

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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





COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2020

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

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November 3, 2020

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, 2020. 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, 2020. 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 90,692.

During 2019–2020, 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 57 years. Enrollment has increased modestly over the previous 10 years and the District served 11,715 students for the 2019–2020 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 2019 for the county was \$54,934, as compared to \$59,683 for the state of Minnesota and \$55,809 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 2020, the unemployment rate for Ramsey County was 9.0 percent, as compared to 7.4 percent for the state of Minnesota, and 8.4 percent for the United States. The sharp increase from previous years is primarily related to the COVID-19 pandemic.

The COVID-19 pandemic has caused economic and financial market volatility in the United States and around the world, along with significant business and operational disruptions for many organizations. Due to the unknown breadth and duration of this pandemic, any potential impact it may have on the District's future operations and financial condition cannot be determined at this time and has not been reflected in these financial statements.

## **MISSION STATEMENT AND STRATEGIC PLANNING**

The following Strategic Plan Framework influenced the direction of the District in the 2019–2020 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 legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. Legal budgetary control is at the fund level. 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 expired in 2019–2020. These operating levies generated roughly \$19 million for the District in the 2019–2020 school year. In November 2019, voters approved a renewal of this levy in the amount of \$1,735.41 per pupil with an inflationary increase each year for 10 years set to expire in 2029–2030.

## **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 2018–2019. 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 of Excellence in Financial Reporting Program for consideration.

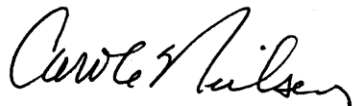
## **ACKNOWLEDGEMENTS**

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 its 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, 2020

#### **SCHOOL BOARD**

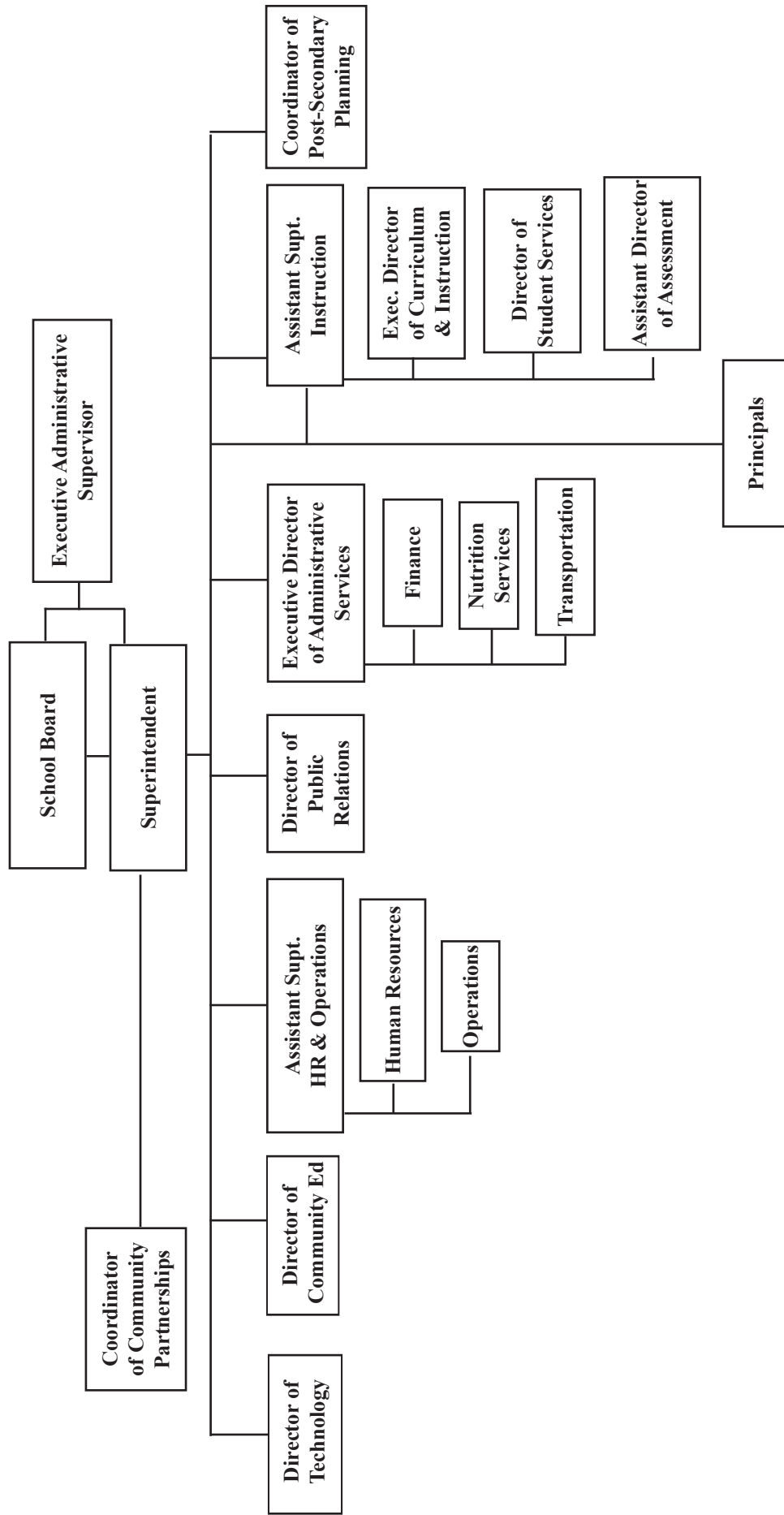
<u>Name</u>	<u>Term on Board Expires</u>	<u>Board Position</u>
Jonathan Weinhausen	January 1, 2024	Chairperson
Diane Glasheen	January 3, 2022	Vice Chairperson
Sandra Westerman	January 1, 2024	Clerk
Shauna Bock	January 3, 2022	Treasurer
Heidi Danielson	January 1, 2024	Director
Jim DeMay	January 1, 2024	Director
Marre Jo Sager	January 1, 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
Debbie Harrod	Nutrition Services Manager
Carole Nielsen	Executive Director of Administrative Services
Angie Peschel	Executive Director of Curriculum and Instruction
Colin Sokolowski	Director of Public Relations
Amy Jo Johnson	Director of Human Resources
Bridget Peterson	Director of Finance
Chris Paquette	Director of Operations
Penny Pease	Director of Technology



## *Administrative Team 2019-20*





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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

**Claire Hertz, SFO**  
President

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

**David J. Lewis**  
Executive Director

## FINANCIAL SECTION

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## PRINCIPALS

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

## INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of  
Independent School District No. 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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **EMPHASIS OF MATTER**

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

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

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

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

(continued)

### **Prior Year Comparative Information**

We have previously audited the District's 2019 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 5, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 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, Radasewich & Co., P.A.*

Minneapolis, Minnesota  
November 3, 2020

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## INDEPENDENT SCHOOL DISTRICT NO. 621

### Management's Discussion and Analysis Year Ended June 30, 2020

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, 2020. 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, 2020 by \$73,637,103 (net position deficit). The District's total net position increased by \$423,113 during the fiscal year ended June 30, 2020, excluding the change in accounting principle as discussed below.
- The District recorded a change in accounting principle in the current year with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of this standard changed the way the District reports certain fiduciary activities that were previously reported in a separate financial document. The implementation of this standard increased beginning net position in the government-wide statements and beginning fund balance in the General Fund by \$47,534.
- Government-wide revenues totaled \$195,130,391 and were \$423,113 more than expenses of \$194,707,278.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$678,992 from the prior year, compared to a \$1,416,455 decrease planned in the budget, excluding the change in accounting principle discussed above.

#### **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 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, 2020 and 2019</b>		
	2020	2019
<b>Assets</b>		
Current and other assets	\$ 185,708,207	\$ 261,550,056
Capital assets, net of depreciation	202,806,269	110,864,055
Total assets	<u>\$ 388,514,476</u>	<u>\$ 372,414,111</u>
<b>Deferred outflows of resources</b>		
Pension plan deferments	\$ 72,450,075	\$ 108,269,470
OPEB plan deferments	556,669	668,004
Total deferred outflows of resources	<u>\$ 73,006,744</u>	<u>\$ 108,937,474</u>
<b>Liabilities</b>		
Current and other liabilities	\$ 34,610,987	\$ 28,730,962
Long-term liabilities, including due within one year	324,874,504	336,497,301
Total liabilities	<u>\$ 359,485,491</u>	<u>\$ 365,228,263</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 60,138,513	\$ 47,322,201
Pension plan deferments	114,495,008	141,988,999
OPEB plan deferments	1,039,311	919,872
Total deferred inflows of resources	<u>\$ 175,672,832</u>	<u>\$ 190,231,072</u>
<b>Net position</b>		
Net investment in capital assets	\$ 43,544,385	\$ 39,575,093
Restricted	4,582,543	5,357,804
Unrestricted	(121,764,031)	(119,040,647)
Total net position	<u>\$ (73,637,103)</u>	<u>\$ (74,107,750)</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 (OPEB), 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 decrease in current and other assets, increase in capital assets, and increase in current and other liabilities is due to the District spending down bond proceeds on significant construction projects in the current year.

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

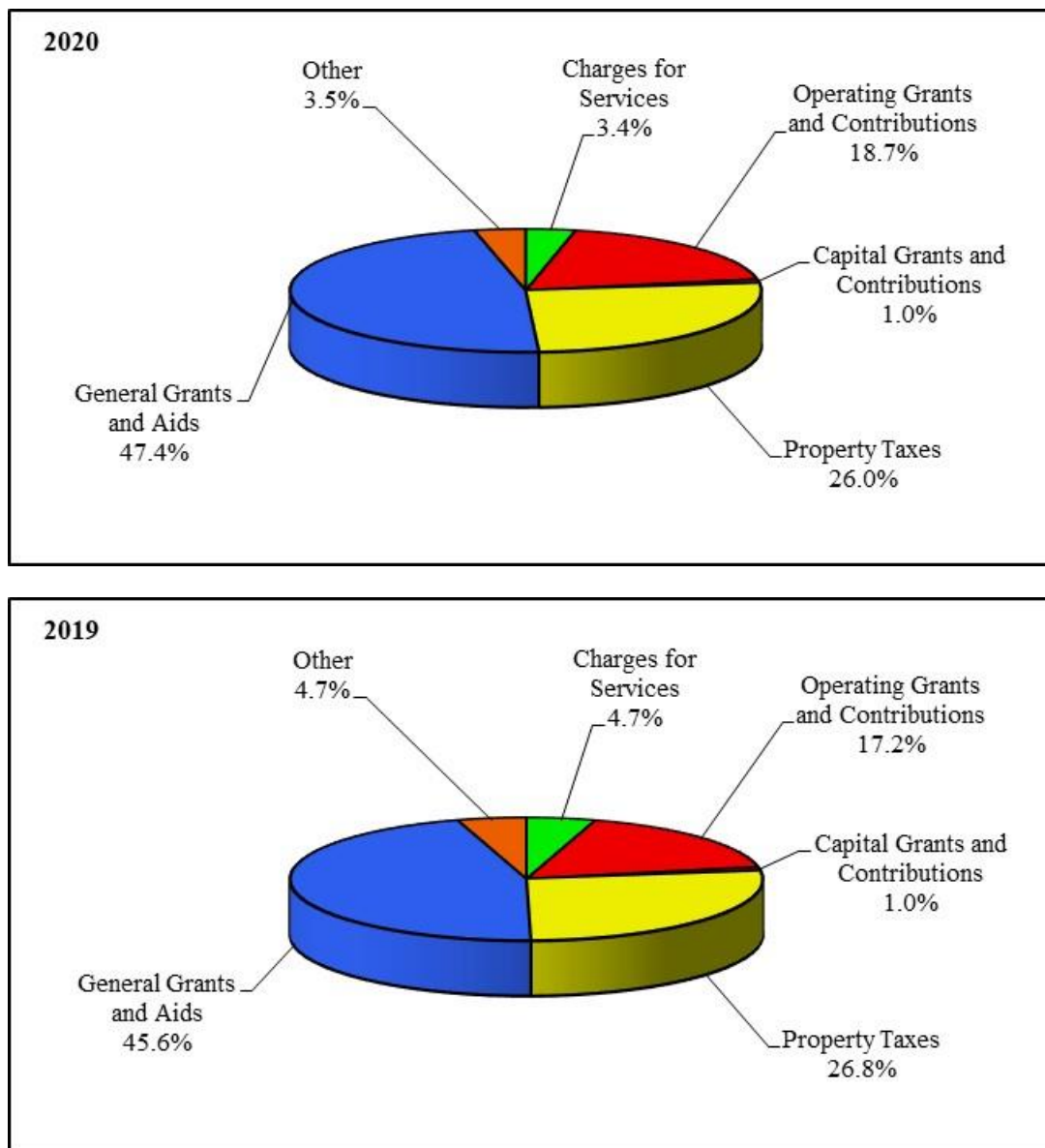
<b>Table 2</b> <b>Summary Statement of Activities</b> <b>for the Years Ended June 30, 2020 and 2019</b>		
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 6,719,873	\$ 8,826,214
Operating grants and contributions	36,480,556	32,360,622
Capital grants and contributions	1,893,498	1,969,876
General revenues		
Property taxes	50,644,508	50,478,472
General grants and aids	92,508,417	85,881,005
Other	6,883,539	8,802,232
Total revenues	195,130,391	188,318,421
Expenses		
Administration	6,851,159	5,050,750
District support services	4,084,535	3,374,138
Elementary and secondary regular instruction	79,172,881	51,196,047
Vocational education instruction	2,410,016	1,445,513
Special education instruction	29,373,738	19,215,805
Instructional support services	11,196,400	7,342,386
Pupil support services	18,800,249	16,231,907
Sites and buildings	21,545,372	20,605,301
Fiscal and other fixed cost programs	385,933	266,838
Food service	5,619,436	5,891,965
Community service	7,286,126	5,724,008
Interest and fiscal charges	7,981,433	8,835,930
Total expenses	194,707,278	145,180,588
Change in net position	423,113	43,137,833
Net position – beginning, as previously reported	(74,107,750)	(117,245,583)
Change in accounting principle	47,534	–
Net position – beginning, as restated	(74,060,216)	(117,245,583)
Net position – ending	\$ (73,637,103)	\$ (74,107,750)

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 2020 were \$6,811,970 more than the prior year as a result of enrollment increases, an increase in the state general education aid basic formula allowance, and an increase in special education funding. Charges for services decreased, due to the COVID-19 pandemic beginning in March and continuing through the end of the fiscal year. The decrease in other general revenues is due to decreased investment earnings related to the spend down of bond proceeds. The significant increase in expenses reflects the change in the PERA and the TRA multiple-employer defined benefit pension plans, impacting functional areas based on salary and benefit levels.

