

OSSEO AREA SCHOOLS

ISD  279

Comprehensive ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2020

OUR MISSION

*is to inspire and prepare all students with the confidence, courage and competence
to achieve their dreams; contribute to community;
and engage in a lifetime of learning.*

2019-20

INDEPENDENT SCHOOL DISTRICT 279

OSSEO AREA SCHOOLS

Maple Grove, Minnesota

OSSEO AREA SCHOOLS

ISD  279

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and engage in a lifetime of learning.**

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

INDEPENDENT SCHOOL DISTRICT NO. 279
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North
Maple Grove, MN 55369

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OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

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SECTION I

INTRODUCTION

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November 6, 2020

FISCAL YEAR 2020 COMPREHENSIVE

ANNUAL FINANCIAL REPORT

To: Independent School District No. 279 – Osseo Area Schools School Board Members and Citizens

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2020, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2020. The Independent Auditor's Report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

The District was incorporated in 1953. As Minnesota's fifth-largest school district, Osseo Area Schools serves all or parts of Brooklyn Center, Brooklyn Park, Corcoran, Dayton, Maple Grove, Osseo, Plymouth, and Rogers.

The District is governed by an elected six-member School Board. The seated School Board consists of six members who are elected at large in even-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

In Osseo Area Schools, we inspire and prepare all students to achieve their dreams; contribute to community; and engage in a lifetime of learning. Our scholars benefit from exceptional opportunities, support and partnerships that help them graduate with the confidence, courage, and competence to make their dreams a reality.

Our size is an advantage, allowing us to offer more academic and extracurricular opportunities for your child to thrive; greater access to technology to enhance learning; and more staff to support your student's individual learning needs.

ISD 279 students reflect the global community, coming from homes where more than 80 dialects or languages other than English are spoken. Diverse demographics contribute to rich, real-life learning environments that prepare students for the 21st century workplace.

The District enrolled 21,026 students in fiscal year (FY) 2020 from a population of 150,674 citizens residing in a 66 square mile area. Students are served pre-kindergarten through grade 12, in 17 elementary schools (PreK–5), four middle schools (6–8), three senior highs (9–12), an area learning center, two early childhood centers, two special program sites, and an adult education/enrollment center. Community education classes serve lifelong learners from birth through senior citizens.

From your child's first day of preschool or kindergarten until high school graduation, Osseo Area Schools offers students unparalleled learning opportunities in the classroom, in the community, on stage, and on the field.

Preschool is offered at both early childhood centers and most elementary schools. Free all-day kindergarten is available at all elementary sites. High quality before- and after-school care (Kidstop) is available to all elementary students.

Magnet schools allow students to deepen their learning in special focus areas.

- At Birch Grove Elementary School for the Arts, fine arts, dance, drama, and music are woven into all core subject areas.
- At Weaver Lake Elementary: A Science, Math, and Technology School, students discover the scientists in themselves through inquiry-based, hands-on classroom science and math activities, using current technology and equipment for collecting and analyzing data.
- At Zanewood Community School: A Science, Technology, Engineering, Arts, and Math School, science, technology, engineering, arts, and math concepts are woven throughout the entire curriculum at every grade level (including pre-kindergarten). We prepare our scholars to thrive in a world that requires critical thinking, problem solving, creativity, collaboration, and experiential learning.
- Brooklyn Middle School offers a full-school STEAM (STEM plus Arts) program.

- Osseo Senior High offers a full health science magnet program, including courses that continue the STEM emphasis.
- Park Center Senior High offers the International Baccalaureate (IB) Diploma Programme, recognized worldwide for its challenging international education and rigorous assessment programs.

In each of our comprehensive high schools, students can earn workplace-ready certifications in culinary arts and information technology. In Osseo Senior High's health science program, students prepare for certification in a variety of healthcare careers. In designated engineering and manufacturing courses, students may be able to attain college credit from the University of Minnesota or St. Cloud State University.

Co-curricular offerings build character, stretch minds, and challenge the body. Students have been recognized as state champions in various sports; Minnesota State High School League Academic Excellence award winners; state qualifiers in multiple sports; All-Conference musicians; and the Hennepin Theater Trust SpotLight Award.

The District is known for excellence in areas ranging from academics and arts to sports and finance.

- The District is the only Minnesota school district honored as one of the nation's "Best Communities for Music Education" every year since 2009.
- The District has two of the nation's Best High Schools according to U.S. News & World Report: Maple Grove Senior High (2015–2017, 2019) and Osseo Senior High (2018–2019).
- Weaver Lake Elementary: A Science, Math, and Technology School is a nationally certified magnet school and was named one of the nation's Top Three Elementary STEM schools in 2015.
- Elm Creek Elementary was named a Minnesota School of Excellence in 2017.
- The District's careful stewardship of taxpayer funds is recognized annually by the Minnesota Department of Education (MDE) and the Association of School Business Officials (ASBO) International.

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

The District is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1st. This annual budget serves as the foundation for the District's financial planning and control.

LOCAL ECONOMY

During FY 2020, the District operated 31 buildings: 3 high schools, 4 middle schools, 17 elementary schools, 1 area learning center, 2 early childhood sites, 1 special education site, an adult education center, an ice arena complex, and a central administration/warehouse building. The District also operated programs in one leased facility for special education. The instructional program is organized using several grade configurations: Pre-K–5, 6–8, and 9–12. The District had a budgeted enrollment of 21,006 for FY 2020 and an actual enrollment of 21,026. The District's student enrollment for the current year was projected to increase with an estimated student enrollment of 21,072. A slight increase in enrollment was projected over the next four years. However, in the Fall of 2020, student enrollment has decreased from projection, due to the impact of COVID-19. This has occurred in most Minnesota school districts and will need to be considered regarding future projections.

The District's school buildings were built between 1952 and 2005. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of \$242 million for deferred maintenance and health and safety facility needs.

Osseo Area Schools intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several biennia, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. For example, according to research from the Minnesota Association of School Business Officials, had the general education formula increase by the rate of inflation each year since 2003, the 2020 allowance per average daily membership (ADM) would be \$7,075 rather than \$6,438, a difference of \$637 per ADM, or 9.9 percent.

Minnesota's economic and budget outlook has become unpredictable based on the COVID-19 pandemic that has impacted the world economy. While the 2020 legislative session was not a funding year, school districts were prioritizing their legislative efforts towards increased school funding, based on the state's projected budget surplus. However, as the pandemic caused massive temporary business closures in the state starting in March 2020, the economic outlook changed drastically. According to a financial projection that was released from the state Office of Management and Budget on May 5, 2020, the \$1.50 billion surplus that was anticipated before the COVID-19 crisis had turned into a \$2.42 billion deficit, which was nearly a \$4.00 billion turnaround. Thus, not only did the 2020 legislative session end without any significant additional education funding; there is also concern regarding future aid increases.

In addition to the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

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

BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING

The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization.

The budget planning steps began in October 2019, using the [Long-Range Financial Model \(LRFM\)](#) and [Annual Budget Framework](#) and the [FY 2021 Budget Planning Timeline](#). The District's implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2021 budget adjustment process:

Outcomes for budget adjustment process –

- Create budget adjustment recommendations that align with our system's Mission and Strategic Plan.
- Involve school and community stakeholders in determining how to provide a quality education using available resources.
- Provide budget recommendations for School Board approval that achieve a school district budget that maintains required fund balance.

Budget adjustment proposal process –

1. The system has identified legally required and mandated essential services and programs. These will not be considered for adjustment.
2. The analysis of budget adjustments will be based on a review of the effectiveness of specific programs or services. Information will be used to determine which program or initiatives are not getting expected results and should be considered for budget adjustments.
3. The analysis will consider the basic requirements for providing the educational program at sites. This analysis will establish the base quality education level that the District does not want to go below, and the essential support services required to deliver the base.
4. The analysis will consider the impact on our work to ensure equitable student achievement.
5. School Board policies will be considered to determine if they exceed legally required and mandated essential services and programs or the basic requirements for providing the education program. Do School Board policies and regulations have financial implications? If so, which policies and/or regulations might be changed?
6. All proposed adjustments will be evaluated using the Program Efficiency Abandonment and Redirection (PEAR) process. The process considers the impact of the enhancement, reduction, elimination, or restructuring of services on the education programs.
7. Staff and citizen idea input will be solicited and shared with budget managers for consideration in the budget planning process, through the LRFP Advisory and Financial Involvement School-Community Accountability Liaisons (FISCAL). In addition, other formal district advisory groups, such as District Planning Advisory Council (DPAC), Core Planning, Activities Program Advisory Council (APAC), and Community Education Program, Advisory Council (CEPAC), inform our work regarding district program priorities, which impacts budget priorities.

The School Board reviewed FY 2021 budget proposals at a work session on February 11, 2020. These budget proposals followed School Board direction that was provided at the November 5, 2019 work session. Budget proposals were approved at the February 18, 2020 regular School Board meeting and resulted in adjustments of \$822,301. This amount is comprised of LRFP budget adjustments of \$478,915 and strategic investments of \$343,386 for the general operating/transportation fund budget. No other funds were adjusted in this process for FY 2021.

MISSION, CORE VALUES, AND STRATEGIC OBJECTIVES

The District's mission, core values, and strategic objectives provide direction for the investment of human and financial resources across the system.

MISSION

Our mission is to inspire and prepare all students with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

GOALS

- Each student articulates, plans for, and progresses toward his/her evolving dreams.
- Each student chooses to contribute to community in a mutually meaningful way.
- Each student demonstrates initiative and persistence to continually learn that which is important to him/her.
- Each student is ready for kindergarten.**
- Each third grader can read at grade level.**
- Each student graduates from high school.**
- Each student is ready for college and career.**
- The achievement gap is closed on all state-mandated measures.**

** Indicates one of Minnesota's World's Best Workforce goals

STRATEGIES

- Create transformational system change to ensure equitable student achievement.
- Develop understanding and support of our district's mission and core values among members of our community.
- Engage students and families as partners to achieve our mission and strategic objectives.
- Leverage and align the talents of our employees and the assets of our system to achieve our mission and strategic objectives.

CORE VALUES

We believe that—

- lifelong learning is essential for the individual and community to thrive;
- everyone has equal intrinsic value;
- trust is essential to sustaining successful relationships and to achieving results;
- better decisions emerge when diverse perspectives are intentionally included in a collaborative process;
- everyone benefits when cultural differences are acknowledged and understood, and individuals are treated respectfully and equitably; and
- everyone can learn more.

Priority work for 2019–2020, by strategy

We will create transformational system change to ensure equitable student achievement. *

- All sites will engage in the use of culturally responsive instructional strategies.
- At every elementary site, student outcomes and measurements of achievement will be aligned, and pre-K is integrated into all school processes.
- All sites will implement culturally responsive, research-based positive behavior intervention practices that include the use of trauma-informed and restorative practices.
- All sites engage in the use of differentiated instructional strategies to support language learner success.
- Students will experience learning that is personalized in path, place, and pace through strengthening teaching and learning practices that support student success.

*Equitable student achievement means:

1. Ensuring high levels of achievement for all students, and
2. Accelerating growth for students of color and other underperforming groups, in order to
3. Close the achievement gap on all state-mandated measures.

We will engage students and families as partners to achieve our mission and strategic objectives.

- The District will implement a systemwide plan to engage and empower families to support their student(s).

We will leverage and align the talents of our employees and the assets of our system to achieve our mission and strategic objectives.

- Employees will identify and respond to the influence of race and culture on learning.
- Effective staff recruitment and retention practices will build toward a workforce that reflects the demographics of enrolled students.
- Implementation of the Enrollment and Capacity Management Framework will lead to increased community trust in the District through engagement in long-range planning for enrollment and building use.

Additional School Board priorities for 2019–2020

1. Onboarding of new superintendent
2. Strategic planning
3. Referendum decision

Strategy Delimiters

We will not adopt any new program or service unless it is consistent with and contributes to our mission, and is accompanied by the staff development needed for effective implementation; accept any behavior that demeans the worth of any person; and allow past practice to interfere with the consideration of new ideas.

The District's strategic plan for 2020–2021 has not been finalized. Therefore the 2019–2020 strategic plan is being included and is available on the District's website: www.district279.org.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. 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 require estimates and judgments by management.

School Board Policy 730 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen expenditures. The School Board endeavors to maintain an unassigned fund balance that will not fall below 5 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81."

Unrestricted fund balance (the total of the assigned and unassigned components of fund balance) in the General Fund Operating Account on June 30, 2020 was 30.8 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

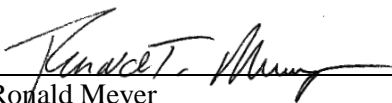
As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

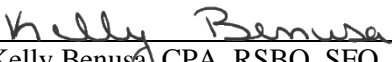
This report will be submitted to the ASBO International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990 and all subsequent submissions on an annual basis through FY 2019. To receive this award, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business Services Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the School Board for its unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

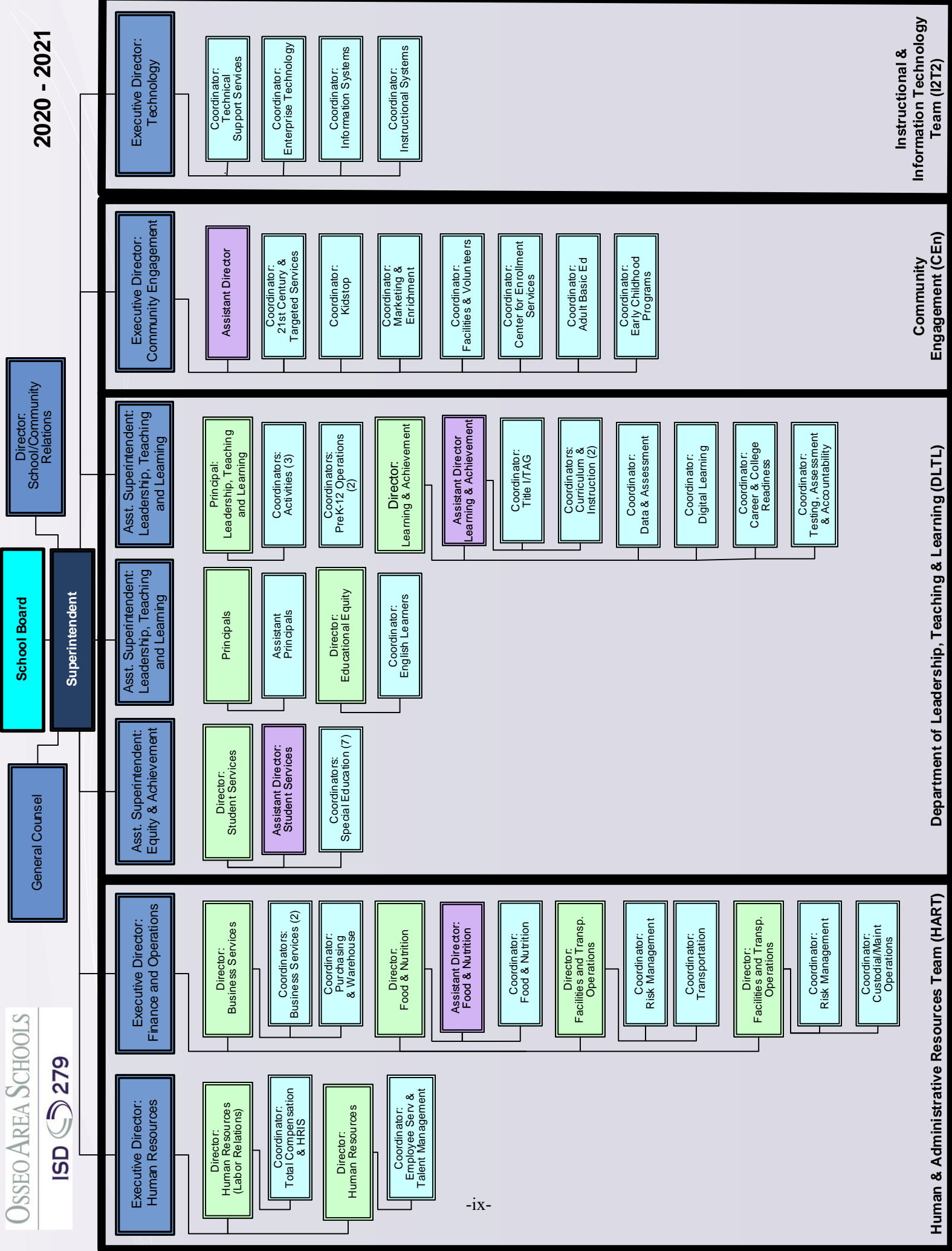
Respectfully submitted,



Ronald Meyer
Executive Director of Finance & Operations



Kelly Benusa, CPA, RSBO, SFO
Director, Business Services



INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration
as of June 30, 2020

SCHOOL BOARD

	<u>Board Position</u>
Mike Ostaffe	Chairperson
Tanya Simons	Vice Chairperson
Heather Douglass	Clerk
Jackie Mosqueda-Jones	Treasurer
Jessica Craig	Director
Kelsey Dawson Walton	Director

ADMINISTRATION

Cabinet

Cory McIntyre	Superintendent
Stephen Flisk	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Kelli Parpart	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Patrick Smith	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Brian Siverson-Hall	Executive Director, Community Engagement
Ronald Meyer	Executive Director, Finance and Operations
Laurel Anderson	Executive Director, Human Resources
Anthony Padrnos	Chief Technology Officer
Timothy Palmatier	School District General Counsel
Barbara Olson	Director, School/Community Relations

Business Services Office

Kelly Benusa, CPA, RSBO, SFO	Director, Business Services
Cindy Brown, RSBO, APM	Coordinator, Business Services
Michael Hueller, CPA	Coordinator, Business Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District 279 -
Osseo Area Schools**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



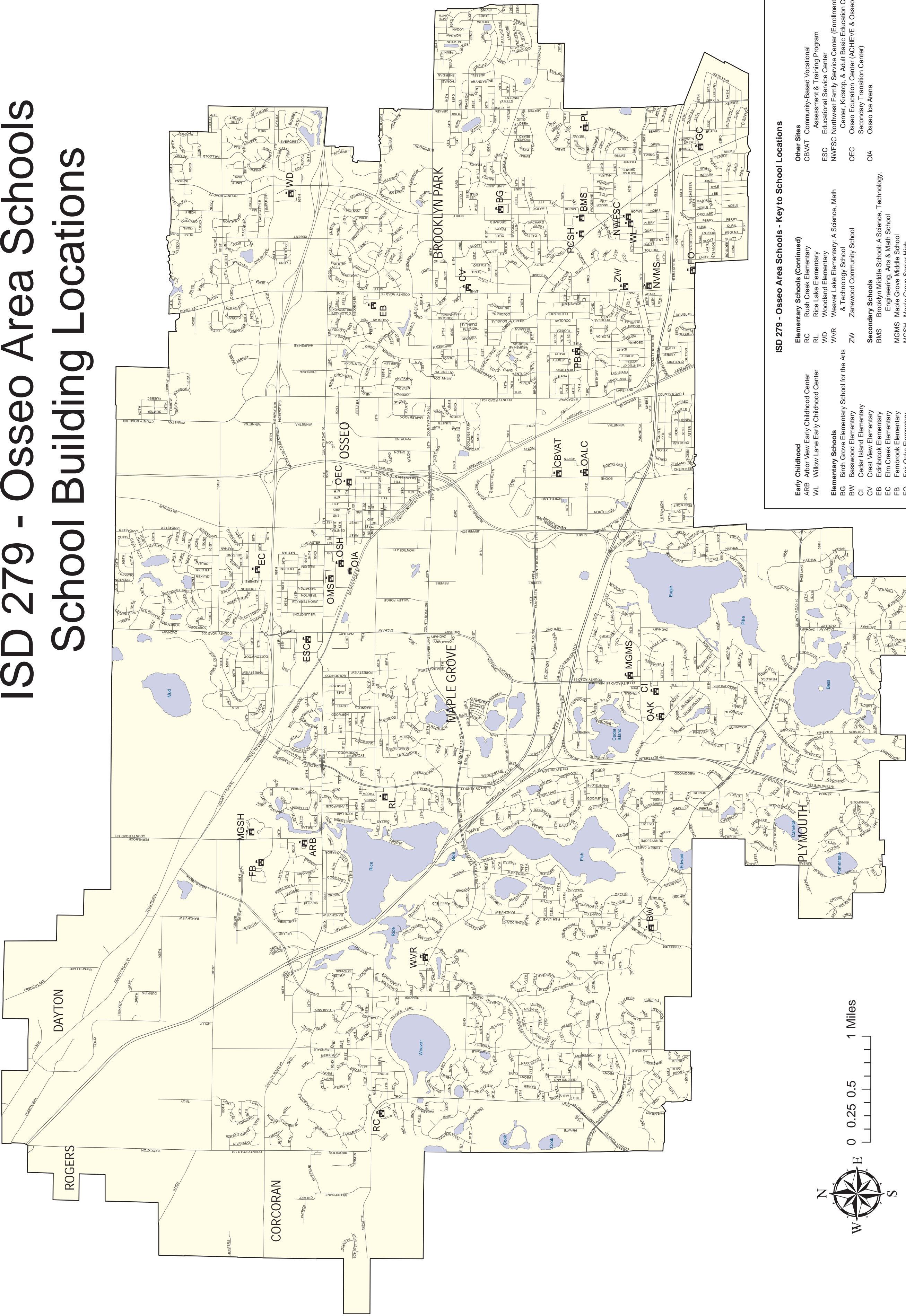
A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director

