
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED – JUNE 30, 2019



MONTICELLO SCHOOL DISTRICT

INDEPENDENT SCHOOL DISTRICT #882
302 WASHINGTON STREET, MONTICELLO MN 55362

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

PREPARED BY

BUSINESS OFFICE STAFF

MONTICELLO, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT NO. 882
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INTRODUCTORY SECTION



MONTICELLO PUBLIC SCHOOLS
Independent School District No. 882

302 Washington Street
Monticello, Minnesota 55362
www.monticello.k12.mn.us

Phone (763) 272-2000
Fax (763) 272-2009

Date: December 17, 2019

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

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 882, Monticello, Minnesota (the District) for the fiscal year ended June 30, 2019 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

This CAFR is presented in three main sections: introductory, financial, and statistical. In addition to the information contained in this letter, the introductory section includes the District's organizational chart, and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

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

DISTRICT ORGANIZATION

The Monticello School District officially organized in 1861 and serves the City of Monticello, and portions of the City of Big Lake, Big Lake Township, Silver Creek Township, and Becker Township. The District is guided by its mission, vision, and goals.

Monticello School District is an equal opportunity employer.

DISTRICT ORGANIZATION (CONTINUED)

Mission

The mission of Monticello Public Schools is to provide a systemic culture of excellence and encouragement that enables students of all interests and abilities to achieve their maximum potential. Through a social emotional learning curriculum, we strive to help our students become successful in academics and future careers, as well as in relationships and their interpersonal life. By creating a supportive and secure learning environment, developing deep relationships, and instilling a sense of belief in every student, we aim to create a desire within every student to take chances, push farther, and succeed greater than otherwise thought possible.

Vision

As a world class educational institution, Monticello Public Schools will provide:

- A unique, tight-knit community that fosters a sincere desire for lifelong learning
- Wide use of technology to enhance individual learning, and help prepare students for the global world
- STEM opportunities for ALL students in the district, starting at the kindergarten level
- Unparalleled Special Education services that make success a reality for all students
- Educated, passionate staff, driven to better the lives of Monticello students
- An environment that encourages and rewards continued education and professional development
- An array of music of music, arts, and after school activities to meet the numerous needs of our student body
- An emphasis on service learning and whole child education
- A blueprint to leadership for all students and staff

The District enrolled 4,053 ADM's (Average Daily Membership) from a population of over 21,304 citizens residing in a 100 square mile area. During 2018-19 the District operated and owned 5 buildings and leased 1 building with a total square footage of 1,017,785 square feet having an average age of 31.15 years: 1 high school, 1 alternative high school, 1 middle school, 2 elementary schools, and 1 early childhood building. The District is organized by grade level with elementary schools serving students in kindergarten through Grade 5, middle school serving Grades 6- 8, and the high schools serving Grades 9-12.

REPORTING ENTITY

Independent School District No. 882, also known as Monticello Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of Monticello Public Schools. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Monticello School District is an equal opportunity employer.

REPORTING ENTITY (CONTINUED)

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. 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 included 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 dependent upon by the potential component unit.

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

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2019, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CliftonLarsonAllen LLP performed the audit for the 2018-19 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

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

Monticello School District is an equal opportunity employer.

ACCOUNTING AND BUDGETING

A major thrust of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The Superintendent and Director of Business Services are authorized to make financial commitments within budgetary guidelines for contracts not requiring sealed bids. Additional expenditure controls are maintained by the District Office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures. The budget is published annually in the District's legal newspaper to inform residents of the District's financial position and operating plan for the fiscal year. The School Board receives a quarterly report showing the budget to actual balances for revenues and expenditures of the current year and prior year. Program managers receive monthly budget reports via email, which indicate the approved budget on a line item basis; the year-to-date expenditures assigned to those line items; and the percent expended to date. Monthly monitoring of revenues and expenditures by the Director of Business Services as well as ongoing monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. In the winter the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 8,886 accounts have been defined in the District's chart of accounts.

FINANCIAL PROSPECTS FOR FUTURE YEARS

In November 2015, the voters approved a bond issue for \$39 million to improve safety and security, enhance learning environments, and increase academic and activity opportunities. Nearly all the construction projects have been completed and have added open, collaborative learning environments for our staff and students. The voters also approved a second question to increase our operating referendum to \$775 per pupil unit which increases each year with inflation for 10 years. The additional operating referendum allows the District to increase staff at our Eastview Family Center for preschool and kindergarten programming which opened for the 2017-2018 school year, increase technology staff for our 1:1 device initiatives at the Middle School and High School, and staff for building and grounds.

The Monticello School Board has focused on rebuilding the unassigned fund balance of the General Fund from its FY 2006 low point of - \$426,605, or -1.44% of its General Fund expenses according to the School Board policy 714. The General Fund unassigned and nonspendable fund balance as of June 30, 2019 is \$2,474,681, or 5.46%. The recent impact affecting the District's fund balance is due to the State changing the State Special Education aid formula. The Monticello School Board approved a budget target alignment plan of \$2 million to balance the 2018-2019 budget and another \$250,000 budget alignment plan for the 2019-2020 budget.

The District's finances are largely dependent on student enrollment. Monticello has been experiencing relatively flat enrollment from FY 2009 to FY 2019 with enrollment changes ranging from -1% decline to +2% growth over this 10-year period. Based on the number of Wright county births from the previous 5 years and new housing permits in the city of Monticello, this trend is expected continue for the next five years, resulting small overall changes in the revenue budget.

ECONOMIC FACTORS

The District is located in Wright County and is approximately 44 miles northwest of the Minneapolis-St. Paul metropolitan area.

The District intentionally focuses efforts of staff and other resources to identify financial resources that are available in order to maximize revenue. With the exception of the voter-approved operating referendum and bond referendum, the District is largely dependent on the state of Minnesota for its revenue authority and state aid. For the past several bienniums, the legislated revenue for education has not been sufficient to meet instructional program needs due to increased costs from inflation and required mandates.

Monticello School District is an equal opportunity employer.

ECONOMIC FACTORS (CONTINUED)

Minnesota's economic and budget outlook remains sound, despite slower growth through the budget horizon. The November 2018 forecast from Minnesota Management and Budget had a General Fund surplus for the coming biennium of \$1.544 billion. When the February 2019 forecast was announced, the projected outlook weakened, and the surplus was reduced to \$1.05 billion. The trend of slower growth continues with projected spending growth outpacing forecast revenue growth. The forecast also showed that spending in the E12 budget is relatively the same and is expected to be approximately \$3 million less in comparison to November's forecast. The Legislature approved basic funding formula increases of 2 percent for both FY 2018 and FY 2019. During the 2015 legislative session, long-term facilities maintenance revenue was approved to help maintain our school buildings. This revenue began in 2016-2017 and will increase per pupil unit each year for three years. The metered payment schedule is currently at 90% where it should be, and the District is in a very good cash flow position.

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

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

MAJOR INITIATIVES

In 2013-2014, the District partnered with the Monticello Food Shelf and Monticello Rotary Club to launch the Weekend Backpack program for elementary students who qualify for free and reduced meals. During the 2018-2019 school year, the District sent home over 8,000 backpacks. The Backpack program extends to the summer months through another partnership with the Monticello Food Shelf called Kids Kitchen. The District also started a Magic Closet at the High School to provide personal hygiene products or clothing to students in need.

Monticello School District is an equal opportunity employer.

AWARDS AND ACKNOWLEDGEMENTS

The District received its first financial reporting recognition in 2013, 2014, 2015, 2016, 2017, 2018, and 2019 from the Minnesota Department of Education through its School Finance Award program.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In order to receive this award, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. The District received the Certificate of Excellence in Financial Reporting from ASBO International for excellence in the preparation and issuance of the District's CAFR for the year ended June 30, 2018. It is the fifth consecutive year the District has received the award.

The time, effort, and attention that go into the timely preparation of a CAFR require the commitment and cooperation of many people. Special appreciation is hereby extended to the District Office staff for the dedication and to the School Board for their encouragement and leadership.

Sincerely,

A handwritten signature in cursive script that reads "Tina Burkholder".

Tina Burkholder,
Director of Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District #882
Monticello Public Schools**

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

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



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

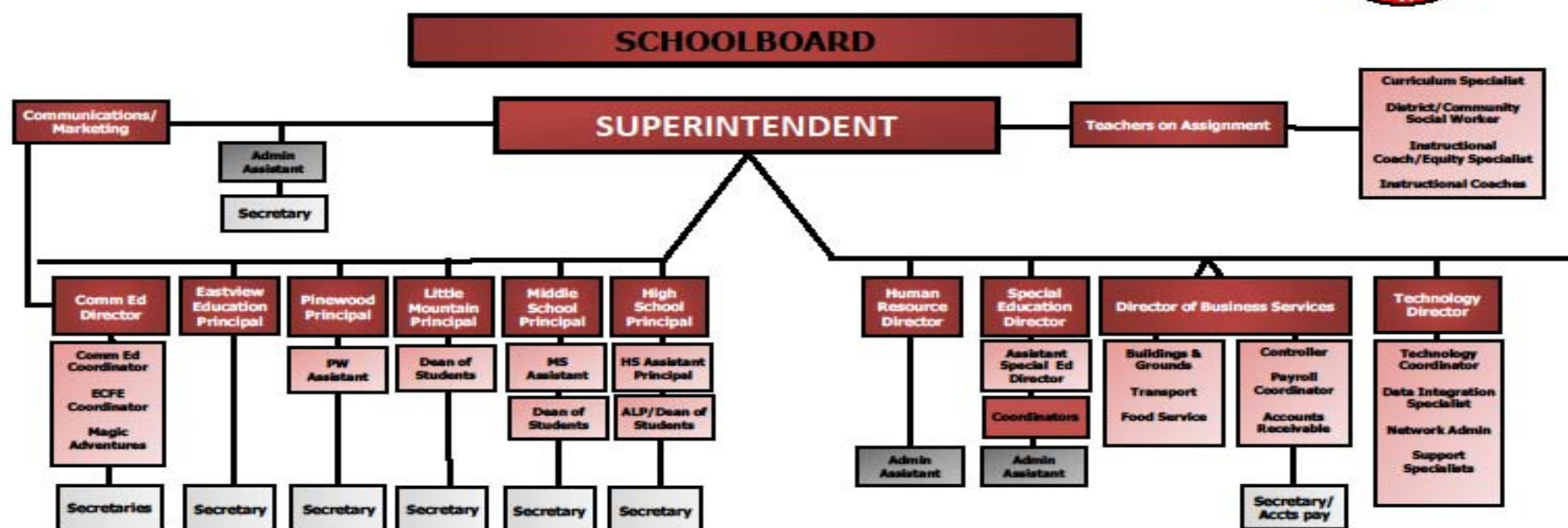
Tom Wohleber, CSRM
President

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

David J. Lewis
Executive Director



2018-19 Monticello School District - Organization Chart



11/13/2019

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2019**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Jill Bartlett	12/31/2020	Chairperson
Jeff Hegle	12/31/2020	Vice Chairperson/Treasurer
Missy Hanson	12/31/2020	Secretary/Clerk
Candace Carda	12/31/2022	Director
Jennifer Lewis Kannegieter	12/31/2022	Director
Melissa Curtis	12/31/2022	Director

ADMINISTRATION

Eric Olson	Superintendent
Tina Burkholder	Director of Business Services
Barb Wilson	Director of Human Services
Mike Carr	Senior High School Principal
Jeff Scherber	Middle School Principal
Linda Borgerding	Elementary School Principal
Gabe Hackett	Elementary School Principal
Joe Dockendorf	Elementary School Principal
Gary Revenig	Athletic/Activities Director
Jeremiah Mack	Community Education Director
Allyson Kuehn	Special Education Director
Susan Heidt	Technology Director
District Offices:	Independent School District No. 882 Monticello Public Schools 302 Washington Street Monticello, MN 55362 (763) 272-2000

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 882
Monticello Public Schools
Monticello, 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. 882 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and respective budgetary comparisons for General Fund, Food Service Fund, and Community Service Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

For year ended June 30, 2019, the District restated net position for Governmental Activities, to properly reflect the total OPEB liability, including the amounts from the Sherburne and Northern Wright Special Education Cooperative, due to it not being recorded in the previously issued financial statements (see Note 15). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Report on Summarized Comparative Information

We have previously audited the District's 2018 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 4, 2018, prior to the identification of an error described in the "Emphasis of a Matter Regarding Correction of an Error" section above. Because the amounts relating to the correction of an error for OPEB liability for governmental activities as discussed in Note 15 to the financial statements and in the "Emphasis of a Matter Regarding Correction of an Error" section above, we express no opinion on the District's 2018 summarized comparative information presented herein.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, uniform financial accounting and reporting standards, the statement of changes in agency fund assets and liabilities, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The uniform financial accounting and reporting standards compliance table and the statement of changes in agency fund assets and liabilities are the responsibility of management and were derived from and relate 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 17, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

This section of Monticello Schools – Independent School District No. 882's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019; it is meant to be read 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 2018-2019 fiscal year include the following:

- Net position increased from (\$36,953,949) to (\$28,224,858) due to the issuance of General Obligation Bonds and a restatement of (\$2,805,161) offset by a decrease in the net pension liability.
- Beginning net position was restated by \$2,805,161 to account for a prior period adjustment (see Note 15).
- The net position increased by \$11,534,252 from June 30, 2018, with total revenues of \$64,711,202 and total expenses of \$53,176,950.
- Overall General Fund revenues and other financing sources were \$56,362,389 as compared to \$55,751,701 of expenditures.
- The District's governmental fund revenues were more than expenditures in the current year by \$1,848,947 which caused in an increase in overall fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-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 district-wide statements.
 - o The *governmental funds* 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.
 - o *Proprietary funds* statements offer short and long-term financial information about the activities the district operates like businesses.
 - o *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

District-Wide Statements

The District-wide 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. 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 district-wide 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 is 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 District-wide financial statements the District's activities are shown in one category:

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds 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 district-wide statements, we provide additional information following the governmental funds statements that explain the relationship (or differences) between them.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Fund Financial Statements (Continued)

- *Proprietary Funds* – 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 statements.
 - o 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 one Internal Service Fund for self-insurance of dental benefits.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District currently has one agency fund for scholarships and the Postemployment Benefits Irrevocable Trust Fund. 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 District-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 (\$28,224,858) on June 30, 2019. This was an increase of \$11,534,252 from the prior year (see Table A-1).

**Table A-1
The District's Net Position**

	Governmental Activities		Percentage
	2019	2018	Change
Current and Other Assets	\$ 35,239,107	\$ 31,007,771	13.65 %
Capital and Non-Current Assets	73,173,472	74,066,414	(1.21)
Total Assets	108,412,579	105,074,185	3.18
Deferred Outflows of Resources	43,869,108	55,819,865	(21.41)
Current Liabilities	12,573,809	10,714,763	17.35
Long-Term Liabilities	100,232,600	159,616,485	(37.20)
Total Liabilities	112,806,409	170,331,248	(33.77)
Deferred Inflows of Resources	67,700,136	27,516,751	146.03
Net Position:			
Net Investment in Capital Assets	25,778,548	28,999,924	(11.11)
Restricted	3,322,852	2,711,875	22.53
Unrestricted	(57,326,258)	(68,665,748)	(16.51)
Total Net Position	\$ (28,224,858)	\$ (36,953,949)	

The District's change in financial position is the product of many factors. Deferred inflows of resources increased approximately \$40.2 million, deferred outflows of resources decreased approximately \$12 million, and net pension liability decreased approximately \$63.9 million.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Changes in Net Position

The District's total revenues were \$64,711,202 for the year ended June 30, 2019. Property taxes and state formula aid accounted for 64% of total revenue for the year.

**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2019	2018	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 12,636,618	\$ 11,253,222	12.29 %
Operating Grants and Contributions	7,910,617	11,096,242	(28.71)
Capital Grants and Contributions	663,179	618,329	7.25
<u>General Revenues</u>			
Property Taxes	12,138,892	11,390,417	6.57
Unrestricted State Aid	29,424,009	28,857,831	1.96
Investment Earnings	285,149	260,725	9.37
Other	1,652,738	2,120,636	(22.06)
Total Revenues	64,711,202	65,597,402	(1.35)
Expenses			
Administration	1,058,283	2,254,899	(53.07)
District Support Services	820,276	1,227,978	(33.20)
Regular Instruction	15,059,682	33,518,386	(55.07)
Vocational Education Instruction	1,219,386	785,932	55.15
Special Education Instruction	12,219,100	20,151,673	(39.36)
Instructional Support Services	2,333,594	3,496,922	(33.27)
Pupil Support Services	3,668,797	4,032,437	(9.02)
Sites and Buildings	7,982,706	8,123,738	(1.74)
Fiscal and Other Fixed Cost Programs	682,729	528,373	29.21
Food Service	2,131,022	2,046,853	4.11
Community Service	3,711,934	3,601,031	3.08
Unallocated - Depreciation	1,006,894	1,052,234	(4.31)
Interest and Fiscal Charges on Long-Term Liabilities	1,282,547	1,280,104	0.19
Total Expenses	53,176,950	82,100,560	(35.23)
Change in Net Position	11,534,252	(16,503,158)	
Net Position - Beginning of Year	(36,953,949)	(20,450,791)	
Prior Period Restatement (See Note 15)	(2,805,161)	-	
Net Position - Beginning of Year, as Restated	(39,759,110)	(20,450,791)	
Net Position - End of Year	\$ (28,224,858)	\$ (36,953,949)	

The total cost of all programs and services, including interest and fiscal charges, was approximately \$53.2 million. Total revenues exceeded expenses, increasing net position \$11,534,252 over last year.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The cost of all *governmental* activities this year was \$53,176,950 as shown in Figure A-1.