Figure A shows further analysis of these revenue sources:

**Figure A – Sources of Revenues for Fiscal Years 2020 and 2019**



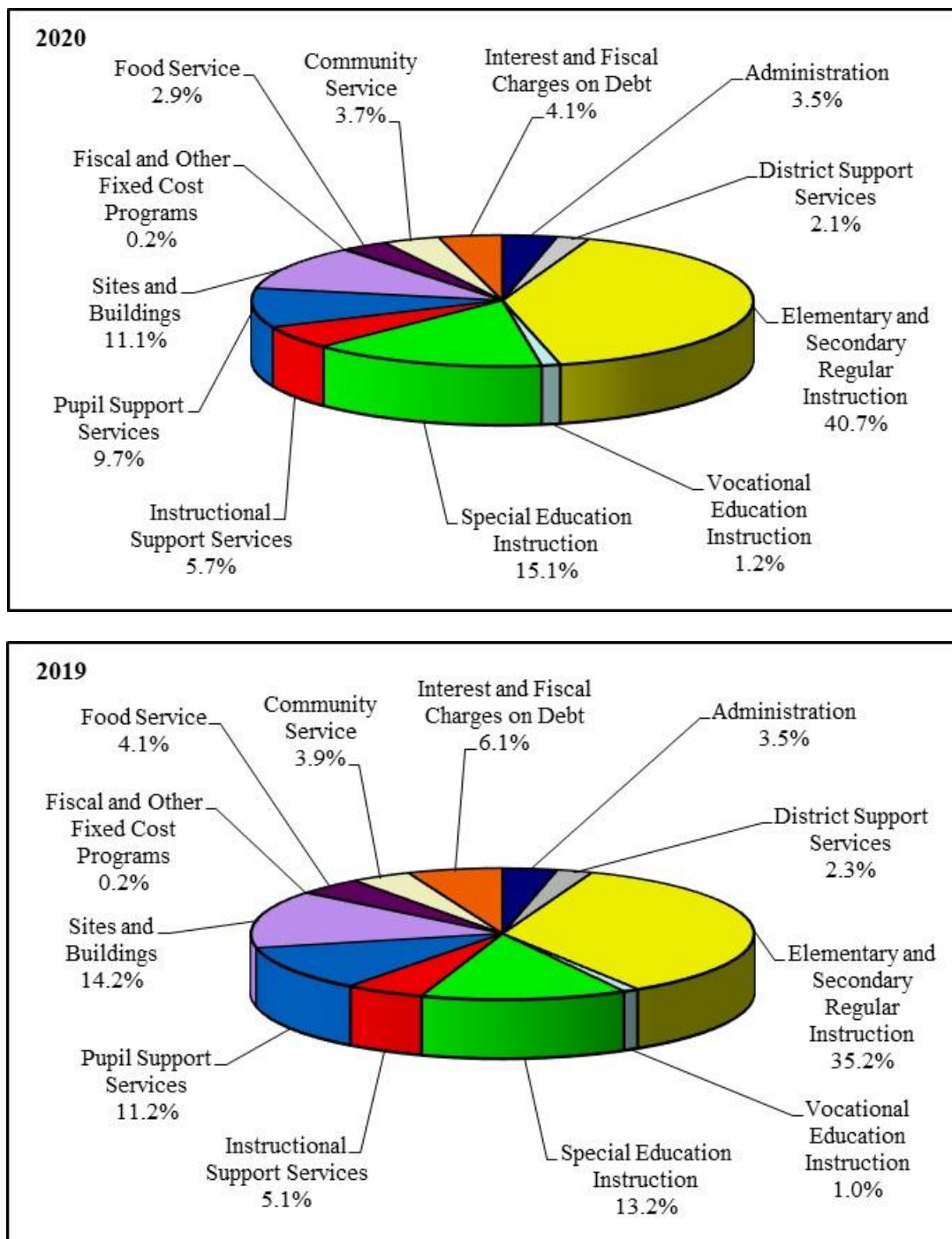
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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.

Charges for services were down from the prior year directly related to the COVID-19 pandemic beginning in March through the end of the fiscal year.

Figure B shows further analysis of these expense functions:

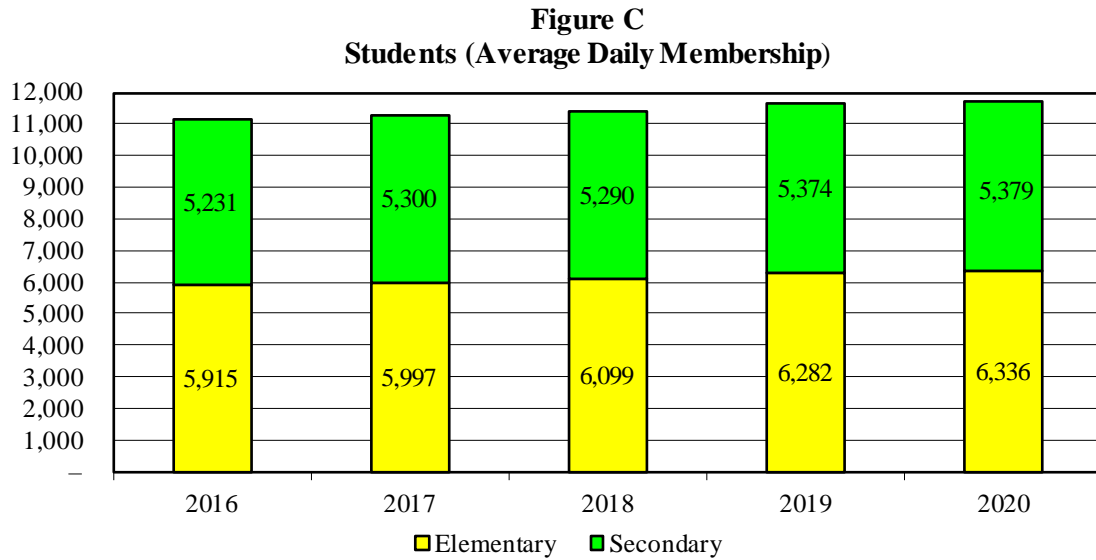
**Figure B – Expenses for Fiscal Years 2020 and 2019**



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 experienced an increase of 59 students in fiscal 2020 based on average daily membership, which is a combination of an increase of 54 elementary students and an increase of 5 secondary students.



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District 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, 2020 and 2019</b>			
	2020	2019	Change
Major funds			
General	\$ 29,987,889	\$ 29,261,363	\$ 726,526
Capital Projects – Building Construction	45,614,655	143,289,920	(97,675,265)
Debt Service	2,264,238	2,462,948	(198,710)
Nonmajor funds			
Food Service Special Revenue	1,340,426	1,654,214	(313,788)
Community Service Special Revenue	289,064	463,807	(174,743)
Total governmental funds	<u>\$ 79,496,272</u>	<u>\$ 177,132,252</u>	<u>\$ (97,635,980)</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, 2020, the District's governmental funds reported combined fund balances of \$79,496,272, a decrease of \$97,635,980 in comparison with the prior year. Approximately 29.5 percent of this amount, \$23,489,076, 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 – \$1,434,168, 2) restricted for particular purposes – \$52,357,772, or 3) assigned for particular purposes – \$2,215,256.

## 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>Change</u>	<u>Percent Change</u>
Revenues	<u>\$ 158,687,937</u>	<u>\$ 160,032,872</u>	<u>\$ 1,344,935</u>	<u>0.8%</u>
Expenditures	<u>\$ 160,104,392</u>	<u>\$ 161,449,327</u>	<u>\$ 1,344,935</u>	<u>0.8%</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>2020 Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues	\$ 161,237,602	\$ 1,204,730	0.8%	\$ 4,570,970	2.9%
Expenditures	<u>160,558,610</u>	\$ (890,717)	(0.6%)	\$ 3,970,553	2.5%
Net change in fund balances	<u>\$ 678,992</u>				

The fund balance of the General Fund increased \$678,992, compared to a planned decrease of \$1,416,455 approved in the final budget. As previously discussed, the District reported a change in accounting principle that increased beginning fund balance by \$47,534.

General Fund revenues for 2020 increased \$4,570,970, or 2.9 percent, compared to the prior year, and were \$1,204,730, or 0.8 percent, over budget. The increase over the prior year was primarily due to increased enrollment and funding improvements for general education and special education state sources. This increase was offset by the decrease in other local sources, due to the COVID-19 pandemic and less fees and charges for services received, compared to the prior year. The variance to budget was primarily in state sources, due to more than anticipated special education funding.

Current year expenditures of \$160,558,610 were \$890,717, or 0.6 percent, under budget. The expenditure variance was spread across several programs and object categories of the General Fund.

Total General Fund expenditures for 2020 increased \$3,970,553, or 2.5 percent, over the prior year. Expenditure increases were mainly for salaries and benefits, due to contractual wage increases and an increase in services to support enrollment increases.

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

### **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 financed with voter-approved building bonds and as authorized by the District's long-term facilities maintenance program as approved by the Minnesota Department of Education. At June 30, 2020, the District had a total fund balance of \$45,614,655, which reflects a decrease of \$97,675,265. This decrease is consistent with the approved budget, utilizing the proceeds from the 2018A General Obligation School Building Bonds to finance construction and improvements at several district facilities. Due to the COVID-19 pandemic and the District distance learning, construction was able to start earlier than planned, resulting in expenditures coming in more than anticipated.

### **Debt Service Fund**

Debt Service Fund expenditures and other financing uses exceeded revenues and other financing sources by \$198,710 in the current year, compared to a \$406 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 \$2,264,238 at June 30, 2020 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 2020 totaled \$22,213,470. This is an increase from the fiscal year 2019 operating revenue level of \$20,934,993. Nonoperating revenues totaled \$120,514, which is an increase from the fiscal year 2019 nonoperating revenue of \$111,327. Operating expenses totaled \$19,375,655, which represents a decrease from fiscal year 2019 operating expenses of \$19,461,577, due to a decrease in health and dental benefit claims.

The net position balance for all internal service funds as of June 30, 2020 was \$7,486,743, which represents a \$2,958,329 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 ended June 30, 2020 and 2019:

<b>Table 6 Capital Assets</b>			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 4,617,881	\$ 4,617,881	\$ –
Construction in progress	111,931,560	24,369,446	87,562,114
Land improvements	9,391,456	8,670,438	721,018
Buildings	207,758,711	197,468,917	10,289,794
Furniture and equipment	11,600,677	11,122,819	477,858
Less accumulated depreciation	<u>(142,494,016)</u>	<u>(135,385,446)</u>	<u>(7,108,570)</u>
Total	<u>\$ 202,806,269</u>	<u>\$ 110,864,055</u>	<u>\$ 91,942,214</u>
Depreciation expense	<u>\$ 7,108,570</u>	<u>\$ 7,263,253</u>	<u>\$ (154,683)</u>

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2020, 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 Outstanding Long-Term Liabilities</b>			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
General obligation bonds	\$ 206,185,000	\$ 218,790,000	\$ (12,605,000)
Unamortized premium/discount	9,946,289	8,613,548	1,332,741
Capital lease payable	4,917,079	5,123,626	(206,547)
Net pension liability	99,714,835	99,872,425	(157,590)
Severance benefits payable	1,362,094	1,330,861	31,233
Compensated absences payable	<u>2,749,207</u>	<u>2,766,841</u>	<u>(17,634)</u>
Total	<u>\$ 324,874,504</u>	<u>\$ 336,497,301</u>	<u>\$ (11,622,797)</u>

The changes in general obligation bonds, capital lease payable, and unamortized premium/discount in the table above are primarily due to principal payments, payments on refunded debt, and amortization during fiscal year 2020 as planned in the approved repayment schedules.

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	\$ 10,641,714,500
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,596,257,175</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. The Legislature has added \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

The COVID-19 pandemic has impacted how the District provides instruction. The District completed the 2019–2020 school year with distance learning. Increased expenditures for personal protective equipment, sanitation supplies, and technology are expected in the upcoming fiscal year.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

## **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, 2020  
(With Partial Comparative Information as of June 30, 2019)

	Governmental Activities	
	2020	2019
Assets		
Cash and temporary investments	\$ 122,134,694	\$ 205,625,613
Receivables		
Current taxes	35,310,884	27,527,041
Delinquent taxes	580,309	527,020
Accounts and interest	1,117,500	2,173,543
Due from other governmental units	17,593,876	16,408,424
Due from Post-Employment Benefits Trust Fund	511,341	1,297,853
Inventory	92,889	34,668
Prepaid items	1,341,279	1,182,398
Net OPEB asset	7,025,435	6,773,496
Capital assets		
Not depreciated	116,549,441	28,987,327
Depreciated, net of accumulated depreciation	86,256,828	81,876,728
Total capital assets, net of accumulated depreciation	<u>202,806,269</u>	<u>110,864,055</u>
Total assets	388,514,476	372,414,111
Deferred outflows of resources		
Pension plan deferments	72,450,075	108,269,470
OPEB plan deferments	556,669	668,004
Total deferred outflows of resources	<u>73,006,744</u>	<u>108,937,474</u>
Total assets and deferred outflows of resources	<u>\$ 461,521,220</u>	<u>\$ 481,351,585</u>
Liabilities		
Salaries payable	\$ 9,383,389	\$ 9,183,290
Accounts and contracts payable	18,315,652	11,946,603
Accrued interest payable	3,558,483	3,505,144
Due to other governmental units	72,506	111,480
Unearned revenue	3,280,957	3,984,445
Long-term liabilities		
Due within one year	12,368,118	12,552,277
Due in more than one year	312,506,386	323,945,024
Total long-term liabilities	<u>324,874,504</u>	<u>336,497,301</u>
Total liabilities	359,485,491	365,228,263
Deferred inflows of resources		
Property taxes levied for subsequent year	60,138,513	47,322,201
Pension plan deferments	114,495,008	141,988,999
OPEB plan deferments	1,039,311	919,872
Total deferred inflows of resources	<u>175,672,832</u>	<u>190,231,072</u>
Net position		
Net investment in capital assets	43,544,385	39,575,093
Restricted for		
Capital asset acquisition	983,397	1,945,864
Food service	1,340,426	1,654,214
Community service	1,759,187	1,359,505
Other purposes (state funding restrictions)	499,533	398,221
Unrestricted	(121,764,031)	(119,040,647)
Total net position	<u>(73,637,103)</u>	<u>(74,107,750)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 461,521,220</u>	<u>\$ 481,351,585</u>



## INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Activities  
as of June 30, 2020  
(With Partial Comparative Information for the Year Ended June 30, 2019)

		2020			2019	
Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
					Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 6,851,159	\$ —	\$ —	\$ —	\$ (6,851,159)	\$ (5,050,750)
District support services	4,084,535	—	—	—	(4,084,535)	(3,374,138)
Elementary and secondary regular instruction	79,172,881	576,429	3,957,894	—	(74,638,558)	(46,478,773)
Vocational education instruction	2,410,016	—	—	—	(2,410,016)	(1,445,513)
Special education instruction	29,373,738	339,699	27,774,698	—	(1,259,341)	5,361,924
Instructional support services	11,196,400	139,755	—	—	(11,056,645)	(7,196,489)
Pupil support services	18,800,249	244,561	—	—	(18,555,688)	(15,909,643)
Sites and buildings	21,545,372	71,619	469,592	1,893,498	(19,110,663)	(18,013,215)
Fiscal and other fixed cost programs	385,933	—	—	—	(385,933)	(266,838)
Food service	5,619,436	2,445,975	2,935,815	—	(237,646)	243,302
Community service	7,286,126	2,901,835	1,342,557	—	(3,041,734)	(1,057,813)
Interest and fiscal charges	7,981,433	—	—	—	(7,981,433)	(8,835,930)
Total governmental activities	<u>\$ 194,707,278</u>	<u>\$ 6,719,873</u>	<u>\$ 36,480,556</u>	<u>\$ 1,893,498</u>	(149,613,351)	(102,023,876)
General revenues						
Taxes						
Property taxes, levied for general purposes					31,345,471	30,685,939
Property taxes, levied for community service					994,294	995,010
Property taxes, levied for debt service					18,304,743	18,797,523
General grants and aids					92,508,417	85,881,005
Other general revenues					2,878,435	2,961,523
Investment earnings					4,005,104	5,840,709
Total general revenues					<u>150,036,464</u>	<u>145,161,709</u>
Change in net position					423,113	43,137,833
Net position – beginning, as previously reported					(74,107,750)	(117,245,583)
Change in accounting principle					47,534	—
Net position – beginning, as restated					<u>(74,060,216)</u>	<u>(117,245,583)</u>
Net position – ending					\$ (73,637,103)	\$ (74,107,750)