D 279 - Osseo Area Schools School Building Locations



ISD 279 - Osseo Area Schools - Key to School Locations

Early Childhood		Elementary Schools (Continued)		Other Sites	
ARB	Absorb View Early Childhood Center	RC	Rush Creek Elementary	CBVAT	Community-Based Vocational Assessment & Training Program
WL	Willow Lane Early Childhood Center	RL	Rice Lake Elementary	ESC	Educational Service Center
		WD	Woodland Elementary	NWESC	Northwest Family Service Center (Enrollment Center, Kidstop, & Adult Basic Education Center)
		WVR	Weaver Lake Elementary: A Science, Math & Technology School	OEC	Osseo Education Center (ACHIEVE & Osseo Secondary Transition Center)
		ZW	Zanewood Community School	QIA	Osseo Ice Arena
Elementary Schools		Secondary Schools			
BG	Birch Grove Elementary	BMS	Brooklyn Middle School: A Science, Technology, Engineering, Arts & Math School		
BW	Basswood Elementary	MGMS	Maple Grove Middle School		
CI	Cedar Island Elementary	MGSH	Maple Grove Senior High		
CV	Crest View Elementary	NWMS	North View Middle School: An International Baccalaureate World School		
ED	Edinbrook Elementary	OALC	Osseo Area Learning Center		
EB	Elm Creek Elementary	OMS	Osseo Middle School		
FB	Fernbrook Elementary	OSH	Osseo Senior High		
FO	Fall Oaks Elementary	PCSH	Park Center Senior High: An International Baccalaureate World School		
GC	Garden City Elementary				
OAK	Oak View Elementary				
PB	Park Brook Elementary				
PL	Palmer Lake Elementary				

Updated June 14, 2016

SECTION II

FINANCIAL

OSSEO AREA SCHOOLS

ISD  279

Our Mission

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with the confidence, courage and competence
to achieve their dreams;
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and engage in a lifetime of learning.**

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 279 – Osseo Area Schools
Maple Grove, 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. 279 – Osseo Area Schools (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

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

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 6, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 6, 2020

OSSEO AREA SCHOOLS

ISD  279

Our Mission

**is to inspire and prepare all students
with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

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

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2020 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$75,951,005 (net position). The District's total net position not including a \$424,121 increase from the implementation of Governmental Accounting Standards Board (GASB) No. 84, which is being reported as a change in accounting principle, increased by \$8,740,146 during the fiscal year ended June 30, 2020. This change is mostly related to changes in net pension related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans the District participates in.
- Overall actual revenues in the Statement of Activities were \$362,352,335 million and \$8.7 million more than expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the CAFR consists of five parts: independent auditor's report, MD&A (this section), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, which are presented as supplemental information. The basic financial statements include several kinds of statements, which present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide financial statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- The *proprietary fund financial statements* offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*.
- The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *custodian* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A shows how the various parts of this CAFR are arranged and relate to one another:

Figure A
Organization of Comprehensive Annual Financial Report

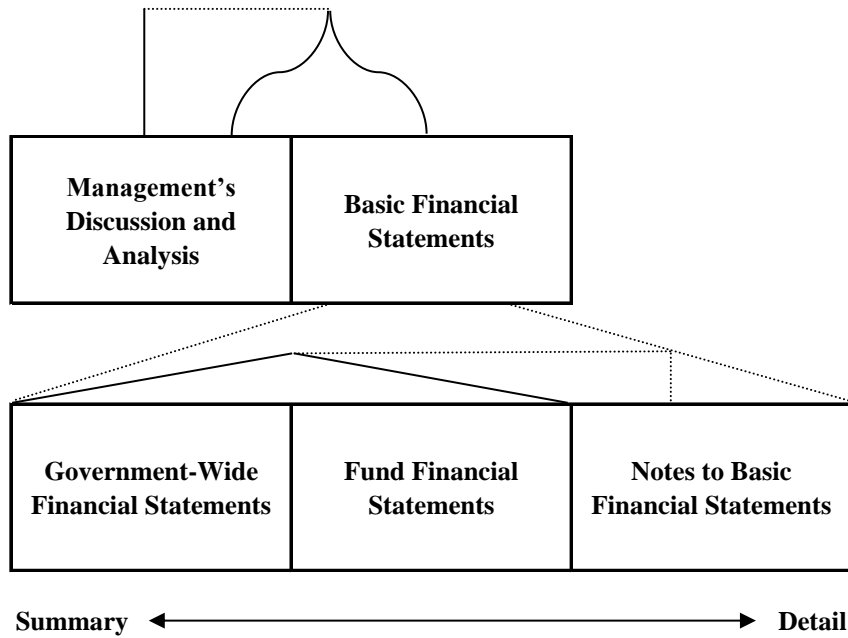


Figure B summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

Figure B – Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities of the District that operate similar to businesses: Internal Service Fund	Instances in which the District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses, and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred inflows of resources, liabilities, and deferred outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up, liabilities that come due during the year or soon thereafter, and deferred inflows of resources that become available; no capital assets or long-term liabilities are included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for 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 an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are shown in one category:

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*—focusing on its most significant or major funds—rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on: (1) how *cash and other financial assets* 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 fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information in the governmental fund financial statements that explains the relationship (or differences) between them.
- **Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.
- **Fiduciary Funds** – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Local Collaborative Time Study and Northwest Family Service Center. 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

Net Position – The District’s *combined* net position was \$75,951,005 on June 30, 2020. This was an increase of 13.7 percent from the prior year, which included a \$424,121 increase reported as a change in accounting principle from the implementation of GASB Statement No. 84.

Table 1 Summary Statement of Net Position – Governmental Activities as of June 30, 2020 and 2019		
	2020	2019
Assets		
Current and other assets	\$ 264,331,535	\$ 280,855,063
Capital assets, net of depreciation	381,982,372	360,579,579
Total assets	<u>\$ 646,313,907</u>	<u>\$ 641,434,642</u>
Deferred outflows of resources		
OPEB plan deferments	\$ 1,099,848	\$ 803,405
Pension plan deferments – PERA and TRA	146,482,727	218,043,695
Total deferred outflows of resources	<u>\$ 147,582,575</u>	<u>\$ 218,847,100</u>
Liabilities		
Long-term liabilities	\$ 378,138,538	\$ 399,503,420
Other liabilities	14,459,519	12,905,831
Total liabilities	<u>\$ 392,598,057</u>	<u>\$ 412,409,251</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 95,608,110	\$ 95,046,573
OPEB plan deferments	3,188,890	3,768,438
Deferred gain on refunding	450,076	990,166
Pension plan deferments – PERA and TRA	226,100,344	281,280,576
Total deferred inflows of resources	<u>\$ 325,347,420</u>	<u>\$ 381,085,753</u>
Net position		
Net investment in capital assets	\$ 233,739,330	\$ 217,683,814
Restricted	17,275,589	21,207,005
Unrestricted	(175,063,914)	(172,104,081)
Total net position	<u>\$ 75,951,005</u>	<u>\$ 66,786,738</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 factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

Total net position after implementing GASB Statement No. 84, which included a \$424,121 increase from the change in accounting principle, increased by \$9,164,267. This increase primarily reflects changes in the District’s General Fund and Internal Service Fund(s) balances in the current year, offset by changes in the District’s share of the Public Employees Retirement Association and the Teachers Retirement Association (TRA) pension plans. This change also caused changes in deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2020 and 2019

	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 13,478,019	\$ 17,852,790
Operating grants and contributions	89,989,964	94,288,399
Capital grants and contributions	9,463,840	9,709,050
General revenues		
Property taxes	100,043,500	92,274,678
General grants and aids	143,538,316	134,202,995
Other	5,838,696	8,926,440
Total revenues	362,352,335	357,254,352
Expenses		
Administration	12,045,309	11,579,014
District support services	9,664,778	9,161,865
Elementary and secondary regular instruction	156,972,364	96,467,422
Vocational education instruction	3,816,686	3,896,875
Special education instruction	58,331,647	37,278,468
Instructional support services	21,783,939	20,153,137
Pupil support services	25,046,915	24,378,844
Sites and buildings	21,518,505	26,923,739
Fiscal and other fixed cost programs	578,794	478,592
Food service	11,787,601	11,725,300
Community service	18,797,900	17,988,019
Unallocated depreciation expense	9,336,423	8,572,041
Interest and fiscal charges	3,931,328	4,273,134
Total expenses	353,612,189	272,876,450
Change in net position	8,740,146	84,377,902
Net position – beginning, as previously reported	66,786,738	(17,591,164)
Change in accounting principle	424,121	–
Net position – beginning, as restated	67,210,859	(17,591,164)
Net position – ending	\$ 75,951,005	\$ 66,786,738

Change in Net Position – The District’s total revenues were \$362,352,335 for the year ended June 30, 2020. Property taxes and general grants and aids accounted for 67.2 percent (see Figure C) of total revenue for the year. Program revenues charges for services decreased \$4,374,771 for the fiscal year ended June 30, 2020, from a decline in fees collected, due to the impact of COVID-19. General revenues for property taxes and general grants and aids increased in several levy areas, the basic formula allowance for general education state aid, and special education revenue.

The total cost of all programs and services was \$353,612,189. The District’s expenses are predominantly related to educating and caring for students (78.0 percent) (see Figure D). The administrative activities of the District accounted for 3.4 percent of total costs. Expenses for fiscal year 2020 increased for elementary and secondary regular instruction \$60,504,942 and special education instruction \$21,053,179, due to changes in the PERA and the TRA pension liabilities and the related inflows and outflows in both fiscal 2020 and 2019.

Figure C – Sources of Revenues for Fiscal Year 2020

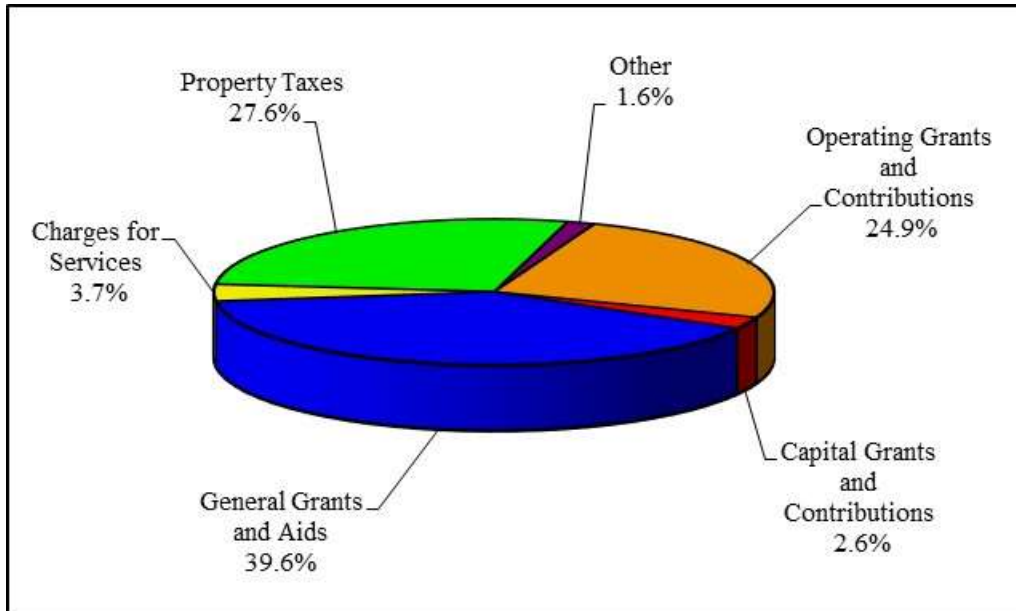
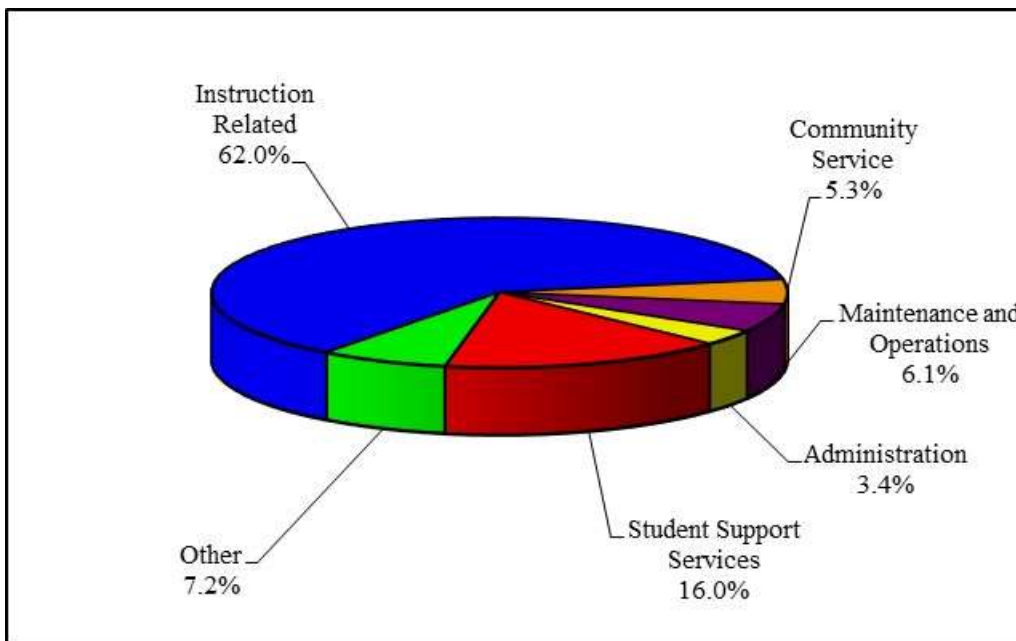


Figure D – Expenses for Fiscal Year 2020



- The cost of all *governmental* activities for fiscal year 2020 was \$353,612,189.
- Some of the cost, \$13,478,019, was paid by the users of the District's programs.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$89,989,964.
- Most of the District's costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling \$243,581,816. This portion of governmental activities was paid for with \$100,043,500 in property taxes and \$143,538,316 of primarily state aid based on the state-wide education aid formula.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percent Change 2019–2020	Net Cost of Services		Total Percent Change 2019–2020
	2020	2019		2020	2019	
Administration	\$ 12,045,309	\$ 11,579,014	4.0%	\$ 11,754,980	\$ 11,297,534	4.0%
District support services	9,664,778	9,161,865	5.5%	9,602,328	8,988,892	6.8%
Elementary and secondary regular instruction	156,972,364	96,467,422	62.7%	120,375,747	52,933,973	127.4%
Vocational education instruction	3,816,686	3,896,875	(2.1%)	3,640,367	3,723,129	(2.2%)
Special education instruction	58,331,647	37,278,468	56.5%	23,189,185	5,336,751	334.5%
Instructional support services	21,783,939	20,153,137	8.1%	18,101,380	16,417,944	10.3%
Pupil support services	25,046,915	24,378,844	2.7%	21,820,583	22,053,754	(1.1%)
Sites and buildings	21,518,505	26,923,739	(20.1%)	11,774,115	16,956,038	(30.6%)
Fiscal and other fixed cost programs	578,794	478,592	20.9%	578,794	478,592	20.9%
Food service	11,787,601	11,725,300	0.5%	1,422,422	(1,046,111)	(236.0%)
Community service	18,797,900	17,988,019	4.5%	5,152,714	1,040,540	395.2%
Unallocated depreciation expense	9,336,423	8,572,041	8.9%	9,336,423	8,572,041	8.9%
Interest and fiscal charges	3,931,328	4,273,134	(8.0%)	3,931,328	4,273,134	(8.0%)
Total	<u>\$ 353,612,189</u>	<u>\$ 272,876,450</u>	29.6%	<u>\$ 240,680,366</u>	<u>\$ 151,026,211</u>	59.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

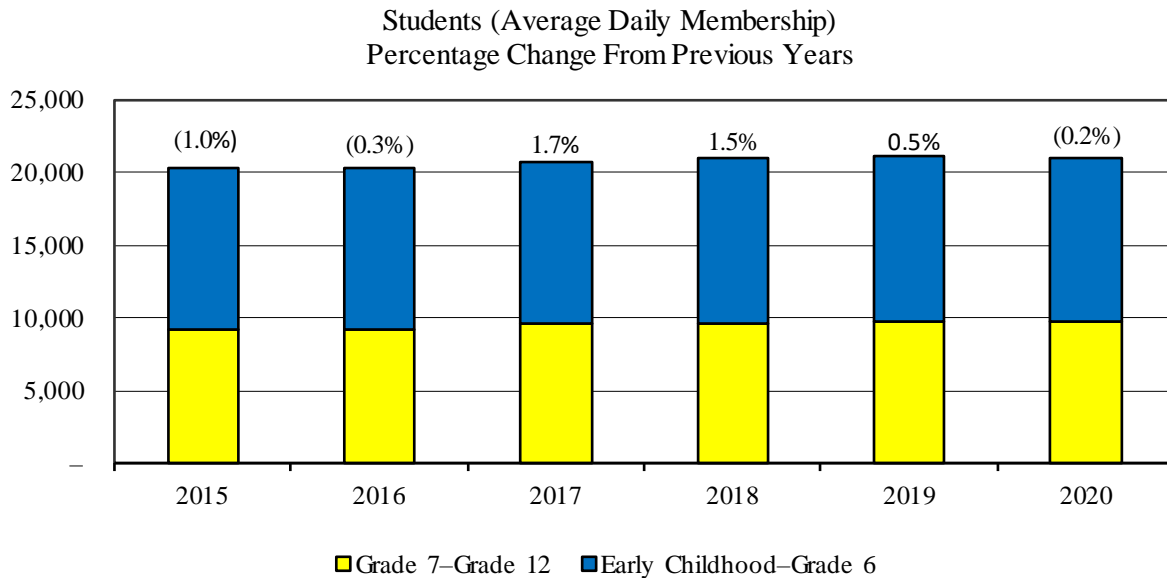
As the District completed the year, its governmental funds reported a *combined* fund balance of \$119,842,105, a decrease from last year's ending fund balance of \$139,715,482, or 14.2 percent.

Revenues for the District's governmental funds were \$360,326,694, while total expenditures were \$381,923,757.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through Grade 12, including pupil transportation activities and capital outlay projects.

The following graph shows the percentage change in the number of students over the last several years:



Over the last six years, the District has seen a 2.2 percent increase in the number of students. Enrollment projections had predicted a slight increase in enrollment over the next several years. However, in the Fall of 2020, student enrollment has decreased from projections, due to the impact of COVID-19. This has occurred in most Minnesota school districts and will need to be considered in future projections.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of	Percent
	2020	2019	Increase (Decrease)	Increase (Decrease)
Local sources				
Property taxes	\$ 77,283,444	\$ 69,741,962	\$ 7,541,482	10.8%
Investment earnings	1,864,278	2,260,901	(396,623)	(17.5%)
Other	4,228,608	6,411,992	(2,183,384)	(34.1%)
State sources	218,558,741	212,696,610	5,862,131	2.8%
Federal sources	9,630,449	9,408,631	221,818	2.4%
Total General Fund revenue	\$ 311,565,520	\$ 300,520,096	\$ 11,045,424	3.7%

Total General Fund revenue increased by \$11,045,424, or 3.7 percent, in fiscal year 2020 compared with fiscal year 2019. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year, without any net change in revenue.

Total property taxes local source revenue increased in several areas, such as operating referendum, local optional revenue, long-term facilities maintenance, lease, capital technology levy, and tax abatement revenues.

Total state source revenue increased in two areas. First, general education state aid increased in the basic formula allowance for general education state aid. Secondly, special education revenue increased for the current year, due to revised calculations provided by the Minnesota Department of Education, based in part, from updated legislative information.

The following schedule presents a summary of General Fund expenditures:

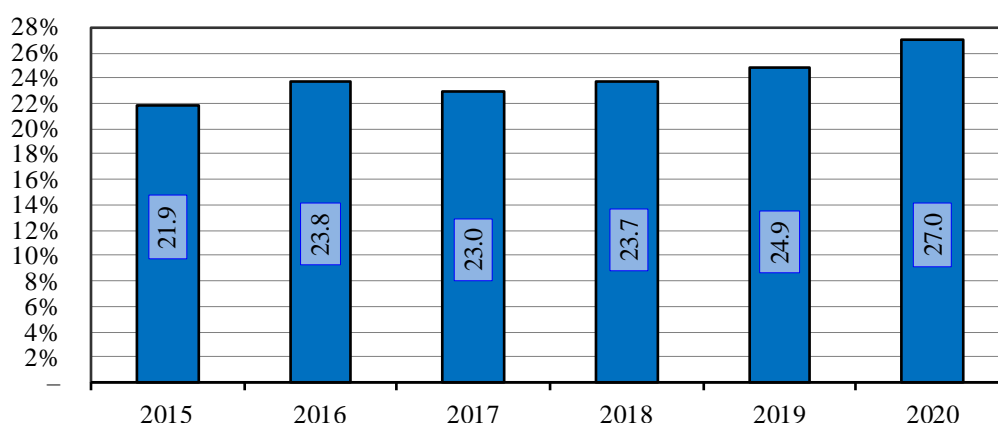
	Year Ended June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
Salaries	\$ 175,913,886	\$ 173,268,495	\$ 2,645,391	1.5%
Employee benefits	65,756,247	63,299,849	2,456,398	3.9%
Purchased services	33,440,205	32,447,916	992,289	3.1%
Supplies, materials, and equipment	21,813,504	28,878,875	(7,065,371)	(24.5%)
Other expenditures	<u>5,895,779</u>	<u>6,353,171</u>	<u>(457,392)</u>	(7.2%)
Total expenditures	<u>\$ 302,819,621</u>	<u>\$ 304,248,306</u>	<u>\$ (1,428,685)</u>	(0.5%)

Total General Fund expenditures decreased \$1,428,685, or 0.5 percent, from the previous year.

