268,247,644 100%
2019	57,035,680 21%	204,292,523 73%	9,408,631 3%	7,278,451 3%	278,015,285 100%
2020	64,852,735 22%	209,126,204 72%	9,630,449 3%	5,867,507 2%	289,476,895 100%
2021	64,689,741 22%	208,973,905 70%	19,421,504 7%	4,013,669 1%	297,098,819 100%

- (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
	2012	2013	2014	2015
Revenue				
General Fund				
Operating Account	\$ 223,767,752	\$ 223,896,832	\$ 233,231,818	\$ 249,153,255
Capital Expenditure Account	8,429,276	9,042,349	9,267,986	13,903,601
Special revenue funds				
Food Service	10,609,307	11,008,927	11,079,495	11,346,564
Community Service	14,103,160	14,334,020	15,289,169	15,056,548
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,279,004	19,503,802	19,639,753	15,637,131
Debt Service Account – Other				
Post-Employment Benefits Bonds	1,000,072	980,645	978,083	2,293,296
Total revenue	<u>\$ 277,188,571</u>	<u>\$ 278,766,575</u>	<u>\$ 289,486,304</u>	<u>\$ 307,390,395</u>
Expenditures				
General Fund				
Operating Account	\$ 224,944,709	\$ 230,358,485	\$ 230,148,158	\$ 236,846,315
Capital Expenditure Account	11,465,451	9,708,191	9,931,619	17,889,774
Special revenue funds				
Food Service	10,706,589	10,749,330	11,318,737	11,461,024
Community Service	14,104,651	14,912,640	15,333,772	14,595,891
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,859,761	19,524,714	19,691,009	15,751,468
Debt Service Account – Other				
Post-Employment Benefits Bonds	960,450	960,450	960,450	2,175,450
Total expenditures	<u>\$ 282,041,611</u>	<u>\$ 286,213,810</u>	<u>\$ 287,383,745</u>	<u>\$ 298,719,922</u>

2016	2017	2018	2019	2020	2021
\$ 255,836,210	\$ 258,641,200	\$ 268,247,644	\$ 278,015,285	\$ 289,476,895	\$ 297,098,819
14,294,742	18,373,136	22,321,138	22,504,811	22,088,625	18,495,400
12,189,464	12,949,410	13,106,250	12,875,401	10,441,940	12,954,711
16,828,669	18,535,705	18,977,219	19,779,910	16,685,896	13,038,710
15,564,377	15,955,955	15,555,583	17,208,540	18,097,433	21,261,211
2,284,434	2,278,253	2,983,142	2,907,629	2,875,357	2,620,468
<u>\$ 316,997,896</u>	<u>\$ 326,733,659</u>	<u>\$ 341,190,976</u>	<u>\$ 353,291,576</u>	<u>\$ 359,666,146</u>	<u>\$ 365,469,319</u>
\$ 244,828,781	\$ 256,207,825	\$ 264,566,359	\$ 272,851,185	\$ 278,447,240	\$ 289,011,521
20,659,479	19,119,404	22,467,860	31,397,121	24,372,381	23,483,860
12,140,458	12,243,200	12,510,312	12,165,405	12,116,579	11,655,858
16,557,157	18,096,509	18,998,920	19,737,599	18,604,603	12,463,604
16,813,272	15,471,116	16,756,014	16,403,794	20,460,477	20,094,456
2,187,550	2,199,550	2,886,150	2,909,601	2,844,948	2,623,860
<u>\$ 313,186,697</u>	<u>\$ 323,337,604</u>	<u>\$ 338,185,615</u>	<u>\$ 355,464,705</u>	<u>\$ 356,846,228</u>	<u>\$ 359,333,159</u>

OSSEO AREA SCHOOLS

ISD  279

Our Mission

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

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student
Year Ended June 30, 2021
(Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
General education formula revenue per pupil unit (1)		
General education (includes transportation)	\$ 6,567	\$ 6,567
Local optional	724	732
Referendum	1,510	1,454
Gifted and talented, extended, compensatory, and English learner	633	771
Operating capital	231	228
Declining enrollment, equity, and other	211	221
General education formula revenue per pupil unit (property tax and state aid)	<u>\$ 9,876</u>	<u>\$ 9,973</u>
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		\$ 12,119
Less Capital Expenditure Account		<u>(878)</u>
General education formula revenue per student – General Fund – Operating Account		11,241
State categorical revenue (special education, secondary vocational, cooperation, and other)		<u>2,265</u>
Total property tax and state aid revenue		13,506
Federal revenue (special education, Title I, and other)		959
Other local revenue – interest, participation fees, and other		<u>198</u>
Total General Fund – Operating Account revenue per student		<u>\$ 14,663</u>