- Some of the cost was paid by the users of the District's programs (\$12,636,618).
- The federal and state governments subsidized certain programs with grants and contributions (\$8,573,796).
- A significant portion of governmental activities was paid for with \$12,138,892 in property taxes, \$29,424,009 of unrestricted state aid based on the statewide education aid formula, and \$1,937,887 with investment earnings and other general revenues.

**Figure A-1
Sources of District's Revenues for Fiscal 2019**

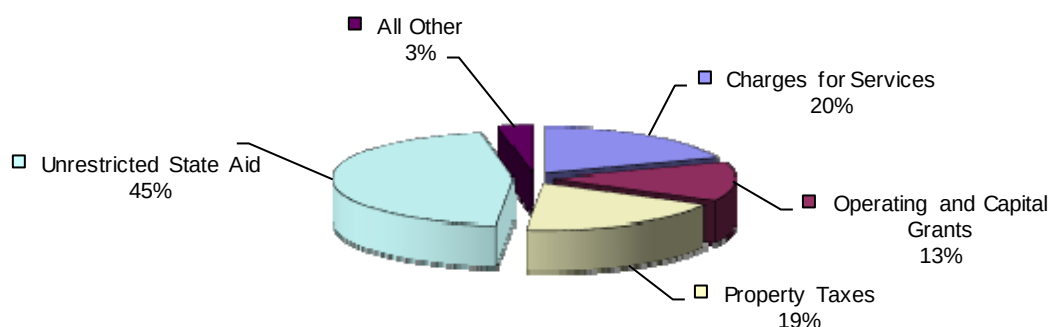
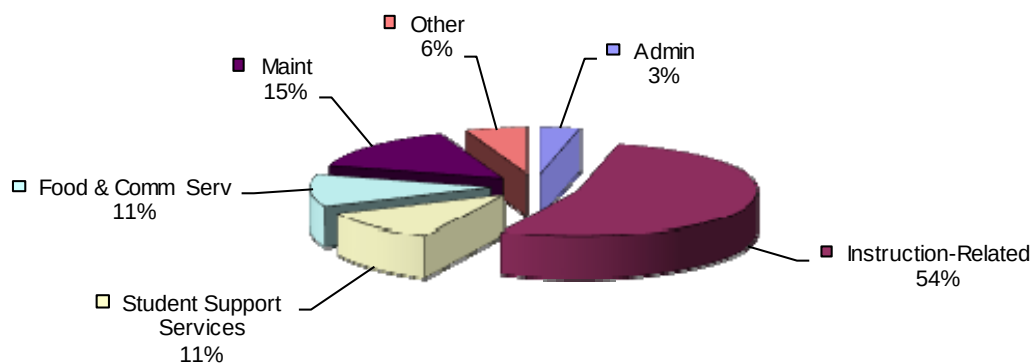


**Figure A-2
District Expenses for Fiscal 2019**



**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Typically the District does not include in an analysis of all governmental funds a breakout of expenditures as depicted in Figure A-2. To do so, distorts the latitude available to the District to allocate resources to instruction. All governmental funds includes not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service, Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The preceding graph, by pooling all expenditures, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District and that analysis would show that 65% of those resources are spent on instruction-related and student support services.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2019	2018		2019	2018	
Administration	\$ 1,058,283	\$ 2,254,899	(53.07)%	\$ 1,058,283	\$ 2,254,899	(53.07)%
District Support Services	820,276	1,227,978	(33.20)	792,542	1,227,978	(35.46)
Regular Instruction	15,059,682	33,518,386	(55.07)	12,614,813	29,802,107	(57.67)
Vocational Education Instruction	1,219,386	785,932	55.15	1,219,386	785,122	55.31
Special Education Instruction	12,219,100	20,151,673	(39.36)	(580,882)	6,289,061	(109.24)
Instructional Support Services	2,333,594	3,496,922	(33.27)	2,167,313	3,234,325	(32.99)
Pupil Support Services	3,668,797	4,032,437	(9.02)	3,658,904	3,995,251	(8.42)
Sites and Buildings	7,982,706	8,123,738	(1.74)	7,734,094	7,906,682	(2.18)
Fiscal and Other Fixed Cost Programs	682,729	528,373	29.21	682,729	528,373	29.21
Food Service	2,131,022	2,046,853	4.11	82,225	(47,795)	272.04
Community Service	3,711,934	3,601,031	3.08	247,688	824,426	(69.96)
Unallocated - Depreciation	1,006,894	1,052,234	(4.31)	1,006,894	1,052,234	(4.31)
Interest and Fiscal Charges on Long-Term Liabilities	1,282,547	1,280,104	0.19	1,282,547	1,280,104	0.19
Total	<u>\$ 53,176,950</u>	<u>\$ 82,100,560</u>	(35.23)	<u>\$ 31,966,536</u>	<u>\$ 59,132,767</u>	(45.94)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$13,812,425 which is \$1,848,947 above last year's ending fund balance of \$11,963,478. Revenues and other financing sources for the District's governmental funds were \$70,810,098 while total expenditures and other financing uses were \$68,961,151. Other financing sources included bond and capital lease proceeds.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND

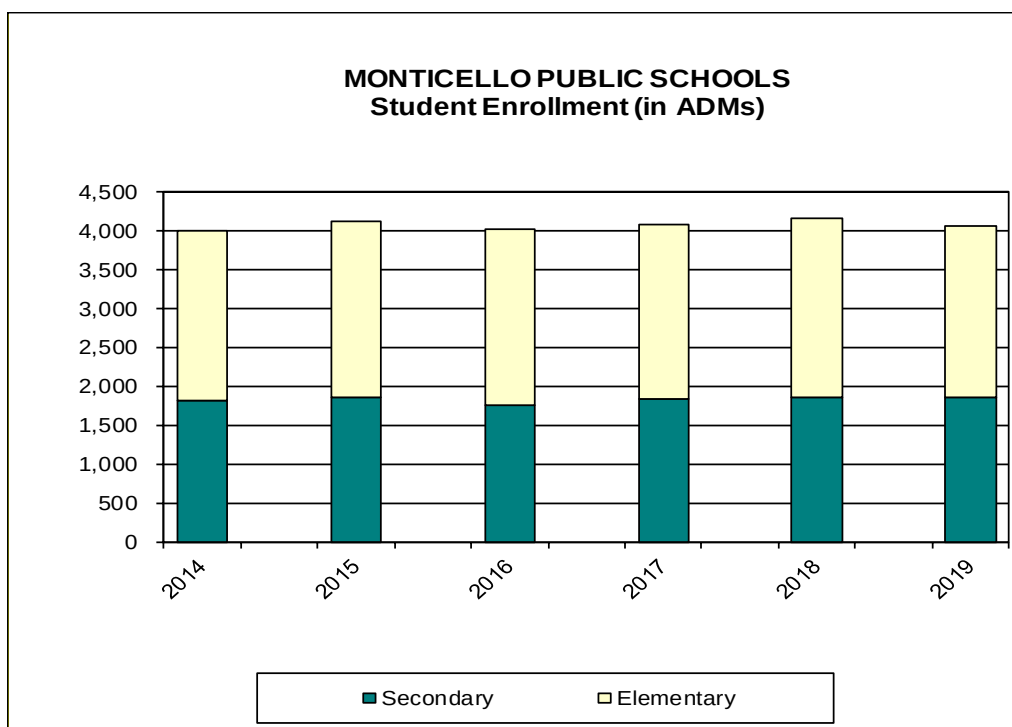
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately. The following chart shows that the number of students served has increased slightly over the last couple years.

**Table A-4
Six-Year Enrollment Trend
Average Daily Membership (ADM)**

	2014	2015	2016	2017	2018	2019
Elementary	2,202	2,266	2,265	2,241	2,294	2,193
Secondary	1,808	1,849	1,762	1,833	1,864	1,860
Total Students for Aid	4,010	4,115	4,027	4,074	4,158	4,053
Percent Change	2.14%	2.61%	-2.13%	1.17%	2.06%	-2.52%



In 2019, the District experienced a decrease in enrollment served of 105 ADMs.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2019	June 30, 2018	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 8,329,788	\$ 6,859,060	\$ 1,470,728	21.4 %
Earnings on Investments	97,261	58,796	38,465	65.4
Other	10,419,082	9,741,237	677,845	7.0
State Sources	34,498,229	34,794,690	(296,461)	(0.9)
Federal Sources	2,576,958	2,723,964	(147,006)	(5.4)
Total General Fund Revenue	<u>\$ 55,921,318</u>	<u>\$ 54,177,747</u>	<u>\$ 1,743,571</u>	3.2

Total General Fund Revenue increased by \$1,743,571 or 3.2% from the previous year. This was mainly due to revenue from Property Taxes increasing \$1.5 million.

The operating levy increased with a higher estimated enrollment and the inflation rate. The long-term facility maintenance levy formula increased to \$380 per pupil. Additional retirees and higher health insurance rates increased the other postemployment benefit levy.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2019	June 30, 2018		
Salaries	\$ 32,728,505	\$ 32,809,450	\$ (80,945)	(0.2)%
Employee Benefits	13,996,199	13,563,957	432,242	3.2
Purchased Services	6,159,459	6,633,016	(473,557)	(7.1)
Supplies and Materials	1,867,973	2,284,382	(416,409)	(18.2)
Capital Expenditures	520,219	1,432,529	(912,310)	(63.7)
Other Expenditures	479,346	494,951	(15,605)	(3.2)
Total Expenditures	<u>\$ 55,751,701</u>	<u>\$ 57,218,285</u>	<u>\$ (1,466,584)</u>	(2.6)

Total General Fund Expenditures decreased \$1,466,584 from the previous year. Going into the 2018-19 school year, the Board approved a budget alignment plan to reduce the General Fund by \$2 million. However, some staffing additions were considered and added after the budget adoption. The District also experienced a large property insurance claim with \$1.1 million of repairs occurring in 2017-18 and only \$400,000 in 2018-19.

In 2018-2019, General Fund revenues and other financing uses exceeded expenditures and other financing uses by \$607,001. Total fund balance increased to \$5,034,049. The unassigned fund balance increased from \$1,333,876 at June 30, 2018 to \$2,412,297 at June 30, 2019.

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance of \$2,412,297 at June 30, 2019 represents two weeks of operations.

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. This budget amendment typically falls into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over, and budgeting for clearing accounts.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, changes in student enrollments, staffing changes, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$1,197,891 more than expected from budget. The actual expenditures were \$350,131 over budget.

Revenues were over budget due to receiving more in state special education aid than what was expected. More revenue came in for insurance recovery as some of the insurance repairs were finalized in 2018-19 school year. The Special Education Cooperative reimbursement was more due to recognizing Monticello's share in tuition expense rather than an offset to revenue.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FOOD SERVICE FUNDS

Expenditures exceeded revenues and other financing sources in the Food Service Fund by \$120,111. Most of the decrease is a result of the District replacing two steamers at the High School.

COMMUNITY SERVICE FUNDS

Expenditures exceeded revenues in the Community Service Fund by \$216,973. The District expanded the School Readiness program and offered child care starting in 2018-19 that had some start-up expenses. Plus the ABE consortium had planned expenses to spend down the fund balance.

CAPITAL PROJECT FUNDS

Revenues and other financing sources exceeded expenditures and other financing uses in the Capital Projects Fund by \$1,533,385. Another long-term facility revenue bond was approved at the November 2018 school board meeting at \$4.5 million for indoor air quality improvements at Pinewood Elementary. At the same time, the District is spending down the other two long-term facility maintenance bonds and bond referendum on the remaining projects.

DEBT SERVICE FUNDS

The Debt Service Fund revenues and other financing sources exceeded expenditures by \$45,645 in 2018-2019 for the regular debt service account. School districts are required to levy 105% of their annual debt payments to cover possible delinquent property taxes. The state reduces the tax levy through Debt Excess if the fund balance gets too high.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2019, the District had invested about \$122.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was \$3,969,093.

**Table A-7
The District's Capital Assets**

	2019	2018	Percentage Change
Land	\$ 5,000	\$ 5,000	-
Construction in Progress	2,081,263	6,978,228	(70.2)
Land Improvements	34,008,843	33,224,482	2.4
Buildings and Improvements	76,718,473	70,177,775	9.3
Equipment	9,915,571	9,456,364	4.9
Less: Accumulated Depreciation	(49,754,843)	(45,867,480)	8.5
Total	<u>\$ 72,974,307</u>	<u>\$ 73,974,369</u>	(1.4)

Construction – Next Five Years

The District voted on a \$39.3 million bond issue in the fall of 2015 which was successfully passed. Construction from the projects occurred starting in 2015-2016 and is scheduled to be completed in 2019-20.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Long-Term Debt

At year-end, the District had \$52,148,112 in capital leases and general obligation bonds outstanding, net of bond premium and discount – an increase of 4.7% from last year – as shown in Table A-8 and additional information is in Note 5 to the financial statements.

**Table A-8
The District's Long-Term Debt**

	2019	2018	Percentage Change
General Obligation Bonds	\$ 49,895,000	\$ 47,345,000	5.4 %
Net Bond Premium and (Discount)	1,552,005	1,505,899	3.1
Obligations Under Capital Leases	701,107	933,979	(24.9)
Total	<u>\$ 52,148,112</u>	<u>\$ 49,784,878</u>	4.7
Long-Term Debt:			
Due Within One Year	\$ 2,455,495	\$ 2,112,872	
Due in More than One Year	49,692,617	47,672,006	
Total	<u>\$ 52,148,112</u>	<u>\$ 49,784,878</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the State of Minnesota for its revenue authority. During the 2017 State Legislation session, the basic general education formula was increased by two percent and two percent for fiscal years 2018 and 2019, respectively. Recent experience demonstrates that legislated revenue increases have been temporarily sufficient to meet instructional program needs and increased costs due to inflation.

The Legislature also approved long-term facilities maintenance revenue for fiscal year 2017 and beyond. This program replaces the current health & safety and deferred maintenance programs and provides additional funding for deferred maintenance projects. Even though the additional funding will help create some funding stability, the District will need to continue its conservative budgeting practices.

In 2015-2016, the State revised the State Special Education formula for school districts and at the same time forced the District to change the Special Education Cooperative from the previous host configuration to a Joint Powers arrangement as directed by MDE. As a result of this change, the District lost \$800,000 annually in future revenues. The loss of revenues put the District on a path that led to \$2 million in budget reductions for the 2018-19 school year. The District utilizes a long-range financial mode and School Board policy 714 to ensure that expenditures are aligned with revenues.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Office, Independent School District No. 882, District Office, 302 Washington Street, Monticello, Minnesota 55362.

Bond Ratings

The District's bonds presently carry a Moody's "A1" rating.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$468 million.