In fiscal year 2020, salaries increased 1.5 percent and employee benefits increased 3.9 percent. The increase in salaries and benefits is attributed to employee contract improvements.

Supplies, materials, and equipment decreased by \$7,065,371 from the prior year. The decrease can be attributed to \$6,165,970 less in issuances of leases in the current year for technology and facilities equipment. Expenditures were also lower in site improvements, textbooks for the math curriculum adoption, and software. The District also had conservative spending, due to the impact of COVID-19 in fiscal year 2020.

The following graph shows the General Fund unassigned fund balance (without including any restricted account deficits) as a percentage of expenditures:



In fiscal year 2020, General Fund revenue and other financing sources were more than expenditures and other financing uses by \$8,995,464. Therefore, total fund balance increased to \$96,591,973 at June 30, 2020, including the change in accounting principle of \$424,121. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance increased from \$75,728,626 at June 30, 2019 to \$81,696,260 at June 30, 2020.

The graph above is the single best measure of overall financial health. The unassigned fund balance of \$81,696,260 at June 30, 2020 represents 27.0 percent of annual expenditures, or 14.0 weeks of operations. The District closely monitors its fund balances.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

1. Implementing budgets for specially funded projects, which include both federal and state grants; reinstating prior year purchase orders being carried over; and budgeting for clearing, resale, and gifts.
2. Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$3,981,167, reducing fund balance, the actual results for the year show an increase of \$8,995,464.

- Actual revenues were \$69,725 over budget, or a 0.02 percent variance.
- Actual expenditures were \$11,607,341 under budget, or a 3.69 percent variance. Although the variance is comprised of numerous items, the main areas of savings were due to the impact of COVID-19 and cost containment of management and staff. In March of 2020, the Governor of Minnesota transitioned all public schools to distance learning for the remainder of the school year.
- Net other financing sources (uses) were \$1,299,565 over budget, due to the issuance of a capital lease for technology equipment purchased in the current year.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$24,416,981, resulting in a fund balance of \$14,209,126 at June 30, 2020. The decrease is due to the planned spend down in accordance with the long-term facilities maintenance plan.

The Debt Service Fund expenditures exceeded revenues by \$2,332,635 in fiscal year 2020. The remaining fund balance of \$3,509,367 at June 30, 2020 is available for meeting future debt service obligations.

NONMAJOR FUNDS

Expenditures exceeded revenues and other financing sources in the nonmajor funds by \$2,543,346. The Food Service Special Revenue Fund had a decrease in fund balance of \$1,674,639. This was more than budgeted, due to higher than projected expenditures for purchases of food for the extended summer food service program, due to the impact of COVID-19. The Community Service Special Revenue Fund had a decrease in fund balance of \$868,707. Beginning in March of 2020, Kidstop programs in Minnesota were required to offer services to Tier 1 employees, due to the impact of COVID-19. From the standpoint of maintaining current operating expenditures within the range of annual revenue, these funds continue to operate on a sound financial basis and are monitored throughout the year.

INTERNAL SERVICE FUNDS

During fiscal year 2020, the District operated a Dental Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured dental insurance program. Net position in this fund increased \$150,850, resulting in a net position of \$507,776 at June 30, 2020.

During fiscal year 2020, the District operated a Medical Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical insurance program. Net position in this fund increased \$364,962, resulting in a net position of \$957,660 at June 30, 2020.

The Retirement Incentive Pay Internal Service Fund change in net position decreased \$317,226, resulting in a net position of \$2,651,349 at June 30, 2020. This decrease is attributed to payments made for severance expenses.

Over the next several years, the District's annual obligation to pay post-employment benefits will gradually decrease from its current level because the number of eligible employees reaching retirement age will also decrease. Accordingly, the District established a Retirement Incentive Pay Internal Service Fund and adopted a plan to fund its early retirement incentive (severance) as the benefits are earned in accordance with governmental accounting standards. The Retirement Incentive Pay Internal Service Fund is used to finance the early retirement incentive benefits provided by all of the departments and funds of the District on a cost-reimbursement basis.

The Post-Employment Benefits Revocable Trust Internal Service Fund was established to fund OPEB. This revocable trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2020, this fund had a net position of \$9,354,669. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated January 13, 2020, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations, based on actuarial estimates. The District has been strategic by prefunding a portion of this post-employment benefit liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid the future reductions of regular programming that would have been necessary to pay for these post-employment benefits.

CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

Capital Assets

By the end of fiscal year 2020, the District had invested \$589.3 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The major increase in capital assets can be attributed to various long-term facilities maintenance projects for fiscal year 2020. (More detailed information about capital assets can be found in Note 3 of the notes to basic financial statements.) Total depreciation expense for the year was \$11.7 million, as compared to a prior year depreciation expense of \$11.0 million.

Table 4
Capital Assets – Governmental Activities

	2020	2019	Total Percent Change 2020–2019
Land	\$ 8,973,417	\$ 8,973,417	—
Land improvements	36,093,707	31,988,651	12.8%
Buildings	523,127,725	493,392,348	6.0%
Furniture and equipment	11,271,723	10,605,589	6.3%
Construction in progress	9,853,572	11,214,268	(12.1%)
Less accumulated depreciation	<u>(207,337,772)</u>	<u>(195,594,694)</u>	6.0%
Total	<u>\$ 381,982,372</u>	<u>\$ 360,579,579</u>	5.9%

Debt Administration

At June 30, 2020, the District had bonded debt of \$157,190,000. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation equal to 15.0 percent of the actual value of all taxable property within the District. The District is within its legal authority for bonded debt.

Long-Term Liabilities

Table 5
Outstanding Long-Term Liabilities

	2020	2019	Total Percent Change
General obligation bonds and notes payable	\$ 146,965,000	\$ 163,665,000	(10.2%)
Certificates of participation	10,225,000	11,060,000	(7.5%)
Capital leases	4,374,530	6,031,304	(27.5%)
Unamortized premiums (discounts) on debt issued	5,547,562	7,455,402	(25.6%)
Net pension liability	190,468,926	189,581,439	0.5%
Post-employment severance benefits payable	6,384,319	7,125,631	(10.4%)
Total OPEB obligation	<u>14,173,201</u>	<u>14,584,644</u>	(2.8%)
Total	<u>\$ 378,138,538</u>	<u>\$ 399,503,420</u>	(5.3%)

More detailed information about the District's long-term liabilities is presented in Note 4 of the notes to basic financial statements.

Bond Ratings

The District's general obligation bonds carry a rating of Aa1.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding debt is significantly below this limit, which is currently \$2,576,408,229.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature has added \$129, or 2.0 percent per pupil, to the formula for fiscal year 2021. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. Additionally, the effect of the COVID-19 pandemic on student enrollment and the state-wide economy will likely impact the financial condition of the District. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

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 report or need additional financial information, contact the Business Services Department, Independent School District No. 279, Educational Service Center, 11200 – 93rd Avenue North, Maple Grove, Minnesota 55369-6605.

OSSEO AREA SCHOOLS

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Governmental Activities	
	2020	2019
Assets		
Cash and temporary investments	\$ 160,882,333	\$ 178,451,667
Receivables		
Current taxes	51,234,440	49,270,847
Delinquent taxes	706,427	558,980
Accounts and interest	1,954,840	2,495,141
Due from other governmental units	22,390,276	24,400,992
Inventory	607,655	558,126
Prepaid items	100,428	—
Restricted assets – temporarily restricted		
Cash and investments for OPEB	26,230,179	24,906,975
Interest receivable for OPEB	224,957	212,335
Total restricted assets – temporarily restricted	26,455,136	25,119,310
Capital assets		
Not depreciated	18,826,989	20,187,685
Depreciated, net of accumulated depreciation	363,155,383	340,391,894
Total capital assets, net of accumulated depreciation	381,982,372	360,579,579
Total assets	646,313,907	641,434,642
Deferred outflows of resources		
OPEB plan deferments	1,099,848	803,405
Pension plan deferments – PERA and TRA	146,482,727	218,043,695
Total deferred outflows of resources	147,582,575	218,847,100
Total assets and deferred outflows of resources	\$ 793,896,482	\$ 860,281,742
Liabilities		
Salaries payable	\$ 535,478	\$ 685,751
Accounts and contracts payable	9,236,701	7,208,924
Due to other governmental units	2,052,577	1,641,082
Unearned revenue	265,498	239,272
Accrued interest payable	2,369,265	3,130,802
Long-term liabilities		
Due within one year	22,019,584	21,779,088
Due in more than one year	356,118,954	377,724,332
Total long-term liabilities	378,138,538	399,503,420
Total liabilities	392,598,057	412,409,251
Deferred inflows of resources		
Property taxes levied for subsequent year	95,608,110	95,046,573
OPEB plan deferments	3,188,890	3,768,438
Deferred gain on refunding	450,076	990,166
Pension plan deferments – PERA and TRA	226,100,344	281,280,576
Total deferred inflows of resources	325,347,420	381,085,753
Net position		
Net investment in capital assets	233,739,330	217,683,814
Restricted for		
Capital asset acquisition	7,863,182	8,825,929
Debt service	1,279,180	2,913,684
Food service	3,399,297	5,073,936
Community service	2,151,559	3,028,439
Other purposes (state funding restrictions)	2,582,371	1,365,017
Unrestricted	(175,063,914)	(172,104,081)
Total net position	75,951,005	66,786,738
Total liabilities, deferred inflows of resources, and net position	\$ 793,896,482	\$ 860,281,742

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Functions/Programs	Expenses	2020			2019	
		Program Revenues			Net (Expense)	Net (Expense)
		Charges for	Operating	Capital	Revenue and	Revenue and
					Changes in	Changes in
		Services	Grants and	Grants and	Net Position	Net Position
			Contributions	Contributions	Governmental	Governmental
					Activities	Activities
Governmental activities						
Administration	\$ 12,045,309	\$ 170,951	\$ 119,378	\$ —	\$ (11,754,980)	\$ (11,297,534)
District support services	9,664,778	19,600	42,850	—	(9,602,328)	(8,988,892)
Elementary and secondary regular instruction	156,972,364	1,228,985	35,367,632	—	(120,375,747)	(52,933,973)
Vocational education instruction	3,816,686	—	176,319	—	(3,640,367)	(3,723,129)
Special education instruction	58,331,647	3,705	35,138,757	—	(23,189,185)	(5,336,751)
Instructional support services	21,783,939	840	3,681,719	—	(18,101,380)	(16,417,944)
Pupil support services	25,046,915	—	3,226,332	—	(21,820,583)	(22,053,754)
Sites and buildings	21,518,505	98,090	182,460	9,463,840	(11,774,115)	(16,956,038)
Fiscal and other fixed cost programs	578,794	—	—	—	(578,794)	(478,592)
Food service	11,787,601	3,778,743	6,586,436	—	(1,422,422)	1,046,111
Community service	18,797,900	8,177,105	5,468,081	—	(5,152,714)	(1,040,540)
Unallocated depreciation expense (excludes amounts directly allocated)	9,336,423	—	—	—	(9,336,423)	(8,572,041)
Interest and fiscal charges	3,931,328	—	—	—	(3,931,328)	(4,273,134)
Total governmental activities	<u>\$ 353,612,189</u>	<u>\$ 13,478,019</u>	<u>\$ 89,989,964</u>	<u>\$ 9,463,840</u>	(240,680,366)	(151,026,211)
General revenues						
Taxes						
Property taxes, levied for general purposes					77,069,829	70,139,704
Property taxes, levied for community service					2,964,636	2,751,535
Property taxes, levied for debt service					20,009,035	19,383,439
General grants and aids					143,538,316	135,755,407
Other general revenues					694,465	1,097,917
Sale of assets					—	199,685
Investment earnings					5,144,231	6,076,426
Total general revenues					<u>249,420,512</u>	<u>235,404,113</u>
Change in net position					8,740,146	84,377,902
Net position – beginning, as previously reported					66,786,738	(17,591,164)
Change in accounting principle					424,121	—
Net position – beginning, as restated					<u>67,210,859</u>	<u>(17,591,164)</u>
Net position – ending					<u>\$ 75,951,005</u>	<u>\$ 66,786,738</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 109,057,047	\$ 19,632,111	\$ 14,609,805
Receivables			
Current taxes	37,989,454	–	11,713,473
Delinquent taxes	540,389	–	145,843
Accounts and interest	1,208,772	663,136	–
Due from other governmental units	21,299,619	–	72,754
Inventory	423,150	–	–
Prepaid items	100,428	–	–
Total assets	<u>\$ 170,618,859</u>	<u>\$ 20,295,247</u>	<u>\$ 26,541,875</u>
Liabilities			
Salaries payable	\$ 243,096	\$ –	\$ –
Accounts and contracts payable	2,333,324	6,086,121	–
Due to other governmental units	1,214,353	–	–
Unearned revenue	–	–	–
Total liabilities	<u>3,790,773</u>	<u>6,086,121</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	69,721,358	–	22,893,430
Unavailable revenue – delinquent taxes	514,755	–	139,078
Total deferred inflows of resources	<u>70,236,113</u>	<u>–</u>	<u>23,032,508</u>
Fund balances			
Nonspendable	523,578	–	–
Restricted	10,740,117	14,209,126	3,509,367
Assigned	3,926,582	–	–
Unassigned	81,401,696	–	–
Total fund balances	<u>96,591,973</u>	<u>14,209,126</u>	<u>3,509,367</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 170,618,859</u>	<u>\$ 20,295,247</u>	<u>\$ 26,541,875</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 6,600,278	\$ 149,899,241	\$ 166,981,086
1,531,513	51,234,440	49,270,847
20,195	706,427	558,980
35,933	1,907,841	2,459,061
1,017,903	22,390,276	24,400,992
184,505	607,655	558,126
—	100,428	—
<u>\$ 9,390,327</u>	<u>\$ 226,846,308</u>	<u>\$ 244,229,092</u>
\$ 292,382	\$ 535,478	\$ 685,751
288,269	8,707,714	6,746,093
—	1,214,353	837,677
265,498	265,498	239,272
<u>846,149</u>	<u>10,723,043</u>	<u>8,508,793</u>
2,993,322	95,608,110	95,046,573
19,217	673,050	958,244
<u>3,012,539</u>	<u>96,281,160</u>	<u>96,004,817</u>
184,505	708,083	558,126
5,347,134	33,805,744	63,312,929
—	3,926,582	825,755
—	81,401,696	75,018,672
<u>5,531,639</u>	<u>119,842,105</u>	<u>139,715,482</u>
<u>\$ 9,390,327</u>	<u>\$ 226,846,308</u>	<u>\$ 244,229,092</u>

OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
Total fund balances – governmental funds	\$ 119,842,105	\$ 139,715,482
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	589,320,144	556,174,273
Accumulated depreciation	(207,337,772)	(195,594,694)
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 and notes	(146,965,000)	(163,665,000)
Certificates of participation	(10,225,000)	(11,060,000)
Capital leases	(4,374,530)	(6,031,304)
Premium (discounts) on bonds	(5,547,562)	(7,455,402)
Net pension liability – PERA	(40,647,562)	(42,067,376)
Net pension liability – TRA	(149,821,364)	(147,514,063)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,369,265)	(3,130,802)
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.		
	13,471,454	10,684,427
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 plans	146,482,727	218,043,695
Deferred inflows of resources – pension plans	(226,100,344)	(281,280,576)
Deferred inflows of resources – deferred gain on refunding	(450,076)	(990,166)
Deferred inflows of resources – delinquent property taxes	<u>673,050</u>	<u>958,244</u>
Total net position – governmental activities	<u>\$ 75,951,005</u>	<u>\$ 66,786,738</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 77,283,444	\$ –	\$ 20,072,441
Investment earnings	1,864,278	660,548	172,804
Other	4,228,608	–	–
State sources	218,558,741	–	727,545
Federal sources	9,630,449	–	–
Total revenue	<u>311,565,520</u>	<u>660,548</u>	<u>20,972,790</u>
Expenditures			
Current			
Administration	12,045,309	–	–
District support services	7,631,179	–	–
Elementary and secondary regular instruction	143,989,921	–	–
Vocational education instruction	3,888,466	–	–
Special education instruction	55,159,242	–	–
Instructional support services	23,051,707	–	–
Pupil support services	25,060,178	–	–
Sites and buildings	27,088,116	–	–
Fiscal and other fixed cost programs	578,794	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	25,077,529	–
Debt service			
Principal	3,791,339	–	16,700,000
Interest and fiscal charges	535,370	–	6,605,425
Total expenditures	<u>302,819,621</u>	<u>25,077,529</u>	<u>23,305,425</u>
Excess (deficiency) of revenue over expenditures	8,745,899	(24,416,981)	(2,332,635)
Other financing sources (uses)			
Debt issued	–	–	–
Premium (discount) on debt issued	–	–	–
Debt retirement from refunding bonds	–	–	–
Sale of assets	–	–	–
Capital leases issued	1,299,565	–	–
Transfers in	–	–	–
Transfers (out)	(1,050,000)	–	–
Total other financing sources (uses)	<u>249,565</u>	<u>–</u>	<u>–</u>
Net change in fund balances	8,995,464	(24,416,981)	(2,332,635)
Fund balances			
Beginning of year, as previously reported	87,172,388	38,626,107	5,842,002
Change in accounting principle	424,121	–	–
Beginning of year, as restated	<u>87,596,509</u>	<u>38,626,107</u>	<u>5,842,002</u>
End of year	<u>\$ 96,591,973</u>	<u>\$ 14,209,126</u>	<u>\$ 3,509,367</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 2,972,809	\$ 100,328,694	\$ 91,750,858
135,766	2,833,396	3,652,156
12,885,971	17,114,579	23,739,973
4,872,286	224,158,572	218,164,915
6,261,004	15,891,453	16,798,675
<u>27,127,836</u>	<u>360,326,694</u>	<u>354,106,577</u>
—	12,045,309	11,579,014
—	7,631,179	7,122,254
—	143,989,921	144,692,508
—	3,888,466	3,907,331
—	55,159,242	51,507,841
—	23,051,707	26,200,345
—	25,060,178	24,378,844
—	27,088,116	30,083,755
—	578,794	478,592
11,756,680	11,756,680	11,900,447
18,413,160	18,413,160	19,669,050
551,342	25,628,871	18,468,568
—	20,491,339	17,802,872
—	7,140,795	5,942,637
<u>30,721,182</u>	<u>381,923,757</u>	<u>373,734,058</u>
(3,593,346)	(21,597,063)	(19,627,481)
—	—	59,410,000
—	—	2,300,316
—	—	(30,165,000)
—	—	199,685
—	1,299,565	7,465,535
1,050,000	1,050,000	—
—	(1,050,000)	—
<u>1,050,000</u>	<u>1,299,565</u>	<u>39,210,536</u>
(2,543,346)	(20,297,498)	19,583,055
8,074,985	139,715,482	120,132,427
—	424,121	—
<u>8,074,985</u>	<u>140,139,603</u>	<u>120,132,427</u>
<u>\$ 5,531,639</u>	<u>\$ 119,842,105</u>	<u>\$ 139,715,482</u>

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INDEPENDENT SCHOOL DISTRICT NO. 279

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities

Governmental Funds

Year Ended June 30, 2020

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

	2020	2019
Total net change in fund balances – governmental funds	\$ (20,297,498)	\$ 19,583,055
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	33,145,871	28,023,909
Depreciation expense	(11,743,078)	(10,973,713)
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.		
General obligation bonds payable	–	(59,410,000)
Capital leases	(1,299,565)	(7,465,535)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	2,787,027	1,856,625
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	17,535,000	44,925,000
Capital leases	2,956,339	3,042,872
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.		
	761,537	(695,645)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	1,907,840	(475,258)
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 – PERA	1,419,814	6,437,752
Net pension liability – TRA	(2,307,301)	324,742,533
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 plans	(71,560,968)	(72,498,370)
Deferred inflows of resources – pension plans	55,180,232	(193,779,233)
Deferred inflows of resources – deferred gain on refunding	540,090	540,090
Deferred inflows of resources – delinquent property taxes	(285,194)	523,820
Change in net position – governmental activities	<u>\$ 8,740,146</u>	<u>\$ 84,377,902</u>

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INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 63,709,790	\$ 75,901,822	\$ 77,283,444	\$ 1,381,622
Investment earnings	1,810,000	1,840,000	1,864,278	24,278
Other	2,110,400	4,875,393	4,228,608	(646,785)
State sources	199,519,643	217,760,881	218,558,741	797,860
Federal sources	—	11,117,699	9,630,449	(1,487,250)
Total revenue	267,149,833	311,495,795	311,565,520	69,725
Expenditures				
Current				
Administration	9,135,158	12,239,062	12,045,309	(193,753)
District support services	6,769,359	9,143,172	7,631,179	(1,511,993)
Elementary and secondary regular instruction	98,320,349	147,939,758	143,989,921	(3,949,837)
Vocational education instruction	2,949,665	4,025,643	3,888,466	(137,177)
Special education instruction	38,583,235	56,595,272	55,159,242	(1,436,030)
Instructional support services	13,558,738	23,781,322	23,051,707	(729,615)
Pupil support services	24,108,971	25,684,691	25,060,178	(624,513)
Sites and buildings	20,447,121	30,108,781	27,088,116	(3,020,665)
Fiscal and other fixed cost programs	52,647,150	582,500	578,794	(3,706)
Debt service				
Principal	3,815,835	3,791,391	3,791,339	(52)
Interest and fiscal charges	510,926	535,370	535,370	—
Total expenditures	270,846,507	314,426,962	302,819,621	(11,607,341)
Excess (deficiency) of revenue over expenditures	(3,696,674)	(2,931,167)	8,745,899	11,677,066
Other financing sources (uses)				
Capital leases issued	—	—	1,299,565	1,299,565
Transfers (out)	—	(1,050,000)	(1,050,000)	—
Total other financing sources (uses)	—	(1,050,000)	249,565	1,299,565
Net change in fund balances	\$ (3,696,674)	\$ (3,981,167)	8,995,464	\$ 12,976,631
Fund balances				
Beginning of year, as previously reported			87,172,388	
Change in accounting principle			424,121	
Beginning of year, as restated			87,596,509	
End of year			\$ 96,591,973	

