
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED – JUNE 30, 2015



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, 2015

PREPARED BY

BUSINESS OFFICE STAFF

MONTICELLO, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT NO. 882
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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: November 23, 2015

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, 2015 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.

DISTRICT ORGANIZATION (CONTINUED)

Mission

Our district mission is to focus on the learner by clearly defining the knowledge and skills necessary to function in today's society, motivating all learners to reach their maximum potential, providing participatory decision making, creating and sustaining a climate for change, modeling democratic principles, and thereby instilling a lifelong learning in everyone.

Vision

The Monticello School District provides exemplary education programs in a fiscally responsible manner to achieve excellence in the learning experience.

Goals

- Student Achievement – increase student achievement in academics, athletics, and activities.
- Community Relationships – enhance community partnerships.
- Resource Management – maximize effective use of infrastructure, buildings, and grounds.
- Climate and Safety – provide a safe and welcoming environment.
- Fiscal Stability – achieve fiscal stability.
- Employee Excellence – create an environment in which all staff can reach their full potential.

The District enrolled 4,115 ADM's (Average Daily Membership) from a population of over 21,273 citizens residing in a 100 square mile area. During 2014-15, the District operated and owned 5 buildings and leased 1 building with a total square footage of 939,975 square feet having an average age of 30.33 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.

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, 2015, 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 2014-15 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 Statute §6.65. These reports are available in a separate document.

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 business manager 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 Business Manager 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 4,500 accounts have been defined in the District's chart of accounts.

FINANCIAL PROSPECTS FOR FUTURE YEARS

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% to its current level at June 30, 2015 of \$4.7 million, or 11.40% of its General Fund Unassigned expenses according to the School Board policy 714. This turnaround of \$5.1 million reflects tough decisions that the School Board and administration have had to make to bring the District back to fiscal health in addition to the voter-approved operating referendum in November 2007 in the amount of \$820.99 per pupil unit which increases with inflation. The support shown by the residents has allowed stability in delivery of services to our students for at least the next three years at which time the referendum will need to be addressed.

The District's finances are largely dependent on student enrollment. Monticello has been experiencing relatively flat enrollment from FY 2005 to FY 2015 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 in 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 biennium's, the legislated revenue for education has not been sufficient to meet instructional program needs due to increased costs from inflation and required mandates.

Minnesota's economic and budget outlook improved during this past fiscal year. The state has paid back the Legislature-imposed school aid payment and property tax recognition shifts that reduced cash flows for public school districts. In 2013, the Legislature approved an increase in the general education formula for FY 2014 and FY 2015 of 1.5 percent for each fiscal year. In 2014, the Legislature approved an additional increase in the general education formula for FY 2015 of 0.4 percent. Therefore, the total general education formula adjustment for FY 2015 results in an increase of 1.9 percent.

ECONOMIC FACTORS (CONTINUED)

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 wells 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. Nearly 11,000 pounds of food was delivered over the course of the school year. The District started the program at Pinewood elementary sending an average of 188 backpacks home every week, and the program expanded mid-year to Little Mountain elementary increasing the weekly average to 385 backpacks. The District received over \$31,000 in donations from Monticello Rotary and other local businesses to help fund the program. In 2014-2015, the program was expanded to the middle school and high school. The District sent an average of 420 backpacks home each week with a yearly total of 13,449 backpacks, or 28,000 pounds of food.

AWARDS AND ACKNOWLEDGEMENTS

The District received its first financial reporting recognition in 2013, 2014, and 2015 from the Minnesota Department of Education through its School Finance Award program. This is the second time the District is submitting for the Comprehensive Annual Financial Report to the ASBO Certificate Program for consideration. The District received this award for the first time with its initial submission in FY 2014. 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 CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)

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
Business Manager

Association of School Business Officials International



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

Independent School District 882 Monticello Public Schools

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

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



A handwritten signature in black ink, appearing to read "M. Pepera", is written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", is written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

Monticello School District - Organization Chart

School Board

Superintendent

**Assistant
Superintendent**

**Food
Service**

**Pinewood
K-2
Principal**

**Pinewood
3-5
Principal**

**Little
Mountain
Principal**

**Middle
School
Principal**

**High
School
Principal**

**Finance
Director**

**Curriculum
Director**

**Technology
Director**

**Comm Ed
Director**

**Special
Education
Director**

**Activities
Director**



**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2015**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Robbie Smith	12/31/2017	Chairperson
Jeff Hegle	12/31/2015	Vice Chairperson/Treasurer
Jill Bartlett	12/31/2015	Secretary/Clerk
William Spartz	12/31/2017	Director
Jim Lindberg	12/31/2015	Director
Carol McNaughton	12/31/2017	Director

ADMINISTRATION

Jim Johnson	Superintendent
Joe Dockendorf	Assistant Superintendent
Tina Burkholder	Business Manager
Linda Borgerding	Curriculum Director
Joel Lundin	Senior High School Principal
Jeff Scherber	Middle School Principal
Gabe Hackett	Elementary School Principal
Brad Sanderson	Elementary School Principal
Eric Olson	Elementary School Principal
Gary Revenig	Athletic/Activities Director
Jeremiah Mack	Community Education Director
Nan Records	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

Members of the 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2015, 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

During fiscal year ended June 30, 2015, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 14). Our auditors' opinion was not modified with respect to the restatement.

Report on Summarized Comparative Information

We have previously audited the District's 2014 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 November 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Funding Progress, 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 uniform financial accounting and reporting standards and the statement of changes in agency fund assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

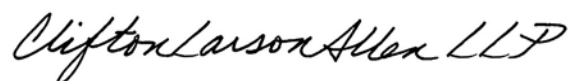
Other Information (Continued)

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 November 23, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 23, 2015

REQUIRED SUPPLEMENTARY INFORMATION

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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, 2015; 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 2014-2015 fiscal year include the following:

- The unassigned fund balance for the General Fund was \$3,814,136, \$678,992 is assigned for special education excess cost revenue and school building carryover and \$1,689,771 is committed for severance benefits.
- The net position increased by \$3,805,282 from June 30, 2014, with total revenues of \$60,492,615 and total expenses of \$56,687,333.
- Overall General Fund revenues and other financing sources were \$50,994,168 as compared to \$50,905,358 of expenditures.
- The District planned for a decrease in fund balance for the General Fund of \$11,987 for the school year. However, the ending fund balance of the General Fund increased \$88,810 from the prior year due primarily to an overall increase in federal and state sources.

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 *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, 2015**

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 non-financial 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 two 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, 2015**

Fund Financial Statements (Continued)

- *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 \$9,446,319 on June 30, 2015. This was a decrease of approximately \$27.2 million from the prior year due to the change in accounting principle in the current year (see Table A-1).

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

	Governmental Activities		Percentage
	2015	2014	Change
Current and Other Assets	\$ 27,307,968	\$ 26,622,975	2.57 %
Capital and Non-Current Assets	35,905,165	36,798,187	(2.43)
Total Assets	63,213,133	63,421,162	(0.33)
Deferred Outflows of Resources	5,034,533	-	100.00
Current Liabilities	10,166,955	12,609,844	(19.37)
Long-Term Liabilities	30,068,296	4,092,299	634.75
Total Liabilities	40,235,251	16,702,143	140.90
Deferred Inflows of Resources	18,566,096	10,077,398	84.24
Net Position:			
Net Investment in Capital Assets	32,717,052	28,367,492	15.33
Restricted	2,441,680	2,023,358	20.67
Unrestricted	(25,712,413)	6,250,771	(511.35)
Total Net Position	\$ 9,446,319	\$ 36,641,621	

The District's change in financial position is the product of many factors. The majority of the difference is due to the change in accounting principle, but there was also a decrease in long term liabilities of about \$4.7 million due to pay down of debt.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Changes in Net Position

The District's total revenues were \$60,492,615 for the year ended June 30, 2015. 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 %
	2015	2014	Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 5,078,539	\$ 4,954,640	2.50 %
Operating Grants and Contributions	16,109,098	15,133,838	6.44
Capital Grants and Contributions	584,023	476,050	22.68
<u>General Revenues</u>			
Property Taxes	10,983,409	8,457,844	29.86
Unrestricted State Aid	27,341,397	27,564,512	(0.81)
Investment Earnings	28,125	27,634	1.78
Other	368,024	560,514	(34.34)
Total Revenues	60,492,615	57,175,032	5.80
Expenses			
Administration	1,337,795	1,283,586	4.22
District Support Services	1,032,096	1,018,438	1.34
Regular Instruction	21,790,879	19,835,124	9.86
Vocational Education Instruction	773,340	694,045	11.43
Special Education Instruction	14,949,615	13,944,470	7.21
Instructional Support Services	2,807,152	2,625,955	6.90
Pupil Support Services	3,734,385	3,640,273	2.59
Sites and Buildings	4,571,273	4,129,356	10.70
Fiscal and Other Fixed Cost Programs	176,392	172,537	2.23
Food Service	1,903,682	1,780,814	6.90
Community Service	2,380,265	2,745,243	(13.29)
Unallocated - Depreciation	1,102,166	1,102,165	-
Interest and Fiscal Charges on Long-Term Liabilities	128,293	250,817	(48.85)
Total Expenses	56,687,333	53,222,823	6.51
Increase in Net Position	3,805,282	3,952,209	
Net Position - Beginning of Year	36,641,621	32,689,412	
Change in Accounting Principle	(31,000,584)	-	
Net Position - Beginning of Year, as Restated	5,641,037	32,689,412	
Net Position - End of Year	\$ 9,446,319	\$ 36,641,621	

The total cost of all programs and services, including interest and fiscal charges, was approximately \$56.7 million. Total revenues exceeded expenses, increasing net position \$3,805,282 over last year.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

The cost of all *governmental* activities this year was \$56,687,333 as shown in Figure A-1.

- Some of the cost was paid by the users of the District's programs (\$5,078,539).
- The federal and state governments subsidized certain programs with grants and contributions (\$16,693,121).
- A significant portion of governmental activities was paid for with \$10,983,409 in property taxes, \$27,341,621 of unrestricted state aid based on the statewide education aid formula, and with investment earnings and other general revenues.

**Figure A-1
Sources of District's Revenues for Fiscal 2015**

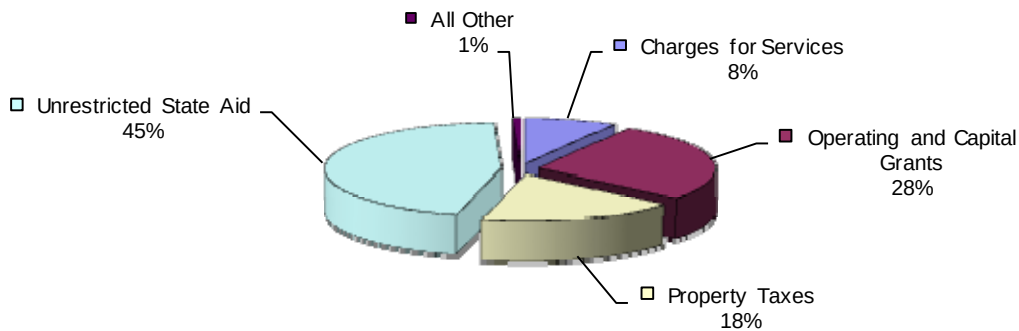
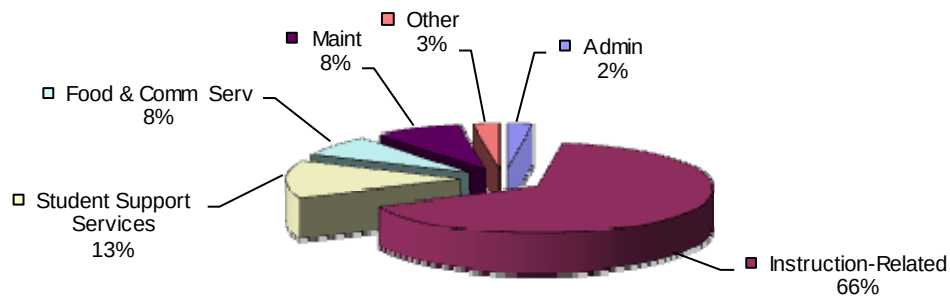


