

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

INDEPENDENT SCHOOL DISTRICT NO. 621  
MOUNDS VIEW PUBLIC SCHOOLS  
SHOREVIEW, MINNESOTA







COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2018

INDEPENDENT SCHOOL DISTRICT NO. 621  
MOUNDS VIEW PUBLIC SCHOOLS

4570 Victoria Street North  
Shoreview, MN 55126

Prepared by:  
Finance Department

Executive Director of Administrative Services  
Carole Nielsen

Director of Finance  
Bridget Peterson

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## INTRODUCTORY SECTION



November 5, 2018

To the School Board, Employees, and Citizens of Mounds View Public Schools:

## **INTRODUCTION**

The comprehensive annual financial report (CAFR) for Independent School District No. 621, Mounds View Public Schools (the District) is hereby submitted for the fiscal year ended June 30, 2018. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) allows the District to explain, in general terms, its financial position and results of operations of the past fiscal year.

## **REPORT FORMAT**

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of School Board members and administration personnel, an organizational chart, and the Certificate of Excellence in Financial Reporting. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, required supplementary information, notes to required supplementary information, and the combining and individual fund statements and schedules presented as supplemental information. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the 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.

## **REPORTING ENTITY AND ITS SERVICES**

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

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

The District is located in Ramsey County and serves the cities of Arden Hills, Mounds View, New Brighton, North Oaks, Roseville, Shoreview, and Vadnais Heights. It encompasses 42.64 square miles, with a resident population of 88,905.

During 2017–2018, the District operated 15 buildings, including 2 high schools, 3 middle schools, 6 elementary schools, 2 education centers, 1 early childhood center, and 1 district center. The average age of the District's buildings is approximately 56 years. Enrollment has increased modestly over the previous 8 years and the District served 11,389 students for the 2017–2018 school year. The District is projecting a modest increase to enrollment for the 2018–2019 school year.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

The various communities that comprise the District are diverse, independent, and nearly fully developed. The District is seeing development in some pockets of its boundaries. The market values of property within the District have started to level off and values are expected to have modest increases in the subsequent year.

According to data from the Bureau of Economic Analysis, the per capita personal income in 2017 for the county was \$51,046 as compared to \$54,359 for the state of Minnesota and \$50,392 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Ramsey County continues to be lower than the national rates. In August 2018, the unemployment rate for Ramsey County was 2.6 percent, as compared to 2.5 percent for the state of Minnesota, and 3.9 percent for the United States.

## **MISSION STATEMENT AND STRATEGIC PLANNING**

The following Strategic Plan Framework influenced the direction of the District in the 2017-2018 school year.

### **Mission Statement**

The District will educate all learners through a broad range of programs that set high expectations and inspire outstanding achievement.

## Vision

The District will create a learning system that is committed to and focused on high student achievement. This will be accomplished through a healthy, accountable, and balanced approach that integrates the key components of learning:

- Healthy Learning Climate
- Shared Leadership and Accountability
- High Student Achievement
- Essential Curriculum and Effective Instruction
- Meaningful Family and Community Partnerships
- Financial Oversight and Stewardship of Resources
- Continuous Improvement

## Planning

A schoolhouse model best illustrates the goals, measures, and strategies that support our district's vision. Each room of the schoolhouse represents an area of strategic planning that supports the mission and vision of the District and reflects School Board policy as well.



## **FINANCIAL AND BUDGETARY CONTROL**

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

The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised quarterly during the fiscal year of its implementation.

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

## **FINANCIAL PROSPECTS FOR FUTURE YEARS**

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that the legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District currently receives \$1,559.41 per pupil through voter-approved operating referenda. Of the current levy, \$1,024.35 per pupil expires in 2022–2023 and \$535.06 per pupil expires in 2019–2020. These operating levies generated roughly \$21 million for the District in the 2017–2018 school year.

## **RELEVANT FINANCIAL POLICIES**

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances. Two of these policies include:

1. The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District.
2. One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

"Based on an annual assessment of financial risk, the District's unassigned fund balance should remain within a recommended range of two–five months of General Fund expenditures. This range will provide the next budget cycle with a reserve that will be responsive to economic cycles and risk tolerance."

This policy is used in all current budget information and future budget projections and guides decision-making by the School Board.



## **CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING**

This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International for their Certificate of Excellence in Financial Reporting Program. In order to be awarded a Certificate of Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized CAFR, which conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence in Financial Reporting is valid for a period of one year.

The District has received this award as the result of its initial submission in fiscal year 1998–1999 and all subsequent submissions on an annual basis through 2016–2017. We believe our current report conforms to Certificate of Excellence in Financial Reporting Program requirements of accuracy and thoroughness. The District intends to submit this report to the ASBO International Certificate Program for consideration.

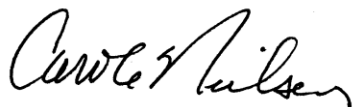
## **ACKNOWLEDGEMENTS**

The preparation of this CAFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process. We would also like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully Submitted,



Chris Lennox  
Superintendent



Carole Nielsen  
Executive Director of Administrative Services



Bridget Peterson  
Director of Finance

INDEPENDENT SCHOOL DISTRICT NO. 621

School Board and Administration  
as of June 30, 2018

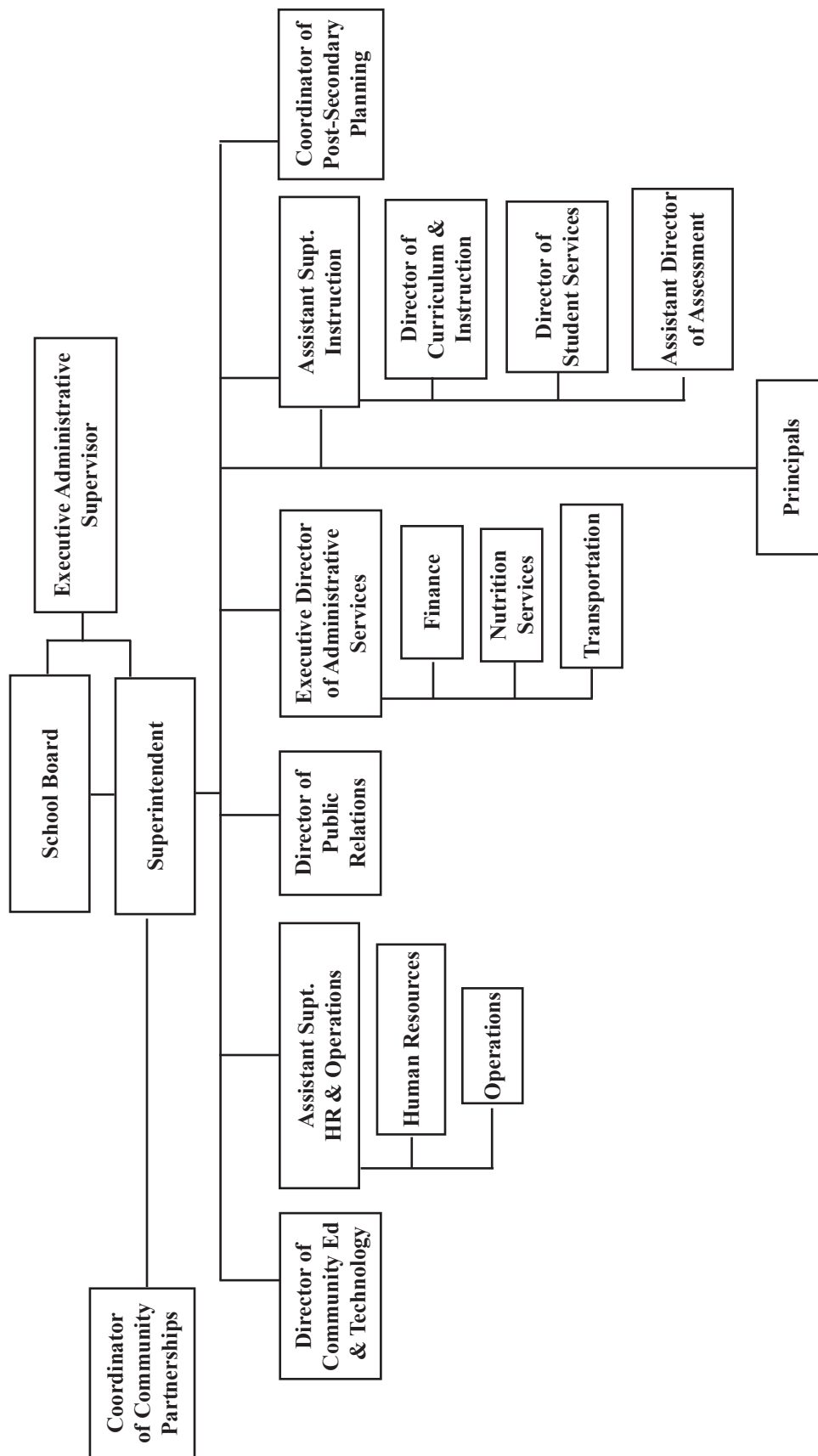
**SCHOOL BOARD**

Name	Term on Board Expires	Board Position
Jonathan Weinhausen	January 6, 2020	Chairperson
Amy Jones	January 6, 2020	Vice Chairperson
Sandra Westerman	January 6, 2020	Clerk
Robert Helgeson	January 6, 2020	Treasurer
Shauna Bock	January 9, 2022	Director
Diane Glasheen	January 9, 2022	Director
Marre Jo Sager	January 9, 2022	Director

**ADMINISTRATION**

Chris Lennox	Superintendent
John Ward	Assistant Superintendent of Human Resources and Operations
Jeff Ridlehoover	Assistant Superintendent of Instruction
Bev Zelinski	Director of Student Services
Karl Brown	Director of Community Education and Technology
Debbie Harrod	Nutrition Services Manager
Carole Nielsen	Executive Director of Administrative Services
Angie Peschel	Director of Curriculum and Instruction
Colin Sokolowski	Director of Public Relations
Amy Jo Johnson	Director of Human Resources
Bridget Peterson	Director of Finance

## *Administrative Team 2017-18*



July 1, 2017



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Independent School District #621 - Mounds View  
Public Schools**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

John D. Musso, CAE  
Executive Director

## FINANCIAL SECTION





**INDEPENDENT AUDITOR'S REPORT**

To the School Board and Management of  
Independent School District No. 621  
Mounds View Public Schools  
Shoreview, 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. 621, Mounds View Public Schools (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

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

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

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

### **Prior Year Comparative Information**

We have previously audited the District's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 1, 2017. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
November 5, 2018

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## INDEPENDENT SCHOOL DISTRICT NO. 621

### Management's Discussion and Analysis Year Ended June 30, 2018

This section of Independent School District No. 621, Mounds View Public Schools' (the District) comprehensive annual financial report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the other components of the District's CAFR.

#### **FINANCIAL HIGHLIGHTS**

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2018 by \$117,245,583 (net position deficit). The District's total net position decreased by \$33,972,754 during the fiscal year ended June 30, 2018.
- Government-wide revenues totaled \$179,222,137 and were \$33,972,754 less than expenses of \$213,194,891.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$1,237,267 from the prior year, compared to a \$497,937 decrease planned in the budget.

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

The financial section of the CAFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information, consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aid and property taxes.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.



**Proprietary Funds** – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of the district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

<b>Table 1</b> <b>Summary Statement of Net Position</b> <b>as of June 30, 2018 and 2017</b>		
	2018	2017
Assets		
Current and other assets	\$ 290,120,213	\$ 119,918,131
Capital assets, net of depreciation	94,465,312	97,190,964
Total assets	<u>\$ 384,585,525</u>	<u>\$ 217,109,095</u>
Deferred outflows of resources		
Pension plan deferments	<u>\$ 143,215,281</u>	<u>\$ 194,532,749</u>
Liabilities		
Current and other liabilities	\$ 22,987,763	\$ 18,156,222
Long-term liabilities, including due within one year	529,322,274	431,161,264
Total liabilities	<u>\$ 552,310,037</u>	<u>\$ 449,317,486</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 46,806,431	\$ 41,909,883
Pension plan deferments	45,397,763	3,319,781
OPEB plan deferments	532,158	367,523
Total deferred inflows of resources	<u>\$ 92,736,352</u>	<u>\$ 45,597,187</u>
Net position		
Net investment in capital assets	\$ 32,618,509	\$ 28,976,776
Restricted	4,593,151	4,646,339
Unrestricted	(154,457,243)	(116,895,944)
Total net position	<u>\$ (117,245,583)</u>	<u>\$ (83,272,829)</u>

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

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being depreciated and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans also contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. The District also issued the 2018A School Building Bonds, which increased current assets and long-term liabilities.

Table 2 presents a summarized version of the District's Statement of Activities:

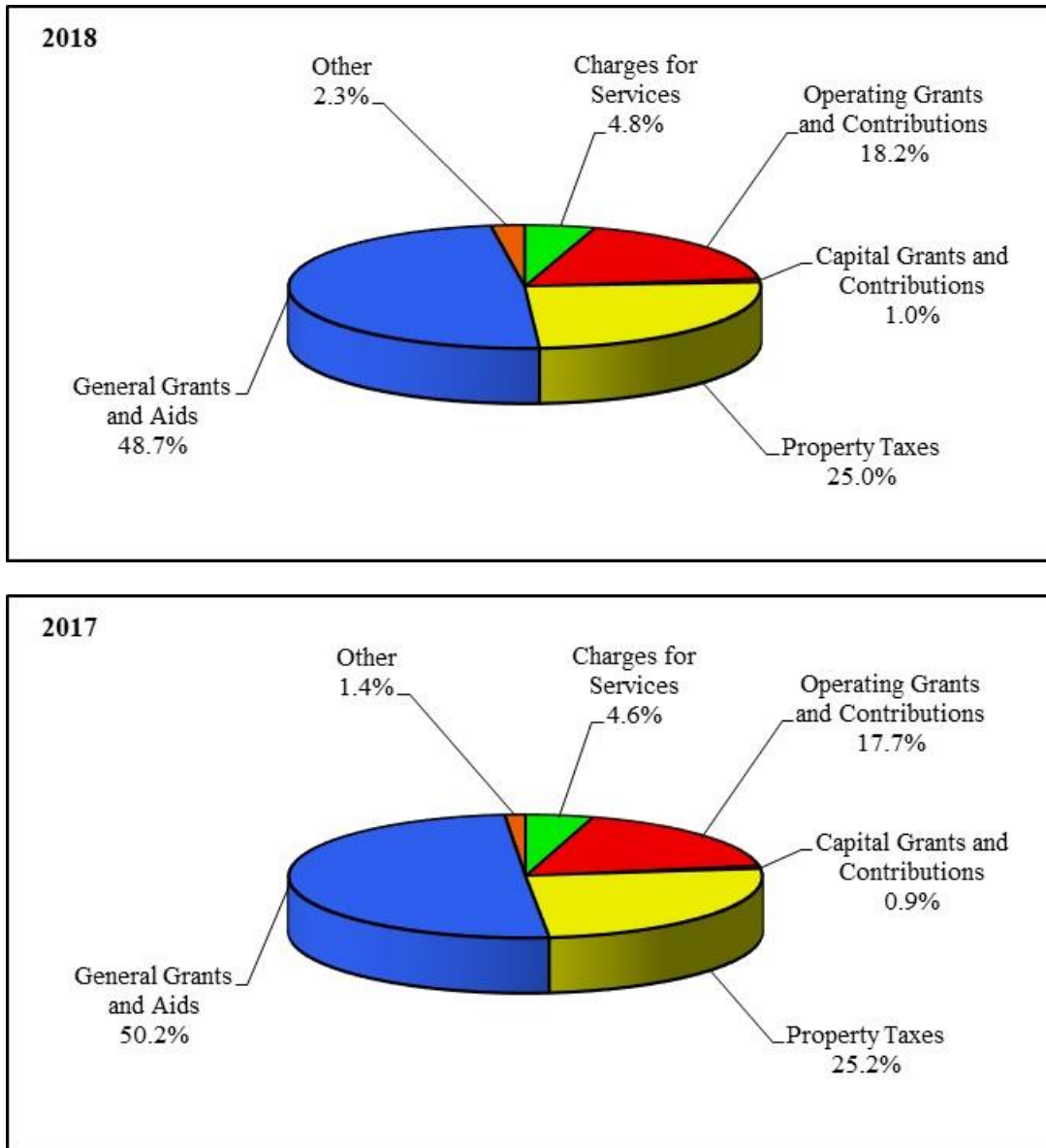
<b>Table 2</b> <b>Summary Statement of Activities</b> <b>for the Years Ended June 30, 2018 and 2017</b>		
	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 8,632,703	\$ 8,120,041
Operating grants and contributions	32,697,339	30,965,615
Capital grants and contributions	1,812,914	1,559,679
General revenues		
Property taxes	44,731,704	44,086,624
General grants and aids	87,181,761	88,069,014
Other	4,165,716	2,485,384
Total revenues	<u>179,222,137</u>	<u>175,286,357</u>
Expenses		
Administration	7,668,827	7,471,675
District support services	4,349,055	4,145,830
Elementary and secondary regular instruction	95,039,715	95,722,251
Vocational education instruction	3,230,895	2,616,771
Special education instruction	34,409,090	35,418,105
Instructional support services	11,956,712	11,824,060
Pupil support services	17,115,807	16,199,619
Sites and buildings	19,719,565	18,668,418
Fiscal and other fixed cost programs	266,786	278,990
Food service	5,976,662	6,184,095
Community service	7,350,028	6,273,316
Interest and fiscal charges on debt	6,111,749	3,989,027
Total expenses	<u>213,194,891</u>	<u>208,792,157</u>
Change in net position	(33,972,754)	(33,505,800)
Net position – beginning	<u>(83,272,829)</u>	<u>(49,767,029)</u>
Net position – ending	<u>\$ (117,245,583)</u>	<u>\$ (83,272,829)</u>

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

As seen above, total revenues for fiscal year 2018 were \$3,935,780 more than the prior year as a result of enrollment increases, an increase in the state general education aid basic formula allowance, and increased special education aid. Expenses increased by \$4,402,734 compared to fiscal year 2017 levels due to natural inflationary increases along with the change in the PERA and the TRA multi-employer defined benefit pension plans mentioned earlier. The increase in interest and fiscal charges on debt relates to bonds issued in the current year.