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>
2012	\$ 11,833,845,856	\$ 105,372,900	\$ 11,939,218,756
2013	11,073,727,012	116,771,700	11,190,498,712
2014	11,124,552,594	120,485,200	11,245,037,794
2015	12,260,171,126	126,039,300	12,386,210,426
2016	13,072,587,948	131,212,400	13,203,800,348
2017	13,963,187,839	135,759,200	14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964
2020	17,692,514,721	156,621,500	17,849,136,221
2021	18,865,866,104	167,949,700	19,033,815,804

Source: Hennepin County Department of Property Tax and Public Records

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 12,694,768,500	94.0 %
11,981,778,000	93.4
12,032,929,900	93.5
13,117,972,200	94.4
13,913,604,700	94.9
14,790,857,500	95.3
15,935,351,000	96.0
17,052,240,800	96.4
18,425,248,550	96.9
19,577,944,400	97.2

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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		
2012	\$ 44,965,114	\$ 1,844,014	\$ 2,700,760	\$ 19,488,867	\$ 68,998,755	
2013	48,294,901	1,890,869	2,572,515	20,471,488	73,229,773	
2014	27,849,067	1,053,994	2,631,084	20,605,495	52,139,640	
2015	58,770,557	1,914,828	2,622,943	17,916,181	81,224,509	
2016	61,356,156	1,999,515	2,622,943	17,833,813	83,812,427	
2017	64,453,408	2,437,044	–	17,877,446	84,767,898	
2018	69,621,125	2,585,454	–	18,054,398	90,260,977	
2019	69,741,962	2,735,653	–	19,273,243	91,750,858	
2020	77,283,444	2,972,809	–	20,072,441	100,328,694	
2021	75,583,434	3,057,662	–	22,821,710	101,462,806	

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 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	2021			
			Property Valuation		Percentage	
			Tax Capacity	Rank	of Tax Capacity Value	Market Value
Target Corporation	Commercial	Brooklyn Park	\$ 1,848,776	1	0.8 %	\$ 92,476,300
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	1,655,194	2	0.7	82,797,200
Skye at Arbor Lakes LLLP	Apartment	Maple Grove	1,252,416	3	0.6	100,193,300
KIR Maple Grove, LP	Commercial	Maple Grove	1,207,798	4	0.5	60,427,400
Weidner Property Management	Residential	Plymouth	943,800	5	0.4	75,504,000
Aeon BP, LLC	Apartment	Brooklyn Park	811,925	6	0.4	64,954,000
MFREVF II Maple Grove, LLC	Residential	Plymouth	810,000	7	0.4	64,800,000
Doran MGRB I, LLC	Apartment	Plymouth	732,103	8	0.3	58,568,200
KIMCO Realty Corporation	Commercial	Maple Grove	715,620	9	0.3	35,818,500
BPP, LLC	Industrial	Brooklyn Park	628,442	10	0.3	31,459,600
Boston Scientific Scimed, Inc.	Industrial	Maple Grove	—	—	—	—
Fairview Hospital	Commercial	Maple Grove	—	—	—	—
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	—	—	—	—
Thomson Reuters Prop Tx Services	Apartment	Plymouth	—	—	—	—
Great River Energy	Commercial	Maple Grove	—	—	—	—
Total for 10 largest principal taxpayers			<u>\$ 10,606,074</u>		<u>4.7 %</u>	<u>\$ 666,998,500</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

