

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

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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INDEPENDENT SCHOOL DISTRICT NO. 621

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INTRODUCTORY SECTION

November 5, 2019

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, 2019. 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, 2019. 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 89,794.

During 2018–2019, 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 9 years and the District served 11,655 students for the 2018–2019 school year. The District is projecting a modest increase to enrollment 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 2018 for the county was \$53,043 as compared to \$57,515 for the state of Minnesota and \$53,712 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 2019, the unemployment rate for Ramsey County was 3.1 percent, as compared to 3.0 percent for the state of Minnesota, and 3.8 percent for the United States.

MISSION STATEMENT AND STRATEGIC PLANNING

The following Strategic Plan Framework influenced the direction of the District in the 2018–2019 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 expires in 2019–2020. These operating levies generated roughly \$21 million for the District in the 2018–2019 school year.

RELEVANT FINANCIAL POLICIES

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

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

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

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

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

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

The District has received this award as the result of its initial submission in fiscal year 1998–1999 and all subsequent submissions on an annual basis through 2017–2018. 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.

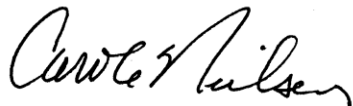
ACKNOWLEDGEMENTS

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 their interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully Submitted,



Chris Lennox
Superintendent



Carole Nielsen
Executive Director of Administrative Services



Bridget Peterson
Director of Finance

INDEPENDENT SCHOOL DISTRICT NO. 621

School Board and Administration
as of June 30, 2019

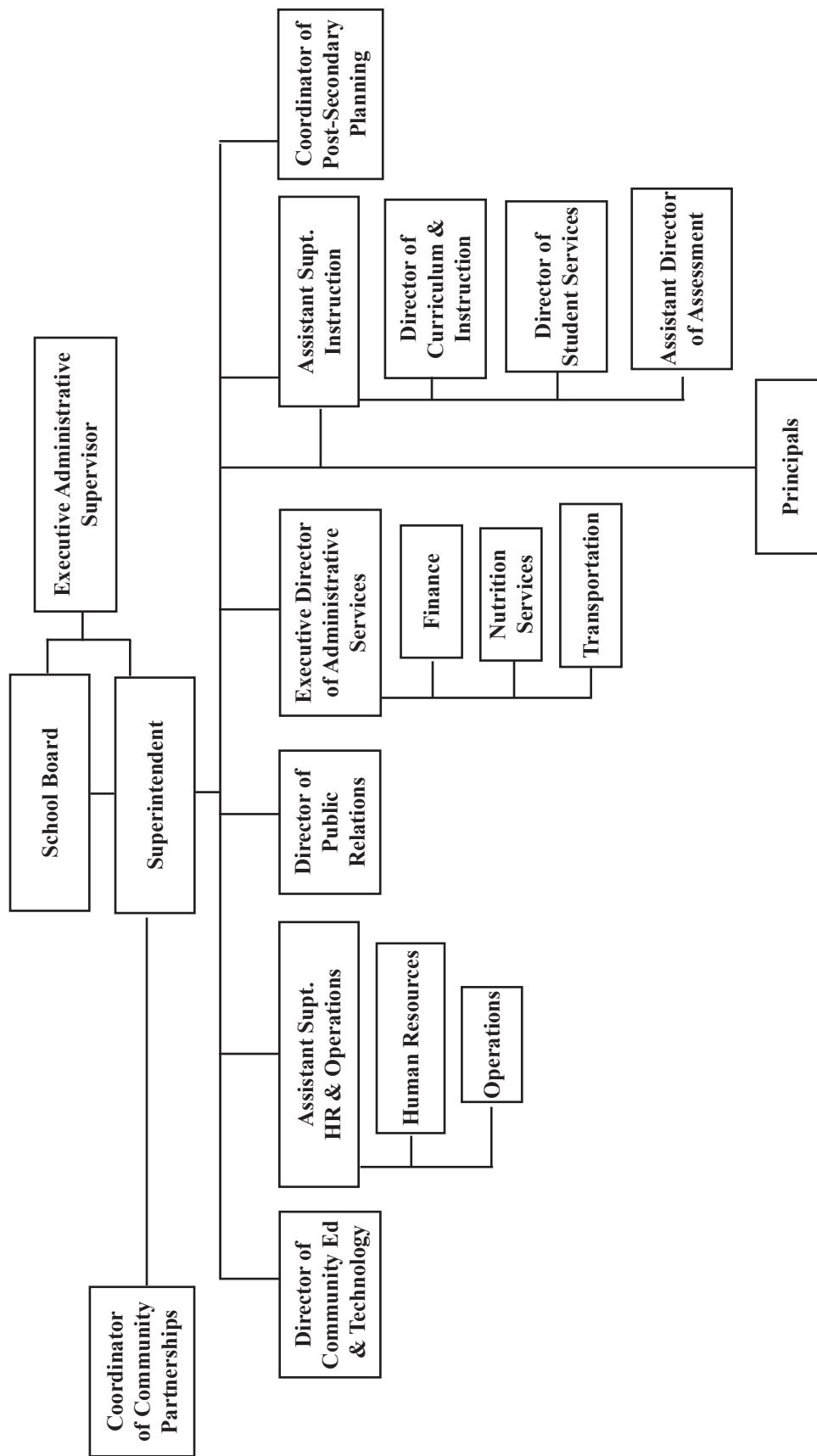
SCHOOL BOARD

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

ADMINISTRATION

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

Administrative Team 2018-19



July 1, 2018



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, 2018.**

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



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

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

FINANCIAL SECTION



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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

Prior Year Comparative Information

We have previously audited the District's 2018 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, 2018. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 5, 2019

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INDEPENDENT SCHOOL DISTRICT NO. 621

Management's Discussion and Analysis Year Ended June 30, 2019

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, 2019. 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, 2019 by \$74,107,750 (net position deficit). The District's total net position increased by \$43,137,833 during the fiscal year ended June 30, 2019.
- Government-wide revenues totaled \$188,318,421 and were \$43,137,833 more than expenses of \$145,180,588.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$78,575 from the prior year, compared to a \$68,822 increase planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of 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:

Table 1 Summary Statement of Net Position as of June 30, 2019 and 2018		
	2019	2018
Assets		
Current and other assets	\$ 261,550,056	\$ 290,120,213
Capital assets, net of depreciation	110,864,055	94,465,312
Total assets	<u>\$ 372,414,111</u>	<u>\$ 384,585,525</u>
Deferred outflows of resources		
Pension plan deferments	\$ 108,269,470	\$ 143,215,281
OPEB plan deferments	668,004	—
Total deferred outflows of resources	<u>\$ 108,937,474</u>	<u>\$ 143,215,281</u>
Liabilities		
Current and other liabilities	\$ 28,730,962	\$ 22,987,763
Long-term liabilities, including due within one year	336,497,301	529,322,274
Total liabilities	<u>\$ 365,228,263</u>	<u>\$ 552,310,037</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 47,322,201	\$ 46,806,431
Pension plan deferments	141,988,999	45,397,763
OPEB plan deferments	919,872	532,158
Total deferred inflows of resources	<u>\$ 190,231,072</u>	<u>\$ 92,736,352</u>
Net position		
Net investment in capital assets	\$ 39,575,093	\$ 32,618,509
Restricted	5,357,804	4,593,151
Unrestricted	(119,040,647)	(154,457,243)
Total net position	<u>\$ (74,107,750)</u>	<u>\$ (117,245,583)</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.

Current and other assets decreased related to cash held in escrow for the crossover refunding of the 2008A Taxable OPEB Bonds that occurred in the current year.

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

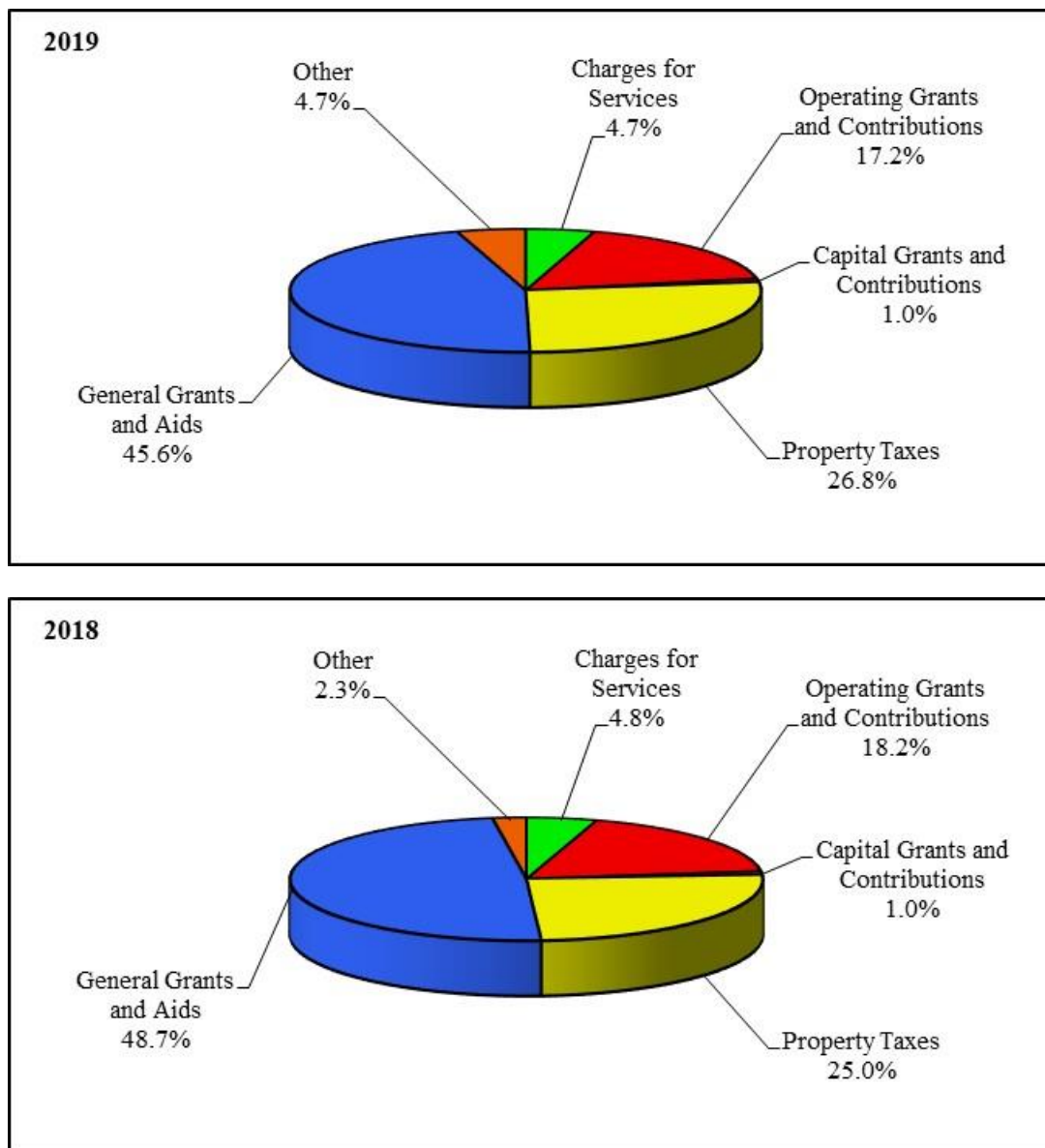
Table 2 Summary Statement of Activities for the Years Ended June 30, 2019 and 2018		
	2019	2018
Revenues		
Program revenues		
Charges for services	\$ 8,826,214	\$ 8,632,703
Operating grants and contributions	32,360,622	32,697,339
Capital grants and contributions	1,969,876	1,812,914
General revenues		
Property taxes	50,478,472	44,731,704
General grants and aids	85,881,005	87,181,761
Other	8,802,232	4,165,716
Total revenues	<u>188,318,421</u>	<u>179,222,137</u>
Expenses		
Administration	5,050,750	7,668,827
District support services	3,374,138	4,349,055
Elementary and secondary regular instruction	51,196,047	95,039,715
Vocational education instruction	1,445,513	3,230,895
Special education instruction	19,215,805	34,409,090
Instructional support services	7,342,386	11,956,712
Pupil support services	16,231,907	17,115,807
Sites and buildings	20,605,301	19,719,565
Fiscal and other fixed cost programs	266,838	266,786
Food service	5,891,965	5,976,662
Community service	5,724,008	7,350,028
Interest and fiscal charges on debt	8,835,930	6,111,749
Total expenses	<u>145,180,588</u>	<u>213,194,891</u>
Change in net position	43,137,833	(33,972,754)
Net position – beginning	<u>(117,245,583)</u>	<u>(83,272,829)</u>
Net position – ending	<u>\$ (74,107,750)</u>	<u>\$ (117,245,583)</u>

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

As seen above, total revenues for fiscal year 2019 were \$9,096,284 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 the property tax levy for debt service. The increase in other general revenues is due to increased investment earnings related to bonds issued in the prior year. Expenses decreased by \$68,014,303, compared to fiscal year 2018 levels, due to the change in the PERA and the TRA multi-employer defined benefit pension plans mentioned earlier offset by natural inflationary increases. The increase in interest and fiscal charges on debt relates to bonds issued in the prior year.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2019 and 2018