Figure A shows further analysis of these revenue sources:

**Figure A – Sources of Revenues for Fiscal Years 2018 and 2017**

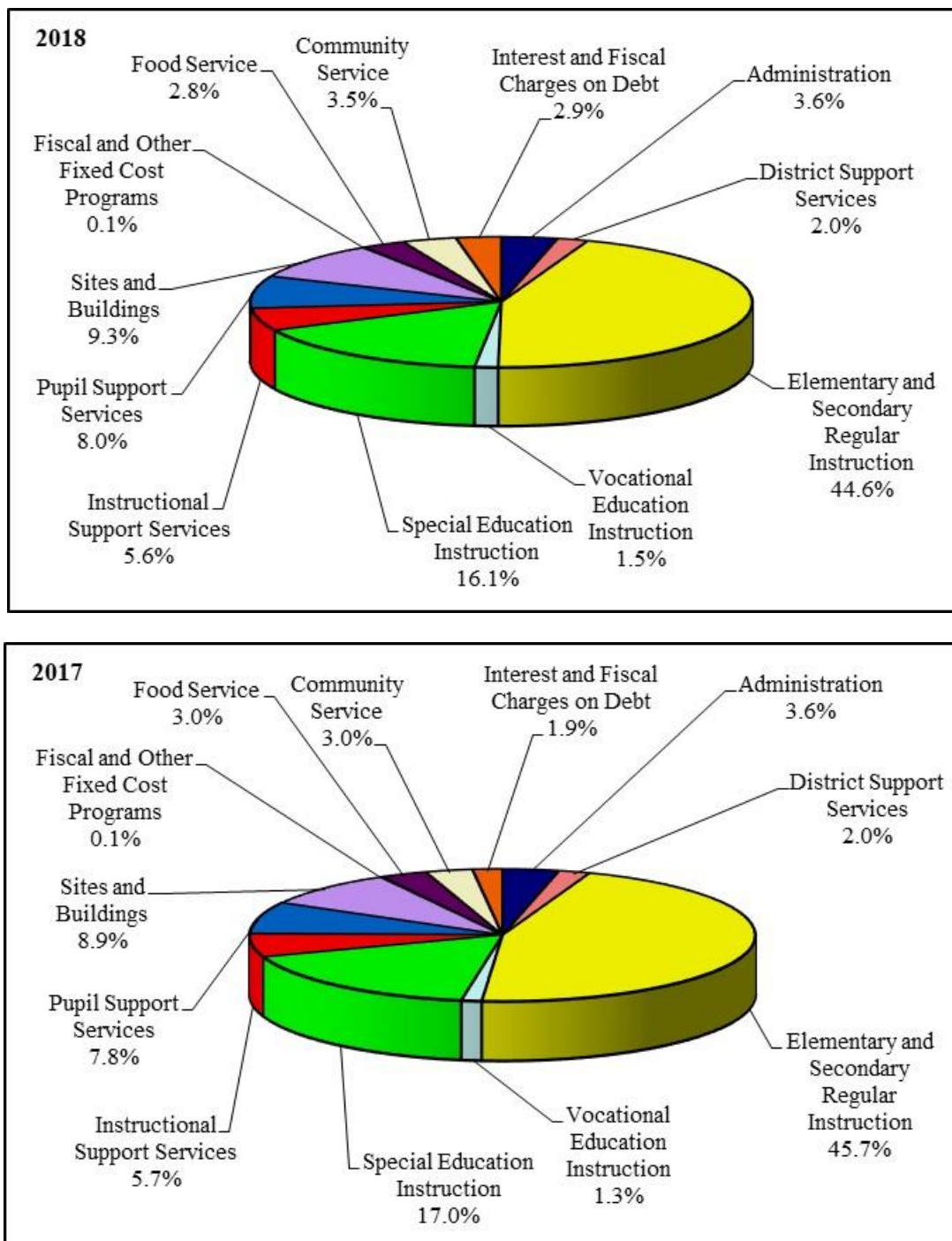


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed pressure on local school districts as a result of limited funding increases in recent years.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of these expense functions:

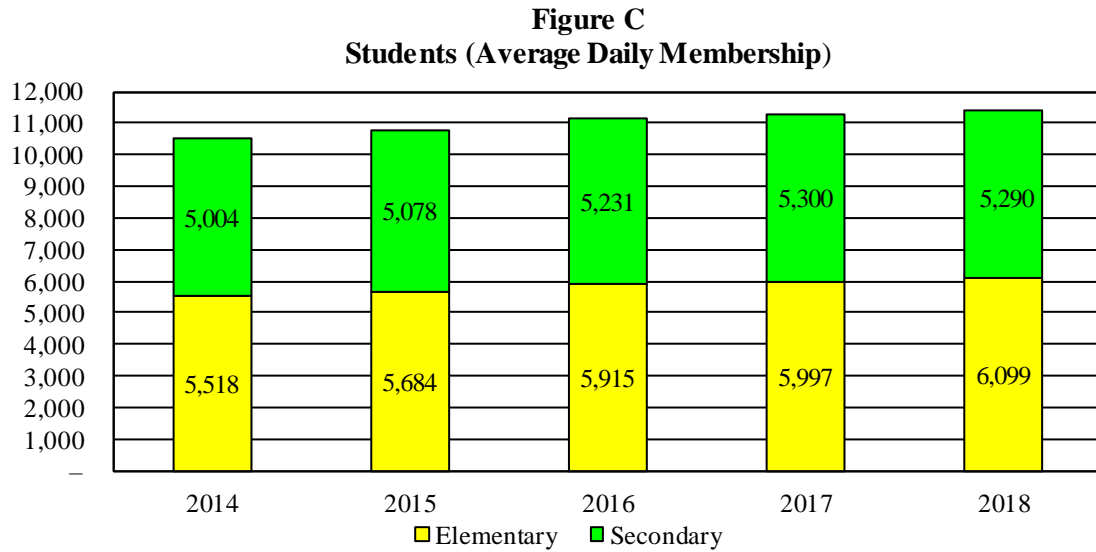
**Figure B – Expenses for Fiscal Years 2018 and 2017**



The District's expenses are predominately related to educating students. Programs (or functions) such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

## ENROLLMENT

Enrollment is a critical factor in determining General Fund revenue. The following chart shows that the number of students attending the District slightly increased over the last five years:



The District has experienced an increase of 92 students based on average daily membership, which is a combination of an increase of 102 elementary students and a decrease of 10 secondary students.



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

<b>Table 3</b> <b>Governmental Fund Balances</b> <b>as of June 30, 2018 and 2017</b>			
	2018	2017	Increase (Decrease)
Major funds			
General	\$ 29,182,788	\$ 30,420,055	\$ (1,237,267)
Capital Projects – Building Construction	162,532,071	(1,146,182)	163,678,253
Debt Service	19,196,794	19,352,348	(155,554)
Nonmajor funds			
Food Service Special Revenue	1,649,460	1,564,548	84,912
Community Service Special Revenue	518,478	1,010,892	(492,414)
Total governmental funds	<u>\$ 213,079,591</u>	<u>\$ 51,201,661</u>	<u>\$ 161,877,930</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2018, the District's governmental funds reported combined fund balances of \$213,079,591, an increase of \$161,877,930 in comparison with the prior year. Approximately 10.9 percent of this amount, \$23,135,058, constitutes unassigned fund balance, which is available for spending at the District's discretion and meets the District's unassigned fund balance policy. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form – \$1,588,080, 2) restricted for particular purposes – \$186,292,275, or 3) assigned for particular purposes – \$2,064,178.

## ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

<b>Table 4</b> <b>General Fund</b> <b>Budget</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenue and other financing sources	<u>\$ 149,226,992</u>	<u>\$ 150,947,241</u>	<u>\$ 1,720,249</u>	<u>1.2%</u>
Expenditures and other financing uses	<u>\$ 148,460,614</u>	<u>\$ 151,445,178</u>	<u>\$ 2,984,564</u>	<u>2.0%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget.

During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

<b>Table 5</b> <b>General Fund</b> <b>Operating Results</b>					
	<u>2018 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues	\$ 152,404,704	\$ 1,457,463	1.0%	\$ 5,707,625	3.9%
Expenditures	152,495,789	\$ 1,050,611	0.7%	\$ 722,599	0.5%
Other financing sources (uses)	<u>(1,146,182)</u>	\$ (1,146,182)	100.0%	\$ (6,846,182)	(120.1%)
Net change in fund balances	<u>\$ (1,237,267)</u>				

The fund balance of the General Fund decreased \$1,237,267, compared to a planned spend down of \$497,937 approved in the final budget.

General Fund revenues for 2018 increased \$5,707,625, or 3.9 percent, compared to the prior year. This was within \$1,457,463, or 1.0 percent, of budget. The largest revenue variance occurred in property taxes, which were \$1,148,439 more than projected in the budget, due to the long-term facilities maintenance levy adjustments recorded in the General Fund and transferred to the Capital Projects – Building Construction Fund to eliminate a prior year fund balance deficit. The increase from the prior year was mainly due to increased enrollment, improvements in the general education funding formula, and increased special education aid.

Current year expenditures of \$152,495,789 were \$1,050,611, or 0.7 percent, over budget. The expenditure variance was spread across several programs and object categories of the General Fund.

Total General Fund expenditures for 2018 increased \$722,599, or 0.5 percent, over the prior year. Expenditure increases were mainly for salaries and purchased services offset by a decrease in capital expenditures. Salary increases in the current year is due to contractual wage increases. Increases in purchased services expenditures is mainly due to increased transportation costs. These increases were offset by a decrease in capital expenditures due to the issuance of a capital lease for the District office building in the prior year.

## **COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS**

### **Capital Projects – Building Construction Fund**

The District's issuance of the 2018A General Obligation School Building Bonds, which will be used to finance construction and improvements at several district facilities, contributed to the overall increase in fund balance. At June 30, 2018, the District has \$162,532,071 in fund balance restricted for capital projects.

### **Debt Service Fund**

Debt Service Fund expenditures exceeded revenues and other financing sources by \$155,554 in the current year compared to a \$327,514 fund balance increase anticipated in the budget. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$19,196,794 at June 30, 2018 is available for meeting future debt service obligations.

### **Internal Service Funds**

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis. The District currently maintains two internal service funds. These funds are used to account for the District's self-insured health and dental insurance functions.

Operating revenues for the internal service funds for fiscal 2018 totaled \$20,199,374. This is an increase from the fiscal year 2017 operating revenue level of \$19,606,024. Nonoperating revenues totaled \$71,021, which is an increase from the fiscal year 2017 nonoperating revenue of \$17,516. Operating expenses totaled \$20,267,582, which represents an increase from fiscal year 2017 operating expenditures of \$18,570,702, due to more health benefit claims.

The net position balance for all internal service funds as of June 30, 2018 was \$2,943,671, which represents a \$2,813 increase from the prior year.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2018 and 2017:

<b>Table 6</b> <b>Capital Assets</b>			
	2018	2017	Change
Land	\$ 2,309,148	\$ 2,309,148	\$ —
Construction in progress	3,940,482	—	3,940,482
Land improvements	8,670,438	8,653,938	16,500
Buildings	197,447,261	197,396,706	50,555
Furniture and equipment	10,277,672	9,934,402	343,270
Less accumulated depreciation	(128,179,689)	(121,103,230)	(7,076,459)
Total	<u>\$ 94,465,312</u>	<u>\$ 97,190,964</u>	<u>\$ (2,725,652)</u>
Depreciation expense	<u>\$ 7,076,459</u>	<u>\$ 7,036,475</u>	<u>\$ 39,984</u>

The changes presented in the table above reflect the projects starting at district sites during fiscal year 2018, consistent with the activity of the Capital Projects – Building Construction Fund as discussed on the previous page.

### Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

<b>Table 7</b> <b>Outstanding Long-Term Liabilities</b>			
	2018	2017	Change
General obligation bonds	\$ 246,135,000	\$ 99,335,000	\$ 146,800,000
Unamortized premium/discount	9,060,512	793,619	8,266,893
Capital lease payable	5,323,620	5,514,300	(190,680)
Net pension liability	264,152,316	320,972,826	(56,820,510)
Severance benefits payable	1,545,970	1,632,417	(86,447)
Compensated absences payable	3,104,856	2,913,102	191,754
Total	<u>\$ 529,322,274</u>	<u>\$ 431,161,264</u>	<u>\$ 98,161,010</u>

The increase in general obligation bonds and unamortized premium/discount is due to the issuance of school building bonds with a premium offset by scheduled principal payments during fiscal year 2018. The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA.

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

<b>Table 8</b> <b>Limitations on Debt</b>	
District's market value	\$ 9,343,714,000
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,401,557,100</u></u>

Additional details of the District's capital assets and long-term debt activity can be found in the notes to basic financial statements.

## **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 a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. For the 2019 fiscal year, the Legislature added \$124, or 2 percent, per pupil to the basic general education funding formula.

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

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this CAFR or need additional financial information, contact the Finance Department at Independent School District No. 621, Mounds View Public Schools, 4570 Victoria Street North, Shoreview, Minnesota 55126 or at [www.moundsvIEWSchools.org](http://www.moundsvIEWSchools.org).

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## BASIC FINANCIAL STATEMENTS

## INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Net Position  
as of June 30, 2018  
(With Partial Comparative Information as of June 30, 2017)

	Governmental Activities	
	2018	2017
Assets		
Cash and temporary investments	\$ 219,151,242	\$ 53,480,246
Receivables		
Current taxes	26,450,977	24,568,092
Delinquent taxes	478,200	527,706
Accounts and interest	1,235,270	228,487
Due from other governmental units	16,275,599	15,252,973
Due from post-employment benefit trust	770,279	508,767
Inventory	44,363	51,865
Prepaid items	1,543,717	899,215
Net OPEB asset	7,048,939	6,904,750
Restricted assets – temporarily restricted		
Cash and investments for debt service	17,028,303	17,401,845
Interest receivable for debt service	93,324	94,185
Total restricted assets – temporarily restricted	17,121,627	17,496,030
Capital assets		
Not depreciated	6,249,630	2,309,148
Depreciated, net of accumulated depreciation	88,215,682	94,881,816
Total capital assets, net of accumulated depreciation	94,465,312	97,190,964
Total assets	384,585,525	217,109,095
Deferred outflows of resources		
Pension plan deferments	143,215,281	194,532,749
Total assets and deferred outflows of resources	\$ 527,800,806	\$ 411,641,844
Liabilities		
Salaries payable	\$ 8,613,274	\$ 8,401,712
Accounts and contracts payable	5,980,083	3,968,929
Accrued interest payable	3,386,462	1,692,151
Due to other governmental units	882,092	799,695
Unearned revenue	4,125,852	3,293,735
Long-term liabilities		
Due within one year	29,245,187	11,513,649
Due in more than one year	500,077,087	419,647,615
Total long-term liabilities	529,322,274	431,161,264
Total liabilities	552,310,037	449,317,486
Deferred inflows of resources		
Property taxes levied for subsequent year	46,806,431	41,909,883
Pension plan deferments	45,397,763	3,319,781
OPEB plan deferments	532,158	367,523
Total deferred inflows of resources	92,736,352	45,597,187
Net position		
Net investment in capital assets	32,618,509	28,976,776
Restricted for		
Capital asset acquisition	1,689,526	1,670,047
Food service	1,649,460	1,564,548
Community service	859,794	1,022,413
Other purposes (state funding restrictions)	394,371	389,331
Unrestricted	(154,457,243)	(116,895,944)
Total net position	(117,245,583)	(83,272,829)
Total liabilities, deferred inflows of resources, and net position	\$ 527,800,806	\$ 411,641,844



## INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Activities  
as of June 30, 2018  
(With Partial Comparative Information for the Year Ended June 30, 2017)

		2018			2017	
					Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 7,668,827	\$ —	\$ —	\$ —	\$ (7,668,827)	\$ (7,471,675)
District support services	4,349,055	—	—	—	(4,349,055)	(4,145,830)
Elementary and secondary regular instruction	95,039,715	1,004,098	3,675,378	—	(90,360,239)	(91,742,900)
Vocational education instruction	3,230,895	—	—	—	(3,230,895)	(2,616,771)
Special education instruction	34,409,090	553,754	24,638,171	—	(9,217,165)	(11,603,198)
Instructional support services	11,956,712	163,431	—	—	(11,793,281)	(11,667,463)
Pupil support services	17,115,807	306,794	—	—	(16,809,013)	(15,903,735)
Sites and buildings	19,719,565	112,906	364,777	1,812,914	(17,428,968)	(16,771,510)
Fiscal and other fixed cost programs	266,786	—	—	—	(266,786)	(278,990)
Food service	5,976,662	3,118,383	2,954,599	—	96,320	9,801
Community service	7,350,028	3,373,337	1,064,414	—	(2,912,277)	(1,965,524)
Interest and fiscal charges	6,111,749	—	—	—	(6,111,749)	(3,989,027)
Total governmental activities	<u>\$ 213,194,891</u>	<u>\$ 8,632,703</u>	<u>\$ 32,697,339</u>	<u>\$ 1,812,914</u>	(170,051,935)	(168,146,822)
General revenues						
Taxes						
Property taxes, levied for general purposes					30,823,278	30,211,501
Property taxes, levied for community service					1,005,463	979,320
Property taxes, levied for debt service					12,902,963	12,895,803
General grants and aids					87,181,761	88,069,014
Other general revenues					2,104,906	2,292,769
Investment earnings					2,060,810	192,615
Total general revenues					<u>136,079,181</u>	<u>134,641,022</u>
Change in net position					(33,972,754)	(33,505,800)
Net position – beginning					<u>(83,272,829)</u>	<u>(49,767,029)</u>
Net position – ending					\$ (117,245,583)	\$ (83,272,829)