INDEPENDENT SCHOOL DISTRICT NO. 621

Balance Sheet  
Governmental Funds  
as of June 30, 2020  
(With Partial Comparative Information as of June 30, 2019)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 41,295,727	\$ 57,714,967	\$ 10,077,697
Receivables			
Current taxes	24,351,298	–	10,376,528
Delinquent taxes	363,588	–	204,490
Accounts and interest	105,214	984,215	–
Due from other governmental units	16,672,009	–	38,679
Due from other funds	511,341	–	–
Inventory	–	–	–
Prepaid items	1,341,279	–	–
Total assets	<u>\$ 84,640,456</u>	<u>\$ 58,699,182</u>	<u>\$ 20,697,394</u>
Liabilities			
Salaries payable	\$ 9,084,723	\$ 903	\$ –
Accounts and contracts payable	3,848,070	13,083,624	–
Due to other governmental units	72,506	–	–
Unearned revenue	469,562	–	–
Total liabilities	<u>13,474,861</u>	<u>13,084,527</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	317,501	–	180,464
Property taxes levied for subsequent year	40,860,205	–	18,252,692
Total deferred inflows of resources	<u>41,177,706</u>	<u>–</u>	<u>18,433,156</u>
Fund balances (deficit)			
Nonspendable	1,341,279	–	–
Restricted	1,482,930	45,614,655	2,264,238
Assigned	2,215,256	–	–
Unassigned	24,948,424	–	–
Total fund balances	<u>29,987,889</u>	<u>45,614,655</u>	<u>2,264,238</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 84,640,456</u>	<u>\$ 58,699,182</u>	<u>\$ 20,697,394</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 2,000,649	\$ 111,089,040	\$ 197,529,765
583,058	35,310,884	27,527,041
12,231	580,309	527,020
28,071	1,117,500	2,113,942
883,188	17,593,876	16,408,424
—	511,341	1,297,853
92,889	92,889	34,668
—	1,341,279	1,182,398
<u>\$ 3,600,086</u>	<u>\$ 167,637,118</u>	<u>\$ 246,621,111</u>
\$ 297,763	\$ 9,383,389	\$ 9,183,290
237,543	17,169,237	10,567,135
—	72,506	111,480
398,899	868,461	1,736,878
<u>934,205</u>	<u>27,493,593</u>	<u>21,598,783</u>
10,775	508,740	567,875
1,025,616	60,138,513	47,322,201
<u>1,036,391</u>	<u>60,647,253</u>	<u>47,890,076</u>
92,889	1,434,168	1,217,066
2,995,949	52,357,772	151,063,600
—	2,215,256	2,574,974
(1,459,348)	23,489,076	22,276,612
<u>1,629,490</u>	<u>79,496,272</u>	<u>177,132,252</u>
<u>\$ 3,600,086</u>	<u>\$ 167,637,118</u>	<u>\$ 246,621,111</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, 2020  
(With Partial Comparative Information as of June 30, 2019)

	2020	2019
Total fund balances – governmental funds	\$ 79,496,272	\$ 177,132,252
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	345,300,285	246,249,501
Accumulated depreciation	(142,494,016)	(135,385,446)
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	(206,185,000)	(218,790,000)
Unamortized premium/discount	(9,946,289)	(8,613,548)
Capital leases payable	(4,917,079)	(5,123,626)
Net pension liability	(99,714,835)	(99,872,425)
Severance benefits payable	(1,362,094)	(1,330,861)
Compensated absences payable	(2,749,207)	(2,766,841)
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.		
	7,025,435	6,773,496
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.		
	7,486,743	4,528,414
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(3,558,483)	(3,505,144)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	72,450,075	108,269,470
Deferred outflows of resources – OPEB plan deferments	556,669	668,004
Deferred inflows of resources – pension plan deferments	(114,495,008)	(141,988,999)
Deferred inflows of resources – OPEB plan deferments	(1,039,311)	(919,872)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	508,740	567,875
Total net position – governmental activities	<u>\$ (73,637,103)</u>	<u>\$ (74,107,750)</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2020  
(With Partial Comparative Information for the Year Ended June 30, 2019)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 31,390,081	\$ –	\$ 18,317,639
Investment earnings	664,094	3,048,158	132,356
Other	3,005,857	7,314	–
State sources	121,719,984	–	386,795
Federal sources	4,457,586	–	–
Total revenue	<u>161,237,602</u>	<u>3,055,472</u>	<u>18,836,790</u>
Expenditures			
Current			
Administration	6,681,656	–	–
District support services	4,119,164	–	–
Elementary and secondary regular instruction	69,869,656	–	–
Vocational education instruction	2,276,885	–	–
Special education instruction	28,317,961	–	–
Instructional support services	10,839,119	–	–
Pupil support services	18,624,305	–	–
Sites and buildings	18,618,571	–	–
Fiscal and other fixed cost programs	385,933	–	–
Food service	–	–	–
Community service	453,960	–	–
Capital outlay	–	100,730,737	–
Debt service			
Principal	206,547	–	10,820,000
Interest and fiscal charges	164,853	–	8,321,624
Total expenditures	<u>160,558,610</u>	<u>100,730,737</u>	<u>19,141,624</u>
Excess (deficiency) of revenue over expenditures	678,992	(97,675,265)	(304,834)
Other financing sources (uses)			
Debt issued	–	–	16,600,000
Premium on debt issued	–	–	1,891,124
Payment on refunded debt	–	–	(18,385,000)
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>106,124</u>
Net change in fund balances	678,992	(97,675,265)	(198,710)
Fund balances			
Beginning of year, as previously reported	29,261,363	143,289,920	2,462,948
Change in accounting principle	47,534	–	–
Beginning of year, as restated	<u>29,308,897</u>	<u>143,289,920</u>	<u>2,462,948</u>
End of year	<u>\$ 29,987,889</u>	<u>\$ 45,614,655</u>	<u>\$ 2,264,238</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 995,923	\$ 50,703,643	\$ 50,550,877
39,982	3,884,590	5,729,382
6,585,137	9,598,308	11,787,737
1,303,903	123,410,682	118,959,085
2,977,249	7,434,835	6,502,655
<u>11,902,194</u>	<u>195,032,058</u>	<u>193,529,736</u>
—	6,681,656	6,734,366
—	4,119,164	3,974,222
—	69,869,656	69,212,585
—	2,276,885	2,282,901
—	28,317,961	26,892,611
—	10,839,119	9,756,662
—	18,624,305	17,377,966
—	18,618,571	19,246,078
—	385,933	266,838
5,479,558	5,479,558	5,835,988
6,649,920	7,103,880	7,024,784
261,247	100,991,984	24,162,868
—	11,026,547	10,729,994
—	8,486,477	9,164,212
<u>12,390,725</u>	<u>292,821,696</u>	<u>212,662,075</u>
(488,531)	(97,789,638)	(19,132,339)
—	16,600,000	—
—	1,891,124	—
—	(18,385,000)	(16,815,000)
<u>—</u>	<u>106,124</u>	<u>(16,815,000)</u>
(488,531)	(97,683,514)	(35,947,339)
2,118,021	177,132,252	213,079,591
—	47,534	—
<u>2,118,021</u>	<u>177,179,786</u>	<u>213,079,591</u>
<u>\$ 1,629,490</u>	<u>\$ 79,496,272</u>	<u>\$ 177,132,252</u>

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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, 2020  
(With Partial Comparative Information for the Year Ended June 30, 2019)

	2020	2019
Total net change in fund balances – governmental funds	\$ (97,683,514)	\$ (35,947,339)
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	99,159,744	23,661,996
Depreciation expense	(7,108,570)	(7,263,253)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(108,960)	–
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.	(16,600,000)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	29,205,000	27,345,000
Capital lease payable	206,547	199,994
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.	(1,332,741)	446,964
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	157,590	164,279,891
Severance benefits payable	(31,233)	215,109
Compensated absences payable	17,634	338,015
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.	251,939	(275,443)
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.	(53,339)	(118,682)
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.	2,958,329	1,584,743
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(35,819,395)	(34,945,811)
Deferred outflows of resources – OPEB plan deferments	(111,335)	668,004
Deferred inflows of resources – pension plan deferments	27,493,991	(96,591,236)
Deferred inflows of resources – OPEB plan deferments	(119,439)	(387,714)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	(59,135)	(72,405)
Change in net position – governmental activities	\$ 423,113	\$ 43,137,833

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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, 2020

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 31,376,577	\$ 31,376,577	\$ 31,390,081	\$ 13,504
Investment earnings	850,000	850,000	664,094	(185,906)
Other	2,224,000	3,152,700	3,005,857	(146,843)
State sources	120,224,898	120,224,898	121,719,984	1,495,086
Federal sources	4,012,462	4,428,697	4,457,586	28,889
Total revenue	158,687,937	160,032,872	161,237,602	1,204,730
Expenditures				
Current				
Administration	6,055,702	6,055,702	6,681,656	625,954
District support services	4,340,143	4,340,143	4,119,164	(220,979)
Elementary and secondary regular instruction	70,262,050	71,310,750	69,869,656	(1,441,094)
Vocational education instruction	2,299,662	2,299,662	2,276,885	(22,777)
Special education instruction	27,952,887	28,249,122	28,317,961	68,839
Community service	500,000	500,000	453,960	(46,040)
Instructional support services	10,708,781	10,708,781	10,839,119	130,338
Pupil support services	18,261,768	18,261,768	18,624,305	362,537
Sites and buildings	19,051,999	19,051,999	18,618,571	(433,428)
Fiscal and other fixed cost programs	300,000	300,000	385,933	85,933
Debt service				
Principal	206,547	206,547	206,547	—
Interest and fiscal charges	164,853	164,853	164,853	—
Total expenditures	160,104,392	161,449,327	160,558,610	(890,717)
Net change in fund balances	\$ (1,416,455)	\$ (1,416,455)	678,992	\$ 2,095,447
Fund balances				
Beginning of year, as previously reported			29,261,363	
Change in accounting principle			47,534	
Beginning of year, as restated			29,308,897	
End of year			\$ 29,987,889	

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Net Position  
Internal Service Funds  
as of June 30, 2020  
(With Partial Comparative Information as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 11,045,654	\$ 8,095,848
Receivables		
Accounts and interest	<u>—</u>	<u>59,601</u>
Total current assets	11,045,654	8,155,449
Liabilities		
Current liabilities		
Claims payable	1,146,415	1,379,468
Unearned revenue	<u>2,412,496</u>	<u>2,247,567</u>
Total current liabilities	<u>3,558,911</u>	<u>3,627,035</u>
Net position		
Unrestricted	<u>\$ 7,486,743</u>	<u>\$ 4,528,414</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenses, and Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2020  
(With Partial Comparative Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services	\$ 22,213,470	\$ 20,934,993
Operating expenses		
Dental benefit claims	1,010,712	1,080,186
Medical benefit claims	<u>18,364,943</u>	<u>18,381,391</u>
Total operating expenses	<u>19,375,655</u>	<u>19,461,577</u>
Operating income	2,837,815	1,473,416
Nonoperating revenue		
Investment earnings	<u>120,514</u>	<u>111,327</u>
Change in net position	2,958,329	1,584,743
Net position		
Beginning of year	<u>4,528,414</u>	<u>2,943,671</u>
End of year	<u><u>\$ 7,486,743</u></u>	<u><u>\$ 4,528,414</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2020  
(With Partial Comparative Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Assessments from other funds and employee contributions	\$ 22,438,000	\$ 21,092,592
Payment for dental claims	(1,040,912)	(1,145,841)
Payment for medical claims	(18,567,796)	(18,437,114)
Net cash flows from operating activities	<u>2,829,292</u>	<u>1,509,637</u>
Cash flows from investing activities		
Investment income received	<u>120,514</u>	<u>111,327</u>
Net change in cash and cash equivalents	2,949,806	1,620,964
Cash and cash equivalents		
Beginning of year	<u>8,095,848</u>	<u>6,474,884</u>
End of year	<u><u>\$ 11,045,654</u></u>	<u><u>\$ 8,095,848</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 2,837,815	\$ 1,473,416
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	59,601	(59,601)
Claims payable	(233,053)	(61,777)
Unearned revenue	<u>164,929</u>	<u>157,599</u>
Net cash flows from operating activities	<u><u>\$ 2,829,292</u></u>	<u><u>\$ 1,509,637</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Fiduciary Net Position  
Fiduciary Funds  
as of June 30, 2020

	Post-Employment Benefits Trust Fund
Assets	
Investments, at fair value	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	\$ 2,233,435
Non-Retirement Equity Fund	13,507,674
Non-Retirement Bond Fund	7,839,515
Total assets	<u>23,580,624</u>
Liabilities	
Due to governmental funds	<u>511,341</u>
Net position	
Held in trust for OPEB benefits	<u><u>\$ 23,069,283</u></u>

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2020

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	\$ 1,583,701
Deductions	
Post-employment benefit costs	<u>1,142,216</u>
Change in net position	441,485
Net position	
Beginning of year	<u>22,627,798</u>
End of year	<u><u>\$ 23,069,283</u></u>



## INDEPENDENT SCHOOL DISTRICT NO. 621

### Notes to Basic Financial Statements June 30, 2020

#### **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.

##### **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 has a 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 (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

#### **Major Governmental Funds**

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. 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 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 Fund**

**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.

### **E. Budgeting**

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded budgeted amounts in the Community Service Special Revenue Fund and the Capital Projects – Building Construction Fund by \$10,548 and \$37,703,319, respectively. Revenues in excess of budget and available fund balance covered these variances.

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

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the 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 the District's revenue in the General Fund 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 \$3,061,806 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2019–2020. The remaining portion of the taxes collectible in 2020 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 governmental 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 2020.
- 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
2019	\$ 89,522	\$ 1,139,787	\$ 1,145,841	\$ 83,468
2020	\$ 83,468	\$ 1,010,712	\$ 1,040,912	\$ 53,268

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
2019	\$ 1,351,723	\$ 18,381,391	\$ 18,437,114	\$ 1,296,000
2020	\$ 1,296,000	\$ 18,364,943	\$ 18,567,796	\$ 1,093,147



## 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. Use of Estimates**

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

### **V. 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, 2019, 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.