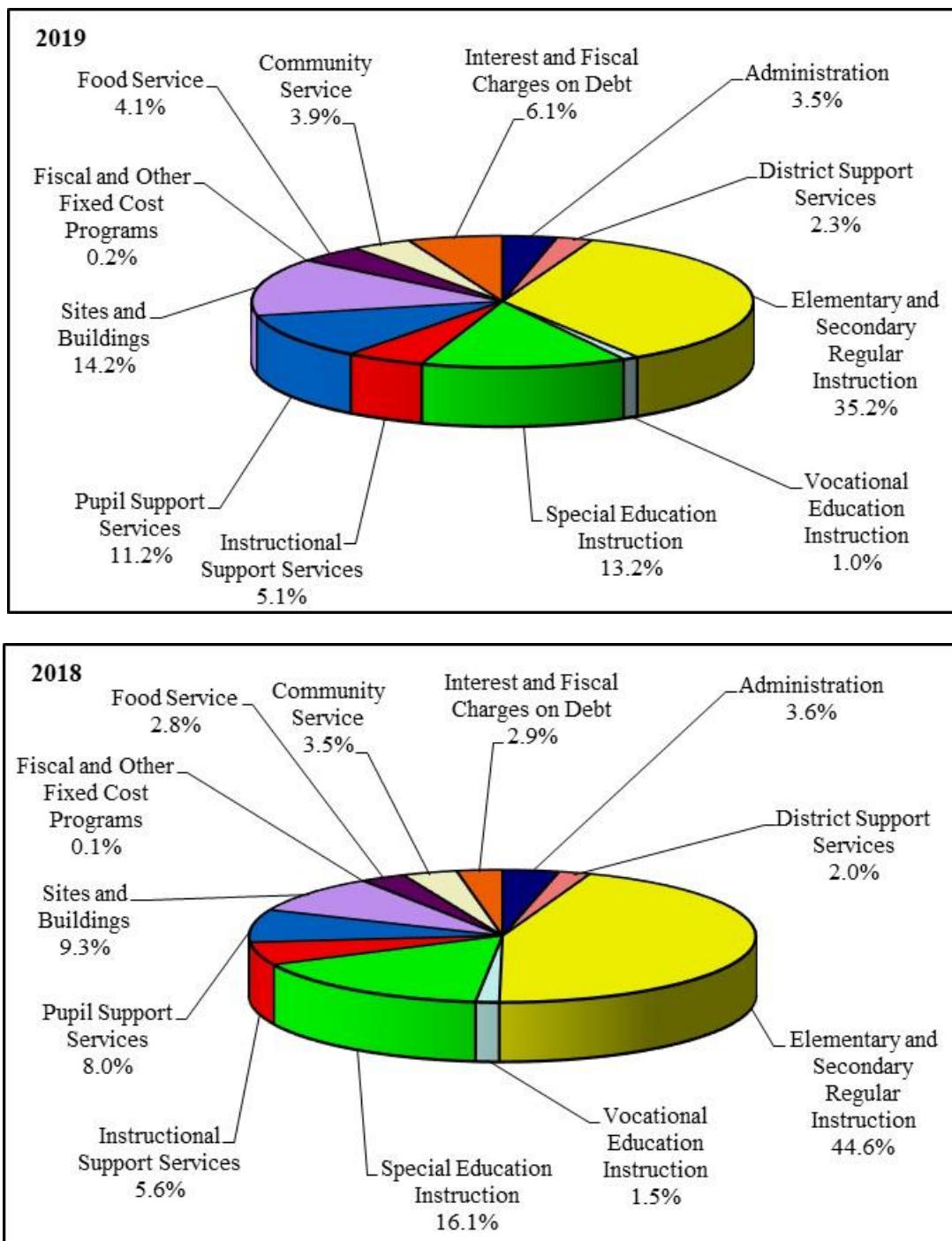


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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.

Figure B shows further analysis of these expense functions:

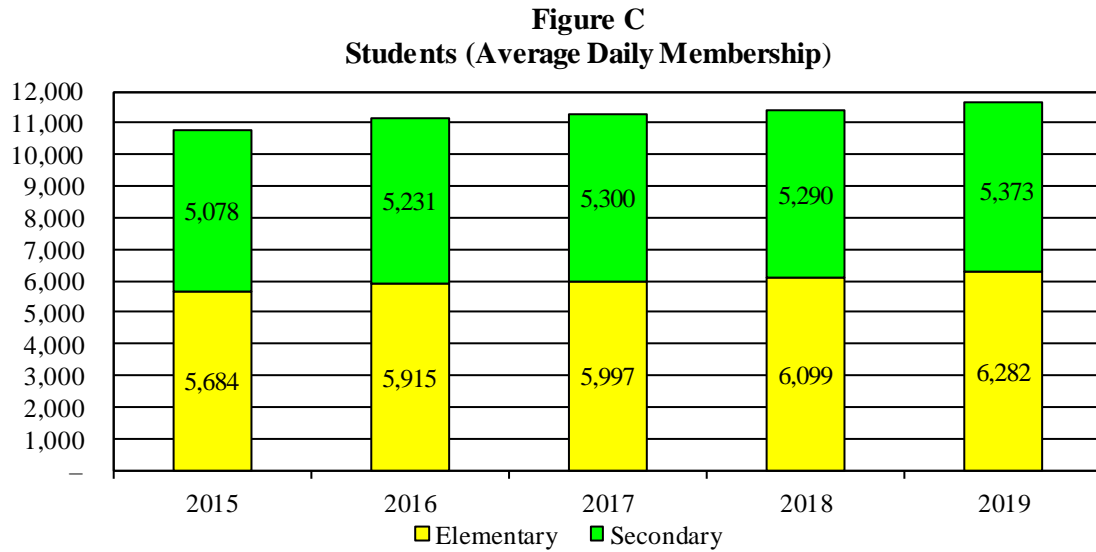
Figure B – Expenses for Fiscal Years 2019 and 2018



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 266 students in fiscal 2019 based on average daily membership, which is a combination of an increase of 183 elementary students and an increase of 83 secondary students.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3 Governmental Fund Balances as of June 30, 2019 and 2018			
	2019	2018	Increase (Decrease)
Major funds			
General	\$ 29,261,363	\$ 29,182,788	\$ 78,575
Capital Projects – Building Construction	143,289,920	162,532,071	(19,242,151)
Debt Service	2,462,948	19,196,794	(16,733,846)
Nonmajor funds			
Food Service Special Revenue	1,654,214	1,649,460	4,754
Community Service Special Revenue	463,807	518,478	(54,671)
Total governmental funds	<u>\$ 177,132,252</u>	<u>\$ 213,079,591</u>	<u>\$ (35,947,339)</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, 2019, the District's governmental funds reported combined fund balances of \$177,132,252, a decrease of \$35,947,339 in comparison with the prior year. Approximately 12.6 percent of this amount, \$22,276,612, 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 – \$1,217,066, 2) restricted for particular purposes – \$151,063,600, or 3) assigned for particular purposes – \$2,574,974.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues	<u>\$ 154,727,891</u>	<u>\$ 156,905,098</u>	<u>\$ 2,177,207</u>	<u>1.4%</u>
Expenditures	<u>\$ 154,659,069</u>	<u>\$ 156,836,276</u>	<u>\$ 2,177,207</u>	<u>1.4%</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:

Table 5 General Fund Operating Results					
	<u>2019 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues	\$ 156,666,632	\$ (238,466)	(0.2%)	\$ 4,261,928	2.8%
Expenditures	156,588,057	\$ (248,219)	(0.2%)	\$ 4,092,268	2.7%
Other financing sources (uses)	<u>—</u>	\$ —	—	\$ 1,146,182	(100.0%)
Net change in fund balances	<u>\$ 78,575</u>				

The fund balance of the General Fund increased \$78,575, compared to a planned increase of \$68,822 approved in the final budget.

General Fund revenues for 2019 increased \$4,261,928, or 2.8 percent, compared to the prior year. This was within \$238,466, or 0.2 percent, of budget, which was spread across all revenue sources of the General Fund. The increase from the prior year was mainly due to increased enrollment and improvements in the general education funding formula.

Current year expenditures of \$156,588,057 were \$248,219, or 0.2 percent, under budget. The expenditure variance was spread across several programs and object categories of the General Fund.

Total General Fund expenditures for 2019 increased \$4,092,268, or 2.7 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. The increase in purchased services in pupil support services is due to increased transportation costs.

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, 2019, the District had a total fund balance of \$143,289,920, which reflects a decrease of \$19,242,151. 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.

Debt Service Fund

Debt Service Fund expenditures and other financing uses exceeded revenues by \$16,733,846 in the current year, compared to a \$16,410,254 fund balance decrease 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 \$2,462,948 at June 30, 2019 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 2019 totaled \$20,934,993. This is an increase from the fiscal year 2018 operating revenue level of \$20,199,374. Nonoperating revenues totaled \$111,327, which is an increase from the fiscal year 2018 nonoperating revenue of \$71,021. Operating expenses totaled \$19,461,577, which represents a decrease from fiscal year 2018 operating expenditures of \$20,267,582, due to a decrease in health and dental benefit claims.

The net position balance for all internal service funds as of June 30, 2019 was \$4,528,414, which represents a \$1,584,743 increase from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2019 and 2018:

Table 6 Capital Assets			
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 4,617,881	\$ 2,309,148	\$ 2,308,733
Construction in progress	24,369,446	3,940,482	20,428,964
Land improvements	8,670,438	8,670,438	–
Buildings	197,468,917	197,447,261	21,656
Furniture and equipment	11,122,819	10,277,672	845,147
Less accumulated depreciation	<u>(135,385,446)</u>	<u>(128,179,689)</u>	<u>(7,205,757)</u>
Total	<u>\$ 110,864,055</u>	<u>\$ 94,465,312</u>	<u>\$ 16,398,743</u>
Depreciation expense	<u>\$ 7,263,253</u>	<u>\$ 7,076,459</u>	<u>\$ 186,794</u>

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2019, 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:

Table 7 Outstanding Long-Term Liabilities			
	<u>2019</u>	<u>2018</u>	<u>Change</u>
General obligation bonds	\$ 218,790,000	\$ 246,135,000	\$ (27,345,000)
Unamortized premium/discount	8,613,548	9,060,512	(446,964)
Capital lease payable	5,123,626	5,323,620	(199,994)
Net pension liability	99,872,425	264,152,316	(164,279,891)
Severance benefits payable	1,330,861	1,545,970	(215,109)
Compensated absences payable	<u>2,766,841</u>	<u>3,104,856</u>	<u>(338,015)</u>
Total	<u>\$ 336,497,301</u>	<u>\$ 529,322,274</u>	<u>\$ (192,824,973)</u>

The decrease in general obligation bonds is due to scheduled principal payments and payments on refunded debt during fiscal year 2019. The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA.

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

Table 8	
Limitations on Debt	
District's market value	\$ 9,971,701,500
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,495,755,225</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 \$126, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2020, and an additional \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

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.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Net Position
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	Governmental Activities	
	2019	2018
Assets		
Cash and temporary investments	\$ 205,625,613	\$ 219,151,242
Receivables		
Current taxes	27,527,041	26,450,977
Delinquent taxes	527,020	478,200
Accounts and interest	2,173,543	1,235,270
Due from other governmental units	16,408,424	16,275,599
Due from Post-Employment Benefits Trust Fund	1,297,853	770,279
Inventory	34,668	44,363
Prepaid items	1,182,398	1,543,717
Net OPEB asset	6,773,496	7,048,939
Restricted assets – temporarily restricted		
Cash and investments for debt service	–	17,028,303
Interest receivable for debt service	–	93,324
Total restricted assets – temporarily restricted	–	17,121,627
Capital assets		
Not depreciated	28,987,327	6,249,630
Depreciated, net of accumulated depreciation	81,876,728	88,215,682
Total capital assets, net of accumulated depreciation	110,864,055	94,465,312
Total assets	372,414,111	384,585,525
Deferred outflows of resources		
Pension plan deferments	108,269,470	143,215,281
OPEB plan deferments	668,004	–
Total deferred outflows of resources	108,937,474	143,215,281
Total assets and deferred outflows of resources	\$ 481,351,585	\$ 527,800,806
Liabilities		
Salaries payable	\$ 9,183,290	\$ 8,613,274
Accounts and contracts payable	11,946,603	5,980,083
Accrued interest payable	3,505,144	3,386,462
Due to other governmental units	111,480	882,092
Unearned revenue	3,984,445	4,125,852
Long-term liabilities		
Due within one year	12,552,277	29,245,187
Due in more than one year	323,945,024	500,077,087
Total long-term liabilities	336,497,301	529,322,274
Total liabilities	365,228,263	552,310,037
Deferred inflows of resources		
Property taxes levied for subsequent year	47,322,201	46,806,431
Pension plan deferments	141,988,999	45,397,763
OPEB plan deferments	919,872	532,158
Total deferred inflows of resources	190,231,072	92,736,352
Net position		
Net investment in capital assets	39,575,093	32,618,509
Restricted for		
Capital asset acquisition	1,945,864	1,689,526
Food service	1,654,214	1,649,460
Community service	1,359,505	859,794
Other purposes (state funding restrictions)	398,221	394,371
Unrestricted	(119,040,647)	(154,457,243)
Total net position	(74,107,750)	(117,245,583)
Total liabilities, deferred inflows of resources, and net position	\$ 481,351,585	\$ 527,800,806

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Activities
as of June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

		2019				2018	
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	\$ 5,050,750	\$ —	\$ —	\$ —	\$ (5,050,750)	\$ (7,668,827)	
District support services	3,374,138	—	—	—	(3,374,138)	(4,349,055)	
Elementary and secondary regular instruction	51,196,047	1,173,664	3,543,610	—	(46,478,773)	(90,360,239)	
Vocational education instruction	1,445,513	—	—	—	(1,445,513)	(3,230,895)	
Special education instruction	19,215,805	435,896	24,141,833	—	5,361,924	(9,217,165)	
Instructional support services	7,342,386	145,897	—	—	(7,196,489)	(11,793,281)	
Pupil support services	16,231,907	322,264	—	—	(15,909,643)	(16,809,013)	
Sites and buildings	20,605,301	122,799	499,411	1,969,876	(18,013,215)	(17,428,968)	
Fiscal and other fixed cost programs	266,838	—	—	—	(266,838)	(266,786)	
Food service	5,891,965	3,214,081	2,921,186	—	243,302	96,320	
Community service	5,724,008	3,411,613	1,254,582	—	(1,057,813)	(2,912,277)	
Interest and fiscal charges	8,835,930	—	—	—	(8,835,930)	(6,111,749)	
Total governmental activities	<u>\$ 145,180,588</u>	<u>\$ 8,826,214</u>	<u>\$ 32,360,622</u>	<u>\$ 1,969,876</u>	(102,023,876)	(170,051,935)	
General revenues							
Taxes							
Property taxes, levied for general purposes					30,685,939	30,823,278	
Property taxes, levied for community service					995,010	1,005,463	
Property taxes, levied for debt service					18,797,523	12,902,963	
General grants and aids					85,881,005	87,181,761	
Other general revenues					2,961,523	2,104,906	
Investment earnings					5,840,709	2,060,810	
Total general revenues					<u>145,161,709</u>	<u>136,079,181</u>	
Change in net position					43,137,833	(33,972,754)	
Net position – beginning					<u>(117,245,583)</u>	<u>(83,272,829)</u>	
Net position – ending					\$ (74,107,750)	\$ (117,245,583)	