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 10,983,092	\$ 11,470,581
Cash and investments held by trustee	26,230,179	24,906,975
Accounts and interest receivable	<u>271,956</u>	<u>248,415</u>
Total assets	37,485,227	36,625,971
Deferred outflows of resources		
OPEB plan deferments	1,099,848	803,405
Liabilities		
Current liabilities		
Accounts and contracts payable	528,987	462,831
Due to other governmental units	838,224	803,405
Post-employment severance benefits payable	916,518	1,287,749
Long-term liabilities		
Total OPEB obligation	14,173,201	14,584,644
Post-employment severance benefits payable	<u>5,467,801</u>	<u>5,837,882</u>
Total liabilities	21,924,731	22,976,511
Deferred inflows of resources		
OPEB plan deferments	<u>3,188,890</u>	<u>3,768,438</u>
Net position		
Restricted for employee benefits	9,354,669	6,766,228
Unrestricted	<u>4,116,785</u>	<u>3,918,199</u>
Total net position	<u><u>\$ 13,471,454</u></u>	<u><u>\$ 10,684,427</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 7,465,826	\$ 7,058,570
Operating expenses		
Dental benefit claims	1,654,867	1,852,031
Medical benefit claims	5,306,032	5,129,987
Post-employment severance benefits	477,946	504,928
OPEB	(449,211)	139,269
Total operating expenses	<u>6,989,634</u>	<u>7,626,215</u>
Operating income (loss)	476,192	(567,645)
Nonoperating revenue		
Investment earnings	<u>2,310,835</u>	<u>2,424,270</u>
Change in net position	2,787,027	1,856,625
Net position		
Beginning of year	<u>10,684,427</u>	<u>8,827,802</u>
End of year	<u><u>\$ 13,471,454</u></u>	<u><u>\$ 10,684,427</u></u>

OSSEO AREA SCHOOLS

ISD  279

Our Mission

**is to inspire and prepare all students
with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 7,454,907	\$ 7,057,685
Payments for dental claims	(1,688,711)	(1,837,600)
Payments for medical claims	(5,206,032)	(5,129,987)
Post-employment severance and OPEB benefit payments	<u>(2,022,662)</u>	<u>(2,772,588)</u>
Net cash flows from operating activities	(1,462,498)	(2,682,490)
Cash flows from investing activities		
Investment income received	<u>2,298,213</u>	<u>2,454,111</u>
Net change in cash and cash equivalents	835,715	(228,379)
Cash and cash equivalents		
Beginning of year	<u>36,377,556</u>	<u>36,605,935</u>
End of year	<u><u>\$ 37,213,271</u></u>	<u><u>\$ 36,377,556</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 476,192	\$ (567,645)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(10,919)	(885)
Deferred outflows of resources	(296,443)	35,908
Accounts and contracts payable	66,156	14,431
Due to other governmental units	34,819	(35,908)
Post-employment severance benefits payable	(741,312)	(1,428,347)
Total OPEB obligation	(411,443)	(3,960,602)
Deferred inflows of resources	<u>(579,548)</u>	<u>3,260,558</u>
Net cash flows from operating activities	<u><u>\$ (1,462,498)</u></u>	<u><u>\$ (2,682,490)</u></u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 10,983,092	\$ 11,470,581
Cash and investments held by trustee	<u>26,230,179</u>	<u>24,906,975</u>
Total cash and cash equivalents	<u><u>\$ 37,213,271</u></u>	<u><u>\$ 36,377,556</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Assets	
Cash and temporary investments	\$ 1,749,818
Liabilities	
Salaries payable	<u>992</u>
Net position	
Restricted for local collaborative time study	1,135,668
Restricted for Northwest Family Service Center	<u>613,158</u>
Total net position	<u>\$ 1,748,826</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Additions	
Investment earnings	\$ 21,571
Rents	281,842
Grants	305,331
Total additions	<u>608,744</u>
Deductions	
Elementary and secondary regular instruction	
Salaries	139,481
Employee benefits	38,668
Purchased services	325,184
Supplies and materials	4,380
Other expenditures	319
Total elementary and secondary regular instruction	<u>508,032</u>
Sites and buildings	
Purchased services	260,992
Supplies and materials	15,320
Total sites and buildings	<u>276,312</u>
Total deductions	<u>784,344</u>
Net change in fiduciary net position	(175,600)
Net position	
Beginning of year, as previously reported	—
Change in accounting principle	1,924,426
Beginning of year, as restated	<u>1,924,426</u>
End of year	<u><u>\$ 1,748,826</u></u>

OSSEO AREA SCHOOLS

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INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Basic Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 279 – Osseo Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and 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.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as “unallocated depreciation expense.” Interest on 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. Fiduciary funds are presented in the fiduciary fund financial statements by type including the District’s custodial funds. 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.

The internal service funds are presented in the proprietary fund financial statements. Because the principal user of the internal services are the District’s governmental activities, the financial statements of the internal service funds are consolidated into the governmental 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 charges to customers for service. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, including property taxes, 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 (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, post-employment severance benefits, other post-employment health benefits, compensated absences, and net pension 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 within the applicable functional areas.

Internal service 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. The District’s General Fund maintains two accounts:

1. **Operating Account** – The Operating Account is used to account for the general operations of the District, including pupil transportation activities.
2. **Capital Expenditure Account** – The Capital Expenditure Account is used to account for the maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

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 debt issue or levy issuance program.

Debt Service Fund – Debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bonds, interest, and related costs. The General Obligation Bonds Debt Service Account is used for the debt service on all general obligation bonds except for the 2018D Taxable Other Post-Employment Benefit (OPEB) Refunding Bond issue for which a separate OPEB Bonds Debt Service Account is established.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is 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, pre-K–8 extended day programs, or other similar services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The District has four internal service funds. The District's internal service funds include financing for self-insurance of the employee health and dental insurance programs, retirement incentive pay, and post-employment benefits revocable trust activity.

Fiduciary Funds

Custodial Funds – The custodial funds were established to account for cash and other assets held by the District as the agent for others. These funds are used to account for a local collaborative time study and the Northwest Family Service Center.

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 account level. The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Food Service Special Revenue Fund by \$505,381 and the Community Service Special Revenue Fund by \$20,765. These excess amounts do not constitute a violation of a legal provision.

F. Cash and Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the internal service funds, trust accounts are established to finance future OPEB obligations. Interest earned on these investments were allocated directly to those accounts.

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 may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

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

All receivables are shown, net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The receivables not expected to be fully collected within one year are 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 a 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 prepayments. 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 Minnesota 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 Minnesota 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 \$4,526,331 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2020. The remaining portion of the taxes collectible in 2020 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which 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 financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

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. 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. Accounts and Contracts Payable

At June 30, 2020, accounts and contracts payable are \$3,529,625 and \$5,707,076, respectively, within the Statement of Net Position.

M. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

N. Vacation Pay

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no vacation liabilities are recorded in the financial statements.

O. Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of post-employment severance and health benefits for some employees upon termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Post-Employment Severance Benefits

The District provides post-employment severance benefits to certain eligible employees. The District finances these obligations with an Internal Service Fund.

The District maintains various early retirement incentive payment plans for its employee groups. The amount of the early retirement incentive payment is calculated using balances in accrued sick leave and also based on years of service. No employee can receive a payment exceeding one year's salary. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 164 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

Q. 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.

R. Risk Management

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 the current year.

Self-Insurance – The District has established two internal service funds 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 funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District makes premium payments to these funds 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 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 last two years were:

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2019	\$ 148,400	\$ 1,852,031	\$ 1,837,600	\$ 162,831
2020	\$ 162,831	\$ 1,654,867	\$ 1,688,711	\$ 128,987

Changes in the balance of health insurance claim liabilities for the last two years were:

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2019	\$ 300,000	\$ 5,129,987	\$ 5,129,987	\$ 300,000
2020	\$ 300,000	\$ 5,306,032	\$ 5,206,032	\$ 400,000

S. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of financial resource (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and Proprietary Fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, changes in proportion, differences between projected and actual earnings on pension and OPEB plan investments, 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 represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is 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.

The District also reports deferred inflows of resources related to deferred charges on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

T. Statement of Cash Flows

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 cash and investments held by trustee in the Post-Employment Benefits Revocable Trust Internal Service Fund are also considered a cash equivalent.

U. Restricted Assets

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

V. 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 inflow 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 net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. 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.
- **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 nonspendable, restricted, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) nonspendable, 2) restricted, 3) assigned, and 4) unassigned.

X. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2020, the unassigned fund balance of the General Fund – Operating Account was 29.3 percent of the fiscal 2020 General Fund Operating Account expenditures.

Y. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Z. 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 at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AA. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for the extracurricular student activity funds and the District's Flexible Benefit Plan in the General Fund and its governmental activities, rather than in a separate audit report and as a Fiduciary Fund, respectively, as in the past. This also resulted in the reporting of two custodial funds, which were previously reported as agency funds. This standard required retroactive implementation, which resulted in the restatement of fund balance in the General Fund, net position of Governmental Activities, and net position of the custodial funds as of June 30, 2019. The restatement resulted in an increase in fund balance in the General Fund and net position in the Governmental Activities of \$424,121 as of July 1, 2019. Net position of the Custodial Fund increased by \$1,924,426 as of July 1, 2019.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 86,957,830
Investments	101,900,250
Cash on hand	<u>4,250</u>
Total	<u><u>\$ 188,862,330</u></u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 160,882,333
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	26,230,179
Statement of Fiduciary Net Position – Custodial Funds	
Cash and temporary investments	<u>1,749,818</u>
Total	<u><u>\$ 188,862,330</u></u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$86,957,830, while the balance on the bank records was \$86,958,496. At June 30, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
U.S. treasury securities	N/A	N/A	Level 1	\$ –	\$ 512,388	\$ –	\$ –	\$ 512,388
U.S. government agencies	AA	S&P	Level 2	\$ –	\$ 1,301,351	\$ 102,152	\$ 222,609	1,626,112
Municipal bonds	AAA	S&P	Level 2	\$ 445,449	\$ 102,380	\$ 431,041	\$ 528,195	1,507,065
Municipal bonds	AA	S&P	Level 2	\$ –	\$ 103,749	\$ 679,864	\$ 747,427	1,531,040
Municipal bonds	Aa	Moody’s	Level 2	\$ 905,968	\$ 532,806	\$ 533,990	\$ 262,388	2,235,152
Municipal bonds	A	S&P	Level 2	\$ –	\$ –	\$ –	\$ 306,771	306,771
Municipal bonds	A	Moody’s	Level 2	\$ –	\$ –	\$ –	\$ 268,748	268,748
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ 306,315	\$ –	306,315
Corporate obligations	AA	S&P	Level 1	\$ –	\$ 1,107,813	\$ –	\$ 511,674	1,619,487
Corporate obligations	A	S&P	Level 1	\$ 1,095,881	\$ 1,056,507	\$ 1,483,253	\$ 2,169,405	5,805,046
Corporate obligations	A	Moody’s	Level 1	\$ –	\$ 326,593	\$ 333,310	\$ 941,246	1,601,149
Corporate obligations	BBB	S&P	Level 1	\$ 202,170	\$ –	\$ 1,750,805	\$ –	1,952,975
Corporate obligations	Baa	Moody’s	Level 1	\$ –	\$ –	\$ 490,853	\$ 109,560	600,413
Equities	N/A	N/A	Level 2	N/A	N/A	N/A	N/A	7,655,100
Negotiable certificates of deposit	N/A	N/A	Level 2	\$ 1,007,645	\$ –	\$ –	\$ –	1,007,645
Investment pools/mutual funds								
MNTrust Investment Term Series	AAA	Fitch	Amortized Cost	\$12,000,000	N/A	N/A	N/A	12,000,000
Minnesota School District Liquid Asset Fund (MSDLAF)	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	9,544,080
Mutual Funds								
Government obligation	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	54,127
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	51,766,637
Total investments								<u>\$101,900,250</u>

N/A – Not Applicable

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio, MNTrust Investment Term Series, and the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District’s investment in these funds 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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

For MNTrust accounts and MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class. Within MSDLAF, the redemption notice period is 14 days for the MAX Class and early redemption will likely cause a penalty. Within MNTrust, the redemption notice period is 7 days for the Term Series and early redemption will likely cause a penalty.

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.

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.

The District has an internal investment policy that limits investment choices and addresses these potential risks beyond the statutory limitations described above. The District’s policy requires that investments be diversified to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. No more than 66 percent of the total portfolio can be placed with any one depository. The maximum percentage in which the portfolio can be invested in specific instruments is as follows:

U.S. treasury obligations	100%
U.S. government agency securities and instrumentalities	
of government sponsored corporations	75%
Repurchase agreements	25%
Certificates of deposit – FDIC-covered	100%
Certificates of deposit – savings and loans	75%
Local government investment pool	75%
Money market funds	75%

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

For assets held in the Post-Employment Benefits Revocable Trust Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. Minnesota Statutes authorize the Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 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 policy does not further address concentration risk.

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, the District considers such things as interest rates and cash flow needs when purchasing investments.

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the current year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 8,973,417	\$ –	\$ –	\$ –	\$ 8,973,417
Construction in progress	11,214,268	28,723,231	–	(30,083,927)	9,853,572
Total capital assets, not depreciated	20,187,685	28,723,231	–	(30,083,927)	18,826,989
Capital assets, depreciated					
Land improvements	31,988,651	93,585	–	4,011,471	36,093,707
Buildings	493,392,348	3,662,921	–	26,072,456	523,127,725
Furniture and equipment	10,605,589	666,134	–	–	11,271,723
Total capital assets, depreciated	535,986,588	4,422,640	–	30,083,927	570,493,155
Less accumulated depreciation for					
Land improvements	(21,043,689)	(1,019,309)	–	–	(22,062,998)
Buildings	(167,716,283)	(10,132,694)	–	–	(177,848,977)
Furniture and equipment	(6,834,722)	(591,075)	–	–	(7,425,797)
Total accumulated depreciation	(195,594,694)	(11,743,078)	–	–	(207,337,772)
Net capital assets, depreciated	340,391,894	(7,320,438)	–	30,083,927	363,155,383
Total capital assets, net	\$ 360,579,579	\$ 21,402,793	\$ –	\$ –	\$ 381,982,372

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year was charged to the following governmental functions:

District support services	\$ 2,082,557
Elementary and secondary regular instruction	50,431
Vocational education instruction	4,335
Special education instruction	5,805
Instructional support services	31,797
Pupil support services	637
Food service	199,723
Community service	31,370
Unallocated depreciation expense	<u>9,336,423</u>
Total depreciation expense	<u>\$ 11,743,078</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds and Notes

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

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds and notes, including refunding bonds					
2011A Alternative Facilities Bonds	04/27/2011	4.00%–4.13%	\$ 8,685,000	02/01/2023	\$ 8,685,000
2013A Alternative Facilities Bonds	06/04/2013	0.30%–1.75%	\$ 6,625,000	02/01/2023	6,525,000
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	\$ 5,770,000	02/01/2029	3,735,000
2015A Alternative Facilities Bonds	05/06/2015	2.00%–3.00%	\$ 9,355,000	02/01/2025	9,355,000
2015B Capital Notes	05/06/2015	2.00%–3.00%	\$ 1,475,000	02/01/2025	760,000
2015C Refunding Bonds	05/06/2015	2.00%–5.00%	\$ 42,075,000	02/01/2021	7,750,000
2016A Facilities Maintenance Bonds	11/16/2016	2.75%–4.00%	\$ 50,745,000	02/01/2032	50,745,000
2018A Refunding Bonds	05/10/2018	5.00%	\$ 12,900,000	02/01/2021	4,520,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	\$ 43,340,000	02/01/2037	43,340,000
2018C Alternative Facilities Refunding Bonds	11/15/2018	5.00%	\$ 8,390,000	02/01/2022	6,440,000
2018D Taxable OPEB Refunding Bonds	11/15/2018	2.85%–3.05%	\$ 7,680,000	02/01/2022	<u>5,110,000</u>
Total general obligation bonds and notes					<u>\$ 146,965,000</u>

B. Certificates of Participation

The District currently has the following certificates of participation outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
2014B Certificates of Participation	11/18/2014	2.00%–4.00%	\$ 14,085,000	02/01/2030	\$ 10,225,000

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities

General Obligation Bonds and Notes – These obligations were issued to finance acquisition and/or construction of capital facilities, finance OPEB, or to refinance (refund) previous bond issues. Assets of the debt service funds, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 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.

Certificates of Participation – In November 2014, the District sold \$14,085,000 of certificates of participation to finance the construction of additions to several high school sites. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

Capital Leases Payable – The District entered into capital lease agreements to finance equipment purchases, which call for monthly principal and interest payments through July 2022 with interest rates ranging from 2.46 percent to 4.10 percent. These leases are paid by the General Fund. Amortization of the leased equipment required to be capitalized is included in depreciation. At June 30, 2020, the capitalized assets under capital lease have been recorded at \$1,751,437 (the present value of future minimum lease payments as of the inception dates of the leases). The accumulated amortization on these capitalized assets under capital leases was \$651,029.

Post-Employment Severance Benefits Payable – Post-employment severance benefits payable consist of early retirement incentive pay (based on convertible sick leave) payable to employees upon retirement. Post-employment severance benefits are paid by the Retirement Incentive Pay Internal Service Fund.

Net Pension Liability and Total OPEB Obligation – The details of these liabilities are discussed elsewhere in these notes. Such benefits are financed by the governmental funds and the Post-Employment Benefits Revocable Trust Fund, respectively.

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2020:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 40,647,562	\$ 5,353,075	\$ 8,588,096	\$ 5,018,713
State-wide, multiple-employer – TRA	149,821,364	141,129,652	217,512,248	28,114,410
Total	<u>\$ 190,468,926</u>	<u>\$ 146,482,727</u>	<u>\$ 226,100,344</u>	<u>\$ 33,133,123</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire general obligation bonds and notes, certificates of participation, and capital leases:

Year Ending June 30,	General Obligation Bonds and Notes		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 17,335,000	\$ 5,303,610	\$ 860,000	\$ 382,625	\$ 2,908,066	\$ 96,088
2022	12,150,000	4,502,945	885,000	356,825	1,032,122	29,120
2023	12,325,000	4,015,800	920,000	321,425	434,342	7,167
2024	7,360,000	3,672,444	960,000	284,625	—	—
2025	6,490,000	3,451,644	995,000	246,225	—	—
2026–2030	40,295,000	13,083,419	5,605,000	609,463	—	—
2031–2035	36,895,000	6,797,175	—	—	—	—
2036–2037	14,115,000	788,988	—	—	—	—
	<u>\$ 146,965,000</u>	<u>\$ 41,616,025</u>	<u>\$ 10,225,000</u>	<u>\$ 2,201,188</u>	<u>\$ 4,374,530</u>	<u>\$ 132,375</u>

E. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities					
General obligation bonds and notes	\$ 163,665,000	\$ —	\$ 16,700,000	\$ 146,965,000	\$ 17,335,000
Certificates of participation	11,060,000	—	835,000	10,225,000	860,000
Capital leases	6,031,304	1,299,565	2,956,339	4,374,530	2,908,066
Unamortized premiums (discounts) on debt issued	7,455,402	—	1,907,840	5,547,562	—
Net pension liability	189,581,439	17,248,141	16,360,654	190,468,926	—
Post-employment severance benefits payable	7,125,631	106,711	848,023	6,384,319	916,518
Total OPEB obligation	<u>14,584,644</u>	<u>391,962</u>	<u>803,405</u>	<u>14,173,201</u>	<u>—</u>
	<u>\$ 399,503,420</u>	<u>\$ 19,046,379</u>	<u>\$ 40,411,261</u>	<u>\$ 378,138,538</u>	<u>\$ 22,019,584</u>

NOTE 5 – 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.