### **W. Change in Accounting Principle**

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for scholarship activity in the General Fund and its governmental activities. The standard required retroactive implementation, which resulted in the restatement of fund balance in the General Fund and Net Position of Governmental Activities as of June 30, 2019. The restatement resulted in an increase in fund balance and net position of \$47,534 as of July 1, 2019.

## 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 and bank balance of the District's deposits was \$0.

### 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. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form; and therefore, are not subject to custodial credit risk disclosures. 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, 2020, the District’s investment portfolio includes a guaranteed investment contract with the Toronto-Dominion Bank at 46.3 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	\$ 122,134,694
Investments, at fair value – Statement of Fiduciary Net Position	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	2,233,435
Non-Retirement Equity Fund	13,507,674
Non-Retirement Bond Fund	<u>7,839,515</u>
Total cash and investments	<u><u>\$ 145,715,318</u></u>

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District's deposit and investment balances at June 30, 2020 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	
Guaranteed investment contract	AA	S&P	N/A	\$ –	\$ 67,474,387	\$ 67,474,387
Investment pools/mutual funds						
Minnesota State Board of Investment						
Non-Retirement Bond Fund	N/R	N/A	N/A			7,839,515
Non-Retirement Equity Fund	N/R	N/A	N/A			13,507,674
Non-Retirement Money Market Fund	N/R	N/A	N/A			2,233,435
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A			50,654,907
Minnesota School District Liquid Asset Fund Term Series	AAA	Fitch	N/A	\$ 4,000,000	\$ –	4,000,000
Total investments						145,709,918
Petty cash						5,400
Total deposits and investments						<u>\$ 145,715,318</u>

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF), MSDLAF Term Series, 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. The District's investment in the Minnesota State Board of Investment Funds are measured at fair value. For these investment pools, 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. The MSDLAF Term Series have a maturity date of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

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, 2020, 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	\$ 81,478	\$ –	\$ 439,311	\$ 520,789
Minnesota Department of Education (MDE)	11,234,744	38,679	153,123	11,426,546
Federal government through the MDE	4,373,806	–	277,553	4,651,359
Other governmental units	981,981	–	13,201	995,182
Total due from other governmental units	<u>\$ 16,672,009</u>	<u>\$ 38,679</u>	<u>\$ 883,188</u>	<u>\$ 17,593,876</u>

## NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2020 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 4,617,881	\$ –	\$ –	\$ –	\$ 4,617,881
Construction in progress	24,369,446	97,902,556	(108,960)	(10,231,482)	111,931,560
Total capital assets, not depreciated	28,987,327	97,902,556	(108,960)	(10,231,482)	116,549,441
Capital assets, depreciated					
Land improvements	8,670,438	–	–	721,018	9,391,456
Buildings	197,468,917	779,330	–	9,510,464	207,758,711
Furniture and equipment	11,122,819	477,858	–	–	11,600,677
Total capital assets, depreciated	217,262,174	1,257,188	–	10,231,482	228,750,844
Less accumulated depreciation for					
Land improvements	(6,237,630)	(303,509)	–	–	(6,541,139)
Buildings	(120,750,448)	(6,365,754)	–	–	(127,116,202)
Furniture and equipment	(8,397,368)	(439,307)	–	–	(8,836,675)
Total accumulated depreciation	(135,385,446)	(7,108,570)	–	–	(142,494,016)
Net capital assets, depreciated	81,876,728	(5,851,382)	(108,960)	–	86,256,828
Total capital assets, net	\$ 110,864,055	\$ 92,051,174	\$ (108,960)	\$ –	\$ 202,806,269

Depreciation expense for the year ended June 30, 2020 was charged to the following governmental functions:

Elementary and secondary regular instruction	\$ 5,770,284
Vocational education instruction	460
Special education instruction	618
Community service	1,719
Instructional support services	2,325
Pupil support services	20,715
Food service	100,805
Sites and buildings	1,211,644
Total depreciation expense	\$ 7,108,570

## NOTE 5 – LONG-TERM LIABILITIES

### A. General Obligation Bonds

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

Issue Name and Date	Interest Rate	Original Issue	Remaining Maturities	Principal Outstanding
Refunding bonds				
2011A Alternative Facility Refunding Bonds	2.00%–4.00%	\$ 16,540,000	02/01/2021–02/01/2023	\$ 5,575,000
2012A Refunding Bonds	0.45%–2.55%	29,760,000	02/01/2021–02/01/2024	12,040,000
2019A Refunding Bonds	5.00%	16,600,000	02/01/2021–02/01/2025	16,600,000
Taxable OPEB bonds				
2015A Taxable OPEB Refunding Bonds	3.00%	17,515,000	02/01/2021–02/01/2024	15,815,000
School building bonds				
2018A School Building Bonds	3.00%–5.00%	156,550,000	02/01/2022, 02/01/2025–02/01/2043	156,155,000
Total general obligation bonds				<u>\$ 206,185,000</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 November 2019, the District issued \$16,600,000 of General Obligation Refunding Bonds, Series 2019A. The proceeds of this issue refunded, in advance of their stated maturities, the remaining maturities of the District's 2009A General Obligation School Building Refunding Bonds and 2010A General Obligation Alternative Facility Refunding Bonds. This current refunding reduced the District's future debt service payments by \$1,356,872 and resulted in a present value savings of approximately \$1,305,999. The difference between the carrying amount of the refunded debt and its reacquisition price was not material, and was included in current year expense on the government-wide financial statements.

## 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	\$ 4,917,079

The asset acquired through the capital lease is as follows:

	Buildings
Assets	\$ 5,700,000
Less accumulated depreciation	<u>(342,000)</u>
	<u>\$ 5,358,000</u>

If the District fails to make the rental payments specified in the agreement or otherwise defaults on the lease, after 30 days written notice, the lessor may (1) charge interest of 6 percent per annum to be additional rent to be paid by the District on the next installment of rent or (2) re-enter the premises, with reasonable notice, and dispossess the District and remove their effects, and take complete possession of the premises and either declare this lease forfeited and the term ended or elect to continue the lease in full force and effect, but with the right at any time thereafter to declare this lease forfeited and the term ended.

### 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, 2020:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide multiple-employer – PERA	\$ 17,830,303	\$ 2,259,849	\$ 3,812,059	\$ 1,774,131
State-wide multiple-employer – TRA	74,907,495	69,976,232	110,285,681	14,801,340
Single-employer – District	6,977,037	213,994	397,268	406,691
Total	<u>\$ 99,714,835</u>	<u>\$ 72,450,075</u>	<u>\$ 114,495,008</u>	<u>\$ 16,982,162</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 Leases	
	Principal	Interest	Principal	Interest
2021	\$ 10,615,000	\$ 7,689,265	\$ 213,314	\$ 158,086
2022	11,180,000	7,639,970	220,303	151,097
2023	12,020,000	7,232,045	227,521	143,879
2024	12,720,000	6,790,430	234,976	136,424
2025	6,335,000	6,403,570	242,674	128,726
2026–2030	32,655,000	26,990,225	1,337,977	519,023
2031–2035	40,020,000	19,542,988	1,572,007	284,993
2036–2040	47,585,000	11,969,284	868,307	39,528
2041–2043	33,055,000	2,679,000	–	–
	<u>\$ 206,185,000</u>	<u>\$ 96,936,777</u>	<u>\$ 4,917,079</u>	<u>\$ 1,561,756</u>

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

	Balance – June 30, 2019	Additions	Deletions	Balance – June 30, 2020	Due Within One Year
General obligation bonds	\$ 218,790,000	\$ 16,600,000	\$ 29,205,000	\$ 206,185,000	\$ 10,615,000
Unamortized premium/discount	8,613,548	1,891,124	558,383	9,946,289	–
Total bonds payable	<u>227,403,548</u>	<u>18,491,124</u>	<u>29,763,383</u>	<u>216,131,289</u>	<u>10,615,000</u>
Capital lease payable	5,123,626	–	206,547	4,917,079	213,314
Net pension liability	99,872,425	8,685,329	8,842,919	99,714,835	–
Severance benefits payable	1,330,861	277,376	246,143	1,362,094	165,201
Compensated absences payable	<u>2,766,841</u>	<u>1,874,399</u>	<u>1,892,033</u>	<u>2,749,207</u>	<u>1,374,603</u>
	<u>\$ 336,497,301</u>	<u>\$ 29,328,228</u>	<u>\$ 40,951,025</u>	<u>\$ 324,874,504</u>	<u>\$ 12,368,118</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, 2020, 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	\$ –	\$ –	\$ –	\$ 92,889	\$ 92,889
Prepaid items	1,341,279	–	–	–	1,341,279
Total nonspendable	1,341,279	–	–	92,889	1,434,168
<b>Restricted</b>					
Scholarships	55,784	–	–	–	55,784
Operating capital	983,397	–	–	–	983,397
State-approved alternative programs	54,285	–	–	–	54,285
Gifted and talented	1,253	–	–	–	1,253
Achievement and integration	388,211	–	–	–	388,211
Capital projects	–	45,614,655	–	–	45,614,655
Community education programs	–	–	–	1,432,507	1,432,507
Adult basic education	–	–	–	315,905	315,905
Food service	–	–	–	1,247,537	1,247,537
Debt service	–	–	2,264,238	–	2,264,238
Total restricted	1,482,930	45,614,655	2,264,238	2,995,949	52,357,772
<b>Assigned</b>					
Alternative quality teacher compensation	147,246	–	–	–	147,246
School building carryover	2,068,010	–	–	–	2,068,010
Total assigned	2,215,256	–	–	–	2,215,256
<b>Unassigned</b>					
Long-term facilities maintenance restricted account deficit	(565,163)	–	–	–	(565,163)
Early childhood family education programs restricted account deficit	–	–	–	(1,459,348)	(1,459,348)
Unassigned	25,513,587	–	–	–	25,513,587
Total unassigned	24,948,424	–	–	(1,459,348)	23,489,076
<b>Total</b>	<b>\$ 29,987,889</b>	<b>\$ 45,614,655</b>	<b>\$ 2,264,238</b>	<b>\$ 1,629,490</b>	<b>\$ 79,496,272</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, 2020, unassigned fund balance in the General Fund, excluding restricted account deficits, represented 15.9 percent of annual expenditures, or slightly less than two months of operations assuming level spending throughout the year.

Having an appropriate fund balance that is reviewed periodically is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to address fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

## 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, at least 50 years of age, and hired before January 24, 2000), 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, at least 50 years of age, and hired before June 30, 2009), 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	46
Active plan members	199
	<hr/>
Total members	245
	<hr/>

### D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2018 with a roll forward to a measurement date as of June 30, 2020, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.40%
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 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 2.40 percent. The District discount rate used in the prior measurement date was 3.10 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, 2019	\$ 7,358,096
Changes for the year	
Service cost	228,077
Interest	219,917
Assumption changes	162,694
Benefit payments	<u>(991,747)</u>
Total net changes	<u>(381,059)</u>
Ending balance – June 30, 2020	<u>\$ 6,977,037</u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.10 percent to 2.40 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	1.40%	2.40%	3.40%
Total pension liability	\$ 7,247,287	\$ 6,977,037	\$ 6,704,366

## 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 \$406,691 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
Differences between expected and actual economic experience	\$ –	\$ 276,383
Changes in actuarial assumptions	213,994	120,885
Total	<u>\$ 213,994</u>	<u>\$ 397,268</u>

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
2021	\$ (41,303)
2022	\$ (41,303)
2023	\$ (41,303)
2024	\$ (41,303)
2025	\$ (41,302)
Thereafter	\$ 23,240

## 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	155
Active plan members	<u>1,599</u>
Total members	<u><u>1,754</u></u>

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

The District's net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2018. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 16,043,848
Plan fiduciary net position	<u>(23,069,283)</u>
District's net OPEB liability (asset)	<u><u>\$ (7,025,435)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>143.8%</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 July 1, 2018, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.40%
Expected long-term investment return	5.40% (net of investment expenses)
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare trend rate	6.25% in 2019 grading to 5.00% over 5 years
Dental trend rate	4.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 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	58 %	6.80 %
Non-Retirement Bond Fund	33	3.80 %
Non-retirement cash pool	9	2.00 %
Total	100 %	5.40 %

### G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 7.0 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 5.40 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, 2019	\$ 15,854,302	\$ 22,627,798	\$ (6,773,496)
Changes for the year			
Service cost	645,366	–	645,366
Interest	828,661	–	828,661
Assumption changes	(142,265)	–	(142,265)
Projected investment return	–	1,221,901	(1,221,901)
Differences between expected and actual experience	–	361,800	(361,800)
Benefit payments	(1,142,216)	(1,142,216)	–
Total net changes	189,546	441,485	(251,939)
Ending balance – June 30, 2020	\$ 16,043,848	\$ 23,069,283	\$ (7,025,435)

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 5.20 percent to 5.40 percent.
- The discount rate was changed from 5.20 percent to 5.40 percent.

### 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	4.40%	5.40%	6.40%
Net OPEB liability (asset)	\$ (6,191,458)	\$ (7,025,435)	\$ (7,814,626)



## 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	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability (asset)	\$ (8,323,309)	\$ (7,025,435)	\$ (5,543,468)

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

For the current year ended, the District recognized negative OPEB expense of \$21,165. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 456,241	\$ –
Changes in actuarial assumptions	100,428	121,941
Difference between projected and actual investment earnings	–	917,370
Total	<u>\$ 556,669</u>	<u>\$ 1,039,311</u>

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
2021	\$ (273,290)
2022	\$ (181,410)
2023	\$ (117,277)
2024	\$ 18,651
2025	\$ 91,005
Thereafter	\$ (20,321)

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

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

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

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

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

### **B. Benefits Provided**

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

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

#### **1. GERF Benefits**

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

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with the minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit at least one month but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

### 2. TRA Benefits

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

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

#### Tier I Benefits

Step-Rate Formula	Percentage per Year
<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 benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

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

### C. Contributions

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

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2020, were \$1,759,379. 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,					
	2018		2019		2020	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	11.50 %	11.00 %	11.71 %	11.00 %	11.92 %
<b>Coordinated Plan</b>	7.50 %	7.50 %	7.50 %	7.71 %	7.50 %	7.92 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2020, were \$5,507,365. 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	\$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA's contributions not included in allocation	<u>(486)</u>
Total employer contributions	402,126
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 437,714</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. GERS Pension Costs

At June 30, 2020, the District reported a liability of \$17,830,303 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3225 percent at the end of the measurement period and 0.3277 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 \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts 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	\$ 17,830,303
State's proportionate share of the net pension liability associated with the District	\$ 554,143

For the year ended June 30, 2020, the District recognized pension expense of \$1,732,631 for its proportionate share of the GERS's pension expense. In addition, the District recognized an additional \$41,500 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERS.