INDEPENDENT SCHOOL DISTRICT NO. 621

Balance Sheet
Governmental Funds
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 35,190,700	\$ 148,177,594	\$ 10,923,594
Cash and investments held by trustee	–	–	–
Receivables			
Current taxes	16,769,127	–	10,203,254
Delinquent taxes	332,647	–	182,943
Accounts and interest	218,675	1,850,479	–
Due from other governmental units	15,745,533	–	41,845
Due from other funds	1,297,853	–	–
Inventory	–	–	–
Prepaid items	1,182,398	–	–
Total assets	<u>\$ 70,736,933</u>	<u>\$ 150,028,073</u>	<u>\$ 21,351,636</u>
Liabilities			
Salaries payable	\$ 8,691,425	\$ 497	\$ –
Accounts and contracts payable	3,620,745	6,737,656	–
Due to other governmental units	111,480	–	–
Unearned revenue	1,079,235	–	–
Total liabilities	<u>13,502,885</u>	<u>6,738,153</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	362,111	–	193,360
Property taxes levied for subsequent year	27,610,574	–	18,695,328
Total deferred inflows of resources	<u>27,972,685</u>	<u>–</u>	<u>18,888,688</u>
Fund balances (deficit)			
Nonspendable	1,182,398	–	–
Restricted	2,344,085	143,289,920	2,462,948
Assigned	2,574,974	–	–
Unassigned	23,159,906	–	–
Total fund balances	<u>29,261,363</u>	<u>143,289,920</u>	<u>2,462,948</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,736,933</u>	<u>\$ 150,028,073</u>	<u>\$ 21,351,636</u>

Nonmajor Funds	Total Governmental Funds	
	2019	2018
\$ 3,237,877	\$ 197,529,765	\$ 212,676,358
—	—	17,028,303
554,660	27,527,041	26,450,977
11,430	527,020	478,200
44,788	2,113,942	1,328,594
621,046	16,408,424	16,275,599
—	1,297,853	770,279
34,668	34,668	44,363
—	1,182,398	1,543,717
<u>\$ 4,504,469</u>	<u>\$ 246,621,111</u>	<u>\$ 276,596,390</u>
\$ 491,368	\$ 9,183,290	\$ 8,613,274
208,734	10,567,135	4,538,838
—	111,480	882,092
657,643	1,736,878	2,035,884
<u>1,357,745</u>	<u>21,598,783</u>	<u>16,070,088</u>
12,404	567,875	640,280
1,016,299	47,322,201	46,806,431
<u>1,028,703</u>	<u>47,890,076</u>	<u>47,446,711</u>
34,668	1,217,066	1,588,080
2,966,647	151,063,600	186,292,275
—	2,574,974	2,064,178
(883,294)	22,276,612	23,135,058
<u>2,118,021</u>	<u>177,132,252</u>	<u>213,079,591</u>
<u>\$ 4,504,469</u>	<u>\$ 246,621,111</u>	<u>\$ 276,596,390</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, 2019
(With Partial Comparative Information as of June 30, 2018)

	2019	2018
Total fund balances – governmental funds	\$ 177,132,252	\$ 213,079,591
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	246,249,501	222,645,001
Accumulated depreciation	(135,385,446)	(128,179,689)
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	(218,790,000)	(246,135,000)
Unamortized premium/discount	(8,613,548)	(9,060,512)
Capital leases payable	(5,123,626)	(5,323,620)
Net pension liability	(99,872,425)	(264,152,316)
Severance benefits payable	(1,330,861)	(1,545,970)
Compensated absences payable	(2,766,841)	(3,104,856)
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.	6,773,496	7,048,939
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.	4,528,414	2,943,671
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(3,505,144)	(3,386,462)
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	108,269,470	143,215,281
Deferred outflows of resources – OPEB plan deferments	668,004	–
Deferred inflows of resources – pension plan deferments	(141,988,999)	(45,397,763)
Deferred inflows of resources – OPEB plan deferments	(919,872)	(532,158)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	567,875	640,280
Total net position – governmental activities	\$ (74,107,750)	\$ (117,245,583)

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 30,756,672	\$ –	\$ 18,796,921
Investment earnings	746,669	4,536,849	384,715
Other	4,301,950	9,500	–
State sources	117,163,072	–	422,324
Federal sources	3,698,269	–	–
Total revenue	<u>156,666,632</u>	<u>4,546,349</u>	<u>19,603,960</u>
Expenditures			
Current			
Administration	6,734,366	–	–
District support services	3,974,222	–	–
Elementary and secondary regular instruction	69,212,585	–	–
Vocational education instruction	2,282,901	–	–
Special education instruction	26,892,611	–	–
Instructional support services	9,756,662	–	–
Pupil support services	17,377,966	–	–
Sites and buildings	19,246,078	–	–
Fiscal and other fixed cost programs	266,838	–	–
Food service	–	–	–
Community service	472,428	–	–
Capital outlay	–	23,788,500	–
Debt service			
Principal	199,994	–	10,530,000
Interest and fiscal charges	171,406	–	8,992,806
Total expenditures	<u>156,588,057</u>	<u>23,788,500</u>	<u>19,522,806</u>
Excess (deficiency) of revenue over expenditures	78,575	(19,242,151)	81,154
Other financing sources (uses)			
Debt issued	–	–	–
Premium on debt issued	–	–	–
Payment on refunded debt	–	–	(16,815,000)
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>(16,815,000)</u>
Net change in fund balances	78,575	(19,242,151)	(16,733,846)
Fund balances			
Beginning of year	<u>29,182,788</u>	<u>162,532,071</u>	<u>19,196,794</u>
End of year	<u>\$ 29,261,363</u>	<u>\$ 143,289,920</u>	<u>\$ 2,462,948</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2019	2018
\$ 997,284	\$ 50,550,877	\$ 44,588,332
61,149	5,729,382	1,989,789
7,476,287	11,787,737	10,737,609
1,373,689	118,959,085	114,867,864
2,804,386	6,502,655	6,860,329
<u>12,712,795</u>	<u>193,529,736</u>	<u>179,043,923</u>
—	6,734,366	6,322,518
—	3,974,222	3,959,649
—	69,212,585	66,939,396
—	2,282,901	2,546,828
—	26,892,611	27,208,114
—	9,756,662	9,640,035
—	17,377,966	15,949,536
—	19,246,078	19,291,527
—	266,838	266,786
5,835,988	5,835,988	5,759,681
6,552,356	7,024,784	6,387,890
374,368	24,162,868	3,352,808
—	10,729,994	9,940,680
—	9,164,212	4,624,926
<u>12,762,712</u>	<u>212,662,075</u>	<u>182,190,374</u>
(49,917)	(19,132,339)	(3,146,451)
—	—	156,550,000
—	—	8,474,381
—	(16,815,000)	—
—	—	1,146,182
—	—	(1,146,182)
<u>—</u>	<u>(16,815,000)</u>	<u>165,024,381</u>
(49,917)	(35,947,339)	161,877,930
<u>2,167,938</u>	<u>213,079,591</u>	<u>51,201,661</u>
<u>\$ 2,118,021</u>	<u>\$ 177,132,252</u>	<u>\$ 213,079,591</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, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	2019	2018
Total net change in fund balances – governmental funds	\$ (35,947,339)	\$ 161,877,930
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	23,661,996	4,350,807
Depreciation expense	(7,263,253)	(7,076,459)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
	–	(156,550,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	27,345,000	9,750,000
Capital lease payable	199,994	190,680
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.		
	446,964	(8,266,893)
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	164,279,891	56,820,510
Severance benefits payable	215,109	86,447
Compensated absences payable	338,015	(191,754)
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.		
	(275,443)	144,189
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.		
	(118,682)	(1,694,311)
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.		
	1,584,743	2,813
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	(34,945,811)	(51,317,468)
Deferred outflows of resources – OPEB plan deferments	668,004	–
Deferred inflows of resources – pension plan deferments	(96,591,236)	(42,077,982)
Deferred inflows of resources – OPEB plan deferments	(387,714)	(164,635)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	(72,405)	143,372
Change in net position – governmental activities	<u>\$ 43,137,833</u>	<u>\$ (33,972,754)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 30,541,934	\$ 30,541,934	\$ 30,756,672	\$ 214,738
Investment earnings	600,000	600,000	746,669	146,669
Other	3,277,805	4,687,805	4,301,950	(385,855)
State sources	116,321,170	117,088,377	117,163,072	74,695
Federal sources	3,986,982	3,986,982	3,698,269	(288,713)
Total revenue	154,727,891	156,905,098	156,666,632	(238,466)
Expenditures				
Current				
Administration	6,025,231	6,025,231	6,734,366	709,135
District support services	4,238,954	4,238,954	3,974,222	(264,732)
Elementary and secondary regular instruction	68,834,845	70,954,052	69,212,585	(1,741,467)
Vocational education instruction	2,105,783	2,105,783	2,282,901	177,118
Special education instruction	27,305,494	27,305,494	26,892,611	(412,883)
Community service	—	—	472,428	472,428
Instructional support services	9,419,199	9,477,199	9,756,662	279,463
Pupil support services	17,185,521	17,185,521	17,377,966	192,445
Sites and buildings	18,872,642	18,872,642	19,246,078	373,436
Fiscal and other fixed cost programs	300,000	300,000	266,838	(33,162)
Debt service				
Principal	199,994	199,994	199,994	—
Interest and fiscal charges	171,406	171,406	171,406	—
Total expenditures	154,659,069	156,836,276	156,588,057	(248,219)
Net change in fund balances	\$ 68,822	\$ 68,822	78,575	\$ 9,753
Fund balances				
Beginning of year			29,182,788	
End of year			\$ 29,261,363	

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Net Position
Internal Service Funds
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and temporary investments	\$ 8,095,848	\$ 6,474,884
Receivables		
Accounts and interest	<u>59,601</u>	<u>—</u>
Total current assets	<u>8,155,449</u>	<u>6,474,884</u>
Liabilities		
Current liabilities		
Claims payable	1,379,468	1,441,245
Unearned revenue	<u>2,247,567</u>	<u>2,089,968</u>
Total current liabilities	<u>3,627,035</u>	<u>3,531,213</u>
Net position		
Unrestricted	<u><u>\$ 4,528,414</u></u>	<u><u>\$ 2,943,671</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 20,934,993	\$ 20,199,374
Operating expenses		
Dental benefit claims	1,080,186	1,122,542
Medical benefit claims	<u>18,381,391</u>	<u>19,145,040</u>
Total operating expenses	<u>19,461,577</u>	<u>20,267,582</u>
Operating income (loss)	1,473,416	(68,208)
Nonoperating revenue		
Investment earnings	<u>111,327</u>	<u>71,021</u>
Change in net position	1,584,743	2,813
Net position		
Beginning of year	<u>2,943,671</u>	<u>2,940,858</u>
End of year	<u><u>\$ 4,528,414</u></u>	<u><u>\$ 2,943,671</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Assessments from other funds and employee contributions	\$ 21,092,592	\$ 20,286,314
Payment for dental claims	(1,145,841)	(1,112,555)
Payment for medical claims	(18,437,114)	(18,791,317)
Net cash flows from operating activities	<u>1,509,637</u>	<u>382,442</u>
Cash flows from investing activities		
Investment income received	<u>111,327</u>	<u>71,021</u>
Net change in cash and cash equivalents	1,620,964	453,463
Cash and cash equivalents		
Beginning of year	<u>6,474,884</u>	<u>6,021,421</u>
End of year	<u><u>\$ 8,095,848</u></u>	<u><u>\$ 6,474,884</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 1,473,416	\$ (68,208)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(59,601)	—
Claims payable	(61,777)	363,710
Unearned revenue	<u>157,599</u>	<u>86,940</u>
Net cash flows from operating activities	<u><u>\$ 1,509,637</u></u>	<u><u>\$ 382,442</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Statement of Fiduciary Net Position
Fiduciary Funds
as of June 30, 2019

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Assets		
Cash and temporary investments	\$ —	\$ 260,524
Investments, at fair value		
Minnesota State Board of Investment		
Non-Retirement Money Market Fund	4,115,579	—
Non-Retirement Equity Fund	12,561,660	—
Non-Retirement Bond Fund	7,248,412	—
Total assets	<u>23,925,651</u>	<u>260,524</u>
Liabilities		
Accounts payable	—	212,990
Due to governmental funds	1,297,853	—
Total liabilities	<u>1,297,853</u>	<u>212,990</u>
Net position		
Held in trust for scholarships	—	47,534
Held in trust for OPEB benefits	<u>22,627,798</u>	<u>—</u>
Total net position	<u>\$ 22,627,798</u>	<u>\$ 47,534</u>

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Additions		
Gifts and bequests	\$ —	\$ 130,740
Investment earnings	1,852,576	—
Total additions	<u>1,852,576</u>	<u>130,740</u>
Deductions		
Scholarships awarded	—	153,562
Post-employment benefit costs	1,780,940	—
Total deductions	<u>1,780,940</u>	<u>153,562</u>
Change in net position	71,636	(22,822)
Net position		
Beginning of year	<u>22,556,162</u>	<u>70,356</u>
End of year	<u>\$ 22,627,798</u>	<u>\$ 47,534</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Basic Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

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

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

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

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

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (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 Funds

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

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

E. Budgeting

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

Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded budgeted amounts in the Food Service Special Revenue Fund and Community Service Special Revenue Fund by \$3,366 and \$506,754, respectively.