BASIC FINANCIAL STATEMENTS

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF NET POSITION
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)

	Governmental Activities	
	2019	2018
ASSETS		
Cash and Investments	\$ 21,423,158	\$ 16,916,473
Receivables:		
Property Taxes	6,172,824	5,591,672
Other Governments	7,288,792	7,334,539
Other	244,606	286,828
Prepaid Items	32,350	789,297
Inventories	77,377	88,962
Equity Interest in Joint Venture	199,165	92,045
Capital Assets:		
Land	5,000	5,000
Construction in Process	2,081,263	6,978,228
Other Capital Assets, Net of Depreciation	70,888,044	66,991,141
Total Assets	<u>108,412,579</u>	<u>105,074,185</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	43,025,275	55,808,299
OPEB Related	843,833	11,566
Total Deferred Outflows of Resources	<u>43,869,108</u>	<u>55,819,865</u>
LIABILITIES		
Salaries Payable	6,001,570	5,798,859
Accounts and Contracts Payable	1,768,032	747,788
Accrued Interest	618,313	589,163
Due to Other Governmental Units	82,480	5,886
Due to Other Minnesota School Districts	446,124	352,351
Severance Payable	271,183	132,093
Unearned Revenue:		
Local Sources	758,049	835,260
Long-Term Liabilities:		
Net Pension Liability	35,685,165	99,562,867
Net OPEB Liability	13,905,035	11,466,172
Net Supplemental Pension Liability	842,947	795,522
Portion Due Within One Year	2,628,058	2,253,363
Portion Due in More Than One Year	49,799,453	47,791,924
Total Liabilities	<u>112,806,409</u>	<u>170,331,248</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related	54,897,585	16,226,707
OPEB Related	898,149	267,895
Property Taxes Levied for Subsequent Year	11,904,402	11,022,149
Total Deferred Inflows of Resources	<u>67,700,136</u>	<u>27,516,751</u>
NET POSITION		
Net Investment in Capital Assets	25,778,548	28,999,924
Restricted for:		
General Fund Operating Capital Purposes	402,483	296,141
General Fund State-Mandated Restrictions	917,842	559,536
Food Service	135,549	255,660
Community Service	423,653	640,570
Debt Service	736,322	689,901
Capital Projects - Building Construction	707,003	270,067
Unrestricted	(57,326,258)	(68,665,748)
Total Net Position	<u>\$ (28,224,858)</u>	<u>\$ (36,953,949)</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

Functions	2019				2018	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Total
					Governmental Activities	Governmental Activities
Governmental Activities						
Administration	\$ 1,058,283	\$ -	\$ -	\$ -	\$ (1,058,283)	\$ (2,254,899)
District Support Services	820,276	-	(13,008)	40,742	(792,542)	(1,227,978)
Regular Instruction	15,059,682	578,861	1,612,483	253,525	(12,614,813)	(29,802,107)
Vocational Education Instruction	1,219,386	-	-	-	(1,219,386)	(785,122)
Special Education Instruction	12,219,100	8,780,973	4,019,009	-	580,882	(6,289,061)
Instructional Support Services	2,333,594	-	(46,860)	213,141	(2,167,313)	(3,234,325)
Pupil Support Services	3,668,797	-	9,893	-	(3,658,904)	(3,995,251)
Sites and Buildings	7,982,706	92,841	-	155,771	(7,734,094)	(7,906,682)
Fiscal and Other Fixed Cost Programs	682,729	-	-	-	(682,729)	(528,373)
Food Service	2,131,022	1,114,428	934,369	-	(82,225)	47,795
Community Service	3,711,934	2,069,515	1,394,731	-	(247,688)	(824,426)
Interest and Fiscal Charges on Long-Term Liabilities	1,282,547	-	-	-	(1,282,547)	(1,280,104)
Unallocated Depreciation (Excludes Direct Depreciation Allocated to the Various Programs)	1,006,894	-	-	-	(1,006,894)	(1,052,234)
Total School District	<u>\$ 53,176,950</u>	<u>\$ 12,636,618</u>	<u>\$ 7,910,617</u>	<u>\$ 663,179</u>	<u>(31,966,536)</u>	<u>(59,132,767)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					8,332,518	6,831,338
Community Service					230,807	242,189
Building Construction					439,534	1,077,000
Debt Service					3,136,033	3,239,890
State Aid Not Restricted to Specific Purposes					29,424,009	28,857,831
Earnings on Investments					285,149	260,725
Gain on Sale of Capital Assets					5,303	-
Miscellaneous					1,647,435	2,120,636
Total General Revenues					<u>43,500,788</u>	<u>42,629,609</u>
Change in Net Position					11,534,252	(16,503,158)
Net Position - Beginning of Year					(36,953,949)	(20,450,791)
Prior Period Restatement (See Note 15)					(2,805,161)	-
Net Position - Beginning of Year, as Restated					<u>(39,759,110)</u>	<u>(20,450,791)</u>
Net Position - End of Year					<u>\$ (28,224,858)</u>	<u>\$ (36,953,949)</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2019	2018
ASSETS							
Cash and Investments	\$ 8,756,162	\$ 267,455	\$ 963,223	\$ 8,720,999	\$ 2,551,531	\$ 21,259,370	\$ 16,791,819
Receivables:							
Current Property Taxes	4,213,760	-	172,976	-	1,732,412	6,119,148	5,540,725
Delinquent Property Taxes	37,194	-	1,314	-	15,168	53,676	50,947
Due from Other Minnesota School Districts	4,399,359	-	431	-	-	4,399,790	3,895,289
Due from Minnesota Department of Education	2,393,876	2,134	116,919	-	18,092	2,531,021	3,335,810
Due from Federal through Minnesota Department of Education	97,327	11,373	35,475	-	-	144,175	99,603
Due from Other Governmental Units	211,997	-	1,809	-	-	213,806	3,837
Other Receivables	93,453	34,850	115,495	-	-	243,798	286,786
Prepaid Items	31,054	-	1,296	-	-	32,350	789,297
Inventory	31,331	44,504	1,542	-	-	77,377	88,962
Total Assets	<u>\$ 20,265,513</u>	<u>\$ 360,316</u>	<u>\$ 1,410,480</u>	<u>\$ 8,720,999</u>	<u>\$ 4,317,203</u>	<u>\$ 35,074,511</u>	<u>\$ 30,883,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries Payable	\$ 2,647,035	\$ 56,224	\$ 82,989	\$ -	\$ -	\$ 2,786,248	\$ 2,853,729
Payroll Deductions and Employer Contributions Payable	3,088,376	83,674	43,272	-	-	3,215,322	2,945,130
Accounts and Contracts Payable	428,429	11,678	82,830	1,221,665	-	1,744,602	722,053
Due to Other Governmental Units	81,738	-	742	-	-	82,480	5,886
Due to Other Minnesota School Districts	70,360	-	375,764	-	-	446,124	352,351
Severance Payable	271,183	-	-	-	-	271,183	132,093
Unearned Revenue	645,330	73,191	39,528	-	-	758,049	835,260
Total Liabilities	7,232,451	224,767	625,125	1,221,665	-	9,304,008	7,846,502
Deferred Inflows of Resources:							
Property Taxes Levied for Subsequent Year	7,961,819	-	361,702	-	3,580,881	11,904,402	11,022,149
Unavailable Revenue - Delinquent Property Taxes	37,194	-	1,314	-	15,168	53,676	50,946
Total Deferred Inflows of Resources	7,999,013	-	363,016	-	3,596,049	11,958,078	11,073,095
Fund Balance							
Nonspendable:							
Prepaid Items	31,054	-	1,296	-	-	32,350	789,297
Inventory	31,331	44,504	1,542	-	-	77,377	88,962
Restricted:							
Staff Development	20,000	-	-	-	-	20,000	-
Health and Safety	-	-	-	-	-	-	64,732
Operating Capital	402,483	-	-	-	-	402,483	296,141
Community Education Programs	-	-	37,669	-	-	37,669	160,106
Early Childhood and Family Educations Programs	-	-	-	-	-	-	6,319
School Readiness	-	-	99,183	-	-	99,183	84,304
Adult Basic Education	-	-	201,037	-	-	201,037	254,137
Restricted for LTFM	852,857	-	-	6,405,703	-	7,258,560	4,363,232
Restricted for Building Construction	-	-	-	1,093,631	-	1,093,631	1,945,014
Medical Assistance	44,985	-	-	-	-	44,985	152,507
Other Restricted	-	91,045	106,574	-	721,154	918,773	1,011,864
Committed:							
Severance Benefits	990,152	-	-	-	-	990,152	1,222,367
Assigned:							
School Building Carryover	158,924	-	-	-	-	158,924	103,900
Scoreboards	89,966	-	-	-	-	89,966	86,720
Unassigned	2,412,297	-	(24,962)	-	-	2,387,335	1,333,876
Total Fund Balance	<u>5,034,049</u>	<u>135,549</u>	<u>422,339</u>	<u>7,499,334</u>	<u>721,154</u>	<u>13,812,425</u>	<u>11,963,478</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 20,265,513</u>	<u>\$ 360,316</u>	<u>\$ 1,410,480</u>	<u>\$ 8,720,999</u>	<u>\$ 4,317,203</u>	<u>\$ 35,074,511</u>	<u>\$ 30,883,075</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
Total Fund Balance for Governmental Funds	\$ 13,812,425	\$ 11,963,478
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	5,000	5,000
Construction in Progress	2,081,263	6,978,228
Land Improvements, Net of Accumulated Depreciation	28,362,944	29,163,649
Buildings and Improvements, Net of Accumulated Depreciation	39,756,783	35,100,890
Equipment, Net of Accumulated Depreciation	2,768,317	2,726,602
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		
	53,676	50,946
The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Net Pension Liability	(35,685,165)	(99,562,867)
Deferred Inflows of Resources - Pension Related	(54,897,585)	(16,226,707)
Deferred Outflows of Resources - Pension Contributions	43,025,275	55,808,299
The Net Supplemental Pension liabilities are not current financial resources and, therefore, are not reported at fund level.		
	(842,947)	(795,522)
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. Internal service fund net position at year end is:		
	141,166	98,961
OPEB trust contributions net of the OPEB liability and deferred outflows of resources recognized to date, are not current financial resources and, therefore, not reported at fund level.		
	(13,905,035)	(11,466,172)
OPEB deferred outflows are reported only on the state of net position.	843,833	11,566
OPEB deferred inflows are reported only on the state of net position.	(898,149)	(267,895)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(618,313)	(589,163)
Equity interests in underlying capital assets of joint ventures are not reported in the funds because they do not represent current financial assets.		
Equity Interest in Joint Venture - Wright Technical Center	199,165	92,045
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:		
Bonds Payable	(49,895,000)	(47,345,000)
Unamortized Premiums	(1,552,005)	(1,505,899)
Obligations Under Capital Leases	(701,107)	(933,979)
Sick Leave	(106,836)	(119,918)
Compensated Absences Payable	(172,563)	(140,491)
Total Net Position of Governmental Activities	\$ (28,224,858)	\$ (36,953,949)

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2019	2018
REVENUES							
Local Sources:							
Property Taxes	\$ 8,329,788	\$ -	\$ 275,427	\$ 439,534	\$ 3,091,413	\$ 12,136,162	\$ 11,418,139
Earnings on Investments	97,261	7,867	15,682	132,399	30,323	283,532	260,234
Other	10,419,082	1,114,428	2,123,230	101,482	-	13,758,222	12,263,089
State Sources	34,498,229	130,927	1,339,062	-	181,945	36,150,163	36,393,849
Federal Sources	2,576,958	803,442	55,177	-	-	3,435,577	3,635,513
Total Revenues	55,921,318	2,056,664	3,808,578	673,415	3,303,681	65,763,656	63,970,824
EXPENDITURES							
Current:							
Administration	1,500,426	-	-	-	-	1,500,426	1,743,600
District Support Services	963,981	-	-	-	-	963,981	1,059,397
Regular Instruction	23,313,489	-	-	-	-	23,313,489	24,170,283
Vocational Education Instruction	1,331,983	-	-	-	-	1,331,983	668,092
Special Education Instruction	16,787,182	-	-	-	-	16,787,182	16,012,491
Instructional Support Services	2,513,754	-	-	-	-	2,513,754	2,847,399
Pupil Support Services	3,940,134	-	-	-	-	3,940,134	3,689,028
Sites and Buildings	4,408,790	-	-	-	-	4,408,790	5,166,328
Fiscal and Other Fixed Cost Programs	167,003	-	-	-	-	167,003	147,339
Food Service	-	2,099,404	-	-	-	2,099,404	2,053,482
Community Service	54,220	-	4,000,859	-	-	4,055,079	3,189,608
Capital Outlay	520,219	81,058	24,692	3,739,836	-	4,365,805	17,826,315
Debt Service:							
Principal	232,872	-	-	-	1,880,000	2,112,872	2,244,706
Interest and Fiscal Charges	17,648	-	-	-	1,378,975	1,396,623	1,413,271
Total Expenditures	55,751,701	2,180,462	4,025,551	3,739,836	3,258,975	68,956,525	82,231,339
Excess (Deficiency) of Revenues Over (Under) Expenditures	169,617	(123,798)	(216,973)	(3,066,421)	44,706	(3,192,869)	(18,260,515)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Equipment	5,303	-	-	-	-	5,303	4,537
Proceeds from Sale of Inventory	-	-	-	-	-	-	59,661
Insurance Recovery Proceeds	435,768	-	-	-	-	435,768	1,116,828
Bond Issuance	-	-	-	4,430,000	-	4,430,000	-
Capital Lease Proceeds	-	-	-	-	-	-	930,573
Bond Premium (Discount)	-	-	-	170,745	-	170,745	-
Transfers In	-	3,687	-	-	939	4,626	-
Transfers Out	(3,687)	-	-	(939)	-	(4,626)	-
Total Other Financing Sources	437,384	3,687	-	4,599,806	939	5,041,816	2,111,599
Net Change in Fund Balances	607,001	(120,111)	(216,973)	1,533,385	45,645	1,848,947	(16,148,916)
Fund Balances - Beginning of Year	4,427,048	255,660	639,312	5,965,949	675,509	11,963,478	28,112,394
Fund Balances - End of Year	\$ 5,034,049	\$ 135,549	\$ 422,339	\$ 7,499,334	\$ 721,154	\$ 13,812,425	\$ 11,963,478

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019	2018
Net Change in Fund Balance - Total Governmental Funds	\$ 1,848,947	\$ (16,148,916)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Outlays	3,007,505	15,320,198
Gain (Loss) on Disposal of Capital Assets	(38,474)	(907)
Depreciation Expense	(3,969,093)	(2,851,169)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the Statement of Net Position.		
Other Financing Source - Capital Lease Proceeds	-	(930,573)
Change in Accrued Interest Expense - Capital Leases	3,951	(10,542)
Principal Payments - Capital Leases	232,872	259,706
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bond Proceeds	(4,430,000)	-
Bond Discount (Premium)	(170,745)	-
Repayment of Bond Principal	1,880,000	1,985,000
Change in Accrued Interest Expense - General Obligation Bonds	(33,101)	(3,023)
Amortization of Bond Premium	124,639	124,639
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the funds.	2,730	(27,722)
Net income from the equity interest in joint venture does not provide current financial resources and is not reported as revenue in the funds.	107,120	(134,950)
Payments to the District's irrevocable OPEB trust are recognized as expenditures at the fund level while the change in the net OPEB liability is recognized in the statement of net position.	568,311	154,639
In the Statement of Activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(66,415)	179,789
Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.	12,423,800	(14,518,288)
Internal service funds are used by the District to charge the costs of employee dental benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.	42,205	98,961
Change in Net Position of Governmental Activities	\$ 11,534,252	\$ (16,503,158)

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Under)</u>
				<u>Final</u>
				<u>Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 8,252,008	\$ 8,207,779	\$ 8,329,788	\$ 122,009
Earnings on Investments	30,000	30,000	97,261	67,261
Other	10,484,173	9,827,906	10,419,082	591,176
State Sources	35,067,202	34,045,045	34,498,229	453,184
Federal Sources	2,239,574	2,612,697	2,576,958	(35,739)
Total Revenues	56,072,957	54,723,427	55,921,318	1,197,891
EXPENDITURES				
Current:				
Administration	1,523,770	1,516,768	1,500,426	(16,342)
District Support Services	1,032,573	979,035	963,981	(15,054)
Elementary and Secondary Regular Instruction	24,001,644	23,417,655	23,313,489	(104,166)
Vocational Education Instruction	569,430	1,315,512	1,331,983	16,471
Special Education Instruction	16,759,677	16,013,426	16,787,182	773,756
Instructional Support Services	2,604,952	2,606,989	2,513,754	(93,235)
Pupil Support Services	3,748,302	4,009,175	3,940,134	(69,041)
Sites and Buildings	4,604,513	4,326,627	4,408,790	82,163
Fiscal and Other Fixed Cost Programs	140,000	166,000	167,003	1,003
Community Service	-	-	54,220	54,220
Capital Outlay	654,838	802,473	520,219	(282,254)
Debt Service:				
Principal	230,260	230,260	232,872	2,612
Interest and Fiscal Charges	17,650	17,650	17,648	(2)
Total Expenditures	55,887,609	55,401,570	55,751,701	350,131
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	185,348	(678,143)	169,617	847,760
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Equipment	3,000	10,000	5,303	(4,697)
Insurance Recovery Proceeds	5,000	250,000	435,768	185,768
Transfers Out	-	-	(3,687)	(3,687)
Total Other Financing Sources	8,000	260,000	437,384	177,384
Net Change in Fund Balance	\$ 193,348	\$ (418,143)	607,001	\$ 1,025,144
FUND BALANCE				
Beginning of Year			4,427,048	
End of Year			\$ 5,034,049	

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MAJOR FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings on Investments	\$ 1,000	\$ 1,000	\$ 7,867	\$ 6,867
Other - Primarily Meal Sales	1,104,895	1,117,231	1,114,428	(2,803)
State Sources	154,684	131,281	130,927	(354)
Federal Sources	837,944	744,528	803,442	58,914
Total Revenues	<u>2,098,523</u>	<u>1,994,040</u>	<u>2,056,664</u>	<u>62,624</u>
EXPENDITURES				
Current:				
Food Service	2,082,417	2,021,267	2,099,404	78,137
Capital Outlay	41,088	70,238	81,058	10,820
Total Expenditures	<u>2,123,505</u>	<u>2,091,505</u>	<u>2,180,462</u>	<u>88,957</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,982)</u>	<u>(97,465)</u>	<u>(123,798)</u>	<u>(26,333)</u>
OTHER FINANCING SOURCES				
Proceeds from Sale of Inventory	1,000	1,000	-	(1,000)
Transfer in	-	-	3,687	3,687
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>3,687</u>	<u>2,687</u>
Net Change in Fund Balance	<u>\$ (23,982)</u>	<u>\$ (96,465)</u>	<u>(120,111)</u>	<u>\$ (23,646)</u>
FUND BALANCE				
Beginning of Year			255,660	
End of Year			<u>\$ 135,549</u>	