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

At June 30, 2020, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 500,470	\$ –
Changes in actuarial assumptions	–	1,426,850
Difference between projected and actual investment earnings	–	1,811,519
Changes in proportion	–	573,690
District's contributions to the GERF subsequent to the measurement date	<u>1,759,379</u>	<u>–</u>
Total	<u><u>\$ 2,259,849</u></u>	<u><u>\$ 3,812,059</u></u>

A total of \$1,759,379 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (1,309,126)
2022	\$ (1,596,105)
2023	\$ (435,090)
2024	\$ 28,732

**2. TRA Pension Costs**

At June 30, 2020, the District reported a liability of \$74,907,495 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2019, 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 1.1752 percent at the end of the measurement period and 1.1835 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	\$ 74,907,495
State's proportionate share of the net pension liability associated with the District	\$ 6,629,079

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

For the year ended June 30, 2020, the District recognized a pension expense of \$14,297,451. It also recognized \$503,889 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

At June 30, 2020, 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	\$ –	\$ 1,820,424
Changes in actuarial assumptions	63,048,257	99,947,174
Difference between projected and actual investment earnings	–	6,187,387
Changes in proportion	1,420,610	2,330,696
District's contributions to the TRA subsequent to the measurement date	5,507,365	–
Total	<u>\$ 69,976,232</u>	<u>\$ 110,285,681</u>

A total of \$5,507,365 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, 2021. 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
2021	\$ 3,539,656
2022	\$ (321,947)
2023	\$ (28,888,147)
2024	\$ (19,920,624)
2025	\$ (225,752)

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2019 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP plan was completed in 2019. Economic assumptions were updated in 2018, based on a review of inflation and investment return assumptions. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

### 1. GERP

#### CHANGES IN ACTUARIAL ASSUMPTIONS

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

#### CHANGES IN PLAN PROVISIONS

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

### 2. TRA

#### CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
Private markets	25.0	5.90 %
Fixed income	20.0	0.75 %
International equity	17.5	5.30/5.90 %
Cash equivalents	2.0	– %
Total	100.0 %	



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

### F. Discount Rate

#### 1. GERF

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the 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 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

### G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 29,312,057	\$ 17,830,303	\$ 8,349,831
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 119,420,862	\$ 74,907,495	\$ 38,206,880

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

### **H. Pension Plan Fiduciary Net Position**

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

### **I. Subsequent Events and the COVID-19 Pandemic Subsequent to Year-End**

The United States and global markets experienced declines in values, resulting from uncertainty caused by COVID-19. The resulting declines are expected to have a negative impact on the PERA's and the TRA's discount rate, as well as the value of each plan's investments. Any impact caused by the resulting declines have not been included in the schedules as of June 30, 2019.

## **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

### Due To/From Other Funds

	Due From Other Funds	Due To Other Funds
General Fund	\$ 511,341	\$ –
Post-Employment Benefits Trust Fund	–	511,341
	<u>\$ 511,341</u>	<u>\$ 511,341</u>

As of June 30, 2020, the District's General Fund had an interfund receivable of \$511,341 from the Post-Employment Benefits Trust Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2020.

## NOTE 12 – COMMITMENTS AND CONTINGENCIES

### A. Construction Contracts

During fiscal year 2020, 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 \$29,227,617, which is paid out of the Capital Projects – Building Construction Fund.

### 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.

## NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 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	\$ 132,102	August 2022
Twin Lakes	213,903	August 2022
Silverview – ABE and ALC	420,010	June 2024
Wynnsong – Bridges Program	112,146	January 2025
Northwest Youth and Family Services	336,936	August 2024
Ice arenas		
Various locations	194,068	Various
Northeast Metropolitan Intermediate		
School District No. 916		
Various locations	678,279	Various
	<u>\$ 2,087,444</u>	

### E. COVID-19 Impact

The COVID-19 pandemic has caused economic and financial market volatility in the United States and around the world, along with significant business and operational disruptions for many organizations. Due to the unknown breadth and duration of this pandemic, any potential impact it may have on the District's future operations and financial condition cannot be determined at this time and has not been reflected in these financial statements.

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, 2020

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%
06/30/2019	06/30/2018	0.3277%	\$ 18,179,451	\$ 596,232	\$ 18,775,683	\$ 22,054,967	82.43%	79.50%
06/30/2020	06/30/2019	0.3225%	\$ 17,830,303	\$ 554,143	\$ 18,384,446	\$ 22,832,615	78.09%	80.20%

Public Employees Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2020

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%
06/30/2019	\$ 1,711,466	\$ 1,711,466	\$ —	\$ 22,832,615	7.50%
06/30/2020	\$ 1,759,379	\$ 1,759,379	\$ —	\$ 23,478,199	7.49%

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, 2020

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%
06/30/2019	06/30/2018	1.1835%	\$ 74,334,878	\$ 6,984,025	\$ 81,318,903	\$ 65,388,719	113.68%	78.07%
06/30/2020	06/30/2019	1.1752%	\$ 74,907,495	\$ 6,629,079	\$ 81,536,574	\$ 66,719,780	112.27%	78.21%

Teachers Retirement Association Pension Benefits Plan  
Schedule of District Contributions  
Year Ended June 30, 2020

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%
06/30/2019	\$ 5,144,059	\$ 5,144,059	\$ —	\$ 66,719,780	7.71%
06/30/2020	\$ 5,507,365	\$ 5,507,365	\$ —	\$ 69,535,954	7.92%

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, 2020

	District Fiscal Year-End Date			
	2017	2018	2019	2020
Total pension liability				
Service cost	\$ 275,874	\$ 255,228	\$ 194,950	\$ 228,077
Interest	264,251	251,584	278,527	219,917
Assumption changes	—	(193,419)	104,364	162,694
Plan changes	—	—	(51,749)	—
Differences between expected actual experience	—	—	(386,937)	—
Benefit payments	(1,045,860)	(865,360)	(1,078,777)	(991,747)
Net change in total pension liability	(505,735)	(551,967)	(939,622)	(381,059)
Total pension liability – beginning of year	9,355,420	8,849,685	8,297,718	7,358,096
Total pension liability – end of year	<u>\$ 8,849,685</u>	<u>\$ 8,297,718</u>	<u>\$ 7,358,096</u>	<u>\$ 6,977,037</u>
Covered-employee payroll	<u>\$ 17,458,402</u>	<u>\$ 17,982,154</u>	<u>\$ 14,747,983</u>	<u>\$ 15,190,422</u>
Total pension liability as a percentage of covered-employee payroll	<u>50.69%</u>	<u>46.14%</u>	<u>49.89%</u>	<u>45.93%</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, 2020

	District Fiscal Year-End Date			
	2017	2018	2019	2020
Total OPEB liability				
Service cost	\$ 611,278	\$ 629,616	\$ 645,979	\$ 645,366
Interest	793,192	799,941	791,958	828,661
Assumption changes	—	—	140,600	(142,265)
Differences between expected and actual experience	—	—	638,739	—
Benefit payments	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)
Net change in total OPEB liability	152,773	94,112	347,079	189,546
Total OPEB liability – beginning of year	15,260,338	15,413,111	15,507,223	15,854,302
Total OPEB liability – end of year	15,413,111	15,507,223	15,854,302	16,043,848
Plan fiduciary net position				
Employer contributions	—	92,572	89,257	—
Projected investment return	1,142,327	1,160,529	1,172,920	1,221,901
Differences between expected and actual experience	459,404	320,645	679,656	361,800
Benefit payments	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)
Net change in plan fiduciary net position	350,034	238,301	71,636	441,485
Plan fiduciary net position – beginning of year	21,967,827	22,317,861	22,556,162	22,627,798
Plan fiduciary net position – end of year	22,317,861	22,556,162	22,627,798	23,069,283
Net OPEB liability (asset)	<u>\$ (6,904,750)</u>	<u>\$ (7,048,939)</u>	<u>\$ (6,773,496)</u>	<u>\$ (7,025,435)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>144.80%</u>	<u>145.46%</u>	<u>142.72%</u>	<u>143.79%</u>
Covered-employee payroll	<u>\$ 80,602,365</u>	<u>\$ 83,020,436</u>	<u>\$ 85,607,839</u>	<u>\$ 88,176,074</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(8.57%)</u>	<u>(8.49%)</u>	<u>(7.91%)</u>	<u>(7.97%)</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, 2020

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	7.3%
2018	6.6%
2019	8.2%
2020	7.0%

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, 2020

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2019 CHANGES IN PLAN PROVISIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued)  
June 30, 2020

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2017 CHANGES IN PLAN PROVISIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

## INDEPENDENT SCHOOL DISTRICT NO. 621

### Notes to Required Supplementary Information (continued) June 30, 2020

#### **TEACHERS RETIREMENT ASSOCIATION (TRA)**

##### **2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

##### **2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued)  
June 30, 2020

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)**

- 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, 2020

**PENSION BENEFITS PLAN**

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.10 percent to 2.40 percent.

**2019 CHANGES IN PLAN PROVISIONS**

- The teachers' matching contribution to the tax deferred annuity plan increased from \$3,200 to \$3,300 per year after three years of service. This benefit is used as an offset to the pension benefits.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.50 percent to 3.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

**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.

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued)  
June 30, 2020

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The expected long-term investment return was changed from 5.20 percent to 5.40 percent.
- The discount rate was changed from 5.20 percent to 5.40 percent.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

**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.



## SUPPLEMENTAL INFORMATION

## INDEPENDENT SCHOOL DISTRICT NO. 621

Nonmajor Governmental Funds  
Combining Balance Sheet  
as of June 30, 2020

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 1,309,271	\$ 691,378	\$ 2,000,649
Receivables			
Current taxes	—	583,058	583,058
Delinquent taxes	—	12,231	12,231
Accounts and interest	—	28,071	28,071
Due from other governmental units	326,641	556,547	883,188
Inventory	92,889	—	92,889
Total assets	<u>\$ 1,728,801</u>	<u>\$ 1,871,285</u>	<u>\$ 3,600,086</u>
Liabilities			
Salaries payable	\$ 28,966	\$ 268,797	\$ 297,763
Accounts and contracts payable	105,080	132,463	237,543
Unearned revenue	254,329	144,570	398,899
Total liabilities	<u>388,375</u>	<u>545,830</u>	<u>934,205</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	10,775	10,775
Property taxes levied for subsequent year	—	1,025,616	1,025,616
Total deferred inflows of resources	<u>—</u>	<u>1,036,391</u>	<u>1,036,391</u>
Fund balances (deficit)			
Nonspendable for inventory	92,889	—	92,889
Restricted	1,247,537	1,748,412	2,995,949
Unassigned	—	(1,459,348)	(1,459,348)
Total fund balances	<u>1,340,426</u>	<u>289,064</u>	<u>1,629,490</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,728,801</u>	<u>\$ 1,871,285</u>	<u>\$ 3,600,086</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Nonmajor Governmental Funds  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2020

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 995,923	\$ 995,923
Investment earnings	29,248	10,734	39,982
Other	2,445,975	4,139,162	6,585,137
State sources	257,870	1,046,033	1,303,903
Federal sources	2,677,945	299,304	2,977,249
Total revenue	5,411,038	6,491,156	11,902,194
Expenditures			
Current			
Food service	5,479,558	—	5,479,558
Community service	—	6,649,920	6,649,920
Capital outlay	245,268	15,979	261,247
Total expenditures	5,724,826	6,665,899	12,390,725
Net change in fund balances	(313,788)	(174,743)	(488,531)
Fund balances			
Beginning of year	1,654,214	463,807	2,118,021
End of year	\$ 1,340,426	\$ 289,064	\$ 1,629,490

## INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Comparative Balance Sheet  
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 41,295,727	\$ 35,190,700
Receivables		
Current taxes	24,351,298	16,769,127
Delinquent taxes	363,588	332,647
Accounts and interest	105,214	218,675
Due from other governmental units	16,672,009	15,745,533
Due from other funds	511,341	1,297,853
Prepaid items	<u>1,341,279</u>	<u>1,182,398</u>
Total assets	<u><u>\$ 84,640,456</u></u>	<u><u>\$ 70,736,933</u></u>
Liabilities		
Salaries payable	\$ 9,084,723	\$ 8,691,425
Accounts and contracts payable	3,848,070	3,620,745
Due to other governmental units	72,506	111,480
Unearned revenue	<u>469,562</u>	<u>1,079,235</u>
Total liabilities	<u>13,474,861</u>	<u>13,502,885</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	317,501	362,111
Property taxes levied for subsequent year	<u>40,860,205</u>	<u>27,610,574</u>
Total deferred inflows of resources	<u>41,177,706</u>	<u>27,972,685</u>
Fund balances (deficits)		
Nonspendable for prepaid items	1,341,279	1,182,398
Restricted for scholarships	55,784	–
Restricted for operating capital	983,397	1,945,864
Restricted for state-approved alternative programs	54,285	44,705
Restricted for gifted and talented	1,253	17,903
Restricted for basic skills programs	–	106,117
Restricted for achievement and integration	388,211	61,697
Restricted for Medical Assistance	–	167,799
Assigned for alternative quality teacher compensation	147,246	53,642
Assigned for school building carryover	2,068,010	1,679,184
Assigned for subsequent year's budget	–	842,148
Unassigned – long-term facilities maintenance restricted account deficit	(565,163)	(861,372)
Unassigned	<u>25,513,587</u>	<u>24,021,278</u>
Total fund balances	<u><u>29,987,889</u></u>	<u><u>29,261,363</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 84,640,456</u></u>	<u><u>\$ 70,736,933</u></u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2020  
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 31,376,577	\$ 31,390,081	\$ 13,504	\$ 30,756,672
Investment earnings	850,000	664,094	(185,906)	746,669
Other	3,152,700	3,005,857	(146,843)	4,301,950
State sources	120,224,898	121,719,984	1,495,086	117,163,072
Federal sources	4,428,697	4,457,586	28,889	3,698,269
Total revenue	160,032,872	161,237,602	1,204,730	156,666,632
Expenditures				
Current				
Administration				
Salaries	4,393,137	4,747,483	354,346	4,781,175
Employee benefits	1,577,920	1,819,964	242,044	1,841,868
Purchased services	32,338	35,003	2,665	30,522
Supplies and materials	12,026	15,443	3,417	18,791
Other expenditures	40,281	63,763	23,482	62,010
Total administration	6,055,702	6,681,656	625,954	6,734,366
District support services				
Salaries	2,264,208	2,109,802	(154,406)	2,186,293
Employee benefits	748,282	706,523	(41,759)	662,990
Purchased services	574,817	651,254	76,437	537,008
Supplies and materials	750,161	635,265	(114,896)	551,043
Capital expenditures	—	—	—	20,359
Other expenditures	2,675	16,320	13,645	16,529
Total district support services	4,340,143	4,119,164	(220,979)	3,974,222
Elementary and secondary regular instruction				
Salaries	47,361,838	47,145,310	(216,528)	46,522,845
Employee benefits	17,699,864	17,109,383	(590,481)	15,929,535
Purchased services	2,968,062	2,716,503	(251,559)	3,296,737
Supplies and materials	2,328,449	2,139,956	(188,493)	2,575,213
Capital expenditures	435,004	365,208	(69,796)	454,758
Other expenditures	517,533	393,296	(124,237)	433,497
Total elementary and secondary regular instruction	71,310,750	69,869,656	(1,441,094)	69,212,585