F. Cash and Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow account.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

G. Receivables

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

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,154,275 of the property tax levy collectible in 2019 as revenue to the District in fiscal year 2018–2019. The remaining portion of the taxes collectible in 2019 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund-based financial statements because it is not known to be available to finance the operations of the District in the current year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

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

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

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

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

M. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

N. Compensated Absences Payable

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

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

O. Severance

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

P. State-Wide Pension Plans

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

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

R. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2019.
- 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
2018	\$ 79,535	\$ 1,122,542	\$ 1,112,555	\$ 89,522
2019	\$ 89,522	\$ 1,139,787	\$ 1,145,841	\$ 83,468

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
2018	\$ 998,000	\$ 19,145,040	\$ 18,791,317	\$ 1,351,723
2019	\$ 1,351,723	\$ 18,381,391	\$ 18,437,114	\$ 1,296,000

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, 2018, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

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

At year-end, the carrying amount of the District's deposits was \$972,001, while the balance on the bank records was \$972,001. At June 30, 2019, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

B. Investments

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2019, the District’s investment portfolio includes a guaranteed investment contract with the Toronto-Dominion Bank at 66.2 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	\$ 205,625,613
Cash and temporary investments – Statement of Fiduciary Net Position	260,524
Investments, at fair value – Statement of Fiduciary Net Position	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	4,115,579
Non-Retirement Equity Fund	12,561,660
Non-Retirement Bond Fund	<u>7,248,412</u>
Total cash and investments	<u><u>\$ 229,811,788</u></u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District's deposit and investment balances at June 30, 2019 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	Moody's	N/A	\$ –	\$ 151,516,387	\$ 151,516,387
Investment pools/mutual funds						
Minnesota State Board of Investment						
Non-Retirement Bond Fund	N/R	N/A	N/A			7,248,412
Non-Retirement Equity Fund	N/R	N/A	N/A			12,561,660
Non-Retirement Money Market Fund	N/R	N/A	N/A			4,115,579
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A			47,392,349
Minnesota School District Liquid Asset Fund Term Series	AAA	Fitch	N/A	\$ 6,000,000	\$ –	6,000,000
Total investments						228,834,387
Petty cash						5,400
Deposits						972,001
Total deposits and investments						\$ 229,811,788

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. 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, 2019, 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	\$ 407,027	\$ –	\$ 479,206	\$ 886,233
Minnesota Department of Education (MDE)	11,123,013	41,845	109,396	11,274,254
Federal government through the MDE	3,583,450	–	32,444	3,615,894
Other governmental units	632,043	–	–	632,043
Total due from other governmental units	\$ 15,745,533	\$ 41,845	\$ 621,046	\$ 16,408,424

NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2019 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 2,309,148	\$ 2,308,733	\$ –	\$ 4,617,881
Construction in progress	3,940,482	20,428,964	–	24,369,446
Total capital assets, not depreciated	6,249,630	22,737,697	–	28,987,327
Capital assets, depreciated				
Land improvements	8,670,438	–	–	8,670,438
Buildings	197,447,261	21,656	–	197,468,917
Furniture and equipment	10,277,672	902,643	(57,496)	11,122,819
Total capital assets, depreciated	216,395,371	924,299	(57,496)	217,262,174
Less accumulated depreciation for				
Land improvements	(5,922,872)	(314,758)	–	(6,237,630)
Buildings	(114,175,543)	(6,574,905)	–	(120,750,448)
Furniture and equipment	(8,081,274)	(373,590)	57,496	(8,397,368)
Total accumulated depreciation	(128,179,689)	(7,263,253)	57,496	(135,385,446)
Net capital assets, depreciated	88,215,682	(6,338,954)	–	81,876,728
Total capital assets, net	\$ 94,465,312	\$ 16,398,743	\$ –	\$ 110,864,055

Depreciation expense for the year ended June 30, 2019 was charged to the following governmental functions:

Elementary and secondary regular instruction	\$ 5,744,748
Vocational education instruction	460
Special education instruction	618
Community service	1,227
Instructional support services	2,325
Pupil support services	14,348
Food service	95,771
Sites and buildings	1,403,756
Total depreciation expense	\$ 7,263,253

NOTE 5 – LONG-TERM LIABILITIES

A. Components of General Obligation Bonds

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

Issue Name and Date	Interest Rate	Original Issue	Remaining Maturities	Principal Outstanding
Refunding bonds				
2009A Refunding Bonds	2.50%–4.00%	\$ 26,970,000	02/01/2020–02/01/2022	\$ 8,950,000
2010A Alternative Facility Refunding Bonds	4.00%–5.00%	20,010,000	02/01/2020–02/01/2025	13,770,000
2011A Alternative Facility Refunding Bonds	2.00%–4.00%	16,540,000	02/01/2020–02/01/2023	7,300,000
2012A Refunding Bonds	0.45%–2.55%	29,760,000	02/01/2020–02/01/2024	15,100,000
Taxable OPEB bonds				
2015A Taxable OPEB Refunding Bonds	3.00%	17,515,000	02/01/2020–02/01/2024	17,515,000
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>\$ 218,790,000</u>

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

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

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Capital Leases Payable

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

<u>Asset Leased</u>	<u>Asset Value Capitalized</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
District office building; final purchase option at bargain price at end of lease term	\$ 5,700,000	3.25%	01/02/2017	01/02/2037	\$ 5,123,626

The asset acquired through the capital lease is as follows:

	<u>Buildings</u>
Assets	\$ 5,700,000
Less accumulated depreciation	<u>(228,000)</u>
	<u><u>\$ 5,472,000</u></u>

C. Other Long-Term Liabilities

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

The District has three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2019:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
State-wide multiple-employer – PERA	\$ 18,179,451	\$ 4,016,822	\$ 5,249,072	\$ 377,677
State-wide multiple-employer – TRA	74,334,878	104,163,194	136,263,204	(30,286,750)
Single-employer – District	<u>7,358,096</u>	<u>89,454</u>	<u>476,723</u>	<u>357,183</u>
Total	<u><u>\$ 99,872,425</u></u>	<u><u>\$ 108,269,470</u></u>	<u><u>\$ 141,988,999</u></u>	<u><u>\$ (29,551,890)</u></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
2020	\$ 10,820,000	\$ 8,212,528	\$ 206,547	\$ 164,853
2021	11,190,000	7,863,488	213,314	158,086
2022	11,575,000	7,478,970	220,303	151,097
2023	12,300,000	7,073,820	227,521	143,879
2024	13,000,000	6,708,430	234,976	136,424
2025–2029	32,060,000	28,464,850	1,295,531	561,470
2030–2034	38,610,000	20,953,100	1,522,135	334,865
2035–2039	46,000,000	13,557,591	1,203,299	75,935
2040–2043	43,235,000	4,408,400	–	–
	<u>\$ 218,790,000</u>	<u>\$ 104,721,177</u>	<u>\$ 5,123,626</u>	<u>\$ 1,726,609</u>

E. Changes in Long-Term Liabilities

	Balance – June 30, 2018	Additions	Deletions	Balance – June 30, 2019	Due Within One Year
General obligation bonds	\$ 246,135,000	\$ –	\$ 27,345,000	\$ 218,790,000	\$ 10,820,000
Unamortized premium/discount	9,060,512	–	446,964	8,613,548	–
Total bonds payable	255,195,512	–	27,791,964	227,403,548	10,820,000
Capital lease payable	5,323,620	–	199,994	5,123,626	206,547
Net pension liability	264,152,316	3,566,180	167,846,071	99,872,425	–
Severance benefits payable	1,545,970	42,780	257,889	1,330,861	142,309
Compensated absences payable	3,104,856	1,878,461	2,216,476	2,766,841	1,383,421
	<u>\$ 529,322,274</u>	<u>\$ 5,487,421</u>	<u>\$ 198,312,394</u>	<u>\$ 336,497,301</u>	<u>\$ 12,552,277</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, 2019, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 34,668	\$ 34,668
Prepaid items	1,182,398	–	–	–	1,182,398
Total nonspendable	1,182,398	–	–	34,668	1,217,066
Restricted					
Operating capital	1,945,864	–	–	–	1,945,864
State-approved alternative programs	44,705	–	–	–	44,705
Gifted and talented	17,903	–	–	–	17,903
Basic skills programs	106,117	–	–	–	106,117
Achievement and integration	61,697	–	–	–	61,697
Medical Assistance	167,799	–	–	–	167,799
Capital projects	–	143,289,920	–	–	143,289,920
Community education programs	–	–	–	1,053,420	1,053,420
Adult basic education	–	–	–	293,681	293,681
Food service	–	–	–	1,619,546	1,619,546
Debt service	–	–	2,462,948	–	2,462,948
Total restricted	2,344,085	143,289,920	2,462,948	2,966,647	151,063,600
Assigned					
Alternative quality teacher compensation	53,642	–	–	–	53,642
School building carryover	1,679,184	–	–	–	1,679,184
Subsequent year's budget	842,148	–	–	–	842,148
Total assigned	2,574,974	–	–	–	2,574,974
Unassigned					
Long-term facilities maintenance restricted account deficit	(861,372)	–	–	–	(861,372)
Early childhood family education programs restricted account deficit	–	–	–	(883,294)	(883,294)
Unassigned	24,021,278	–	–	–	24,021,278
Total unassigned	23,159,906	–	–	(883,294)	22,276,612
Total	\$ 29,261,363	\$ 143,289,920	\$ 2,462,948	\$ 2,118,021	\$ 177,132,252

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, 2019, unassigned fund balance in the General Fund, excluding restricted account deficits, represented 15.3 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	<u>199</u>
Total members	<u><u>245</u></u>

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2018 and a measurement date as of June 30, 2019, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.10%
20-year municipal bond yield	3.10%
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 3.10 percent. The District discount rate used in the prior measurement date was 3.50 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, 2018	\$ 8,297,718
Changes for the year	
Service cost	194,950
Interest	278,527
Assumption changes	104,364
Plan changes	(51,749)
Differences between expected and actual experience	(386,937)
Benefit payments	<u>(1,078,777)</u>
Total net changes	<u>(939,622)</u>
Ending balance – June 30, 2019	<u>\$ 7,358,096</u>

Assumption changes since the prior measurement date include the following:

- 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.

Plan changes since the prior measurement date include the following:

- 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.

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.10%	3.10%	4.10%
Total pension liability	\$ 7,654,177	\$ 7,358,096	\$ 7,062,734

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 \$357,183 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	\$ –	\$ 331,660
Changes in actuarial assumptions	89,454	145,063
Total	<u>\$ 89,454</u>	<u>\$ 476,723</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
2020	\$ (64,545)
2021	\$ (64,545)
2022	\$ (64,545)
2023	\$ (64,545)
2024	\$ (64,545)
Thereafter	\$ (64,544)

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, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 15,854,302
Plan fiduciary net position	<u>(22,627,798)</u>
District's net OPEB liability (asset)	<u><u>\$ (6,773,496)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>142.7%</u></u>

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

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.20%
Expected long-term investment return	5.20% (net of investment expenses)
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.50% in 2018 grading to 5.00% over 6 years
Dental trend rate	4.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-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	50 %	7.00 %
Non-Retirement Bond Fund	30	4.25 %
Non-retirement cash pool	20	2.25 %
Total	100 %	5.20 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 8.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

H. Discount Rate

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

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2018	\$ 15,507,223	\$ 22,556,162	\$ (7,048,939)
Changes for the year			
Service cost	645,979	–	645,979
Interest	791,958	–	791,958
Assumption changes	140,600	–	140,600
Employer contributions	–	89,257	(89,257)
Projected investment return	–	1,172,920	(1,172,920)
Differences between expected and actual experience	638,739	679,656	(40,917)
Benefit payments	(1,870,197)	(1,870,197)	–
Total net changes	347,079	71,636	275,443
Ending balance – June 30, 2019	\$ 15,854,302	\$ 22,627,798	\$ (6,773,496)

Assumption changes since the prior measurement date include the following:

- 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.

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.20%	5.20%	6.20%
Net OPEB liability (asset)	\$ (5,921,293)	\$ (6,773,496)	\$ (7,581,547)

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

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare trend rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability (asset)	\$ (7,945,569)	\$ (6,773,496)	\$ (5,440,834)

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

For the current year ended, the District recognized OPEB expense of \$84,410. 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	\$ 547,490	\$ –
Changes in actuarial assumptions	120,514	–
Difference between projected and actual investment earnings	–	919,872
Total	<u>\$ 668,004</u>	<u>\$ 919,872</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
2020	\$ (180,607)
2021	\$ (180,606)
2022	\$ (88,726)
2023	\$ (24,593)
2024	\$ 111,335
Thereafter	\$ 111,329

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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 Minnesota State's Individual Retirement Account Plan within one year of eligible employment.

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)

Benefit increases are provided to benefit recipients each January. GERP benefit recipients receive a future annual increase equal to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

NOTE 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.

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 2019; 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, 2019, were \$1,711,466. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2017		2018		2019	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.50 %	11.00 %	11.71 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.71 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2019, were \$5,144,059. 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	\$ 378,728
Add employer contributions not related to future contribution efforts	522
Deduct the TRA's contributions not included in allocation	<u>(471)</u>
Total employer contributions	378,779
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u><u>\$ 414,367</u></u>

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2019, the District reported a liability of \$18,179,451 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3277 percent at the end of the measurement period and 0.3312 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	\$ 18,179,451
State's proportionate share of the net pension liability associated with the District	\$ 596,232

For the year ended June 30, 2019, the District recognized pension expense of \$238,637 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$139,040 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

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

At June 30, 2019, 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	\$ 486,088	\$ 555,457
Changes in actuarial assumptions	1,819,268	2,057,589
Difference between projected and actual investment earnings	–	1,754,369
Changes in proportion	–	881,657
District's contributions to the GERF subsequent to the measurement date	<u>1,711,466</u>	<u>–</u>
Total	<u><u>\$ 4,016,822</u></u>	<u><u>\$ 5,249,072</u></u>

A total of \$1,711,466 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, 2020. 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
2020	\$ 229,647
2021	\$ (1,253,473)
2022	\$ (1,540,452)
2023	\$ (379,438)

2. TRA Pension Costs

At June 30, 2019, the District reported a liability of \$74,334,878 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to 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 1.1835 percent at the end of the measurement period and 1.1758 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	\$ 74,334,878
State's proportionate share of the net pension liability associated with the District	\$ 6,984,025

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

For the year ended June 30, 2019, the District recognized a negative pension expense of \$25,412,366. It also recognized \$4,874,384 as a decrease to pension expense (and grant revenue) for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 800,294	\$ 1,490,504
Changes in actuarial assumptions	95,966,306	126,577,931
Difference between projected and actual investment earnings	–	5,666,416
Changes in proportion	2,252,535	2,528,353
District's contributions to the TRA subsequent to the measurement date	5,144,059	–
Total	<u>\$ 104,163,194</u>	<u>\$ 136,263,204</u>

A total of \$5,144,059 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, 2020. 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
2020	\$ 7,997,149
2021	\$ 3,627,117
2022	\$ (234,486)
2023	\$ (28,800,686)
2024	\$ (19,833,163)

E. Actuarial Assumptions

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

Assumptions	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 GERP 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, 2018 valuations were based on the results of actuarial experience studies. The most recent experience studies were completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2018:

1. GERP

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.

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.

2. TRA

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 in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

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

- 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.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36 %	5.10 %
International stocks	17	5.30 %
Bonds (fixed income)	20	0.75 %
Alternative assets (private markets)	25	5.90 %
Cash	2	– %
Total	100 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability 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.

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

2. TRA

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

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	\$ 29,543,938	\$ 18,179,451	\$ 8,798,394
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 117,969,150	\$ 74,334,878	\$ 38,336,891

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; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

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

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

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

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

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

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

NOTE 11 – INTERFUND BALANCES

Due To/From Other Funds

	Due From Other Funds	Due to Other Funds
General Fund	\$ 1,297,853	\$ –
Post-Employment Benefits Trust Fund	–	1,297,853
	<u>\$ 1,297,853</u>	<u>\$ 1,297,853</u>

As of June 30, 2019, the District’s General Fund had an interfund receivable of \$1,297,853 from the Post-Employment Benefits Trust Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2019.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

During fiscal year 2019, 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 \$103,895,361.

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.