2012				
Property Valuation				
Tax Capacity	Rank	Percentage of Tax Capacity Value		Market Value
\$ 793,364	4	0.7 %	\$	39,668,200
1,541,994	1	1.3		77,137,200
—	—	—		—
960,028	3	0.8		48,038,900
—	—	—		—
—	—	—		—
—	—	—		—
—	—	—		—
640,802	5	0.5		32,077,600
439,060	9	0.4		21,990,500
1,021,260	2	0.8		51,100,500
633,082	6	0.5		31,691,600
544,250	7	0.4		27,250,000
448,638	8	0.4		35,891,000
417,710	10	0.3		20,923,000
<u>\$ 7,440,188</u>		<u>6.1 %</u>	<u>\$</u>	<u>385,768,500</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>
Levies					
	2012	\$ 48,571,280	\$ 1,783,976	\$ 20,796,263	\$ 71,151,519
	2013	51,110,640	1,810,052	20,705,227	73,625,919
	2014	61,625,634	1,836,956	18,197,021	81,659,611
	2015	64,037,957	1,960,560	18,050,797	84,049,314
	2016	64,021,060	2,375,031	17,945,293	84,341,384
	2017	69,353,231	2,523,098	18,139,842	90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
	2020	74,247,689	2,993,322	22,893,430	100,134,441
	2021	81,756,449	3,068,201	15,735,260	100,559,910
Net tax rates					
Tax capacity rate					
	2012	8.792 %	1.275 %	14.863 %	24.930 %
	2013	11.044	1.361	15.568	27.973
	2014	14.823	1.375	13.621	29.819
	2015	13.693	1.319	12.144	27.156
	2016	13.348	1.510	11.409	26.267
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
	2020	9.944	1.395	10.669	22.008
	2021	13.807	1.357	6.959	22.123
Market value rate					
	2012	0.252 %	— %	— %	0.252 %
	2013	0.268	—	—	0.268
	2014	0.309	—	—	0.309
	2015	0.294	—	—	0.294
	2016	0.278	—	—	0.278
	2017	0.275	—	—	0.275
	2018	0.266	—	—	0.266
	2019	0.275	—	—	0.275
	2020	0.256	—	—	0.256
	2021	0.232	—	—	0.232

- (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.

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)
\$ (9,187,341)	\$ 61,964,178	\$ (31,586,126)	\$ 30,378,052	\$ (1,402)
(9,538,081)	64,087,838	(31,703,793)	32,384,045	—
(9,799,243)	71,860,368	(36,803,819)	35,056,549	—
(10,726,997)	73,322,317	(38,109,021)	35,213,296	—
(9,941,590)	74,399,794	(37,953,980)	36,445,814	—
(10,497,320)	79,518,851	(39,956,973)	39,561,878	—
(11,070,502)	81,712,423	(41,651,739)	40,060,684	—
(11,010,109)	88,560,738	(46,196,821)	42,363,917	—
(11,984,393)	88,150,048	(46,577,113)	41,572,935	—
(11,456,838)	89,103,072	(44,778,983)	44,324,089	—

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	Municipalities			
		Brooklyn Center	Brooklyn Park	Corcoran	Dayton
Tax capacity rate	2012	64.359%	56.087%	39.617%	57.817%
Market value rate	2012	0.04326%	0.02950%	—	—
Tax capacity rate	2013	71.074%	61.311%	46.111%	64.169%
Market value rate	2013	0.04702%	0.02791%	—	—
Tax capacity rate	2014	74.133%	60.469%	49.743%	65.600%
Market value rate	2014	—	0.02847%	—	—
Tax capacity rate	2015	70.026%	56.136%	45.311%	57.029%
Market value rate	2015	—	0.02589%	—	—
Tax capacity rate	2016	71.775%	55.251%	45.691%	57.150%
Market value rate	2016	—	0.02399%	—	—
Tax capacity rate	2017	70.498%	54.365%	45.994%	55.467%
Market value rate	2017	—	0.02464%	—	—
Tax capacity rate	2018	67.067%	51.159%	45.357%	55.664%
Market value rate	2018	—	0.01584%	—	—
Tax capacity rate	2019	70.400%	51.869%	45.160%	55.212%
Market value rate	2019	—	0.01110%	—	—
Tax capacity rate	2020	65.233%	48.862%	45.013%	54.139%
Market value rate	2020	—	0.01427%	—	—
Tax capacity rate	2021	64.740%	46.396%	43.522%	51.378%
Market value rate	2021	—	0.01340%	—	—