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2020  
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		2019
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Vocational education instruction			
Salaries	1,425,573	1,346,014	(79,559)
Employee benefits	521,533	531,756	10,223
Purchased services	349,798	375,369	25,571
Supplies and materials	2,758	10,812	8,054
Other expenditures	—	12,934	12,934
Total vocational education instruction	2,299,662	2,276,885	(22,777)
Special education instruction			
Salaries	19,159,399	19,703,768	544,369
Employee benefits	6,953,560	7,364,780	411,220
Purchased services	1,949,924	922,281	(1,027,643)
Supplies and materials	162,354	166,856	4,502
Other expenditures	23,885	160,276	136,391
Total special education instruction	28,249,122	28,317,961	68,839
Community service			
Purchased services	500,000	453,960	(46,040)
Instructional support services			
Salaries	7,331,033	7,173,097	(157,936)
Employee benefits	2,390,750	2,486,137	95,387
Purchased services	371,310	563,509	192,199
Supplies and materials	577,142	553,598	(23,544)
Capital expenditures	—	—	—
Other expenditures	38,546	62,778	24,232
Total instructional support services	10,708,781	10,839,119	130,338
Pupil support services			
Salaries	3,316,062	3,592,958	276,896
Employee benefits	1,209,699	1,275,635	65,936
Purchased services	13,714,806	13,714,524	(282)
Supplies and materials	20,952	25,082	4,130
Other expenditures	249	16,106	15,857
Total pupil support services	18,261,768	18,624,305	362,537

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual (continued)  
Year Ended June 30, 2020  
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,514,250	3,810,126	295,876	3,852,129
Employee benefits	1,655,512	1,558,135	(97,377)	1,590,941
Purchased services	11,406,496	10,165,361	(1,241,135)	11,127,671
Supplies and materials	1,640,491	2,387,228	746,737	1,778,194
Capital expenditures	834,650	675,713	(158,937)	880,278
Other expenditures	600	22,008	21,408	16,865
Total sites and buildings	19,051,999	18,618,571	(433,428)	19,246,078
Fiscal and other fixed cost programs				
Purchased services	300,000	276,375	(23,625)	266,838
Other expenditures	—	109,558	109,558	—
Total fiscal and other fixed cost programs	300,000	385,933	85,933	266,838
Debt service				
Principal	206,547	206,547	—	199,994
Interest and fiscal charges	164,853	164,853	—	171,406
Total debt service	371,400	371,400	—	371,400
Total expenditures	161,449,327	160,558,610	(890,717)	156,588,057
Net change in fund balances	<u>\$ (1,416,455)</u>	678,992	<u>\$ 2,095,447</u>	78,575
Fund balances				
Beginning of year, as previously reported		29,261,363		29,182,788
Change in accounting principle		47,534		—
Beginning of year, as restated		<u>29,308,897</u>		<u>29,182,788</u>
End of year		<u>\$ 29,987,889</u>		<u>\$ 29,261,363</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 1,309,271	\$ 1,951,610
Receivables		
Due from other governmental units	326,641	36,866
Inventory	<u>92,889</u>	<u>34,668</u>
Total assets	<u>\$ 1,728,801</u>	<u>\$ 2,023,144</u>
Liabilities		
Salaries payable	\$ 28,966	\$ 133,682
Accounts and contracts payable	105,080	50,174
Unearned revenue	<u>254,329</u>	<u>185,074</u>
Total liabilities	388,375	368,930
Fund balances		
Nonspendable for inventory	92,889	34,668
Restricted for food service	<u>1,247,537</u>	<u>1,619,546</u>
Total fund balances	<u>1,340,426</u>	<u>1,654,214</u>
Total liabilities and fund balances	<u>\$ 1,728,801</u>	<u>\$ 2,023,144</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, 2020  
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 15,000	\$ 29,248	\$ 14,248	\$ 38,480
Other – primarily meal sales	3,317,126	2,445,975	(871,151)	3,214,081
State sources	281,300	257,870	(23,430)	284,132
Federal sources	2,624,760	2,677,945	53,185	2,637,054
Total revenue	<u>6,238,186</u>	<u>5,411,038</u>	<u>(827,148)</u>	<u>6,173,747</u>
Expenditures				
Current				
Salaries	2,059,323	2,131,150	71,827	2,107,872
Employee benefits	621,403	639,652	18,249	640,869
Purchased services	385,302	416,305	31,003	392,048
Supplies and materials	2,937,158	2,282,736	(654,422)	2,680,648
Other expenditures	10,000	9,715	(285)	14,551
Capital outlay	225,000	245,268	20,268	333,005
Total expenditures	<u>6,238,186</u>	<u>5,724,826</u>	<u>(513,360)</u>	<u>6,168,993</u>
Net change in fund balances	<u>\$ —</u>	<u>(313,788)</u>	<u>\$ (313,788)</u>	4,754
Fund balances				
Beginning of year		<u>1,654,214</u>		<u>1,649,460</u>
End of year		<u>\$ 1,340,426</u>		<u>\$ 1,654,214</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Community Service Special Revenue Fund  
Comparative Balance Sheet  
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 691,378	\$ 1,286,267
Receivables		
Current taxes	583,058	554,660
Delinquent taxes	12,231	11,430
Accounts and interest	28,071	44,788
Due from other governmental units	<u>556,547</u>	<u>584,180</u>
Total assets	<u><u>\$ 1,871,285</u></u>	<u><u>\$ 2,481,325</u></u>
Liabilities		
Salaries payable	\$ 268,797	\$ 357,686
Accounts and contracts payable	132,463	158,560
Unearned revenue	<u>144,570</u>	<u>472,569</u>
Total liabilities	545,830	988,815
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	10,775	12,404
Property taxes levied for subsequent year	<u>1,025,616</u>	<u>1,016,299</u>
Total deferred inflows of resources	1,036,391	1,028,703
Fund balances (deficit)		
Restricted for community education programs	1,432,507	1,053,420
Restricted for adult basic education	315,905	293,681
Unassigned – early childhood family education programs		
restricted account deficit	<u>(1,459,348)</u>	<u>(883,294)</u>
Total fund balances	<u><u>289,064</u></u>	<u><u>463,807</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,871,285</u></u>	<u><u>\$ 2,481,325</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, 2020  
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,022,634	\$ 995,923	\$ (26,711)	\$ 997,284
Investment earnings	—	10,734	10,734	22,669
Other – primarily tuition and fees	4,029,499	4,139,162	109,663	4,262,206
State sources	1,508,881	1,046,033	(462,848)	1,089,557
Federal sources	191,527	299,304	107,777	167,332
Total revenue	<u>6,752,541</u>	<u>6,491,156</u>	<u>(261,385)</u>	<u>6,539,048</u>
Expenditures				
Current				
Salaries	4,045,989	4,170,341	124,352	4,278,826
Employee benefits	1,434,807	1,475,699	40,892	1,505,592
Purchased services	593,942	321,544	(272,398)	145,465
Supplies and materials	521,126	668,537	147,411	605,667
Other expenditures	19,315	13,799	(5,516)	16,806
Capital outlay	40,172	15,979	(24,193)	41,363
Total expenditures	<u>6,655,351</u>	<u>6,665,899</u>	<u>10,548</u>	<u>6,593,719</u>
Net change in fund balances	<u>\$ 97,190</u>	<u>(174,743)</u>	<u>\$ (271,933)</u>	<u>(54,671)</u>
Fund balances				
Beginning of year		<u>463,807</u>		<u>518,478</u>
End of year		<u>\$ 289,064</u>		<u>\$ 463,807</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction Fund  
Comparative Balance Sheet  
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 57,714,967	\$ 148,177,594
Receivables		
Accounts and interest	<u>984,215</u>	<u>1,850,479</u>
Total assets	<u><u>\$ 58,699,182</u></u>	<u><u>\$ 150,028,073</u></u>
Liabilities		
Salaries payable	\$ 903	\$ 497
Accounts and contracts payable	<u>13,083,624</u>	<u>6,737,656</u>
Total liabilities	<u>13,084,527</u>	<u>6,738,153</u>
Fund balances		
Restricted for capital projects	<u>45,614,655</u>	<u>143,289,920</u>
Total liabilities and fund balances	<u><u>\$ 58,699,182</u></u>	<u><u>\$ 150,028,073</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, 2020  
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 3,375,500	\$ 3,048,158	\$ (327,342)	\$ 4,536,849
Other	—	7,314	7,314	9,500
Total revenue	<u>3,375,500</u>	<u>3,055,472</u>	<u>(320,028)</u>	<u>4,546,349</u>
Expenditures				
Capital outlay				
Salaries	40,519	45,243	4,724	6,171
Employee benefits	7,836	8,755	919	1,109
Purchased services	5,951,820	11,013,070	5,061,250	10,446,656
Supplies and materials	37,642	37,642	—	—
Capital expenditures	56,989,601	89,626,027	32,636,426	13,280,867
Other expenditures	—	—	—	53,697
Total expenditures	<u>63,027,418</u>	<u>100,730,737</u>	<u>37,703,319</u>	<u>23,788,500</u>
Net change in fund balances	<u>\$ (59,651,918)</u>	<u>(97,675,265)</u>	<u>\$ (38,023,347)</u>	<u>(19,242,151)</u>
Fund balances				
Beginning of year		<u>143,289,920</u>		<u>162,532,071</u>
End of year		<u>\$ 45,614,655</u>		<u>\$ 143,289,920</u>

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## INDEPENDENT SCHOOL DISTRICT NO. 621

Debt Service Fund  
Balance Sheet by Account  
as of June 30, 2020  
(With Comparative Totals as of June 30, 2019)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2020	2019
Assets				
Cash and temporary investments	\$ 8,589,952	\$ 1,487,745	\$ 10,077,697	\$ 10,923,594
Receivables				
Current taxes	9,147,610	1,228,918	10,376,528	10,203,254
Delinquent taxes	175,412	29,078	204,490	182,943
Due from other governmental units	38,679	—	38,679	41,845
Total assets	<u>\$ 17,951,653</u>	<u>\$ 2,745,741</u>	<u>\$ 20,697,394</u>	<u>\$ 21,351,636</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 154,461	\$ 26,003	\$ 180,464	\$ 193,360
Property taxes levied for subsequent year	<u>16,090,993</u>	<u>2,161,699</u>	<u>18,252,692</u>	<u>18,695,328</u>
Total deferred inflows of resources	<u>16,245,454</u>	<u>2,187,702</u>	<u>18,433,156</u>	<u>18,888,688</u>
Fund balances				
Restricted for debt service	<u>1,706,199</u>	<u>558,039</u>	<u>2,264,238</u>	<u>2,462,948</u>
Total deferred inflows of resources and fund balances	<u>\$ 17,951,653</u>	<u>\$ 2,745,741</u>	<u>\$ 20,697,394</u>	<u>\$ 21,351,636</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, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 18,662,332	\$ 16,167,264	\$ 2,150,375	\$ 18,317,639
Investment earnings	—	109,555	22,801	132,356
State sources	381,452	386,788	7	386,795
Total revenue	19,043,784	16,663,607	2,173,183	18,836,790
Expenditures				
Debt service				
Principal	10,820,000	9,120,000	1,700,000	10,820,000
Interest	8,212,528	7,687,078	525,450	8,212,528
Fiscal charges and other	116,974	108,596	500	109,096
Total expenditures	19,149,502	16,915,674	2,225,950	19,141,624
Excess (deficiency) of revenue over expenditures	(105,718)	(252,067)	(52,767)	(304,834)
Other financing sources (uses)				
Debt issued	16,600,000	16,600,000	—	16,600,000
Premium on debt issued	1,891,124	1,891,124	—	1,891,124
Payment on refunded debt	(18,385,000)	(18,385,000)	—	(18,385,000)
Total other financing sources (uses)	106,124	106,124	—	106,124
Net change in fund balances	\$ 406	(145,943)	(52,767)	(198,710)
Fund balances				
Beginning of year		1,852,142	610,806	2,462,948
End of year		\$ 1,706,199	\$ 558,039	\$ 2,264,238



	2019
Over (Under) Budget	Total
\$ (344,693)	\$ 18,796,921
132,356	384,715
5,343	422,324
(206,994)	19,603,960
—	10,530,000
—	8,983,592
(7,878)	9,214
(7,878)	19,522,806
(199,116)	81,154
—	—
—	—
—	(16,815,000)
—	(16,815,000)
<u>\$ (199,116)</u>	(16,733,846)
	19,196,794
	<u>\$ 2,462,948</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds  
Combining Statement of Net Position  
as of June 30, 2020  
(With Comparative Totals as of June 30, 2019)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2020	2019
Assets				
Current assets				
Cash and temporary investments	\$ 1,509,692	\$ 9,535,962	\$ 11,045,654	\$ 8,095,848
Receivables				
Accounts and interest	—	—	—	59,601
Total current assets	<u>1,509,692</u>	<u>9,535,962</u>	<u>11,045,654</u>	<u>8,155,449</u>
Liabilities				
Current liabilities				
Claims payable	53,268	1,093,147	1,146,415	1,379,468
Unearned revenue	140,161	2,272,335	2,412,496	2,247,567
Total current liabilities	<u>193,429</u>	<u>3,365,482</u>	<u>3,558,911</u>	<u>3,627,035</u>
Net position				
Unrestricted	<u>\$ 1,316,263</u>	<u>\$ 6,170,480</u>	<u>\$ 7,486,743</u>	<u>\$ 4,528,414</u>

## INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds  
Combining Statement of Revenue, Expenses, and Changes in Net Position  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2020	2019
Operating revenue				
Charges for services	\$ 1,235,762	\$ 20,977,708	\$ 22,213,470	\$ 20,934,993
Operating expenses				
Dental benefit claims	1,010,712	—	1,010,712	1,080,186
Medical benefit claims	—	18,364,943	18,364,943	18,381,391
Total operating expenses	<u>1,010,712</u>	<u>18,364,943</u>	<u>19,375,655</u>	<u>19,461,577</u>
Operating income	225,050	2,612,765	2,837,815	1,473,416
Nonoperating revenue				
Investment earnings	<u>22,237</u>	<u>98,277</u>	<u>120,514</u>	<u>111,327</u>
Change in net position	247,287	2,711,042	2,958,329	1,584,743
Net position				
Beginning of year	<u>1,068,976</u>	<u>3,459,438</u>	<u>4,528,414</u>	<u>2,943,671</u>
End of year	<u>\$ 1,316,263</u>	<u>\$ 6,170,480</u>	<u>\$ 7,486,743</u>	<u>\$ 4,528,414</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2020	2019
Cash flows from operating activities				
Assessments from other funds and employee contributions	\$ 1,299,365	\$ 21,138,635	\$ 22,438,000	\$ 21,092,592
Payments for dental claims	(1,040,912)	—	(1,040,912)	(1,145,841)
Payments for medical claims	—	(18,567,796)	(18,567,796)	(18,437,114)
Net cash flows from operating activities	258,453	2,570,839	2,829,292	1,509,637
Cash flows from investing activities				
Investment income received	22,237	98,277	120,514	111,327
Net change in cash and cash equivalents	280,690	2,669,116	2,949,806	1,620,964
Cash and cash equivalents				
Beginning of year	1,229,002	6,866,846	8,095,848	6,474,884
End of year	\$ 1,509,692	\$ 9,535,962	\$ 11,045,654	\$ 8,095,848
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income	\$ 225,050	\$ 2,612,765	\$ 2,837,815	\$ 1,473,416
Adjustments to reconcile operating income to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	59,601	—	59,601	(59,601)
Claims payable	(30,200)	(202,853)	(233,053)	(61,777)
Unearned revenue	4,002	160,927	164,929	157,599
Total changes in assets and liabilities	33,403	(41,926)	(8,523)	36,221
Net cash flows from operating activities	\$ 258,453	\$ 2,570,839	\$ 2,829,292	\$ 1,509,637

STATISTICAL SECTION

(UNAUDITED)

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## **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			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 28,769,624	\$ 25,192,950	\$ 24,924,792	\$ 23,744,173
Restricted	5,271,115	5,747,769	5,606,644	5,739,644
Unrestricted	20,253,388	23,728,479	27,909,045	30,426,448
Total governmental activities net position	<u>\$ 54,294,127</u>	<u>\$ 54,669,198</u>	<u>\$ 58,440,481</u>	<u>\$ 59,910,265</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.