During fiscal year 2019, the District acquired a commercial property through eminent domain and deposited its appraisal amount of \$2,300,000 with the property owner. The property owner is disputing the value of this property, which has not been determined at this time.

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	\$ 131,602	August 2022
Twin Lakes	211,151	August 2022
Silverview – ABE and ALC	407,246	June 2024
Wynnsong – Bridges Program	110,560	January 2025
Northwest Youth and Family Services	341,160	August 2024
Minnesota Department of Natural Resources		
Laurentian Environmental Center	6,135	September 2019
Ice arenas		
Various locations	181,461	Various
Northeast Metropolitan Intermediate School District No. 916		
Various locations	660,660	Various
	<u>\$ 2,049,975</u>	

NOTE 13 – SUBSEQUENT EVENTS

On October 15, 2019, the District awarded the issuance of \$16,600,000 of General Obligation Refunding Bonds, Series 2019A. The bonds will be used to refund the 2009A General Obligation School Building Refunding Bonds and 2010A General Obligation Alternative Facility Refunding Bonds to reduce debt levies to district taxpayers.

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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, 2019

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%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2019

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%

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, 2019

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%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2019

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%

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, 2019

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2019

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

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, 2019

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

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, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND

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.

2017 CHANGES IN PLAN PROVISIONS

- The state's special funding contribution increased from \$6 million to \$16 million.

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.

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued)
June 30, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information (continued) June 30, 2019

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, 2019

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, 2019

PENSION BENEFITS PLAN

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, 2019

OTHER POST-EMPLOYMENT BENEFITS PLAN

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, 2019

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 1,951,610	\$ 1,286,267	\$ 3,237,877
Receivables			
Current taxes	—	554,660	554,660
Delinquent taxes	—	11,430	11,430
Accounts and interest	—	44,788	44,788
Due from other governmental units	36,866	584,180	621,046
Inventory	34,668	—	34,668
Total assets	<u>\$ 2,023,144</u>	<u>\$ 2,481,325</u>	<u>\$ 4,504,469</u>
Liabilities			
Salaries payable	\$ 133,682	\$ 357,686	\$ 491,368
Accounts and contracts payable	50,174	158,560	208,734
Unearned revenue	185,074	472,569	657,643
Total liabilities	<u>368,930</u>	<u>988,815</u>	<u>1,357,745</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	12,404	12,404
Property taxes levied for subsequent year	—	1,016,299	1,016,299
Total deferred inflows of resources	<u>—</u>	<u>1,028,703</u>	<u>1,028,703</u>
Fund balances (deficit)			
Nonspendable for inventory	34,668	—	34,668
Restricted	1,619,546	1,347,101	2,966,647
Unassigned	—	(883,294)	(883,294)
Total fund balances	<u>1,654,214</u>	<u>463,807</u>	<u>2,118,021</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,023,144</u>	<u>\$ 2,481,325</u>	<u>\$ 4,504,469</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2019

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 997,284	\$ 997,284
Investment earnings	38,480	22,669	61,149
Other	3,214,081	4,262,206	7,476,287
State sources	284,132	1,089,557	1,373,689
Federal sources	2,637,054	167,332	2,804,386
Total revenue	6,173,747	6,539,048	12,712,795
Expenditures			
Current			
Food service	5,835,988	—	5,835,988
Community service	—	6,552,356	6,552,356
Capital outlay	333,005	41,363	374,368
Total expenditures	6,168,993	6,593,719	12,762,712
Net change in fund balances	4,754	(54,671)	(49,917)
Fund balances			
Beginning of year	1,649,460	518,478	2,167,938
End of year	\$ 1,654,214	\$ 463,807	\$ 2,118,021

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 35,190,700	\$ 35,842,419
Receivables		
Current taxes	16,769,127	15,899,758
Delinquent taxes	332,647	321,139
Accounts and interest	218,675	85,800
Due from other governmental units	15,745,533	15,843,226
Due from other funds	1,297,853	770,279
Prepaid items	<u>1,182,398</u>	<u>1,533,522</u>
Total assets	<u><u>\$ 70,736,933</u></u>	<u><u>\$ 70,296,143</u></u>
Liabilities		
Salaries payable	\$ 8,691,425	\$ 8,137,916
Accounts and contracts payable	3,620,745	3,342,421
Due to other governmental units	111,480	882,092
Unearned revenue	<u>1,079,235</u>	<u>1,549,438</u>
Total liabilities	13,502,885	13,911,867
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	362,111	432,844
Property taxes levied for subsequent year	<u>27,610,574</u>	<u>26,768,644</u>
Total deferred inflows of resources	27,972,685	27,201,488
Fund balances (deficits)		
Nonspendable for prepaid items	1,182,398	1,533,522
Restricted for health and safety	–	70,970
Restricted for operating capital	1,945,864	1,618,556
Restricted for state-approved alternative programs	44,705	56,333
Restricted for gifted and talented	17,903	57,893
Restricted for basic skills programs	106,117	–
Restricted for achievement and integration	61,697	60,142
Restricted for Medical Assistance	167,799	220,003
Assigned for high school parking lots	–	364,000
Assigned for alternative quality teacher compensation	53,642	71,344
Assigned for school building carryover	1,679,184	1,628,834
Assigned for subsequent year's budget	842,148	–
Unassigned – long-term facilities maintenance restricted account deficit	(861,372)	(1,072,915)
Unassigned	<u>24,021,278</u>	<u>24,574,106</u>
Total fund balances	<u><u>29,261,363</u></u>	<u><u>29,182,788</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 70,736,933</u></u>	<u><u>\$ 70,296,143</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		2018	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 30,541,934	\$ 30,756,672	\$ 214,738	\$ 30,720,300
Investment earnings	600,000	746,669	146,669	551,816
Other	4,687,805	4,301,950	(385,855)	3,805,927
State sources	117,088,377	117,163,072	74,695	113,251,264
Federal sources	3,986,982	3,698,269	(288,713)	4,075,397
Total revenue	156,905,098	156,666,632	(238,466)	152,404,704
Expenditures				
Current				
Administration				
Salaries	4,374,622	4,781,175	406,553	4,578,241
Employee benefits	1,561,809	1,841,868	280,059	1,642,188
Purchased services	36,684	30,522	(6,162)	27,003
Supplies and materials	11,958	18,791	6,833	19,560
Other expenditures	40,158	62,010	21,852	55,526
Total administration	6,025,231	6,734,366	709,135	6,322,518
District support services				
Salaries	2,246,492	2,186,293	(60,199)	2,136,311
Employee benefits	670,172	662,990	(7,182)	651,191
Purchased services	574,224	537,008	(37,216)	553,077
Supplies and materials	744,674	551,043	(193,631)	661,549
Capital expenditures	—	20,359	20,359	(34,259)
Other expenditures	3,392	16,529	13,137	(8,220)
Total district support services	4,238,954	3,974,222	(264,732)	3,959,649
Elementary and secondary regular instruction				
Salaries	47,131,294	46,522,845	(608,449)	44,942,946
Employee benefits	17,088,923	15,929,535	(1,159,388)	15,394,857
Purchased services	2,330,569	3,296,737	966,168	3,199,726
Supplies and materials	3,473,479	2,575,213	(898,266)	2,592,445
Capital expenditures	427,004	454,758	27,754	423,337
Other expenditures	502,783	433,497	(69,286)	386,085
Total elementary and secondary regular instruction	70,954,052	69,212,585	(1,741,467)	66,939,396

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		2018
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures (continued)			
Current (continued)			
Vocational education instruction			
Salaries	1,190,287	1,370,580	180,293
Employee benefits	435,911	532,463	96,552
Purchased services	438,359	348,966	(89,393)
Supplies and materials	41,226	15,916	(25,310)
Capital expenditures	—	—	—
Other expenditures	—	14,976	14,976
Total vocational education instruction	2,105,783	2,282,901	177,118
Special education instruction			
Salaries	18,464,337	18,682,675	218,338
Employee benefits	6,656,837	6,873,773	216,936
Purchased services	1,930,618	1,054,424	(876,194)
Supplies and materials	230,053	153,917	(76,136)
Other expenditures	23,649	127,822	104,173
Total special education instruction	27,305,494	26,892,611	(412,883)
Community service			
Purchased services	—	472,428	472,428
Instructional support services			
Salaries	6,500,444	6,288,636	(211,808)
Employee benefits	1,947,956	2,156,960	209,004
Purchased services	426,338	612,335	185,997
Supplies and materials	564,292	634,923	70,631
Capital expenditures	—	790	790
Other expenditures	38,169	63,018	24,849
Total instructional support services	9,477,199	9,756,662	279,463
Pupil support services			
Salaries	2,724,617	2,769,949	45,332
Employee benefits	984,659	1,028,290	43,631
Purchased services	13,455,254	13,478,898	23,644
Supplies and materials	20,744	84,623	63,879
Other expenditures	247	16,206	15,959
Total pupil support services	17,185,521	17,377,966	192,445

INDEPENDENT SCHOOL DISTRICT NO. 621

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,521,617	3,852,129	330,512	3,630,495
Employee benefits	1,588,659	1,590,941	2,282	1,522,450
Purchased services	10,950,581	11,127,671	177,090	11,338,202
Supplies and materials	1,016,495	1,778,194	761,699	1,873,427
Capital expenditures	1,794,790	880,278	(914,512)	922,857
Other expenditures	500	16,865	16,365	4,096
Total sites and buildings	18,872,642	19,246,078	373,436	19,291,527
Fiscal and other fixed cost programs				
Purchased services	300,000	266,838	(33,162)	266,786
Debt service				
Principal	199,994	199,994	—	190,680
Interest and fiscal charges	171,406	171,406	—	180,720
Total debt service	371,400	371,400	—	371,400
Total expenditures	156,836,276	156,588,057	(248,219)	152,495,789
Excess (deficiency) of revenue over expenditures	68,822	78,575	9,753	(91,085)
Other financing (uses)				
Transfers (out)	—	—	—	(1,146,182)
Net change in fund balances	\$ 68,822	78,575	\$ 9,753	(1,237,267)
Fund balances				
Beginning of year		29,182,788		30,420,055
End of year		\$ 29,261,363		\$ 29,182,788

INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 1,951,610	\$ 1,919,411
Receivables		
Due from other governmental units	36,866	63,218
Inventory	34,668	44,363
Prepaid items	<u>—</u>	<u>9,295</u>
Total assets	<u>\$ 2,023,144</u>	<u>\$ 2,036,287</u>
Liabilities		
Salaries payable	\$ 133,682	\$ 161,806
Accounts and contracts payable	50,174	49,938
Unearned revenue	<u>185,074</u>	<u>175,083</u>
Total liabilities	368,930	386,827
Fund balances		
Nonspendable for inventory	34,668	44,363
Nonspendable for prepaid items	—	9,295
Restricted for food service	<u>1,619,546</u>	<u>1,595,802</u>
Total fund balances	<u>1,654,214</u>	<u>1,649,460</u>
Total liabilities and fund balances	<u>\$ 2,023,144</u>	<u>\$ 2,036,287</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, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 15,000	\$ 38,480	\$ 23,480	\$ 24,911
Other – primarily meal sales	3,226,295	3,214,081	(12,214)	3,118,383
State sources	275,366	284,132	8,766	283,714
Federal sources	2,708,304	2,637,054	(71,250)	2,672,308
Total revenue	<u>6,224,965</u>	<u>6,173,747</u>	<u>(51,218)</u>	<u>6,099,316</u>
Expenditures				
Current				
Salaries	2,039,700	2,107,872	68,172	2,034,188
Employee benefits	618,567	640,869	22,302	607,475
Purchased services	367,800	392,048	24,248	410,135
Supplies and materials	2,816,060	2,680,648	(135,412)	2,701,018
Other expenditures	5,500	14,551	9,051	6,865
Capital outlay	318,000	333,005	15,005	254,723
Total expenditures	<u>6,165,627</u>	<u>6,168,993</u>	<u>3,366</u>	<u>6,014,404</u>
Net change in fund balances	<u>\$ 59,338</u>	4,754	<u>\$ (54,584)</u>	84,912
Fund balances				
Beginning of year		<u>1,649,460</u>		<u>1,564,548</u>
End of year		<u>\$ 1,654,214</u>		<u>\$ 1,649,460</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 1,286,267	\$ 1,414,396
Receivables		
Current taxes	554,660	531,620
Delinquent taxes	11,430	11,003
Accounts and interest	44,788	2,028
Due from other governmental units	584,180	333,123
Prepaid items	<u>—</u>	<u>900</u>
Total assets	<u><u>\$ 2,481,325</u></u>	<u><u>\$ 2,293,070</u></u>
Liabilities		
Salaries payable	\$ 357,686	\$ 313,552
Accounts and contracts payable	158,560	125,404
Unearned revenue	<u>472,569</u>	<u>311,363</u>
Total liabilities	988,815	750,319
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	12,404	14,678
Property taxes levied for subsequent year	<u>1,016,299</u>	<u>1,009,595</u>
Total deferred inflows of resources	1,028,703	1,024,273
Fund balances (deficit)		
Nonspendable for prepaid items	—	900
Restricted for community education programs	1,053,420	736,752
Restricted for adult basic education	293,681	146,959
Unassigned – early childhood family education programs		
restricted account deficit	(883,294)	(326,638)
Unassigned – community service programs		
restricted account deficit	<u>—</u>	<u>(39,495)</u>
Total fund balances	<u><u>463,807</u></u>	<u><u>518,478</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,481,325</u></u>	<u><u>\$ 2,293,070</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,005,852	\$ 997,284	\$ (8,568)	\$ 1,002,306
Investment earnings	—	22,669	22,669	19,496
Other – primarily tuition and fees	3,537,071	4,262,206	725,135	3,813,299
State sources	1,376,202	1,089,557	(286,645)	968,059
Federal sources	165,040	167,332	2,292	112,624
Total revenue	6,084,165	6,539,048	454,883	5,915,784
Expenditures				
Current				
Salaries	3,819,911	4,278,826	458,915	4,082,329
Employee benefits	1,283,756	1,505,592	221,836	1,345,924
Purchased services	382,610	145,465	(237,145)	239,083
Supplies and materials	535,465	605,667	70,202	690,640
Other expenditures	9,414	16,806	7,392	29,914
Capital outlay	55,809	41,363	(14,446)	20,308
Total expenditures	6,086,965	6,593,719	506,754	6,408,198
Net change in fund balances	\$ (2,800)	(54,671)	\$ (51,871)	(492,414)
Fund balances				
Beginning of year		518,478		1,010,892
End of year		\$ 463,807		\$ 518,478

INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 148,177,594	\$ 162,405,704
Receivables		
Accounts and interest	<u>1,850,479</u>	<u>1,147,442</u>
Total assets	<u>\$ 150,028,073</u>	<u>\$ 163,553,146</u>
Liabilities		
Salaries payable	\$ 497	\$ –
Accounts and contracts payable	<u>6,737,656</u>	<u>1,021,075</u>
Total liabilities	<u>6,738,153</u>	<u>1,021,075</u>
Fund balances		
Restricted for capital projects	<u>143,289,920</u>	<u>162,532,071</u>
Total liabilities and fund balances	<u>\$ 150,028,073</u>	<u>\$ 163,553,146</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, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 4,362,856	\$ 4,536,849	\$ 173,993	\$ 1,148,759
Other	–	9,500	9,500	–
Total revenue	<u>4,362,856</u>	<u>4,546,349</u>	<u>183,493</u>	<u>1,148,759</u>
Expenditures				
Capital outlay				
Salaries	–	6,171	6,171	–
Employee benefits	–	1,109	1,109	–
Purchased services	24,553,112	10,446,656	(14,106,456)	2,681,723
Capital expenditures	19,555,305	13,280,867	(6,274,438)	396,054
Other expenditures	–	53,697	53,697	–
Total expenditures	<u>44,108,417</u>	<u>23,788,500</u>	<u>(20,319,917)</u>	<u>3,077,777</u>
Excess (deficiency) of revenue over expenditures	(39,745,561)	(19,242,151)	20,503,410	(1,929,018)
Other financing sources				
Debt issued	–	–	–	155,986,708
Premium on debt issued	–	–	–	8,474,381
Transfers in	–	–	–	1,146,182
Other financing sources	<u>–</u>	<u>–</u>	<u>–</u>	<u>165,607,271</u>
Net change in fund balances	<u>\$ (39,745,561)</u>	<u>(19,242,151)</u>	<u>\$ 20,503,410</u>	<u>163,678,253</u>
Fund balances (deficit)				
Beginning of year		<u>162,532,071</u>		<u>(1,146,182)</u>
End of year		<u>\$ 143,289,920</u>		<u>\$ 162,532,071</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

Debt Service Fund
Balance Sheet by Account
as of June 30, 2019
(With Comparative Totals as of June 30, 2018)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2019	2018
Assets				
Cash and temporary investments	\$ 9,314,936	\$ 1,608,658	\$ 10,923,594	\$ 11,094,428
Cash and investments held by trustee	—	—	—	17,028,303
Receivables				
Current taxes	9,007,396	1,195,858	10,203,254	10,019,599
Delinquent taxes	153,361	29,582	182,943	146,058
Accounts and interest	—	—	—	93,324
Due from other governmental units	41,845	—	41,845	36,032
Total assets	<u>\$ 18,517,538</u>	<u>\$ 2,834,098</u>	<u>\$ 21,351,636</u>	<u>\$ 38,417,744</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 161,222	\$ 32,138	\$ 193,360	\$ 192,758
Property taxes levied for subsequent year	16,504,174	2,191,154	18,695,328	19,028,192
Total deferred inflows of resources	<u>16,665,396</u>	<u>2,223,292</u>	<u>18,888,688</u>	<u>19,220,950</u>
Fund balances				
Restricted for bond refunding	—	—	—	17,121,627
Restricted for debt service	1,852,142	610,806	2,462,948	2,075,167
Total fund balances	<u>1,852,142</u>	<u>610,806</u>	<u>2,462,948</u>	<u>19,196,794</u>
Total deferred inflows of resources and fund balances	<u>\$ 18,517,538</u>	<u>\$ 2,834,098</u>	<u>\$ 21,351,636</u>	<u>\$ 38,417,744</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, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

		2019		
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 18,991,947	\$ 16,266,747	\$ 2,530,174	\$ 18,796,921
Investment earnings	525,450	137,996	246,719	384,715
State sources	411,791	422,324	—	422,324
Total revenue	19,929,188	16,827,067	2,776,893	19,603,960
Expenditures				
Debt service				
Principal	10,530,000	9,225,000	1,305,000	10,530,000
Interest	8,983,592	7,224,554	1,759,038	8,983,592
Fiscal charges and other	10,850	8,714	500	9,214
Total expenditures	19,524,442	16,458,268	3,064,538	19,522,806
Excess (deficiency) of revenue over expenditures	404,746	368,799	(287,645)	81,154
Other financing sources (uses)				
Debt issued	—	—	—	—
Payment on refunded debt	(16,815,000)	—	(16,815,000)	(16,815,000)
Total other financing sources (uses)	(16,815,000)	—	(16,815,000)	(16,815,000)
Net change in fund balances	<u>\$ (16,410,254)</u>	368,799	(17,102,645)	(16,733,846)
Fund balances				
Beginning of year		1,483,343	17,713,451	19,196,794
End of year		<u>\$ 1,852,142</u>	<u>\$ 610,806</u>	<u>\$ 2,462,948</u>

	2018	
Over (Under) Budget	Total	
\$ (195,026)	\$ 12,865,726	
(140,735)	244,807	
10,533	364,827	
(325,228)	13,475,360	
—	9,750,000	
—	3,875,915	
(1,636)	568,291	
(1,636)	14,194,206	
(323,592)	(718,846)	
—	563,292	
—	—	
—	563,292	
<u>\$ (323,592)</u>	(155,554)	
	19,352,348	
	<u>\$ 19,196,794</u>	

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2019
(With Comparative Totals as of June 30, 2018)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2019	2018
Assets				
Current assets				
Cash and temporary investments	\$ 1,229,002	\$ 6,866,846	\$ 8,095,848	\$ 6,474,884
Receivables				
Accounts and interest	59,601	—	59,601	—
Total current assets	1,288,603	6,866,846	8,155,449	6,474,884
Liabilities				
Current liabilities				
Claims payable	83,468	1,296,000	1,379,468	1,441,245
Unearned revenue	136,159	2,111,408	2,247,567	2,089,968
Total current liabilities	219,627	3,407,408	3,627,035	3,531,213
Net position				
Unrestricted	\$ 1,068,976	\$ 3,459,438	\$ 4,528,414	\$ 2,943,671

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2019	2018
Operating revenue				
Charges for services	\$ 1,214,813	\$ 19,720,180	\$ 20,934,993	\$ 20,199,374
Operating expenses				
Dental benefit claims	1,080,186	—	1,080,186	1,122,542
Medical benefit claims	—	18,381,391	18,381,391	19,145,040
Total operating expenses	<u>1,080,186</u>	<u>18,381,391</u>	<u>19,461,577</u>	<u>20,267,582</u>
Operating income (loss)	134,627	1,338,789	1,473,416	(68,208)
Nonoperating revenue				
Investment earnings	<u>23,258</u>	<u>88,069</u>	<u>111,327</u>	<u>71,021</u>
Change in net position	157,885	1,426,858	1,584,743	2,813
Net position				
Beginning of year	<u>911,091</u>	<u>2,032,580</u>	<u>2,943,671</u>	<u>2,940,858</u>
End of year	<u>\$ 1,068,976</u>	<u>\$ 3,459,438</u>	<u>\$ 4,528,414</u>	<u>\$ 2,943,671</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2019	2018
Cash flows from operating activities				
Assessments from other funds and employee contributions	\$ 1,218,954	\$ 19,873,638	\$ 21,092,592	\$ 20,286,314
Payments for dental claims	(1,145,841)	–	(1,145,841)	(1,112,555)
Payments for medical claims	–	(18,437,114)	(18,437,114)	(18,791,317)
Net cash flows from operating activities	73,113	1,436,524	1,509,637	382,442
Cash flows from investing activities				
Investment income received	23,258	88,069	111,327	71,021
Net change in cash and cash equivalents	96,371	1,524,593	1,620,964	453,463
Cash and cash equivalents				
Beginning of year	1,132,631	5,342,253	6,474,884	6,021,421
End of year	\$ 1,229,002	\$ 6,866,846	\$ 8,095,848	\$ 6,474,884
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 134,627	\$ 1,338,789	\$ 1,473,416	\$ (68,208)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	(59,601)	–	(59,601)	–
Claims payable	(6,054)	(55,723)	(61,777)	363,710
Unearned revenue	4,141	153,458	157,599	86,940
Total changes in assets and liabilities	(1,913)	97,735	95,822	450,650
Net cash flows from operating activities	\$ 73,113	\$ 1,436,524	\$ 1,509,637	\$ 382,442

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Indicators

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 29,977,628	\$ 28,769,624	\$ 25,192,950	\$ 24,924,792
Restricted	4,167,941	5,271,115	5,747,769	5,606,644
Unrestricted	15,956,129	20,253,388	23,728,479	27,909,045
Total governmental activities net position	<u>\$ 50,101,698</u>	<u>\$ 54,294,127</u>	<u>\$ 54,669,198</u>	<u>\$ 58,440,481</u>

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

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 23,744,173	\$ 25,085,659	\$ 26,932,748	\$ 28,976,776	\$ 32,618,509	\$ 39,575,093
5,739,644	4,200,517	4,608,400	4,646,339	4,593,151	5,357,804
<u>30,426,448</u>	<u>(53,630,283)</u>	<u>(56,055,220)</u>	<u>(116,895,944)</u>	<u>(154,457,243)</u>	<u>(119,040,647)</u>
<u>\$ 59,910,265</u>	<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>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Expenses				
Administration	\$ 3,857,601	\$ 4,492,737	\$ 4,591,726	\$ 4,875,064
District support services	3,530,436	2,396,658	2,884,530	2,768,287
Elementary and secondary regular instruction	55,670,993	58,467,439	59,264,861	61,436,284
Vocational education instruction	1,822,045	2,005,793	1,941,271	1,861,655
Special education instruction	22,624,161	22,628,982	21,940,069	22,933,678
Instructional support services	4,252,760	4,980,268	5,510,110	5,445,000
Pupil support services	9,219,240	8,151,219	10,637,059	10,056,280
Sites and buildings	16,410,260	15,617,879	16,089,915	16,277,791
Fiscal and other fixed cost programs	205,246	238,500	265,051	359,601
Food service	4,833,414	4,881,979	5,217,083	5,192,328
Community service	4,352,720	4,765,676	4,788,232	5,155,798
Interest and fiscal charges on debt	9,291,313	9,010,791	8,089,793	6,907,773
Total governmental activities expenses	136,070,189	137,637,921	141,219,700	143,269,539
Program revenues				
Charges for services				
Elementary and secondary regular instruction	699,887	1,082,821	1,269,718	1,026,494
Special education instruction	—	41,203	213,418	629,617
Instructional support services	—	—	—	—
Pupil support services	509,710	786,980	373,157	334,892
Sites and buildings	129,214	143,238	104,857	104,483
Food service	3,298,121	3,173,356	3,065,932	3,126,189
Community service	2,263,591	2,409,442	2,520,911	2,981,549
Operating grants and contributions				
Administration	15,757	—	—	—
District support services	—	—	—	—
Elementary and secondary regular instruction	2,220,075	3,636,133	3,086,435	2,687,714
Vocational education instruction	37,777	—	—	—
Special education instruction	16,773,551	15,602,069	15,663,604	17,903,620
Instructional support services	—	—	—	—
Pupil support services	653,205	322,343	439,107	155,858
Sites and buildings	—	222,374	268,735	—
Food service	1,426,054	1,986,556	1,966,294	2,191,802
Community service	894,004	790,421	754,389	701,770
Capital grants and contributions				
Sites and buildings	942,207	407,891	580,086	858,707
Total governmental activities program revenues	29,863,153	30,604,827	30,306,643	32,702,695
Net (expense) revenue	(106,207,036)	(107,033,094)	(110,913,057)	(110,566,844)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	24,617,776	33,422,503	25,000,264	24,430,247
Property taxes, levied for community service	1,001,425	1,493,663	992,158	980,035
Property taxes, levied for capital projects	3,600,000	3,100,000	2,473,995	2,903,890
Property taxes, levied for debt service	11,350,915	12,741,172	13,331,242	13,677,869
General grants and aids	64,685,567	55,508,896	65,656,713	68,966,948
Other general revenues	2,782,651	2,624,237	2,973,827	3,542,925
Gain on sale of capital assets	—	—	—	—
Investment earnings (charges)	1,888,457	2,335,052	859,929	295,774
Total general revenues and other changes in net position	109,926,791	111,225,523	111,288,128	114,797,688
Change in net position	\$ 3,719,755	\$ 4,192,429	\$ 375,071	\$ 4,230,844

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.