**Figure A-2
District Expenses for Fiscal 2015**



**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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 79% 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
	2015	2014		2015	2014	
Administration	\$ 1,337,795	\$ 1,283,586	4.22 %	\$ 1,337,795	\$ 1,283,586	4.22 %
District Support Services	1,032,096	1,018,438	1.34	1,032,096	1,018,438	1.34
Regular Instruction	21,790,879	19,835,124	9.86	18,465,337	16,916,498	9.16
Vocational Education Instruction	773,340	694,045	11.43	760,464	675,498	12.58
Special Education Instruction	14,949,615	13,944,470	7.21	1,391,095	1,037,274	34.11
Instructional Support Services	2,807,152	2,625,955	6.90	2,475,772	2,328,972	6.30
Pupil Support Services	3,734,385	3,640,273	2.59	3,683,589	3,633,451	1.38
Sites and Buildings	4,571,273	4,129,356	10.70	4,201,752	3,940,366	6.63
Fiscal and Other Fixed Cost Programs	176,392	172,537	2.23	176,392	172,537	2.23
Food Service	1,903,682	1,780,814	6.90	(51,980)	(54,836)	(5.21)
Community Service	2,380,265	2,745,243	(13.29)	212,902	353,529	(39.78)
Unallocated - Depreciation	1,102,166	1,102,165	-	1,102,166	1,102,165	-
Interest and Fiscal Charges on Long-Term Liabilities	128,293	250,817	(48.85)	128,293	250,817	(48.85)
Total	<u>\$ 56,687,333</u>	<u>\$ 53,222,823</u>	6.51	<u>\$ 34,915,673</u>	<u>\$ 32,658,295</u>	6.91

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 \$8,510,152 which is \$477,460 below last year's ending fund balance of \$8,987,612. Revenues and other financing sources for the District's governmental funds were \$60,520,816 while total expenditures were \$60,998,276. Other financing sources included proceeds from the sale of equipment.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

GENERAL FUND

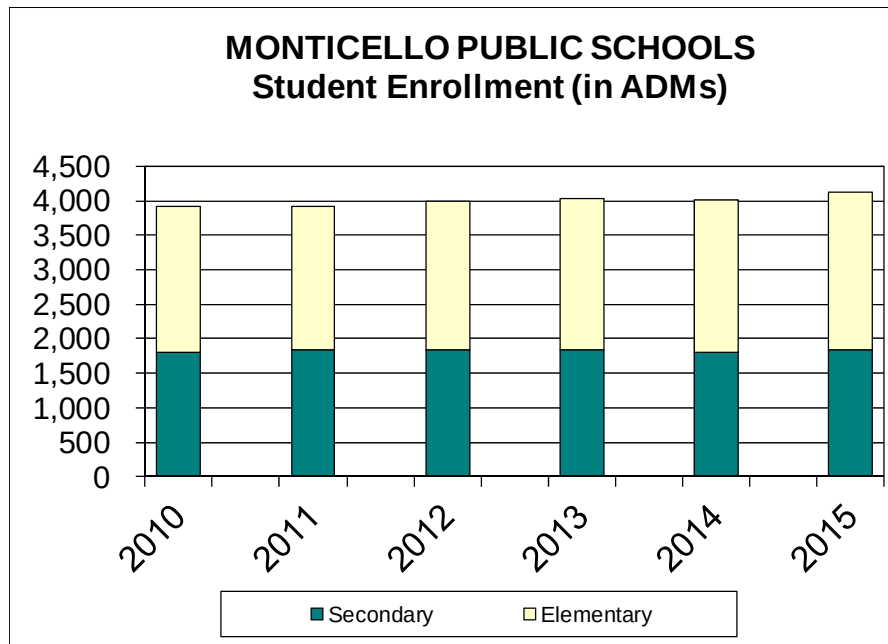
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. General Fund operational revenue is controlled by a complex set of state funding formulas 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 over the last couple years.

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

	2010	2011	2012	2013	2014	2015
Elementary	2,128	2,078	2,142	2,200	2,202	2,266
Secondary	1,798	1,843	1,847	1,831	1,808	1,849
Total Students for Aid	3,926	3,921	3,989	4,031	4,010	4,115
Percent Change	0.24%	-0.13%	1.73%	1.05%	-0.52%	2.61%



In 2015, the District experienced an increase in enrollment served of 105 ADMs which is a direct reflection of the change in the enrollment options trend. This year more resident and nonresident students are enrolling in the District.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2015	June 30, 2014	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 5,639,491	\$ 3,676,795	\$ 1,962,696	53.4 %
Earnings on Investments	18,478	19,072	(594)	(3.1)
Other	3,880,497	3,203,189	677,308	21.1
State Sources	37,893,692	37,888,555	5,137	0.0
Federal Sources	3,537,322	3,115,771	421,551	13.5
Total General Fund Revenue	<u>\$ 50,969,480</u>	<u>\$ 47,903,382</u>	<u>\$ 3,066,098</u>	6.4

Total General Fund Revenue increased by \$3,066,098 or 6.4% from the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists mostly of state aid revenue. Other state-authorized revenue including operating levy referendum, operating capital revenue and the property tax shift also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in total revenue. The state paid back the tax shift of approximately \$2 million from last year. The state also gave the District more funding of 1.9 percent on the formula, all day Kindergarten was introduced this year and the District had more students. So even with the payback of the tax shift, state aid increased due to all the other variables.

Federal sources increased due to slight increases in grants.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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, 2015	June 30, 2014		
Salaries	\$ 28,854,206	\$ 26,982,657	\$ 1,871,549	6.9 %
Employee Benefits	12,138,281	11,320,763	817,518	7.2
Purchased Services	6,733,548	6,077,380	656,168	10.8
Supplies and Materials	1,623,458	1,396,080	227,378	16.3
Capital Expenditures	1,279,502	1,383,094	(103,592)	(7.5)
Other Expenditures	276,363	237,575	38,788	16.3
Total Expenditures	<u>\$ 50,905,358</u>	<u>\$ 47,397,549</u>	<u>\$ 3,507,809</u>	7.4

Total General Fund Expenditures increased \$3,507,809 from the previous year. Total General Fund expenditures increased from the prior year due to adding 8.2 teaching FTEs, 1 custodian, 1 10-month secretary and 5 paraprofessionals. Employee benefits also increased with the additional staff.

In 2014-2015, General Fund revenues and other financing sources exceeded expenditures by \$88,810. Therefore, total fund balance increased to \$7,299,982 at June 30, 2015. The unassigned fund balance decreased from \$3,814,657 at June 30, 2014 to \$3,814,136 at June 30, 2015.

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance of \$3,814,136 at June 30, 2015 represents just under four 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 and other financing sources were \$314,472 less than expected from budget. A large portion of this was due to decreased state sources. The actual expenditures were \$415,269 under budget.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

FOOD SERVICE FUNDS

Revenues exceeded expenditures in the Food Service Fund by \$20,999. Most of this gain came from an increase in meals served due to free Kindergarten breakfast and all day Kindergarten.

COMMUNITY SERVICE FUNDS

Revenues exceeded expenditures in the Community Service Fund by \$57,462. There was an increase in state sources in the current year which caused most of the increase.

CAPITAL PROJECT FUNDS

Expenditures exceeded revenues in the Capital Projects Fund by \$761,552. There were no revenues in the current year to offset the expenses. These projects will be funded by future levy dollars.

DEBT SERVICE FUNDS

The Debt Service Fund revenues exceeded expenditures by \$116,821 in 2014-2015 for the regular debt service account. This was due to more property tax money levied that was collected than there were bond principal and interest payments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015, the District had invested about \$74.8 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 \$2,025,755.

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

	2015	2014	Percentage Change
Land	\$ 5,000	\$ 5,000	-
Construction in Progress	756,974	-	100.0
Land Improvements	4,341,877	4,197,204	3.4
Buildings and Improvements	61,930,208	61,917,538	-
Equipment	7,721,221	7,496,422	3.0
Less: Accumulated Depreciation	(39,192,354)	(37,390,938)	4.8
Total	<u>\$ 35,562,926</u>	<u>\$ 36,225,226</u>	(1.8)

Construction – Next Five Years

The District continually monitors growth to plan for needed capacity expansion. Current projections suggest that building capacity district-wide appears to be adequate for the next decade.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Long-Term Liabilities

At year-end, the District had \$2,572,120 in general obligation bonds outstanding, net bond premium and discount – a decrease of 65.1% 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 Liabilities**

	2015	2014	Percentage Change
General Obligation Bonds	\$ 2,270,000	\$ 6,980,000	(67.5)%
Net Bond Premium and (Discount)	302,120	379,797	(20.5)
Obligations Under Capital Leases	224,554	362,532	(38.1)
Sick Leave Payable	169,605	189,628	(10.6)
Supplemental Pension Benefits Payable	(22,127)	10,341	(314.0)
Other Postemployment Benefits Payable	1,411,629	1,095,656	28.8
Compensated Absences Payable	141,148	147,004	(4.0)
Total	\$ 4,496,929	\$ 9,164,958	(50.9)
Long-Term Liabilities:			
Due Within One Year	\$ 1,681,127	\$ 5,072,659	
Due in More than One Year	2,815,802	4,092,299	
Total	\$ 4,496,929	\$ 9,164,958	

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 2015 State Legislation session, the basic general education formula was increased by two percent and two percent for fiscal years 2016 and 2017, 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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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 "AA+" 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 \$319 million.

BASIC FINANCIAL STATEMENTS

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS

Cash and Investments	\$ 14,422,232
Receivables:	
Property Taxes	5,425,515
Other Governments	6,456,433
Other	175,904
Prepaid Items	642,675
Inventories	84,638
Equity Interest in Joint Venture	320,112
Due from Trust	100,571
Net Supplement Pension Asset	22,127
Capital Assets:	
Land	5,000
Construction in Process	756,974
Other Capital Assets, Net of Depreciation	<u>34,800,952</u>
Total Assets	63,213,133

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	<u>5,034,533</u>
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LIABILITIES

Salaries Payable	5,292,803
Accounts and Contracts Payable	982,569
Accrued Interest	49,200
Due to Other Governmental Units	100,617
Due to Other Minnesota School Districts	824,005
Severance Payable	131,049
Unearned Revenue:	
Local Sources	1,105,585
Net Pension Liability	27,230,367
OPEB Liability	1,411,629
Long-Term Liabilities:	
Portion Due Within One Year	1,681,127
Portion Due in More Than One Year	<u>1,426,300</u>
Total Liabilities	40,235,251

DEFERRED INFLOWS OF RESOURCES

Pension Related	8,333,100
Property Taxes Levied for Subsequent Year	<u>10,232,996</u>
Total Deferred Inflows of Resources	18,566,096