A. Classifications

At June 30, 2020, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 423,150	\$ –	\$ –	\$ 184,505	\$ 607,655
Prepaid items	100,428	–	–	–	100,428
Total nonspendable	<u>523,578</u>	<u>–</u>	<u>–</u>	<u>184,505</u>	<u>708,083</u>
Restricted					
Student activities	325,537	–	–	–	325,537
Operating capital	8,157,746	–	–	–	8,157,746
Gifted and talented	94,972	–	–	–	94,972
Achievement and integration	244,689	–	–	–	244,689
Safe schools crime levy	405,084	–	–	–	405,084
Basic skills extended time programs	762,509	–	–	–	762,509
Medical Assistance	749,580	–	–	–	749,580
Certificates of participation	–	961	–	–	961
Long-term facilities maintenance	–	14,196,844	–	–	14,196,844
Capital notes	–	11,321	–	–	11,321
Food service	–	–	–	3,214,792	3,214,792
Community education	–	–	–	49,420	49,420
Early childhood family education programs	–	–	–	1,376,612	1,376,612
School readiness	–	–	–	701,689	701,689
Adult basic education	–	–	–	4,621	4,621
General debt service	–	–	2,899,899	–	2,899,899
OPEB bonds debt service	–	–	609,468	–	609,468
Total restricted	<u>10,740,117</u>	<u>14,209,126</u>	<u>3,509,367</u>	<u>5,347,134</u>	<u>33,805,744</u>
Assigned					
Subsequent year budget	3,926,582	–	–	–	3,926,582
Unassigned					
Unassigned – long-term facilities maintenance restricted account deficit	(294,564)	–	–	–	(294,564)
Unassigned	<u>81,696,260</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>81,696,260</u>
Total unassigned	<u>81,401,696</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>81,401,696</u>
Total	<u>\$ 96,591,973</u>	<u>\$ 14,209,126</u>	<u>\$ 3,509,367</u>	<u>\$ 5,531,639</u>	<u>\$ 119,842,105</u>

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

A. Plan Description

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

Others' Post-Employment Medical Plan – All retirees of the District have the option to continue their medical coverage into retirement. Retirees must pay the full district premium rate for their coverage and dependent coverage. Coverage in the District's plan ends at age 65.

Teachers' Post-Employment Medical Plan – Teachers with 15 continuous years of service are eligible to receive a contribution towards the teacher's health insurance after retirement from age 55 to 65. The amount will be determined by multiplying the teacher's daily rate of pay at the time of retirement times the number of the teacher's accumulated sick leave days in excess of 123 days as of the date of retirement. However, the total amount will not exceed \$37,800. The monthly district contribution toward the premium will be determined using the cumulative total amount earned divided by the number of months until the teacher qualifies for Medicare. The benefit amount will not exceed 100 percent of the premium of the insurance plan selected by the teacher. If the teacher's full-time equivalent (FTE) status is not full-time at the time of retirement, the benefit will be prorated according to the teacher's current FTE.

Administrators' Post-Employment Medical Plan – The District pays for full medical plan coverage after retirement for certain administrators and their spouses and dependents up to age 65.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. 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. The District's contributions in the current year totaled \$838,224 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

C. Membership

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

Retirees and beneficiaries receiving benefits	210
Active plan members	<u>2,513</u>
Total members	<u><u>2,723</u></u>

F. Total OPEB Liability of the District

The District's total OPEB liability of \$14,173,201 at year-end was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

E. Actuarial Assumptions

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

Discount rate	3.13%
20-year municipal bond yield	3.13%
Inflation rate	2.50%
Healthcare cost trend rate	6.40% grading to 4.00% over 56 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 14,584,644
Changes for the year	
Service cost	701,553
Interest	518,383
Changes of assumptions	301,086
Benefit payments	(1,932,465)
Total net changes	(411,443)
Ending balance	\$ 14,173,201

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.62 percent to 3.13 percent.

G. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.13%	3.13%	4.13%
Total OPEB liability	\$ 14,784,170	\$ 14,173,201	\$ 13,559,137

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability 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 cost trend rate	5.40% decreasing to 3.00% over 56 years	6.40% decreasing to 4.00% over 56 years	7.40% decreasing to 5.00% over 56 years
Total OPEB liability	\$ 13,117,846	\$ 14,173,201	\$ 15,382,253

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

For the current year ended, the District recognized OPEB expense of a negative \$(449,211). 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 liability	\$ –	\$ 832,277
Change of assumptions	261,624	2,356,613
District's contributions to the OPEB subsequent to the measurement date	838,224	–
Total	<u>\$ 1,099,848</u>	<u>\$ 3,188,890</u>

A total of \$838,224 reported as deferred outflows of resources related to district contributions to the OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021.

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

Year Ending June 30,	OPEB Expense Amount
2021	\$ (540,087)
2022	(540,087)
2023	(540,087)
2024	(540,087)
2025	(514,161)
Thereafter	<u>(252,757)</u>
	<u>\$ (2,927,266)</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

2. TRA Benefits

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

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

Tier I Benefits

Step-Rate Formula	Percentage per Year
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 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2020, were \$3,932,259. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2018		2019		2020	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.71 %	11.00 %	11.92 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.71 %	7.50 %	7.92 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2020, were \$10,815,614. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	<i>in thousands</i>
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA's contributions not included in allocation	<u>(486)</u>
Total employer contributions	402,126
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u><u>\$ 437,714</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, 2020, the District reported a liability of \$40,647,562 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.7352 percent at the end of the measurement period and 0.7583 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 non-employer 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	\$ 40,647,562
State's proportionate share of the net pension liability associated with the District	<u>1,263,278</u>
Total	<u><u>\$ 41,910,840</u></u>

For the year ended June 30, 2020, the District recognized pension expense of \$4,924,093 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$94,620 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,144,753	\$ –
Changes in actuarial assumptions	–	3,277,689
Differences between projected and actual investment earnings	–	4,301,408
Changes in proportion	276,063	1,008,999
District's contributions to the GERF subsequent to the measurement date	<u>3,932,259</u>	<u>–</u>
Total	<u>\$ 5,353,075</u>	<u>\$ 8,588,096</u>

A total of \$3,932,259 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (2,347,675)
2022	\$ (3,724,252)
2023	\$ (1,160,856)
2024	\$ 65,503

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$149,821,364 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 2.3505 percent at the end of the measurement period and 2.3486 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	\$ 149,821,364
State's proportionate share of the net pension liability associated with the District	<u>13,258,675</u>
Total	<u>\$ 163,080,039</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

For the year ended June 30, 2020, the District recognized pension expense of \$27,106,593. It also recognized an additional \$1,007,817 as pension expense (and grant revenue) for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ —	\$ 3,650,413
Changes in actuarial assumptions	121,144,498	198,885,413
Difference between projected and actual investment earnings	—	12,687,467
Changes in proportion	9,169,540	2,288,955
District's contributions to the TRA subsequent to the measurement date	10,815,614	—
Total	<u>\$ 141,129,652</u>	<u>\$ 217,512,248</u>

A total of \$10,815,614 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 7,514,970
2022	\$ 95,067
2023	\$ (54,130,545)
2024	\$ (40,419,847)
2025	\$ (257,855)

E. Actuarial Assumptions

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the 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 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

1. GERP

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

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

G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 66,822,402	\$ 40,647,562	\$ 19,035,026
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 238,851,887	\$ 149,821,364	\$ 76,417,011

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Plan Fiduciary Net Position

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

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

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

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

NOTE 8 – 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, 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.

Amounts withheld for medical reimbursement and dependent care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are included in the financial statements in the Post-Employment Benefits Revocable Trust Internal Service Fund and the General Fund.

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 9 – LEASE ARRANGEMENTS

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$277,811 for operating leases during the year ended June 30, 2020. These leases are scheduled to expire on various dates through 2023. Many of the leases are negotiated on a yearly basis and payment commitments extend out one year. The following is a summary of minimum lease payment commitments for all operating leases:

Year Ending June 30,	Amount
2021	\$ 83,131
2022	85,210
2023	87,340
	<u>\$ 255,681</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. Contingencies

The District is a defendant in various lawsuits. 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.

C. Construction Contracts

At June 30, 2020, the District had commitments totaling approximately \$9.9 million under various construction contracts for which the work was not yet completed.

NOTE 11 – SUBSEQUENT EVENTS

A. Bonds

In October 2020, the District issued \$36,465,000 of General Obligation Facilities Maintenance and Refunding Bonds, Series 2020A. The bonds bear interest rates ranging from 1.5 percent to 3.5 percent and mature on various dates through fiscal 2038.

B. COVID-19 Pandemic

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

NOTE 12 – INTERFUND TRANSFER

During the year ended June 30, 2020, the District transferred \$1,050,000 from the General Fund to the Community Service Special Revenue Fund to cover deficit operations in community education programs. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 279

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2020

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the 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	0.7950%	\$ 37,345,117	\$ —	\$ 37,345,117	\$ 41,705,669	89.54%	78.70%
06/30/2016	06/30/2015	0.7414%	\$ 38,423,195	\$ —	\$ 38,423,195	\$ 42,823,653	89.72%	78.20%
06/30/2017	06/30/2016	0.7462%	\$ 60,587,736	\$ 791,251	\$ 61,378,987	\$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	\$ 48,505,128	\$ 609,916	\$ 49,115,044	\$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	\$ 42,067,376	\$ 1,379,755	\$ 43,447,131	\$ 50,835,205	82.75%	79.50%
06/30/2020	06/30/2019	0.7352%	\$ 40,647,562	\$ 1,263,278	\$ 41,910,840	\$ 52,027,292	78.13%	80.20%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 3,211,774	\$ 3,211,774	\$ —	\$ 42,823,653	7.50%
06/30/2016	\$ 3,460,530	\$ 3,460,530	\$ —	\$ 46,140,396	7.50%
06/30/2017	\$ 3,667,745	\$ 3,667,745	\$ —	\$ 48,899,109	7.50%
06/30/2018	\$ 3,813,782	\$ 3,813,782	\$ —	\$ 50,835,205	7.50%
06/30/2019	\$ 3,902,412	\$ 3,902,412	\$ —	\$ 52,027,292	7.50%
06/30/2020	\$ 3,932,259	\$ 3,932,259	\$ —	\$ 52,432,906	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. 279

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2020

District Fiscal Year-End	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	2.4605%	\$113,378,068	\$ 7,976,017	\$121,354,085	\$112,313,831	101.00%	81.50%
06/30/2016	06/30/2015	2.2895%	\$141,628,218	\$ 17,371,855	\$159,000,073	\$116,202,693	121.88%	76.80%
06/30/2017	06/30/2016	2.2898%	\$546,171,934	\$ 54,820,624	\$600,992,558	\$119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	\$472,256,596	\$ 45,651,630	\$517,908,226	\$127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	\$147,514,063	\$ 13,859,624	\$161,373,687	\$129,737,193	113.70%	78.07%
06/30/2020	06/30/2019	2.3505%	\$149,821,364	\$ 13,258,675	\$163,080,039	\$133,428,902	112.29%	78.21%

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

District Fiscal Year-End	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	\$ 8,713,050	\$ 8,713,050	\$ —	\$116,202,693	7.50%
06/30/2016	\$ 8,933,896	\$ 8,933,896	\$ —	\$119,107,808	7.50%
06/30/2017	\$ 9,552,598	\$ 9,552,598	\$ —	\$127,198,277	7.51%
06/30/2018	\$ 9,734,349	\$ 9,734,349	\$ —	\$129,737,193	7.50%
06/30/2019	\$ 10,294,789	\$ 10,294,789	\$ —	\$133,428,902	7.72%
06/30/2020	\$ 10,815,614	\$ 10,815,614	\$ —	\$136,565,103	7.92%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2020

	District Fiscal Year-End Date		
	2018	2019	2020
Total OPEB liability			
Service cost	\$ 1,361,945	\$ 1,207,403	\$ 701,553
Interest	558,450	662,144	518,383
Differences between expected and actual experience	—	(1,127,935)	—
Changes of assumptions	(584,138)	(2,712,171)	301,086
Benefit payments	(2,047,574)	(1,990,043)	(1,932,465)
Net change in total OPEB liability	(711,317)	(3,960,602)	(411,443)
Total OPEB liability – beginning of year	19,256,563	18,545,246	14,584,644
Total OPEB liability – end of year	<u>\$ 18,545,246</u>	<u>\$ 14,584,644</u>	<u>\$ 14,173,201</u>
Covered-employee payroll	<u>\$130,286,782</u>	<u>\$158,757,096</u>	<u>\$167,369,946</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>14.23%</u>	<u>9.19%</u>	<u>8.47%</u>

Note: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 279

Notes to Required Supplementary Information
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 279

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFIT PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent.
- The 20-year municipal bond yield changed from 3.53 percent to 3.62 percent.
- The inflation rate changed from 2.75 percent to 2.50 percent.
- The healthcare cost trend rate changed from 6.80 percent, grading to 4.40 percent over 58 years, to 6.90 percent, grading to 4.00 percent over 58 years.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent.

SUPPLEMENTAL INFORMATION

OSSEO AREA SCHOOLS

ISD  **279**

Our Mission

is to inspire and prepare all students
with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.

NONMAJOR GOVERNMENTAL FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds

Combining Balance Sheet

as of June 30, 2020

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

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2020	2019
Assets				
Cash and temporary investments	\$ 3,275,849	\$ 3,324,429	\$ 6,600,278	\$ 9,434,256
Receivables				
Current taxes	—	1,531,513	1,531,513	1,444,883
Delinquent taxes	—	20,195	20,195	15,652
Accounts and interest	(164)	36,097	35,933	185,349
Due from other governmental units	419,154	598,749	1,017,903	754,716
Inventory	184,505	—	184,505	131,065
Total assets	<u>\$ 3,879,344</u>	<u>\$ 5,510,983</u>	<u>\$ 9,390,327</u>	<u>\$ 11,965,921</u>
Liabilities				
Salaries payable	\$ 46,264	\$ 246,118	\$ 292,382	\$ 461,534
Accounts and contracts payable	168,285	119,984	288,269	242,788
Unearned revenue	265,498	—	265,498	239,272
Total liabilities	<u>480,047</u>	<u>366,102</u>	<u>846,149</u>	<u>943,594</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	—	2,993,322	2,993,322	2,919,952
Unavailable revenue – delinquent taxes	—	19,217	19,217	27,390
Total deferred inflows of resources	<u>—</u>	<u>3,012,539</u>	<u>3,012,539</u>	<u>2,947,342</u>
Fund balances				
Nonspendable for inventory	184,505	—	184,505	131,065
Restricted	3,214,792	2,132,342	5,347,134	7,943,920
Total fund balances	<u>3,399,297</u>	<u>2,132,342</u>	<u>5,531,639</u>	<u>8,074,985</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,879,344</u>	<u>\$ 5,510,983</u>	<u>\$ 9,390,327</u>	<u>\$ 11,965,921</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Special Revenue Funds			
	Food Service	Community Service	Totals	
			2020	2019
Revenue				
Local sources				
Property taxes	\$ —	\$ 2,972,809	\$ 2,972,809	\$ 2,735,653
Investment earnings	76,760	59,006	135,766	214,843
Other	3,780,177	9,105,794	12,885,971	17,327,981
State sources	475,625	4,396,661	4,872,286	4,986,790
Federal sources	6,109,378	151,626	6,261,004	7,390,044
Total revenue	<u>10,441,940</u>	<u>16,685,896</u>	<u>27,127,836</u>	<u>32,655,311</u>
Expenditures				
Current				
Food service	11,756,680	—	11,756,680	11,900,447
Community service	—	18,413,160	18,413,160	19,669,050
Capital outlay	359,899	191,443	551,342	333,507
Total expenditures	<u>12,116,579</u>	<u>18,604,603</u>	<u>30,721,182</u>	<u>31,903,004</u>
Excess (deficiency) of revenue over expenditures	(1,674,639)	(1,918,707)	(3,593,346)	752,307
Other financing sources				
Transfers in	<u>—</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>—</u>
Net change in fund balances	(1,674,639)	(868,707)	(2,543,346)	752,307
Fund balances				
Beginning of year	<u>5,073,936</u>	<u>3,001,049</u>	<u>8,074,985</u>	<u>7,322,678</u>
End of year	<u>\$ 3,399,297</u>	<u>\$ 2,132,342</u>	<u>\$ 5,531,639</u>	<u>\$ 8,074,985</u>

OSSEO AREA SCHOOLS

ISD  279

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INDIVIDUAL FUND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 3,275,849	\$ 5,101,895
Receivables		
Accounts and interest	(164)	385
Due from other governmental units	419,154	190,126
Inventory	<u>184,505</u>	<u>131,065</u>
Total assets	<u>\$ 3,879,344</u>	<u>\$ 5,423,471</u>
Liabilities		
Salaries payable	\$ 46,264	\$ 12,488
Accounts and contracts payable	168,285	97,775
Unearned revenue	<u>265,498</u>	<u>239,272</u>
Total liabilities	480,047	349,535
Fund balances		
Nonspendable for inventory	184,505	131,065
Restricted	<u>3,214,792</u>	<u>4,942,871</u>
Total fund balances	<u>3,399,297</u>	<u>5,073,936</u>
Total liabilities and fund balances	<u>\$ 3,879,344</u>	<u>\$ 5,423,471</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 80,000	\$ 76,760	\$ (3,240)	\$ 103,991
Other – primarily meal sales	3,945,966	3,780,177	(165,789)	5,317,238
State sources	484,339	475,625	(8,714)	663,688
Federal sources	5,510,319	6,109,378	599,059	6,790,484
Total revenue	<u>10,020,624</u>	<u>10,441,940</u>	<u>421,316</u>	<u>12,875,401</u>
Expenditures				
Current				
Salaries	4,715,952	4,616,433	(99,519)	4,208,459
Employee benefits	1,447,463	1,419,220	(28,243)	1,243,121
Purchased services	649,775	473,611	(176,164)	1,156,597
Supplies and materials	4,347,008	5,121,186	774,178	5,281,629
Other expenditures	121,000	126,230	5,230	10,641
Capital outlay	330,000	359,899	29,899	264,958
Total expenditures	<u>11,611,198</u>	<u>12,116,579</u>	<u>505,381</u>	<u>12,165,405</u>
Net change in fund balances	<u>\$ (1,590,574)</u>	<u>(1,674,639)</u>	<u>\$ (84,065)</u>	<u>709,996</u>
Fund balances				
Beginning of year		<u>5,073,936</u>		<u>4,363,940</u>
End of year		<u>\$ 3,399,297</u>		<u>\$ 5,073,936</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 3,324,429	\$ 4,332,361
Receivables		
Current taxes	1,531,513	1,444,883
Delinquent taxes	20,195	15,652
Accounts and interest	36,097	184,964
Due from other governmental units	<u>598,749</u>	<u>564,590</u>
Total assets	<u><u>\$ 5,510,983</u></u>	<u><u>\$ 6,542,450</u></u>
Liabilities		
Salaries payable	\$ 246,118	\$ 449,046
Accounts and contracts payable	<u>119,984</u>	<u>145,013</u>
Total liabilities	366,102	594,059
Deferred inflows of resources		
Property taxes levied for subsequent year	2,993,322	2,919,952
Unavailable revenue – delinquent taxes	<u>19,217</u>	<u>27,390</u>
Total deferred inflows of resources	3,012,539	2,947,342
Fund balances		
Restricted for community education programs	49,420	426,458
Restricted for early childhood family education programs	1,376,612	1,410,474
Restricted for school readiness	701,689	1,159,496
Restricted for adult basic education	<u>4,621</u>	<u>4,621</u>
Total fund balances	<u><u>2,132,342</u></u>	<u><u>3,001,049</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 5,510,983</u></u>	<u><u>\$ 6,542,450</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,954,904	\$ 2,972,809	\$ 17,905	\$ 2,735,653
Investment earnings	65,000	59,006	(5,994)	110,852
Other – primarily tuition and fees	8,983,654	9,105,794	122,140	12,010,743
State sources	4,471,339	4,396,661	(74,678)	4,323,102
Federal sources	151,785	151,626	(159)	599,560
Total revenue	16,626,682	16,685,896	59,214	19,779,910
Expenditures				
Current				
Salaries	11,181,881	11,340,539	158,658	11,561,963
Employee benefits	3,699,764	3,580,505	(119,259)	3,593,826
Purchased services	2,565,941	2,638,454	72,513	3,318,171
Supplies and materials	824,133	810,266	(13,867)	1,130,809
Other expenditures	38,240	43,396	5,156	64,281
Capital outlay	273,879	191,443	(82,436)	68,549
Total expenditures	18,583,838	18,604,603	20,765	19,737,599
Excess (deficiency) of revenue over expenditures	(1,957,156)	(1,918,707)	38,449	42,311
Other financing sources				
Transfers in	1,050,000	1,050,000	–	–
Net change in fund balances	\$ (907,156)	(868,707)	\$ 38,449	42,311
Fund balances				
Beginning of year		3,001,049		2,958,738
End of year		\$ 2,132,342		\$ 3,001,049