2014	2015	2016	2017	2018	2019
\$ 4,973,898	\$ 5,387,659	\$ 6,110,334	\$ 7,471,675	\$ 7,668,827	\$ 5,050,750
2,961,502	3,197,095	3,942,368	4,145,830	4,349,055	3,374,138
61,988,289	67,127,774	70,955,844	95,722,251	95,039,715	51,196,047
1,925,945	1,908,522	1,757,061	2,616,771	3,230,895	1,445,513
25,116,400	27,232,152	28,745,016	35,418,105	34,409,090	19,215,805
7,028,111	7,566,625	8,890,155	11,824,060	11,956,712	7,342,386
11,642,274	13,963,511	14,643,966	16,199,619	17,115,807	16,231,907
17,554,040	20,121,886	18,139,344	18,668,418	19,719,565	20,605,301
385,752	427,619	219,076	278,990	266,786	266,838
5,339,131	5,564,921	5,841,533	6,184,095	5,976,662	5,891,965
5,314,907	4,851,812	5,030,833	6,273,316	7,350,028	5,724,008
5,006,312	4,509,118	4,165,302	3,989,027	6,111,749	8,835,930
149,236,561	161,858,694	168,440,832	208,792,157	213,194,891	145,180,588
1,208,673	1,067,920	861,975	868,724	1,004,098	1,173,664
418,370	508,402	631,279	475,074	553,754	435,896
—	123,345	149,426	156,597	163,431	145,897
316,479	280,775	272,957	295,884	306,794	322,264
109,594	103,626	107,544	105,249	112,906	122,799
3,062,065	3,074,885	3,087,136	3,172,899	3,118,383	3,214,081
3,026,503	2,712,614	2,779,048	3,045,614	3,373,337	3,411,613
—	6,241	58,073	—	—	—
—	461	6,077	—	—	—
2,574,979	2,920,534	3,811,345	3,110,627	3,675,378	3,543,610
—	3,158	28,361	—	—	—
19,486,876	21,872,209	23,283,918	23,339,833	24,638,171	24,141,833
—	9,083	79,299	—	—	—
148,927	198,149	46,423	—	—	—
—	27	374	231,980	364,777	499,411
2,321,349	2,629,613	2,920,947	3,020,997	2,954,599	2,921,186
460,858	479,185	1,150,580	1,262,178	1,064,414	1,254,582
914,836	1,484,698	1,496,359	1,559,679	1,812,914	1,969,876
34,049,509	37,474,925	40,771,121	40,645,335	43,142,956	43,156,712
(115,187,052)	(124,383,769)	(127,669,711)	(168,146,822)	(170,051,935)	(102,023,876)
13,953,313	23,522,410	25,150,513	30,211,501	30,823,278	30,685,939
500,089	953,169	975,913	979,320	1,005,463	995,010
2,949,291	3,689,071	3,689,071	—	—	—
13,748,691	13,251,524	13,045,257	12,895,803	12,902,963	18,797,523
82,712,425	77,974,223	81,706,355	88,069,014	87,181,761	85,881,005
2,702,309	2,474,379	2,307,624	2,292,769	2,104,906	2,961,523
—	413,034	—	—	—	—
90,718	(10,078)	625,013	192,615	2,060,810	5,840,709
116,656,836	122,267,732	127,499,746	134,641,022	136,079,181	145,161,709
\$ 1,469,784	\$ (2,116,037)	\$ (169,965)	\$ (33,505,800)	\$ (33,972,754)	\$ 43,137,833

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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
2010	\$ 24,617,776	\$ 1,001,425	\$ 3,600,000	\$ 11,350,915	\$ 40,570,116
2011	33,422,503	1,493,663	3,100,000	12,741,172	50,757,338
2012	25,000,264	992,158	2,473,995	13,331,242	41,797,659
2013	24,430,247	980,035	2,903,890	13,677,869	41,992,041
2014	13,953,313	500,089	2,949,291	13,748,691	31,151,384
2015	23,522,410	953,169	3,689,071	13,251,524	41,416,174
2016	25,150,513	975,913	3,689,071	13,045,257	42,860,754
2017	30,211,501	979,320	—	12,895,803	44,086,624
2018	30,823,278	1,005,463	—	12,902,963	44,731,704
2019	30,685,939	995,010	—	18,797,523	50,478,472

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			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 409,034	\$ 386,058	\$ 496,671	\$ 501,958
Restricted	2,997,273	3,361,366	3,876,864	4,048,093
Assigned	4,755,964	9,325,873	10,426,265	5,749,007
Unassigned	17,962,314	18,957,556	19,747,378	28,071,199
Total General Fund	<u>\$ 26,124,585</u>	<u>\$ 32,030,853</u>	<u>\$ 34,547,178</u>	<u>\$ 38,370,257</u>
All other governmental funds				
Nonspendable	\$ 42,583	\$ 38,640	\$ 39,791	\$ 52,770
Restricted				
Capital Projects – Building				
Construction Fund	1,153,437	449,188	–	–
Special revenue funds	1,145,910	1,307,532	1,131,126	1,483,484
Debt service funds	77,071,709	50,241,540	39,982,246	51,878,695
Unassigned				
Capital Projects – Building				
Construction Fund	–	–	(347,157)	(985,455)
Special revenue funds	–	–	(4,047)	(82,076)
Total all other governmental funds	<u>\$ 79,413,639</u>	<u>\$ 52,036,900</u>	<u>\$ 40,801,959</u>	<u>\$ 52,347,418</u>

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

2014	2015	2016	2017	2018	2019
\$ 685,727	\$ 611,100	\$ 817,416	\$ 889,805	\$ 1,533,522	\$ 1,182,398
3,407,081	1,474,792	1,150,426	2,059,378	2,083,897	2,344,085
7,358,288	6,093,447	3,849,612	2,409,020	2,064,178	2,574,974
26,226,692	22,882,526	23,978,712	25,061,852	23,501,191	23,159,906
<u>\$ 37,677,788</u>	<u>\$ 31,061,865</u>	<u>\$ 29,796,166</u>	<u>\$ 30,420,055</u>	<u>\$ 29,182,788</u>	<u>\$ 29,261,363</u>
\$ 56,496	\$ 48,946	\$ 57,788	\$ 61,275	\$ 54,558	\$ 34,668
—	—	—	—	162,532,071	143,289,920
1,366,755	1,532,865	1,859,612	2,544,249	2,479,513	2,966,647
1,812,004	19,742,100	19,790,965	19,352,348	19,196,794	2,462,948
(1,235,502)	(1,113,140)	(1,146,182)	(1,146,182)	—	—
(48,429)	(30,570)	(30,527)	(30,084)	(366,133)	(883,294)
<u>\$ 1,951,324</u>	<u>\$ 20,180,201</u>	<u>\$ 20,531,656</u>	<u>\$ 20,781,606</u>	<u>\$ 183,896,803</u>	<u>\$ 147,870,889</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Local sources				
Taxes	\$ 40,455,340	\$ 50,534,487	\$ 41,845,990	\$ 42,040,172
Investment earnings	1,887,940	2,334,738	859,697	295,493
Other	10,717,049	10,102,050	10,384,824	11,581,990
State sources	72,960,277	69,859,115	81,728,543	87,592,589
Federal sources	13,550,945	8,617,568	6,686,820	5,873,830
Total revenues	139,571,551	141,447,958	141,505,874	147,384,074
Expenditures				
Current				
Administration	3,789,408	4,067,257	4,206,419	4,787,170
District support services	2,375,436	2,630,817	2,556,407	2,867,490
Elementary and secondary regular instruction	49,046,489	50,080,793	53,055,313	54,499,860
Vocational education instruction	1,815,460	2,002,814	1,939,222	1,859,606
Special education instruction	22,625,216	22,651,591	23,412,864	23,667,372
Instructional support services	4,077,168	4,645,525	5,324,324	5,440,012
Pupil support services	9,146,969	9,266,145	9,569,020	10,212,385
Sites and buildings	10,434,514	11,404,434	11,661,051	12,294,900
Fiscal and other fixed cost programs	205,246	238,500	265,051	359,601
Food service	4,607,100	4,764,480	4,987,330	4,973,573
Community service	4,308,280	4,697,434	4,724,521	5,105,670
Capital outlay	4,736,565	4,052,930	3,458,467	3,704,532
Debt service				
Principal	6,469,847	7,330,276	7,853,034	9,205,000
Interest and fiscal charges	8,627,826	8,745,433	7,692,225	6,248,365
Total expenditures	132,265,524	136,578,429	140,705,248	145,225,536
Excess of revenues over (under) expenditures	7,306,027	4,869,529	800,626	2,158,538
Other financing sources (uses)				
Transfers in	3,600,000	3,100,000	2,473,995	2,903,890
Transfers out	(3,600,000)	(3,100,000)	(2,473,995)	(2,903,890)
Sale of capital assets	—	—	—	—
Sale of equipment	—	—	—	—
Bonds issued	20,010,000	—	16,540,000	29,760,000
Capital lease proceeds	—	—	—	—
Premium (discounts) on bonds issued	1,681,930	—	875,758	—
Payments to refunded bond escrow agent	—	(26,340,000)	(26,935,000)	(16,550,000)
Total other financing sources (uses)	21,691,930	(26,340,000)	(9,519,242)	13,210,000
Net change in fund balances	\$ 28,997,957	\$ (21,470,471)	\$ (8,718,616)	\$ 15,368,538
Debt service as a percentage of noncapital expenditures	11.8%	11.8%	11.1%	10.7%

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.

2014	2015	2016	2017	2018	2019
\$ 31,156,962	\$ 41,287,736	\$ 43,006,440	\$ 44,267,541	\$ 44,588,332	\$ 50,550,877
90,401	(10,938)	619,728	175,099	1,989,789	5,729,382
10,843,993	10,345,946	10,196,989	10,412,810	10,737,609	11,787,737
102,961,146	101,311,005	108,248,827	110,426,489	114,867,864	118,959,085
5,659,104	6,095,805	6,339,284	6,562,930	6,860,329	6,502,655
150,711,606	159,029,554	168,411,268	171,844,869	179,043,923	193,529,736
4,967,213	5,461,993	6,016,773	5,988,354	6,322,518	6,734,366
2,965,208	3,448,811	3,704,592	3,935,287	3,959,649	3,974,222
56,784,520	63,171,558	64,414,615	65,233,055	66,939,396	69,212,585
1,923,919	1,938,448	1,751,962	1,982,348	2,546,828	2,282,901
24,995,572	27,283,564	28,625,809	26,532,145	27,208,114	26,892,611
7,075,720	7,688,981	8,724,439	9,358,160	9,640,035	9,756,662
11,592,172	13,879,645	14,562,250	14,989,443	15,949,536	17,377,966
13,193,941	15,293,272	13,517,854	23,289,708	19,291,527	19,246,078
385,752	427,619	219,076	278,990	266,786	266,838
5,119,024	5,420,705	5,696,674	5,713,538	5,759,681	5,835,988
5,299,438	4,848,292	5,002,466	5,242,797	6,387,890	7,024,784
3,445,997	3,721,645	3,980,877	306,553	3,352,808	24,162,868
9,550,000	9,035,000	9,220,000	9,660,700	9,940,680	10,729,994
5,603,388	4,489,735	4,391,040	4,159,952	4,624,926	9,164,212
152,901,864	166,109,268	169,828,427	176,671,030	182,190,374	212,662,075
(2,190,258)	(7,079,714)	(1,417,159)	(4,826,161)	(3,146,451)	(19,132,339)
2,949,291	3,689,071	4,189,071	—	1,146,182	—
(2,949,291)	(3,689,071)	(3,689,071)	—	(1,146,182)	—
—	413,034	2,915	—	—	—
—	—	—	—	—	—
—	17,515,000	—	—	156,550,000	—
—	—	—	5,700,000	—	—
—	764,634	—	—	8,474,381	—
(48,898,305)	—	—	—	—	(16,815,000)
(48,898,305)	18,692,668	502,915	5,700,000	165,024,381	(16,815,000)
\$ (51,088,563)	\$ 11,612,954	\$ (914,244)	\$ 873,839	\$ 161,877,930	\$ (35,947,339)
10.1%	8.3%	8.2%	8.1%	8.2%	10.5%

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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
2010	\$ 24,543,504	\$ 3,600,000	\$ 998,431	\$ 11,313,405	\$ 40,455,340
2011	33,279,511	3,100,000	1,488,476	12,666,500	50,534,487
2012	25,047,064	2,473,995	992,975	13,331,956	41,845,990
2013	27,371,664	—	976,663	13,691,845	42,040,172
2014	16,909,462	—	500,673	13,746,827	31,156,962
2015	27,128,723	—	950,321	13,208,692	41,287,736
2016	28,930,255	—	984,564	13,091,621	43,006,440
2017	30,326,197	—	983,709	12,957,635	44,267,541
2018	30,720,300	—	1,002,306	12,865,726	44,588,332
2019	30,756,672	—	997,284	18,796,921	50,550,877

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	
2010	\$ 18,333	\$ 109,146,111	\$ (15,639,381)	\$ 11,083,155	\$ (11,415,932)
2011	14,959	103,017,627	(15,296,856)	10,843,131	(10,997,973)
2012	14,755	95,881,602	(13,934,704)	9,132,412	(10,182,430)
2013	54,801	90,807,499	(13,134,572)	8,959,209	(8,824,222)
2014	53,733	91,186,002	(12,920,974)	8,575,060	(7,703,743)
2015	54,207	96,482,949	(12,818,532)	8,722,933	(6,971,412)
2016	54,207	99,371,202	(12,662,936)	9,068,708	(6,359,282)
2017	55,245	105,143,686	(12,908,522)	10,010,150	(6,424,566)
2018	57,112	113,030,538	(13,677,567)	10,793,803	(6,761,366)
2019	57,112	120,900,657	(14,561,993)	11,280,177	(6,810,801)

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
\$	93,192,286	24.500	\$ 8,671,830,100	0.18882	1.07 %
	87,580,888	25.573	8,223,049,800	0.19536	1.07
	80,911,635	29.044	7,923,005,300	0.21242	1.02
	77,862,715	29.444	7,509,639,900	0.22834	1.04
	79,190,078	29.734	7,555,198,500	0.21069	1.05
	85,470,145	27.378	8,042,644,600	0.21901	1.06
	89,471,899	26.245	8,292,264,800	0.22261	1.08
	95,875,993	25.305	8,752,524,300	0.20712	1.10
	103,442,520	28.464	9,343,714,000	0.19725	1.11
	110,865,152	26.330	9,971,701,500	0.18765	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
2010	24.500	22.986	41.448	36.768	N/A
2011	25.573	24.187	41.172	37.871	9.140
2012	29.044	25.544	48.893	41.416	9.819
2013	29.444	27.931	50.422	41.968	10.822
2014	29.734	27.950	44.301	38.354	10.808
2015	27.378	27.294	42.886	36.193	10.121
2016	26.245	26.539	40.105	36.176	10.021
2017	25.305	27.211	37.531	43.479	10.047
2018	28.464	25.532	37.742	43.239	10.873
2019	26.330	25.555	38.009	42.882	11.253

N/A – Not Available

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

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

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

Source: Ramsey County Auditor

City of Roseville	City of Shoreview	City of Vadnais Heights	Ramsey County	White Bear Township	Other
27.266	28.069	24.076	46.427	19.898	5.890
29.758	30.671	24.771	50.801	20.760	6.190
33.446	33.252	27.840	56.944	23.767	7.078
38.899	36.970	29.051	65.240	25.246	7.378
40.121	37.490	29.269	63.735	24.014	7.359
38.909	34.873	26.904	58.922	22.031	6.980
39.324	35.357	26.820	58.885	22.875	7.252
38.552	34.302	26.845	51.173	21.976	6.920
38.177	33.617	24.872	49.473	21.623	6.642
37.422	32.960	24.127	48.565	21.722	6.413

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INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Taxpayers
Current and Nine Years Ago