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MAJOR COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Over
	Original	Final	Amounts	(Under)
				Final
				Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 288,230	\$ 288,230	\$ 275,427	\$ (12,803)
Earnings on Investments	1,500	1,500	15,682	14,182
Other - Primarily Tuition and Fees	2,598,276	2,236,309	2,123,230	(113,079)
State Sources	1,281,128	1,360,961	1,339,062	(21,899)
Federal Sources	40,000	55,176	55,177	1
Total Revenues	4,209,134	3,942,176	3,808,578	(133,598)
EXPENDITURES				
Current:				
Community Service	4,124,515	3,891,978	4,000,859	108,881
Capital Outlay	38,600	64,910	24,692	(40,218)
Total Expenditures	4,163,115	3,956,888	4,025,551	68,663
Net Change in Fund Balance	<u>\$ 46,019</u>	<u>\$ (14,712)</u>	(216,973)	<u>\$ (202,261)</u>
FUND BALANCE				
Beginning of Year			639,312	
End of Year			<u>\$ 422,339</u>	

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2019
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)

	Governmental Activities - Internal Service Funds	
	2019	2018
ASSETS		
Current Assets:		
Cash and Investments	\$ 163,788	\$ 124,654
Accounts Receivable	808	42
Total Assets	<u>164,596</u>	<u>124,696</u>
LIABILITIES		
Current Liabilities:		
Claims Payable	<u>23,430</u>	<u>25,735</u>
NET POSITION		
Unrestricted	<u>\$ 141,166</u>	<u>\$ 98,961</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	Governmental Activities - Internal Service Funds	
	2019	2018
OPERATING REVENUES		
Contributions from District and Employees	\$ 556,314	\$ 479,504
OPERATING EXPENSES		
Dental Insurance Claim Payments	482,394	349,965
General Administration Fees	33,332	31,069
Total Operating Expenses	<u>515,726</u>	<u>381,034</u>
OPERATING INCOME	40,588	98,470
NONOPERATING INCOME		
Earnings on Investments	<u>1,617</u>	<u>491</u>
CHANGE IN NET POSITION	42,205	98,961
Net Position - Beginning	<u>98,961</u>	<u>-</u>
NET POSITION - ENDING	<u><u>\$ 141,166</u></u>	<u><u>\$ 98,961</u></u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	Governmental Activities - Internal Service Funds	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from District and Employees	\$ 555,548	\$ 479,462
Payments for Administrative Costs	(33,332)	(31,069)
Payments for Dental Fees and Insurance Claims	(484,699)	(324,230)
Net Cash Provided by Operating Activities	37,517	124,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1,617	491
Net Increase in Cash and Cash Equivalents	39,134	124,654
Cash and Cash Equivalents - Beginning	124,654	-
Cash and Cash Equivalents - Ending	\$ 163,788	\$ 124,654
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 40,588	\$ 98,470
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(766)	(42)
Increase (Decrease) in Accounts Payable	(2,305)	25,735
Total Adjustments	(3,071)	25,693
Net Cash Provided by Operating Activities	\$ 37,517	\$ 124,163

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	<u>Agency Fund</u>	<u>Postemployment Benefits Irrevocable Trust Fund</u>
ASSETS		
Cash and Deposits	\$ 2,837,034	\$ -
Investments - Fixed Income	-	1,716,544
Total Assets	<u>\$ 2,837,034</u>	<u>\$ 1,716,544</u>
LIABILITIES		
Scholarships Awarded but Not Paid	\$ 2,837,034	\$ -
Accounts Payable	-	669
Total Liabilities	<u>\$ 2,837,034</u>	<u>\$ 669</u>
NET POSITION		
Assets Held in Trust for OPEB Benefits		<u>\$ 1,715,875</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

	<u>Postemployment Benefits Irrevocable Trust Fund</u>
ADDITIONS	
Employer Contributions	\$ 1,148,056
Investment Income	28,388
Total Additions	<u>1,176,444</u>
DEDUCTIONS	
Benefit Payments	<u>1,276,033</u>
Change in Net Position	(99,589)
Net Position - Beginning of Year	<u>1,815,464</u>
Net Position - End of Year	<u>\$ 1,715,875</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 882 have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) 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. This financial report has been prepared in conformity with GASB Statement No. 34.

B. Financial Reporting Entity

Independent School District No. 882 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

The Student activity accounts of the District are under the Board's control; therefore, activity is included with the General Fund activity.

C. Basic Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the 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 Statements of Fiduciary Net Position at the Fund Financial Statement level.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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 items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: agency fund and employee benefit trust fund. 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 statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The costs 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 fund is charges for service in the form of insurance premiums. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Trust and Agency Funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third-party and cannot be used to address activities or obligations of the District, these Funds are not incorporated into the government-wide statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. 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.

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. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is 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. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood family education or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state aids.

Capital Projects – Building Construction Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund

Internal Service Fund

The Internal Service Fund accounts for financing of goods and services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund includes its self-insured dental insurance plan for its employees.

Fiduciary Funds

Postemployment Benefits Irrevocable Trust Fund

The Postemployment Benefits Irrevocable Trust Fund is used to account for resources set aside and held in an irrevocable trust agreement to be used for postemployment benefits. District contributions to this fund must be expensed to an operating fund.

Agency Fund

The Agency Fund is used to account for resources held by the District in a custodial capacity to be used for scholarships.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Debt Service Funds, and Building Construction. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board.

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

The Director of Business Services is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board.

Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not required for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Encumbrances represent outstanding purchase orders and unfulfilled commitments that are issued to outside vendors and budgeted in the current year, but do not include amounts that are set up as liabilities, amounts for services to be performed by District employees and purchase orders applicable to the subsequent year's budget. As of June 30, 2019, no outstanding encumbrances existed.

Budgeted amounts include mid-year budget amendments that increased or decreased revenue and expenditure budgets as follows:

<u>Revenues</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
General Fund	\$ 56,072,957	\$ (1,349,530)	\$ 54,723,427
Special Revenue Funds:			
Food Service Fund	2,098,523	(104,483)	1,994,040
Community Service Fund	4,209,134	(266,958)	3,942,176
 <u>Expenditures</u>			
General Fund	\$ 55,887,609	\$ (486,039)	\$ 55,401,570
Special Revenue Funds:			
Food Service Fund	2,123,505	(32,000)	2,091,505
Community Service Fund	4,163,115	(206,227)	3,956,888

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments (Including Cash Equivalents)

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

For the purpose of reporting cash flows, the District considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents. Cash and cash equivalents consist of checking accounts, savings certificate accounts, and cash on hand.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, transportation fuel and repair parts, 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, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted. Prepaid items are recorded using the consumption method of accounting.

J. Property Taxes

Property tax levies are established by the Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." In the Debt Service Fund, all property taxes collected in a calendar year are recorded as revenue in the fiscal year which begins July 1 of that calendar year.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$480,526) for the District. Certain other portions of the District's 2018 pay 2019 levy, normally revenue for the 2018-19 fiscal year, are also advance recognized at June 30, 2019, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2019, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

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 acquisition value at the date of donation. The District maintains a threshold level of \$2,500 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 statement, 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 purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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 and other land improvements are considered to be part of the cost of buildings or other improvable property.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows of Resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. The District will not recognize the related outflow until a future event occurs.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest 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. Accrued Employee Benefits

Vacation

District employees earn vacation days based upon the number of completed years of service. The District compensates employees for unused vacation upon termination of employment. The amount of compensated absences for vacation is recorded in the Statement of Net Position.

Sick Leave

The District maintains various sick leave plans for its employee groups. District office secretaries, paraprofessionals, custodians, secretaries and food service employees receive payment for a set number of sick days after reaching age 55 and completing 10 years of service. This is paid to employees upon retirement from the District.

Supplemental Benefit Plan/Severance

The District maintains various severance plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. The related liability was actuarially determined, in accordance with GASB Statement No. 73.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Accrued Employee Benefits (Continued)

Postemployment Health Care Benefits

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

The General Fund typically has been used in prior years to liquidate long-term liabilities other than debt.

O. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and 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.

Q. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for the unearned grant revenue, charges for services, and school lunch deposits.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Budget Committee to assign fund balances more than \$25,000 and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

It is also the District's policy to strive to maintain a minimum unassigned General Fund balance of 6% of the annual budget, with a target maximum of 8 – 16% of the expenditure budget in the General Fund excluding special education cooperative expenditures. The effective date shall be June 30, the last day of each fiscal year. The fund balance and fund balance guidelines will be reviewed by the School District on an ongoing basis.

S. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

T. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 55,401,570	\$ 55,751,701	\$ 350,131
Special Revenue Funds:			
Food Service Fund	2,091,505	2,180,462	88,957
Community Service Fund	3,956,888	4,025,551	68,663

These overages were considered by District management to be the result of necessary expenditures critical to operations.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board per the deposit and investment policy.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District has a deposit policy for custodial credit risk which follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The District's deposits in various banks at June 30, 2019 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

With the exception of Fiduciary Funds held in the District's Postemployment Benefits Irrevocable Trust Fund, the District may invest its idle funds as authorized by Minnesota Statutes as follows:

- 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 and received 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 rate "A" or better
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

Fiduciary Funds held in the District's Postemployment Benefits Irrevocable Trust Fund may be invested as authorized by Minnesota Statutes Chapter 356A.

At June 30, 2019, the District had the following investments:

	Amount
MSDLAF+	\$ 17,708,624
MN Trust Term Series	2,460,000
MN Trust Investment Shares	3,289,297
Guaranteed Investment Contract	1,843,852
Insurance Annuity	116,429
Total Investments	<u>\$ 25,418,202</u>

The MN Trust Shares is a money market account that is valued at amortized cost with maturities of investments of one year or less.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The MSDLAF+ is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board. The Pool has no restrictions on cash withdrawals or deposits.

The Guaranteed Investment Contract is a group annuity guaranteed investment and is valued at amortized cost.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy states the District shall manage investments in a manner to attain market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements. The District's investment policy also includes structuring the investment portfolio so that funds are available to meet immediate payment requirements. Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Type	Total	12 Months or Less
MSDLAF+	\$ 17,708,624	\$ 17,708,624
MN Trust Term Series	2,460,000	2,460,000
MN Trust Investment Shares	3,289,297	3,289,297
Guaranteed Investment Contract	1,843,852	1,843,852
Insurance Annuity	116,429	116,429
Total	<u>\$ 25,418,202</u>	<u>\$ 25,418,202</u>

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy states the District may invest its available funds in those instruments specified in Minnesota Statutes §§ 118A.04 and 118A.05. The following chart summarizes year-end ratings for the District's investments as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
MSDLAF+ Liquid Class	A-1+, A-1	\$ 1,826,501
MSDLAF+ Max Class	A-1+, A-1	15,882,123
MN Trust Term Series	Not Rated	2,460,000
MN Trust Investment Shares	Not Rated	3,289,297
Guaranteed Investment Contract	AA	1,843,852
Insurance Annuity	AA	116,429
Total		<u>\$ 25,418,202</u>

Concentration of Credit Risk – The District's policy states the District may invest in any one issuer. The District's policy states the District shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The following is a list of investments which individually comprise more that 5% of the District's total investments:

Type	Amount	Percentage
MSDLAF+	\$ 17,708,624	69.67%
MN Trust	5,749,297	22.62%
Guaranteed Investment Contract	1,843,852	7.25%

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy states all investment securities purchased by the District shall be held in third-party safekeeping by an institution designated as custodial agent. The custodial agent may be any Federal Reserve Bank, any bank authorized under the laws of the United States or any state to exercise corporate trust powers, a primary reporting dealer in the U.S. government securities to the Federal Reserve Bank of New York, or a securities broker-dealer defined in Minnesota Statutes §118A.06. The institution or dealer shall issue a safekeeping receipt to the District listing the specific instrument, the name of the issuer, the name in which the security is held, the rate, the maturity, serial numbers and other distinguishing marks and other pertinent information.

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The deposits and investments are made up of the following:

Deposits	\$ 558,534
Minnesota School District Liquid Asset Fund (MSDLAF+)	17,708,624
MN Trust Term Series	2,460,000
Investments	5,249,578
Total Deposits and Investments	<u><u>\$ 25,976,736</u></u>

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 21,423,158
Cash and Investments - Statement of Fiduciary Fund Net Position	4,553,578
Total Cash and Investments	<u><u>\$ 25,976,736</u></u>

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- *Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.
- *Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. 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 and recently published security specific trading levels.
- *Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

There were no assets measured at fair value on a recurring basis for 2019.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	6,978,228	2,255,820	(7,152,785)	2,081,263
Total Capital Assets, Not Being Depreciated	6,983,228	2,255,820	(7,152,785)	2,086,263
Capital Assets, Being Depreciated:				
Land Improvements	33,224,482	784,361	-	34,008,843
Buildings and Improvements	70,177,775	6,540,698	-	76,718,473
Equipment	9,456,364	579,411	(120,204)	9,915,571
Total Capital Assets, Being Depreciated	112,858,621	7,904,470	(120,204)	120,642,887
Accumulated Depreciation for:				
Land Improvements	(4,060,833)	(1,585,066)	-	(5,645,899)
Buildings and Improvements	(35,076,885)	(1,884,805)	-	(36,961,690)
Equipment	(6,729,762)	(499,222)	81,730	(7,147,254)
Total Accumulated Depreciation	(45,867,480)	(3,969,093)	81,730	(49,754,843)
Total Capital Assets, Being Depreciated, Net	66,991,141	3,935,377	(38,474)	70,888,044
Governmental Activities Capital Assets, Net	<u>\$ 73,974,369</u>	<u>\$ 6,191,197</u>	<u>\$ (7,191,259)</u>	<u>\$ 72,974,307</u>

Depreciation expense was charged to functions of the District as follows:

Governmental Activities	
District Support Services	\$ 3,985
Regular Instruction	157,759
Vocational Education Instruction	659
Special Education Instruction	2,852
Instructional Support Services	180,693
Pupil Support Services	17,639
Sites and Buildings	2,581,310
Community Service	17,302
Unallocated	1,006,894
Total Depreciation Expense, Governmental Activities	<u>\$ 3,969,093</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES

The District has issued general obligation school building bonds and has obtained construction loans from the State of Minnesota to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds and loans. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
2/24/2010	2.00% - 4.00%	\$ 6,960,000	2/1/2021	\$ 185,000	\$ 375,000
2/23/2016	2.00% - 4.00%	38,640,000	2/1/2040	1,110,000	35,545,000
2/23/2016	2.00% - 3.00%	5,700,000	2/1/2031	360,000	4,845,000
4/27/2017	2.00% - 3.00%	5,160,000	2/1/2032	315,000	4,700,000
2/28/2019	2.00% - 3.00%	4,430,000	2/1/2034	245,000	4,430,000
Total General Obligation Bonds				2,215,000	49,895,000
Bond Premium - Net				-	1,552,005
Lease Purchase Obligations:					
Cisco Server				79,915	239,743
Scoreboard				67,998	368,782
MS Track/HVAC				92,582	92,582
Total Leases Purchase Obligations				240,495	701,107
Sick Leave Payable				-	106,836
Compensated Absences Payable				172,563	172,563
				<u>\$ 2,628,058</u>	<u>\$ 52,427,511</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2020	\$ 2,215,000	\$ 1,467,078	\$ 240,495	\$ 20,240
2021	2,205,000	1,425,075	150,678	12,227
2022	2,260,000	1,372,675	153,553	9,351
2023	2,325,000	1,322,575	76,633	6,357
2024	2,375,000	1,271,075	79,748	3,241
2025 - 2029	12,975,000	5,269,613	-	-
2030 - 2034	12,820,000	3,126,275	-	-
2035 - 2039	10,435,000	1,361,775	-	-
2040 - 2044	2,285,000	74,263	-	-
Total	<u>\$ 49,895,000</u>	<u>\$ 16,690,404</u>	<u>\$ 701,107</u>	<u>\$ 51,416</u>

C. Description of Long-Term Debt

1. General Obligation School Building Bonds

These bonds were issued to finance acquisition and/or construction/improvement of capital facilities. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated for the retirement of these bonds. Total deferred tax levies available to retire bond principal and interest payable at June 30, 2019 is \$69,914,673. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statutes.

2. Capital Lease

On August 13, 2015, the District entered into a lease purchase agreement for the acquisition of a HVAC System and Track Surfacing. The capital lease obligations and corresponding equipment totaled \$341,577. The capital lease agreement includes annual principal and interest payments of \$97,830.

On August 15, 2017, the District entered into a lease purchase agreement for the acquisition of a Cisco Edge Networking Gear and additional servers. The capital lease obligation and corresponding equipment totaled \$399,573. The capital lease agreement includes annual principal payments of \$79,915 with no interest.

On October 1, 2017, the District entered into a lease purchase agreement for the acquisition of the Monticello Schools Scoreboard. The capital lease obligations totaled \$531,000 and corresponding equipment totaled \$595,940. The capital lease agreement includes annual principal payments of \$96,861.