N/A – Not Available

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

Source: Hennepin County Department of Property Tax and Public Records

Maple Grove	Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
39.450%	64.130%	28.146%	41.183%	24.930%	48.231%	9.423%	122.034%
—	—	0.01057%	—	0.25181%	—	—	0.252%
42.142%	77.832%	29.243%	38.291%	27.973%	49.461%	10.383%	129.959%
—	—	0.00596%	—	0.26813%	—	—	0.268%
42.267%	76.941%	29.547%	40.541%	29.819%	49.959%	10.429%	132.474%
—	—	0.00585%	—	0.30947%	—	—	0.309%
39.651%	72.935%	27.847%	40.377%	27.156%	46.398%	9.651%	122.856%
—	—	0.00698%	—	0.29426%	—	—	0.294%
39.196%	70.645%	27.330%	37.879%	26.267%	45.356%	9.449%	120.268%
—	—	0.00531%	—	0.27820%	—	—	0.278%
38.245%	69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
—	—	0.00499%	—	0.27516%	—	—	0.275%
36.709%	63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
—	—	0.00475%	—	0.26582%	—	—	0.266%
34.746%	60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
—	—	0.00219%	—	0.27486%	—	—	0.275%
32.756%	57.740%	25.796%	35.859%	22.008%	41.084%	8.174%	104.022%
—	—	0.00209%	—	0.25606%	—	—	0.256%
31.911%	58.211%	26.119%	33.396%	22.123%	38.210%	7.878%	100.122%
—	—	0.00197%	—	0.23168%	—	—	0.232%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2012	\$ 71,151,519	\$ 71,070,094	99.9 %	\$ 27,249
2013	73,625,919	73,513,909	99.8	112,010
2014	81,659,611	81,494,375	99.8	173,397
2015	84,049,314	83,715,659	99.6	305,006
2016	84,341,384	83,868,531	99.4	427,910
2017	90,016,171	89,891,336	99.9	36,758
2018	92,782,925	92,467,545	99.7	185,344
2019	99,570,847	99,253,734	99.7	212,356
2020	100,134,441	99,756,651	99.6	N/A
2021 (1)	100,559,910	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2020		\$ 99,756,651
Less tax shift allocation of the levy collectible in 2020 to fiscal year 2020	(2)	(4,526,331)
Add tax shift allocation of the referendum levy collectible in 2021 to fiscal year 2021	(2)	5,693,341
Property tax delinquencies, abatements, and county apportionment		<u>539,145</u>
Total local property tax revenue – fiscal year 2021		<u><u>\$ 101,462,806</u></u>

N/A – Not Available

(1) Only a portion of calendar year 2021 taxes are collectible by June 30, 2021. A total of \$50,800,000 of 2021 taxes were collected by June 30, 2021.

(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, 2021 Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$	71,097,343	99.9 %	\$ —	— %
	73,625,919	100.0	—	—
	81,667,772	100.0	—	—
	84,020,665	100.0	—	—
	84,296,441	99.9	44,943	0.1
	89,928,094	99.9	88,077	0.1
	92,652,889	99.9	130,036	0.1
	99,466,090	99.9	104,757	0.1
	99,756,651	99.6	377,790	0.4
	N/A	N/A	—	N/A
			<u>\$ 745,603</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds and Notes	Certificates of Participation	Unamortized Premiums (Discounts) on Debt Issued	Capital Leases
2012	\$ 145,755,000	\$ —	\$ 7,685,146	\$ 2,031,788
2013	138,715,000	—	6,172,040	1,070,108
2014	124,400,000	—	5,285,194	95,433
2015	171,080,000	14,085,000	10,602,876	3,556,372
2016	111,020,000	13,425,000	8,901,279	6,731,949
2017	148,925,000	12,655,000	9,350,798	4,393,589
2018	148,370,000	11,870,000	6,980,144	1,608,641
2019	163,665,000	11,060,000	7,455,402	6,031,304
2020	146,965,000	10,225,000	5,547,562	4,374,530
2021	150,885,000	18,080,000	4,845,267	6,466,474

N/A – Not Available

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

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

Total Government		Percentage of Personal Income (1)	Per Capita (1)	
\$	155,471,934	1.9 %	\$	1,136
	145,957,148	1.8		1,052
	129,780,627	1.5		923
	199,324,248	2.3		1,402
	140,078,228	1.5		963
	175,324,387	1.8		1,184
	168,828,785	1.7		1,141
	188,211,706	1.8		1,258
	167,112,092	N/A		1,109
	180,276,741	N/A		1,175