2015	2016	2017	2018	2019	2020
\$ 25,085,659	\$ 26,932,748	\$ 28,976,776	\$ 32,618,509	\$ 39,575,093	\$ 43,544,385
4,200,517	4,608,400	4,646,339	4,593,151	5,357,804	4,582,543
(53,630,283)	(56,055,220)	(116,895,944)	(154,457,243)	(119,040,647)	(121,764,031)
<u>\$ (24,344,107)</u>	<u>\$ (24,514,072)</u>	<u>\$ (83,272,829)</u>	<u>\$ (117,245,583)</u>	<u>\$ (74,107,750)</u>	<u>\$ (73,637,103)</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Expenses				
Administration	\$ 4,492,737	\$ 4,591,726	\$ 4,875,064	\$ 4,973,898
District support services	2,396,658	2,884,530	2,768,287	2,961,502
Elementary and secondary regular instruction	58,467,439	59,264,861	61,436,284	61,988,289
Vocational education instruction	2,005,793	1,941,271	1,861,655	1,925,945
Special education instruction	22,628,982	21,940,069	22,933,678	25,116,400
Instructional support services	4,980,268	5,510,110	5,445,000	7,028,111
Pupil support services	8,151,219	10,637,059	10,056,280	11,642,274
Sites and buildings	15,617,879	16,089,915	16,277,791	17,554,040
Fiscal and other fixed cost programs	238,500	265,051	359,601	385,752
Food service	4,881,979	5,217,083	5,192,328	5,339,131
Community service	4,765,676	4,788,232	5,155,798	5,314,907
Interest and fiscal charges on debt	9,010,791	8,089,793	6,907,773	5,006,312
Total governmental activities expenses	137,637,921	141,219,700	143,269,539	149,236,561
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,082,821	1,269,718	1,026,494	1,208,673
Special education instruction	41,203	213,418	629,617	418,370
Instructional support services	—	—	—	—
Pupil support services	786,980	373,157	334,892	316,479
Sites and buildings	143,238	104,857	104,483	109,594
Food service	3,173,356	3,065,932	3,126,189	3,062,065
Community service	2,409,442	2,520,911	2,981,549	3,026,503
Operating grants and contributions				
Administration	—	—	—	—
District support services	—	—	—	—
Elementary and secondary regular instruction	3,636,133	3,086,435	2,687,714	2,574,979
Vocational education instruction	—	—	—	—
Special education instruction	15,602,069	15,663,604	17,903,620	19,486,876
Instructional support services	—	—	—	—
Pupil support services	322,343	439,107	155,858	148,927
Sites and buildings	222,374	268,735	—	—
Food service	1,986,556	1,966,294	2,191,802	2,321,349
Community service	790,421	754,389	701,770	460,858
Capital grants and contributions				
Sites and buildings	407,891	580,086	858,707	914,836
Total governmental activities program revenues	30,604,827	30,306,643	32,702,695	34,049,509
The change in "tax shift," as approved in legislation, impacted the	(107,033,094)	(110,913,057)	(110,566,844)	(115,187,052)
The District implemented GASB Statement Nos. 73, 74, and 75 in				
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	33,422,503	25,000,264	24,430,247	13,953,313
Property taxes, levied for community service	1,493,663	992,158	980,035	500,089
Property taxes, levied for capital projects	3,100,000	2,473,995	2,903,890	2,949,291
Property taxes, levied for debt service	12,741,172	13,331,242	13,677,869	13,748,691
General grants and aids	55,508,896	65,656,713	68,966,948	82,712,425
Other general revenues	2,624,237	2,973,827	3,542,925	2,702,309
Gain on sale of capital assets	—	—	—	—
Investment earnings (charges)	2,335,052	859,929	295,774	90,718
Total general revenues and other changes in net position	111,225,523	111,288,128	114,797,688	116,656,836
Change in net position	\$ 4,192,429	\$ 375,071	\$ 4,230,844	\$ 1,469,784

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.

2015	2016	2017	2018	2019	2020
\$ 5,387,659	\$ 6,110,334	\$ 7,471,675	\$ 7,668,827	\$ 5,050,750	\$ 6,851,159
3,197,095	3,942,368	4,145,830	4,349,055	3,374,138	4,084,535
67,127,774	70,955,844	95,722,251	95,039,715	51,196,047	79,172,881
1,908,522	1,757,061	2,616,771	3,230,895	1,445,513	2,410,016
27,232,152	28,745,016	35,418,105	34,409,090	19,215,805	29,373,738
7,566,625	8,890,155	11,824,060	11,956,712	7,342,386	11,196,400
13,963,511	14,643,966	16,199,619	17,115,807	16,231,907	18,800,249
20,121,886	18,139,344	18,668,418	19,719,565	20,605,301	21,545,372
427,619	219,076	278,990	266,786	266,838	385,933
5,564,921	5,841,533	6,184,095	5,976,662	5,891,965	5,619,436
4,851,812	5,030,833	6,273,316	7,350,028	5,724,008	7,286,126
4,509,118	4,165,302	3,989,027	6,111,749	8,835,930	7,981,433
161,858,694	168,440,832	208,792,157	213,194,891	145,180,588	194,707,278
1,067,920	861,975	868,724	1,004,098	1,173,664	576,429
508,402	631,279	475,074	553,754	435,896	339,699
123,345	149,426	156,597	163,431	145,897	139,755
280,775	272,957	295,884	306,794	322,264	244,561
103,626	107,544	105,249	112,906	122,799	71,619
3,074,885	3,087,136	3,172,899	3,118,383	3,214,081	2,445,975
2,712,614	2,779,048	3,045,614	3,373,337	3,411,613	2,901,835
6,241	58,073	—	—	—	—
461	6,077	—	—	—	—
2,920,534	3,811,345	3,110,627	3,675,378	3,543,610	3,957,894
3,158	28,361	—	—	—	—
21,872,209	23,283,918	23,339,833	24,638,171	24,141,833	27,774,698
9,083	79,299	—	—	—	—
198,149	46,423	—	—	—	—
27	374	231,980	364,777	499,411	469,592
2,629,613	2,920,947	3,020,997	2,954,599	2,921,186	2,935,815
479,185	1,150,580	1,262,178	1,064,414	1,254,582	1,342,557
1,484,698	1,496,359	1,559,679	1,812,914	1,969,876	1,893,498
37,474,925	40,771,121	40,645,335	43,142,956	43,156,712	45,093,927
(124,383,769)	(127,669,711)	(168,146,822)	(170,051,935)	(102,023,876)	(149,613,351)
23,522,410	25,150,513	30,211,501	30,823,278	30,685,939	31,345,471
953,169	975,913	979,320	1,005,463	995,010	994,294
3,689,071	3,689,071	—	—	—	—
13,251,524	13,045,257	12,895,803	12,902,963	18,797,523	18,304,743
77,974,223	81,706,355	88,069,014	87,181,761	85,881,005	92,508,417
2,474,379	2,307,624	2,292,769	2,104,906	2,961,523	2,878,435
413,034	—	—	—	—	—
(10,078)	625,013	192,615	2,060,810	5,840,709	4,005,104
122,267,732	127,499,746	134,641,022	136,079,181	145,161,709	150,036,464
\$ (2,116,037)	\$ (169,965)	\$ (33,505,800)	\$ (33,972,754)	\$ 43,137,833	\$ 423,113

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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
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
2019	30,685,939	995,010	—	18,797,523	50,478,472
2020	31,345,471	994,294	—	18,304,743	50,644,508

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			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 386,058	\$ 496,671	\$ 501,958	\$ 685,727
Restricted	3,361,366	3,876,864	4,048,093	3,407,081
Assigned	9,325,873	10,426,265	5,749,007	7,358,288
Unassigned	18,957,556	19,747,378	28,071,199	26,226,692
Total General Fund	<u>\$ 32,030,853</u>	<u>\$ 34,547,178</u>	<u>\$ 38,370,257</u>	<u>\$ 37,677,788</u>
All other governmental funds				
Nonspendable	\$ 38,640	\$ 39,791	\$ 52,770	\$ 56,496
Restricted				
Capital Projects – Building				
Construction Fund	449,188	—	—	—
Special revenue funds	1,307,532	1,131,126	1,483,484	1,366,755
Debt service funds	50,241,540	39,982,246	51,878,695	1,812,004
Unassigned				
Capital Projects – Building				
Construction Fund	—	(347,157)	(985,455)	(1,235,502)
Special revenue funds	—	(4,047)	(82,076)	(48,429)
Total all other governmental funds	<u>\$ 52,036,900</u>	<u>\$ 40,801,959</u>	<u>\$ 52,347,418</u>	<u>\$ 1,951,324</u>

2015	2016	2017	2018	2019	2020
\$ 611,100	\$ 817,416	\$ 889,805	\$ 1,533,522	\$ 1,182,398	\$ 1,341,279
1,474,792	1,150,426	2,059,378	2,083,897	2,344,085	1,482,930
6,093,447	3,849,612	2,409,020	2,064,178	2,574,974	2,215,256
22,882,526	23,978,712	25,061,852	23,501,191	23,159,906	24,948,424
<u>\$ 31,061,865</u>	<u>\$ 29,796,166</u>	<u>\$ 30,420,055</u>	<u>\$ 29,182,788</u>	<u>\$ 29,261,363</u>	<u>\$ 29,987,889</u>
\$ 48,946	\$ 57,788	\$ 61,275	\$ 54,558	\$ 34,668	\$ 92,889
—	—	—	162,532,071	143,289,920	45,614,655
1,532,865	1,859,612	2,544,249	2,479,513	2,966,647	2,995,949
19,742,100	19,790,965	19,352,348	19,196,794	2,462,948	2,264,238
(1,113,140)	(1,146,182)	(1,146,182)	—	—	—
<u>(30,570)</u>	<u>(30,527)</u>	<u>(30,084)</u>	<u>(366,133)</u>	<u>(883,294)</u>	<u>(1,459,348)</u>
<u>\$ 20,180,201</u>	<u>\$ 20,531,656</u>	<u>\$ 20,781,606</u>	<u>\$ 183,896,803</u>	<u>\$ 147,870,889</u>	<u>\$ 49,508,383</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Local sources				
Taxes	\$ 50,534,487	\$ 41,845,990	\$ 42,040,172	\$ 31,156,962
Investment earnings	2,334,738	859,697	295,493	90,401
Other	10,102,050	10,384,824	11,581,990	10,843,993
State sources	69,859,115	81,728,543	87,592,589	102,961,146
Federal sources	8,617,568	6,686,820	5,873,830	5,659,104
Total revenues	<u>141,447,958</u>	<u>141,505,874</u>	<u>147,384,074</u>	<u>150,711,606</u>
Expenditures				
Current				
Administration	4,067,257	4,206,419	4,787,170	4,967,213
District support services	2,630,817	2,556,407	2,867,490	2,965,208
Elementary and secondary regular instruction	50,080,793	53,055,313	54,499,860	56,784,520
Vocational education instruction	2,002,814	1,939,222	1,859,606	1,923,919
Special education instruction	22,651,591	23,412,864	23,667,372	24,995,572
Instructional support services	4,645,525	5,324,324	5,440,012	7,075,720
Pupil support services	9,266,145	9,569,020	10,212,385	11,592,172
Sites and buildings	11,404,434	11,661,051	12,294,900	13,193,941
Fiscal and other fixed cost programs	238,500	265,051	359,601	385,752
Food service	4,764,480	4,987,330	4,973,573	5,119,024
Community service	4,697,434	4,724,521	5,105,670	5,299,438
Capital outlay	4,052,930	3,458,467	3,704,532	3,445,997
Debt service				
Principal	7,330,276	7,853,034	9,205,000	9,550,000
Interest and fiscal charges	8,745,433	7,692,225	6,248,365	5,603,388
Total expenditures	<u>136,578,429</u>	<u>140,705,248</u>	<u>145,225,536</u>	<u>152,901,864</u>
Excess of revenues over (under) expenditures	4,869,529	800,626	2,158,538	(2,190,258)
Other financing sources (uses)				
Transfers in	3,100,000	2,473,995	2,903,890	2,949,291
Transfers out	(3,100,000)	(2,473,995)	(2,903,890)	(2,949,291)
Sale of capital assets	—	—	—	—
Sale of equipment	—	—	—	—
Debt issued	—	16,540,000	29,760,000	—
Capital lease proceeds	—	—	—	—
Premium (discounts) on debt issued	—	875,758	—	—
Payment on refunded debt	<u>(26,340,000)</u>	<u>(26,935,000)</u>	<u>(16,550,000)</u>	<u>(48,898,305)</u>
Total other financing sources (uses)	<u>(26,340,000)</u>	<u>(9,519,242)</u>	<u>13,210,000</u>	<u>(48,898,305)</u>
The change in "tax shift," as approved in The District implemented GASB Statement Nos.	<u>\$ (21,470,471)</u>	<u>\$ (8,718,616)</u>	<u>\$ 15,368,538</u>	<u>\$ (51,088,563)</u>
Debt service as a percentage of noncapital expenditures	<u>11.8%</u>	<u>11.1%</u>	<u>10.7%</u>	<u>10.1%</u>

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.