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

2. Capital Lease (Continued)

Assets acquired through capital lease are summarized as follows:

Cisco Server	\$ 399,573
Scoreboard	595,940
MS HVAC	235,290
MS Track	204,117
Less: Accumulated Depreciation	<u>(161,479)</u>
Total	<u><u>\$ 1,273,441</u></u>

D. Changes in Long-Term Debt

	June 30, 2018	Net Additions	Retirements	June 30, 2019
Bonds Payable	\$ 47,345,000	\$ 4,430,000	\$ 1,880,000	\$ 49,895,000
Bond Premium	1,505,899	170,745	124,639	1,552,005
Lease Purchase Obligations	933,979	-	232,872	701,107
Sick Leave Payable	119,918	324,423	337,505	106,836
Compensated Absences Payable - Net	<u>140,491</u>	<u>369,577</u>	<u>337,505</u>	<u>172,563</u>
Total	<u><u>\$ 50,045,287</u></u>	<u><u>\$ 5,294,745</u></u>	<u><u>\$ 2,912,521</u></u>	<u><u>\$ 52,427,511</u></u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 RESTRICTED, COMMITTED, AND ASSIGNED FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. In addition, certain portions of fund balance have been assigned by the District for use specific purposes. Restricted, Committed and Assigned fund balances at June 30, 2019 are as follows:

A. Restricted for Staff Development

Represents unspent staff development revenues set aside from General Education Revenue.

B. Restricted for Health and Safety

Represents accumulated resources available to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects.

C. Restricted for Operating Capital

Restricted for equipment purchases and facilities. A deficit in this reserve is allowed up to three years with prior approval of a plan submitted to the Commissioner of Education.

D. Restricted for Community Education Programs

The fund balance restriction represents accumulated resources available to provide general community education programming.

E. Restricted for School Readiness

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

F. Restricted for Adult Basic Education

The fund balance restriction represents amounts available to fund adult basic education program.

G. Restricted for Long-Term Facilities Maintenance (LTFM)

The fund balance restriction represents amounts available to LTFM projects in accordance with the 10-year plan.

H. Restricted for Building Construction

The fund balance restriction represents amounts available to be used for construction of school facilities.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 RESTRICTED, COMMITTED, AND ASSIGNED FUND BALANCES (CONTINUED)

I. Restricted for Medical Assistance

Represents resources available to be used for medical assistance expenditures.

J. Restricted for Other Purposes

Restricted for other purposes represents amounts that can be spend only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Other Restricted:

Restricted for Food Service	\$ 91,045
Restricted for Community Service	106,574
Restricted for Bond Payments	721,154
Total Other Restricted	<u>\$ 918,773</u>

K. Committed for Severance Benefits

This commitment represents resources segregated by the School Board for the payment of retirement benefits.

L. Assigned for School Building Carryover

This assignment represents unspent budget appropriations carried over for the subsequent year.

M. Assigned for Scoreboards

This assignment represents resources segregated by the School Board for the purchase of Scoreboards.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. 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. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

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 schools or University of Minnesota System).

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. 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. General Employees Plan Benefits

General Employees Plan 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 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 members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a 1% increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits

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 Statute 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 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 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service are Up to July 1, 2006	1.2% per Year
	First Ten Years, If Service Years are July 1, 2006 or After	1.4% per Year
	All Other Years of Service If Service Years are Up to July 1, 2006	1.7% per Year
	All Other Years of Service If Services Years are July 1, 2006 or After	1.9% per Year

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier 1 Benefits (Continued)

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) 3.0% 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).
- or

Tier II Benefits

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

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

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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019, were \$602,776. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 7.71% for the employer. Basic rates were 11.00% for the employee and 11.71% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2019 were \$2,014,907. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2019, the District reported a liability of \$6,185,563 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 to the fund in 2018. 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 \$202,973, for a total net pension liability of \$6,388,563 associated with the District. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

At June 30, 2018, the District's proportionate share was 0.1115% which was an increase of 0.0006% from its proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$700,787 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$47,333 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2019, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 163,722	\$ 180,406
Changes in Actuarial Assumptions	590,878	695,014
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	632,067
Changes in Proportion	214,952	60,878
District Contributions Subsequent to the Measurement Date	602,776	-
Total	<u>\$ 1,572,328</u>	<u>\$ 1,568,365</u>

\$602,776 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	Pension Expenses Amount
2020	\$ 253,509
2021	(239,233)
2022	(492,721)
2023	(129,104)

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2019 the District reported a liability of \$29,499,602 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.4697% at the end of the measurement period and 0.4633% at the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to 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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 29,499,602
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	2,771,569
Total	<u>\$ 32,271,171</u>

For the year ended June 30, 2019, the District recognized negative pension expense of \$10,182,673. It also recognized \$(1,934,376) as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2019, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 314,648	\$ 594,906
Changes in Actuarial Assumptions	38,089,445	50,300,482
Net Difference Between Projected and Actual Investment Earnings	-	2,287,693
Changes in Proportion	1,033,947	146,139
District Contributions Subsequent to the Measurement Date	2,014,907	-
Total	<u>\$ 41,452,947</u>	<u>\$ 53,329,220</u>

\$2,014,907 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	Pension Expenses Amount
2020	\$ 3,053,758
2021	1,971,167
2022	100,291
2023	(11,171,859)
2024	(7,844,537)

The District's total pension expense for all plans for the year ended June 30, 2019 was (\$11,368,929).

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

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

Assumptions	General Employees Plan	TRA
Inflation	2.50% per Year	2.50%
Active Member Payroll Growth	11.25% after 1 year of service decreasing to 3.25% per year after 26 years	2.85% for 10 years and 3.25%, thereafter
Investment Rate of Return	7.50%	7.50%

PERA Salary increases were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the PERA June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

TRA assumptions are based on the full experience study dated June 2015 and the study of the economic assumptions presented to the Board in November 2017.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2018:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

The following changes in actuarial assumptions for TRA occurred in 2018:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% 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 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% 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 was changed from 5.12% to 7.5%.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36 %	5.10 %
International Stocks	17	5.30
Bonds (Fixed Income)	20	0.75
Alternative Assets (Private Markets)	25	5.90
Cash	2	-
Totals	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2018 was 7.50%. 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 positions of the General Employees Fund were 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.

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

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

The following 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 one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>General Employees Plan Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 10,052,332	\$ 6,185,563	\$ 2,993,656
<u>TRA Discount Rate</u>	4.12%	5.12%	6.12%
District's Proportionate Share of the TRA Net Pension Liability	\$ 46,815,748	\$ 29,499,602	\$ 15,213,895

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA'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 TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District, which includes teachers assigned to the Sherburne and Northern Wright Special Education Cooperative, operates and administers a single-employer defined benefit other postemployment benefit plan (the Plan) that provides health and dental insurance to retired and active eligible employees and their spouses through the District's health insurance plan. There are 522 active participants and 63 retired participants in the plan. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. Contribution requirements are negotiated between the District and union representatives. For fiscal year 2019, the District made a contribution of \$1,148,057 to the plan out of the General Fund; the remaining current year benefits were paid from the District's OPEB Trust Fund.

C. Net OPEB Liability of the District

The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB Liability	\$ 15,620,910
Plan Fiduciary Net Position	<u>1,715,875</u>
District's Net OPEB Liability	<u><u>\$ 13,905,035</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11%

D. Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	2.00%
	6.50% grading to 5.00% over 6 years
Health Care Trend Rates	
Dental Trend Rates	4.00%

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2014.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%). Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Fixed Income	100.00%	2.00%
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		2.00%

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments.

The expected employer asset return is based on the long-term expected return on short-term/cash equivalent assets using our capital market assumption model.

Since the most recent valuation, the following changes have been made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.00%.

E. Changes in the Net OPEB Liability

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018, as Restated	\$ 16,193,491	\$ 1,815,464	\$ 14,378,027
Changes for the Year:			
Service Cost	557,711	-	557,711
Interest	550,832	-	550,832
Assumption Changes	388,068	-	388,068
Differences Between Expected and Actual Experience	(787,949)	(7,922)	(780,027)
Contributions-Employer	-	1,148,057	(1,148,057)
Net Investment income	-	36,309	(36,309)
Benefit Payments	(1,281,243)	(1,276,033)	(5,210)
Net Changes	(572,581)	(99,589)	(472,992)
Balances at June 30, 2019	\$ 15,620,910	\$ 1,715,875	\$ 13,905,035

The total OPEB liability for the District is \$12,746,080 and the total OPEB liability for the Sherburne and Northern Wright Special Education Cooperative is \$2,874,830.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

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

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB Liability	\$ 11,710,133	\$ 13,905,035	\$ 10,357,533

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00%) or 1% point higher (7.50% decreasing to 6.00%) and dental cost trend rates that are 1% point lower (2.00%) or 1% point higher (4.00%) than the current healthcare and dental cost trend rates:

	<u>Healthcare Cost</u>		
	<u>1% Decrease (Medical 5.50% decreasing to 4.00% over 6 years, Dental 3.00%)</u>	<u>(Medical 6.50% decreasing to 5.00% over 6 years, Dental 4.00%)</u>	<u>1% Increase (Medical 7.50% decreasing to 6.00% over 6 years, Dental 5.00%)</u>
Net OPEB Liability	\$ 9,876,841	\$ 13,905,035	\$ 12,356,895

For the year ended June 30, 2019, the District recognized OPEB expense of \$977,632. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Liability	\$ -	\$ 675,384
Change of Assumptions	332,629	211,245
Net Difference Between Projected and Actual Investment Earnings	14,714	-
Contributions Between Measurement Date and Reporting Date	332,753	-
Total	<u>\$ 680,096</u>	<u>\$ 886,629</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Asset) (Continued)

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2020	\$ (94,602)
2021	(94,603)
2022	(95,791)
2023	(97,794)
2024	(99,371)
Thereafter	(57,125)
	<u>\$ (539,286)</u>

At June 30, 2019, there are not payables or receivables between the District and the Trust.

NOTE 9 SUPPLEMENTAL BENEFIT PLAN

A. Plan Description

The District provides a defined benefit supplemental pension benefit to certain eligible employees. All of the pension benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

Currently, there are 107 active employees who are eligible to receive benefits under the plan as of July 1, 2018. The pension benefit ranges from 1 day per year of service times the daily rate to 8 days per year of service times the daily rate. Payments are made as lump sum payments. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

B. Funding Policy

Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 SUPPLEMENTAL BENEFIT PLAN (CONTINUED)

C. Total Pension Liability

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

Total Pension Liability - June 30, 2018, as Restated	\$ 917,566
Changes for the Year:	
Service Cost	30,531
Interest	29,438
Changes in Benefit Terms	81,303
Benefit Payments	<u>(215,891)</u>
Net Changes	<u>(74,619)</u>
Total Pension Liability - June 30, 2019	<u><u>\$ 842,947</u></u>

D. Pension Costs

For the year ended June 30, 2019, the District recognized pension expense of \$37,579. At June 30, 2019, 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
Changes of Assumptions or Other Inputs	<u><u>\$ 163,737</u></u>	<u><u>\$ 11,520</u></u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 SUPPLEMENTAL BENEFIT PLAN (CONTINUED)

D. Pension Costs (Continued)

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

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2020	\$ 17,284
2021	17,284
2022	17,284
2023	17,284
2024	20,157

E. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2018
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	3.10%
Inflation:	2.50%
Salary Increases:	3.00%
Retirement Age:	55
Mortality:	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale

F. Discount Rate

The discount rate used to measure the total pension liability was 3.10%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 3.10%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.10%) or one percentage point higher (4.10%) than the current rate:

	<u>1% Decrease (2.10%)</u>	<u>Current Discount Rate (3.10%)</u>	<u>1% Increase (4.10%)</u>
Total Pension Liability	<u>\$ 741,027</u>	<u>\$ 842,947</u>	<u>\$ 684,920</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 JOINT VENTURE AGREEMENT

The District entered into a Joint Venture Agreement in February 1998 between and among eight other area independent school districts and Wright Technical Center No. 996 (WTC), a cooperative center for vocational education, to finance the acquisition and betterment of an addition to the existing WTC facilities.

The addition is being financed through capital lease agreements. Each participating district annually authorizes a leasing levy to cover its allocated portion of the lease payment based on the formula set out in the Joint Venture Agreement. Participating districts will also be apportioned operating costs and continuing capital costs for the addition based on the current cost allocation formula.

Separately issued financial statements can be obtained from Wright Technical Center, 1400 Highway 25 North, Buffalo, Minnesota 55313-1936.

NOTE 11 OPERATING LEASE

In 2005, the District entered into a ground lease agreement with the Monticello Youth Hockey Association (MYHA) (tenant). The term of the lease commenced on October 1, 2006 and terminates on December 31, 2030, or until the bank debt for the arena that is to be constructed on such land, is paid in full. The ground lease is for a parcel of property on District grounds with an annual payment from the tenant of one dollar. As part of the lease agreement, the tenant agreed to specific construction deadlines related to the building of an arena and ice within the arena, to pay for utility charges and to keep the leased premises in good order, condition, and repair. The District agreed to pay any taxes, assessments and other government charges during the life of the lease. Other specific arrangements are defined in the ground lease agreement. Upon termination of the lease, the tenant shall surrender, and the District shall acquire, ownership of all improvements constructed on the leased premises, at no cost to the District.

In 2014, the District entered into a multi-tenant lease agreement with the Monticello Training Center. The term of the lease commenced on September 1, 2014 and terminates on August 31, 2019. Two (2) Five (5) year renewal options at market rate rents exist. Tenant must request renewal options in writing no later than six (6) months prior to lease expiration. The lease is for \$5,097.50 monthly rate or \$61,170.00 annually and for the primary use as a public school and for no other purpose unless approved in writing by the landlord. Tenant shall also pay its proportional share of real estate taxes and annual installments of special assessments due. Other specific arrangements are defined in the lease agreement.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 RECREATION AGREEMENT

On July 1, 2005, (with an amendment dated June 7, 2006 and January 26, 2015) the District entered into a Recreation Agreement (the Agreement) with the City of Monticello and the MYHA. The purpose of the Agreement is to provide for an agreement on the operations and maintenance of the ice arena, constructed on the leased premises, as described in Note 11 – Operating Lease. As part of the Agreement, the District agrees to manage the arena. The District and MYHA agree to share operating surpluses equally, but MYHA has to fund any operating shortfalls, after MYHA advertising revenue has been depleted, with the City and District agreeing to provide funds to MYHA for a portion of the construction costs. The District has agreed to pay, on behalf of MYHA, payments sent directly to the lender to provide for total payments of sums due under the construction loan and any successor loan as and when due. The City's obligation to fund this construction loan shall be in the maximum amount of \$100,000 annually. The District paid \$94,400 on behalf of MYHA in fiscal year 2019. There was no shortfall from operations. The District's obligation to MYHA and other specific arrangements are also defined in the Agreement. The term of the Agreement, modified with Amendment No. 1, 2, and 3, shall be from October 2006 through September 2030.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

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

Outstanding Contracts

The District had construction commitments in the amount of \$1,400,716 as of the end of the year.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15 PRIOR PERIOD ADJUSTMENT

Beginning net position for Governmental Activities was restated for amounts that should have been recognized as liabilities/deferred outflows in the previous year related to the Sherburne and Northern Wright Special Education Cooperative. Of this amount, \$122,044 relates to Governmental Account Standards Board Statement (GASB) No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and \$2,683,117 relates to the Governmental Account Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The restatement is as follows:

	Governmental Activities
Net Position, June 30, 2018, as Previously Stated	\$ (36,953,949)
Prior Period Adjustment	<u>(2,805,161)</u>
Net Position, June 30, 2018, as Restated	<u><u>\$ (39,759,110)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF CHANGES IN THE DISTRICT'S SUPPLEMENTAL PENSION LIABILITY AND
RELATED RATIOS
JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 917,566	\$ 935,272	\$ 1,238,753
Changes for the Year:			
Service Cost	30,531	31,937	38,727
Interest	29,438	25,460	33,886
Changes in Benefit Terms	81,303	(17,280)	(156,558)
Benefit Payments	<u>(215,891)</u>	<u>(179,867)</u>	<u>(219,536)</u>
Net Changes	<u>(74,619)</u>	<u>(139,750)</u>	<u>(303,481)</u>
Total Pension Liability	<u>\$ 842,947</u>	<u>\$ 795,522</u>	<u>\$ 935,272</u>
Covered Payroll	\$ 7,805,884	\$ 8,156,154	\$ 7,918,596
District's Net OPEB Liability (Asset) as a Percentage of Covered Payroll	11%	10%	12%