INDEPENDENT SCHOOL DISTRICT NO. 279

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

<u>June 30,</u>	<u>Outstanding Bonded Debt</u>	<u>Unamortized Premiums (Discounts)</u>	<u>Balance on Hand – Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Taxable Tax Capacity</u>
2012	\$ 145,755,000	\$ 7,685,146	\$ 3,753,106	\$ 149,687,040	\$ 121,853,398
2013	138,715,000	6,172,040	3,847,570	141,039,470	115,768,941
2014	124,400,000	5,285,194	3,813,947	125,871,247	117,564,467
2015	185,165,000	10,602,876	51,033,469	144,734,407	129,670,410
2016	124,445,000	8,901,279	2,951,458	130,394,821	138,751,338
2017	161,580,000	9,350,798	4,105,000	166,825,798	148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139
2020	157,190,000	5,547,562	3,509,367	159,228,195	212,201,535
2021	168,965,000	4,845,267	4,729,348	169,080,919	224,913,697

(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, 2021, the legal debt limit was \$2,899,191,746. As of June 30, 2021, outstanding bonded debt was \$166,325,000, leaving a margin of \$2,732,866,746 applicable to the limit.

Source: Hennepin County Department of Property Tax and Public Records

Ratio of Net Debt to Tax Capacity Value	Estimated Population (1)	Net Debt per Capita
122.8 %	136,896	\$ 1,093
121.8	138,789	1,016
107.1	140,680	895
111.6	142,167	1,018
94.0	145,451	896
112.7	148,029	1,127
83.1	148,029	1,018
91.0	149,640	1,178
75.0	150,674	1,057
75.2	153,405	1,102

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INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt
as of June 30, 2021

Taxing Unit	Tax Collection Calendar Year – 2020 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	\$ 224,913,697	\$ 168,965,000	100.00 %	\$ 168,965,000
Overlapping debt				
Hennepin County	2,080,642,179	1,017,430,000	9.63	97,978,509
Cities				
Brooklyn Center	22,044,844	12,610,000	31.50	3,972,150
Brooklyn Park	86,070,282	23,055,000	75.84	17,484,912
Corcoran	10,929,457	116,194	7.72	8,970
Dayton	10,356,308	1,760,670	24.11	424,498
Maple Grove	110,589,954	4,820,000	92.88	4,476,816
Osseo	2,620,253	871,234	100.00	871,234
Plymouth	146,061,864	44,785,000	13.15	5,889,228
Rogers	24,308,020	1,985,000	1.00	19,850
Others				
Three Rivers Park District	1,447,499,958	52,330,000	13.84	7,242,472
Metropolitan Council	4,384,840,728	245,380,000	4.57	11,213,866
Total overlapping debt				<u>149,582,504</u>
Total direct and debt outstanding				<u><u>\$ 318,547,504</u></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			
	2012	2013	2014	2015
Debt limit	\$ 1,881,545,183	\$ 1,773,605,673	\$ 1,783,879,819	\$ 1,942,619,831
Total net debt applicable to the limit	145,755,000	138,715,000	124,400,000	185,165,000
Legal debt margin	<u>\$ 1,735,790,183</u>	<u>\$ 1,634,890,673</u>	<u>\$ 1,659,479,819</u>	<u>\$ 1,757,454,831</u>
Total net debt applicable to the limit as a percentage of debt limit	7.75%	7.82%	6.97%	9.53%

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

2016	2017	2018	2019	2020	2021
\$ 2,046,404,386	\$ 2,178,203,956	\$ 2,350,372,780	\$ 2,521,110,069	\$ 2,728,488,229	\$ 2,899,191,746
124,445,000	161,580,000	150,305,000	167,045,000	152,080,000	166,325,000
<u>\$ 1,921,959,386</u>	<u>\$ 2,016,623,956</u>	<u>\$ 2,200,067,780</u>	<u>\$ 2,354,065,069</u>	<u>\$ 2,576,408,229</u>	<u>\$ 2,732,866,746</u>
6.08%	7.42%	6.39%	6.63%	5.57%	5.74%

Legal Debt Margin Calculation for Fiscal Year 2021

Market value	\$19,327,944,975
Debt limit (15% of market value)	2,899,191,746
Debt applicable to the limit	
General obligation bonds and notes payable	168,965,000
Less 2018 taxable OPEB refunding bonds	<u>(2,640,000)</u>
Subtotal	<u>166,325,000</u>
Legal debt margin	<u>\$ 2,732,866,746</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service
as of June 30, 2021