NET POSITION

Net Investment in Capital Assets	32,717,052
Restricted for:	
General Fund Operating Capital Purposes	309,420
General Fund State-Mandated Restrictions	100,304
Food Service	125,152
Community Service	647,851
Debt Service	1,258,953
Unrestricted	<u>(25,712,413)</u>
Total Net Position	<u>\$ 9,446,319</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Administration	\$ 1,337,795	\$ -	\$ -	\$ -	\$ (1,337,795)
District Support Services	1,032,096	-	-	-	(1,032,096)
Regular Instruction	21,790,879	428,959	2,792,953	103,630	(18,465,337)
Vocational Education Instruction	773,340	-	12,876	-	(760,464)
Special Education Instruction	14,949,615	2,409,961	11,148,559	-	(1,391,095)
Instructional Support Services	2,807,152	-	276	331,104	(2,475,772)
Pupil Support Services	3,734,385	-	50,796	-	(3,683,589)
Sites and Buildings	4,571,273	222,464	(2,232)	149,289	(4,201,752)
Fiscal and Other Fixed Cost Programs	176,392	-	-	-	(176,392)
Food Service	1,903,682	1,040,232	915,430	-	51,980
Community Service	2,380,265	976,923	1,190,440	-	(212,902)
Interest and Fiscal Charges on Long-Term Liabilities	128,293	-	-	-	(128,293)
Unallocated - Depreciation	1,102,166	-	-	-	(1,102,166)
Total School District	<u>\$ 56,687,333</u>	<u>\$ 5,078,539</u>	<u>\$ 16,109,098</u>	<u>\$ 584,023</u>	(34,915,673)
General Revenues					
Property Taxes Levied for:					
General Purposes					5,611,498
Community Service					273,445
Debt Service					5,098,466
State Aid Not Restricted to Specific Purposes					27,341,397
Earnings on Investments					28,125
Gain on Sale of Capital Assets					25,878
Miscellaneous					342,146
Total General Revenues					<u>38,720,955</u>
Change in Net Position					3,805,282
Net Position - Beginning of Year					36,641,621
Change in Accounting Principle					<u>(31,000,584)</u>
Net Position - Beginning of Year, as Restated					5,641,037
Net Position - End of Year					<u>\$ 9,446,319</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2015	2014
ASSETS							
Cash and Investments	\$ 11,345,358	\$ 228,677	\$ 1,093,857	\$ -	\$ 1,754,340	\$ 14,422,232	\$ 15,136,477
Receivables:							
Current Property Taxes	4,649,210	-	126,232	-	521,881	5,297,323	5,210,461
Delinquent Property Taxes	67,958	-	3,091	-	57,143	128,192	156,185
Due from Other Minnesota School Districts	773,316	-	1,398	-	-	774,714	293,307
Due from Minnesota Department of Education	4,140,263	17,389	119,443	-	1,387	4,278,482	4,218,364
Due from Federal through Minnesota Department of Education	1,224,383	17,754	12,308	-	-	1,254,445	684,205
Due from Other Governmental Units	148,792	-	-	-	-	148,792	17,191
Other Receivables	113,689	9	62,206	-	-	175,904	193,605
Due from Other Funds	276,421	-	-	-	-	276,421	-
Prepaid Items	642,675	-	-	-	-	642,675	638,490
Inventory	64,684	18,854	1,100	-	-	84,638	74,690
Total Assets	<u>\$ 23,446,749</u>	<u>\$ 282,683</u>	<u>\$ 1,419,635</u>	<u>\$ -</u>	<u>\$ 2,334,751</u>	<u>\$ 27,483,818</u>	<u>\$ 26,622,975</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries Payable	\$ 2,295,295	\$ 37,688	\$ 23,786	\$ -	\$ -	\$ 2,356,769	\$ 2,334,813
Payroll Deductions and Employer Contributions Payable	2,866,213	54,347	15,474	-	-	2,936,034	2,878,169
Accounts and Contracts Payable	311,825	16,869	68,173	585,702	-	982,569	403,480
Due to Other Governmental Units	99,016	-	1,601	-	-	100,617	61,383
Due to Other Minnesota School Districts	448,685	-	375,320	-	-	824,005	854,300
Due to Other Funds	-	-	-	175,850	-	175,850	-
Severance Payable	131,049	-	-	-	-	131,049	104,656
Unearned Revenue	1,029,740	48,627	27,218	-	-	1,105,585	764,979
Total Liabilities	7,181,823	157,531	511,572	761,552	-	8,612,478	7,401,780
Deferred Inflows of Resources:							
Property Taxes Levied for Subsequent Year	8,896,986	-	260,212	-	1,075,798	10,232,996	10,077,398
Unavailable Revenue - Delinquent Property Taxes	67,958	-	3,091	-	57,143	128,192	156,185
Total Deferred Inflows of Resources	8,964,944	-	263,303	-	1,132,941	10,361,188	10,233,583
Fund Balance							
Nonspendable:							
Prepaid Items	642,675	-	-	-	-	642,675	638,490
Inventory	64,684	18,854	1,100	-	-	84,638	74,690
Restricted:							
Staff Development	28,788	-	-	-	-	28,788	15,152
Deferred Maintenance	38,568	-	-	-	-	38,568	37,203
Health and Safety	-	-	-	-	-	-	23,516
Operating Capital	309,420	-	-	-	-	309,420	99,400
Teacher Development and Eval	32,948	-	-	-	-	32,948	-
Community Education Programs	-	-	148,913	-	-	148,913	147,021
Early Childhood and Family Educations Programs	-	-	81,420	-	-	81,420	68,223
School Readiness	-	-	59,745	-	-	59,745	44,054
Adult Basic Education	-	-	218,766	-	-	218,766	177,253
Other Restricted	-	106,298	134,816	-	1,201,810	1,442,924	1,313,830
Committed:							
Severance Benefits	1,689,771	-	-	-	-	1,689,771	1,816,655
Assigned:							
Special Education Excess Cost Revenue	542,166	-	-	-	-	542,166	580,082
School Building Carryover	136,826	-	-	-	-	136,826	137,386
Unassigned	3,814,136	-	-	(761,552)	-	3,052,584	3,814,657
Total Fund Balance	<u>7,299,982</u>	<u>125,152</u>	<u>644,760</u>	<u>(761,552)</u>	<u>1,201,810</u>	<u>8,510,152</u>	<u>8,987,612</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 23,446,749</u>	<u>\$ 282,683</u>	<u>\$ 1,419,635</u>	<u>\$ -</u>	<u>\$ 2,334,751</u>	<u>\$ 27,483,818</u>	<u>\$ 26,622,975</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>2015</u>
Total Fund Balance for Governmental Funds	\$ 8,510,152
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
Construction in Progress	756,974
Land Improvements, Net of Accumulated Depreciation	1,440,063
Buildings and Improvements, Net of Accumulated Depreciation	31,294,652
Equipment, Net of Accumulated Depreciation	2,066,237
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.	128,192
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	(27,230,367)
Deferred Inflows of Resources - Pension Related	(8,333,100)
Deferred Outflows of Resources - Pension Contributions	5,034,533
The Net Supplemental Pension assets are not current financial resources and, therefore, are not reported at fund level.	22,127
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(49,200)
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	320,112
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	(2,270,000)
Unamortized Premiums	(302,120)
Obligations Under Capital Leases	(224,554)
Sick Leave	(169,605)
Other Postemployment Benefits Payable	(1,411,629)
Compensated Absences Payable	(141,148)
Total Net Position of Governmental Activities	\$ 9,446,319

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, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2015	2014
REVENUES							
Local Sources:							
Property Taxes	\$ 5,639,491	\$ -	\$ 273,445	\$ -	\$ 5,098,466	\$ 11,011,402	\$ 8,559,270
Earnings on Investments	18,478	707	2,282	-	6,658	28,125	27,634
Other	3,880,497	1,040,232	981,934	-	-	5,902,663	5,507,309
State Sources	37,893,692	134,312	1,148,940	-	13,872	39,190,816	39,273,363
Federal Sources	3,537,322	781,118	43,284	-	-	4,361,724	3,901,037
Total Revenues	50,969,480	1,956,369	2,449,885	-	5,118,996	60,494,730	57,268,613
EXPENDITURES							
Current:							
Administration	1,343,272	-	-	-	-	1,343,272	1,288,619
District Support Services	1,017,776	-	-	-	-	1,017,776	981,089
Regular Instruction	21,840,424	-	-	-	-	21,840,424	19,848,466
Vocational Education Instruction	783,246	-	-	-	-	783,246	697,512
Special Education Instruction	14,948,635	-	-	-	-	14,948,635	13,988,966
Instructional Support Services	1,976,662	-	-	-	-	1,976,662	1,756,208
Pupil Support Services	3,708,963	-	-	-	-	3,708,963	3,585,601
Sites and Buildings	3,674,596	-	-	-	-	3,674,596	3,527,631
Fiscal and Other Fixed Cost Programs	176,392	-	-	-	-	176,392	172,537
Food Service	-	1,892,382	-	-	-	1,892,382	1,780,814
Community Service	-	-	2,357,812	-	-	2,357,812	2,679,285
Capital Outlay	1,279,502	44,386	34,611	761,552	-	2,120,051	1,462,339
Debt Service:							
Principal	137,978	-	-	-	4,710,000	4,847,978	4,606,385
Interest and Fiscal Charges	17,912	-	-	-	292,175	310,087	427,150
Total Expenditures	50,905,358	1,936,768	2,392,423	761,552	5,002,175	60,998,276	56,802,602
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,122	19,601	57,462	(761,552)	116,821	(503,546)	466,011
OTHER FINANCING SOURCES							
Proceeds from Sale of Equipment	24,688	1,398	-	-	-	26,086	7,845
Net Change in Fund Balances	88,810	20,999	57,462	(761,552)	116,821	(477,460)	473,856
Fund Balances - Beginning of Year	7,211,172	104,153	587,298	-	1,084,989	8,987,612	8,513,756
Fund Balances - End of Year	<u>\$ 7,299,982</u>	<u>\$ 125,152</u>	<u>\$ 644,760</u>	<u>\$ (761,552)</u>	<u>\$ 1,201,810</u>	<u>\$ 8,510,152</u>	<u>\$ 8,987,612</u>

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balance - Total Governmental Funds \$ (477,460)

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	1,363,663
Gain (Loss) on Disposal of Capital Assets	(208)
Depreciation Expense	(2,025,755)

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.

Change in Accrued Interest Expense - Capital Leases	6,549
Principal Payments - Capital Leases	137,978

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:

Repayment of Bond Principal	4,710,000
Change in Accrued Interest Expense - General Obligation Bonds	79,656
Amortization of Bond Premium	77,677

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.	(27,993)
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Net income from the equity interest in joint venture does not provide current financial resources and is not reported as revenue in the funds.	(252,849)
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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).	(257,626)
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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.

	471,650
Change in Net Position of Governmental Activities	\$ 3,805,282

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, 2015**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final	Amounts	
REVENUES				
Local Sources:				
Property Taxes	5,666,103	\$ 5,614,952	\$ 5,639,491	\$ 24,539
Earnings on Investments	5,000	25,000	18,478	(6,522)
Other	3,243,766	3,357,404	3,880,497	523,093
State Sources	37,426,920	39,097,278	37,893,692	(1,203,586)
Federal Sources	3,185,455	3,202,006	3,537,322	335,316
Total Revenues	49,527,244	51,296,640	50,969,480	(327,160)
EXPENDITURES				
Current:				
Administration	1,336,302	1,335,198	1,343,272	8,074
District Support Services	1,000,174	1,029,181	1,017,776	(11,405)
Elementary and Secondary Regular Instruction	21,679,435	22,470,615	21,840,424	(630,191)
Vocational Education Instruction	816,931	786,931	783,246	(3,685)
Special Education Instruction	14,473,817	14,546,015	14,948,635	402,620
Instructional Support Services	1,646,847	1,727,950	1,976,662	248,712
Pupil Support Services	3,714,830	3,815,368	3,708,963	(106,405)
Sites and Buildings	3,694,754	3,958,617	3,674,596	(284,021)
Fiscal and Other Fixed Cost Programs	177,045	177,045	176,392	(653)
Capital Outlay	1,242,757	1,328,707	1,279,502	(49,205)
Debt Service:				
Principal	125,000	125,000	137,978	12,978
Interest and Fiscal Charges	20,000	20,000	17,912	(2,088)
Total Expenditures	49,927,892	51,320,627	50,905,358	(415,269)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400,648)	(23,987)	64,122	88,109
OTHER FINANCING SOURCES				
Proceeds from Sale of Equipment	2,000	2,000	24,688	22,688
Insurance Recovery Proceeds	10,000	10,000	-	(10,000)
Total Other Financing Sources	12,000	12,000	24,688	12,688
Net Change in Fund Balance	\$ (388,648)	\$ (11,987)	88,810	\$ 100,797
FUND BALANCE				
Beginning of Year			7,211,172	
End of Year			\$ 7,299,982	

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, 2015**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final	Amounts	
REVENUES				
Local Sources:				
Earnings on Investments	\$ 200	\$ 200	\$ 707	\$ 507
Other - Primarily Meal Sales	1,014,947	1,015,780	1,040,232	24,452
State Sources	91,035	130,505	134,312	3,807
Federal Sources	779,833	790,440	781,118	(9,322)
Total Revenues	1,886,015	1,936,925	1,956,369	19,444
EXPENDITURES				
Current:				
Food Service	1,861,625	1,876,833	1,892,382	15,549
Capital Outlay	25,000	41,197	44,386	3,189
Total Expenditures	1,886,625	1,918,030	1,936,768	18,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(610)	18,895	19,601	706
OTHER FINANCING SOURCES				
Proceeds from Sale of Equipment	-	1,400	1,398	(2)
Net Change in Fund Balance	\$ (610)	\$ 20,295	20,999	\$ 704
FUND BALANCE				
Beginning of Year			104,153	
End of Year			\$ 125,152	