2015	2016	2017	2018	2019	2020
\$ 41,287,736	\$ 43,006,440	\$ 44,267,541	\$ 44,588,332	\$ 50,550,877	\$ 50,703,643
(10,938)	619,728	175,099	1,989,789	5,729,382	3,884,590
10,345,946	10,196,989	10,412,810	10,737,609	11,787,737	9,598,308
101,311,005	108,248,827	110,426,489	114,867,864	118,959,085	123,410,682
6,095,805	6,339,284	6,562,930	6,860,329	6,502,655	7,434,835
159,029,554	168,411,268	171,844,869	179,043,923	193,529,736	195,032,058
5,461,993	6,016,773	5,988,354	6,322,518	6,734,366	6,681,656
3,448,811	3,704,592	3,935,287	3,959,649	3,974,222	4,119,164
63,171,558	64,414,615	65,233,055	66,939,396	69,212,585	69,869,656
1,938,448	1,751,962	1,982,348	2,546,828	2,282,901	2,276,885
27,283,564	28,625,809	26,532,145	27,208,114	26,892,611	28,317,961
7,688,981	8,724,439	9,358,160	9,640,035	9,756,662	10,839,119
13,879,645	14,562,250	14,989,443	15,949,536	17,377,966	18,624,305
15,293,272	13,517,854	23,289,708	19,291,527	19,246,078	18,618,571
427,619	219,076	278,990	266,786	266,838	385,933
5,420,705	5,696,674	5,713,538	5,759,681	5,835,988	5,479,558
4,848,292	5,002,466	5,242,797	6,387,890	7,024,784	7,103,880
3,721,645	3,980,877	306,553	3,352,808	24,162,868	100,991,984
9,035,000	9,220,000	9,660,700	9,940,680	10,729,994	11,026,547
4,489,735	4,391,040	4,159,952	4,624,926	9,164,212	8,486,477
166,109,268	169,828,427	176,671,030	182,190,374	212,662,075	292,821,696
(7,079,714)	(1,417,159)	(4,826,161)	(3,146,451)	(19,132,339)	(97,789,638)
3,689,071	4,189,071	—	1,146,182	—	—
(3,689,071)	(3,689,071)	—	(1,146,182)	—	—
413,034	2,915	—	—	—	—
—	—	—	—	—	—
17,515,000	—	—	156,550,000	—	16,600,000
—	—	5,700,000	—	—	—
764,634	—	—	8,474,381	—	1,891,124
—	—	—	—	(16,815,000)	(18,385,000)
18,692,668	502,915	5,700,000	165,024,381	(16,815,000)	106,124
\$ 11,612,954	\$ (914,244)	\$ 873,839	\$ 161,877,930	\$ (35,947,339)	\$ (97,683,514)
8.3%	8.2%	8.1%	8.2%	10.5%	10.1%

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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
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
2019	30,756,672	—	997,284	18,796,921	50,550,877
2020	31,390,081	—	995,923	18,317,639	50,703,643

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	
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)
2019	57,112	120,900,657	(14,561,993)	11,280,177	(6,810,801)
2020	16,688	128,820,834	(15,858,671)	11,787,354	(6,564,847)

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
\$	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
	110,865,152	26.330	9,971,701,500	0.18765	1.11
	118,201,358	24.964	10,641,714,500	0.29347	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
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
2019	26.330	25.555	38.009	42.882	11.253
2020	24.964	25.414	36.675	42.619	11.698

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
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
37.422	32.960	24.127	48.565	21.722	6.413
39.201	32.626	24.583	48.081	21.760	6.224

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INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Taxpayers  
Current and Nine Years Ago

Taxpayer	Type of Property	2020		2011	
		Tax Capacity	Percent of Total Tax Capacity	Tax Capacity	Percent of Total Tax Capacity
Medtronic, Inc.	Commercial	\$ 2,579,570	2.2 %	\$ 2,036,178	2.3 %
Boston Scientific	Commercial	1,082,940	0.9	1,599,250	1.8
Wells Fargo Properties, Inc.	Commercial	691,550	0.6	873,250	1.0
Industrial Equities Group, LLC	Commercial	598,190	0.5	—	—
Land O' Lakes, Inc.	Commercial	563,520	0.5	—	—
GJJV MN 3, 4, 5 LLC	Commercial	511,656	0.4	1,002,507	1.1
Space Center Arden Hills, LLC	Commercial	497,282	0.4	—	—
St. Paul Fire and Marine Insurance Company	Commercial	456,080	0.4	—	—
Levitan Limited Partnership	Commercial	428,590	0.4	—	—
Terrace Apartments Company	Commercial	399,030	0.3	—	—
ARI – Shoreview Corp. Center, LLC	Commercial	—	—	1,013,232	1.2
Deluxe Corporation	Commercial	—	—	609,250	0.7
REEF American Realty Corporation	Commercial	—	—	606,002	0.7
Williams Bros. Pipeline	Utility	—	—	496,922	0.6
ERP Minnesota Portfolio LLC	Commercial	—	—	519,832	0.6
JLT Roseville Corporation Center LLC	Commercial	—	—	537,964	0.6
Total		<u>\$ 7,808,408</u>	<u>6.6 %</u>	<u>\$ 9,294,387</u>	<u>10.6 %</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
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	49,634,367	99.5
2019	45,016,214	5,454,619	—	50,470,833	50,156,746	99.4
2020	57,880,683	5,318,499	—	63,199,182	27,888,298	44.1

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, 2020								
					Delinquent			Current					
		Amount	Percentage of Levy		Amount	Percent		Amount	Percent				
\$	394,083	\$	40,514,745	100.0	%	\$	—	—	%	\$	—	—	%
	414,658		41,924,765	100.0			—	—			—	—	
	359,303		42,196,524	100.0			—	—			—	—	
	203,454		41,598,325	99.8			72,366	0.2			—	—	
	251,494		43,247,058	99.9			34,710	0.1			—	—	
	212,351		44,130,866	99.9			36,520	0.1			—	—	
	166,320		44,828,812	99.9			41,281	0.1			—	—	
	187,265		49,821,632	99.8			81,345	0.2			—	—	
	—		50,156,746	99.4			314,087	0.6			—	—	
	—		27,888,298	44.1			—	—			35,310,884	55.9	
							\$	580,309			\$	35,310,884	

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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			
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
2019	218,790,000	8,613,548	5,123,626	232,527,174	4.50	2,590
2020	206,185,000	9,946,289	4,917,079	221,048,368	4.08	2,437

(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>
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
2019	227,403,548	2,462,948	224,940,600	110,865,152	202.90
2020	216,131,289	2,264,238	213,867,051	118,201,358	180.93

(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)
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
89,794	2,505	2.26
90,692	2,358	2.01

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INDEPENDENT SCHOOL DISTRICT NO. 621

Direct and Overlapping Debt  
June 30, 2020

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	\$ 216,131,289	100.00 %	\$ 216,131,289
Overlapping debt			
City of Mounds View	7,028,428	100.00	7,028,428
City of New Brighton	33,721,787	91.82	30,963,345
City of Roseville	24,005,513	16.51	3,963,310
City of Shoreview	31,548,173	92.98	29,333,491
City of Vadnais Heights	5,930,000	11.92	706,856
Northeast Metropolitan Intermediate School District No. 916	77,200,000	15.10	11,657,200
Ramsey County	185,417,950	18.15	33,653,358
White Bear Township	1,899,998	0.14	2,660
Special districts			
Metropolitan Council	265,680,000	2.91	7,731,288
Metropolitan Airports Commission	1,753,522	2.91	51,027
Total overlapping debt			<u>125,090,964</u>
Total direct and overlapping debt			<u>\$ 341,222,253</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			
	2011	2012	2013	2014
Debt limit	\$ 1,233,457,470	\$ 1,188,450,795	\$ 1,126,445,985	\$ 1,133,279,775
Total net debt applicable to the limit	139,333,460	131,502,754	123,761,305	107,737,996
Legal debt margin	<u>\$ 1,094,124,010</u>	<u>\$ 1,056,948,041</u>	<u>\$ 1,002,684,680</u>	<u>\$ 1,025,541,779</u>
Total net debt applicable to the limit as a percentage of debt limit	11.30%	11.07%	10.99%	9.51%

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

2015	2016	2017	2018	2019	2020
\$ 1,206,396,690	\$ 1,243,839,720	\$ 1,312,878,645	\$ 1,401,557,100	\$ 1,495,755,225	\$ 1,596,257,175
98,287,900	89,019,035	79,982,652	226,938,206	216,327,052	203,920,762
<u>\$ 1,108,108,790</u>	<u>\$ 1,154,820,685</u>	<u>\$ 1,232,895,993</u>	<u>\$ 1,174,618,894</u>	<u>\$ 1,279,428,173</u>	<u>\$ 1,392,336,413</u>
8.15%	7.16%	6.09%	16.19%	14.46%	12.77%

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$10,641,714,500
Debt limit (15% of market value)	1,596,257,175
Debt applicable to the limit	
General obligation bonds	206,185,000
Less amount set aside for repayment of general obligation debt	<u>(2,264,238)</u>
Total net debt applicable to the limit	<u>203,920,762</u>
Legal debt margin	<u>\$ 1,392,336,413</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>
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	11,389.34
2019	89,794	5,164,501,308	57,515	3.4	11,656.29
2020	90,692	5,412,766,424	59,683	10.1	11,715.36

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, 2020 and 2011

Employer	2020		2011	
	Employees	Rank	Employees	Rank
Medtronic, Inc. (both Shoreview and Mounds View)	4,200	1	4,806	1
Boston Scientific	3,200	2	2,000	2
Independent School District No. 621	1,650	3	1,428	3
Land O' Lakes, Inc.	1,565	4	800	5
Wells Fargo	1,200	5	614	8
Deluxe Corporation	1,150	6	1,026	4
University of Northwestern	1,020	7	—	—
Bethel University	930	8	—	—
Cummins Power Generation	600	9	—	—
Medtox Laboratory, Inc.	556	10	650	6
Empi	—	—	430	10
Sysco MN	—	—	573	9
I.C. Systems	—	—	631	7
Total	16,071		12,958	

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			
	2011	2012	2013	2014
District directors/superintendent	7	7	7	8
Principals	14	14	15	17
Teachers (2)	765	777	805	823
Managers, coordinators, supervisors, specialists, and technical support	74	71	67	73
Paraprofessionals	339	341	347	362
Food service	82	81	81	75
Custodians	66	68	68	68
Clerical	54	49	49	49
Community education and Laurentian Environmental Center	18	20	18	13
Total	1,419	1,428	1,457	1,488

(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.

2015	2016	2017	2018	2019	2020
8	8	10	11	14	15
18	23	25	24	24	26
881	884	892	893	919	904
79	83	83	86	86	102
402	402	390	394	412	401
83	78	77	75	80	73
70	72	72	76	72	76
51	54	51	55	56	52
17	14	11	7	7	1
1,609	1,618	1,611	1,621	1,670	1,650

INDEPENDENT SCHOOL DISTRICT NO. 621

Operating Indicators  
Standardized Testing and Graduation Rates  
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
<b>Standardized tests</b>				
<b>MCA reading (1)</b>				
Grade 3	84.00 %	86.40 %	63.20 %	69.20 %
Grade 5	79.60	85.40	71.90 (5)	76.20
Grade 7	79.70	81.10	64.50 (5)	66.10
Grade 10	87.20	87.60	75.40 (5)	69.70
<b>MCA math (1)</b>				
Grade 3	77.40 (2)	81.10	73.40	78.90
Grade 5	63.30 (2)	71.20	66.80	69.70
Grade 7	60.40 (2)	66.60	64.80	66.70
Grade 11	73.10	42.50	68.80	65.10 (6)
<b>ACT</b>				
Average composite score	25.30	23.40 (3)	23.50 (3)	23.50 (3)
<b>Graduation data</b>				
ISD No. 621 graduation rate	94.91	88.50 (4)	88.80	88.50
State graduation rate	92.76	76.90 (4)	77.60	79.80

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.
- (7) 2020 – Minnesota granted testing waiver based on COVID-19.

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



						State Average
2015	2016	2017	2018	2019	2020 (7)	2020 (7)
65.80 %	67.30 %	64.70 %	66.10 %	62.40 %	N/A %	N/A %
74.10	75.70	73.80	75.30	70.60	N/A	N/A
67.40	70.50	67.80	69.70	67.50	N/A	N/A
70.70	70.80	70.20	63.10	64.60	N/A	N/A
76.20	78.00	74.00	76.30	76.00	N/A	N/A
66.40	67.00	63.80	66.10	61.40	N/A	N/A
69.60	71.80	70.30	69.40	67.20	N/A	N/A
63.40	62.40	62.90	58.80	55.60	N/A	N/A
23.50 (3)	23.20 (3)	23.50 (3)	23.60 (3)	N/A	22.80	21.30
89.10	90.90	91.20	91.10	90.40	92.40	N/A
81.20	81.90	82.20	82.70	83.20	83.77	N/A

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## INDEPENDENT SCHOOL DISTRICT NO. 621

School Facilities  
as of June 30, 2020

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	98,587
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	126,552
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	300,914
Early Childhood Education Center	1990	Multi-purpose	Early Childhood	20,028
Pike Lake Education Center	1962	Multi-purpose	Kindergarten Center/ early childhood programs	85,236
Snail Lake Education Center	1952	Multi-purpose	Kindergarten Center/ early childhood programs	82,054
District Center	1992	Multi-purpose	District offices/ community education	28,462

Source: The District's Finance Department.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Administration	\$ 410	\$ 420	\$ 468	\$ 472	\$ 508
District support services	265	255	280	282	320
Elementary and secondary regular instruction	5,052	5,302	5,326	5,397	5,870
Vocational education instruction	202	194	182	183	180
Special education instruction	2,285	2,340	2,313	2,376	2,535
Instructional support services	469	532	532	673	714
Pupil support services	935	956	998	1,102	1,290
Sites and buildings	1,150	1,165	1,202	1,254	1,421
Fiscal and other fixed cost programs	24	26	35	37	40
Food service	481	498	486	487	504
Community service	474	472	499	504	451
Capital outlay	409	346	362	328	346
Debt service	1,622	1,554	1,510	1,440	1,257
Total expenditures	<u>\$ 13,776</u>	<u>\$ 14,062</u>	<u>\$ 14,193</u>	<u>\$ 14,533</u>	<u>\$ 15,435</u>
Average daily membership	<u>9,914</u>	<u>10,006</u>	<u>10,232</u>	<u>10,521</u>	<u>10,762</u>

Note: Includes all governmental fund expenditures.

Source: Minnesota Department of Education student reporting system.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 540	\$ 530	\$ 555	\$ 578	\$ 570
332	348	348	341	352
5,779	5,774	5,878	5,938	5,964
157	175	224	196	194
2,568	2,349	2,389	2,307	2,417
783	828	846	837	925
1,307	1,327	1,400	1,491	1,590
1,213	2,062	1,694	1,651	1,589
20	25	23	23	33
511	506	506	501	468
449	464	561	603	606
357	27	294	2,073	8,621
<u>1,221</u>	<u>1,223</u>	<u>1,279</u>	<u>1,707</u>	<u>1,666</u>
<u>\$ 15,237</u>	<u>\$ 15,639</u>	<u>\$ 15,997</u>	<u>\$ 18,245</u>	<u>\$ 24,995</u>
<u>11,146</u>	<u>11,297</u>	<u>11,389</u>	<u>11,656</u>	<u>11,715</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	
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	5,131.03	5,290.26	11,389.34	12,446.64
2019	261.15	777.06	5,244.17	5,373.91	11,656.29	12,731.08
2020	274.95	763.19	5,298.44	5,378.78	11,715.36	12,791.12

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 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2020	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	
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
2019	664,517	122,251	321,340	1,108,108	28,831
2020	490,791	86,875	325,362	903,028	21,714

Year Ended June 30,	Student Regular Lunch Prices			
	Regular Priced Lunches		Reduced-Price	Adult Lunches
	Elementary	Secondary	Lunches	
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
2019	2.55	2.80	— *	4.00
2020	2.55	2.80	— *	4.00

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.

2020 Regular and Reduced-Price Lunches decreased due to the COVID-19 school closure. Free lunches include curbside pick-up.

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