Tax Collection Calendar Year	Deferred Tax Levies
2022	\$ 17,097,399
2023	11,995,213
2024	10,849,873
2025	11,686,828
2026	12,185,263
2027	12,937,588
2028	10,796,481
2029	10,496,916
2030	13,619,104
2031	13,020,735
2032	11,781,250
2033	11,687,091
2034	11,423,449
2035	11,508,919
2036	10,167,773
2037	3,432,555
Total amount to be levied in future years	184,686,437
2021	Amount levied for collection in 2021 and included in property taxes levied for subsequent year at June 30, 2021
	15,735,260
Total deferred tax levies for future bond debt service	\$ 200,421,697

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

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2012	136,896	\$ 8,094,112,896	\$ 59,126	37.8	20,591	5.6 %
2013	138,789	8,304,578,604	59,836	37.2	20,549	5.1
2014	140,680	8,557,283,040	60,828	37.6	20,581	4.2
2015	142,167	8,742,133,164	61,492	37.7	20,373	3.7
2016	145,451	9,194,975,867	63,217	37.8	20,307	3.9
2017	148,029	9,725,357,271	65,699	37.9	20,659	3.4
2018	148,029	10,126,811,919	68,411	37.8	20,968	2.9
2019	149,640	10,670,229,840	71,306	37.8	21,073	3.2
2020	150,674	N/A	N/A	N/A	21,026	6.2
2021	153,405	N/A	N/A	N/A	20,261	N/A

N/A – Not Available

Data sources:

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers
Current Year and Nine Years Ago

Employer	2021		2012	
	Employees	Rank	Employees	Rank
Target Corporation	4,000	1	1,500	3
Independent School District No. 279	3,096	2	2,937	1
Boston Scientific Scimed, Inc.	3,000	3	2,800	2
Caterpillar Paving Products	700	4	524	9
United Parcel Service	700	4	664	6
North Hennepin Community College	610	6	420	10
LSC Communications	540	7	—	—
Hy-Vee	500	8	—	—
Teleflex	500	8	—	—
Medtronic	420	10	—	—
Walmart	—	—	800	4
Fairview Hospital	—	—	716	5
Prudential Insurance Company	—	—	650	7
Data Recognition Company	—	—	530	8
Total	14,066		11,541	

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove

INDEPENDENT SCHOOL DISTRICT NO. 279

Building Permits Issued by Major Cities
Last Ten Fiscal Years

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
City of Brooklyn Park				
2011	7,460	\$ 74,491,011	78	\$ 17,373,799
2012	2,034	124,367,945	143	33,322,357
2013	1,772	114,821,218	168	36,561,609
2014	1,885	164,344,704	140	26,375,881
2015	2,036	149,524,929	142	35,840,775
2016	2,090	106,842,092	137	34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,229	86,228,879	124	24,245,774
2019	2,937	97,427,930	100	22,206,367
2020	3,576	46,806,577	54	14,649,647
City of Maple Grove				
2011	2,345	\$ 149,181,591	226	\$ 69,984,374
2012	2,136	120,446,202	231	77,225,361
2013	2,110	202,041,119	265	127,675,752
2014	2,252	193,572,052	278	106,325,973
2015	2,942	141,804,368	192	85,682,575
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747
2019	7,145	263,658,791	236	60,035,556
2020	7,080	209,957,885	99	29,960,060

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

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

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Employees by Classification
Last Ten Fiscal Years

Year Ended June 30,	Employees			
	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals
2012	134	1,467	112	783
2013	132	1,487	108	780
2014	137	1,482	110	738
2015	149	1,510	109	811
2016	148	1,543	108	775
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
2020	167	1,571	108	797
2021	168	1,612	111	733
Percent increase (decrease) over 10 years	25.4%	9.9%	(0.9%)	(6.4%)

- (1) Superintendent, school executives, principals, secondary school building assistant principals, principals on special assignment, directors, coordinators, managers, supervisors, secondary school building business managers, and student management specialist.
- (2) Confidential support specialist, equity staff, hourly technical staff, Kidstop instructors, registered nurses and licensed practical nurses, salaried professionals, and School Board members.