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, 2015**

	<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	\$ 272,041	\$ 272,041	\$ 273,445	\$ 1,404
Earnings on Investments	500	500	2,282	1,782
Other - Primarily Tuition and Fees	961,550	1,003,368	981,934	(21,434)
State Sources	1,176,980	1,199,710	1,148,940	(50,770)
Federal Sources	37,800	43,284	43,284	-
Total Revenues	2,448,871	2,518,903	2,449,885	(69,018)
EXPENDITURES				
Current:				
Community Service	2,329,384	2,386,498	2,357,812	(28,686)
Capital Outlay	60,000	45,000	34,611	(10,389)
Total Expenditures	2,389,384	2,431,498	2,392,423	(39,075)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 59,487</u>	<u>\$ 87,405</u>	57,462	<u>\$ (29,943)</u>
FUND BALANCE				
Beginning of Year			587,298	
End of Year			<u>\$ 644,760</u>	

See accompanying Notes to Basic Financial Statements.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

	<u>Agency Fund</u>	<u>Postemployment Benefits Irrevocable Trust Fund</u>
ASSETS		
Cash and Investments	<u>\$ 1,168,689</u>	\$ 2,034,925
LIABILITIES		
Accounts Payable	<u>\$ 1,168,689</u>	-
Due to Primary Government		<u>100,571</u>
NET POSITION		

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015**

	<u>Postemployment Benefits Irrevocable Trust Fund</u>
ADDITIONS	
Earnings on Investments	\$ 43,970
Employer Contributions	<u>50,000</u>
Total Additions	93,970
DEDUCTIONS	
Health Premiums	<u>100,571</u>
Change in Net Assets	(6,601)
Net Position - Beginning of Year	<u>1,940,955</u>
Net Position - End of Year	<u>\$ 1,934,354</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, 2015**

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, 2015**

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: private purpose trust. 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 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 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, 2015**

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, 2015**

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 specific voter-approved bond issues.

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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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, and Debt Service Funds. 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 Business Manager 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, 2015**

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, 2015, 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	\$ 49,527,244	\$ 1,769,396	\$ 51,296,640
Special Revenue Funds:			
Food Service Fund	1,886,015	50,910	1,936,925
Community Service Fund	2,448,871	70,032	2,518,903
 <u>Expenditures</u>			
General Fund	\$ 49,927,892	\$ 1,392,735	\$ 51,320,627
Special Revenue Funds:			
Food Service Fund	1,886,625	31,405	1,918,030
Community Service Fund	2,389,384	42,114	2,431,498

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

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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in external investment pools operated in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940 are valued at the pool's share price.

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.

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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

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.

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 2014 pay 2015 levy, normally revenue for the 2015-16 fiscal year, are also advance recognized at June 30, 2015, 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, 2015, 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 estimated fair market 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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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.

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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Accrued Employee Benefits (Continued)

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. 27.

Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach specified age requirements such as Medicare eligibility. Dental retiree insurance is only given to the administrators. These plans are no longer available to employees hired subsequent to July 1, 2000, based on the collectively bargained employment contracts. GASB Statement No. 45 was implemented prospectively, meaning that the net OPEB obligation was zero at transition. The OPEB liability is being amortized (phased-in) over 30 years as allowed by GASB Statement No. 45.

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. The District has three types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflow of resources related to pension liabilities.

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, 2015**

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 from 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. 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. 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; injuries to employees; 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.

T. 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 their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 1,918,030	\$ 1,936,768	\$ 18,738
Debt Service Fund	5,001,676	5,002,175	499

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

B. Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$761,552 at June 30, 2015 due to the projects started before funding was obtained. This deficit will be corrected through future tax levies.

C. Due To/From Other Funds

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$ 276,421	\$ -
Postemployment Benefits Irrevocable Trust Fund	-	100,571
Capital Projects Fund	-	175,850
Total	<u>\$ 276,421</u>	<u>\$ 276,421</u>

The balance between the Capital Projects Fund and the General Fund represents short-term inter-fund borrowing to cover the negative cash deficit at June 30, 2015. The balance between the General Fund and the Postemployment Benefits Irrevocable Trust Fund – Agency Fund is the amount withdrew from the District to help pay for separation benefits.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015 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, 2015**

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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2015, the District had the following investments:

	Amortized Cost/ Fair Value
MSDLAF	\$ 288,714
MN Investment Shares	6,575,300
Mutual Funds	5,101
Guaranteed Investment Contract	2,034,925
Insurance Annuity	104,192
Negotiable Certificates of Deposit	5,220,150
Total Investments	<u>\$ 14,228,382</u>

The MSDLAF+ is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

The MN Trust Investment Share is a money market fund registered under the Investment Act of 1940, meets the conditions of rule 2a-7 of the SEC and holds investments with final maturities less than 13 months.

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 School District's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the School District's investments by maturity:

Type	Total	12 Months or Less	13 to 24 Months
MSDLAF	\$ 288,714	\$ 288,714	\$ -
MN Investment Shares	6,575,300	6,575,300	-
Mutual Funds	5,101	5,101	-
Guaranteed Investment Contract	2,034,925	2,034,925	-
Insurance Annuity	104,192	104,192	-
Negotiable Certificates of Deposit	5,220,150	4,721,189	498,961
Total	<u>\$ 14,228,382</u>	<u>\$ 13,729,421</u>	<u>\$ 498,961</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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 School District's investments as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
MSDLAF	AAAm	\$ 288,714
MN Investment Shares	AAAm	6,575,300
Guaranteed Investment Contract	AA	2,034,925
Insurance Annuity	AA	104,192
Mutual Funds	NR	5,101
Negotiable Certificates of Deposit	NR	5,220,150
Total		<u>\$ 14,228,382</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 School District's total investments:

Type	Amount	Percentage
American United Life Insurance Company	\$ 2,034,925	14.30%

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
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

The deposits and investments are made up of the following:

Deposits	\$ 3,397,464
Negotiable Certificates of Deposits	5,220,150
Minnesota School District Liquid Asset Fund (MSDLAF)	288,714
Investments	8,719,518
Total Deposits and Investments	<u>\$ 17,625,846</u>

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

Cash and Investments - Statement of Net Position	\$ 14,422,232
Cash and Investments - Statement of Fiduciary Fund Net Position	3,203,614
Total Cash and Investments	<u>\$ 17,625,846</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	-	756,974	-	756,974
Total Capital Assets, Not Being Depreciated	5,000	756,974	-	761,974
Capital Assets, Being Depreciated:				
Land Improvements	4,197,204	144,673	-	4,341,877
Buildings and Improvements	61,917,538	12,670	-	61,930,208
Equipment	7,496,422	449,346	(224,547)	7,721,221
Total Capital Assets, Being Depreciated	73,611,164	606,689	(224,547)	73,993,306
Accumulated Depreciation for:				
Land Improvements	(2,767,654)	(134,160)	-	(2,901,814)
Buildings and Improvements	(29,193,334)	(1,442,222)	-	(30,635,556)
Equipment	(5,429,950)	(449,373)	224,339	(5,654,984)
Total Accumulated Depreciation	(37,390,938)	(2,025,755)	224,339	(39,192,354)
Total Capital Assets, Being Depreciated, Net	36,220,226	(1,419,066)	(208)	34,800,952
Governmental Activities Capital Assets, Net	<u>\$ 36,225,226</u>	<u>\$ (662,092)</u>	<u>\$ (208)</u>	<u>\$ 35,562,926</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

District Support Services	\$ 5,794
Regular Instruction	61,356
Vocational Education Instruction	65
Special Education Instruction	21,505
Instructional Support Services	248,835
Pupil Support Services	24,264
Sites and Buildings	533,296
Community Service	28,474
Unallocated	1,102,166
Total Depreciation Expense, Governmental Activities	<u>\$ 2,025,755</u>

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
6/27/2007	4.00% - 4.50%	\$ 4,555,000	2/1/2016	\$ 1,240,000	\$ 1,240,000
2/24/2010	2.00% - 4.00%	6,960,000	2/1/2021	155,000	1,030,000
Total General Obligation Bonds				1,395,000	2,270,000
Bond Premium - Net				-	302,120
Lease Purchase Obligations:					
Phone Equipment				77,347	156,923
Cisco Server Lease				67,632	67,631
Total Leases Purchase Obligations				144,979	224,554
Sick Leave Payable				-	169,605
Compensated Absences Payable				141,148	141,148
				<u>\$ 1,681,127</u>	<u>\$ 3,107,427</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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:

<u>Year Ending June 30,</u>	General Obligation Bonds Payable		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2016	\$ 1,395,000	\$ 97,000	\$ 144,979	\$ 9,724
2017	160,000	35,000	79,575	2,290
2018	165,000	28,600	-	-
2019	175,000	22,000	-	-
2020	185,000	15,000	-	-
2021 - 2022	190,000	7,600	-	-
Total	<u>\$ 2,270,000</u>	<u>\$ 205,200</u>	<u>\$ 224,554</u>	<u>\$ 12,014</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, 2015 is \$2,598,960. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statute.

2. Capital Lease

On October 1, 2007, the District entered into a lease purchase agreement for the acquisition of a phone system. The capital lease obligation and corresponding equipment totaled \$455,970. The capital lease agreement includes annual principal and interest payments of \$72,840.

On July 1, 2012, 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 \$384,313. The capital lease agreement includes annual principal and interest payments of \$81,862.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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:

Phone System	\$ 471,982
Cisco Server	384,313
Less: Accumulated Depreciation	<u>(469,280)</u>
Total	<u><u>\$ 387,015</u></u>

D. Changes in Long-Term Debt

	June 30, 2014	Net Additions	Retirements	June 30, 2015
Bonds Payable	\$ 6,980,000	\$ -	\$ 4,710,000	\$ 2,270,000
Bond Premium	379,797	-	77,677	302,120
Lease Purchase Obligations	362,532	-	137,978	224,554
Sick Leave Payable	189,628	292,027	312,050	169,605
Compensated Absences Payable - Net	<u>147,004</u>	<u>309,711</u>	<u>315,567</u>	<u>141,148</u>
Total	<u><u>\$ 8,058,961</u></u>	<u><u>\$ 601,738</u></u>	<u><u>\$ 5,553,272</u></u>	<u><u>\$ 3,107,427</u></u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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. The following is a summary of the restricted and assigned fund balances for the governmental funds.

Restricted and Assigned fund balances at June 30, 2015 are as follows:

	Restricted	Committed	Assigned
General Fund:			
Restricted for Staff Development	\$ 28,788	\$ -	\$ -
Reserved for Deferred Maintenance	38,568	-	-
Restricted for Operating Capital	309,420	-	-
Reserved for Teacher Development and Eval	32,948	-	-
Committed for Separation/Retirement Benefits	-	1,689,771	-
Assigned for Special Education Costs	-	-	542,166
Assigned for School Building Carryover	-	-	136,826
Total General Fund	<u>409,724</u>	<u>1,689,771</u>	<u>678,992</u>
Special Revenue Funds:			
Food Service Fund:			
Restricted for Food Service	106,298	-	-
Community Service Fund:			
Restricted for Community Education Programs	148,913	-	-
Restricted for Early Childhood and Family Education Programs	81,420	-	-
Restricted for School Readiness	59,745	-	-
Restricted for Adult Basic Education	218,766	-	-
Restricted for Community Service	<u>134,816</u>	<u>-</u>	<u>-</u>
Total Special Revenue Funds	749,958	-	-
Debt Service:			
Restricted for Debt Service	<u>1,201,810</u>	<u>-</u>	<u>-</u>
Total All Funds	<u><u>\$ 2,361,492</u></u>	<u><u>\$ 1,689,771</u></u>	<u><u>\$ 678,992</u></u>

A. Restricted for Staff Development

Represents unspent staff development revenues set aside from General Education Revenue that were restricted for staff development.

B. Restricted for Deferred Maintenance

Represents accumulated resources available for deferred maintenance.