INDEPENDENT SCHOOL DISTRICT NO. 621

Balance Sheet  
Governmental Funds  
as of June 30, 2018  
(With Partial Comparative Information as of June 30, 2017)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 35,842,419	\$ 162,405,704	\$ 11,094,428
Cash and investments held by trustee	–	–	17,028,303
Receivables			
Current taxes	15,899,758	–	10,019,599
Delinquent taxes	321,139	–	146,058
Accounts and interest	85,800	1,147,442	93,324
Due from other governmental units	15,843,226	–	36,032
Due from other funds	770,279	–	–
Inventory	–	–	–
Prepaid items	1,533,522	–	–
Total assets	<u>\$ 70,296,143</u>	<u>\$ 163,553,146</u>	<u>\$ 38,417,744</u>
Liabilities			
Salaries payable	\$ 8,137,916	\$ –	\$ –
Accounts and contracts payable	3,342,421	1,021,075	–
Due to other governmental units	882,092	–	–
Due to other funds	–	–	–
Unearned revenue	1,549,438	–	–
Total liabilities	<u>13,911,867</u>	<u>1,021,075</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	432,844	–	192,758
Property taxes levied for subsequent year	26,768,644	–	19,028,192
Total deferred inflows of resources	<u>27,201,488</u>	<u>–</u>	<u>19,220,950</u>
Fund balances (deficit)			
Nonspendable	1,533,522	–	–
Restricted	2,083,897	162,532,071	19,196,794
Assigned	2,064,178	–	–
Unassigned	23,501,191	–	–
Total fund balances	<u>29,182,788</u>	<u>162,532,071</u>	<u>19,196,794</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,296,143</u>	<u>\$ 163,553,146</u>	<u>\$ 38,417,744</u>

Nonmajor Funds	Total Governmental Funds	
	2018	2017
\$ 3,333,807	\$ 212,676,358	\$ 47,458,825
—	17,028,303	17,401,845
531,620	26,450,977	24,568,092
11,003	478,200	527,706
2,028	1,328,594	322,672
396,341	16,275,599	15,252,973
—	770,279	1,654,949
44,363	44,363	51,865
10,195	1,543,717	899,215
<u>\$ 4,329,357</u>	<u>\$ 276,596,390</u>	<u>\$ 108,138,142</u>
\$ 475,358	\$ 8,613,274	\$ 8,401,712
175,342	4,538,838	2,891,394
—	882,092	799,695
—	—	1,146,182
486,446	2,035,884	1,290,707
<u>1,137,146</u>	<u>16,070,088</u>	<u>14,529,690</u>
14,678	640,280	496,908
1,009,595	46,806,431	41,909,883
<u>1,024,273</u>	<u>47,446,711</u>	<u>42,406,791</u>
54,558	1,588,080	951,080
2,479,513	186,292,275	23,955,975
—	2,064,178	2,409,020
(366,133)	23,135,058	23,885,586
<u>2,167,938</u>	<u>213,079,591</u>	<u>51,201,661</u>
<u>\$ 4,329,357</u>	<u>\$ 276,596,390</u>	<u>\$ 108,138,142</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2018  
(With Partial Comparative Information as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
Total fund balances – governmental funds	\$ 213,079,591	\$ 51,201,661
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	222,645,001	218,294,194
Accumulated depreciation	(128,179,689)	(121,103,230)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds	(246,135,000)	(99,335,000)
Unamortized premium/discount	(9,060,512)	(793,619)
Capital leases payable	(5,323,620)	(5,514,300)
Net pension liability	(264,152,316)	(320,972,826)
Severance benefits payable	(1,545,970)	(1,632,417)
Compensated absences payable	(3,104,856)	(2,913,102)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.		
	7,048,939	6,904,750
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	2,943,671	2,940,858
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(3,386,462)	(1,692,151)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	143,215,281	194,532,749
Deferred inflows – pension plan deferments	(45,397,763)	(3,319,781)
Deferred inflows – OPEB plan deferments	(532,158)	(367,523)
Deferred inflows – unavailable revenue – delinquent property taxes	<u>640,280</u>	<u>496,908</u>
Total net position – governmental activities	<u><u>\$ (117,245,583)</u></u>	<u><u>\$ (83,272,829)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2018  
(With Partial Comparative Information for the Year Ended June 30, 2017)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 30,720,300	\$ –	\$ 12,865,726
Investment earnings	551,816	1,148,759	244,807
Other	3,805,927	–	–
State sources	113,251,264	–	364,827
Federal sources	4,075,397	–	–
Total revenue	152,404,704	1,148,759	13,475,360
Expenditures			
Current			
Administration	6,322,518	–	–
District support services	3,959,649	–	–
Elementary and secondary regular instruction	66,939,396	–	–
Vocational education instruction	2,546,828	–	–
Special education instruction	27,208,114	–	–
Instructional support services	9,640,035	–	–
Pupil support services	15,949,536	–	–
Sites and buildings	19,291,527	–	–
Fiscal and other fixed cost programs	266,786	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	3,077,777	–
Debt service			
Principal	190,680	–	9,750,000
Interest and fiscal charges	180,720	–	4,444,206
Total expenditures	152,495,789	3,077,777	14,194,206
Excess (deficiency) of revenue over expenditures	(91,085)	(1,929,018)	(718,846)
Other financing sources (uses)			
Debt issued	–	155,986,708	563,292
Premium on debt issued	–	8,474,381	–
Capital lease issued	–	–	–
Transfers in	–	1,146,182	–
Transfers (out)	(1,146,182)	–	–
Total other financing sources (uses)	(1,146,182)	165,607,271	563,292
Net change in fund balances	(1,237,267)	163,678,253	(155,554)
Fund balances (deficit)			
Beginning of year	30,420,055	(1,146,182)	19,352,348
End of year	\$ 29,182,788	\$ 162,532,071	\$ 19,196,794

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2018	2017
\$ 1,002,306	\$ 44,588,332	\$ 44,267,541
44,407	1,989,789	175,099
6,931,682	10,737,609	10,412,810
1,251,773	114,867,864	110,426,489
2,784,932	6,860,329	6,562,930
12,015,100	179,043,923	171,844,869
—	6,322,518	5,988,354
—	3,959,649	3,935,287
—	66,939,396	65,233,055
—	2,546,828	1,982,348
—	27,208,114	26,532,145
—	9,640,035	9,358,160
—	15,949,536	14,989,443
—	19,291,527	23,289,708
—	266,786	278,990
5,759,681	5,759,681	5,713,538
6,387,890	6,387,890	5,242,797
275,031	3,352,808	306,553
—	9,940,680	9,660,700
—	4,624,926	4,159,952
12,422,602	182,190,374	176,671,030
(407,502)	(3,146,451)	(4,826,161)
—	156,550,000	—
—	8,474,381	—
—	—	5,700,000
—	1,146,182	—
—	(1,146,182)	—
—	165,024,381	5,700,000
(407,502)	161,877,930	873,839
2,575,440	51,201,661	50,327,822
\$ 2,167,938	\$ 213,079,591	\$ 51,201,661

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INDEPENDENT SCHOOL DISTRICT NO. 621

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2018  
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Total net change in fund balances – governmental funds	\$ 161,877,930	\$ 873,839
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	4,350,807	6,206,472
Depreciation expense	(7,076,459)	(7,036,475)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.	(156,550,000)	(5,700,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	9,750,000	9,475,000
Capital lease payable	190,680	185,700
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	(8,266,893)	131,805
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	56,820,510	(220,403,705)
Severance benefits payable	86,447	265,815
Compensated absences payable	(191,754)	217,312
The change in the net OPEB asset does not require the use of current financial resources and is not included in the change in fund balances.	144,189	197,261
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(1,694,311)	39,120
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	2,813	1,052,838
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	(51,317,468)	175,800,229
Deferred inflows – pension plan deferments	(42,077,982)	5,737,429
Deferred inflows – OPEB plan deferments	(164,635)	(367,523)
Deferred inflows – unavailable revenue – delinquent property taxes	143,372	(180,917)
Change in net position – governmental activities	<u>\$ (33,972,754)</u>	<u>\$ (33,505,800)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
General Fund  
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 30,718,043	\$ 29,571,861	\$ 30,720,300	\$ 1,148,439
Investment earnings	200,000	500,000	551,816	51,816
Other	2,014,500	3,399,500	3,805,927	406,427
State sources	112,288,659	113,470,090	113,251,264	(218,826)
Federal sources	4,005,790	4,005,790	4,075,397	69,607
Total revenue	149,226,992	150,947,241	152,404,704	1,457,463
Expenditures				
Current				
Administration	5,783,538	5,783,538	6,322,518	538,980
District support services	4,138,151	4,138,151	3,959,649	(178,502)
Elementary and secondary regular instruction	66,978,530	68,886,198	66,939,396	(1,946,802)
Vocational education instruction	2,234,251	2,234,251	2,546,828	312,577
Special education instruction	26,632,941	26,632,941	27,208,114	575,173
Instructional support services	8,991,736	8,991,736	9,640,035	648,299
Pupil support services	15,026,583	15,626,583	15,949,536	322,953
Sites and buildings	18,003,484	18,480,380	19,291,527	811,147
Fiscal and other fixed cost programs	300,000	300,000	266,786	(33,214)
Debt service				
Principal	190,680	190,680	190,680	—
Interest and fiscal charges	180,720	180,720	180,720	—
Total expenditures	148,460,614	151,445,178	152,495,789	1,050,611
Excess (deficiency) of revenue over expenditures	766,378	(497,937)	(91,085)	406,852
Other financing sources (uses)				
Transfers (out)	—	—	(1,146,182)	(1,146,182)
Net change in fund balances	\$ 766,378	\$ (497,937)	(1,237,267)	\$ (739,330)
Fund balances				
Beginning of year			30,420,055	
End of year			\$ 29,182,788	

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Net Position  
Internal Service Funds  
as of June 30, 2018  
(With Partial Comparative Information as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current assets		
Cash and temporary investments	\$ 6,474,884	\$ 6,021,421
Liabilities		
Current liabilities		
Claims payable	1,441,245	1,077,535
Unearned revenue	<u>2,089,968</u>	<u>2,003,028</u>
Total current liabilities	<u>3,531,213</u>	<u>3,080,563</u>
Net position		
Unrestricted	<u>\$ 2,943,671</u>	<u>\$ 2,940,858</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenses, and Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2018  
(With Partial Comparative Information for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Operating revenue		
Charges for services	\$ 20,199,374	\$ 19,606,024
Operating expenses		
Dental benefit claims	1,122,542	986,837
Medical benefit claims	<u>19,145,040</u>	<u>17,583,865</u>
Total operating expenses	<u>20,267,582</u>	<u>18,570,702</u>
Operating income (loss)	(68,208)	1,035,322
Nonoperating revenue		
Investment earnings	<u>71,021</u>	<u>17,516</u>
Change in net position	2,813	1,052,838
Net position		
Beginning of year	<u>2,940,858</u>	<u>1,888,020</u>
End of year	<u><u>\$ 2,943,671</u></u>	<u><u>\$ 2,940,858</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2018  
(With Partial Comparative Information for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Assessments from other funds and employee contributions	\$ 20,286,314	\$ 19,663,903
Payment for dental claims	(1,112,555)	(992,404)
Payment for medical claims	<u>(18,791,317)</u>	<u>(17,516,865)</u>
Net cash flows from operating activities	382,442	1,154,634
Cash flows from investing activities		
Investment income received	<u>71,021</u>	<u>17,516</u>
Cash flows from noncapital financing activities		
Cash paid to other funds	<u>—</u>	<u>(214,454)</u>
Net change in cash and cash equivalents	453,463	957,696
Cash and cash equivalents		
Beginning of year	<u>6,021,421</u>	<u>5,063,725</u>
End of year	<u><u>\$ 6,474,884</u></u>	<u><u>\$ 6,021,421</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (68,208)	\$ 1,035,322
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Claims payable	363,710	61,433
Unearned revenue	<u>86,940</u>	<u>57,879</u>
Net cash flows from operating activities	<u><u>\$ 382,442</u></u>	<u><u>\$ 1,154,634</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Fiduciary Net Position  
Fiduciary Funds  
as of June 30, 2018

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Assets		
Cash and temporary investments	\$ —	\$ 130,157
Investments, at fair value		
Minnesota State Board of Investment		
Non-Retirement Money Market Fund	5,262,927	—
Non-Retirement Equity Fund	11,378,381	—
Non-Retirement Bond Fund	6,685,133	—
Accounts receivable	—	112,888
Total assets	<u>23,326,441</u>	<u>243,045</u>
Liabilities		
Accounts payable	—	172,689
Due to governmental funds	770,279	—
Total liabilities	<u>770,279</u>	<u>172,689</u>
Net position		
Held in trust for scholarships	—	70,356
Held in trust for OPEB benefits	22,556,162	—
Total net position	<u><u>\$ 22,556,162</u></u>	<u><u>\$ 70,356</u></u>

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2018

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Additions		
Gifts and bequests	\$ —	\$ 121,938
Investment earnings	1,481,174	—
Total additions	<u>1,481,174</u>	<u>121,938</u>
Deductions		
Scholarships awarded	—	148,110
Post-employment benefit costs	1,242,873	—
Total deductions	<u>1,242,873</u>	<u>148,110</u>
Change in net position	238,301	(26,172)
Net position		
Beginning of year	<u>22,317,861</u>	<u>96,528</u>
End of year	<u><u>\$ 22,556,162</u></u>	<u><u>\$ 70,356</u></u>

See notes to basic financial statements



# INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Basic Financial Statements  
June 30, 2018

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

### **A. Organization**

Independent School District No. 621, Mounds View Public Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### **B. Reporting Entity**

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

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

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

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, district school boards can elect to either control or not control extracurricular activities. The District's School Board has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the District's General Fund.

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

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

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

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

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

Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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

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

Fiduciary funds are presented in the fiduciary fund financial statements by type. The District reports one Private-Purpose Trust Fund and one Post-Employment Benefits Trust Fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

### **Description of Funds**

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

#### **Major Governmental Funds**

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital-related activities such as maintenance of facilities and equipment purchases.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or the Long-Term Facilities Maintenance Program.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the 2008A taxable OPEB bond issue and the 2015A taxable OPEB refunding bond issue.

#### **Nonmajor Governmental Funds**

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

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

#### **Proprietary Funds**

**Internal Service Funds** – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and medical insurance benefits offered by the District to its employees as a self-insured plan.

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

### **Fiduciary Funds**

**Post-Employment Benefits Trust Fund** – The Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund OPEB for eligible employees.

**Scholarship Private-Purpose Trust Fund** – The Scholarship Private-Purpose Trust Fund is used to administer resources received and held by the District as the trustee for others. This fund is used for scholarships.

### **E. Budgeting**

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. The School Board adopts an annual budget for the following fiscal year for all governmental funds.

Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and the Capital Projects – Building Construction Fund by \$1,050,611, \$40,467, \$921,239, and \$477,777, respectively.

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

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee is used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow account.

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date. Guaranteed investment contracts are valued on a cost-basis measure, and therefore, are not subject to the fair value disclosure.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The Proprietary Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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

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

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

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

### **G. Receivables**

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

### **H. Inventories**

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

### **I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

### **J. Property Taxes**

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,095,980 of the property tax levy collectible in 2018 as revenue to the District in fiscal year 2017–2018. The remaining portion of the taxes collectible in 2018 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes 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 reported as a deferred inflow of resources (unavailable revenue) in the fund-based financial statements because it is not known to be available to finance the operations of the District in the current year.

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

### **K. Capital Assets**

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

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

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

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

### **L. 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. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

### **M. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

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

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

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

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

### **N. Compensated Absences Payable**

**Personal Time Off** – The District’s 12-month employees are entitled to personal time off. These benefits are reported as liabilities in the government-wide financial statements when earned and as expenditures when taken in the fund financial statements.

**Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. These obligations are considered expenditures in the governmental funds to the extent matured. Unused sick leave enters into the calculation of retirement incentive payments for some employees upon termination.

### **O. Severance**

Severance benefits consist of lump sum retirement incentive payments based on convertible sick leave for the custodial group. The District has phased out retirement incentive plans for its custodial group. For this remaining liability, the amount of severance that is based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance is accrued in the governmental funds financial statements only when it becomes due and payable.

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

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

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

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

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

### Q. Other Post-Employment Benefits (OPEB) Plan

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

### R. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2018.
- 2. Self-Insurance** – The District has established an internal service fund to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service fund provides coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the internal service fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

Changes in the balance of dental claim liabilities for the past two years were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017	\$ 85,102	\$ 986,837	\$ 992,404	\$ 79,535
2018	\$ 79,535	\$ 1,122,542	\$ 1,112,555	\$ 89,522

Changes in the balance of health insurance claim liabilities for the past two years were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017	\$ 931,000	\$ 17,583,865	\$ 17,516,865	\$ 998,000
2018	\$ 998,000	\$ 19,145,040	\$ 18,791,317	\$ 1,351,723



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

### S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

### T. Fund Balance Classifications

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

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

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

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

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

### **U. Restricted Assets**

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

### **V. Use of Estimates**

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

### **W. Prior Period Comparative Financial Information/Reclassification**

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2017, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board.

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

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

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

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

At year-end, the carrying amount of the District's deposits was \$1,184, while the balance on the bank records was \$1,184. At June 30, 2018, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

### B. Investments

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2018, the District’s investment portfolio includes a guaranteed investment contract at 62.8 percent and government agency securities with Federal Home Loan Bank at 6.5 percent of the total portfolio.

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

### C. Summary Data

Cash and investments are included on the basic financial statements as follows:

Cash and temporary investments – Statement of Net Position	\$ 219,151,242
Cash and investments – temporarily restricted – Statement of Net Position	17,028,303
Cash and temporary investments – Statement of Fiduciary Net Position	130,157
Investments, at fair value – Statement of Fiduciary Net Position	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	5,262,927
Non-Retirement Equity Fund	11,378,381
Non-Retirement Bond Fund	<u>6,685,133</u>
Total cash and investments	<u>\$ 259,636,143</u>

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District's deposit and investment balances at June 30, 2018 and information relating to potential investment risks:

Investment Type	Credit Rating		Fair Value Measurement	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. treasury securities	Aaa	Moody's	Level 1	\$ 153,052	\$ –	\$ 153,052
Government agency securities	AA	S&P	Level 2	\$ 16,874,068	\$ –	16,874,068
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ 7,142,000	\$ 987,000	8,129,000
Guaranteed investment contract	Aa	Moody's	N/A	\$ –	\$ 162,996,673	162,996,673
Investment pools/mutual funds						
Minnesota State Board of Investment						
Non-Retirement Bond Fund	N/R	N/A	N/A			6,685,133
Non-Retirement Equity Fund	N/R	N/A	N/A			11,378,381
Non-Retirement Money Market Fund	N/R	N/A	N/A			5,262,927
Federated Government Obligations Money Market Fund	AAA	S&P	NAV			44,774,907
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A			3,375,418
Total investments						259,629,559
Petty cash						5,400
Deposits						1,184
Total deposits and investments						<u>\$ 259,636,143</u>

NAV – Net Asset Value

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) and the Minnesota State Board of Investment (SBI) funds are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District's investment in the MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. There are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; redemption notice period is 14 days for the MAX Class.