Note: Other employees include Kidstop instructors after fiscal 2019.

Source: The District's Human Resources Department

Food Service	Custodians	Other Employees (2)	Total Employees	Total Students (ADM)
160	146	136	2,938	20,591
166	142	124	2,939	20,549
161	142	125	2,895	20,581
156	147	130	3,012	20,373
161	162	128	3,025	20,307
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,073
139	158	208	3,148	21,030
117	159	196	3,096	20,261
(26.9%)	8.9%	44.1%	5.4%	(1.6%)

INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Total population	136,896	138,789	140,680	142,167
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	76%	76%	74%	73%
ACT information				
Average ACT score	22.5	22.3	22.3	22.3
Percent of students taking ACT	63%	63%	65%	73%
National Merit Scholarship Program				
Commended	14	9	11	11
Finalists and semifinalists	3	4	2	1
AP Scholars	117	128	150	149

N/A – Not Available

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

2016	2017	2018	2019	2020	2021
145,451	148,029	148,029	149,640	150,674	153,405
100%	100%	100%	100%	100%	100%
72%	72%	71%	71%	72%	77%
20.3	20.3	19.6	19.9	N/A	19.5
84%	92%	91%	93%	N/A	77%
6	—	6	4	N/A	5
2	5	3	7	7	4
164	165	201	152	199	213

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function
Last Ten Fiscal Years

				Fiscal Year
	2012	2013	2014	2015
Capital assets				
Land	\$ 10,691,698	\$ 8,344,233	\$ 8,323,417	\$ 8,323,417
Land improvements	27,843,458	28,968,868	29,488,070	30,394,387
Buildings	387,290,466	395,241,051	398,977,319	406,467,020
Equipment	10,652,175	10,954,314	8,573,540	8,798,928
Construction in progress	391,975	1,026,401	2,513,199	17,292,480
Total capital assets	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>
Capital assets by function and activity				
Administration	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
District support services	112,276,960	112,323,903	111,389,026	111,399,374
Elementary and secondary regular instruction	905,208	908,265	983,647	983,647
Vocational education instruction	64,681	64,681	64,681	64,681
Special education instruction	271,043	288,451	297,094	297,094
Instructional support services	1,217,309	1,321,797	1,336,797	1,371,261
Pupil support services	59,647	59,647	59,647	59,647
Food service	5,151,404	5,211,253	5,256,134	5,462,112
Sites and buildings	315,824,027	323,220,971	327,331,102	350,463,871
Community service	1,080,398	1,116,804	1,138,322	1,155,450
Total capital assets by function and activity	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>	<u>\$ 471,276,232</u>

Source: The District's Business Services Department

2016	2017	2018	2019	2020	2021
\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,973,417	\$ 8,973,417	\$ 8,973,417
31,479,888	32,672,400	30,897,771	31,988,651	36,093,707	40,328,214
428,532,037	443,751,224	456,522,719	493,392,348	523,127,725	540,626,000
10,098,560	10,744,070	9,658,055	10,605,589	11,271,723	12,731,843
6,655,427	6,699,868	22,797,439	11,214,268	9,853,572	10,357,558
<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>	<u>\$ 589,320,144</u>	<u>\$ 613,017,032</u>
\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 31,895
111,381,071	111,333,954	107,606,898	107,687,623	107,736,578	107,754,573
1,155,256	1,172,513	897,678	913,783	967,749	1,001,051
64,681	64,681	48,341	61,879	137,994	150,117
297,094	297,094	272,402	272,402	338,921	346,266
1,460,404	1,460,404	1,084,157	1,254,477	1,254,477	1,500,074
59,647	59,647	54,438	34,467	48,367	123,025
5,485,642	5,546,180	5,573,434	5,817,182	6,061,702	6,569,632
364,010,989	381,019,401	411,379,171	438,844,431	471,342,481	494,010,262
1,155,450	1,218,010	1,263,787	1,268,934	1,412,780	1,530,137
<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>	<u>\$ 589,320,144</u>	<u>\$ 613,017,032</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>
2012	27.97
2013	27.52
2014	27.63
2015	26.47
2016	26.30
2017	25.60
2018	25.46
2019	25.54
2020	25.69
2021	25.39