**MONTICELLO PUBLIC SCHOOLS
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NOTE 6 RESTRICTED, COMMITTED AND ASSIGNED FUND BALANCES (CONTINUED)

C. Restricted for Operating Capital

Restricted for health and safety represents available resources to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects. Under Minnesota Statute, a deficit in this reserve generates specific future levy authority.

D. Restricted for Teacher Development and Evaluation

Represents resources available for teacher development and evaluation uses listed in Minnesota Statute, section 122A.40, Subd 8.

E. Restricted for Community Education Programs

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

F. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

G. 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.

H. Restricted for Adult Basic Education

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

I. 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.

J. Committed for Separation/Retirement Benefits

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

K. Assigned for Potential Special Education Excess Cost Revenue

This assignment represents resources segregated by the District related to the payment of additional special education money from the state.

L. Assigned for School Building Carryover

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

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS

A. Plan Description

The District participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. PERA 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 (GERF)

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Teachers Retirement Fund (TRA)

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.

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

B. Benefits Provided

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.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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

1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

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 Statutes and vested 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
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5% of pay in 2015. In calendar year 2014, the District was required to contribute 11.78% of pay for Basic Plan members and 7.25% for Coordinated Plan members. In 2015, employer rates increased to 7.5% in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$465,243. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

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

	Ending June 30, 2014		Ending June 30, 2015	
	Employee	Employer	Employee	Employer
Basic	10.5 %	11.0 %	11.0 %	11.5 %
Coordinated	7.0	7.0	7.5	7.5

The District's contributions to TRA for the plan's fiscal year ended June 30, 2015, were \$1,736,618. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2015, the District reported a liability of \$5,186,039 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2014, the District's proportion was .1104%.

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERS Pension Costs (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$384,636 for its proportionate share of GERS's pension expense.

At June 30, 2015, the District reported its proportionate share of GERS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 79,590	\$ -
Changes in Actuarial Assumptions	534,473	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,401,263
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	1,323
District Contributions Subsequent to the Measurement Date	465,243	-
Total	<u>\$ 1,079,306</u>	<u>\$ 1,402,586</u>

\$465,243 reported as deferred outflows of resources related to pensions resulting from District contributions to GERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERS pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (146,006)
2017	(146,006)
2018	(146,006)
2019	(350,694)
2020	189

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2015, the District reported a liability of \$22,044,328 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to 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 0.4784% at the end of the measurement period and 0.4696% for 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:

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 22,044,328
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	1,550,926

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

For the year ended June 30, 2015, the District recognized pension expense of \$1,277,920. It also recognized \$67,656 as pension expense for the support provided by direct aid.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,880,979	\$ -
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings	-	6,930,514
Changes in Proportion Differences Between Contributions and Made and the District's Proportionate Share of Contributions (Second Part to be determined by District)	337,630	-
District Contributions Subsequent to the Measurement Date	1,736,618	-
Total	<u>\$ 3,955,227</u>	<u>\$ 6,930,514</u>

\$1,736,618 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (1,269,453)
2017	(1,269,453)
2018	(1,269,453)
2019	(1,269,453)
2020	365,907

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per Year	3.50%
Active Member Payroll Growth	3.50% per Year	3.75% Based on Years of Service
Investment Rate of Return	7.90%	8.25%

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

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the actuarial experience study for the period of July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

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

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

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

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	100%	

F. Discount Rate

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

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	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.90%	7.90%	8.90%
District's Proportionate Share of the GERF Net Pension Liability	\$ 8,360,104	\$ 5,186,039	\$ 2,574,530
<u>TRA Discount Rate</u>	7.25%	8.25%	9.25%
District's Proportionate Share of the TRA Net Pension Liability	\$ 36,431,724	\$ 22,044,328	\$ 10,050,213

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 PENSION PLANS (CONTINUED)

H. Pension Plan Fiduciary Net Position

Detailed information about GERP'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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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.

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

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

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. The District has established an Other Postemployment Benefits Trust Fund to fund these obligations. For fiscal year 2015, the District contributed \$50,000 to the plan.

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution (ARC)	\$ 1,514,991
Interest on Net OPEB Obligation	42,011
Adjustment to ARC	<u>(69,318)</u>
Annual OPEB Cost	1,487,684
Contributions During the Year	<u>(1,145,317)</u>
Increase in Net OPEB Obligation	342,367
Net OPEB - Beginning of the Year	<u>1,200,311</u>
Net OPEB - End of the Year	<u><u>\$ 1,542,678</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan; and the net OPEB obligation for 2015 and the preceding two years:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,316,551	\$ 999,458	75.91 %	\$ 1,556,518
June 30, 2014	1,355,623	1,088,645	80.31	1,200,311
June 30, 2015	1,487,684	1,145,317	76.99	1,542,678

D. Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ 1,940,955	\$ 15,934,187	\$ 13,993,232	12.18%	\$ 27,210,555	51.43%

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Funded Status and Funding Progress (Continued)

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.5% to 5.0% after ten years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over a 30-year period.

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 SUPPLEMENTAL BENEFIT PLAN

A. Plan Description

The District provides a defined contribution 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.

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.

The District's annual pension cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 27. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual pension cost for the year, the amount actually contributed to the plan, and the changes in the District net pension obligation to the plan:

Annual Required Contribution (ARC)	\$ 132,327
Interest on Net Pension Obligation	362
Adjustment to ARC	<u>(495)</u>
Annual Pension Cost	132,194
Contributions During the Year	<u>(164,662)</u>
Increase in Net Pension Obligation/ (Asset)	(32,468)
Net Pension (Asset) - Beginning of the Year	<u>10,341</u>
Net Pension Obligation - End of the Year	<u><u>\$ (22,127)</u></u>

The District's annual Pension cost, the percentage of annual Pension cost contributed to the plan, and the net Pension obligation for the fiscal year, and two preceding years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation (Asset)</u>
June 30, 2013	\$ 136,791	\$ 181,074	132.37 %	\$ 26,464
June 30, 2014	136,791	152,506	111.49	10,341
June 30, 2015	132,194	164,662	124.56	(22,127)

**MONTICELLO PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 SUPPLEMENTAL BENEFIT PLAN (CONTINUED)

C. Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 1,383,012	\$ 1,383,012	- %	\$ 9,823,844	14.08%

The Schedule of Funding Progress, presented as required supplementary information following the notes to the basic financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment. Amounts determined regarding the funded status of the plan and then annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, included as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2014, actuarial valuation using the projected unit actuarial cost method. The actuarial assumptions included a 3.5% discount rate, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and projected salary increases at 3%.

The actuarial methods and assumptions include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll over a 30-year period.

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.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10 JOINT VENTURE AGREEMENT (CONTINUED)

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.

NOTE 12 RECREATION AGREEMENT

On July 1, 2005, (with an amendment dated June 7, 2006) 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 12 – Operating Lease. As part of the Agreement, the District agrees to manage the arena. The District and MYHA agree to fund operating shortfalls equally, 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, semiannual 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 contributed \$70,800 in fiscal year 2015 towards the construction loan. 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, shall be from October 2006 through September 2030.

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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 \$1,758,706 as of the end of the year.

NOTE 14 RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the June 30, 2014, net position of the governmental activities as follows:

	<u>Governmental Activities</u>
Net Position, June 30, 2014, as Previously Reported	\$ 36,641,621
Cumulative Affect of Application of GASB 68, Net Pension Liability	(32,962,720)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for District Contributions Made to the Plan During Fiscal Year Ending June 30, 2014	<u>1,962,136</u>
Net Position, June 30, 2014, as Restated	<u><u>\$ 5,641,037</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF FUNDING PROGRESS**

The following schedules present trend information about the amounts contributed to the Postemployment Healthcare Benefit Plan and the Supplemental Pension Plan by the District:

Schedule of Funding Progress – OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ 1,069,366	\$ 15,176,676	\$ 14,107,310	7.05 %	\$ 22,280,892	63.32 %
7/1/2012	1,645,940	13,789,212	12,143,272	11.94	24,843,560	48.88
7/1/2014	1,940,955	15,934,187	13,993,232	12.18	27,210,555	51.43

Schedule of Funding Progress – Supplemental Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 1,507,614	\$ 1,507,614	- %	\$ 11,834,667 *	12.74 %
7/1/2012	-	1,472,367	1,472,367	-	10,185,485	14.46
7/1/2014	-	1,383,012	1,383,012	-	9,823,844	14.08

* The participant count, from the prior actuary at July 1, 2008, included all active employees in the GASB 45 valuation. The participant count at July 1, 2010 includes only those employees that could become eligible for a GAB 27 severance benefit.

Schedule of Employer Contributions – OPEB

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2010	\$ 1,083,866	\$ 793,932	73.25 %	\$ 707,535
June 30, 2011	1,435,010	1,141,713	79.56	100,832
June 30, 2012	1,445,719	1,207,126	83.50	1,239,425
June 30, 2013	1,316,551	999,458	75.91	1,556,518
June 30, 2014	1,355,623	1,088,645	80.31	1,200,311
June 30, 2015	1,487,684	1,145,317	76.99	1,542,678

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015**

PERA

District's Proportion of the Net Pension Liability (Asset)	0.1104%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,186,039
District's Covered-Employee Payroll	\$ 5,986,992
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	86.62%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	78.75%

TRA

District's Proportion of the Net Pension Liability (Asset)	0.4784%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 22,044,328
State's Proportionate Share of the Net Pension Liability Associated with District	\$ 1,550,926
District's Covered-Employee Payroll	\$ 21,860,838
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	100.84%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	81.50%

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

	<u>2015</u>	<u>2014</u>
PERA		
Contractually Required Contribution	\$ 465,243	\$ 433,579
Contributions in Relation to the Contractually Required Contribution	<u>(465,243)</u>	<u>(433,579)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 6,291,980	 \$ 5,986,992
 Contributions as a Percentage of Covered Employee Payroll	 7.39%	 7.24%
TRA		
Contractually Required Contribution	\$ 1,736,618	\$ 1,528,557
Contributions in Relation to the Contractually Required Contribution	<u>(1,736,618)</u>	<u>(1,528,557)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 23,150,263	 \$ 21,836,533
 Contributions as a Percentage of Covered Employee Payroll	 7.50%	 7.00%

SUPPLEMENTARY INFORMATION

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF CHANGES IN AGENCY FUND
ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2015**

	Balance 7/1/2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and Investments	<u>\$ 1,202,023</u>	<u>\$ 34,622</u>	<u>\$ 67,956</u>	<u>\$ 1,168,689</u>
LIABILITIES				
Accounts Payable	<u>\$ 1,202,023</u>	<u>\$ 34,622</u>	<u>\$ 67,956</u>	<u>\$ 1,168,689</u>