For the Federated Government Obligations Money Market Fund valued at the net asset value, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice period required.

The District's investment policy allows the District to invest within the various accounts of the Supplemental Investment Fund, as administered by the Minnesota SBI. Investments held in the external investment pools of the Supplemental Investment Fund are presented in the table above and in the Post-Employment Benefits Trust Fund in the Statement of Fiduciary Net Position.

### NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units as of June 30, 2018, for the District's major and nonmajor funds are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Due from other governmental units				
Minnesota school districts	\$ 229,157	\$ –	\$ 228,007	\$ 457,164
Minnesota Department of Education (MDE)	11,220,356	36,032	112,442	11,368,830
Federal government through the MDE	3,957,659	–	55,892	4,013,551
Other governmental units	436,054	–	–	436,054
Total due from other governmental units	<u>\$ 15,843,226</u>	<u>\$ 36,032</u>	<u>\$ 396,341</u>	<u>\$ 16,275,599</u>

### NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2018 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 2,309,148	\$ –	\$ –	\$ 2,309,148
Construction in progress	–	3,940,482	–	3,940,482
Total capital assets, not depreciated	2,309,148	3,940,482	–	6,249,630
Capital assets, depreciated				
Land improvements	8,653,938	16,500	–	8,670,438
Buildings	197,396,706	50,555	–	197,447,261
Furniture and equipment	9,934,402	343,270	–	10,277,672
Total capital assets, depreciated	215,985,046	410,325	–	216,395,371
Less accumulated depreciation for				
Land improvements	(5,581,503)	(341,369)	–	(5,922,872)
Buildings	(107,813,605)	(6,361,938)	–	(114,175,543)
Furniture and equipment	(7,708,122)	(373,152)	–	(8,081,274)
Total accumulated depreciation	(121,103,230)	(7,076,459)	–	(128,179,689)
Net capital assets, depreciated	94,881,816	(6,666,134)	–	88,215,682
Total capital assets, net	<u>\$ 97,190,964</u>	<u>\$ (2,725,652)</u>	<u>\$ –</u>	<u>\$ 94,465,312</u>

Depreciation expense for the year ended June 30, 2018 was charged to the following governmental functions:

Elementary and secondary regular instruction	\$ 5,702,029
Vocational education instruction	655
Special education instruction	1,543
Community service	1,702
Instructional support services	2,325
Pupil support services	22,528
Food service	93,040
Sites and buildings	1,252,637
Total depreciation expense	<u>\$ 7,076,459</u>

## NOTE 5 – LONG-TERM LIABILITIES

### A. Components of General Obligation Bonds

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

Issue Name and Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Refunding bonds				
2009A Refunding Bonds	2.50%–4.00%	\$ 26,970,000	02/01/2022	\$ 11,710,000
2010A Alternative Facility Refunding Bonds	4.00%–5.00%	\$ 20,010,000	02/01/2025	15,150,000
2011A Alternative Facility Refunding Bonds	2.00%–4.00%	\$ 16,540,000	02/01/2023	8,975,000
2012A Refunding Bonds	0.45%–2.55%	\$ 29,760,000	02/01/2024	18,115,000
Taxable OPEB bonds				
2008A Taxable OPEB Bonds	6.00%–7.00%	\$ 26,250,000	02/01/2024	18,120,000
2015A Taxable OPEB Refunding Bonds	3.00%	\$ 17,515,000	02/01/2024	17,515,000
School building bonds				
2018A School Building Bonds	3.00%–5.00%	\$ 156,550,000	02/01/2043	<u>156,550,000</u>
Total general obligation bonds				<u>\$ 246,135,000</u>

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities, to finance the retirement (refunding) of prior bond issues, or to finance OPEB obligations. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized equal 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In February 2015, the District issued \$17,515,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2015A. The proceeds of this issue and interest earned thereon will be used to refund, in advance of their stated maturities, the 2020 through 2024 maturities of the District's 2008A Taxable OPEB Bonds totaling \$16,815,000. The proceeds of the 2015A issue have been placed in an escrow account pending the February 1, 2019 call date of the refunded issue. Until the call date, the District will continue to make all debt service payments on the 2008A issue, and all debt service on the 2015A issue will be paid from the escrow account. On February 1, 2019, the escrow account will be used to call the remaining principal of the 2008A issue, and the District will assume all future principal and interest payments on the 2015A issue. This "crossover refunding" will reduce the District's total future debt service payments by approximately \$1,851,463 and will result in present value savings of approximately \$1,580,476.

## NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

### B. Capital Leases Payable

The District purchased an office building through a 20-year capitalized lease/purchase agreement. Annual principal and interest on this lease will be paid from the General Fund. The District currently has the following capital lease payable outstanding:

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
District office building; final purchase option at bargain price at end of lease term	\$ 5,700,000	3.25%	01/02/2017	01/02/2037	\$ 5,323,620

The asset acquired through the capital lease is as follows:

	Buildings
Assets	\$ 5,700,000
Less accumulated depreciation	(114,000)
	<u>\$ 5,586,000</u>

### C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, compensated absences, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

The District has three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2018:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide multiple-employer – PERA	\$ 21,143,589	\$ 5,991,497	\$ 5,730,596	\$ 2,155,314
State-wide multiple-employer – TRA	234,711,009	137,223,784	39,497,926	41,799,679
Single-employer – District	8,297,718	–	169,241	482,634
Total	<u>\$ 264,152,316</u>	<u>\$ 143,215,281</u>	<u>\$ 45,397,763</u>	<u>\$ 44,437,627</u>



**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)****D. Minimum Debt Payments**

Minimum annual principal and interest payments to maturity for general obligation bonds and capital leases are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2019	\$ 27,345,000	\$ 8,983,591	\$ 199,994	\$ 171,406
2020	10,820,000	8,212,528	206,547	164,853
2021	11,190,000	7,863,487	213,314	158,086
2022	11,575,000	7,478,970	220,303	151,097
2023	12,300,000	7,073,820	227,521	143,879
2024–2028	38,220,000	30,103,460	1,254,430	602,570
2029–2033	37,125,000	22,434,650	1,473,846	383,154
2034–2038	44,490,000	15,072,236	1,527,665	122,970
2039–2043	53,070,000	6,482,025	–	–
	<u>\$ 246,135,000</u>	<u>\$ 113,704,767</u>	<u>\$ 5,323,620</u>	<u>\$ 1,898,015</u>

**E. Changes in Long-Term Liabilities**

	Balance – June 30, 2017	Additions	Deletions	Balance – June 30, 2018	Due Within One Year
General obligation bonds	\$ 99,335,000	\$ 156,550,000	\$ 9,750,000	\$ 246,135,000	\$ 27,345,000
Unamortized premium/discount	793,619	8,474,381	207,488	9,060,512	–
Total bonds payable	100,128,619	165,024,381	9,957,488	255,195,512	27,345,000
Capital lease payable	5,514,300	–	190,680	5,323,620	199,994
Net pension liability	320,972,826	3,650,783	60,471,293	264,152,316	–
Severance benefits payable	1,632,417	38,910	125,357	1,545,970	147,765
Compensated absences payable	2,913,102	1,935,739	1,743,985	3,104,856	1,552,428
	<u>\$ 431,161,264</u>	<u>\$ 170,649,813</u>	<u>\$ 72,488,803</u>	<u>\$ 529,322,274</u>	<u>\$ 29,245,187</u>

**NOTE 6 – FUND BALANCES**

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

## NOTE 6 – FUND BALANCES (CONTINUED)

### A. Classifications

At June 30, 2018, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
<b>Nonspendable</b>					
Inventory	\$ –	\$ –	\$ –	\$ 44,363	\$ 44,363
Prepaid items	1,533,522	–	–	10,195	1,543,717
Total nonspendable	1,533,522	–	–	54,558	1,588,080
<b>Restricted</b>					
Health and safety	70,970	–	–	–	70,970
Operating capital	1,618,556	–	–	–	1,618,556
State-approved alternative programs	56,333	–	–	–	56,333
Gifted and talented	57,893	–	–	–	57,893
Achievement and integration	60,142	–	–	–	60,142
Medical Assistance	220,003	–	–	–	220,003
Capital projects	–	162,532,071	–	–	162,532,071
Community education programs	–	–	–	736,752	736,752
Adult basic education	–	–	–	146,959	146,959
Food service	–	–	–	1,595,802	1,595,802
Bond refunding	–	–	17,121,627	–	17,121,627
Debt service	–	–	2,075,167	–	2,075,167
Total restricted	2,083,897	162,532,071	19,196,794	2,479,513	186,292,275
<b>Assigned</b>					
High school parking lots	364,000	–	–	–	364,000
Alternative quality teacher compensation	71,344	–	–	–	71,344
School building carryover	1,628,834	–	–	–	1,628,834
Total assigned	2,064,178	–	–	–	2,064,178
<b>Unassigned</b>					
Long-term facilities maintenance restricted account deficit	(1,072,915)	–	–	–	(1,072,915)
Early childhood family education programs restricted account deficit	–	–	–	(326,638)	(326,638)
Community service programs restricted account deficit	–	–	–	(39,495)	(39,495)
Unassigned	24,574,106	–	–	–	24,574,106
Total unassigned	23,501,191	–	–	(366,133)	23,135,058
<b>Total</b>	<b>\$ 29,182,788</b>	<b>\$ 162,532,071</b>	<b>\$ 19,196,794</b>	<b>\$ 2,167,938</b>	<b>\$ 213,079,591</b>

### B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states the unassigned fund balance should remain within a recommended range of two to five months of General Fund expenditures.

At June 30, 2018, unassigned fund balance in the General Fund, excluding restricted account deficits, represented 16.1 percent of annual expenditures, or approximately two months of operations assuming level spending throughout the year.

## NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

### A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. The District has phased out various retirement incentive payment plans for its teachers and other employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements and hire dates. No employee can receive retirement incentive payments exceeding one year's salary. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

**Teacher Pension Benefits** – For eligible teachers (with at least 15 years of continuous service and at least 50 years of age), the District pays the amount equal to 10 percent of a year's salary for each full year of full-time service, but not to exceed a total of 1 year's salary and is paid in 3 equal installments over 3 years.

**Clerical Pension Benefits** – For eligible employees (with at least 15 years of continuous service and at least 55 years of age), the District pays the amount representing 5 days of pay for each full year of full-time service, but not to exceed a total of 100 days' pay and is paid in 2 equal annual installments over 2 years.

### B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. There are no invested plan assets accumulated for payment of future benefits.

### C. Membership

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

Retirees and beneficiaries receiving benefits	36
Active plan members	<u>240</u>
Total members	<u><u>276</u></u>

### D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2016 and a measurement date as of June 30, 2018, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50%
20-year municipal bond yield	3.50%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)****E. Discount Rate**

The discount rate used to measure the total pension liability was 3.50 percent. The District discount rate used in the prior measurement date was 2.90 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

**F. Changes in the Total Pension Liability**

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2017	\$ 8,849,685
Changes for the year	
Service cost	255,228
Interest	251,584
Assumption changes	(193,419)
Benefit payments	<u>(865,360)</u>
Total net changes	<u>(551,967)</u>
Ending balance – June 30, 2018	<u>\$ 8,297,718</u>

Assumption changes since the prior measurement date include the following:

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

**G. Total Pension Liability Sensitivity to Discount Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.50%	3.50%	4.50%
Total pension liability	\$ 8,670,028	\$ 8,297,718	\$ 7,929,452

## NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

### H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

The District recognized pension expense of \$482,634 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ –	\$ 169,241

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

Year Ending June 30,	Pension Expense Amount
2019	\$ (24,178)
2020	\$ (24,178)
2021	\$ (24,178)
2022	\$ (24,178)
2023	\$ (24,178)
Thereafter	\$ (48,351)

## NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

### A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. The District is phasing out post-employment medical and dental insurance to all district employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

## NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

### B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage at their cost through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical and dental, for some period after retirement. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an implicit rate subsidy. This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

### C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District.

### D. Membership

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

Retirees and beneficiaries receiving benefits	165
Active plan members	<u>1,574</u>
Total members	<u><u>1,739</u></u>

### E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 15,507,223
Plan fiduciary net position	<u>(22,556,162)</u>
District's net OPEB liability (asset)	<u><u>\$ (7,048,939)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>145.5%</u></u>

## NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

### F. Actuarial Methods and Assumptions

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

Discount rate	5.20%
Expected long-term investment return	5.20% (net of investment expenses)
20-year municipal bond yield	3.50%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.50% in 2017 grading to 5.00% over 6 years
Dental trend rate	4.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Non-Retirement Equity Fund	40 %	7.50 %
Non-Retirement Bond Fund	30	5.60 %
Non-retirement cash pool	30	1.70 %
Total	100 %	5.20 %

### G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 6.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)****H. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.20 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 5.20 percent.

**I. Changes in the Net OPEB Liability (Asset)**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2017	\$ 15,413,111	\$ 22,317,861	\$ (6,904,750)
Changes for the year			
Service cost	629,616	–	629,616
Interest	799,941	–	799,941
Employer contributions	–	92,572	(92,572)
Net investment income	–	1,481,174	(1,481,174)
Benefit payments	(1,335,445)	(1,335,445)	–
Total net changes	<u>94,112</u>	<u>238,301</u>	<u>(144,189)</u>
Ending balance – June 30, 2018	<u>\$ 15,507,223</u>	<u>\$ 22,556,162</u>	<u>\$ (7,048,939)</u>

**J. Net OPEB Asset Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.20%	5.20%	6.20%
Net OPEB liability (asset)	\$ (6,237,367)	\$ (7,048,939)	\$ (7,821,667)



**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare trend rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability (asset)	\$ (8,322,352)	\$ (7,048,939)	\$ (5,600,498)

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

For the current year ended, the District recognized OPEB expense of \$113,018. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ —	\$ 532,158

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

Year Ending June 30,	OPEB Expense Amount
2019	\$ (156,010)
2020	\$ (156,010)
2021	\$ (156,009)
2022	\$ (64,129)

## **NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

### **A. Plan Descriptions**

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

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

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

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

#### **2. Teachers Retirement Association (TRA)**

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

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 City of 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 Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan administered by MnSCU.

### **B. Benefits Provided**

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

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90.0 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90.0 percent funded, or have fallen below 80.0 percent, are given 1.0 percent increases.
- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January and are assumed to remain level at 2.0 percent annually through 2018, and 1.0 percent thereafter.

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.

## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### 1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. 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 Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent of average salary 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 age 66.

### 2. TRA Benefits

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

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

#### Tier I Benefits

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

With these provisions:

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

## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### Tier II Benefits

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

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

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

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2018; the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2018, were \$1,656,133. The District's contributions were equal to the required contributions as set by state statutes.

#### 2. TRA Contributions

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

	Year Ended June 30,			
	2017		2018	
	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.0 %	11.5 %	11.0 %	11.5 %
<b>Coordinated Plan</b>	7.5 %	7.5 %	7.5 %	7.5 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2018, were \$4,904,007. The District's contributions were equal to the required contributions for each year as set by state statutes.

## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	<i>in thousands</i>
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 367,791
Add employer contributions not related to future contribution efforts	810
Deduct the TRA's contributions not included in allocation	<u>(456)</u>
Total employer contributions	368,145
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 403,733</u>

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

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2018, the District reported a liability of \$21,143,589 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3312 percent at the end of the measurement period and 0.3433 percent for the beginning of the period.

The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$6 million to the fund. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 21,143,589
State's proportionate share of the net pension liability associated with the District	\$ 265,869

For the year ended June 30, 2018, the District recognized pension expense of \$2,147,635 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$7,679 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$6 million to the GERF.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

At June 30, 2018, the District reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 696,828	\$ 1,424,894
Changes in actuarial assumptions	3,638,536	2,119,647
Difference between projected and actual investment earnings	–	829,023
Changes in proportion	–	1,357,032
District's contributions to the GERP subsequent to the measurement date	<u>1,656,133</u>	<u>–</u>
Total	<u><u>\$ 5,991,497</u></u>	<u><u>\$ 5,730,596</u></u>

A total of \$1,656,133 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the GERP pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	\$ (759,796)
2020	\$ 872,595
2021	\$ (610,526)
2022	\$ (897,505)

**2. TRA Pension Costs**

At June 30, 2018, the District reported a liability of \$234,711,009 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 1.1758 percent at the end of the measurement period and 1.1917 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 234,711,009
State's proportionate share of the net pension liability associated with the District	\$ 22,689,450

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

For the year ended June 30, 2018, the District recognized pension expense of \$41,364,513. It also recognized \$435,166 as an increase to pension expense for the support provided by direct aid.

At June 30, 2018, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,808,749	\$ 1,648,262
Changes in actuarial assumptions	128,884,355	32,879,307
Difference between projected and actual investment earnings	–	1,809,916
Changes in proportion	1,626,674	3,160,441
District's contributions to the TRA subsequent to the measurement date	4,904,006	–
Total	<u>\$ 137,223,784</u>	<u>\$ 39,497,926</u>

A total of \$4,904,006 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	\$ 25,175,351
2020	\$ 29,261,501
2021	\$ 24,891,468
2022	\$ 21,029,866
2023	\$ (7,536,334)

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per year	
Price inflation		2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25% per year	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0 percent per year for the GERF through 2044, and then 2.5 percent thereafter, and 2.0 percent per year for all future years for the TRA.

## **NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

Actuarial assumptions used in the June 30, 2017 valuation for the GERP were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

### **1. GERP**

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

### **2. TRA**

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

The long-term expected rate of return on pension plan investments is 7.50 percent for the GERP and 5.12 percent for the TRA. The Minnesota SBI, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.



**NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39 %	5.10 %
International stocks	19	5.30 %
Bonds	20	0.75 %
Alternative assets	20	5.90 %
Cash	2	– %
Total	100 %	

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

The discount rate used to measure the total pension liability in 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**2. TRA**

The discount rate used to measure the total pension liability was 5.12 percent. This is an increase from the discount rate at the prior measurement date of 4.66 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.50 percent) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56 percent was applied to periods on and after 2053, resulting in a SEIR of 5.12 percent. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01 percent).

## NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

### G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 32,795,278	\$ 21,143,589	\$ 11,604,566
TRA discount rate	4.12%	5.12%	6.12%
District's proportionate share of the TRA net pension liability	\$ 309,773,305	\$ 234,711,009	\$ 171,424,362

### H. Pension Plan Fiduciary Net Position

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state, including the plans administered by the PERA and the TRA. The reforms include several changes, including modifications in future COLA and contribution rates.

Detailed information about the GERF's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at [www.mnpera.org](http://www.mnpera.org); by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

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

## NOTE 10 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

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

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

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

## NOTE 11 – INTERFUND BALANCES

### A. Due To/From Other Funds

	Due From Other Funds	Due to Other Funds
General Fund	\$ 770,279	\$ –
Post-Employment Benefits Trust Fund	–	770,279
	<u>\$ 770,279</u>	<u>\$ 770,279</u>

As of June 30, 2018, the District’s General Fund had an interfund receivable of \$770,279 from the Post-Employment Benefits Trust Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2018.

### B. Interfund Transfers

The General Fund transferred \$1,146,182 to the Capital Projects – Building Construction Fund to allocate revenues levied by the General Fund required to be expended by the Capital Projects – Building Construction Fund. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

## NOTE 12 – COMMITMENTS AND CONTINGENCIES

### A. Construction Contracts

During fiscal year 2018, the District awarded contracts for construction and improvement of various district properties. At year-end, the District's commitment for uncompleted work on these contracts was \$20,405,072.

### B. Federal and State Revenue

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

### C. Contingencies

The District has the usual and customary legal claims pending at year-end. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

### D. Operating Lease

The District is obligated under certain leases accounted for as operating leases. These leases are generally cancelable on an annual basis by the District. Operating leases do not give rise to property rights and, therefore, the results of the lease agreements are not reflected as a liability in the District's financial statements.

The following is a summary of the terms relating to these leases:

Location	Annual Lease	Expires
CLT Shoreview	\$ 128,557	August 2022
Twin Lakes	211,318	August 2022
Silverview – ABE and ALC	396,945	June 2019
Wynnsong – Bridges Program	108,371	September 2019
Northwest Youth and Family Services	340,344	August 2019
Minnesota Department of Natural Resources		
Laurentian Environmental Center	6,135	September 2018
Ice arenas		
Various locations	176,740	Various
Northeast Metropolitan Intermediate School District No. 916		
Various locations	725,607	Various
TIES building	22,596	June 2019
	<u>\$ 2,116,613</u>	

## NOTE 13 – SUBSEQUENT EVENTS

On October 30, 2018, the District acquired land adjacent to Mounds View High School that will be used for upcoming construction projects. Final price and use will be determined at a later date.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 621

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2018

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3734%	\$ 17,540,461	\$ —	\$ 17,540,461	\$ 19,627,950	89.36%	78.70%
06/30/2016	06/30/2015	0.3605%	\$ 18,682,980	\$ —	\$ 18,682,980	\$ 21,189,047	88.17%	78.20%
06/30/2017	06/30/2016	0.3433%	\$ 27,874,257	\$ 364,065	\$ 28,238,322	\$ 21,292,223	130.91%	68.90%
06/30/2018	06/30/2017	0.3312%	\$ 21,143,589	\$ 265,869	\$ 21,409,458	\$ 21,336,242	99.10%	75.90%

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2018

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,564,014	\$ 1,564,014	\$ —	\$ 21,189,047	7.38%
06/30/2016	\$ 1,596,261	\$ 1,596,261	\$ —	\$ 21,292,223	7.50%
06/30/2017	\$ 1,598,727	\$ 1,598,727	\$ —	\$ 21,336,242	7.49%
06/30/2018	\$ 1,656,133	\$ 1,656,133	\$ —	\$ 22,054,967	7.51%

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Teachers Retirement Association Pension Benefits Plan  
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
Year Ended June 30, 2018

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2076%	\$ 55,645,339	\$ 3,914,718	\$ 59,560,057	\$ 55,121,921	100.95%	81.50%
06/30/2016	06/30/2015	1.1725%	\$ 72,530,721	\$ 8,896,461	\$ 81,427,182	\$ 59,510,271	121.88%	76.80%
06/30/2017	06/30/2016	1.1917%	\$ 284,248,884	\$ 28,530,832	\$ 312,779,716	\$ 61,988,428	458.55%	44.88%
06/30/2018	06/30/2017	1.1758%	\$ 234,711,009	\$ 22,689,450	\$ 257,400,459	\$ 63,297,528	370.81%	51.57%

Teachers Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2018

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 4,463,144	\$ 4,463,144	\$ —	\$ 59,510,271	7.50%
06/30/2016	\$ 4,649,138	\$ 4,649,138	\$ —	\$ 61,988,428	7.50%
06/30/2017	\$ 4,747,125	\$ 4,747,125	\$ —	\$ 63,297,528	7.50%
06/30/2018	\$ 4,904,007	\$ 4,904,007	\$ —	\$ 65,388,719	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Pension Benefits Plan  
Schedule of Changes in the District's Net  
Pension Liability and Related Ratios  
Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 255,228	\$ 275,874
Interest	251,584	264,251
Assumption changes	(193,419)	—
Benefit payments	<u>(865,360)</u>	<u>(1,045,860)</u>
Net change in total pension liability	(551,967)	(505,735)
Total pension liability – beginning of year	<u>8,849,685</u>	<u>9,355,420</u>
Total pension liability – end of year	<u><u>\$ 8,297,718</u></u>	<u><u>\$ 8,849,685</u></u>
Covered-employee payroll	<u><u>\$ 17,982,154</u></u>	<u><u>\$ 17,458,402</u></u>
Total pension liability as a percentage of covered-employee payroll	<u><u>46.14%</u></u>	<u><u>50.69%</u></u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.



## INDEPENDENT SCHOOL DISTRICT NO. 621

Other Post-Employment Benefits Plan  
Schedule of Changes in the District's Net  
OPEB Liability and Related Ratios  
Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 629,616	\$ 611,278
Interest	799,941	793,192
Benefit payments	<u>(1,335,445)</u>	<u>(1,251,697)</u>
Net change in total OPEB liability	94,112	152,773
 Total OPEB liability – beginning of year	<u>15,413,111</u>	<u>15,260,338</u>
Total OPEB liability – end of year	<u>15,507,223</u>	<u>15,413,111</u>
 Plan fiduciary net position		
Employer contributions	92,572	–
Net investment income	1,481,174	1,601,731
Benefit payments	<u>(1,335,445)</u>	<u>(1,251,697)</u>
Net change in plan fiduciary net position	238,301	350,034
 Plan fiduciary net position – beginning of year	<u>22,317,861</u>	<u>21,967,827</u>
Plan fiduciary net position – end of year	<u>22,556,162</u>	<u>22,317,861</u>
 Net OPEB liability (asset)	<u>\$ (7,048,939)</u>	<u>\$ (6,904,750)</u>
 Fiduciary net position as a percentage of the total OPEB liability	<u>145.46%</u>	<u>144.80%</u>
 Covered-employee payroll	<u>\$ 83,020,436</u>	<u>\$ 80,602,365</u>
 Net OPEB liability as a percentage of covered-employee payroll	<u>(8.49%)</u>	<u>(8.57%)</u>

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 621

Other Post-Employment Benefits Plan  
Schedule of Investment Returns  
Year Ended June 30, 2018

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	7.3%
2018	6.6%

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information  
June 30, 2018

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

**2015 CHANGES IN PLAN PROVISIONS:**

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued)  
June 30, 2018

**TRA**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

**2015 CHANGES IN PLAN PROVISIONS:**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued)  
June 30, 2018

**PENSION BENEFITS PLAN**

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS:**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS:**

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS:**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.00 percent to 5.20 percent.

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## SUPPLEMENTAL INFORMATION

## INDEPENDENT SCHOOL DISTRICT NO. 621

Nonmajor Governmental Funds  
Combining Balance Sheet  
as of June 30, 2018

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 1,919,411	\$ 1,414,396	\$ 3,333,807
Receivables			
Current taxes	—	531,620	531,620
Delinquent taxes	—	11,003	11,003
Accounts and interest	—	2,028	2,028
Due from other governmental units	63,218	333,123	396,341
Inventory	44,363	—	44,363
Prepaid items	9,295	900	10,195
Total assets	<u>\$ 2,036,287</u>	<u>\$ 2,293,070</u>	<u>\$ 4,329,357</u>
Liabilities			
Salaries payable	\$ 161,806	\$ 313,552	\$ 475,358
Accounts and contracts payable	49,938	125,404	175,342
Unearned revenue	175,083	311,363	486,446
Total liabilities	<u>386,827</u>	<u>750,319</u>	<u>1,137,146</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	14,678	14,678
Property taxes levied for subsequent year	—	1,009,595	1,009,595
Total deferred inflows of resources	<u>—</u>	<u>1,024,273</u>	<u>1,024,273</u>
Fund balances (deficit)			
Nonspendable for inventory	44,363	—	44,363
Nonspendable for prepaid items	9,295	900	10,195
Restricted	1,595,802	883,711	2,479,513
Unassigned	—	(366,133)	(366,133)
Total fund balances	<u>1,649,460</u>	<u>518,478</u>	<u>2,167,938</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,036,287</u>	<u>\$ 2,293,070</u>	<u>\$ 4,329,357</u>



## INDEPENDENT SCHOOL DISTRICT NO. 621

Nonmajor Governmental Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2018

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,002,306	\$ 1,002,306
Investment earnings	24,911	19,496	44,407
Other	3,118,383	3,813,299	6,931,682
State sources	283,714	968,059	1,251,773
Federal sources	2,672,308	112,624	2,784,932
Total revenue	6,099,316	5,915,784	12,015,100
Expenditures			
Current			
Food service	5,759,681	—	5,759,681
Community service	—	6,387,890	6,387,890
Capital outlay	254,723	20,308	275,031
Total expenditures	6,014,404	6,408,198	12,422,602
Net change in fund balances	84,912	(492,414)	(407,502)
Fund balances			
Beginning of year	1,564,548	1,010,892	2,575,440
End of year	\$ 1,649,460	\$ 518,478	\$ 2,167,938

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Comparative Balance Sheet  
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	\$ 35,842,419	\$ 36,178,719
Receivables		
Current taxes	15,899,758	16,856,563
Delinquent taxes	321,139	351,679
Accounts and interest	85,800	203,928
Due from other governmental units	15,843,226	14,836,873
Due from other funds	770,279	1,654,949
Prepaid items	1,533,522	889,805
Total assets	<u>\$ 70,296,143</u>	<u>\$ 70,972,516</u>
Liabilities		
Salaries payable	\$ 8,137,916	\$ 8,018,907
Accounts and contracts payable	3,342,421	2,736,451
Due to other governmental units	882,092	797,695
Unearned revenue	1,549,438	871,353
Total liabilities	<u>13,911,867</u>	<u>12,424,406</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	432,844	329,866
Property taxes levied for subsequent year	26,768,644	27,798,189
Total deferred inflows of resources	<u>27,201,488</u>	<u>28,128,055</u>
Fund balances (deficits)		
Nonspendable for prepaid items	1,533,522	889,805
Restricted for health and safety	70,970	223,524
Restricted for operating capital	1,618,556	1,446,523
Restricted for state-approved alternative programs	56,333	91,939
Restricted for gifted and talented	57,893	53,751
Restricted for achievement and integration	60,142	–
Restricted for Medical Assistance	220,003	243,641
Assigned for high school parking lots	364,000	364,000
Assigned for alternative quality teacher compensation	71,344	89,646
Assigned for school building carryover	1,628,834	1,404,323
Assigned for separation/retirement benefits	–	551,051
Unassigned – long-term facilities maintenance restricted account deficit	(1,072,915)	(179,611)
Unassigned	24,574,106	25,241,463
Total fund balances	<u>29,182,788</u>	<u>30,420,055</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,296,143</u>	<u>\$ 70,972,516</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		2017	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 29,571,861	\$ 30,720,300	\$ 1,148,439	\$ 30,326,197
Investment earnings	500,000	551,816	51,816	155,161
Other	3,399,500	3,805,927	406,427	3,761,649
State sources	113,470,090	113,251,264	(218,826)	108,811,311
Federal sources	4,005,790	4,075,397	69,607	3,642,761
Total revenue	150,947,241	152,404,704	1,457,463	146,697,079
Expenditures				
Current				
Administration				
Salaries	4,230,513	4,578,241	347,728	4,338,447
Employee benefits	1,467,387	1,642,188	174,801	1,537,707
Purchased services	34,985	27,003	(7,982)	41,051
Supplies and materials	12,253	19,560	7,307	14,825
Other expenditures	38,400	55,526	17,126	56,324
Total administration	5,783,538	6,322,518	538,980	5,988,354
District support services				
Salaries	2,202,865	2,136,311	(66,554)	2,105,379
Employee benefits	665,586	651,191	(14,395)	618,558
Purchased services	571,554	553,077	(18,477)	586,638
Supplies and materials	730,171	661,549	(68,622)	685,646
Capital expenditures	(35,000)	(34,259)	741	(69,251)
Other expenditures	2,975	(8,220)	(11,195)	8,317
Total district support services	4,138,151	3,959,649	(178,502)	3,935,287
Elementary and secondary regular instruction				
Salaries	46,767,865	44,942,946	(1,824,919)	44,256,532
Employee benefits	16,745,361	15,394,857	(1,350,504)	15,027,333
Purchased services	1,522,697	3,199,726	1,677,029	2,190,821
Supplies and materials	3,334,212	2,592,445	(741,767)	2,386,059
Capital expenditures	487,004	423,337	(63,667)	953,615
Other expenditures	29,059	386,085	357,026	418,695
Total elementary and secondary regular instruction	68,886,198	66,939,396	(1,946,802)	65,233,055

## INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,288,812	1,513,290	224,478	1,235,708
Employee benefits	471,105	643,883	172,778	450,363
Purchased services	431,948	336,951	(94,997)	268,922
Supplies and materials	41,511	38,384	(3,127)	16,372
Capital expenditures	—	2,500	2,500	—
Other expenditures	875	11,820	10,945	10,983
Total vocational education instruction	2,234,251	2,546,828	312,577	1,982,348
Special education instruction				
Salaries	18,108,299	18,457,675	349,376	17,917,579
Employee benefits	6,553,543	6,579,158	25,615	6,528,644
Purchased services	1,722,372	1,901,604	179,232	1,773,195
Supplies and materials	225,542	155,316	(70,226)	186,708
Other expenditures	23,185	114,361	91,176	126,019
Total special education instruction	26,632,941	27,208,114	575,173	26,532,145
Instructional support services				
Salaries	6,078,063	6,253,493	175,430	6,166,810
Employee benefits	1,905,480	2,084,489	179,009	2,042,367
Purchased services	424,690	603,931	179,241	425,028
Supplies and materials	546,082	643,889	97,807	669,125
Capital expenditures	—	—	—	1,821
Other expenditures	37,421	54,233	16,812	53,009
Total instructional support services	8,991,736	9,640,035	648,299	9,358,160
Pupil support services				
Salaries	2,696,375	2,683,904	(12,471)	2,703,989
Employee benefits	963,305	923,385	(39,920)	964,311
Purchased services	11,945,324	12,297,907	352,583	11,276,455
Supplies and materials	21,337	29,119	7,782	30,824
Other expenditures	242	15,221	14,979	13,864
Total pupil support services	15,626,583	15,949,536	322,953	14,989,443

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018		2017
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Sites and buildings			
Salaries	3,478,590	3,630,495	151,905
Employee benefits	1,575,346	1,522,450	(52,896)
Purchased services	10,540,382	11,338,202	797,820
Supplies and materials	1,089,819	1,873,427	783,608
Capital expenditures	1,795,743	922,857	(872,886)
Other expenditures	500	4,096	3,596
Total sites and buildings	18,480,380	19,291,527	811,147
Fiscal and other fixed cost programs			
Purchased services	300,000	266,786	(33,214)
Debt service			
Principal	190,680	190,680	—
Interest and fiscal charges	180,720	180,720	—
Total debt service	371,400	371,400	—
Total expenditures	151,445,178	152,495,789	1,050,611
Excess (deficiency) of revenue over expenditures	(497,937)	(91,085)	406,852
Other financing sources (uses)			
Capital lease issued	—	—	—
Transfers (out)	—	(1,146,182)	(1,146,182)
Total other financing sources (uses)	—	(1,146,182)	(1,146,182)
Net change in fund balances	\$ (497,937)	(1,237,267)	\$ (739,330)
Fund balances			
Beginning of year		30,420,055	29,796,166
End of year		\$ 29,182,788	\$ 30,420,055

## INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and temporary investments	\$ 1,919,411	\$ 1,831,820
Receivables		
Due from other governmental units	63,218	78,088
Inventory	44,363	51,865
Prepaid items	<u>9,295</u>	<u>5,960</u>
Total assets	<u><u>\$ 2,036,287</u></u>	<u><u>\$ 1,967,733</u></u>
Liabilities		
Salaries payable	\$ 161,806	\$ 165,255
Accounts and contracts payable	49,938	70,716
Unearned revenue	<u>175,083</u>	<u>167,214</u>
Total liabilities	386,827	403,185
Fund balances		
Nonspendable for inventory	44,363	51,865
Nonspendable for prepaid items	9,295	5,960
Restricted for food service	<u>1,595,802</u>	<u>1,506,723</u>
Total fund balances	<u><u>1,649,460</u></u>	<u><u>1,564,548</u></u>
Total liabilities and fund balances	<u><u>\$ 2,036,287</u></u>	<u><u>\$ 1,967,733</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 1,000	\$ 24,911	\$ 23,911	\$ 7,329
Other – primarily meal sales	3,117,853	3,118,383	530	3,172,899
State sources	267,358	283,714	16,356	276,603
Federal sources	2,745,500	2,672,308	(73,192)	2,745,882
Total revenue	<u>6,131,711</u>	<u>6,099,316</u>	<u>(32,395)</u>	<u>6,202,713</u>
Expenditures				
Current				
Salaries	2,028,440	2,034,188	5,748	1,955,335
Employee benefits	611,712	607,475	(4,237)	571,489
Purchased services	372,000	410,135	38,135	455,214
Supplies and materials	2,831,285	2,701,018	(130,267)	2,724,683
Other expenditures	5,500	6,865	1,365	6,817
Capital outlay	125,000	254,723	129,723	295,562
Total expenditures	<u>5,973,937</u>	<u>6,014,404</u>	<u>40,467</u>	<u>6,009,100</u>
Net change in fund balances	<u>\$ 157,774</u>	84,912	<u>\$ (72,862)</u>	193,613
Fund balances				
Beginning of year		<u>1,564,548</u>		<u>1,370,935</u>
End of year		<u>\$ 1,649,460</u>		<u>\$ 1,564,548</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Community Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and temporary investments	\$ 1,414,396	\$ 1,685,902
Receivables		
Current taxes	531,620	557,385
Delinquent taxes	11,003	12,212
Accounts and interest	2,028	24,559
Due from other governmental units	333,123	314,808
Prepaid items	<u>900</u>	<u>3,450</u>
Total assets	<u><u>\$ 2,293,070</u></u>	<u><u>\$ 2,598,316</u></u>
Liabilities		
Salaries payable	\$ 313,552	\$ 217,550
Accounts and contracts payable	125,404	84,227
Due to other governmental units	—	2,000
Unearned revenue	<u>311,363</u>	<u>252,140</u>
Total liabilities	750,319	555,917
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	14,678	11,521
Property taxes levied for subsequent year	<u>1,009,595</u>	<u>1,019,986</u>
Total deferred inflows of resources	1,024,273	1,031,507
Fund balances (deficit)		
Nonspendable for prepaid items	900	3,450
Restricted for community education programs	736,752	544,284
Restricted for adult basic education	146,959	106,262
Restricted for early childhood family education programs	—	190,249
Restricted for school readiness	—	196,731
Unassigned – early childhood family education programs restricted account deficit	(326,638)	—
Unassigned – community service programs restricted account deficit	<u>(39,495)</u>	<u>(30,084)</u>
Total fund balances	<u><u>518,478</u></u>	<u><u>1,010,892</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,293,070</u></u>	<u><u>\$ 2,598,316</u></u>



INDEPENDENT SCHOOL DISTRICT NO. 621

Community Service Special Revenue Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,017,974	\$ 1,002,306	\$ (15,668)	\$ 983,709
Investment earnings	—	19,496	19,496	5,944
Other – primarily tuition and fees	3,355,720	3,813,299	457,579	3,478,262
State sources	1,012,436	968,059	(44,377)	1,106,540
Federal sources	108,468	112,624	4,156	174,287
Total revenue	<u>5,494,598</u>	<u>5,915,784</u>	<u>421,186</u>	<u>5,748,742</u>
Expenditures				
Current				
Salaries	3,563,189	4,082,329	519,140	3,217,945
Employee benefits	1,093,390	1,345,924	252,534	1,002,583
Purchased services	235,511	239,083	3,572	440,673
Supplies and materials	527,911	690,640	162,729	560,939
Other expenditures	9,943	29,914	19,971	20,657
Capital outlay	57,015	20,308	(36,707)	10,991
Total expenditures	<u>5,486,959</u>	<u>6,408,198</u>	<u>921,239</u>	<u>5,253,788</u>
Net change in fund balances	<u>\$ 7,639</u>	(492,414)	<u>\$ (500,053)</u>	494,954
Fund balances				
Beginning of year		<u>1,010,892</u>		<u>515,938</u>
End of year		<u>\$ 518,478</u>		<u>\$ 1,010,892</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction Fund  
Comparative Balance Sheet  
as of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and temporary investments	\$ 162,405,704	\$ —
Receivables		
Accounts and interest	<u>1,147,442</u>	<u>—</u>
Total assets	<u><u>\$ 163,553,146</u></u>	<u><u>\$ —</u></u>
Liabilities		
Accounts and contracts payable	\$ 1,021,075	\$ —
Due to other funds	<u>—</u>	<u>1,146,182</u>
Total liabilities	<u>1,021,075</u>	<u>1,146,182</u>
Fund balances (deficit)		
Unassigned – long-term facilities maintenance restricted account deficit	—	(1,146,182)
Restricted for capital projects	<u>162,532,071</u>	<u>—</u>
Total fund balances (deficit)	<u>162,532,071</u>	<u>(1,146,182)</u>
Total liabilities and fund balances	<u><u>\$ 163,553,146</u></u>	<u><u>\$ —</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2018  
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 1,131,722	\$ 1,148,759	\$ 17,037	\$ —
Expenditures				
Capital outlay				
Purchased services	2,600,000	2,681,723	81,723	—
Capital expenditures	—	396,054	396,054	—
Total expenditures	<u>2,600,000</u>	<u>3,077,777</u>	<u>477,777</u>	<u>—</u>
Excess (deficiency) of revenue over expenditures	(1,468,278)	(1,929,018)	(460,740)	—
Other financing sources				
Debt issued	155,986,708	155,986,708	—	—
Premium on debt issued	8,474,381	8,474,381	—	—
Transfers in	<u>1,146,182</u>	<u>1,146,182</u>	<u>—</u>	<u>—</u>
Other financing sources	<u>165,607,271</u>	<u>165,607,271</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ 164,138,993</u>	163,678,253	<u>\$ (460,740)</u>	—
Fund balances (deficit)				
Beginning of year		<u>(1,146,182)</u>		<u>(1,146,182)</u>
End of year		<u>\$ 162,532,071</u>		<u>\$ (1,146,182)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Debt Service Fund  
Balance Sheet by Account  
as of June 30, 2018  
(With Comparative Totals as of June 30, 2017)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2018	2017
Assets				
Cash and temporary investments	\$ 9,280,498	\$ 1,813,930	\$ 11,094,428	\$ 7,762,384
Cash and investments held by trustee	–	17,028,303	17,028,303	17,401,845
Receivables				
Current taxes	8,670,851	1,348,748	10,019,599	7,154,144
Delinquent taxes	117,329	28,729	146,058	163,815
Accounts and interest	–	93,324	93,324	94,185
Due from other governmental units	36,031	1	36,032	23,204
Total assets	<u>\$ 18,104,709</u>	<u>\$ 20,313,035</u>	<u>\$ 38,417,744</u>	<u>\$ 32,599,577</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 154,578	\$ 38,180	\$ 192,758	\$ 155,521
Property taxes levied for subsequent year	16,466,788	2,561,404	19,028,192	13,091,708
Total deferred inflows of resources	<u>16,621,366</u>	<u>2,599,584</u>	<u>19,220,950</u>	<u>13,247,229</u>
Fund balances				
Restricted for bond refunding	–	17,121,627	17,121,627	17,496,030
Restricted for debt service	1,483,343	591,824	2,075,167	1,856,318
Total fund balances	<u>1,483,343</u>	<u>17,713,451</u>	<u>19,196,794</u>	<u>19,352,348</u>
Total deferred inflows of resources and fund balances	<u>\$ 18,104,709</u>	<u>\$ 20,313,035</u>	<u>\$ 38,417,744</u>	<u>\$ 32,599,577</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Debt Service Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
Budget and Actual  
Year Ended June 30, 2018  
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 13,065,885	\$ 10,318,081	\$ 2,547,645	\$ 12,865,726
Investment earnings	525,450	75,359	169,448	244,807
State sources	372,944	364,818	9	364,827
Total revenue	13,964,279	10,758,258	2,717,102	13,475,360
Expenditures				
Debt service				
Principal	9,750,000	8,520,000	1,230,000	9,750,000
Interest	3,875,915	2,043,078	1,832,837	3,875,915
Fiscal charges and other	574,142	567,841	450	568,291
Total expenditures	14,200,057	11,130,919	3,063,287	14,194,206
Excess (deficiency) of revenue over expenditures	(235,778)	(372,661)	(346,185)	(718,846)
Other financing sources				
Debt issued	563,292	563,292	—	563,292
Net change in fund balances	\$ 327,514	190,631	(346,185)	(155,554)
Fund balances				
Beginning of year		1,292,712	18,059,636	19,352,348
End of year		\$ 1,483,343	\$ 17,713,451	\$ 19,196,794

	2017
Over (Under) Budget	Total
\$ (200,159)	\$ 12,957,635
(280,643)	6,665
(8,117)	232,035
(488,919)	13,196,335
—	9,475,000
—	4,155,053
(5,851)	4,899
(5,851)	13,634,952
(483,068)	(438,617)
—	—
\$ (483,068)	(438,617)
	19,790,965
	\$ 19,352,348

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds  
Combining Statement of Net Position  
as of June 30, 2018  
(With Comparative Totals as of June 30, 2017)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2018	2017
Assets				
Current assets				
Cash and temporary investments	\$ 1,132,631	\$ 5,342,253	\$ 6,474,884	\$ 6,021,421
Liabilities				
Current liabilities				
Claims payable	89,522	1,351,723	1,441,245	1,077,535
Unearned revenue	132,018	1,957,950	2,089,968	2,003,028
Total current liabilities	<u>221,540</u>	<u>3,309,673</u>	<u>3,531,213</u>	<u>3,080,563</u>
Net position				
Unrestricted	<u>\$ 911,091</u>	<u>\$ 2,032,580</u>	<u>\$ 2,943,671</u>	<u>\$ 2,940,858</u>



INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds  
Combining Statement of Revenue, Expenses, and Changes in Net Position  
Year Ended June 30, 2018  
(With Comparative Totals for the Year Ended June 30, 2017)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2018	2017
Operating revenue				
Charges for services	\$ 1,190,303	\$ 19,009,071	\$ 20,199,374	\$ 19,606,024
Operating expenses				
Dental benefit claims	1,122,542	—	1,122,542	986,837
Medical benefit claims	—	19,145,040	19,145,040	17,583,865
Total operating expenses	<u>1,122,542</u>	<u>19,145,040</u>	<u>20,267,582</u>	<u>18,570,702</u>
Operating income (loss)	67,761	(135,969)	(68,208)	1,035,322
Nonoperating revenue				
Investment earnings	<u>14,301</u>	<u>56,720</u>	<u>71,021</u>	<u>17,516</u>
Change in net position	82,062	(79,249)	2,813	1,052,838
Net position				
Beginning of year	<u>829,029</u>	<u>2,111,829</u>	<u>2,940,858</u>	<u>1,888,020</u>
End of year	<u>\$ 911,091</u>	<u>\$ 2,032,580</u>	<u>\$ 2,943,671</u>	<u>\$ 2,940,858</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2018  
(With Comparative Totals for the Year Ended June 30, 2017)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2018	2017
Cash flows from operating activities				
Assessments from other funds and employee contributions	\$ 1,195,563	\$ 19,090,751	\$ 20,286,314	\$ 19,663,903
Payments for dental claims	(1,112,555)	—	(1,112,555)	(992,404)
Payments for medical claims	—	(18,791,317)	(18,791,317)	(17,516,865)
Net cash flows from operating activities	83,008	299,434	382,442	1,154,634
Cash flows from investing activities				
Investment income received	14,301	56,720	71,021	17,516
Cash flows from noncapital financing activities				
Cash paid to other funds	—	—	—	(214,454)
Net change in cash and cash equivalents	97,309	356,154	453,463	957,696
Cash and cash equivalents				
Beginning of year	1,035,322	4,986,099	6,021,421	5,063,725
End of year	\$ 1,132,631	\$ 5,342,253	\$ 6,474,884	\$ 6,021,421
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 67,761	\$ (135,969)	\$ (68,208)	\$ 1,035,322
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Claims payable	9,987	353,723	363,710	61,433
Unearned revenue	5,260	81,680	86,940	57,879
Net cash flows from operating activities	\$ 83,008	\$ 299,434	\$ 382,442	\$ 1,154,634

STATISTICAL SECTION

(UNAUDITED)



## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 621, Mounds View Public Schools' (the District) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Indicators**

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

				Fiscal Year
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 32,541,688	\$ 29,977,628	\$ 28,769,624	\$ 25,192,950
Restricted	2,666,771	4,167,941	5,271,115	5,747,769
Unrestricted	<u>11,173,484</u>	<u>15,956,129</u>	<u>20,253,388</u>	<u>23,728,479</u>
Total governmental activities net position	<u>\$ 46,381,943</u>	<u>\$ 50,101,698</u>	<u>\$ 54,294,127</u>	<u>\$ 54,669,198</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$82.1 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$25.2 million. Prior years were not restated.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 24,924,792	\$ 23,744,173	\$ 25,085,659	\$ 26,932,748	\$ 28,976,776	\$ 32,618,509
5,606,644	5,739,644	4,200,517	4,608,400	4,646,339	4,593,151
<u>27,909,045</u>	<u>30,426,448</u>	<u>(53,630,283)</u>	<u>(56,055,220)</u>	<u>(116,895,944)</u>	<u>(154,457,243)</u>
<u><u>\$ 58,440,481</u></u>	<u><u>\$ 59,910,265</u></u>	<u><u>\$ (24,344,107)</u></u>	<u><u>\$ (24,514,072)</u></u>	<u><u>\$ (83,272,829)</u></u>	<u><u>\$ (117,245,583)</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Expenses				
Administration	\$ 3,851,273	\$ 3,857,601	\$ 4,492,737	\$ 4,591,726
District support services	2,498,844	3,530,436	2,396,658	2,884,530
Elementary and secondary regular instruction	54,397,411	55,670,993	58,467,439	59,264,861
Vocational education instruction	2,062,777	1,822,045	2,005,793	1,941,271
Special education instruction	20,944,078	22,624,161	22,628,982	21,940,069
Instructional support services	4,371,690	4,252,760	4,980,268	5,510,110
Pupil support services	9,110,538	9,219,240	8,151,219	10,637,059
Sites and buildings	17,933,648	16,410,260	15,617,879	16,089,915
Fiscal and other fixed cost programs	223,936	205,246	238,500	265,051
Food service	4,643,771	4,833,414	4,881,979	5,217,083
Community service	4,282,695	4,352,720	4,765,676	4,788,232
Interest and fiscal charges on debt	8,835,744	9,291,313	9,010,791	8,089,793
Total governmental activities expenses	133,156,405	136,070,189	137,637,921	141,219,700
Program revenues				
Charges for services				
Administration	133,369	—	—	—
Elementary and secondary regular instruction	661,435	699,887	1,082,821	1,269,718
Special education instruction	155,711	—	41,203	213,418
Instructional support services	—	—	—	—
Pupil support services	873,337	509,710	786,980	373,157
Sites and buildings	179,111	129,214	143,238	104,857
Food service	3,486,193	3,298,121	3,173,356	3,065,932
Community service	2,390,061	2,263,591	2,409,442	2,520,911
Operating grants and contributions				
Administration	—	15,757	—	—
District support services	—	—	—	—
Elementary and secondary regular instruction	1,161,524	2,220,075	3,636,133	3,086,435
Vocational education instruction	46,447	37,777	—	—
Special education instruction	14,627,151	16,773,551	15,602,069	15,663,604
Instructional support services	51,918	—	—	—
Pupil support services	355,746	653,205	322,343	439,107
Sites and buildings	477,446	—	222,374	268,735
Food service	1,397,564	1,426,054	1,986,556	1,966,294
Community service	844,544	894,004	790,421	754,389
Capital grants and contributions				
Sites and buildings	975,529	942,207	407,891	580,086
Total governmental activities program revenues	27,817,086	29,863,153	30,604,827	30,306,643
Net (expense) revenue	(105,339,319)	(106,207,036)	(107,033,094)	(110,913,057)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	24,506,822	24,617,776	33,422,503	25,000,264
Property taxes, levied for community service	847,145	1,001,425	1,493,663	992,158
Property taxes, levied for capital projects	3,865,599	3,600,000	3,100,000	2,473,995
Property taxes, levied for debt service	9,699,404	11,350,915	12,741,172	13,331,242
General grants and aids	64,458,092	64,685,567	55,508,896	65,656,713
Other general revenues	2,361,469	2,782,651	2,624,237	2,973,827
Gain on sale of capital assets	—	—	—	—
Investment earnings (charges)	1,906,631	1,888,457	2,335,052	859,929
Total general revenues and other changes in net position	107,645,162	109,926,791	111,225,523	111,288,128
Change in net position	\$ 2,305,843	\$ 3,719,755	\$ 4,192,429	\$ 375,071