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, 2021

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)	
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2)	169
Basswood Elementary	School	1995/2002	36.00	102,648		739
Birch Grove Elementary School for the Arts	School	1966/1991/2004	15.00	74,314		254
Cedar Island Elementary	School	1970	23.16	66,871		336
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208		224
Edinbrook Elementary	School	1988/2002	20.00	106,406		487
Elm Creek Elementary	School	1980	15.00	84,300		373
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129		239
Fernbrook Elementary	School	1988/2003	43.00	105,440		661
Garden City Elementary	School	1959/1994/2004	10.00	55,153		213
Oak View Elementary	School	1991	22.00	98,600		345
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463		273
Park Brook Elementary	School	1959/1994/2004	10.00	55,011		195
Rice Lake Elementary	School	1980	15.42	84,300		472
Rush Creek Elementary	School	1995/2002	29.00	102,648		614
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600		430
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2)	–
Woodland Elementary	School	2002	19.00	101,555		458
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	81,843		247
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	School	1963/1969/1980/2003	28.57	176,104		714
Maple Grove Middle School	School	1990/2003	46.62	275,680		1,317
North View Middle School	School	1970/1986/2002/2007	26.04	186,448		404
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507		884
Maple Grove Senior High	School	1996/2002/2004/2015	110.00	351,718		2,021
Osseo Senior High	School	1952/1957/1960/1962/1964/1966/1975/1988/2002/2015	43.63	413,610		1,580
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/1988/2002/2003/2015	31.00	414,774		1,270
Osseo Area Learning Center	School	1973/2000	5.00	47,108		144
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		58
Timberland Properties	CBVAT	Leased	–	12,249		–
Total				3,828,745		15,121

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

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

Source: The District's Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Attendance (1)	Total National School Lunch Program Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2012	19,966	2,535,238	171	14,826	74.3 %
2013	19,919	2,464,510	170	14,497	72.8
2014	19,963	2,422,337	168	14,419	72.2
2015	19,759	2,510,507	171	14,681	74.3
2016	19,699	2,520,404	172	14,654	74.4
2017	20,020	2,483,812	172	14,441	72.1
2018	20,329	2,483,599	170	14,609	71.9
2019	20,441	2,388,829	166	14,391	70.4
2020 (2)	20,395	1,636,020	118	13,865	68.0
2021 (2)	19,653	N/A	N/A	N/A	N/A

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

(2) Due to the COVID-19 pandemic, the school lunch program operated under the Summer Food Service Program for Children beginning in March of 2020.

Source: The District's Food and Nutrition Department

Free Lunch		Reduced-Priced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
915,804	36.1 %	238,826	9.4 %
970,729	39.4	211,094	8.6
964,628	39.8	230,208	9.5
1,002,132	39.9	261,655	10.4
1,011,298	40.1	253,216	10.0
1,017,620	41.0	260,112	10.5
994,992	40.1	271,193	10.9
882,352	36.9	291,159	12.2
573,898	35.1	204,719	12.5
N/A	N/A	N/A	N/A

INDEPENDENT SCHOOL DISTRICT NO. 279

Students
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)					
	Early Childhood and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Total	
					Number	Percent Increase (Decrease)
2012	341	1,436	9,487	9,327	20,591	(0.9)
2013	339	1,444	9,548	9,218	20,549	(0.2)
2014	342	1,523	9,495	9,221	20,581	0.2
2015	383	1,432	9,397	9,161	20,373	(1.0)
2016	366	1,400	9,307	9,234	20,307	(0.3)
2017	514	1,357	9,237	9,551	20,659	1.7
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,427	9,353	9,749	21,073	0.5
2020	548	1,409	9,343	9,730	21,030	(0.2)
2021	514	1,213	8,809	9,725	20,261	(3.7)

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 2012 through 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2021	1.000	1.000	1.000	1.000	1.000	1.000

Note 3: Beginning in fiscal year 2015, the District offered only all-day kindergarten programming; therefore, a 1.0 weighting factor applied to kindergarten students served per MDE guidance.

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
23,715	(1.1)
23,648	(0.3)
23,644	–
22,205	(6.1)
22,153	(0.2)
22,569	1.9
22,891	1.4
23,023	0.6
22,976	(0.2)
22,206	(3.4)

Secondary
7–12

1.300

1.000

OSSEO AREA SCHOOLS

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.**