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2015**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenues	\$ 50,969,480	\$ 50,969,476	\$ 4	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	50,905,358	50,905,358	-	Total Expenditures	761,552	761,552	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	707,359	707,359	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserve:</i>				<i>Restricted/Reserved:</i>			
403 Staff Development	28,788	28,788	-	407 Capital Projects Levy	-	-	-
405 Deferred Maintenance	38,568	38,568	-	409 Alternative Fac. Program	-	-	-
406 Health & Safety *	(175,406)	(175,406)	-	413 Project Funded by COP	-	-	-
407 Capital Project Levy	-	-	-	<i>Restricted:</i>			
408 Cooperative Rev.	-	-	-	464 Restricted Fund Balance	-	-	-
409 Deferred Maintenance	-	-	-	<i>Unassigned:</i>			
414 Operating Debt	-	-	-	463 Unassigned Fund Balance	(761,552)	(761,552)	-
416 Levy Reduction	-	-	-				
419 Encumbrances	-	-	-	07 DEBT SERVICE			
423 Certain Teacher Programs	-	-	-	Total Revenues	5,118,996	5,118,995	1
424 Operating Capital	309,420	309,420	-	Total Expenditures	5,002,175	5,002,175	-
426 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
427 Disabled Accessibility	-	-	-	460 Nonspendable Fund Balance	-	-	-
428 Learning & Development	-	-	-	<i>Restricted/Reserve:</i>			
434 Area Learning Center	-	-	-	425 Bond Refundings	-	-	-
435 Contracted Alt. Programs	-	-	-	451 QZAB Payments	-	-	-
436 St. Approved Alt. Prog.	-	-	-	<i>Restricted:</i>			
438 Gifted & Talented	-	-	-	464 Restricted Fund Balance	1,201,810	1,201,810	-
440 Teacher Development & Eval	32,948	32,948	-	<i>Unassigned:</i>			
441 Basic Skills	-	-	-	463 Unassigned Fund Balance	-	-	-
443 Telecomm. Access Cost	-	-	-				
446 First Grade Preparedness	-	-	-	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			
<i>Restricted:</i>				Total Revenues	-	-	-
464 Restricted Fund Balance	-	-	-	Total Expenditures	-	-	-
<i>Committed:</i>				422 Net Position	-	-	-
418 Committed For Separation	1,689,771	1,689,771	-				
461 Committed Fund Balance	-	-	-	25 OPEB REVOCABLE TRUST			
<i>Assigned:</i>				Total Revenues	-	-	-
462 Assigned Fund Balance	678,992	678,992	-	Total Expenditures	-	-	-
<i>Unassigned:</i>				422 Net Position	-	-	-
422 Unassigned Fund Balance *	3,989,542	3,989,548	(6)				
02 FOOD SERVICE				45 OPEB IRREVOCABLE TRUST			
Total Revenues	1,956,369	1,956,367	2	Total Revenues	93,970	93,969	1
Total Expenditures	1,936,768	1,936,767	1	Total Expenditures	100,571	100,571	-
<i>Nonspendable:</i>				422 Net Position	1,934,354	1,934,354	-
460 Nonspendable Fund Balance	18,854	18,854	-				
<i>Restricted:</i>				47 OPEB DEBT SERVICE			
452 OPEB Liab. Not in Trust	-	-	-	Total Revenues	-	-	-
464 Restricted Fund Balance	106,298	106,300	(2)	Total Expenditures	-	-	-
<i>Unassigned:</i>				<i>Nonspendable:</i>			
463 Unassigned Fund Balance	-	-	-	460 Nonspendable Fund Balance	-	-	-
				<i>Restricted:</i>			
				425 Bond Refundings	-	-	-
				464 Restricted Fund Balance	-	-	-
				<i>Unassigned:</i>			
				463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE							
Total Revenues	2,449,885	2,449,883	2				
Total Expenditures	2,392,423	2,392,423	-				
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	1,100	1,100	-				
<i>Restricted/Reserve:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	148,913	148,913	-				
432 E.C.F.E.	81,420	81,420	-				
444 School Readiness	59,745	59,745	-				
447 Adult Basic Education	218,766	218,766	-				
452 OPEB Liab. Not in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	134,816	134,814	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			
	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 7,071,769	\$ 8,786,289	\$ 11,280,973	\$ 13,100,738
Restricted	1,051,702	1,371,841	1,027,225	1,652,898
Unrestricted	(1,324,738)	(713,128)	(1,684,493)	2,329,798
Total Governmental Activities				
Net Position	<u>\$ 6,798,733</u>	<u>\$ 9,445,002</u>	<u>\$ 10,623,705</u>	<u>\$ 17,083,434</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 16,123,282	\$ 18,464,430	\$ 21,653,918	\$ 25,135,009	\$ 28,367,492	\$ 32,717,052
2,056,926	2,663,080	2,562,247	2,055,494	2,023,358	2,441,680
2,303,371	3,073,882	5,003,147	5,498,909	6,250,771	(25,712,413)
<u>\$ 20,483,579</u>	<u>\$ 24,201,392</u>	<u>\$ 29,219,312</u>	<u>\$ 32,689,412</u>	<u>\$ 36,641,621</u>	<u>\$ 9,446,319</u>

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

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental Activities				
Administration	\$ 1,084,690	\$ 990,326	\$ 1,146,092	\$ 1,124,411
District Support Services	782,346	649,984	621,658	588,469
Elementary and Secondary Regular Instruction	15,068,623	15,468,796	16,496,827	16,493,961
Vocational Education Instruction	456,815	576,116	599,325	524,688
Special Education Instruction	10,129,994	10,284,200	10,892,411	10,927,879
Instructional Support Services	1,819,214	1,284,181	1,405,436	2,052,266
Pupil Support Services	2,594,946	2,269,800	2,194,040	2,461,210
Sites and Buildings	3,038,049	4,158,256	3,545,462	3,640,709
Fiscal and Other Fixed Cost Programs	324,150	319,791	335,295	122,634
Food Service	1,444,476	1,504,093	1,614,858	1,637,369
Community Education and Services	1,878,408	2,024,865	2,248,301	2,312,188
Interest and Fiscal Charges on Long-Term Debt	2,128,323	1,150,408	1,257,802	1,312,832
Depreciation not Included in Other Functions	1,172,300	1,131,801	1,120,058	1,120,058
Total Governmental Activities Expenses	41,922,334	41,812,617	43,477,565	44,318,674
PROGRAM REVENUES				
Governmental Activities				
Charges for Services:				
Administration	43,954	13,680	-	-
District Support Services	117,369	43,440	-	-
Elementary and Secondary Regular Instruction	885,109	848,212	571,312	742,633
Special Education Instruction	2,594,015	1,074,787	1,422,184	1,500,729
Pupil Support Services	-	26,196	-	-
Sites and Buildings	-	-	28,928	194,481
Food Service	992,609	1,031,916	1,034,063	1,038,445
Community Education and Services	865,608	1,014,594	1,074,508	981,705
Operating Grants and Contributions	9,867,048	11,368,443	10,028,316	11,261,504
Capital Grants and Contributions	711,844	444,465	564,436	375,262
Total Governmental Activities Program Revenues	16,077,556	15,865,733	14,723,747	16,094,759
Net Expense	(25,844,778)	(25,946,884)	(28,753,818)	(28,223,915)
GENERAL REVENUES				
Governmental Activities				
Taxes:				
Property Taxes, Levied for General Purposes	1,639,858	2,171,900	2,625,226	5,232,133
Property Taxes, Levied for Community Service	113,702	239,076	281,691	241,955
Property Taxes, Levied for Debt Service	3,387,134	3,496,308	3,567,870	4,340,505
General Grants and Aids	20,094,313	20,605,050	23,474,060	23,962,390
Earnings on Investments	1,222,294	425,381	482,383	220,145
Gain on Sale of Capital Assets	-	-	-	-
Other General Revenues	569,798	1,655,438	731,881	686,516
Total Governmental Activities	27,027,099	28,593,153	31,163,111	34,683,644
Change in Net Position	\$ 1,182,321	\$ 2,646,269	\$ 2,409,293	\$ 6,459,729

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,149,694	\$ 1,184,185	\$ 1,216,697	\$ 1,238,134	\$ 1,283,586	\$ 1,337,795
616,022	833,676	603,853	674,478	1,018,438	1,032,096
18,257,741	18,695,900	19,396,341	19,757,587	19,835,124	21,790,879
559,909	549,592	569,583	824,747	694,045	773,340
13,416,243	13,642,379	12,637,148	13,076,583	13,944,470	14,949,615
2,720,381	2,167,791	2,248,005	2,804,514	2,625,955	2,807,152
2,859,247	2,811,034	3,196,743	3,408,107	3,640,273	3,734,385
3,662,930	3,474,577	3,563,962	3,684,303	4,129,356	4,571,273
127,487	146,367	161,381	171,889	172,537	176,392
1,683,012	1,666,320	1,742,052	1,733,824	1,780,814	1,903,682
2,332,468	2,381,439	2,514,577	2,527,475	2,745,243	2,380,265
1,100,456	822,153	694,614	477,787	250,817	128,293
1,120,031	1,120,003	1,111,084	1,102,166	1,102,165	1,102,166
49,605,621	49,495,416	49,656,040	51,481,594	53,222,823	56,687,333
-	-	-	-	-	-
-	-	-	-	-	-
683,946	684,738	655,047	675,556	601,835	428,959
1,684,853	1,839,961	2,236,953	1,533,286	2,104,156	2,409,961
-	-	-	4,925	-	-
491,828	27,612	16,027	-	300	222,464
992,280	977,436	969,110	992,863	1,024,734	1,040,232
1,003,557	977,332	1,065,495	1,152,504	1,223,615	976,923
14,507,859	12,671,828	12,945,144	14,309,359	15,133,838	16,109,098
373,843	389,154	480,477	446,483	476,050	584,023
19,738,166	17,568,061	18,368,253	19,114,976	20,564,528	21,771,660
(29,867,455)	(31,927,355)	(31,287,787)	(32,366,618)	(32,658,295)	(34,915,673)
5,861,403	7,561,018	5,874,159	6,022,840	4,238,226	5,611,498
243,611	359,136	238,143	257,587	214,829	273,445
4,528,185	4,568,134	4,561,832	4,415,071	4,004,789	5,098,466
22,029,016	22,462,895	24,018,379	24,200,096	27,564,512	27,341,397
81,766	58,189	95,297	42,885	27,634	28,125
-	-	-	-	7,845	25,878
523,619	635,796	947,078	898,239	552,669	342,146
33,267,600	35,645,168	35,734,888	35,836,718	36,610,504	38,720,955
\$ 3,400,145	\$ 3,717,813	\$ 4,447,101	\$ 3,470,100	\$ 3,952,209	\$ 3,805,282

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

	Fiscal Year			
	2006	2007	2008	2009
GENERAL FUND				
Reserved	\$ 427,759	\$ 417,013	\$ 573,171	\$ 350,625
Unreserved	(426,605)	(60,613)	1,109,085	2,670,940
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 1,154</u>	<u>\$ 356,400</u>	<u>\$ 1,682,256</u>	<u>\$ 3,021,565</u>
 ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Reserved	1,077,369	4,879,945	1,426,217	1,655,312
Unassigned/ Unreserved, Reported in: Special Revenue Funds	<u>59,915</u>	<u>73,268</u>	<u>84,420</u>	<u>107,479</u>
Total All Other Governmental Funds	<u>\$ 1,137,284</u>	<u>\$ 4,953,213</u>	<u>\$ 1,510,637</u>	<u>\$ 1,762,791</u>
Unreserved/Unassigned - Operating Account as a % of Total Expenditures	<u>-0.95%</u>	<u>-0.13%</u>	<u>2.25%</u>	<u>5.09%</u>