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



2013	2014	2015	2016	2017	2018
\$ 4,875,064	\$ 4,973,898	\$ 5,387,659	\$ 6,110,334	\$ 7,471,675	\$ 7,668,827
2,768,287	2,961,502	3,197,095	3,942,368	4,145,830	4,349,055
61,436,284	61,988,289	67,127,774	70,955,844	95,722,251	95,039,715
1,861,655	1,925,945	1,908,522	1,757,061	2,616,771	3,230,895
22,933,678	25,116,400	27,232,152	28,745,016	35,418,105	34,409,090
5,445,000	7,028,111	7,566,625	8,890,155	11,824,060	11,956,712
10,056,280	11,642,274	13,963,511	14,643,966	16,199,619	17,115,807
16,277,791	17,554,040	20,121,886	18,139,344	18,668,418	19,719,565
359,601	385,752	427,619	219,076	278,990	266,786
5,192,328	5,339,131	5,564,921	5,841,533	6,184,095	5,976,662
5,155,798	5,314,907	4,851,812	5,030,833	6,273,316	7,350,028
6,907,773	5,006,312	4,509,118	4,165,302	3,989,027	6,111,749
143,269,539	149,236,561	161,858,694	168,440,832	208,792,157	213,194,891
—	—	—	—	—	—
1,026,494	1,208,673	1,067,920	861,975	868,724	1,004,098
629,617	418,370	508,402	631,279	475,074	553,754
—	—	123,345	149,426	156,597	163,431
334,892	316,479	280,775	272,957	295,884	306,794
104,483	109,594	103,626	107,544	105,249	112,906
3,126,189	3,062,065	3,074,885	3,087,136	3,172,899	3,118,383
2,981,549	3,026,503	2,712,614	2,779,048	3,045,614	3,373,337
—	—	6,241	58,073	—	—
—	—	461	6,077	—	—
2,687,714	2,574,979	2,920,534	3,811,345	3,110,627	3,675,378
—	—	3,158	28,361	—	—
17,903,620	19,486,876	21,872,209	23,283,918	23,339,833	24,638,171
—	—	9,083	79,299	—	—
155,858	148,927	198,149	46,423	—	—
—	—	27	374	231,980	364,777
2,191,802	2,321,349	2,629,613	2,920,947	3,020,997	2,954,599
701,770	460,858	479,185	1,150,580	1,262,178	1,064,414
858,707	914,836	1,484,698	1,496,359	1,559,679	1,812,914
32,702,695	34,049,509	37,474,925	40,771,121	40,645,335	43,142,956
(110,566,844)	(115,187,052)	(124,383,769)	(127,669,711)	(168,146,822)	(170,051,935)
24,430,247	13,953,313	23,522,410	25,150,513	30,211,501	30,823,278
980,035	500,089	953,169	975,913	979,320	1,005,463
2,903,890	2,949,291	3,689,071	3,689,071	—	—
13,677,869	13,748,691	13,251,524	13,045,257	12,895,803	12,902,963
68,966,948	82,712,425	77,974,223	81,706,355	88,069,014	87,181,761
3,542,925	2,702,309	2,474,379	2,307,624	2,292,769	2,104,906
—	—	413,034	—	—	—
295,774	90,718	(10,078)	625,013	192,615	2,060,810
114,797,688	116,656,836	122,267,732	127,499,746	134,641,022	136,079,181
\$ 4,230,844	\$ 1,469,784	\$ (2,116,037)	\$ (169,965)	\$ (33,505,800)	\$ (33,972,754)

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INDEPENDENT SCHOOL DISTRICT NO. 621

Governmental Activities Tax Revenues by Source and Levy Type  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Fiscal Year	Property Tax				
	General Purpose	Community Service	Capital Projects	Debt Service	Total
2009	\$ 24,506,822	\$ 847,145	\$ 3,865,599	\$ 9,699,404	\$ 38,918,970
2010	24,617,776	1,001,425	3,600,000	11,350,915	40,570,116
2011	33,422,503	1,493,663	3,100,000	12,741,172	50,757,338
2012	25,000,264	992,158	2,473,995	13,331,242	41,797,659
2013	24,430,247	980,035	2,903,890	13,677,869	41,992,041
2014	13,953,313	500,089	2,949,291	13,748,691	31,151,384
2015	23,522,410	953,169	3,689,071	13,251,524	41,416,174
2016	25,150,513	975,913	3,689,071	13,045,257	42,860,754
2017	30,211,501	979,320	—	12,895,803	44,086,624
2018	30,823,278	1,005,463	—	12,902,963	44,731,704

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Reserved	\$ 2,210,893	\$ —	\$ —	\$ —
Unreserved	15,182,241	—	—	—
Nonspendable	—	409,034	386,058	496,671
Restricted	—	2,997,273	3,361,366	3,876,864
Assigned	—	4,755,964	9,325,873	10,426,265
Unassigned	—	17,962,314	18,957,556	19,747,378
Total General Fund	<u>\$ 17,393,134</u>	<u>\$ 26,124,585</u>	<u>\$ 32,030,853</u>	<u>\$ 34,547,178</u>
All other governmental funds				
Reserved	\$ 55,880,766	\$ —	\$ —	\$ —
Unreserved, reported in				
Special revenue funds	1,014,822	—	—	—
Debt service funds	2,251,545	—	—	—
Nonspendable	—	42,583	38,640	39,791
Restricted				
Capital Projects – Building				
Construction Fund	—	1,153,437	449,188	—
Special revenue funds	—	1,145,910	1,307,532	1,131,126
Debt service funds	—	77,071,709	50,241,540	39,982,246
Unassigned				
Capital Projects – Building				
Construction Fund	—	—	—	(347,157)
Special revenue funds	—	—	—	(4,047)
Total all other governmental funds	<u>\$ 59,147,133</u>	<u>\$ 79,413,639</u>	<u>\$ 52,036,900</u>	<u>\$ 40,801,959</u>

Note: The District implemented GASB Statement No. 54 in fiscal 2011, which established new fund balance classifications. Fiscal year 2010 amounts have been restated.

2013	2014	2015	2016	2017	2018
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
501,958	685,727	611,100	817,416	889,805	1,533,522
4,048,093	3,407,081	1,474,792	1,150,426	2,059,378	2,083,897
5,749,007	7,358,288	6,093,447	3,849,612	2,409,020	2,064,178
28,071,199	26,226,692	22,882,526	23,978,712	25,061,852	23,501,191
<u>\$ 38,370,257</u>	<u>\$ 37,677,788</u>	<u>\$ 31,061,865</u>	<u>\$ 29,796,166</u>	<u>\$ 30,420,055</u>	<u>\$ 29,182,788</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
52,770	56,496	48,946	57,788	61,275	54,558
—	—	—	—	—	162,532,071
1,483,484	1,366,755	1,532,865	1,859,612	2,544,249	2,479,513
51,878,695	1,812,004	19,742,100	19,790,965	19,352,348	19,196,794
(985,455)	(1,235,502)	(1,113,140)	(1,146,182)	(1,146,182)	—
(82,076)	(48,429)	(30,570)	(30,527)	(30,084)	(366,133)
<u>\$ 52,347,418</u>	<u>\$ 1,951,324</u>	<u>\$ 20,180,201</u>	<u>\$ 20,531,656</u>	<u>\$ 20,781,606</u>	<u>\$ 183,896,803</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Local sources				
Taxes	\$ 38,843,813	\$ 40,455,340	\$ 50,534,487	\$ 41,845,990
Investment earnings	1,902,221	1,887,940	2,334,738	859,697
Other	10,155,761	10,717,049	10,102,050	10,384,824
State sources	78,912,674	72,960,277	69,859,115	81,728,543
Federal sources	5,483,287	13,550,945	8,617,568	6,686,820
Total revenues	135,297,756	139,571,551	141,447,958	141,505,874
Expenditures				
Current				
Administration	3,808,990	3,789,408	4,067,257	4,206,419
District support services	5,496,308	2,375,436	2,630,817	2,556,407
Elementary and secondary regular instruction	68,047,349	49,046,489	50,080,793	53,055,313
Vocational education instruction	2,053,664	1,815,460	2,002,814	1,939,222
Special education instruction	20,953,880	22,625,216	22,651,591	23,412,864
Instructional support services	4,222,800	4,077,168	4,645,525	5,324,324
Pupil support services	9,057,502	9,146,969	9,266,145	9,569,020
Sites and buildings	14,524,386	10,434,514	11,404,434	11,661,051
Fiscal and other fixed cost programs	223,930	205,246	238,500	265,051
Food service	4,438,427	4,607,100	4,764,480	4,987,330
Community service	4,225,801	4,308,280	4,697,434	4,724,521
Capital outlay	4,579,587	4,736,565	4,052,930	3,458,467
Debt service				
Principal	6,193,077	6,469,847	7,330,276	7,853,034
Interest and fiscal charges	6,819,744	8,627,826	8,745,433	7,692,225
Total expenditures	154,645,445	132,265,524	136,578,429	140,705,248
Excess of revenues over (under) expenditures	(19,347,689)	7,306,027	4,869,529	800,626
Other financing sources (uses)				
Transfers in	3,865,599	3,600,000	3,100,000	2,473,995
Transfers out	(3,865,599)	(3,600,000)	(3,100,000)	(2,473,995)
Sale of capital assets	—	—	—	—
Sale of equipment	—	—	—	—
Bonds issued	53,220,000	20,010,000	—	16,540,000
Capital lease proceeds	74,321	—	—	—
Premium (discounts) on bonds issued	178,255	1,681,930	—	875,758
Payments to refunded bond escrow agent	(9,325,000)	—	(26,340,000)	(26,935,000)
Total other financing sources (uses)	44,147,576	21,691,930	(26,340,000)	(9,519,242)
Net change in fund balances	\$ 24,799,887	\$ 28,997,957	\$ (21,470,471)	\$ (8,718,616)
Debt service as a percentage of noncapital expenditures	8.7%	11.8%	11.8%	11.1%

Note 1: In fiscal 2009, the expenditures included \$24,944,668 of employer contributions to the Post-Employment Benefits Trust Fund related to OPEB debt issuance.

Note 2: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

2013	2014	2015	2016	2017	2018
\$ 42,040,172	\$ 31,156,962	\$ 41,287,736	\$ 43,006,440	\$ 44,267,541	\$ 44,588,332
295,493	90,401	(10,938)	619,728	175,099	1,989,789
11,581,990	10,843,993	10,345,946	10,196,989	10,412,810	10,737,609
87,592,589	102,961,146	101,311,005	108,248,827	110,426,489	114,867,864
5,873,830	5,659,104	6,095,805	6,339,284	6,562,930	6,860,329
147,384,074	150,711,606	159,029,554	168,411,268	171,844,869	179,043,923
4,787,170	4,967,213	5,461,993	6,016,773	5,988,354	6,322,518
2,867,490	2,965,208	3,448,811	3,704,592	3,935,287	3,959,649
54,499,860	56,784,520	63,171,558	64,414,615	65,233,055	66,939,396
1,859,606	1,923,919	1,938,448	1,751,962	1,982,348	2,546,828
23,667,372	24,995,572	27,283,564	28,625,809	26,532,145	27,208,114
5,440,012	7,075,720	7,688,981	8,724,439	9,358,160	9,640,035
10,212,385	11,592,172	13,879,645	14,562,250	14,989,443	15,949,536
12,294,900	13,193,941	15,293,272	13,517,854	23,289,708	19,291,527
359,601	385,752	427,619	219,076	278,990	266,786
4,973,573	5,119,024	5,420,705	5,696,674	5,713,538	5,759,681
5,105,670	5,299,438	4,848,292	5,002,466	5,242,797	6,387,890
3,704,532	3,445,997	3,721,645	3,980,877	306,553	3,352,808
9,205,000	9,550,000	9,035,000	9,220,000	9,660,700	9,940,680
6,248,365	5,603,388	4,489,735	4,391,040	4,159,952	4,624,926
145,225,536	152,901,864	166,109,268	169,828,427	176,671,030	182,190,374
2,158,538	(2,190,258)	(7,079,714)	(1,417,159)	(4,826,161)	(3,146,451)
2,903,890	2,949,291	3,689,071	4,189,071	—	1,146,182
(2,903,890)	(2,949,291)	(3,689,071)	(3,689,071)	—	(1,146,182)
—	—	413,034	2,915	—	—
—	—	—	—	—	—
29,760,000	—	17,515,000	—	—	156,550,000
—	—	—	—	5,700,000	—
—	—	764,634	—	—	8,474,381
(16,550,000)	(48,898,305)	—	—	—	—
13,210,000	(48,898,305)	18,692,668	502,915	5,700,000	165,024,381
\$ 15,368,538	\$ (51,088,563)	\$ 11,612,954	\$ (914,244)	\$ 873,839	\$ 161,877,930
10.7%	10.1%	8.3%	8.2%	8.1%	8.2%

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INDEPENDENT SCHOOL DISTRICT NO. 621

General Governmental Tax Revenues by Source and Levy Type  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax				
	General Purpose	Capital Projects	Community Service	Debt Service	Total
2009	\$ 24,439,791	\$ 3,865,599	\$ 847,812	\$ 9,690,611	\$ 38,843,813
2010	24,543,504	3,600,000	998,431	11,313,405	40,455,340
2011	33,279,511	3,100,000	1,488,476	12,666,500	50,534,487
2012	25,047,064	2,473,995	992,975	13,331,956	41,845,990
2013	27,371,664	—	976,663	13,691,845	42,040,172
2014	16,909,462	—	500,673	13,746,827	31,156,962
2015	27,128,723	—	950,321	13,208,692	41,287,736
2016	28,930,255	—	984,564	13,091,621	43,006,440
2017	30,326,197	—	983,709	12,957,635	44,267,541
2018	30,720,300	—	1,002,306	12,865,726	44,588,332

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Tax Capacities and Estimated Market Values  
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacities				
	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment
			Contribution	Distribution	
2009	\$ 67,996	\$ 113,980,836	\$ (14,761,895)	\$ 10,666,304	\$ (12,598,058)
2010	18,333	109,146,111	(15,639,381)	11,083,155	(11,415,932)
2011	14,959	103,017,627	(15,296,856)	10,843,131	(10,997,973)
2012	14,755	95,881,602	(13,934,704)	9,132,412	(10,182,430)
2013	54,801	90,807,499	(13,134,572)	8,959,209	(8,824,222)
2014	53,733	91,186,002	(12,920,974)	8,575,060	(7,703,743)
2015	54,207	96,482,949	(12,818,532)	8,722,933	(6,971,412)
2016	54,207	99,371,202	(12,662,936)	9,068,708	(6,359,282)
2017	55,245	105,143,686	(12,908,522)	10,010,150	(6,424,566)
2018	57,112	113,030,538	(13,677,567)	10,793,803	(6,761,366)

Note 1: Tax capacity is calculated by applying class rates for specific property classifications (residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Note 2: Tax rates are per one dollar of tax capacity.

Note 3: District tax capacity rates do not include the referendum, which is spread on school district referendum market value.

Source: State of Minnesota School Tax Report

Total Taxable		Tax Capacity Rate	Estimated Market Value	Market Value Tax Rate	Percent Total Tax Capacity of Estimated Market Value
\$	97,355,183	22.937	\$ 9,091,624,325	0.18685	1.07 %
	93,192,286	24.500	8,671,830,100	0.18882	1.07
	87,580,888	25.573	8,223,049,800	0.19536	1.07
	80,911,635	29.044	7,923,005,300	0.21242	1.02
	77,862,715	29.444	7,509,639,900	0.22834	1.04
	79,190,078	29.734	7,555,198,500	0.21069	1.05
	85,470,145	27.378	8,042,644,600	0.21901	1.06
	89,471,899	26.245	8,292,264,800	0.22261	1.08
	95,875,993	25.305	8,752,524,300	0.20712	1.10
	103,442,520	28.464	9,343,714,000	0.19725	1.11

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Tax Collection Year	ISD No. 621	Municipalities			
		City of Arden Hills	City of Mounds View	City of New Brighton	City of North Oaks
2009	22.937	20.534	32.351	33.880	N/A
2010	24.500	22.986	41.448	36.768	N/A
2011	25.573	24.187	41.172	37.871	9.140
2012	29.044	25.544	48.893	41.416	9.819
2013	29.444	27.931	50.422	41.968	10.822
2014	29.734	27.950	44.301	38.354	10.808
2015	27.378	27.294	42.886	36.193	10.121
2016	26.245	26.539	40.105	36.176	10.021
2017	25.305	27.211	37.531	43.479	10.047
2018	28.464	25.532	37.742	43.239	10.873

N/A – Not Available

Note 1: Tax rates are per one dollar of tax capacity.

Note 2: The tax capacity rate applied to an individual property is the sum of the applicable school district, city, county, and other taxing entity tax rates. The “other” taxing entities include: the Metropolitan Council, Ramsey County Library, and Northeast Metropolitan Intermediate School District No. 916.

Note 3: District rates do not include the referendum, which is spread on school district referendum market value.

Source: Ramsey County Auditor

City of Roseville	City of Shoreview	City of Vadnais Heights	Ramsey County	White Bear Township	Other
24.545	25.129	19.051	43.171	16.926	5.459
27.266	28.069	24.076	46.427	19.898	5.890
29.758	30.671	24.771	50.801	20.760	6.190
33.446	33.252	27.840	56.944	23.767	7.078
38.899	36.970	29.051	65.240	25.246	7.378
40.121	37.490	29.269	63.735	24.014	7.359
38.909	34.873	26.904	58.922	22.031	6.980
39.324	35.357	26.820	58.885	22.875	7.252
38.552	34.302	26.845	51.173	21.976	6.920
38.177	33.617	24.872	49.473	21.623	6.642

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INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Taxpayers  
Current and Nine Years Ago

Taxpayer	Type of Property	2018		2009	
		Tax Capacity	Percent of Total Tax Capacity	Tax Capacity	Percent of Total Tax Capacity
Medtronic, Inc.	Commercial	\$ 2,431,450	2.4 %	\$ 2,784,572	2.9 %
Boston Scientific	Commercial	1,153,472	1.1	1,999,250	2.1
Wells Fargo Properties, Inc.	Commercial	774,118	0.7	999,250	1.0
Industrial Equities Group, LLC	Commercial	598,190	0.6	761,284	0.8
Shoreview Ridge, LLC	Commercial	475,842	0.5	—	—
GJJV MN 3, 4, 5 LLC	Commercial	414,130	0.4	—	—
Space Center Arden Hills, LLC	Commercial	381,454	0.4	—	—
Terrace Apartments Company	Commercial	363,503	0.4	—	—
Land O' Lakes, Inc.	Commercial	360,146	0.3	—	—
Deluxe Corporation	Commercial	359,250	0.3	739,250	0.8
Xcel Energy	Utility	—	—	1,223,235	1.3
ARI – Shoreview Corp. Center, LLC	Commercial	—	—	1,052,568	1.1
CSM Corporation	Commercial	—	—	932,990	1.0
Williams Bros. Pipeline	Utility	—	—	769,006	0.8
REEF American Realty Corporation	Commercial	—	—	688,808	0.7
Total		<u>\$ 7,311,555</u>	<u>7.0 %</u>	<u>\$ 11,950,213</u>	<u>12.5 %</u>

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Levies and Receivables  
Last Ten Fiscal Years

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized Amount	Percentage of Levy
2009	\$ 36,237,260	\$ 4,251,056	\$ 633,722	\$ 41,122,038	\$ 40,513,933	98.5 %
2010	35,866,361	4,713,999	673,488	41,253,848	40,587,972	98.4
2011	34,997,770	4,826,153	690,822	40,514,745	40,120,662	99.0
2012	37,677,540	4,247,225	—	41,924,765	41,510,107	99.0
2013	37,493,498	4,703,026	—	42,196,524	41,837,221	99.1
2014	37,011,867	4,658,824	—	41,670,691	41,394,871	99.3
2015	38,721,741	4,560,027	—	43,281,768	42,995,564	99.3
2016	39,603,186	4,564,200	—	44,167,386	43,918,515	99.4
2017	39,944,784	4,925,309	—	44,870,093	44,662,492	99.5
2018	44,892,812	5,010,165	—	49,902,977	23,452,000	47.0

N/A – Not Available

Note 1: A portion of the total spread levy is paid through various property tax credits for residential homestead properties, which are paid through state aids. These tax credits were eliminated in fiscal year 2012.