The District implemented GASB Statement No 73 in fiscal year 2017 and the above table will be expanded to 10 years of information as the information becomes available.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 557,711	\$ 514,292	\$ 646,723
Interest	550,832	398,393	455,201
Plan Changes	388,068	(295,745)	(1,736,403)
Differences Between Expected and Actual Experience	(787,949)	-	-
Benefit Payments	<u>(1,281,243)</u>	<u>(1,109,461)</u>	<u>(1,273,369)</u>
Net Change in Total OPEB Liability	<u>(572,581)</u>	<u>(492,521)</u>	<u>(1,907,848)</u>
Total OPEB Liability - beginning	<u>16,193,491</u>	<u>13,774,158</u>	<u>15,682,006</u>
Total OPEB Liability - ending (a)	<u><u>\$ 15,620,910</u></u>	<u><u>\$ 13,281,637</u></u>	<u><u>\$ 13,774,158</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,148,057	\$ 1,004,817	\$ 1,185,843
Net Investment Income	36,309	27,830	33,012
Benefit Payments	(1,276,033)	(1,109,462)	(1,273,368)
Differences Between Expected and Actual Experience	<u>(7,922)</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	<u>(99,589)</u>	<u>(76,815)</u>	<u>(54,513)</u>
Plan Fiduciary Net Position - beginning	<u>1,815,464</u>	<u>1,892,280</u>	<u>1,946,793</u>
Plan Fiduciary Net Position - ending (b)	<u><u>\$ 1,715,875</u></u>	<u><u>\$ 1,815,465</u></u>	<u><u>\$ 1,892,280</u></u>
District's Net OPEB Liability (Asset) - ending (a) - (b)	\$ 13,905,035	\$ 11,466,172	\$ 11,881,878
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11%	14%	14%
Covered Payroll	\$ 31,546,146	\$ 27,052,943	\$ 26,264,993
District's Net OPEB Liability (Asset) as a Percentage of Covered Payroll	44%	42%	45%

The District implemented GASB Statement Nos 74 and 75 in fiscal year 2017 and the above table will be expanded to 10 years of information as the information becomes available.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF MONEY WEIGHTED RATE OF RETURN ON OPEB PLAN ASSETS
LAST TEN YEARS**

Year	Annual Money-Weighted Rate of Return, Net of Investment
	Expense
2017	2.00%
2018	2.00%
2019	2.00%

The District implemented GASB Statement Nos 74 and 75 in fiscal year 2017 and the above table will be expanded to 10 years of information as the information becomes available.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS**

	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
PERA					
District's Proportion of the Net Pension Liability	0.1115%	0.1109%	0.1048%	0.1092%	0.1104%
District's Proportionate Share of the Net Pension Liability	\$ 6,185,563	\$ 7,079,783	\$ 8,509,240	\$ 5,659,311	\$ 5,186,039
State's Proportionate Share of the Net Pension Liability Associated with District	\$ 202,973	\$ 89,007	\$ 111,062	\$ -	\$ -
Total of District's and State's Proportionate Share of the Net Pension Liability	\$ 6,388,536	\$ 7,168,790	\$ 8,620,302	\$ 5,659,311	\$ 5,186,039
District's Covered Payroll	\$ 7,649,187	\$ 7,171,613	\$ 6,523,227	\$ 6,291,980	\$ 5,986,992
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	80.87%	98.72%	130.45%	89.94%	86.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.53%	75.90%	68.91%	78.20%	78.75%
TRA					
District's Proportion of the Net Pension Liability	0.4697%	0.4633%	0.4634%	0.4523%	0.4784%
District's Proportionate Share of the Net Pension Liability	\$ 29,499,602	\$ 92,483,084	\$ 110,531,957	\$ 27,979,228	\$ 22,044,328
State's Proportionate Share of the Net Pension Liability Associated with District	\$ 2,771,569	\$ 8,940,294	\$ 11,094,524	\$ 3,432,062	\$ 1,550,926
Total of District's and State's Proportionate Share of the Net Pension Liability	\$ 32,271,171	\$ 101,423,378	\$ 121,626,481	\$ 31,411,290	\$ 23,595,254
District's Covered Payroll	\$ 26,245,613	\$ 25,066,013	\$ 24,212,493	\$ 23,150,263	\$ 21,836,533
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	112.40%	368.96%	456.51%	120.86%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.07%	51.57%	44.88%	76.77%	81.50%

NOTE: Information is presented prospectively and an accumulation of ten years will be provided.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERA					
Contractually Required Contribution	\$ 602,776	\$ 573,689	\$ 537,871	\$ 489,231	\$ 465,243
Contributions in Relation to the Contractually Required Contribution	(602,776)	(573,689)	(537,871)	(489,231)	(465,243)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,037,013	\$ 7,649,187	\$ 7,171,613	\$ 6,523,227	\$ 6,291,980
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.39%
TRA					
Contractually Required Contribution	\$ 2,014,907	\$ 1,968,421	\$ 1,879,951	\$ 1,815,948	\$ 1,736,618
Contributions in Relation to the Contractually Required Contribution	(2,014,907)	(1,968,421)	(1,879,951)	(1,815,948)	(1,736,618)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 26,133,684	\$ 26,245,613	\$ 25,066,013	\$ 24,212,493	\$ 23,150,263
Contributions as a Percentage of Covered Payroll	7.71%	7.50%	7.50%	7.50%	7.50%

NOTE: Information is presented prospectively and an accumulation of ten years will be provided.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2018

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% 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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% 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 was changed from 5.12% to 7.5%.

2017

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%.

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Post-retirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 2 OTHER POSTEMPLOYMENT BENEFIT PLAN

2019

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.00%.

2018

- The discount rate was changed from 2.90% to 3.40%.

NOTE 3 SUPPLEMENTAL BENEFIT PLAN

2019

- The district matching contribution was increased from \$2,000 per year to \$2,500 per year for Directors. The district matching contribution is not included in the liability but is an offset to the GASB 73 severance benefit.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.50% to 3.10%.

2018

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

SUPPLEMENTARY INFORMATION

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF CHANGES IN AGENCY FUND
ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and Investments	\$ 2,862,828	\$ 62,586	\$ 88,380	\$ 2,837,034
LIABILITIES				
Accounts Payable	\$ 2,862,828	\$ 62,586	\$ 88,380	\$ 2,837,034

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2019**

01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenues	\$ 56,357,086	\$ 56,357,085	\$ 1	Total Revenues	\$ 673,415	\$ 673,415	\$ -
Total Expenditures	55,751,701	55,751,706	(5)	Total Expenditures	3,739,836	3,739,837	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	62,385	62,385	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserve:</i>				<i>Restricted/Reserve:</i>			
403 Staff Development	20,000	20,000	-	407 Capital Projects Levy	-	-	-
405 Deferred Maintenance	-	-	-	409 Alternative Fac. Program	-	-	-
406 Health & Safety *	-	-	-	413 Project Funded by COP	-	-	-
407 Capital Project Levy	-	-	-	467 LTFM	6,405,703	6,405,703	-
408 Cooperative Rev.	-	-	-	<i>Restricted:</i>			
409 Deferred Maintenance	-	-	-	464 Restricted Fund Balance	1,093,631	1,093,631	-
414 Operating Debt	-	-	-	<i>Unassigned:</i>			
416 Levy Reduction	-	-	-	463 Unassigned Fund Balance	-	-	-
419 Encumbrances	-	-	-				
423 Certain Teacher Programs	-	-	-	07 DEBT SERVICE			
424 Operating Capital	402,483	402,483	-	Total Revenues	3,303,681	3,303,682	(1)
426 \$25 Taconite	-	-	-	Total Expenditures	3,258,975	3,258,975	-
427 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
428 Learning & Development	-	-	-	460 Nonspendable Fund Balance	-	-	-
434 Area Learning Center	-	-	-	<i>Restricted/Reserve:</i>			
435 Contracted Alt. Programs	-	-	-	425 Bond Refundings	-	-	-
436 St. Approved Alt. Prog.	-	-	-	451 QZAB Payments	-	-	-
438 Gifted & Talented	-	-	-	<i>Restricted:</i>			
440 Teacher Development & Eval	-	-	-	464 Restricted Fund Balance	721,154	721,154	-
441 Basic Skills	-	-	-	<i>Unassigned:</i>			
443 Telecomm. Access Cost	-	-	-	463 Unassigned Fund Balance	-	-	-
446 First Grade Preparedness	-	-	-				
448 Achievement and Integration	-	-	-	08 TRUST			
449 Safe Schools Levy	-	-	-	Total Revenues	-	-	-
450 Pre-Kindergarten	-	-	-	Total Expenditures	-	-	-
451 QZAB Payments	-	-	-	422 Net Position	-	-	-
452 OPEB Liab. Not in Trust	-	-	-				
453 Unfunded Sev & Retirement Levy	-	-	-	20 INTERNAL SERVICE			
467 LTFM	852,857	852,857	-	Total Revenues	557,931	557,928	3
472 Medical Assistance	44,985	44,985	-	Total Expenditures	515,726	515,724	2
<i>Restricted:</i>				422 Net Position	141,166	141,166	-
464 Restricted Fund Balance	-	-	-				
<i>Committed:</i>				25 OPEB REVOCABLE TRUST			
418 Committed For Separation	990,152	990,152	-	Total Revenues	-	-	-
461 Committed Fund Balance	-	-	-	Total Expenditures	-	-	-
<i>Assigned:</i>				422 Net Position	-	-	-
462 Assigned Fund Balance	248,890	248,890	-				
<i>Unassigned:</i>				45 OPEB IRREVOCABLE TRUST			
422 Unassigned Fund Balance *	2,412,297	2,412,296	1	Total Revenues	1,176,444	1,176,443	1
				Total Expenditures	1,276,033	1,276,032	1
				422 Net Position	1,715,875	1,715,875	-
02 FOOD SERVICE							
Total Revenues	2,056,664	2,056,665	(1)	47 OPEB DEBT SERVICE			
Total Expenditures	2,180,462	2,180,462	-	Total Revenues	-	-	-
<i>Nonspendable:</i>				Total Expenditures	-	-	-
460 Nonspendable Fund Balance	44,504	44,504	-	<i>Nonspendable:</i>			
<i>Restricted:</i>				460 Nonspendable Fund Balance	-	-	-
452 OPEB Liab. Not in Trust	-	-	-	<i>Restricted:</i>			
464 Restricted Fund Balance	91,045	91,047	(2)	425 Bond Refundings	-	-	-
<i>Unassigned:</i>				464 Restricted Fund Balance	-	-	-
463 Unassigned Fund Balance	-	-	-	<i>Unassigned:</i>			
				463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE							
Total Revenues	3,808,578	3,808,577	1				
Total Expenditures	4,025,551	4,025,550	1				
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	2,838	2,839	(1)				
<i>Restricted/Reserve:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	37,669	37,669	-				
432 E.C.F.E. *	(24,962)	(24,962)	-				
444 School Readiness	99,183	99,183	-				
447 Adult Basic Education	201,037	201,037	-				
452 OPEB Liab. Not in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	106,574	106,572	2				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				

* Amounts differ from those reported on the fund-level balance sheet due to the need to reclassify negative restricted fund balance to unassigned fund balance for the CAFR.

STATISTICAL SECTION (UNAUDITED)

The statistical section of the Independent School District No. 882's (the District) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

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

Revenue Capacity

The revenue capacity schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

The debt capacity 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

The demographic and economic information schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.

Operating Information

The operating information schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 16,123,282	\$ 18,464,430	\$ 21,653,918	\$ 25,135,009
Restricted	2,056,926	2,663,080	2,562,247	2,055,494
Unrestricted	2,303,371	3,073,882	5,003,147	5,498,909
Total Governmental Activities				
Net Position	<u>\$ 20,483,579</u>	<u>\$ 24,201,392</u>	<u>\$ 29,219,312</u>	<u>\$ 32,689,412</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 28,367,492	\$ 32,717,052	\$ 34,364,408	\$ 25,258,704	\$ 28,999,924	\$ 25,778,548
2,023,358	2,441,680	2,267,619	4,630,541	2,711,875	3,322,852
6,250,771	(25,712,413)	(26,879,967)	(50,340,036)	(68,665,748)	(57,326,258)
<u>\$ 36,641,621</u>	<u>\$ 9,446,319</u>	<u>\$ 9,752,060</u>	<u>\$ (20,450,791)</u>	<u>\$ (36,953,949)</u>	<u>\$ (28,224,858)</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
EXPENSES				
Governmental Activities				
Administration	\$ 1,149,694	\$ 1,184,185	\$ 1,216,697	\$ 1,238,134
District Support Services	616,022	833,676	603,853	674,478
Elementary and Secondary Regular Instruction	18,257,741	18,695,900	19,396,341	19,757,587
Vocational Education Instruction	559,909	549,592	569,583	824,747
Special Education Instruction	13,416,243	13,642,379	12,637,148	13,076,583
Instructional Support Services	2,720,381	2,167,791	2,248,005	2,804,514
Pupil Support Services	2,859,247	2,811,034	3,196,743	3,408,107
Sites and Buildings	3,662,930	3,474,577	3,563,962	3,684,303
Fiscal and Other Fixed Cost Programs	127,487	146,367	161,381	171,889
Food Service	1,683,012	1,666,320	1,742,052	1,733,824
Community Education and Services	2,332,468	2,381,439	2,514,577	2,527,475
Interest and Fiscal Charges on Long-Term Debt	1,100,456	822,153	694,614	477,787
Depreciation not Included in Other Functions	1,120,031	1,120,003	1,111,084	1,102,166
Total Governmental Activities Expenses	49,605,621	49,495,416	49,656,040	51,481,594
PROGRAM REVENUES				
Governmental Activities				
Charges for Services:				
Administration	-	-	-	-
District Support Services	-	-	-	-
Elementary and Secondary Regular Instruction	683,946	684,738	655,047	675,556
Vocational Education Instruction	-	-	-	-
Special Education Instruction	1,684,853	1,839,961	2,236,953	1,533,286
Instructional Support Services	-	-	-	-
Sites and Buildings	491,828	27,612	16,027	-
Fiscal and Other Fixed Cost Programs	-	-	-	-
Food Service	992,280	977,436	969,110	992,863
Community Education and Services	1,003,557	977,332	1,065,495	1,152,504
Interest and Fiscal Charges on Long-Term Debt	-	-	-	-
Depreciation not Included in Other Functions	-	-	-	-
Operating Grants and Contributions	14,507,859	12,671,828	12,945,144	14,309,359
Capital Grants and Contributions	373,843	389,154	480,477	446,483
Total Governmental Activities Program Revenues	19,738,166	17,568,061	18,368,253	19,114,976
Net Expense	(29,867,455)	(31,927,355)	(31,287,787)	(32,366,618)
GENERAL REVENUES				
Governmental Activities				
Taxes:				
Property Taxes, Levied for General Purposes	5,861,403	7,561,018	5,874,159	6,022,840
Property Taxes, Levied for Community Service	243,611	359,136	238,143	257,587
Property Taxes, Levied for Building Construction	-	-	-	-
Property Taxes, Levied for Debt Service	4,528,185	4,568,134	4,561,832	4,415,071
General Grants and Aids	22,029,016	22,462,895	24,018,379	24,200,096
Earnings on Investments	81,766	58,189	95,297	42,885
Gain on Sale of Capital Assets	-	-	-	-
Other General Revenues	523,619	635,796	947,078	898,239
Total Governmental Activities	33,267,600	35,645,168	35,734,888	35,836,718
Change in Net Position	\$ 3,400,145	\$ 3,717,813	\$ 4,447,101	\$ 3,470,100

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,283,586	\$ 1,337,795	\$ 1,440,429	\$ 2,267,484	\$ 2,254,899	\$ 1,058,283
1,018,438	1,032,096	1,135,630	1,181,088	1,227,978	820,276
19,835,124	21,790,879	23,705,406	32,103,609	33,518,386	15,059,682
694,045	773,340	773,236	715,728	785,932	1,219,386
13,944,470	14,949,615	14,494,246	19,153,411	20,151,673	12,219,100
2,625,955	2,807,152	2,941,917	3,330,953	3,496,922	2,333,594
3,640,273	3,734,385	3,883,955	4,090,046	4,032,437	3,668,797
4,129,356	4,571,273	6,206,082	9,219,213	8,123,738	7,982,706
172,537	176,392	183,311	162,414	528,373	682,729
1,780,814	1,903,682	2,025,562	1,914,262	2,046,853	2,131,022
2,745,243	2,380,265	2,557,334	2,880,271	3,601,031	3,711,934
250,817	128,293	448,369	1,223,104	1,280,104	1,282,547
1,102,165	1,102,166	1,102,166	1,566,641	1,052,234	1,006,894
53,222,823	56,687,333	60,897,643	79,808,224	82,100,560	53,176,950
-	-	-	1,058,283	-	-
-	-	-	820,276	-	-
601,835	428,959	398,912	792,260	690,907	578,861
-	-	-	1,219,386	-	-
2,104,156	2,409,961	6,509,474	7,459,860	7,947,140	8,780,973
-	-	-	2,333,594	-	-
300	222,464	227,780	197,736	118,726	92,841
-	-	-	682,729	-	-
1,024,734	1,040,232	1,059,552	1,002,757	1,086,595	1,114,428
1,223,615	976,923	1,020,892	1,125,544	1,409,854	2,069,515
-	-	-	1,282,547	-	-
-	-	-	1,006,894	-	-
15,133,838	16,109,098	11,499,346	9,306,320	11,096,242	7,910,617
476,050	584,023	595,653	550,184	618,329	663,179
20,564,528	21,771,660	21,311,609	28,838,370	22,967,793	21,210,414
(32,658,295)	(34,915,673)	(39,586,034)	(50,969,854)	(59,132,767)	(31,966,536)
4,238,226	5,611,498	6,183,526	6,292,567	6,831,338	8,332,518
214,829	273,445	223,361	228,915	242,189	230,807
-	-	3,500,000	2,833,250	1,077,000	439,534
4,004,789	5,098,466	1,134,134	2,170,832	3,239,890	3,136,033
27,564,512	27,341,397	28,354,194	29,339,675	28,857,831	29,424,009
27,634	28,125	151,399	323,478	260,725	285,149
7,845	25,878	5,800	470	-	5,303
552,669	342,146	339,361	564,082	2,120,636	1,647,435
36,610,504	38,720,955	39,891,775	41,753,269	42,629,609	43,500,788
\$ 3,952,209	\$ 3,805,282	\$ 305,741	\$ (9,216,585)	\$ (16,503,158)	\$ 11,534,252

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
GENERAL FUND				
Reserved	\$ 255,713	\$ -	\$ -	\$ -
Unreserved	2,990,546	-	-	-
Nonspendable	-	250,536	95,469	642,926
Restricted	-	170,396	119,800	119,920
Assigned	-	1,199,356	2,763,239	2,695,080
Committed	-	-	-	-
Unassigned	-	2,617,289	2,928,881	3,239,568
Total General Fund	<u>\$ 3,246,259</u>	<u>\$ 4,237,577</u>	<u>\$ 5,907,389</u>	<u>\$ 6,697,494</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ 25,472	\$ 20,989	\$ 23,081
Restricted	-	2,281,172	2,238,291	1,793,181
Reserved	433,393	-	-	-
Unassigned/ Unreserved, Reported in:				
Special Revenue Funds	1,694,408	-	(10,427)	-
Capital Projects Fund	-	-	-	-
Total All Other Governmental Funds	<u>\$ 2,127,801</u>	<u>\$ 2,306,644</u>	<u>\$ 2,248,853</u>	<u>\$ 1,816,262</u>
Unreserved/Unassigned - Operating Account as a % of Total Expenditures	* <u>5.74%</u>	<u>7.27%</u>	<u>10.32%</u>	<u>5.81%</u>

Note: GASB Statement No. 54 was implemented in year 2011.