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

Only years 2011-2015 are reported in compliance with GASB Statement No. 54; years 2006-2010 are reported as previously stated.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 255,713	\$ -	\$ -	\$ -	\$ -	\$ -
2,990,546	-	-	-	-	-
-	250,536	95,469	642,926	687,121	707,359
-	170,396	119,800	119,920	175,271	409,724
-	1,199,356	2,763,239	2,695,080	717,468	678,992
-	-	-	-	1,816,655	1,689,771
-	2,617,289	2,928,881	3,239,568	3,814,657	3,814,320
<u>\$ 3,246,259</u>	<u>\$ 4,237,577</u>	<u>\$ 5,907,389</u>	<u>\$ 6,697,494</u>	<u>\$ 7,211,172</u>	<u>\$ 7,300,166</u>
\$ -	\$ 25,472	\$ 20,989	\$ 23,081	\$ 26,059	\$ 19,954
-	2,281,172	2,238,291	1,793,181	1,750,381	1,951,768
433,393	-	-	-	-	-
1,694,408	-	(10,427)	-	-	(761,552)
<u>\$ 2,127,801</u>	<u>\$ 2,306,644</u>	<u>\$ 2,248,853</u>	<u>\$ 1,816,262</u>	<u>\$ 1,776,440</u>	<u>\$ 1,210,170</u>
<u>5.74%</u>	<u>7.27%</u>	<u>10.32%</u>	<u>5.81%</u>	<u>9.91%</u>	<u>7.49%</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			
	2006	2007	2008	2009
REVENUES				
Local Sources				
Taxes	\$ 5,113,977	\$ 5,859,624	\$ 6,481,457	\$ 9,703,188
Investment Earnings	-	-	-	-
Other	7,338,756	6,128,738	5,409,461	5,187,704
State Sources	27,342,438	29,279,534	31,023,930	32,630,314
Federal Sources	3,282,767	3,143,330	2,978,680	2,951,311
Total Revenues	<u>43,077,938</u>	<u>44,411,226</u>	<u>45,893,528</u>	<u>50,472,517</u>
EXPENDITURES				
Current				
Administration	1,017,871	1,002,197	1,103,536	1,234,576
District Support Services	775,081	635,592	657,224	611,097
Elementary and Secondary Regular Instruction	15,250,439	15,418,965	16,052,134	18,024,626
Vocational Education Instruction	460,359	575,354	598,563	523,926
Special Education Instruction	10,009,009	10,380,635	10,682,117	11,258,209
Instructional Support Services	1,778,586	1,318,752	1,799,106	2,517,208
Pupil Support Services	2,558,866	2,318,467	2,241,007	2,514,934
Sites and Buildings	3,770,793	5,626,831	6,612,794	3,845,828
Fiscal and Other Fixed Cost Programs	324,150	319,791	335,295	122,634
Food Service	1,392,910	1,503,260	1,566,992	1,628,182
Community Service	1,868,444	2,032,014	2,236,737	2,310,278
Capital Outlay	-	-	-	-
Debt Service				
Principal	30,780,000	2,535,000	3,309,510	3,341,596
Interest and Fiscal Charges	2,812,813	1,237,832	1,271,729	1,379,570
Total Expenditures	<u>72,799,321</u>	<u>44,904,690</u>	<u>48,466,744</u>	<u>49,312,664</u>
Excess of Revenues Under Expenditures	(29,721,383)	(493,464)	(2,573,216)	1,159,853
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	4,555,000	-	-
Premium on Bonds Issued	-	109,639	-	-
Debt Service Loans Proceeds	-	-	-	-
Insurance Recovery	-	-	-	194,481
Capital Lease/Certificates of Participation	30,138	-	455,970	237,129
Proceeds from Sale of Assets	-	-	526	-
Debt Retirement from Escrow Account	-	-	-	-
Total Other Financing Sources (Uses)	<u>30,138</u>	<u>4,664,639</u>	<u>456,496</u>	<u>431,610</u>
Net Change in Fund Balances	<u>\$ (29,691,245)</u>	<u>\$ 4,171,175</u>	<u>\$ (2,116,720)</u>	<u>\$ 1,591,463</u>
Debt Services as a Percentage of Noncapital Expenditures	<u>46.81%</u>	<u>8.75%</u>	<u>10.33%</u>	<u>9.81%</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 10,577,164	\$ 12,449,939	\$ 10,678,274	\$ 10,822,864	\$ 8,559,270	\$ 11,011,402
81,766	58,189	95,297	42,885	27,634	28,125
4,865,086	5,115,263	5,853,183	5,257,291	5,507,309	5,902,663
29,821,833	30,385,637	33,088,756	35,156,182	39,273,363	39,190,816
7,088,885	5,138,240	4,355,244	3,799,756	3,901,037	4,361,724
52,434,734	53,147,268	54,070,754	55,078,978	57,268,613	60,494,730
1,131,366	1,168,957	1,199,827	1,238,962	1,288,619	1,343,272
568,712	792,226	591,325	663,804	981,089	1,017,776
18,124,000	18,505,788	19,214,406	19,463,733	19,848,466	21,840,424
554,937	547,729	567,069	820,505	697,512	783,246
13,228,251	13,528,893	12,502,655	12,971,354	13,988,966	14,948,635
1,952,354	1,625,140	1,458,355	1,868,483	1,756,208	1,976,662
2,811,161	2,768,738	3,164,655	3,406,058	3,585,601	3,708,963
3,300,801	2,992,588	3,260,709	3,332,848	3,527,631	3,674,596
127,487	146,367	161,381	171,889	172,537	176,392
1,655,422	1,666,320	1,742,052	1,723,438	1,780,814	1,892,382
2,274,375	2,315,766	2,497,267	2,575,700	2,679,285	2,357,812
1,852,359	1,115,665	1,019,954	1,688,298	1,462,339	2,120,051
3,559,763	3,972,712	4,226,150	4,548,262	4,606,385	4,847,978
1,315,506	978,713	877,517	705,644	427,150	310,087
52,456,494	52,125,602	52,483,322	55,178,978	56,802,602	60,998,276
(21,760)	1,021,666	1,587,432	(100,000)	466,011	(503,546)
-	-	-	5,970,000	-	-
586,467	-	-	73,276	-	-
6,960,000	-	-	-	-	-
514,997	27,612	24,589	-	-	-
-	120,883	-	384,313	-	-
-	-	-	4,925	7,845	26,086
(7,450,000)	-	-	(5,975,000)	-	-
611,464	148,495	24,589	457,514	7,845	26,086
\$ 589,704	\$ 1,170,161	\$ 1,612,021	\$ 357,514	\$ 473,856	\$ (477,460)
9.55%	9.63%	9.87%	9.73%	8.94%	8.52%

**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>
2006	\$ 10,125,095	\$ 4,700,011	\$ 6,203,965	\$ 707,150
2007	11,298,463	5,003,947	7,873,943	895,810
2008	11,887,714	4,757,295	9,207,598	1,121,478
2009	12,053,262	5,070,253	9,704,414	1,168,841
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

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
\$ 20,321,921	24.372 %	\$ 1,731,335,600	1.17 %
23,280,543	23.146	1,985,898,700	1.17
24,731,129	25.254	2,126,596,400	1.16
25,659,088	26.083	2,196,562,900	1.17
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

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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>
GOVERNMENTAL UNIT				
ISD No. 882 (Monticello)	24.372%	23.146%	25.254%	26.083%
Overlapping Governments:				
Wright County	32.567%	30.714%	31.648%	32.567%
Sherburne County	41.555%	40.720%	40.675%	41.999%
City of Monticello	51.028%	42.458%	46.942%	46.191%
City of Otsego	27.627%	26.673%	26.501%	26.972%
City of Big Lake	40.842%	40.761%	41.605%	41.573%
Big Lake Twp	18.694%	21.290%	18.809%	14.960%
Buffalo Twp	18.629%	17.658%	20.093%	19.583%
Clearwater Twp	22.786%	21.711%	21.283%	21.348%
Maple Lake Twp	16.105%	14.175%	13.125%	17.755%
Monticello Twp	8.495%	8.080%	7.695%	12.760%
Silver Creek Twp	26.561%	25.801%	23.915%	23.809%
Hospital District	2.330%	2.951%	2.520%	2.067%
State	79.212%	74.000%	64.591%	63.749%

Source: Wright & Sherburne Counties

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
24.948%	27.029%	28.262%	26.229%	28.269%	22.882%
35.819%	39.306%	43.452%	44.288%	43.450%	40.593%
44.519%	46.342%	52.014%	54.420%	54.861%	51.979%
45.822%	46.729%	49.773%	42.262%	44.709%	35.737%
29.342%	34.014%	41.454%	46.229%	44.575%	41.202%
42.713%	43.652%	50.404%	55.198%	60.048%	57.518%
13.798%	14.628%	15.784%	15.306%	15.591%	16.058%
20.701%	23.128%	24.675%	25.514%	25.310%	24.432%
24.068%	25.815%	28.507%	28.574%	27.905%	27.826%
17.826%	19.310%	21.013%	22.328%	22.073%	20.372%
10.398%	16.883%	18.357%	24.483%	24.879%	24.952%
24.016%	25.923%	27.726%	28.286%	32.261%	28.716%
1.754%	1.501%	1.240%	0.608%	0.000%	0.000%
63.636%	68.188%				

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

Taxpayer	2015			2006		
	Net Tax Capacity	Rank	Percentage Total District Tax Valuation	Net Tax Capacity	Rank	Percentage Total District Tax Valuation
Northern States Power Co.	\$ 14,620,272	1	47.07 %	\$ 4,901,662	1	24.12 %
Wal-Mart Real Est. Business Tr.	213,650	2	0.69			
Target Corporation	201,658	3	0.65			
Monti-Big Lake Comm Hospital	150,882	4	0.49			
Nordic Investments, LLLP	147,866	5	0.48			
Minnegasco Inc.	146,992	6	0.47	116,628	4	0.57
Home Depot USA Inc.	135,958	7	0.44			
Muller Fam Theatres of Monti	109,097	8	0.35	106,781	5	0.53
Ax TC Retail LP	101,598	9	0.33			
Ryan Companies US Inc.	92,634	10	0.30			
Ocello LLC				142,796	2	0.70
Jacob Holdings of Monti LLC				122,192	3	0.60
Peterson Holdings				100,954	6	0.50
Monticello/Washington Assoc.				90,542	7	0.45
Gould Brothers Chevrolet LLP				86,702	8	0.43
Tapper, William R & Barbara R				74,620	9	0.37
BBF Properties Inc.				73,508	10	0.36
Total for Ten Largest Principal Taxpayers	<u>\$ 15,920,607</u>			<u>\$ 5,816,385</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
2006	\$ 6,117,877	\$ 6,112,781	99.92 %	\$ 5,096	\$ 6,117,877	100.00 %
2007	6,653,830	6,643,742	99.85	10,088	6,653,830	100.00
2008	9,985,984	9,972,686	99.87	13,298	9,985,984	100.00
2009	10,703,071	10,692,038	99.90	11,033	10,703,071	100.00
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	203,904	10,243,584	96.61
2012	10,574,134	10,424,507	98.58	67,689	10,492,196	99.23
2013	10,778,235	10,648,661	98.80	38,449	10,687,110	99.15
2014	10,780,124	5,264,107	48.83	-	5,264,107	48.83
2015	10,938,113	5,357,189	48.98	-	5,357,189	48.98

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
2006	\$ 32,025,000	\$ 4,305,000	\$ 227,152	\$ 36,557,152
2007	34,045,000	3,780,000	158,908	37,983,908
2008	30,810,000	4,275,000	537,250	35,622,250
2009	27,675,000	4,360,000	567,783	32,602,783
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

* 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.

Estimated Population		Net Bonded Debt per Capita	Percentage of Outstanding Debt to Personal Income
18,848		\$ 1,940	13.90 %
18,848	*	2,015	13.45
19,556		1,822	12.04
19,556	*	1,667	10.82
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	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
2006	\$ 32,025,000	\$ 1,003,353	\$ 31,021,647	\$ 20,321,921
2007	34,045,000	1,220,274	32,824,726	23,280,543
2008	30,810,000	594,503	30,215,497	24,731,129
2009	27,675,000	1,426,329	26,248,671	25,662,088
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

* 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.

Percentage of Estimated Actual Taxable Value of Property	Estimated Population	Net Bonded Debt per Capita
152.65 %	18,848	\$ 1,646
141.00	18,848	* 1,742
122.18	19,556	1,545
102.29	19,556	* 1,342
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

**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>
2006	\$ 30,780,000	\$ 2,812,813	\$ 33,592,813	\$ 35,945,154	93.46 %
2007	2,535,000	1,237,832	3,772,832	36,583,504	10.31
2008	3,235,000	1,259,945	4,494,945	37,252,228	12.07
2009	3,135,000	1,224,868	4,359,868	40,954,219	10.65
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

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, 2015
(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Wright County	\$ 48,670,000	23.18 %	\$ 11,281,706
Sherburne County	16,155,000	1.74	281,097
City of Big Lake	25,959,600	0.15	38,939
City of Monticello	27,267,000	100.00	27,267,000
City of Otsego	38,475,000	9.00	3,462,750
Becker Township	195,000	11.56	22,542
Big Lake Township	860,000	14.66	126,076
Maple Lake Township	<u>147,000</u>	9.33	<u>13,715</u>
Subtotal, Overlapping Debt	157,728,600		42,493,826
Independent School District No. 882 - Direct Debt	2,270,000	100.00 %	<u>227,000,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 269,493,826</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.