Taxpayer	Type of Property	2019		2010	
		Tax Capacity	Percent of Total Tax Capacity	Tax Capacity	Percent of Total Tax Capacity
Medtronic, Inc.	Commercial	\$ 2,504,416	2.3 %	\$ 2,173,476	2.3 %
Boston Scientific	Commercial	1,129,960	1.0	1,799,250	1.9
Wells Fargo Properties, Inc.	Commercial	691,550	0.6	1,055,510	1.1
Industrial Equities Group, LLC	Commercial	598,190	0.5	—	—
Xcel Energy/NSP	Utility	532,022	0.5	5,618,352	6.0
GJJV MN 3, 4, 5 LLC	Commercial	451,426	0.4	—	—
Space Center Arden Hills, LLC	Commercial	435,144	0.4	—	—
St. Paul Fire and Marine Insurance Company	Commercial	432,544	0.4	—	—
Terrace Apartments Company	Commercial	399,030	0.4	—	—
Land O' Lakes, Inc.	Commercial	380,754	0.3	—	—
ARI – Shoreview Corp. Center, LLC	Commercial	—	—	1,013,232	1.1
Deluxe Corporation	Commercial	—	—	739,250	0.8
REEF American Realty Corporation	Commercial	—	—	678,426	0.7
Williams Bros. Pipeline	Utility	—	—	602,962	0.6
ERP Minnesota Portfolio LLC	Commercial	—	—	588,048	0.6
JLT Roseville Corporation Center LLC	Commercial	—	—	566,381	0.6
Total		<u>\$ 7,555,036</u>	<u>6.8 %</u>	<u>\$ 14,834,887</u>	<u>15.7 %</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
2010	\$ 35,866,361	\$ 4,713,999	\$ 673,488	\$ 41,253,848	\$ 40,587,972	98.4 %
2011	34,997,770	4,826,153	690,822	40,514,745	40,120,662	99.0
2012	37,677,540	4,247,225	—	41,924,765	41,510,107	99.0
2013	37,493,498	4,703,026	—	42,196,524	41,837,221	99.1
2014	37,011,867	4,658,824	—	41,670,691	41,394,871	99.3
2015	38,721,741	4,560,027	—	43,281,768	42,995,564	99.3
2016	39,603,186	4,564,200	—	44,167,386	43,918,515	99.4
2017	39,944,784	4,925,309	—	44,870,093	44,662,492	99.5
2018	44,892,812	5,010,165	—	49,902,977	49,634,367	99.5
2019	45,016,214	5,454,619	—	50,470,833	22,943,792	45.5

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, 2019							
		Amount	Percentage of Levy		Delinquent		Current					
					Amount	Percent	Amount	Percent				
\$	665,876	\$ 41,253,848	100.0	%	\$	—	—	%	\$	—	—	%
	394,083	40,514,745	100.0			—	—			—	—	
	414,658	41,924,765	100.0			—	—			—	—	
	296,943	42,134,164	99.9			62,360	0.1			—	—	
	240,790	41,635,661	99.9			35,030	0.1			—	—	
	246,685	43,242,249	99.9			39,519	0.1			—	—	
	196,407	44,114,922	99.9			52,464	0.1			—	—	
	138,564	44,801,056	99.8			69,037	0.2			—	—	
	—	49,634,367	99.5			268,610	0.5			—	—	
	—	22,943,792	45.5			—	—			27,527,041	54.5	
					\$	527,020			\$	27,527,041		

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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			
2010	\$ 223,080,000	\$ (11,052,899)	\$ 628,310	\$ 212,655,411	5.76 %	\$ 2,590
2011	189,575,000	(9,954,171)	463,034	180,083,863	4.79	2,172
2012	171,485,000	(8,303,716)	305,000	163,486,284	4.23	1,952
2013	175,640,000	(7,399,210)	155,000	168,395,790	4.28	1,991
2014	109,550,000	388,347	—	109,938,347	2.74	1,287
2015	118,030,000	1,064,690	—	119,094,690	2.83	1,380
2016	108,810,000	925,424	—	109,735,424	2.49	1,259
2017	99,335,000	793,619	5,514,300	105,642,919	2.27	1,200
2018	246,135,000	9,060,512	5,323,620	260,519,132	5.52	2,930
2019	218,790,000	8,613,548	5,123,626	232,527,174	4.50	2,590

(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>
2010	\$ 212,027,101	\$ 77,071,709	\$ 134,955,392	\$ 93,192,286	144.81 %
2011	179,620,829	50,241,540	129,379,289	87,580,888	147.73
2012	163,181,284	39,982,246	123,199,038	80,911,635	152.26
2013	168,240,790	51,878,695	116,362,095	77,862,715	149.45
2014	109,938,347	1,812,004	108,126,343	79,190,078	136.54
2015	119,094,690	19,742,100	99,352,590	85,470,145	116.24
2016	109,735,424	19,790,965	89,944,459	89,471,899	100.53
2017	100,128,619	19,352,348	80,776,271	95,875,993	84.25
2018	255,195,512	19,196,794	235,998,718	103,442,520	228.14
2019	227,403,548	2,462,948	224,940,600	110,865,152	202.90

(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)
82,102	\$ 1,644	1.56 %
82,923	1,560	1.57
83,752	1,471	1.55
84,590	1,376	1.55
85,436	1,266	1.43
86,290	1,151	1.24
87,153	1,032	1.08
88,025	918	0.92
88,905	2,654	2.53
89,794	2,505	2.26

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INDEPENDENT SCHOOL DISTRICT NO. 621

Direct and Overlapping Debt
June 30, 2019

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	\$ 227,403,548	100.00 %	\$ 227,403,548
Overlapping debt			
City of Mounds View	7,448,878	100.00	7,448,878
City of New Brighton	32,288,628	91.82	29,647,418
City of Roseville	24,005,513	16.51	3,963,310
City of Shoreview	33,555,640	92.98	31,200,034
City of Vadnais Heights	6,205,000	11.92	739,636
Northeast Metropolitan Intermediate School District No. 916	78,970,000	15.10	11,924,470
Ramsey County	193,333,286	18.15	35,089,991
White Bear Township	915,646	0.14	1,282
Special districts			
Metropolitan Council	189,310,976	2.91	5,508,949
Metropolitan Airports Commission	1,594,618	2.91	46,403
Total overlapping debt			<u>125,570,373</u>
Total direct and overlapping debt			<u>\$ 352,973,921</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			
	2010	2011	2012	2013
Debt limit	\$1,300,774,515	\$1,233,457,470	\$1,188,450,795	\$1,126,445,985
Total net debt applicable to the limit	146,008,291	139,333,460	131,502,754	123,761,305
Legal debt margin	<u>\$1,154,766,224</u>	<u>\$1,094,124,010</u>	<u>\$1,056,948,041</u>	<u>\$1,002,684,680</u>
Total net debt applicable to the limit as a percentage of debt limit	11.22%	11.30%	11.07%	10.99%

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

2014	2015	2016	2017	2018	2019
\$1,133,279,775	\$1,206,396,690	\$1,243,839,720	\$1,312,878,645	\$1,401,557,100	\$1,495,755,225
107,737,996	98,287,900	89,019,035	79,982,652	226,938,206	216,327,052
<u>\$1,025,541,779</u>	<u>\$1,108,108,790</u>	<u>\$1,154,820,685</u>	<u>\$1,232,895,993</u>	<u>\$1,174,618,894</u>	<u>\$1,279,428,173</u>
9.51%	8.15%	7.16%	6.09%	16.19%	14.46%

Legal Debt Margin Calculation for Fiscal Year 2019	
Market value	\$9,971,701,500
Debt limit (15% of market value)	1,495,755,225
Debt applicable to the limit	
General obligation bonds	218,790,000
Less amount set aside for repayment of general obligation debt	(2,462,948)
Total net debt applicable to the limit	<u>216,327,052</u>
Legal debt margin	<u>\$ 1,279,428,173</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>
2010	82,102	\$ 3,691,470,124	\$ 44,962	7.5 %	9,849.07
2011	82,923	3,761,801,895	45,365	6.9	9,914.06
2012	83,752	3,862,977,248	46,124	5.9	10,005.93
2013	84,590	3,935,888,110	46,529	5.5	10,232.42
2014	85,436	4,017,110,582	47,019	4.8	10,521.38
2015	86,290	4,203,284,806	48,711	3.8	10,762.47
2016	87,153	4,404,807,940	50,541	3.8	11,145.74
2017	88,025	4,654,393,678	52,876	3.7	11,297.21
2018	88,905	4,715,784,740	53,043	3.0	11,389.34
2019	89,794	5,164,501,308	57,515	3.4	11,655.31

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, 2019 and 2010

Employer	2019		2010	
	Employees	Rank	Employees	Rank
Medtronic, Inc. (both Shoreview and Mounds View)	4,156	1	5,216	1
Boston Scientific	2,200	2	2,000	2
Independent School District No. 621	1,670	3	1,419	3
Wells Fargo	1,200	4	614	8
Deluxe Corporation	1,150	5	1,100	4
Land O' Lakes, Inc.	1,147	6	800	5
Bethel University	970	7	—	—
University of Northwestern	960	8	—	—
Medtox Laboratory, Inc.	600	9	—	—
Cummins Power Generation	600	9	—	—
Empi	—	—	410	10
Country and MSI Insurance	—	—	640	6
Sysco MN	—	—	547	9
I.C. Systems	—	—	631	7
Total	14,653		13,377	

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			
	2010	2011	2012	2013
District directors/superintendent	7	7	7	7
Principals	14	14	14	15
Teachers (2)	763	765	777	805
Managers, coordinators, supervisors, specialists, and technical support	74	74	71	67
Paraprofessionals	332	339	341	347
Food service	80	82	81	81
Custodians	66	66	68	68
Clerical	57	54	49	49
Community education and Laurentian Environmental Center	21	18	20	18
Total	1,414	1,419	1,428	1,457

(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

2014	2015	2016	2017	2018	2019
8	8	8	10	11	14
17	18	23	25	24	24
823	881	884	892	893	919
73	79	83	83	86	86
362	402	402	390	394	412
75	83	78	77	75	80
68	70	72	72	76	72
49	51	54	51	55	56
13	17	14	11	7	7
1,488	1,609	1,618	1,611	1,621	1,670

INDEPENDENT SCHOOL DISTRICT NO. 621

Operating Indicators
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

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

N/A – Not Available

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

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

						State Average
2014	2015	2016	2017	2018	2019	2019
69.20 %	65.80 %	67.30 %	64.70 %	66.10 %	62.40 %	54.40 %
76.20	74.10	75.70	73.80	75.30	70.60	65.70
66.10	67.40	70.50	67.80	69.70	67.50	57.40
69.70	70.70	70.80	70.20	63.10	64.60	60.30
78.90	76.20	78.00	74.00	76.30	76.00	65.60
69.70	66.40	67.00	63.80	66.10	61.40	51.90
66.70	69.60	71.80	70.30	69.40	67.20	52.10
65.10 (6)	63.40	62.40	62.90	58.80	55.60	45.00
23.50 (3)	23.50 (3)	23.20 (3)	23.50 (3)	23.60 (3)	N/A	N/A
88.50	89.10	90.90	91.20	91.10	90.40	N/A
79.80	81.20	81.90	82.20	82.70	83.20	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 621

School Facilities
as of June 30, 2019

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

Source: The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Administration	\$ 385	\$ 410	\$ 420	\$ 468	\$ 472
District support services	241	265	255	280	282
Elementary and secondary regular instruction	4,980	5,052	5,302	5,326	5,397
Vocational education instruction	184	202	194	182	183
Special education instruction	2,297	2,285	2,340	2,313	2,376
Instructional support services	414	469	532	532	673
Pupil support services	929	935	956	998	1,102
Sites and buildings	1,059	1,150	1,165	1,202	1,254
Fiscal and other fixed cost programs	21	24	26	35	37
Food service	468	481	498	486	487
Community service	437	474	472	499	504
Capital outlay	481	409	346	362	328
Debt service	1,533	1,622	1,554	1,510	1,440
Total expenditures	<u>\$ 13,429</u>	<u>\$ 13,776</u>	<u>\$ 14,062</u>	<u>\$ 14,193</u>	<u>\$ 14,533</u>
Average daily membership	<u>9,849</u>	<u>9,914</u>	<u>10,006</u>	<u>10,232</u>	<u>10,521</u>

Note: Includes all governmental fund expenditures.

Source: Minnesota Department of Education student reporting system

<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>	
\$	508	\$	540	\$	530	\$	555	\$	578
	320		332		348		348		341
	5,870		5,779		5,774		5,878		5,938
	180		157		175		224		196
	2,535		2,568		2,349		2,389		2,307
	714		783		828		846		837
	1,290		1,307		1,327		1,400		1,491
	1,421		1,213		2,062		1,694		1,651
	40		20		25		23		23
	504		511		506		506		501
	451		449		464		561		603
	346		357		27		294		2,073
	<u>1,257</u>		<u>1,221</u>		<u>1,223</u>		<u>1,279</u>		<u>1,707</u>
\$	<u>15,435</u>	\$	<u>15,237</u>	\$	<u>15,639</u>	\$	<u>15,997</u>	\$	<u>18,246</u>
	<u>10,762</u>		<u>11,146</u>		<u>11,297</u>		<u>11,389</u>		<u>11,655</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	
2010	111.90	595.51	4,089.31	5,052.35	9,849.07	11,507.43
2011	109.02	630.16	4,186.51	4,988.37	9,914.06	11,549.56
2012	115.62	641.85	4,316.85	4,931.61	10,005.93	11,633.44
2013	131.97	707.85	4,482.40	4,910.20	10,232.42	11,844.37
2014	140.73	732.08	4,644.81	5,003.76	10,521.38	12,170.10
2015	167.93	728.49	4,788.23	5,077.82	10,762.47	11,768.81
2016	183.14	723.55	5,008.01	5,231.04	11,145.74	12,189.62
2017	194.40	753.19	5,049.79	5,299.83	11,297.21	12,350.88
2018	207.02	761.03	5,131.03	5,290.26	11,389.34	12,446.64
2019	261.40	777.06	5,243.42	5,373.43	11,655.31	12,730.00

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 2010 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2019	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	
2010	656,258	85,062	257,031	998,351	36,910
2011	642,561	87,171	286,004	1,015,736	35,498
2012	612,078	80,101	318,842	1,011,021	34,757
2013	607,036	80,581	334,478	1,022,095	32,100
2014	600,482	81,015	363,590	1,045,087	29,379
2015	641,759	90,714	386,997	1,119,470	30,101
2016	665,291	106,120	382,128	1,153,539	29,804
2017	674,980	109,053	377,482	1,161,515	30,010
2018	667,555	121,083	352,874	1,141,512	28,956
2019	664,517	122,251	321,340	1,108,108	28,831

Year Ended June 30,	Student Regular Lunch Prices				
	Regular Priced Lunches		Reduced-Price Lunches	Adult Lunches	
	Elementary	Secondary			
2010	\$ 2.35	\$ 2.60	\$ 0.40	\$ 3.50	
2011	2.35	2.60	0.40	3.50	
2012	2.35	2.60	0.40	3.50	
2013	2.45	2.70	0.40	3.60	
2014	2.45	2.70	0.40	3.60	
2015	2.45	2.70	— *	3.60	
2016	2.45	2.70	— *	3.60	
2017	2.55	2.80	— *	3.60	
2018	2.55	2.80	— *	3.85	
2019	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.

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