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020	2019
Assets		
Cash and temporary investments	\$ 109,057,047	\$ 99,595,326
Receivables		
Current taxes	37,989,454	37,840,193
Delinquent taxes	540,389	425,289
Accounts and interest	1,208,772	1,740,253
Due from other governmental units	21,299,619	23,598,465
Inventory	423,150	427,061
Prepaid items	100,428	—
Total assets	<u>\$ 170,618,859</u>	<u>\$ 163,626,587</u>
Liabilities		
Salaries payable	\$ 243,096	\$ 224,217
Accounts and contracts payable	2,333,324	2,717,579
Due to other governmental units	1,214,353	837,677
Total liabilities	<u>3,790,773</u>	<u>3,779,473</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	69,721,358	71,946,356
Unavailable revenue – delinquent taxes	514,755	728,370
Total deferred inflows of resources	<u>70,236,113</u>	<u>72,674,726</u>
Fund balances (deficits)		
Nonspendable for inventory	423,150	427,061
Nonspendable for prepaid items	100,428	—
Restricted for operating capital	8,157,746	9,521,802
Restricted for student activities	325,537	—
Restricted for gifted and talented	94,972	123,309
Restricted for achievement and integration	244,689	—
Restricted for safe schools crime levy	405,084	—
Restricted for basic skills extended time programs	762,509	278,125
Restricted for Medical Assistance	749,580	977,664
Assigned for subsequent year budget	3,926,582	825,755
Unassigned – safe schools crime levy restricted account deficit	—	(14,081)
Unassigned – long-term facilities maintenance restricted account deficit	(294,564)	(695,873)
Unassigned	81,696,260	75,728,626
Total fund balances	<u>96,591,973</u>	<u>87,172,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 170,618,859</u>	<u>\$ 163,626,587</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020		2019
	Budget	Actual	Over (Under) Budget
			Actual
Revenue			
Local sources			
Property taxes	\$ 75,901,822	\$ 77,283,444	\$ 1,381,622
Investment earnings	1,840,000	1,864,278	24,278
Other	4,875,393	4,228,608	(646,785)
State sources	217,760,881	218,558,741	797,860
Federal sources	11,117,699	9,630,449	(1,487,250)
Total revenue	311,495,795	311,565,520	69,725
Expenditures			
Current			
Administration			
Salaries	8,693,232	8,719,374	26,142
Employee benefits	2,824,500	2,850,685	26,185
Purchased services	292,244	239,148	(53,096)
Supplies and materials	77,729	106,598	28,869
Other expenditures	351,357	129,504	(221,853)
Total administration	12,239,062	12,045,309	(193,753)
District support services			
Salaries	5,548,623	5,206,222	(342,401)
Employee benefits	1,843,251	1,852,564	9,313
Purchased services	356,456	(613,567)	(970,023)
Supplies and materials	1,504,735	1,338,694	(166,041)
Capital expenditures	128,064	59,995	(68,069)
Other expenditures	(237,957)	(212,729)	25,228
Total district support services	9,143,172	7,631,179	(1,511,993)
Elementary and secondary regular instruction			
Salaries	100,125,732	98,166,730	(1,959,002)
Employee benefits	35,915,429	36,063,521	148,092
Purchased services	5,714,063	4,535,367	(1,178,696)
Supplies and materials	4,061,786	3,064,905	(996,881)
Capital expenditures	932,434	871,401	(61,033)
Other expenditures	1,190,314	1,287,997	97,683
Total elementary and secondary regular instruction	147,939,758	143,989,921	(3,949,837)

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,358,058	2,341,269	(16,789)	2,335,091
Employee benefits	895,160	905,477	10,317	898,507
Purchased services	479,535	372,418	(107,117)	427,384
Supplies and materials	234,415	168,141	(66,274)	170,557
Capital expenditures	58,275	101,161	42,886	75,792
Other expenditures	200	—	(200)	—
Total vocational education instruction	4,025,643	3,888,466	(137,177)	3,907,331
Special education instruction				
Salaries	35,385,243	34,862,856	(522,387)	33,784,837
Employee benefits	13,521,427	13,558,479	37,052	12,972,751
Purchased services	6,766,407	5,956,155	(810,252)	3,942,942
Supplies and materials	487,921	380,284	(107,637)	343,601
Capital expenditures	94,522	119,799	25,277	70,004
Other expenditures	339,752	281,669	(58,083)	393,706
Total special education instruction	56,595,272	55,159,242	(1,436,030)	51,507,841
Instructional support services				
Salaries	13,725,535	12,884,973	(840,562)	12,298,526
Employee benefits	4,572,439	4,383,552	(188,887)	4,090,981
Purchased services	1,605,985	1,139,206	(466,779)	1,380,779
Supplies and materials	3,740,050	3,197,427	(542,623)	2,494,308
Capital expenditures	84,475	1,422,271	1,337,796	5,917,301
Other expenditures	52,838	24,278	(28,560)	18,450
Total instructional support services	23,781,322	23,051,707	(729,615)	26,200,345
Pupil support services				
Salaries	5,855,708	5,570,799	(284,909)	5,544,111
Employee benefits	2,359,254	2,324,025	(35,229)	2,283,918
Purchased services	17,272,574	17,042,548	(230,026)	16,371,263
Supplies and materials	137,833	92,016	(45,817)	105,536
Capital expenditures	58,372	29,323	(29,049)	15,236
Other expenditures	950	1,467	517	58,780
Total pupil support services	25,684,691	25,060,178	(624,513)	24,378,844

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	7,843,713	8,161,663	317,950	8,257,954
Employee benefits	3,433,381	3,817,944	384,563	3,634,179
Purchased services	5,309,365	4,195,486	(1,113,879)	4,708,049
Supplies and materials	2,677,615	2,066,019	(611,596)	2,288,233
Capital expenditures	10,804,107	8,795,470	(2,008,637)	11,173,284
Other expenditures	40,600	51,534	10,934	22,056
Total sites and buildings	30,108,781	27,088,116	(3,020,665)	30,083,755
Fiscal and other fixed cost programs				
Purchased services	577,500	573,444	(4,056)	478,592
Other expenditures	5,000	5,350	350	—
Total fiscal and other fixed cost programs	582,500	578,794	(3,706)	478,592
Debt service				
Principal	3,791,391	3,791,339	(52)	3,852,872
Interest and fiscal charges	535,370	535,370	—	444,950
Total debt service	4,326,761	4,326,709	(52)	4,297,822
Total expenditures	314,426,962	302,819,621	(11,607,341)	304,248,306
Excess (deficiency) of revenue over expenditures	(2,931,167)	8,745,899	11,677,066	(3,728,210)
Other financing sources (uses)				
Sale of assets	—	—	—	199,685
Capital leases issued	—	1,299,565	1,299,565	7,465,535
Transfers (out)	(1,050,000)	(1,050,000)	—	—
Total other financing sources (uses)	(1,050,000)	249,565	1,299,565	7,665,220
Net change in fund balances	\$ (3,981,167)	8,995,464	\$ 12,976,631	3,937,010
Fund balances				
Beginning of year, as previously reported		87,172,388		83,235,378
Change in accounting principle		424,121		—
Beginning of year, as restated		87,596,509		83,235,378
End of year		\$ 96,591,973		\$ 87,172,388

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020	2019
Assets		
Cash and temporary investments	\$ 100,805,874	\$ 90,552,368
Receivables		
Current taxes	37,989,454	37,840,193
Delinquent taxes	540,389	425,289
Accounts and interest	1,204,943	1,669,462
Due from other governmental units	21,213,331	23,271,874
Inventory	312,628	295,095
Prepaid items	100,428	—
Total assets	<u>\$ 162,167,047</u>	<u>\$ 154,054,281</u>
Liabilities		
Salaries payable	\$ 229,096	\$ 217,570
Accounts and contracts payable	1,869,216	2,121,224
Due to other governmental units	1,214,353	826,268
Total liabilities	<u>3,312,665</u>	<u>3,165,062</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	69,721,358	71,946,356
Unavailable revenue – delinquent taxes	514,755	728,370
Total deferred inflows of resources	<u>70,236,113</u>	<u>72,674,726</u>
Fund balances (deficits)		
Nonspendable for inventory	312,628	295,095
Nonspendable for prepaid items	100,428	—
Restricted for student activities	325,537	—
Restricted for gifted and talented	94,972	123,309
Restricted for achievement and integration	244,689	—
Restricted for safe schools crime levy	405,084	—
Restricted for basic skills extended day program	762,509	278,125
Restricted for Medical Assistance	749,580	977,664
Assigned for subsequent year budget	3,926,582	825,755
Unassigned – safe schools crime levy restricted account deficit	—	(14,081)
Unassigned	81,696,260	75,728,626
Total fund balances	<u>88,618,269</u>	<u>78,214,493</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 162,167,047</u>	<u>\$ 154,054,281</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 63,680,782	\$ 64,852,735	\$ 1,171,953	\$ 57,035,680
Investment earnings	1,800,000	1,827,338	27,338	2,146,871
Other	4,700,393	4,040,169	(660,224)	5,131,580
State sources	208,983,987	209,126,204	142,217	204,292,523
Federal sources	11,117,699	9,630,449	(1,487,250)	9,408,631
Total revenue	290,282,861	289,476,895	(805,966)	278,015,285
Expenditures				
Current				
Administration				
Salaries	8,693,232	8,719,374	26,142	8,449,995
Employee benefits	2,824,500	2,850,685	26,185	2,699,177
Purchased services	292,244	239,148	(53,096)	143,332
Supplies and materials	77,729	106,598	28,869	95,539
Other expenditures	351,357	129,504	(221,853)	190,971
Total administration	12,239,062	12,045,309	(193,753)	11,579,014
District support services				
Salaries	5,548,623	5,206,222	(342,401)	4,947,621
Employee benefits	1,843,251	1,852,564	9,313	1,759,786
Purchased services	335,356	(627,631)	(962,987)	(662,422)
Supplies and materials	340,337	163,081	(177,256)	168,920
Capital expenditures	41,051	1,666	(39,385)	41,539
Other expenditures	(237,957)	(212,729)	25,228	(228,527)
Total district support services	7,870,661	6,383,173	(1,487,488)	6,026,917
Elementary and secondary regular instruction				
Salaries	100,125,732	98,166,730	(1,959,002)	97,568,470
Employee benefits	35,915,429	36,063,521	148,092	34,938,561
Purchased services	5,714,063	4,535,367	(1,178,696)	5,636,902
Supplies and materials	3,152,336	2,466,783	(685,553)	2,714,605
Capital expenditures	150,983	88,453	(62,530)	182,740
Other expenditures	1,190,314	1,287,997	97,683	1,599,913
Total elementary and secondary regular instruction	146,248,857	142,608,851	(3,640,006)	142,641,191

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,358,058	2,341,269	(16,789)	2,335,091
Employee benefits	895,160	905,477	10,317	898,507
Purchased services	479,535	372,418	(107,117)	427,384
Supplies and materials	132,915	130,828	(2,087)	135,615
Capital expenditures	3,275	25,226	21,951	1,904
Other expenditures	200	—	(200)	—
Total vocational education instruction	3,869,143	3,775,218	(93,925)	3,798,501
Special education instruction				
Salaries	35,385,243	34,862,856	(522,387)	33,784,837
Employee benefits	13,521,427	13,558,479	37,052	12,972,751
Purchased services	6,766,407	5,956,155	(810,252)	3,942,942
Supplies and materials	477,370	379,333	(98,037)	342,692
Capital expenditures	83,570	110,649	27,079	67,935
Other expenditures	339,752	281,669	(58,083)	393,706
Total special education instruction	56,573,769	55,149,141	(1,424,628)	51,504,863
Instructional support services				
Salaries	12,058,180	11,301,710	(756,470)	10,661,689
Employee benefits	3,991,409	3,843,414	(147,995)	3,525,802
Purchased services	1,530,985	1,112,142	(418,843)	1,325,642
Supplies and materials	1,158,991	761,769	(397,222)	765,758
Capital expenditures	27,778	71,683	43,905	41,491
Other expenditures	52,838	24,278	(28,560)	18,450
Total instructional support services	18,820,181	17,114,996	(1,705,185)	16,338,832
Pupil support services				
Salaries	5,855,708	5,570,799	(284,909)	5,544,111
Employee benefits	2,359,254	2,324,025	(35,229)	2,283,918
Purchased services	17,272,574	17,042,548	(230,026)	16,371,263
Supplies and materials	137,833	92,016	(45,817)	105,536
Capital expenditures	—	—	—	593
Other expenditures	950	1,467	517	58,780
Total pupil support services	25,626,319	25,030,855	(595,464)	24,364,201

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	7,843,713	7,347,804	(495,909)	7,454,030
Employee benefits	3,433,381	3,454,519	21,138	3,294,604
Purchased services	3,668,640	2,743,943	(924,697)	3,150,858
Supplies and materials	2,604,965	1,910,340	(694,625)	2,188,864
Capital expenditures	704,828	303,872	(400,956)	30,363
Other expenditures	600	425	(175)	355
Total sites and buildings	18,256,127	15,760,903	(2,495,224)	16,119,074
Fiscal and other fixed cost programs				
Purchased services	577,500	573,444	(4,056)	478,592
Other expenditures	5,000	5,350	350	—
Total fiscal and other fixed cost programs	582,500	578,794	(3,706)	478,592
Total expenditures	290,086,619	278,447,240	(11,639,379)	272,851,185
Excess of revenue over expenditures	196,242	11,029,655	10,833,413	5,164,100
Other financing (uses)				
Transfer out	(1,050,000)	(1,050,000)	—	—
Net change in fund balances	<u>\$ (853,758)</u>	9,979,655	<u>\$ 10,833,413</u>	5,164,100
Fund balances				
Beginning of year, as previously reported		78,214,493		73,050,393
Change in accounting principle		424,121		—
Beginning of year, as restated		<u>78,638,614</u>		<u>73,050,393</u>
End of year		<u>\$ 88,618,269</u>		<u>\$ 78,214,493</u>

OSSEO AREA SCHOOLS

ISD  279

Our Mission

**is to inspire and prepare all students
with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
Comparative Balance Sheet
as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 8,251,173	\$ 9,042,958
Receivables		
Accounts and interest	3,829	70,791
Due from other governmental units	86,288	326,591
Inventory	<u>110,522</u>	<u>131,966</u>
Total assets	<u><u>\$ 8,451,812</u></u>	<u><u>\$ 9,572,306</u></u>
Liabilities		
Salaries payable	\$ 14,000	\$ 6,647
Accounts and contracts payable	464,108	596,355
Due to other governmental units	<u>—</u>	<u>11,409</u>
Total liabilities	<u>478,108</u>	<u>614,411</u>
Fund balances (deficits)		
Nonspendable for inventory	110,522	131,966
Restricted for operating capital	8,157,746	9,521,802
Unassigned – long-term facilities maintenance restricted account deficit	<u>(294,564)</u>	<u>(695,873)</u>
Total fund balances	<u>7,973,704</u>	<u>8,957,895</u>
Total liabilities and fund balances	<u><u>\$ 8,451,812</u></u>	<u><u>\$ 9,572,306</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 12,221,040	\$ 12,430,709	\$ 209,669	\$ 12,706,282
Investment earnings	40,000	36,940	(3,060)	114,030
Other	175,000	188,439	13,439	1,280,412
State sources	8,776,894	9,432,537	655,643	8,404,087
Total revenue	21,212,934	22,088,625	875,691	22,504,811
Expenditures				
Current				
District support services				
Salaries	—	—	—	81,890
Employee benefits	—	—	—	21,989
Purchased services	21,100	14,064	(7,036)	21,095
Supplies and materials	1,164,398	1,175,613	11,215	882,460
Capital expenditures	87,013	58,329	(28,684)	87,903
Total district support services	1,272,511	1,248,006	(24,505)	1,095,337
Elementary and secondary regular instruction				
Supplies and materials	909,450	598,122	(311,328)	1,458,383
Capital expenditures	781,451	782,948	1,497	592,934
Total elementary and secondary regular instruction	1,690,901	1,381,070	(309,831)	2,051,317
Vocational education instruction				
Supplies and materials	101,500	37,313	(64,187)	34,942
Capital expenditures	55,000	75,935	20,935	73,888
Total vocational education services	156,500	113,248	(43,252)	108,830
Special education instruction				
Supplies and materials	10,551	951	(9,600)	909
Capital expenditures	10,952	9,150	(1,802)	2,069
Total special education instruction	21,503	10,101	(11,402)	2,978

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Instructional support services				
Salaries	1,667,355	1,583,263	(84,092)	1,636,837
Employee benefits	581,030	540,138	(40,892)	565,179
Purchased services	75,000	27,064	(47,936)	55,137
Supplies and materials	2,581,059	2,435,658	(145,401)	1,728,550
Capital expenditures	56,697	1,350,588	1,293,891	5,875,810
Total instructional support services	4,961,141	5,936,711	975,570	9,861,513
Pupil support services				
Capital expenditures	58,372	29,323	(29,049)	14,643
Sites and buildings				
Salaries	–	813,859	813,859	803,924
Employee benefits	–	363,425	363,425	339,575
Purchased services	1,640,725	1,451,543	(189,182)	1,557,191
Supplies and materials	72,650	155,679	83,029	99,369
Capital expenditures	10,099,279	8,491,598	(1,607,681)	11,142,921
Other expenditures	40,000	51,109	11,109	21,701
Total sites and buildings	11,852,654	11,327,213	(525,441)	13,964,681
Debt service				
Principal	3,791,391	3,791,339	(52)	3,852,872
Interest and fiscal charges	535,370	535,370	–	444,950
Total debt service	4,326,761	4,326,709	(52)	4,297,822
Total expenditures	24,340,343	24,372,381	32,038	31,397,121
Excess (deficiency) of revenue over expenditures	(3,127,409)	(2,283,756)	843,653	(8,892,310)
Other financing sources				
Sale of assets	–	–	–	199,685
Capital leases issued	–	1,299,565	1,299,565	7,465,535
Total other financing sources	–	1,299,565	1,299,565	7,665,220
Net change in fund balances	\$ (3,127,409)	(984,191)	\$ 2,143,218	(1,227,090)
Fund balances				
Beginning of year		8,957,895		10,184,985
End of year		\$ 7,973,704		\$ 8,957,895

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 19,632,111	\$ 41,878,374
Receivables		
Accounts and interest	<u>663,136</u>	<u>533,459</u>
Total assets	<u><u>\$ 20,295,247</u></u>	<u><u>\$ 42,411,833</u></u>
Liabilities		
Accounts and contracts payable	\$ 6,086,121	\$ 3,785,726
Fund balances		
Restricted for building projects funded by certificates of participation	961	597
Restricted for long-term facilities maintenance	14,196,844	38,511,347
Restricted for building projects funded by capital notes	<u>11,321</u>	<u>114,163</u>
Total fund balances	<u><u>14,209,126</u></u>	<u><u>38,626,107</u></u>
Total liabilities and fund balances	<u><u>\$ 20,295,247</u></u>	<u><u>\$ 42,411,833</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
 Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Local sources		
Investment earnings	\$ 660,548	\$ 815,001
Expenditures		
Capital outlay		
Salaries	–	1,635
Employee benefits	–	253
Capital expenditures	<u>25,077,529</u>	<u>18,133,173</u>
Total capital outlay	<u>25,077,529</u>	<u>18,135,061</u>
Debt service		
Interest and fiscal charges	<u>–</u>	<u>134,292</u>
Total expenditures	<u>25,077,529</u>	<u>18,269,353</u>
Excess (deficiency) of revenue over expenditures	(24,416,981)	(17,454,352)
Other financing sources (uses)		
Debt issued	–	43,340,000
(Discourt) on debt issued	<u>–</u>	<u>(244,666)</u>
Total other financing sources (uses)	<u>–</u>	<u>43,095,334</u>
Net change in fund balances	(24,416,981)	25,640,982
Fund balances		
Beginning of year	<u>38,626,107</u>	<u>12,985,125</u>
End of year	<u><u>\$ 14,209,126</u></u>	<u><u>\$ 38,626,107</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Totals	
			2020	2019
Assets				
Cash and temporary investments	\$ 12,720,785	\$ 1,889,020	\$ 14,609,805	\$ 16,073,130
Receivables				
Current taxes	10,371,970	1,341,503	11,713,473	9,985,771
Delinquent taxes	124,761	21,082	145,843	118,039
Due from other governmental units	72,743	11	72,754	47,811
Total assets	<u>\$ 23,290,259</u>	<u>\$ 3,251,616</u>	<u>\$ 26,541,875</u>	<u>\$ 26,224,751</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 20,271,403	\$ 2,622,027	\$ 22,893,430	\$ 20,180,265
Unavailable revenue – delinquent taxes	118,957	20,121	139,078	202,484
Total deferred inflows of resources	<u>20,390,360</u>	<u>2,642,148</u>	<u>23,032,508</u>	<u>20,382,749</u>
Fund balances				
Restricted for general debt service	2,899,899	–	2,899,899	5,262,943
Restricted for OPEB bonds debt service	–	609,468	609,468	579,059
Total fund balances	<u>2,899,899</u>	<u>609,468</u>	<u>3,509,367</u>	<u>5,842,002</u>
Total deferred inflows of resources and fund balances	<u>\$ 23,290,259</u>	<u>\$ 3,251,616</u>	<u>\$ 26,541,875</u>	<u>\$ 26,224,751</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Total	
			2020	2019
Revenue				
Local sources				
Property taxes	\$ 17,227,277	\$ 2,845,164	\$ 20,072,441	\$ 19,273,243
Investment earnings	142,707	30,097	172,804	361,411
State sources	727,449	96	727,545	481,515
Total revenue	18,097,433	2,875,357	20,972,790	20,116,169
Expenditures				
Debt service				
Principal	14,130,000	2,570,000	16,700,000	13,950,000
Interest and fiscal agent fees	6,330,477	274,948	6,605,425	5,363,395
Total expenditures	20,460,477	2,844,948	23,305,425	19,313,395
Excess (deficiency) of revenue over expenditures	(2,363,044)	30,409	(2,332,635)	802,774
Other financing sources (uses)				
Debt issued	—	—	—	16,070,000
Premium (discount) on debt issued	—	—	—	2,544,982
Debt retirement from refunding bonds	—	—	—	(30,165,000)
Total other financing sources (uses)	—	—	—	(11,550,018)
Net change in fund balances	(2,363,044)	30,409	(2,332,635)	(10,747,244)
Fund balances				
Beginning of year	5,262,943	579,059	5,842,002	16,589,246
End of year	\$ 2,899,899	\$ 609,468	\$ 3,509,367	\$ 5,842,002