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

	Fiscal Year			
	2006	2007	2008	2009
Debt Limit	\$ 259,700,340	\$ 297,884,805	\$ 318,989,460	\$ 329,484,435
Total Net Debt Applicable to Limit	<u>32,025,000</u>	<u>34,045,000</u>	<u>30,810,000</u>	<u>27,675,000</u>
Legal Debt Margin	<u>\$ 227,675,340</u>	<u>\$ 263,839,805</u>	<u>\$ 288,179,460</u>	<u>\$ 301,809,435</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.33%	11.43%	9.66%	8.40%

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.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 318,634,290	\$ 299,163,750	\$ 285,943,755	\$ 290,764,155	\$ 288,010,665	\$ 343,917,525
23,735,000	19,925,000	15,875,000	11,455,000	6,980,000	2,270,000
<u>\$ 294,899,290</u>	<u>\$ 279,238,750</u>	<u>\$ 270,068,755</u>	<u>\$ 279,309,155</u>	<u>\$ 281,030,665</u>	<u>\$ 341,647,525</u>
7.45%	6.66%	5.55%	3.94%	2.42%	0.66%

Legal Debt Margin Calculation for Year 2015:

Market Value	\$ 2,292,783,500
Debt Limit (15% of Market Value)	343,917,525
Debt Applicable to Limit:	
G.O. Bonds	<u>2,270,000</u>
Total Net Debt Applicable to Limit	<u>2,270,000</u>
Legal Debt Margin	<u>\$ 341,647,525</u>

**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
2005	18,848		\$ 240,864,502	\$ 12,779
2006	18,848	*	263,090,698	13,959
2007	19,556		282,333,465	14,437
2008	19,556	*	295,889,686	15,130
2009	20,466		301,251,266	14,720
2010	20,533		304,360,142	14,823
2011 Est	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

* 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

**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>
2006	61,967	4.36 %	4.10 %
2007	62,810	5.12	4.60
2008	63,447	6.07	5.40
2009	68,321	9.24	7.20
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

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	2014*			2006*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD No. 882	985	1	26.88%	538	1	18.02%
CentraCare Health Monticello	525	2	14.32%			
Xcel Energy	500	3	13.64%	411	3	13.76%
Cargil Kitchen Solutions	417	4	11.38%			
Northland Group, Inc.	350	5	9.55%			
Wal-Mart	300	6	8.19%			
Target	190	7	5.18%			
Ultra Machining Corp.	198	8	5.40%	120	9	4.02%
Home Depot	100	9	2.73%			
WSI Industries, Inc.	100	10	2.73%			
Monticello-Big Lake Community Hospital				425	2	14.23%
Sunny Fresh Foods				341	4	11.42%
Dan & Jerry's Greenhouses				340	5	11.39%
City of Monticello				183	6	6.13%
Cub Foods				123	7	4.12%
Perkins Family Restaurant				122	8	4.09%
Kmart				100	10	3.35%
Maus Foods				95	11	3.18%
Monticello Clinic				95	12	3.18%
Monticello Ford Mercury, Inc.				93	13	3.11%
Total	3,665			2,986		

* Most current information available.

Source: Minnesota Department of Employment and Economic Development.

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

Employees	Employees for Fiscal Year Ended			
	2006	2007	2008	2009
Teachers	311	295	297	313
Principals and District Administration	15	14	15	14
Admin Support, Confidential & Individual	11	11	12	13
Clerical	11	11	11	11
Community Service	4	4	4	4
Custodial	29	28	29	30
Cafeteria	30	31	31	30
Paraprofessionals	89	88	96	100
Total	500	482	495	515

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					
2010	2011	2012	2013	2014	2015
314	308	307	319	317	326
14	15	14	16	15	16
15	15	15	17	20	20
11	11	12	11	12	12
5	5	5	6	7	7
28	28	28	29	29	29
31	32	31	32	32	31
110	108	110	110	106	105
528	522	522	540	538	546

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

Year Ended June 30,	<u>Average Daily Membership (ADM) (Including Enrollment Option)</u>					<u>Total Pupil Units</u>
	<u>Handicapped and Prekindergarten</u>	<u>Kindergarten</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	
2006	58.19	268.95	1,789.01	1,806.79	3,922.94	4,513.32
2007	52.95	259.82	1,789.29	1,809.95	3,912.01	4,506.21
2008	48.85	260.42	1,790.26	1,809.29	3,908.82	4,515.42
2009	46.96	273.41	1,789.66	1,805.78	3,915.81	4,515.88
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

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
EXPENDITURES PER STUDENT
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)
(UNAUDITED)**

	<u>State Average</u>	<u>ISD No. 882</u>	
	<u>2014</u>	<u>2014</u>	<u>2015</u>
EXPENDITURES PER STUDENT (ADM) (1)			
General Fund - Operating Account			
District and School Administration	\$ 501	\$ 311	\$ 326
District Support Services	425	237	247
Elementary and Secondary Regular Instruction	4,778	4,794	5,308
Vocational Education Instruction	133	169	190
Special Education Instruction	1,976	3,379	3,633
Instructional Support Services	524	424	480
Pupil Support Services	306	866	901
Sites and Buildings, Fiscal and Other Fixed Cost Programs	<u>868</u>	<u>897</u>	<u>974</u>
Total General Fund - Operating Account	9,511	11,077	12,059
Food Service Special Revenue Fund	<u>510</u>	<u>430</u>	<u>471</u>
Total PK - 12 Operating Expenditures	10,021	11,507	12,530
General Fund - Capital Expenditure Account	578	371	311
Community Service Special Revenue Fund	534	661	581
Capital Projects Fund	712	-	185
Debt Service Fund	<u>1,394</u>	<u>1,181</u>	<u>1,216</u>
Total Expenditures Per Student	<u>\$ 13,239</u>	<u>\$ 13,720</u>	<u>\$ 14,823</u>
ADM Served	<u>844,124</u>	<u>4,140</u>	<u>4,115</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			
	2006	2007	2008	2009
District and School Administration	\$ 1,017,871	\$ 1,002,197	\$ 1,103,536	\$ 1,234,576
District Support Services	775,081	635,592	657,224	611,097
Elementary and Secondary Regular Instruction	15,250,439	15,418,965	16,052,134	18,024,626
Vocational Education Instruction	460,359	575,354	598,563	523,926
Special Education Instruction	10,009,009	10,380,635	10,682,117	11,258,209
Instructional Support Services	1,778,586	1,318,752	1,799,106	2,517,208
Pupil Support Services	2,558,866	2,318,467	2,241,007	2,514,934
Sites, Buildings and Equipment	3,770,793	4,613,751	3,696,952	3,785,711
Fiscal and Other Fixed Cost Programs	324,150	319,791	421,589	483,932
Total	<u>\$ 35,945,154</u>	<u>\$ 36,583,504</u>	<u>\$ 37,252,228</u>	<u>\$ 40,954,219</u>
Weighted ADM	\$ 4,513	\$ 4,506	\$ 4,515	\$ 4,516
District and School Administration	226	222	244	273
District Support Services	172	141	146	135
Elementary and Secondary Regular Instruction	3,379	3,422	3,555	3,991
Vocational Education Instruction	102	128	133	116
Special Education Instruction	2,218	2,304	2,366	2,493
Instructional Support Services	394	293	398	557
Pupil Support Services	567	515	496	557
Sites, Buildings and Equipment	835	1,024	819	838
Fiscal and Other Fixed Cost Programs	72	71	93	107
Total	<u>\$ 7,964</u>	<u>\$ 8,118</u>	<u>\$ 8,250</u>	<u>\$ 9,069</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,138,623	\$ 1,168,954	\$ 1,199,831	\$ 1,238,964	\$ 1,288,895	\$ 1,343,272
594,138	821,096	596,071	666,738	996,061	1,020,440
18,133,156	18,562,587	19,287,538	19,731,629	20,035,453	22,068,662
554,937	547,727	567,070	820,507	697,512	783,246
13,248,689	13,574,249	12,522,266	13,006,471	14,160,588	15,038,457
2,617,214	2,312,497	2,322,271	2,731,848	2,474,474	2,672,818
2,818,189	2,768,736	3,164,653	3,426,332	3,596,695	3,710,506
4,486,808	3,419,240	3,482,119	3,535,937	3,975,334	4,091,565
234,105	231,567	265,548	232,306	172,537	176,392
<u>\$ 43,825,859</u>	<u>\$ 43,406,653</u>	<u>\$ 43,407,367</u>	<u>\$ 45,390,732</u>	<u>\$ 47,397,549</u>	<u>\$ 50,905,358</u>
\$ 4,514	\$ 4,538	\$ 4,588	\$ 4,635	\$ 4,632	\$ 4,484
252	258	262	267	278	300
132	181	130	144	215	228
4,017	4,090	4,204	4,257	4,325	4,921
123	121	124	177	151	175
2,935	2,991	2,730	2,806	3,057	3,354
580	510	506	589	534	596
624	610	690	739	776	827
994	753	759	763	858	912
52	51	58	50	37	39
<u>\$ 9,709</u>	<u>\$ 9,565</u>	<u>\$ 9,462</u>	<u>\$ 9,793</u>	<u>\$ 10,233</u>	<u>\$ 11,352</u>

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

<u>Year Ended June 30,</u>	<u>Administration</u>	<u>District Support Services</u>	<u>Elementary and Secondary Regular Instruction</u>	<u>Vocational Education Instruction</u>	<u>Special Education Instruction</u>	<u>Instructional Support Services</u>
2006	\$ 1,017,871 2.8%	\$ 775,081 2.2%	\$ 15,250,439 42.4%	\$ 460,359 1.3%	\$ 10,009,009 27.8%	\$ 1,778,586 4.9%
2007	1,002,197 2.7%	635,592 1.7%	15,418,965 42.1%	575,354 1.6%	10,380,635 28.4%	1,318,752 3.6%
2008	1,103,536 3.0%	657,224 1.8%	16,052,134 43.1%	598,563 1.6%	10,682,117 28.7%	1,799,106 4.8%
2009	1,234,576 3.0%	611,097 1.5%	18,024,626 44.0%	523,926 1.3%	11,258,209 27.5%	2,517,208 6.1%
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 2.7%	981,089 2.1%	19,848,466 41.9%	697,512 1.5%	13,988,966 29.5%	1,756,208 3.7%
2015	1,343,272 2.6%	1,017,776 2.0%	21,840,424 42.9%	783,246 1.5%	14,948,635 29.4%	1,976,662 3.9%

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Capital Outlay	Total	Percent Increase (Decrease) From Prior Year
\$ 2,558,866 7.1%	\$ 3,770,793 10.5%	\$ 324,150 0.9%	\$ - 0.0%	\$ 35,945,154 100.0%	1.64%
2,318,467 6.3%	4,613,751 12.6%	319,791 0.9%	- 0.0%	36,583,504 100.0%	1.78%
2,241,007 6.0%	3,696,952 9.9%	421,589 1.1%	- 0.0%	37,252,228 100.0%	1.83%
2,514,934 6.1%	3,785,711 9.2%	483,932 1.2%	- 0.0%	40,954,219 100.0%	9.94%
2,811,161 6.4%	3,300,801 7.5%	343,868 0.8%	1,810,408 4.1%	43,825,858 100.0%	7.01%
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 3.5%	45,775,045 100.0%	5.45%
3,585,601 7.6%	3,672,141 7.7%	172,537 0.4%	1,406,410 3.0%	47,397,567 100.0%	3.54%
3,708,963 7.3%	3,830,486 7.5%	176,392 0.3%	1,279,502 2.5%	50,905,358 100.0%	7.40%

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHOOL BUILDING INFORMATION
JUNE 30, 2015
(UNAUDITED)**

<u>Facility</u>	<u>Year Constructed</u>	<u>Years of Addition</u>	<u>Grades Housed</u>	<u>Square Footage</u>
Eastview Elementary	1987	-	PK	111,400
Pinewood Elementary	1968		K-5	58,900
Addition #1		1970		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		1976		55,000
Addition #5		1980		25,000
Addition #6		1986		11,000
Addition #7		2004		5,960
Monticello High School	1999		G-9-12	276,000
Addition #1		2004		600
Moose Sherritt Ice Arena	2005			35,880
ALP	2004			2,600

**MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SUMMARY OF MEALS SERVED
JUNE 30, 2015
(UNAUDITED)**

Meals	Number of Meals Served
Elementary Full Paid Lunch	144,430
Secondary Full Paid Lunch	168,161
Reduced Price Lunch	44,195
Free Lunch	113,346
Adult Lunch	6,630
Total Lunches Served	476,762
Elementary Full Paid Breakfast	41,963
Secondary Full Paid Breakfast	8,554
Reduced Price Breakfast	15,026
Free Breakfast	40,294
Adult Breakfast	81
Total Breakfasts Served	105,918