Only years 2012-2019 are reported in compliance with GASB Statement No. 54; years 2010-2011 are reported as previously stated.

* Percentage includes expenditures associated with the Sherburne and Northern Wright Special Education Cooperative

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
687,121	707,359	726,713	707,781	824,508	62,385
175,271	409,724	523,780	935,714	855,677	1,320,325
717,468	678,992	723,642	224,282	190,620	248,890
1,816,655	1,689,771	1,570,581	1,417,837	1,222,367	990,152
3,814,657	3,814,320	3,484,243	2,079,142	1,333,876	2,412,297
<u>\$ 7,211,172</u>	<u>\$ 7,300,166</u>	<u>\$ 7,028,959</u>	<u>\$ 5,364,756</u>	<u>\$ 4,427,048</u>	<u>\$ 5,034,049</u>
\$ 26,059	\$ 19,954	\$ 27,632	\$ 94,258	\$ 53,751	\$ 47,342
1,750,381	1,951,768	44,497,887	22,653,380	7,482,679	8,755,996
-	-	-	-	-	-
-	-	-	-	-	-
-	(761,552)	(837,219)	(24,962)	-	-
<u>\$ 1,776,440</u>	<u>\$ 1,210,170</u>	<u>\$ 43,688,300</u>	<u>\$ 22,722,676</u>	<u>\$ 7,536,430</u>	<u>\$ 8,803,338</u>
<u>9.91%</u>	<u>7.49%</u>	<u>6.63%</u>	<u>3.92%</u>	<u>3.63%</u>	<u>2.39%</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Local Sources				
Taxes	\$ 10,577,164	\$ 12,449,939	\$ 10,678,274	\$ 10,822,864
Investment Earnings	81,766	58,189	95,297	42,885
Other	4,865,086	5,115,263	5,853,183	5,257,291
State Sources	29,821,833	30,385,637	33,088,756	35,156,182
Federal Sources	7,088,885	5,138,240	4,355,244	3,799,756
Total Revenues	<u>52,434,734</u>	<u>53,147,268</u>	<u>54,070,754</u>	<u>55,078,978</u>
EXPENDITURES				
Current				
Administration	1,131,366	1,168,957	1,199,827	1,238,962
District Support Services	568,712	792,226	591,325	663,804
Elementary and Secondary Regular Instruction	18,124,000	18,505,788	19,214,406	19,463,733
Vocational Education Instruction	554,937	547,729	567,069	820,505
Special Education Instruction	13,228,251	13,528,893	12,502,655	12,971,354
Instructional Support Services	1,952,354	1,625,140	1,458,355	1,868,483
Pupil Support Services	2,811,161	2,768,738	3,164,655	3,406,058
Sites and Buildings	3,300,801	2,992,588	3,260,709	3,332,848
Fiscal and Other Fixed Cost Programs	127,487	146,367	161,381	171,889
Food Service	1,655,422	1,666,320	1,742,052	1,723,438
Community Service	2,274,375	2,315,766	2,497,267	2,575,700
Capital Outlay	1,852,359	1,115,665	1,019,954	1,688,298
Debt Service				
Principal	3,559,763	3,972,712	4,226,150	4,548,262
Interest and Fiscal Charges	1,315,506	978,713	877,517	705,644
Total Expenditures	<u>52,456,494</u>	<u>52,125,602</u>	<u>52,483,322</u>	<u>55,178,978</u>
Excess of Revenues Under Expenditures	(21,760)	1,021,666	1,587,432	(100,000)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	-	5,970,000
Premium on Bonds Issued	586,467	-	-	73,276
Debt Service Loans Proceeds	6,960,000	-	-	-
Insurance Recovery	514,997	27,612	24,589	-
Capital Lease/Certificates of Participation	-	120,883	-	384,313
Proceeds from Sale of Assets	-	-	-	4,925
Proceeds from Sale of Inventory	-	-	-	-
Debt Retirement from Escrow Account	(7,450,000)	-	-	(5,975,000)
Total Other Financing Sources (Uses)	<u>611,464</u>	<u>148,495</u>	<u>24,589</u>	<u>457,514</u>
Net Change in Fund Balances	<u>\$ 589,704</u>	<u>\$ 1,170,161</u>	<u>\$ 1,612,021</u>	<u>\$ 357,514</u>
Debt Services as a Percentage of Noncapital Expenditures	<u>9.55%</u>	<u>9.63%</u>	<u>9.87%</u>	<u>9.73%</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 8,559,270	\$ 11,011,402	\$ 11,068,163	\$ 11,547,946	\$ 11,418,139	\$ 12,136,162
27,634	28,125	151,399	323,478	260,234	283,532
5,507,309	5,902,663	10,035,274	11,594,919	12,263,089	13,758,222
39,273,363	39,190,816	36,113,494	34,068,736	36,393,849	36,150,163
3,901,037	4,361,724	3,850,596	3,124,534	3,635,513	3,435,577
57,268,613	60,494,730	61,218,926	60,659,613	63,970,824	65,763,656
1,288,619	1,343,272	1,433,362	1,733,162	1,743,600	1,500,426
981,089	1,017,776	1,094,300	1,025,933	1,059,397	963,981
19,848,466	21,840,424	23,167,361	23,570,548	24,170,283	23,313,489
697,512	783,246	770,423	686,731	668,092	1,331,983
13,988,966	14,948,635	14,332,384	14,971,050	16,012,491	16,787,182
1,756,208	1,976,662	1,939,646	2,629,279	2,847,399	2,513,754
3,585,601	3,708,963	3,865,216	3,751,172	3,689,028	3,940,134
3,527,631	3,674,596	3,978,858	3,910,662	5,166,328	4,408,790
172,537	176,392	183,311	162,414	147,339	167,003
1,780,814	1,892,382	1,993,950	1,841,499	2,053,482	2,099,404
2,679,285	2,357,812	2,459,126	2,597,306	3,189,608	4,055,079
1,462,339	2,120,051	8,186,238	30,011,547	17,826,315	4,365,805
4,606,385	4,847,978	1,637,808	1,203,041	2,244,706	2,112,872
427,150	310,087	110,474	1,240,752	1,413,271	1,396,623
56,802,602	60,998,276	65,152,457	89,335,096	82,231,339	68,956,525
466,011	(503,546)	(3,933,531)	(28,675,483)	(18,260,515)	(3,192,869)
-	-	44,340,000	5,160,000	-	4,430,000
-	-	1,349,631	168,148	-	170,745
-	-	-	-	-	-
-	-	-	126,706	1,116,828	435,768
-	-	439,407	-	930,573	-
7,845	26,086	11,600	5,303	4,537	5,303
-	-	-	6,620	59,661	-
-	-	-	-	-	-
7,845	26,086	46,140,638	5,466,777	2,111,599	5,041,816
\$ 473,856	\$ (477,460)	\$ 42,207,107	\$ (23,208,706)	\$ (16,148,916)	\$ 1,848,947
8.94%	8.65%	2.93%	3.77%	4.45%	5.32%

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
TAX CAPACITIES AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>For Taxes Collectible</u>	<u>Residential Property</u>	<u>Commercial Industrial Property</u>	<u>Other Property</u>	<u>Less: Tax Increment Property</u>
2010	\$ 11,257,252	\$ 5,374,101	\$ 9,688,241	\$ 1,105,041
2011	10,217,091	6,164,274	8,761,724	970,759
2012	8,896,466	6,325,188	8,505,401	857,311
2013	7,961,021	9,970,792	8,325,133	885,070
2014	8,142,220	9,343,177	8,162,264	790,345
2015	9,060,661	14,504,143	8,257,031	762,309
2016	9,819,356	15,954,750	9,093,640	687,603
2017	10,709,438	17,020,985	8,529,943	722,414
2018	11,960,706	17,955,102	8,974,684	719,806
2019	13,160,682	16,340,826	8,563,005	706,029

Source: Wright and Sherburne County

Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
\$ 25,214,553	24.948	\$ 2,124,228,600	1.19
24,172,330	27.029	1,994,425,000	1.21
22,869,744	28.262	1,852,291,700	1.23
25,371,876	26.229	1,938,427,700	1.31
24,857,316	28.269	1,920,071,100	1.29
31,059,526	22.882	2,292,783,500	1.35
34,180,143	20.857	2,609,175,300	1.31
35,537,952	16.242	2,461,256,683	1.44
38,170,686	15.621	2,962,731,200	1.29
38,358,484	16.972	3,043,626,600	1.26

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
GOVERNMENTAL UNIT				
ISD No. 882 (Monticello)	24.948%	27.029%	28.262%	26.229%
Overlapping Governments:				
Wright County	35.819%	39.306%	43.452%	44.288%
Sherburne County	44.519%	46.342%	52.014%	54.420%
City of Monticello	45.822%	46.729%	49.773%	42.262%
City of Otsego	29.342%	34.014%	41.454%	46.229%
City of Big Lake	42.713%	43.652%	50.404%	55.198%
Big Lake Twp	13.798%	14.628%	15.784%	15.306%
Buffalo Twp	20.701%	23.128%	24.675%	25.514%
Clearwater Twp	24.068%	25.815%	28.507%	28.574%
Maple Lake Twp	17.826%	19.310%	21.013%	22.328%
Monticello Twp	10.398%	16.883%	18.357%	24.483%
Silver Creek Twp	24.016%	25.923%	27.726%	28.286%
Hospital District	1.754%	1.501%	1.240%	0.608%
State	63.636%	68.188%	N/A	N/A

The state information for 2011-2019 is unavailable.

Source: Wright & Sherburne Counties

<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
28.269%	22.882%	20.857%	16.242%	15.621%	16.972%
43.450%	40.593%	39.970%	39.599%	39.946%	44.273%
54.861%	51.979%	50.478%	50.460%	49.356%	47.928%
44.709%	35.737%	34.471%	33.172%	32.333%	34.262%
44.575%	41.202%	37.921%	37.852%	36.556%	36.060%
60.048%	57.518%	57.112%	57.936%	55.643%	50.898%
15.591%	16.058%	19.004%	17.972%	19.797%	20.720%
25.310%	24.432%	23.379%	22.520%	21.442%	20.026%
27.905%	27.826%	24.135%	24.490%	22.482%	21.472%
22.073%	20.372%	18.678%	17.618%	16.508%	15.537%
24.879%	24.952%	23.386%	24.253%	21.732%	20.496%
32.261%	28.716%	27.412%	26.181%	24.914%	23.517%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
N/A	N/A	N/A	N/A	N/A	N/A

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)**

Taxpayer	2019			2010		
	Net Tax Capacity	Rank	Percentage Total District Tax Valuation	Net Tax Capacity	Rank	Percentage Total District Tax Valuation
Northern States Power Co.	\$16,526,691	1	43.08 %	\$5,433,774	1	21.55 %
Iret Properties	295,132	2	0.77			
Store SPE Mills Fleet II 2017	251,524	3	0.66			
Centerpoint Energy	223,810	4	0.58			
Wal-Mart Real Est. Business Tr.	196,510	5	0.51	255,996	3	1.02
Target Corporation	195,610	6	0.51	262,482	2	1.04
Monti-Big Lake Comm Hospital	145,440	7	0.38	193,386	4	0.77
Home Depot USA Inc.	127,190	8	0.33	164,510	5	0.65
Nordic Investments LLLP	104,922	9	0.27			
Spirt Master Funding X LLC	102,515	10	0.27			
MLBL, LLC				156,658	6	0.62
Ryan Companies US Inc				147,516	7	0.59
Jacob Holdings of Sandberg Rd				146,880	8	0.58
L & P Ventures LLC				140,374	9	0.56
Jacob Holdings of Monti LLC				127,936	10	0.51
Total for Ten Largest Principal Taxpayers	<u>\$18,169,344</u>			<u>\$ 7,029,512</u>		

Source: Current property valuations and net tax capacity values have been furnished by Wright County.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Total Tax Levy for Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 10,425,731	\$10,414,698	99.89	\$ 11,033	\$ 10,425,731	100.00
2011	10,603,449	10,039,680	94.68	217,138	10,256,818	96.73
2012	10,574,134	10,424,507	98.58	70,001	10,494,508	99.25
2013	10,778,235	10,648,661	98.80	120,563	10,769,224	99.92
2014	10,780,124	10,676,682	99.04	92,953	10,769,635	99.90
2015	10,938,113	10,846,305	99.16	87,912	10,934,217	99.96
2016	11,304,610	11,249,353	99.51	50,787	11,300,140	99.96
2017	11,252,912	11,195,237	99.49	52,518	11,247,755	99.95
2018	11,713,247	11,618,442	99.19	82,479	11,700,921	99.89
2019	12,776,448	6,294,945	49.27	-	6,294,945	49.27

Note 1: Delinquent taxes receivable are written-off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Note 2: A portion of the total tax levy is paid through various property tax credits which are paid through state aids.

Note 3: Property taxes are remitted to the District based on a calendar year, the amount stated represents collections through the District's year end of June 30.

Source: State of Minnesota School Tax Report and Wright & Sherburne County Certification report.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	G.O. Bonds	Aid & Tax Anticipation Certificates	Capital Leases	Total Primary Government
2010	\$ 23,735,000	\$ 4,935,000	\$ 458,020	\$ 29,128,020
2011	19,925,000	5,000,000	416,191	25,341,191
2012	15,875,000	5,000,000	242,866	21,117,866
2013	11,455,000	4,200,000	493,917	16,148,917
2014	6,980,000	-	362,532	7,342,532
2015	2,270,000	-	224,554	2,494,554
2016	45,215,000	-	421,153	45,636,153
2017	49,330,000	-	263,112	49,593,112
2018	47,345,000	-	933,979	48,278,979
2019	49,895,000	-	701,122	50,596,122

* Updated information was not available for these years

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.
Source: District Records

Estimated Population		Net Bonded Debt per Capita	Percentage of Outstanding Debt to Personal Income
20,466	\$	1,423	9.57
20,533		1,234	7.16
20,533	*	1,028	6.24
20,533	*	786	4.46
20,533	*	358	2.04
20,533	*	121	0.67
20,533	*	2,223	N/A
21,721		2,283	N/A
21,721	*	2,223	N/A
21,304		2,375	N/A

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Tax Capacity
2010	\$ 23,735,000	\$ 1,617,587	\$ 22,117,413	\$ 25,214,553
2011	19,925,000	1,721,015	18,203,985	24,172,330
2012	15,875,000	1,694,791	14,180,209	22,868,144
2013	11,455,000	1,205,976	10,249,024	25,371,876
2014	6,980,000	1,084,990	5,895,010	24,791,806
2015	2,270,000	1,201,810	1,068,190	31,636,594
2016	45,215,000	807,090	44,407,912	34,867,746
2017	49,330,000	720,215	48,609,785	36,914,524
2018	47,345,000	675,509	46,669,491	38,170,686
2019	49,895,000	721,154	49,173,846	38,358,484

* Updated information was not available for these years.

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.
Source: District records, Wright and Sherburne Counties.