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 17,146,369	\$ 17,227,277	\$ 80,908	\$ 16,403,331
Investment earnings	250,000	142,707	(107,293)	323,843
State sources	724,923	727,449	2,526	481,366
Total revenue	18,121,292	18,097,433	(23,859)	17,208,540
Expenditures				
Debt service				
Principal retirement	14,130,000	14,130,000	—	11,675,000
Interest and fiscal agent fees	6,453,348	6,330,477	(122,871)	4,728,794
Total expenditures	20,583,348	20,460,477	(122,871)	16,403,794
Excess (deficiency) of revenue over expenditures	(2,462,056)	(2,363,044)	99,012	804,746
Other financing sources (uses)				
Premium on debt issuance	—	—	—	2,553,430
Debt issued	—	—	—	8,390,000
Payments on bond refunding	—	—	—	(22,505,000)
Total other financing sources (uses)	—	—	—	(11,561,570)
Net change in fund balances	\$ (2,462,056)	(2,363,044)	\$ 99,012	(10,756,824)
Fund balances				
Beginning of year		5,262,943		16,019,767
End of year		\$ 2,899,899		\$ 5,262,943

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Bonds Debt Service Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2020
 (With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 2,842,181	\$ 2,845,164	\$ 2,983	\$ 2,869,912
Investment earnings	30,000	30,097	97	37,568
State sources	96	96	—	149
Total revenue	<u>2,872,277</u>	<u>2,875,357</u>	<u>3,080</u>	<u>2,907,629</u>
Expenditures				
Debt service				
Principal retirement	2,570,000	2,570,000	—	2,275,000
Interest and fiscal agent fees	<u>275,474</u>	<u>274,948</u>	<u>(526)</u>	<u>634,601</u>
Total expenditures	<u>2,845,474</u>	<u>2,844,948</u>	<u>(526)</u>	<u>2,909,601</u>
Excess (deficiency) of revenue over expenditures	26,803	30,409	3,606	(1,972)
Other financing sources (uses)				
Discount on debt issued	—	—	—	(8,448)
Debt issued	—	—	—	7,680,000
Payments on bond refunding	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,660,000)</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,552</u>
Net change in fund balances	<u>\$ 26,803</u>	30,409	<u>\$ 3,606</u>	9,580
Fund balances				
Beginning of year		<u>579,059</u>		<u>569,479</u>
End of year		<u>\$ 609,468</u>		<u>\$ 579,059</u>

OSSEO AREA SCHOOLS

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INTERNAL SERVICE FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Assets			
Current assets			
Cash and temporary investments	\$ 603,337	\$ 1,344,087	\$ 9,035,668
Cash and investments held by trustee	—	—	—
Accounts and interest receivable	33,426	13,573	—
Total assets	636,763	1,357,660	9,035,668
Deferred outflow of resources			
OPEB plan deferments	—	—	—
Liabilities			
Current liabilities			
Accounts and contracts payable	128,987	400,000	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	916,518
Long-term liabilities			
Total OPEB obligation	—	—	—
Post-employment severance benefits payable	—	—	5,467,801
Total liabilities	128,987	400,000	6,384,319
Deferred inflows of resources			
OPEB plan deferments	—	—	—
Net position			
Restricted for employee benefits	—	—	—
Unrestricted	507,776	957,660	2,651,349
Total net position	\$ 507,776	\$ 957,660	\$ 2,651,349

Post-Employment Benefits Revocable Trust	Totals	
	2020	2019
\$ —	\$ 10,983,092	\$ 11,470,581
26,230,179	26,230,179	24,906,975
224,957	271,956	248,415
<u>26,455,136</u>	<u>37,485,227</u>	<u>36,625,971</u>
1,099,848	1,099,848	803,405
—	528,987	462,831
838,224	838,224	803,405
—	916,518	1,287,749
14,173,201	14,173,201	14,584,644
—	5,467,801	5,837,882
<u>15,011,425</u>	<u>21,924,731</u>	<u>22,976,511</u>
<u>3,188,890</u>	<u>3,188,890</u>	<u>3,768,438</u>
9,354,669	9,354,669	6,766,228
—	4,116,785	3,918,199
<u>\$ 9,354,669</u>	<u>\$ 13,471,454</u>	<u>\$ 10,684,427</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Retirement Incentive Pay</u>
Operating revenue			
Contributions from governmental funds	\$ 1,802,814	\$ 5,663,012	\$ —
Operating expenses			
Dental benefit claims	1,654,867	—	—
Medical benefit claims	—	5,306,032	—
Post-employment severance benefits	—	—	477,946
OPEB	—	—	—
Total operating expenses	<u>1,654,867</u>	<u>5,306,032</u>	<u>477,946</u>
Operating income (loss)	147,947	356,980	(477,946)
Nonoperating revenue			
Investment earnings	<u>2,903</u>	<u>7,982</u>	<u>160,720</u>
Change in net position	150,850	364,962	(317,226)
Net position			
Beginning of year	<u>356,926</u>	<u>592,698</u>	<u>2,968,575</u>
End of year	<u>\$ 507,776</u>	<u>\$ 957,660</u>	<u>\$ 2,651,349</u>

Post-Employment Benefits Revocable Trust	Totals	
	2020	2019
\$ —	\$ 7,465,826	\$ 7,058,570
—	1,654,867	1,852,031
—	5,306,032	5,129,987
—	477,946	504,928
(449,211)	(449,211)	139,269
(449,211)	6,989,634	7,626,215
449,211	476,192	(567,645)
2,139,230	2,310,835	2,424,270
2,588,441	2,787,027	1,856,625
6,766,228	10,684,427	8,827,802
\$ 9,354,669	\$ 13,471,454	\$ 10,684,427

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	\$ 1,793,236	\$ 5,661,671	\$ —
Payments for dental claims	(1,688,711)	—	—
Payments for medical claims	—	(5,206,032)	—
Post-employment severance and OPEB benefit payments	—	—	(1,219,258)
Net cash flows from operating activities	104,525	455,639	(1,219,258)
Cash flows from investing activities			
Investment income received	2,903	7,982	160,720
Net change in cash and cash equivalents	107,428	463,621	(1,058,538)
Cash and cash equivalents			
Beginning of year	495,909	880,466	10,094,206
End of year	\$ 603,337	\$ 1,344,087	\$ 9,035,668
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 147,947	\$ 356,980	\$ (477,946)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts and interest receivable	(9,578)	(1,341)	—
Deferred outflow of resources	—	—	—
Accounts and contracts payable	(33,844)	100,000	—
Due to other governmental units	—	—	—
Post-employment severance benefits payable	—	—	(741,312)
Total OPEB obligation	—	—	—
Deferred inflows of resources	—	—	—
Net cash flows from operating activities	\$ 104,525	\$ 455,639	\$ (1,219,258)
Cash and cash equivalents are reported on the Statement of Net Position as follows:			
Cash and temporary investments	\$ 603,337	\$ 1,344,087	\$ 9,035,668
Cash and investments held by trustee	—	—	—
Total cash and cash equivalents	\$ 603,337	\$ 1,344,087	\$ 9,035,668

Post-Employment Benefits Revocable Trust	Totals	
	2020	2019
\$ —	\$ 7,454,907	\$ 7,057,685
—	(1,688,711)	(1,837,600)
—	(5,206,032)	(5,129,987)
(803,404)	(2,022,662)	(2,772,588)
(803,404)	(1,462,498)	(2,682,490)
2,126,608	2,298,213	2,454,111
1,323,204	835,715	(228,379)
24,906,975	36,377,556	36,605,935
<u>\$ 26,230,179</u>	<u>\$ 37,213,271</u>	<u>\$ 36,377,556</u>
\$ 449,211	\$ 476,192	\$ (567,645)
—	(10,919)	(885)
(296,443)	(296,443)	35,908
—	66,156	14,431
34,819	34,819	(35,908)
—	(741,312)	(1,428,347)
(411,443)	(411,443)	(3,960,602)
(579,548)	(579,548)	3,260,558
<u>\$ (803,404)</u>	<u>\$ (1,462,498)</u>	<u>\$ (2,682,490)</u>
\$ —	\$ 10,983,092	\$ 11,470,581
26,230,179	26,230,179	24,906,975
<u>\$ 26,230,179</u>	<u>\$ 37,213,271</u>	<u>\$ 36,377,556</u>

OSSEO AREA SCHOOLS

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FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Northwest Family Service Center	Local Collaborative Time Study	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 613,158	\$ 1,136,660	\$ 1,749,818
Liabilities			
Salaries payable	<u> —</u>	<u> 992</u>	<u> 992</u>
Net position			
Restricted for local collaborative time study	—	1,135,668	1,135,668
Restricted for Northwest Family Service Center	<u> 613,158</u>	<u> —</u>	<u> 613,158</u>
Total net position	<u><u> \$ 613,158</u></u>	<u><u> \$ 1,135,668</u></u>	<u><u> \$ 1,748,826</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds

Custodial Funds

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

	Northwest Family Service Center	Local Collaborative Time Study	Total
Additions			
Investment earnings	\$ —	\$ 21,571	\$ 21,571
Rents	281,842	—	281,842
Grants	—	305,331	305,331
Total additions	281,842	326,902	608,744
Deductions			
Elementary and secondary regular instruction			
Salaries	—	139,481	139,481
Employee benefits	—	38,668	38,668
Purchased services	—	325,184	325,184
Supplies and materials	—	4,380	4,380
Other expenditures	—	319	319
Total elementary and secondary regular instruction	—	508,032	508,032
Sites and buildings			
Purchased services	260,992	—	260,992
Supplies and materials	15,320	—	15,320
Total sites and buildings	276,312	—	276,312
Total deductions	276,312	508,032	784,344
Net change in fiduciary net position	5,530	(181,130)	(175,600)
Net position			
Beginning of year, as previously reported	—	—	—
Change in accounting principle	607,628	1,316,798	1,924,426
Beginning of year, as restated	607,628	1,316,798	1,924,426
End of year	\$ 613,158	\$ 1,135,668	\$ 1,748,826

OSSEO AREA SCHOOLS

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SECTION III

STATISTICAL

OSSEO AREA SCHOOLS

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 279 – Osseo Area 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 CAFR 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. 279

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

				Fiscal Year
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 163,464,982	\$ 168,810,854	\$ 178,183,551	\$ 188,480,399
Restricted	12,675,484	9,848,155	11,675,297	13,284,014
Unrestricted	41,346,994	44,898,462	39,882,941	45,000,285
Total governmental activities net position	<u>\$ 217,487,460</u>	<u>\$ 223,557,471</u>	<u>\$ 229,741,789</u>	<u>\$ 246,764,698</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 \$175.4 million.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$8.8 million.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by \$424,121.

2015	2016	2017	2018	2019	2020
\$ 188,563,705	\$ 193,342,167	\$ 201,669,570	\$ 209,642,657	\$ 217,683,814	\$ 233,739,330
15,826,198	15,552,674	19,153,181	19,443,331	21,207,005	17,275,589
(112,847,413)	(99,033,629)	(169,293,406)	(246,677,152)	(172,104,081)	(175,063,914)
<u>\$ 91,542,490</u>	<u>\$ 109,861,212</u>	<u>\$ 51,529,345</u>	<u>\$ (17,591,164)</u>	<u>\$ 66,786,738</u>	<u>\$ 75,951,005</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
Administration	\$ 9,889,383	\$ 10,010,161	\$ 9,302,245	\$ 9,575,101
District support services	7,939,090	7,846,332	7,707,269	7,526,010
Elementary and secondary regular instruction	117,486,457	119,863,495	120,150,495	116,638,392
Vocational education instruction	2,979,308	3,483,484	2,224,938	3,141,382
Special education instruction	45,409,052	44,724,609	46,747,032	46,401,292
Instructional support services	15,395,191	12,333,695	12,485,545	15,078,139
Pupil support services	20,512,419	20,217,797	21,507,907	21,381,700
Sites and buildings	13,423,282	15,331,085	16,097,883	16,537,008
Fiscal and other fixed cost programs	338,224	338,499	515,881	531,895
Food service	10,230,489	10,795,396	10,891,333	11,330,855
Community service	13,880,502	14,095,978	14,903,788	15,230,093
Unallocated depreciation expense (excluding amounts directly allocated)	7,320,312	7,694,060	7,908,028	7,141,723
Interest and fiscal charges on debt	8,151,200	7,214,344	5,197,263	5,198,234
Total governmental activities expenses	272,954,909	273,948,935	275,639,607	275,711,824
Program revenues				
Governmental activities				
Charges for services				
Food service	4,924,319	4,829,635	4,694,700	4,681,620
Community service	8,417,053	8,722,701	8,504,086	9,559,310
All other	4,963,175	4,196,696	2,382,531	2,084,530
Operating grants and contributions	66,466,389	62,160,093	61,361,045	66,776,775
Capital grants and contributions	7,589,202	7,521,842	8,016,685	8,295,544
Total governmental activities program revenues	92,360,138	87,430,967	84,959,047	91,397,779
Net (expense) revenue	(180,594,771)	(186,517,968)	(190,680,560)	(184,314,045)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	63,920,940	44,688,424	48,214,311	48,483,768
Property taxes, levied for community service	2,648,450	1,835,225	1,888,383	1,922,267
Property taxes, levied for debt service	19,827,193	19,362,076	20,440,190	20,463,285
Property taxes, levied for capital projects	2,369,678	2,700,760	2,572,515	2,631,084
General grants and aids	103,822,810	123,399,761	122,691,081	125,732,058
Other general revenues	52,094	7,514	383,238	895,594
Gain on sale of capital assets	—	—	491,389	733,095
Investment earnings	1,375,933	594,219	183,771	475,803
Total governmental activities	194,017,098	192,587,979	196,864,878	201,336,954
Change in net position	\$ 13,422,327	\$ 6,070,011	\$ 6,184,318	\$ 17,022,909

2015	2016	2017	2018	2019	2020
\$ 10,381,868	\$ 10,818,228	\$ 11,001,338	\$ 11,514,189	\$ 11,579,014	\$ 12,045,309
7,703,891	8,179,156	8,567,156	9,685,524	9,161,865	9,664,778
129,757,253	132,739,729	199,497,344	201,729,524	96,467,422	156,972,364
2,577,175	3,382,640	3,512,275	3,877,502	3,896,875	3,816,686
44,261,176	47,918,552	63,245,199	63,405,079	37,278,468	58,331,647
18,218,530	19,542,885	19,301,766	19,776,626	20,153,137	21,783,939
21,213,677	20,057,132	21,774,370	23,150,650	24,378,844	25,046,915
17,371,714	18,587,008	20,886,238	24,049,266	26,923,739	21,518,505
607,963	529,352	501,639	437,569	478,592	578,794
11,239,240	12,207,490	12,579,723	12,641,891	11,725,300	11,787,601
14,421,741	16,419,921	19,965,214	20,570,178	17,988,019	18,797,900
7,290,078	7,814,428	8,015,144	8,217,000	8,572,041	9,336,423
5,557,629	4,063,175	4,456,962	4,678,075	4,273,134	3,931,328
290,601,935	302,259,696	393,304,368	403,733,073	272,876,450	353,612,189
4,554,115	5,018,871	5,324,443	5,426,342	5,311,834	3,778,743
8,675,018	9,518,778	9,954,275	10,433,494	10,655,483	8,177,105
2,357,602	2,101,396	2,240,416	2,173,310	1,885,473	1,522,171
67,178,824	69,859,744	70,475,866	71,983,248	94,288,399	89,989,964
8,343,272	8,831,507	8,419,910	8,401,701	9,709,050	9,463,840
91,108,831	95,330,296	96,414,910	98,418,095	121,850,239	112,931,823
(199,493,104)	(206,929,400)	(296,889,458)	(305,314,978)	(151,026,211)	(240,680,366)
58,867,528	61,342,344	64,372,997	69,614,963	70,139,704	77,069,829
1,917,363	1,998,320	2,435,152	2,584,830	2,751,535	2,964,636
17,940,548	17,810,240	17,843,905	18,036,264	19,383,439	20,009,035
2,622,943	2,622,943	—	—	—	—
136,917,820	138,867,011	150,549,947	150,314,612	135,755,407	143,538,316
968,988	1,302,473	1,212,290	1,837,047	1,097,917	694,465
—	—	—	—	199,685	—
465,137	1,304,791	2,143,300	2,669,993	6,076,426	5,144,231
219,700,327	225,248,122	238,557,591	245,057,709	235,404,113	249,420,512
\$ 20,207,223	\$ 18,318,722	\$ (58,331,867)	\$ (60,257,269)	\$ 84,377,902	\$ 8,740,146

INDEPENDENT SCHOOL DISTRICT NO. 279

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable				
Operating Account	\$ 2,065,648	\$ 465,537	\$ 333,685	\$ 397,467
Capital Expenditure Account	153,481	35,742	20,751	14,354
Restricted				
Operating Account	237,001	53,938	102,612	131,241
Capital Expenditure Account	7,330,000	4,911,656	7,094,538	8,386,025
Assigned	7,994,876	8,861,190	1,865,912	–
Unassigned				
Operating Account	38,222,696	37,962,599	38,579,402	43,436,563
Capital Expenditure Account	(564,624)	(682,984)	(765,889)	(590,612)
Total General Fund	<u>\$ 55,439,078</u>	<u>\$ 51,607,678</u>	<u>\$ 47,231,011</u>	<u>\$ 51,775,038</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ 465,278	\$ 408,864	\$ 437,871	\$ 16,823
Capital Projects – Building Construction Fund	25,359	–	–	–
Restricted				
Special revenue funds	5,237,015	5,201,069	4,785,089	4,919,497
Capital Projects – Building Construction Fund	9,821,424	5,253,567	7,575,525	3,648,964
Debt Service Fund	43,716,229	3,753,106	3,847,570	3,813,947
Unassigned, reported in				
Special revenue funds	(64,332)	(70,745)	(2,795)	–
Total all other governmental funds	<u>\$ 59,200,973</u>	<u>\$ 14,545,861</u>	<u>\$ 16,643,260</u>	<u>\$ 12,399,231</u>
Unassigned – Operating Account as a percentage of General Fund Operating Account expenditures	<u>17.3%</u>	<u>16.9%</u>	<u>16.7%</u>	<u>18.9%</u>

Note: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased the General Fund Unassigned – Operating Account fund balance by \$424,121.

2015	2016	2017	2018	2019	2020
\$ 349,941	\$ 347,972	\$ 257,014	\$ 292,548	\$ 295,095	\$ 413,056
10,794	41,908	40,940	84,682	131,966	110,522
183,529	141,786	1,587,675	1,177,620	1,379,098	2,582,371
9,054,720	8,890,846	9,051,446	10,237,338	9,521,802	8,157,746
—	3,628,175	4,258,291	3,634,947	825,755	3,926,582
55,738,741	63,161,707	63,266,128	67,945,278	75,714,545	81,696,260
(482,773)	(433,430)	(35,548)	(137,035)	(695,873)	(294,564)
<u>\$ 64,854,952</u>	<u>\$ 75,778,964</u>	<u>\$ 78,425,946</u>	<u>\$ 83,235,378</u>	<u>\$ 87,172,388</u>	<u>\$ 96,591,973</u>
\$ 12,779	\$ 8,553	\$ 2,575	\$ 1,934	\$ 131,065	\$ 184,505
—	—	—	—	—	—
5,269,738	5,594,482	6,745,866	7,320,744	7,943,920	5,347,134
15,393,620	4,952,256	43,249,779	12,985,125	38,626,107	14,209,126
51,033,469	2,951,458	4,105,000	16,589,246	5,842,002	3,509,367
—	—	—	—	—	—
<u>\$ 71,709,606</u>	<u>\$ 13,506,749</u>	<u>\$ 54,103,220</u>	<u>\$ 36,897,049</u>	<u>\$ 52,543,094</u>	<u>\$ 23,250,132</u>
<u>23.5%</u>	<u>25.8%</u>	<u>24.7%</u>	<u>25.7%</u>	<u>27.8%</u>	<u>29.3%</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

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

				Fiscal Year
	2011	2012	2013	2014
Revenues				
Local sources				
Taxes	\$ 88,854,246	\$ 68,998,755	\$ 73,229,773	\$ 52,139,640
Investment earnings	951,880	242,195	79,081	122,297
Other	21,475,142	21,287,557	19,433,552	20,774,516
State sources	153,387,645	172,738,587	173,713,412	203,939,595
Federal sources	21,357,251	16,812,098	14,886,402	15,145,733
Total revenues	286,026,164	280,079,192	281,342,220	292,121,781
Expenditures				
Current				
Administration	9,887,474	10,010,161	9,302,245	9,575,101
District support services	5,925,326	5,738,350	5,628,062	5,437,320
Elementary and secondary regular instruction	115,476,010	121,086,618	121,609,632	118,710,180
Vocational education instruction	2,983,259	3,518,848	2,222,082	3,138,526
Special education instruction	45,407,700	44,716,402	46,755,363	46,402,897
Instructional support services	15,591,201	12,364,771	12,502,018	15,006,315
Pupil support services	20,510,806	20,217,797	21,507,907	21,381,700
Sites and buildings	19,803,684	17,436,926	19,041,698	18,914,056
Fiscal and other fixed cost programs	338,224	338,499	515,881	531,895
Food service	9,987,972	10,517,361	10,634,472	11,127,023
Community service	13,762,170	13,963,156	14,742,075	15,201,013
Capital outlay	6,811,326	7,644,310	7,123,098	6,886,511
Debt service				
Principal	12,730,000	14,221,944	14,626,680	15,289,675
Interest and fiscal charges	11,320,100	9,277,293	6,881,284	6,343,571
Total expenditures	290,535,252	291,052,436	293,092,497	293,945,783
Excess (deficiency) of revenues over expenditures	(4,509,088)	(10,973,244)	(11,750,277)	(1,824,002)
Other financing sources (uses)				
Refunding bonds issued	5,775,000	—	—	—
Debt issued	8,685,000	—	6,625,000	—
Premium (discount) on debt issued	370,331	—	7,155	—
Proceeds from sale of assets	15,004	—	2,838,854	2,124,000
Debt retirement from refunding bonds	(75,415,000)	(37,895,000)	—	—
Capital leases issued	2,597,000	381,732	—	—
Transfers in	—	—	—	—
Transfers (out)	—	—	—	—
Total other financing sources (uses)	(57,972,665)	(37,513,268)	9,471,009	2,124,000
Net change in fund balances	\$ (62,481,753)	\$ (48,486,512)	\$ (2,279,268)	\$ 299,998
Debt service as a percentage of noncapital expenditures	8.7%	8.3%	7.5%	7.5%