Note 2: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report



Received in Subsequent Years		Total to Date			Uncollected Taxes Receivable as of June 30, 2018							
		Amount	Percentage of Levy		Delinquent			Current				
					Amount	Percent		Amount	Percent			
\$	608,105	\$ 41,122,038	100.0	%	\$	—	—	%	\$	—	—	%
	665,876	41,253,848	100.0			—	—			—	—	
	394,083	40,514,745	100.0			—	—			—	—	
	374,241	41,884,348	99.9			40,417	0.1			—	—	
	300,040	42,137,261	99.9			59,263	0.1			—	—	
	233,682	41,628,553	99.9			42,138	0.1			—	—	
	230,863	43,226,427	99.9			55,341	0.1			—	—	
	175,431	44,093,946	99.8			73,440	0.2			—	—	
	—	44,662,492	99.5			207,601	0.5			—	—	
	—	23,452,000	47.0			—	—			26,450,977	53.0	
						<u>\$ 478,200</u>				<u>\$ 26,450,977</u>		

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INDEPENDENT SCHOOL DISTRICT NO. 621

Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Capital Leases			
2009	\$ 209,155,000	\$ —	\$ 1,013,157	\$ 210,168,157	5.83 %	\$ 2,585
2010	223,080,000	(11,052,899)	628,310	212,655,411	5.76	2,590
2011	189,575,000	(9,954,171)	463,034	180,083,863	4.79	2,172
2012	171,485,000	(8,303,716)	305,000	163,486,284	4.23	1,952
2013	175,640,000	(7,399,210)	155,000	168,395,790	4.28	1,991
2014	109,550,000	388,347	—	109,938,347	2.74	1,287
2015	118,030,000	1,064,690	—	119,094,690	2.83	1,380
2016	108,810,000	925,424	—	109,735,424	2.49	1,259
2017	99,335,000	793,619	5,514,300	105,642,919	2.27	1,200
2018	246,135,000	9,060,512	5,323,620	260,519,132	5.52	2,930

N/A – Not Available

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Ratio of Net General Obligation Bonded Debt  
to Tax Capacity and Net General Obligation Bonded Debt per Capita  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds on Hand</u>	<u>Net Bonded Debt</u>	<u>Tax Capacity</u>	<u>Percent of Net Debt to Tax Capacity</u>
2009	\$ 209,155,000	\$ 56,524,737	\$ 152,630,263	\$ 97,355,183	156.78 %
2010	212,027,101	77,071,709	134,955,392	93,192,286	144.81
2011	179,620,829	50,241,540	129,379,289	87,580,888	147.73
2012	163,181,284	39,982,246	123,199,038	80,911,635	152.26
2013	168,240,790	51,878,695	116,362,095	77,862,715	149.45
2014	109,938,347	1,812,004	108,126,343	79,190,078	136.54
2015	119,094,690	19,742,100	99,352,590	85,470,145	116.24
2016	109,735,424	19,790,965	89,944,459	89,471,899	100.53
2017	100,128,619	19,352,348	80,776,271	95,875,993	84.25
2018	255,195,512	19,196,794	235,998,718	103,442,520	228.14

(1) See the Schedule of Tax Capacities and Estimated Market Values for market value data.

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

Estimated Population	Net Bonded Debt per Capita	Percent of Net Debt to Estimated Market Value (1)
81,289	\$ 1,878	1.68 %
82,102	1,644	1.56
82,923	1,560	1.57
83,752	1,471	1.55
84,590	1,376	1.55
85,436	1,266	1.43
86,290	1,151	1.24
87,153	1,032	1.08
88,025	918	0.92
88,905	2,654	2.53

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INDEPENDENT SCHOOL DISTRICT NO. 621

Direct and Overlapping Debt  
June 30, 2018

Governmental Unit	Gross Bonded Debt Outstanding (1)	Percent Allocable to ISD No. 621 (2)	Portion Allocable to ISD No. 621
Direct debt			
Independent School District No. 621	\$ 255,195,512	100.00 %	\$ 255,195,512
Overlapping debt			
City of Mounds View	6,802,815	100.00	6,802,815
City of New Brighton	3,351,500	91.82	3,077,347
City of Roseville	23,817,848	16.51	3,932,327
City of Shoreview	32,261,055	92.98	29,996,329
City of Vadnais Heights	6,710,000	11.92	799,832
Northeast Metropolitan Intermediate School District No. 916	79,875,000	15.10	12,061,125
Ramsey County	203,786,727	18.15	36,987,291
White Bear Township	1,230,470	0.14	1,723
Special districts			
Metropolitan Council	188,620,614	2.91	5,488,860
Metropolitan Airports Commission	1,650,905	2.91	48,041
Total overlapping debt			<u>99,195,690</u>
Total direct and overlapping debt			<u>\$ 354,391,202</u>

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

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Ramsey County

## INDEPENDENT SCHOOL DISTRICT NO. 621

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2009	2010	2011	2012
Debt limit	\$1,363,743,649	\$1,300,774,515	\$1,233,457,470	\$1,188,450,795
Total net debt applicable to the limit	152,630,263	146,008,291	139,333,460	131,502,754
Legal debt margin	<u>\$1,211,113,386</u>	<u>\$1,154,766,224</u>	<u>\$1,094,124,010</u>	<u>\$1,056,948,041</u>
Total net debt applicable to the limit as a percentage of debt limit	11.19%	11.22%	11.30%	11.07%

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

Source: Ramsey County



2013	2014	2015	2016	2017	2018
\$1,126,445,985	\$1,133,279,775	\$1,206,396,690	\$1,243,839,720	\$1,312,878,645	\$1,401,557,100
123,761,305	107,737,996	98,287,900	89,019,035	79,982,652	226,938,206
<u>\$1,002,684,680</u>	<u>\$1,025,541,779</u>	<u>\$1,108,108,790</u>	<u>\$1,154,820,685</u>	<u>\$1,232,895,993</u>	<u>\$1,174,618,894</u>
10.99%	9.51%	8.15%	7.16%	6.09%	16.19%

Legal Debt Margin Calculation for Fiscal Year 2018	
Market value	\$9,343,714,000
Debt limit (15% of market value)	1,401,557,100
Debt applicable to the limit	
General obligation bonds	246,135,000
Less amount set aside for repayment of general obligation debt	(19,196,794)
Total net debt applicable to the limit	<u>226,938,206</u>
Legal debt margin	<u>\$1,174,618,894</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (1)</u>	<u>School Enrollment (2)</u>
2009	81,289	\$ 3,607,687,109	\$ 44,381	7.5 %	9,900.83
2010	82,102	3,691,470,124	44,962	7.5	9,849.07
2011	82,923	3,761,801,895	45,365	6.9	9,914.06
2012	83,752	3,862,977,248	46,124	5.9	10,005.93
2013	84,590	3,935,888,110	46,529	5.5	10,232.42
2014	85,436	4,017,110,582	47,019	4.8	10,521.38
2015	86,290	4,203,284,806	48,711	3.8	10,762.47
2016	87,153	4,404,807,940	50,541	3.8	11,145.74
2017	88,025	4,654,393,678	52,876	3.7	11,297.21
2018	88,905	4,715,784,740	53,043	3.0	11,389.13

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

Sources:

- (1) Ramsey County Comprehensive Annual Financial Report
- (2) The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Employers  
as of June 30, 2018 and 2009

Employer	2018		2009	
	Employees	Rank	Employees	Rank
Medtronic, Inc. (both Shoreview and Mounds View)	4,118	1	4,950	1
Boston Scientific	2,200	2	2,000	2
Independent School District No. 621	1,621	3	1,414	4
Wells Fargo	1,200	4	2,000	2
Deluxe Corporation	1,150	5	1,130	5
Bethel University	970	6	—	—
University of Northwestern	960	7	—	—
Land O' Lakes, Inc.	850	8	800	6
Medtox Laboratory, Inc.	609	9	—	—
Cummins Power Generation	600	10	—	—
Empi	—	—	721	7
Country and MSI Insurance	—	—	640	8
Sysco MN	—	—	630	9
I.C. Systems	—	—	604	10
Total	14,278		14,889	

Note: Total employment in the District's boundaries was not readily available.

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Employees by Classification  
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2009	2010	2011	2012
District directors/superintendent	7	7	7	7
Principals	15	14	14	14
Teachers (2)	764	763	765	777
Managers, coordinators, supervisors, specialists, and technical support	76	74	74	71
Paraprofessionals	341	332	339	341
Food service	80	80	82	81
Custodians	65	66	66	68
Clerical	59	57	54	49
Community education and Laurentian Environmental Center	21	21	18	20
Total	1,428	1,414	1,419	1,428

(1) This schedule is a headcount based on a contract group. Full-time and part-time employees count the same.

(2) Includes nurses, social workers, psychologists, speech pathologists, occupational therapists, physical therapists, adult basic education, early childhood family education, and learning resource teachers.

Source: The District's Human Resource Department

2013	2014	2015	2016	2017	2018
7	8	8	8	10	11
15	17	18	23	25	24
805	823	881	884	892	893
67	73	79	83	83	86
347	362	402	402	390	394
81	75	83	78	77	75
68	68	70	72	72	76
49	49	51	54	51	55
18	13	17	14	11	7
1,457	1,488	1,609	1,618	1,611	1,621

INDEPENDENT SCHOOL DISTRICT NO. 621

Operating Indicators  
Standardized Testing and Graduation Rates  
Last Ten Fiscal Years

					Fiscal Year
	2009	2010	2011	2012	2013
<b>Standardized tests</b>					
<b>MCA reading (1)</b>					
Grade 3	83.40 %	82.88 %	84.00 %	86.40 %	63.20 %
Grade 5	78.70	83.65	79.60	85.40	71.90 (5)
Grade 7	75.00	73.43	79.70	81.10	64.50 (5)
Grade 10	85.20	83.67	87.20	87.60	75.40 (5)
<b>MCA math (1)</b>					
Grade 3	86.10	87.06	77.40 (2)	81.10	73.40
Grade 5	76.10	75.46	63.30 (2)	71.20	66.80
Grade 7	74.10	72.00	60.40 (2)	66.60	64.80
Grade 11	61.20	68.86	73.10	42.50	68.80
<b>ACT</b>					
Average composite score	24.80	25.00	25.30	23.40 (3)	23.50 (3)
<b>Graduation data</b>					
ISD No. 621 graduation rate	94.95	94.05	94.91	88.50 (4)	88.80
State graduation rate	91.65	91.83	92.76	76.90 (4)	77.60

N/A – Not Available

- (1) Percentage of students scoring at or above proficiency on the MCA Test (level 3 or higher).
- (2) MCA III introduced in 2010–2011.
- (3) ACT administered to all students.
- (4) New methodology for graduation calculation.
- (5) New version of MCA III introduced in 2012–2013.
- (6) New version of MCA III introduced in 2013–2014.

Source: State graduation rate obtained from the Minnesota Department of Education

					State Average
2014	2015	2016	2017	2018	2018
69.20 %	65.80 %	67.30 %	64.70 %	66.10 %	55.70 %
76.20	74.10	75.70	73.80	75.30	66.90
66.10	67.40	70.50	67.80	69.70	58.10
69.70	70.70	70.80	70.20	63.10	59.00
78.90	76.20	78.00	74.00	76.30	66.40
69.70	66.40	67.00	63.80	66.10	54.70
66.70	69.60	71.80	70.30	69.40	54.40
65.10 (6)	63.40	62.40	62.90	58.80	47.10
23.50 (3)	23.50 (3)	23.20 (3)	23.50 (3)	23.60 (3)	21.30
88.50	89.10	90.90	91.20	91.10	N/A
79.80	81.20	81.90	82.20	82.70	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 621

School Facilities  
as of June 30, 2018

Facility	Original Year Constructed	Use	Grades/Programs Housed	Square Footage
Bel Air Elementary	1966	School	Kindergarten–Grade 5	85,742
Island Lake Elementary	1956	School	Kindergarten–Grade 5	94,959
Pinewood Elementary	1955	School	Kindergarten–Grade 5	84,081
Sunnyside Elementary	1950	School	Kindergarten–Grade 5	74,620
Turtle Lake Elementary	1958	School	Kindergarten–Grade 5	112,966
Valentine Hills Elementary	1968	School	Kindergarten–Grade 5	77,342
Chippewa Middle School	1973	School	Grades 6–8	192,483
Edgewood Middle School	1957	School	Grades 6–8	133,066
Highview Middle School	1967	School	Grades 6–8	170,112
Irondale High School	1965	School	Grades 9–12	328,352
Mounds View High School	1952	School	Grades 9–12	298,750
Early Childhood Education Center	1990	Multi-purpose	Early Childhood	20,028
Pike Lake Education Center	1962	Multi-purpose	Kindergarten Center/ early childhood programs	82,144
Snail Lake Education Center	1952	Multi-purpose	Kindergarten Center/ early childhood programs	79,382
District Center	1992	Multi-purpose	District offices/ community education	26,452

Source: The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Expenditures per Student (Average Daily Membership)  
Last Ten Fiscal Years

	Fiscal Year			
	2009	2010	2011	2012
Administration	\$ 385	\$ 385	\$ 410	\$ 420
District support services	555	241	265	255
Elementary and secondary regular instruction	6,873	4,980	5,052	5,302
Vocational education instruction	207	184	202	194
Special education instruction	2,116	2,297	2,285	2,340
Instructional support services	427	414	469	532
Pupil support services	915	929	935	956
Sites and buildings	1,467	1,059	1,150	1,165
Fiscal and other fixed cost programs	23	21	24	26
Food service	448	468	481	498
Community service	427	437	474	472
Capital outlay	463	481	409	346
Debt service	1,314	1,533	1,622	1,554
Total expenditures	<u>\$ 15,619</u>	<u>\$ 13,429</u>	<u>\$ 13,776</u>	<u>\$ 14,062</u>
Average daily membership	<u>9,901</u>	<u>9,849</u>	<u>9,914</u>	<u>10,006</u>

Note 1: Includes all governmental fund expenditures.

Note 2: In fiscal 2009, the expenditures included \$24,944,668 of employer contributions to the Post-Employment Benefits Trust Fund related to OPEB debt issuance.

Source: Minnesota Department of Education student reporting system

<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>	
\$	468	\$	472	\$	508	\$	540	\$	530	\$	555
	280		282		320		332		348		348
	5,326		5,397		5,870		5,779		5,774		5,878
	182		183		180		157		175		224
	2,313		2,376		2,535		2,568		2,349		2,389
	532		673		714		783		828		846
	998		1,102		1,290		1,307		1,327		1,400
	1,202		1,254		1,421		1,213		2,062		1,694
	35		37		40		20		25		23
	486		487		504		511		506		506
	499		504		451		449		464		561
	362		328		346		357		27		294
	<u>1,510</u>		<u>1,440</u>		<u>1,257</u>		<u>1,221</u>		<u>1,223</u>		<u>1,279</u>
\$	<u>14,193</u>	\$	<u>14,533</u>	\$	<u>15,435</u>	\$	<u>15,237</u>	\$	<u>15,639</u>	\$	<u>15,997</u>
	<u>10,232</u>		<u>10,521</u>		<u>10,762</u>		<u>11,146</u>		<u>11,297</u>		<u>11,389</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic Statistics – Student Enrollment  
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served and Tuition Paid)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2009	102.54	618.41	4,054.03	5,125.85	9,900.83	11,570.10
2010	111.90	595.51	4,089.31	5,052.35	9,849.07	11,507.43
2011	109.02	630.16	4,186.51	4,988.37	9,914.06	11,549.56
2012	115.62	641.85	4,316.85	4,931.61	10,005.93	11,633.44
2013	131.97	707.85	4,482.40	4,910.20	10,232.42	11,844.37
2014	140.73	732.08	4,644.81	5,003.76	10,521.38	12,170.10
2015	167.93	728.49	4,788.23	5,077.82	10,762.47	11,768.81
2016	183.14	723.55	5,008.01	5,231.04	11,145.74	12,189.62
2017	194.40	753.19	5,049.79	5,299.83	11,297.21	12,350.88
2018	207.02	761.03	5,131.06	5,290.02	11,389.13	12,446.29

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

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6	Secondary
Fiscal 2009 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2018	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Meals Served and Pricing  
Last Ten Fiscal Years

Year Ended June 30,	Lunches Served to Students				Lunches Served to Adults
	Regular Priced Lunches	Reduced Price Lunches	Free Lunches	Total	
2009	684,563	83,945	215,662	984,170	37,267
2010	656,258	85,062	257,031	998,351	36,910
2011	642,561	87,171	286,004	1,015,736	35,498
2012	612,078	80,101	318,842	1,011,021	34,757
2013	607,036	80,581	334,478	1,022,095	32,100
2014	600,482	81,015	363,590	1,045,087	29,379
2015	641,759	90,714	386,997	1,119,470	30,101
2016	665,291	106,120	382,128	1,153,539	29,804
2017	674,980	109,053	377,482	1,161,515	30,010
2018	667,555	121,083	352,874	1,141,512	28,956

Year Ended June 30,	Student Regular Lunch Prices			
	Regular Priced Lunches		Reduced Price Lunches	Adult Lunches
	Elementary	Secondary		
2009	2.35	2.60	0.40	3.50
2010	2.35	2.60	0.40	3.50
2011	2.35	2.60	0.40	3.50
2012	2.35	2.60	0.40	3.50
2013	2.45	2.70	0.40	3.60
2014	2.45	2.70	0.40	3.60
2015	2.45	2.70	— *	3.60
2016	2.45	2.70	— *	3.60
2017	2.55	2.80	— *	3.60
2018	2.55	2.80	— *	3.85

Source: The District's Nutrition Service Department

\* The state of Minnesota began reimbursing the District this amount in 2015; therefore, the District did not charge families.

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