Percentage of Estimated Actual Taxable Value of Property	Estimated Population		Net Bonded Debt per Capita
87.72	20,466	\$	1,081
75.31	20,533		887
62.01	20,533	*	691
40.40	20,533	*	499
23.78	20,533	*	287
3.38	20,533	*	52
127.36	20,533	*	2,163
131.68	21,721		2,238
122.27	21,721	*	2,223
128.20	21,304	*	2,342

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>Total Principal</u>	<u>Interest and Other Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
2010	\$ 3,450,000	\$ 1,208,888	\$ 4,658,888	\$ 43,825,858	10.63
2011	3,810,000	893,513	4,703,513	43,406,653	10.84
2012	4,052,825	773,350	4,826,175	43,407,365	11.12
2013	4,415,000	624,644	5,039,644	45,775,045	11.01
2014	4,475,000	414,025	4,889,025	47,397,543	10.31
2015	4,710,000	292,175	5,002,175	50,267,671	9.95
2016	1,395,000	100,750	1,495,750	52,546,813	2.85
2017	1,045,000	1,238,465	2,283,465	53,073,203	4.30
2018	1,985,000	1,391,178	3,376,178	55,751,701	6.06
2019	1,880,000	1,373,775	3,253,775	55,755,393	5.84

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2019
(UNAUDITED)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Wright County	\$ 95,840,000	23.66 %	\$ 22,675,744
Sherburne County	45,110,000	1.68	757,848
City of Big Lake	22,005,000	0.13	28,607
City of Monticello	28,233,000	100.00	28,233,000
City of Otsego	29,990,000	8.36	2,507,164
Becker Township	40,000	11.83	4,732
Big Lake Township	460,000	0.20	920
Subtotal, Overlapping Debt	221,678,000		54,208,015
Independent School District No. 882 - Direct Debt	49,895,000	100.00 %	49,895,000
Total Direct and Overlapping Debt			<u><u>\$ 104,103,015</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the government's ability of issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

Source: Wright and Sherburne Counties.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
Debt Limit	\$ 318,634,290	\$ 299,163,750	\$ 285,943,755	\$ 290,764,155
Total Net Debt Applicable to Limit	<u>23,735,000</u>	<u>19,925,000</u>	<u>15,875,000</u>	<u>11,455,000</u>
Legal Debt Margin	<u>\$ 294,899,290</u>	<u>\$ 279,238,750</u>	<u>\$ 270,068,755</u>	<u>\$ 279,309,155</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.45%	6.66%	5.55%	3.94%

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 288,010,665	\$ 343,917,525	\$ 391,376,295	\$ 413,736,855	\$ 444,409,680	\$ 456,543,990
6,980,000	2,270,000	45,215,000	49,330,000	47,345,000	49,895,000
<u>\$ 281,030,665</u>	<u>\$ 341,647,525</u>	<u>\$ 346,161,295</u>	<u>\$ 364,406,855</u>	<u>\$ 397,064,680</u>	<u>\$ 406,648,990</u>
2.42%	0.66%	11.55%	11.92%	10.65%	10.93%

Legal Debt Margin Calculation for Year 2019:

Market Value

Debt Limit (15% of Market Value) \$ 3,043,626,600

Debt Applicable to Limit:

G.O. Bonds 49,895,000

Total Net Debt Applicable to Limit 49,895,000

Legal Debt Margin \$ 406,648,990

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
DEMOGRAPHIC AND ECONOMIC STATISTICS – INCOME
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Estimated Population		Personal Income	Per Capita Personal Income
2010	20,466		\$ 304,360,142	\$ 14,823
2011	20,533		354,109,378	17,246
2012 Est	20,533	*	338,246,480	16,473
2013 Est	20,533	*	362,440,710	17,652
2014 Est	20,533	*	360,076,360	17,536
2015 Est	20,533	*	371,796,933	18,107
2016 Est	20,533	*	658,971,698	30,338
2017	21,721		1,180,731,839	54,359 +
2018 Est	21,721	*	N/A	N/A
2019	21,304		N/A	N/A

* Updated information was not available for these years.

N/A : Data not available.

Data Sources: Minnesota Department of Employment and Economic Development
Minnesota Department of Education

+ U.S Bureau of Economic Analysis, Per Capita Personal Income in Minnesota [MNPCP], retrieved from FRED

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
DEMOGRAPHIC AND ECONOMIC STATISTICS – EMPLOYMENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>Average Employment Wright County</u>	<u>Average Unemployment Wright County</u>	<u>Average Unemployment State of Minnesota</u>
2010	68,915	8.20	6.70
2011	69,526	7.11	6.90
2012	69,717	6.08	5.20
2013	66,565	5.36	4.80
2014	68,190	4.13	4.09
2015	69,061	3.00	3.00
2016	69,349	3.20	3.40
2017	72,075	2.80	2.90
2018	72,969	2.20	2.20
2019	73,772	2.30	2.50

Sources: U.S. Census and Minnesota Department of Employment and Economic Development.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2019*			2012*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wright County	722	1	18.69 %	722	1	20.74 %
Xcel Energy	700	2	18.12	516	3	14.82
ISD No. 882	607	3	15.09	522	2	15.17
CentraCare Health Monticello	550	4	14.24			
Cargil Kitchen Solutions	433	5	11.21	250	6	7.18
Wal-Mart	325	6	8.41	325	5	9.34
City of Monticello	150	7	3.88	150	9	4.31
Target	150	8	3.88			
Home Depot	150	9	3.88	160	8	4.60
Cub Foods	100	10	2.59	180	7	5.17
New River Medical Center				500	4	14.36
Monticello Big Lake Nursing Home				150	10	4.31
Total	<u>3,887</u>			<u>3,475</u>		

* Most current information available.

Source: 2019 and 2012 Bond Documents

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
EMPLOYEES BY CLASSIFICATIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Employees	Employees for Fiscal Year Ended			
	2010	2011	2012	2013
Teachers	314	308	307	319
Principals and District Administration	14	15	14	16
Admin Support, Confidential & Individual	15	15	15	17
Clerical	11	11	12	11
Community Service	5	5	5	6
Custodial	28	28	28	29
Cafeteria	31	32	31	32
Paraprofessionals	110	108	110	110
Total	528	522	522	540

Note 1: This schedule is a headcount based on payroll and seniority schedules. If an employee has more than one contract group its possible they are reflected multiple times.
Full and part-time employees count the same.

Source: District Records

Employees for Fiscal Year Ended					
2014	2015	2016	2017	2018	2019
317	326	330	329	340	331
15	16	16	17	17	17
20	20	20	20	20	20
12	12	12	29	29	29
7	7	7	7	7	7
29	29	29	29	31	29
32	31	31	35	35	36
106	105	115	121	125	138
538	546	560	587	604	607

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STUDENT ENROLLMENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Handicapped and Prekindergarten	Kindergarten	Elementary	Secondary	Total	
2010	58.57	298.60	1,770.40	1,797.67	3,925.24	4,514.08
2011	61.41	261.78	1,754.83	1,843.24	3,921.26	4,537.99
2012	61.38	313.34	1,767.39	1,846.54	3,988.65	4,587.68
2013	62.67	305.79	1,831.19	1,831.36	4,031.01	4,635.19
2014	68.74	253.17	1,879.73	1,808.09	4,009.73	4,631.91
2015	74.13	287.90	1,903.95	1,848.68	4,114.66	4,741.41
2016	71.54	274.63	1,919.23	1,761.99	4,027.39	4,379.77
2017	85.76	231.91	1,924.33	1,832.54	4,074.54	4,440.47
2018	81.44	250.22	1,962.96	1,863.73	4,158.35	4,531.08
2019	73.23	235.22	1,884.19	1,860.25	4,052.89	4,424.94

Source: Minnesota Department of Education

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
EXPENDITURES PER STUDENT
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)
(UNAUDITED)**

	<u>State Average</u>	<u>ISD No. 882</u>	
	<u>2018</u>	<u>2018</u>	<u>2019</u>
EXPENDITURES PER STUDENT (ADM) (1)			
General Fund - Operating Account			
District and School Administration	\$ 604	\$ 419	\$ 370
District Support Services	487	255	238
Elementary and Secondary Regular Instruction	5,602	5,814	5,752
Vocational Education Instruction	159	161	329
Special Education Instruction	2,315	3,852	4,142
Instructional Support Services	639	685	620
Pupil Support Services	375	887	972
Sites and Buildings, Fiscal and Other Fixed Cost Programs	<u>1,671</u>	<u>1,346</u>	<u>1,191</u>
Total General Fund - Operating Account	11,852	13,419	13,614
Food Service Special Revenue Fund	<u>550</u>	<u>498</u>	<u>538</u>
Total PK - 12 Operating Expenditures	12,402	13,917	14,152
General Fund - Capital Expenditure Account	743	345	128
Community Service Special Revenue Fund	606	793	993
Capital Projects Fund	1,799	3,914	923
Debt Service Fund	<u>1,342</u>	<u>812</u>	<u>804</u>
Total Expenditures Per Student	<u>\$ 16,892</u>	<u>\$ 19,781</u>	<u>\$ 17,000</u>
ADM Served	<u>878,607</u>	<u>4,158</u>	<u>4,053</u>

Source: Minnesota Department of Education School District Profiles.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GENERAL FUND – COST PER PUPIL ON WEIGHTED AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
District and School Administration	\$ 1,138,623	\$ 1,168,954	\$ 1,199,831	\$ 1,238,964
District Support Services	594,138	821,096	596,071	666,738
Elementary and Secondary Regular Instruction	18,133,156	18,562,587	19,287,538	19,731,629
Vocational Education Instruction	554,937	547,727	567,070	820,507
Special Education Instruction	13,248,689	13,574,249	12,522,266	13,006,471
Instructional Support Services	2,617,214	2,312,497	2,322,271	2,731,848
Pupil Support Services	2,818,189	2,768,736	3,164,653	3,426,332
Sites, Buildings, and Equipment	4,486,808	3,419,240	3,482,119	3,535,937
Fiscal and Other Fixed Cost Programs	234,105	231,567	265,548	232,306
Total	<u>\$ 43,825,859</u>	<u>\$ 43,406,653</u>	<u>\$ 43,407,367</u>	<u>\$ 45,390,732</u>
Weighted ADM	4514.08	4537.99	4587.68	4635.19
District and School Administration	\$ 252	\$ 259	\$ 266	\$ 274
District Support Services	132	182	132	148
Elementary and Secondary Regular Instruction	4,017	4,112	4,273	4,371
Vocational Education Instruction	123	121	126	182
Special Education Instruction	2,935	3,007	2,774	2,881
Instructional Support Services	580	512	514	605
Pupil Support Services	624	613	701	759
Sites, Buildings, and Equipment	994	757	771	783
Fiscal and Other Fixed Cost Programs	52	51	59	51
Total	<u>\$ 9,709</u>	<u>\$ 9,614</u>	<u>\$ 9,616</u>	<u>\$ 10,054</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,288,895 996,061	\$ 1,343,272 1,020,440	\$ 1,434,362 1,111,558	\$ 1,733,506 1,026,839	\$ 1,744,444 1,059,397	\$ 1,501,632 964,484
20,035,453	22,068,662	23,383,945	23,826,601	25,002,501	23,617,094
697,512	783,246	770,423	686,731	668,092	1,335,791
14,160,588	15,038,457	14,333,587	14,974,745	16,019,033	16,789,016
2,474,474	2,672,818	2,699,263	2,751,833	3,356,412	2,583,393
3,596,695	3,710,506	3,869,327	3,800,356	3,697,113	3,946,524
3,975,334	4,091,565	4,761,037	4,110,178	5,523,954	4,792,544
172,537	176,392	183,311	162,414	147,339	167,003
<u>\$ 47,397,549</u>	<u>\$ 50,905,358</u>	<u>\$ 52,546,813</u>	<u>\$ 53,073,203</u>	<u>\$ 57,218,285</u>	<u>\$ 55,697,481</u>
4631.91	4741.41	4379.77	4440.47	4529.82	4517.91
\$ 286 221	\$ 298 226	\$ 318 246	\$ 384 227	\$ 386 235	\$ 333 214
4,438	4,889	5,180	5,278	5,539	5,232
155	174	171	152	148	296
3,137	3,331	3,175	3,317	3,549	3,719
548	592	598	610	744	572
797	822	857	842	819	874
881	906	1,055	911	1,224	1,062
38	39	41	36	33	37
<u>\$ 10,501</u>	<u>\$ 11,277</u>	<u>\$ 11,641</u>	<u>\$ 11,757</u>	<u>\$ 12,677</u>	<u>\$ 12,339</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GENERAL FUND – OPERATING ACCOUNT EXPENDITURES BY PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2010	1,131,366 2.6%	568,712 1.3%	18,124,000 41.4%	554,937 1.3%	13,228,251 30.2%	1,952,354 4.5%
2011	1,168,957 2.7%	792,226 1.8%	18,505,788 42.6%	547,729 1.3%	13,528,893 31.2%	1,625,140 3.7%
2012	1,199,827 2.8%	591,325 1.4%	19,214,406 44.3%	567,069 1.3%	12,502,655 28.8%	1,458,355 3.4%
2013	1,238,962 2.7%	663,804 1.5%	19,463,733 42.5%	820,505 1.8%	12,971,354 28.3%	1,868,483 4.1%
2014	1,288,637 2.5%	981,089 1.9%	19,848,466 39.0%	697,512 1.4%	13,988,966 27.5%	1,756,208 3.4%
2015	1,343,272 2.6%	1,017,776 1.9%	21,840,424 41.6%	783,246 1.5%	14,948,635 28.4%	1,976,662 3.8%
2016	1,433,362 2.7%	1,094,300 2.1%	23,167,361 43.7%	770,423 1.5%	14,332,384 27.0%	1,939,646 3.7%
2017	1,733,162 3.3%	1,025,933 1.9%	23,570,548 44.4%	686,731 1.3%	14,971,050 28.2%	2,629,279 5.0%
2018	1,743,600 3.0%	1,059,397 1.9%	24,170,283 42.2%	668,092 1.2%	16,012,491 28.0%	2,847,399 5.0%
2019	1,500,426 2.7%	963,981 1.7%	23,313,489 41.9%	1,331,983 2.4%	16,787,182 30.1%	2,513,754 4.5%

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Capital Outlay	Total	Percent Increase (Decrease) From Prior Year
2,811,161 6.4%	3,300,801 7.5%	343,868 0.8%	1,810,408 4.0%	43,825,858 100.0%	17.65%
2,768,738 6.4%	2,992,588 6.9%	394,279 0.9%	1,082,315 2.5%	43,406,653 100.0%	-0.96%
3,164,655 7.3%	3,260,709 7.5%	438,873 1.0%	1,009,491 2.3%	43,407,365 100.0%	0.00%
3,406,058 7.4%	3,332,848 7.3%	386,151 0.8%	1,623,147 3.6%	45,775,045 100.0%	5.45%
3,585,601 7.0%	3,672,141 7.2%	172,537 0.3%	1,406,410 2.8%	47,397,567 93.0%	3.54%
3,708,963 7.1%	3,830,486 7.3%	176,392 0.3%	1,279,502 2.4%	50,905,358 96.9%	7.40%
3,865,216 7.3%	4,231,390 8.0%	183,311 0.3%	1,529,420 2.9%	52,546,813 99.2%	3.22%
3,751,172 7.1%	4,070,990 7.7%	162,414 0.3%	471,924 0.8%	53,073,203 100.0%	1.00%
3,689,028 6.4%	5,448,127 9.5%	147,339 0.3%	1,432,529 2.5%	57,218,285 100.0%	7.81%
3,940,134 7.1%	4,659,310 8.4%	167,003 0.3%	520,219 0.9%	55,697,481 100.0%	-2.66%

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHOOL BUILDING INFORMATION
JUNE 30, 2019
(UNAUDITED)**

<u>Facility</u>	<u>Year Constructed</u>	<u>Years of Addition</u>	<u>Grades Housed</u>	<u>Square Footage</u>
Eastview Elementary Addition #1	1987	- 2017	PK	111,400 20,000
Pinewood Elementary Addition #1	1968	1970	K-5	58,900 20,000
Addition #2		1977		58,900
Addition #3		1986		7,200
Addition #4		2004		3,085
Little Mountain Elementary	1992		K-5	104,450
Monticello Middle School	1954		G6-8	47,000
Addition #1		1957		30,000
Addition #2		1967		45,000
Addition #3		1972		42,000
Addition #4		1975		920
Addition #5		1976		55,000
Addition #6		1980		25,000
Addition #7		1982		1,620
Addition #8		1985		600
Addition #9		1986		11,000
Addition #10		2004		5,960
Addition #11		2005		35,880
Addition #12		2016		4,800
Monticello High School	1999		G-9-12	276,000
Addition #1		2004		600
Addition #2		2017		13,990
Moose Sherritt Ice Arena	2005			35,880
ALP	2004			2,600

Source: District records

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SUMMARY OF MEALS SERVED
JUNE 30, 2019
(UNAUDITED)**

Meals	Number of Meals Served
Elementary Full Paid Lunch	133,969
Secondary Full Paid Lunch	156,746
Reduced Price Lunch	43,035
Free Lunch	98,256
Adult Lunch	1,494
Total Lunches Served	433,500
Elementary Full Paid Breakfast	14,307
Secondary Full Paid Breakfast	8,535
Kindergarten Breakfast	33,938
Reduced Price Breakfast	10,102
Free Breakfast	30,687
Adult Breakfast	16
Total Breakfasts Served	97,585

Source: District records