2015	2016	2017	2018	2019	2020
\$ 81,224,509	\$ 83,812,427	\$ 84,767,898	\$ 90,260,977	\$ 91,750,858	\$ 100,328,694
169,450	348,164	974,405	1,604,857	3,652,156	2,833,396
20,092,851	21,359,596	22,410,973	22,858,261	23,739,973	17,114,579
193,878,147	198,912,577	202,174,527	209,621,427	218,164,915	224,158,572
14,660,370	15,210,620	16,625,266	17,198,842	16,798,675	15,891,453
310,025,327	319,643,384	326,953,069	341,544,364	354,106,577	360,326,694
10,381,868	10,818,228	11,001,338	11,514,189	11,579,014	12,045,309
5,622,720	6,172,803	6,460,730	6,903,161	7,122,254	7,631,179
130,841,833	133,079,885	136,536,746	141,017,874	144,692,508	143,989,921
2,573,885	3,380,229	3,509,419	3,874,646	3,907,331	3,888,466
46,296,441	48,125,942	48,194,816	49,252,014	51,507,841	55,159,242
18,270,519	19,590,144	19,265,127	19,713,175	26,200,345	23,051,707
21,259,449	20,059,076	21,774,370	23,150,650	24,378,844	25,060,178
17,581,741	19,359,537	23,465,235	26,295,190	30,083,755	27,088,116
607,963	529,352	501,639	437,569	478,592	578,794
11,232,077	12,021,733	12,142,784	12,369,060	11,900,447	11,756,680
14,465,450	16,420,852	17,937,598	18,835,328	19,669,050	18,413,160
22,990,007	13,341,882	14,429,416	30,922,886	18,468,568	25,628,871
13,293,208	16,895,743	16,908,235	17,825,824	17,802,872	20,491,339
6,032,813	6,478,143	5,519,548	6,692,091	5,942,637	7,140,795
321,449,974	326,273,549	337,647,001	368,803,657	373,734,058	381,923,757
(11,424,647)	(6,630,165)	(10,693,932)	(27,259,293)	(19,627,481)	(21,597,063)
42,075,000	—	—	—	16,070,000	—
30,685,000	—	50,745,000	12,900,000	43,340,000	—
6,295,789	—	2,232,510	687,685	2,300,316	—
—	—	—	473,993	199,685	—
—	(46,930,000)	—	—	(30,165,000)	—
4,759,147	6,281,320	959,875	800,876	7,465,535	1,299,565
—	—	—	—	—	1,050,000
—	—	—	—	—	(1,050,000)
83,814,936	(40,648,680)	53,937,385	14,862,554	39,210,536	1,299,565
\$ 72,390,289	\$ (47,278,845)	\$ 43,243,453	\$ (12,396,739)	\$ 19,583,055	\$ (20,297,498)
6.5%	7.5%	6.9%	7.3%	6.7%	7.8%

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Expenditures by Program
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2011	\$ 9,874,328 4.5%	\$ 5,063,114 2.3%	\$ 112,961,341 51.0%	\$ 2,973,611 1.3%	\$ 45,401,988 20.5%
2012	10,003,428 4.4%	5,214,235 2.3%	117,955,040 52.4%	3,484,305 1.5%	44,680,840 19.9%
2013	9,281,897 4.0%	5,449,851 2.4%	119,645,813 52.0%	2,172,192 0.9%	46,746,603 20.3%
2014	9,560,101 4.1%	4,824,781 2.1%	116,517,752 50.6%	3,110,026 1.4%	46,398,074 20.2%
2015	10,379,805 4.4%	4,938,420 2.1%	122,827,042 51.8%	2,529,300 1.1%	46,277,695 19.5%
2016	10,815,433 4.4%	5,521,493 2.3%	129,193,844 52.8%	3,124,154 1.3%	48,120,113 19.6%
2017	10,999,162 4.3%	5,703,811 2.2%	134,282,353 52.4%	3,426,012 1.3%	48,191,475 18.9%
2018	11,498,367 4.4%	5,971,996 2.3%	139,495,530 52.7%	3,762,033 1.4%	49,249,189 18.6%
2019	11,579,014 4.2%	6,026,917 2.2%	142,641,191 52.3%	3,798,501 1.4%	51,504,863 18.9%
2020	12,045,309 4.3%	6,383,173 2.3%	142,608,851 51.2%	3,775,218 1.4%	55,149,141 19.8%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Fiscal and Other Fixed Cost Programs</u>	<u>Total</u>	<u>Percent Increase (Decrease) From Prior Year</u>
\$ 10,806,374 4.9%	\$ 20,510,261 9.3%	\$ 13,479,877 6.1%	\$ 338,224 0.1%	\$ 221,409,118 100.0%	1.4%
9,798,501 4.4%	20,216,904 9.0%	13,252,957 5.9%	338,499 0.2%	224,944,709 100.0%	1.6%
11,342,939 4.9%	21,506,904 9.3%	13,696,405 6.0%	515,881 0.2%	230,358,485 100.0%	2.4%
13,867,690 6.0%	21,381,700 9.3%	13,956,139 6.1%	531,895 0.2%	230,148,158 100.0%	(0.1%)
14,139,992 6.0%	21,247,802 9.0%	13,898,296 5.9%	607,963 0.2%	236,846,315 100.0%	2.9%
13,472,009 5.5%	20,033,798 8.2%	14,018,585 5.7%	529,352 0.2%	244,828,781 100.0%	3.4%
16,108,984 6.3%	21,749,139 8.5%	15,245,250 5.9%	501,639 0.2%	256,207,825 100.0%	4.7%
15,474,392 5.9%	23,141,045 8.8%	15,536,238 5.8%	437,569 0.1%	264,566,359 100.0%	3.3%
16,338,832 6.0%	24,364,201 8.9%	16,119,074 5.9%	478,592 0.2%	272,851,185 100.0%	3.1%
17,114,996 6.1%	25,030,855 9.0%	15,760,903 5.7%	578,794 0.2%	278,447,240 100.0%	2.1%

OSSEO AREA SCHOOLS

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Our Mission

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to achieve their dreams;
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and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2011	\$ 63,977,647 28%	\$ 142,872,500 62%	\$ 15,979,803 7%	\$ 6,275,759 3%	\$ 229,105,709 100%
2012	44,965,114 20%	161,516,194 72%	11,021,029 5%	6,265,415 3%	223,767,752 100%
2013	48,294,901 21%	162,587,636 73%	8,630,373 4%	4,383,922 2%	223,896,832 100%
2014	27,849,067 12%	191,674,840 82%	8,805,345 4%	4,902,566 2%	233,231,818 100%
2015	53,770,557 22%	181,828,908 73%	7,987,321 3%	5,566,469 2%	249,153,255 100%
2016	56,353,162 22%	185,858,768 73%	8,184,157 3%	5,440,123 2%	255,836,210 100%
2017	54,872,791 21%	188,741,825 73%	9,076,514 4%	5,950,070 2%	258,641,200 100%
2018	56,258,480 21%	196,073,146 73%	9,800,950 4%	6,115,068 2%	268,247,644 100%
2019	57,035,680 21%	204,292,523 73%	9,408,631 3%	7,278,451 3%	278,015,285 100%
2020	64,852,735 22%	209,126,204 72%	9,630,449 3%	5,867,507 2%	289,476,895 100%

- (1) Basic general education revenue in the General Fund is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The state periodically changes the mix of property tax and state aid revenue with no net effect on total revenue.

INDEPENDENT SCHOOL DISTRICT NO. 279

Revenue and Expenditures –
General Fund, Special Revenue Funds, General Obligation Bonds, and
Other Post-Employment Benefits Bonds – Debt Service Accounts
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

				Fiscal Year
	2011	2012	2013	2014
Revenue				
General Fund				
Operating Account	\$ 229,105,709	\$ 223,767,752	\$ 223,896,832	\$ 233,231,818
Capital Expenditure Account	8,822,827	8,429,276	9,042,349	9,267,986
Special revenue funds				
Food Service	10,421,017	10,609,307	11,008,927	11,079,495
Community Service	13,834,024	14,103,160	14,334,020	15,289,169
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,617,297	19,279,004	19,503,802	19,639,753
Debt Service Account – Other				
Post-Employment Benefits Bonds	999,343	1,000,072	980,645	978,083
Total revenue	<u>\$ 282,800,217</u>	<u>\$ 277,188,571</u>	<u>\$ 278,766,575</u>	<u>\$ 289,486,304</u>
Expenditures				
General Fund				
Operating Account	\$ 221,409,118	\$ 224,944,709	\$ 230,358,485	\$ 230,148,158
Capital Expenditure Account	14,514,566	11,465,451	9,708,191	9,931,619
Special revenue funds				
Food Service	10,091,851	10,706,589	10,749,330	11,318,737
Community Service	13,856,582	14,104,651	14,912,640	15,333,772
Debt service funds				
Debt Service Account – General				
Obligation Bonds	19,958,431	19,859,761	19,524,714	19,691,009
Debt Service Account – Other				
Post-Employment Benefits Bonds	960,450	960,450	960,450	960,450
Total expenditures	<u>\$ 280,790,998</u>	<u>\$ 282,041,611</u>	<u>\$ 286,213,810</u>	<u>\$ 287,383,745</u>

2015	2016	2017	2018	2019	2020
\$ 249,153,255	\$ 255,836,210	\$ 258,641,200	\$ 268,247,644	\$ 278,015,285	\$ 289,476,895
13,903,601	14,294,742	18,373,136	22,321,138	22,504,811	22,088,625
11,346,564	12,189,464	12,949,410	13,106,250	12,875,401	10,441,940
15,056,548	16,828,669	18,535,705	18,977,219	19,779,910	16,685,896
15,637,131	15,564,377	15,955,955	15,555,583	17,208,540	18,097,433
2,293,296	2,284,434	2,278,253	2,983,142	2,907,629	2,875,357
<u>\$ 307,390,395</u>	<u>\$ 316,997,896</u>	<u>\$ 326,733,659</u>	<u>\$ 341,190,976</u>	<u>\$ 353,291,576</u>	<u>\$ 359,666,146</u>
\$ 236,846,315	\$ 244,828,781	\$ 256,207,825	\$ 264,566,359	\$ 272,851,185	\$ 278,447,240
17,889,774	20,659,479	19,119,404	22,467,860	31,397,121	24,372,381
11,461,024	12,140,458	12,243,200	12,510,312	12,165,405	12,116,579
14,595,891	16,557,157	18,096,509	18,998,920	19,737,599	18,604,603
15,751,468	16,813,272	15,471,116	16,756,014	16,403,794	20,460,477
2,175,450	2,187,550	2,199,550	2,886,150	2,909,601	2,844,948
<u>\$ 298,719,922</u>	<u>\$ 313,186,697</u>	<u>\$ 323,337,604</u>	<u>\$ 338,185,615</u>	<u>\$ 355,464,705</u>	<u>\$ 356,846,228</u>

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INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student
Year Ended June 30, 2020
(Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
General education formula revenue per pupil unit (1)		
General education (includes transportation)	\$ 6,438	\$ 6,438
Local optional	424	424
Referendum	1,760	1,751
Gifted and talented, extended, compensatory, and English learner	709	851
Operating capital	231	228
Supplemental, equity, and other	164	146
General education formula revenue per pupil unit (property tax and state aid)	\$ 9,726	\$ 9,838
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		\$ 11,959
Less Capital Expenditure Account		(1,040)
General education formula revenue per student – General Fund – Operating Account		10,919
State categorical revenue (special education, secondary vocational, cooperation, and other)		2,112
Total property tax and state aid revenue		13,031
Federal revenue (special education, Title I, and other)		458
Other local revenue – interest, participation fees, and other		279
Total General Fund – Operating Account revenue per student		\$ 13,768

(1) Pupil units or adjusted pupil units consist of differential weighting of students by grade level for funding purposes.

(2) Average daily membership is a measure of student attendance.

Source: General education formula revenue per pupil unit is from the Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 279

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>
2011	\$ 13,032,638,800	\$ 101,798,900	\$ 13,134,437,700
2012	11,833,845,856	105,372,900	11,939,218,756
2013	11,073,727,012	116,771,700	11,190,498,712
2014	11,124,552,594	120,485,200	11,245,037,794
2015	12,260,171,126	126,039,300	12,386,210,426
2016	13,072,587,948	131,212,400	13,203,800,348
2017	13,963,187,839	135,759,200	14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964
2020	17,692,514,721	156,621,500	17,849,136,221

Source: Hennepin County Department of Property Tax and Public Records

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ 13,157,941,200	99.8 %
12,694,768,500	94.0
11,981,778,000	93.4
12,032,929,900	93.5
13,117,972,200	94.4
13,913,604,700	94.9
14,790,857,500	95.3
15,935,351,000	96.0
17,052,240,800	96.4
18,425,248,550	96.9

OSSEO AREA SCHOOLS

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Our Mission

**is to inspire and prepare all students
with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

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

Fiscal Year	Property Tax				
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
2011	\$ 63,977,647	\$ 2,650,091	\$ 2,369,678	\$ 19,856,830	\$ 88,854,246
2012	44,965,114	1,844,014	2,700,760	19,488,867	68,998,755
2013	48,294,901	1,890,869	2,572,515	20,471,488	73,229,773
2014	27,849,067	1,053,994	2,631,084	20,605,495	52,139,640
2015	58,770,557	1,914,828	2,622,943	17,916,181	81,224,509
2016	61,356,156	1,999,515	2,622,943	17,833,813	83,812,427
2017	64,453,408	2,437,044	–	17,877,446	84,767,898
2018	69,621,125	2,585,454	–	18,054,398	90,260,977
2019	69,741,962	2,735,653	–	19,273,243	91,750,858
2020	77,283,444	2,972,809	–	20,072,441	100,328,694

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. 279

Principal Property Taxpayers
Current Year and Nine Years Ago

			2020			
			Property Valuation			
			Percentage of Tax Capacity			
Taxpayer	Property Classification	City	Tax Capacity	Rank	Value	Market Value
Target Corporation	Commercial	Brooklyn Park	\$ 1,847,616	1	0.9 %	\$ 92,418,300
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	1,655,194	2	0.8	82,797,200
KIR Maple Grove, LP	Commercial	Maple Grove	1,207,798	3	0.6	60,427,400
Skye at Arbor Lakes LLLP	Apartment	Maple Grove	1,206,938	4	0.6	96,555,000
Weidner Property Management	Residential	Plymouth	907,163	5	0.4	72,573,000
MFREVF II Maple Grove, LLC	Residential	Plymouth	801,063	6	0.4	64,085,000
Aeon BP, LLC	Apartment	Brooklyn Park	761,413	7	0.4	60,913,000
KIMCO Realty Corporation	Commercial	Maple Grove	709,152	8	0.3	35,457,600
Fairview Hospital	Commercial	Maple Grove	598,346	9	0.3	29,954,800
BPP, LLC	Industrial	Brooklyn Park	587,250	10	0.3	29,400,000
Cousins Properties	Commercial	Maple Grove	—	—	—	—
Boston Scientific Scimed, Inc.	Industrial	Maple Grove	—	—	—	—
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	—	—	—	—
Thomson Reuters Prop Tx Services	Apartment	Plymouth	—	—	—	—
Great River Energy	Commercial	Maple Grove	—	—	—	—
Total for 10 largest principal taxpayers			\$ 10,281,933		5.0 %	\$ 624,581,300

Note: Minnesota's tax capacity system includes class rates whereby commercial, industrial, and utility properties pay taxes based on a higher percentage of market value than homeowners.

Source: Hennepin County Department of Property Tax and Public Records

2011				
Property Valuation				
Tax Capacity	Rank	Percentage of Tax Capacity Value		Market Value
\$ 1,504,690	2	1.2 %	\$	75,272,000
—	—	—		—
999,188	4	0.8		49,996,900
—	—	—		—
—	—	—		—
—	—	—		—
—	—	—		—
621,946	6	0.5		31,134,800
641,504	5	0.5		32,112,700
461,480	8	0.4		23,111,500
1,634,702	1	1.3		81,772,600
1,081,860	3	0.8		54,130,500
544,250	7	0.4		27,250,000
452,250	9	0.4		36,180,000
421,264	10	0.3		21,100,700
<u>\$ 8,363,134</u>		<u>6.6 %</u>	<u>\$</u>	<u>432,061,700</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

	<u>Year Collectible</u>	<u>General Fund</u>	<u>Community Service Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Levy All Funds</u>
Levies					
	2011	\$ 47,820,241	\$ 1,875,058	\$ 20,446,632	\$ 70,141,931
	2012	48,571,280	1,783,976	20,796,263	71,151,519
	2013	51,110,640	1,810,052	20,705,227	73,625,919
	2014	61,625,634	1,836,956	18,197,021	81,659,611
	2015	64,037,957	1,960,560	18,050,797	84,049,314
	2016	64,021,060	2,375,031	17,945,293	84,341,384
	2017	69,353,231	2,523,098	18,139,842	90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
	2020	74,247,689	2,993,322	22,893,430	100,134,441
Net tax rates					
Tax capacity rate					
	2011	9.087 %	1.271 %	13.859 %	24.217 %
	2012	8.792	1.275	14.863	24.930
	2013	11.044	1.361	15.568	27.973
	2014	14.823	1.375	13.621	29.819
	2015	13.693	1.319	12.144	27.156
	2016	13.348	1.510	11.409	26.267
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
	2020	9.944	1.395	10.669	22.008
Market value rate					
	2011	0.230 %	— %	— %	0.230 %
	2012	0.252	—	—	0.252
	2013	0.268	—	—	0.268
	2014	0.309	—	—	0.309
	2015	0.294	—	—	0.294
	2016	0.278	—	—	0.278
	2017	0.275	—	—	0.275
	2018	0.266	—	—	0.266
	2019	0.275	—	—	0.275
	2020	0.256	—	—	0.256

(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.

Note: In fiscal 2012, a portion of the property tax credits was eliminated and replaced with permanent state aid.

Source: Hennepin County Department of Property Tax and Public Records

Less Homestead and Agricultural Credit Aid (HACA) and Fiscal Disparities	Net Levy	Less Referendum Spread on Market Value	Remaining Amount Spread on Tax Capacity Value	Property Tax Credits (1)
\$ (8,986,473)	\$ 61,155,458	\$ (30,004,643)	\$ 31,150,815	\$ (1,365,729)
(9,187,341)	61,964,178	(31,586,126)	30,378,052	(1,402)
(9,538,081)	64,087,838	(31,703,793)	32,384,045	—
(9,799,243)	71,860,368	(36,803,819)	35,056,549	—
(10,726,997)	73,322,317	(38,109,021)	35,213,296	—
(9,941,590)	74,399,794	(37,953,980)	36,445,814	—
(10,497,320)	79,518,851	(39,956,973)	39,561,878	—
(11,070,502)	81,712,423	(41,651,739)	40,060,684	—
(11,010,109)	88,560,738	(46,196,821)	42,363,917	—
(11,984,393)	88,150,048	(46,577,113)	41,572,935	—

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	Municipalities				
		Hassan Township	Brooklyn Center	Brooklyn Park	Corcoran	Dayton
Tax capacity rate	2011	27.886%	57.217%	50.309%	37.041%	48.567%
Market value rate	2011	—	0.04126%	0.02768%	—	—
Tax capacity rate	2012	—	64.359%	56.087%	39.617%	57.817%
Market value rate	2012	—	0.04326%	0.02950%	—	—
Tax capacity rate	2013	—	71.074%	61.311%	46.111%	64.169%
Market value rate	2013	—	0.04702%	0.02791%	—	—
Tax capacity rate	2014	—	74.133%	60.469%	49.743%	65.600%
Market value rate	2014	—	—	0.02847%	—	—
Tax capacity rate	2015	—	70.026%	56.136%	45.311%	57.029%
Market value rate	2015	—	—	0.02589%	—	—
Tax capacity rate	2016	—	71.775%	55.251%	45.691%	57.150%
Market value rate	2016	—	—	0.02399%	—	—
Tax capacity rate	2017	—	70.498%	54.365%	45.994%	55.467%
Market value rate	2017	—	—	0.02464%	—	—
Tax capacity rate	2018	—	67.067%	51.159%	45.357%	55.664%
Market value rate	2018	—	—	0.01584%	—	—
Tax capacity rate	2019	—	70.400%	51.869%	45.160%	55.212%
Market value rate	2019	—	—	0.01110%	—	—
Tax capacity rate	2020	—	65.233%	48.862%	45.013%	54.139%
Market value rate	2020	—	—	0.01427%	—	—

N/A – Not Available

- (1) The miscellaneous other levy includes AVTI, mosquito control, park/museum, Metro Transit, other metro services, county parks bonds, and interest. These miscellaneous levies vary slightly between municipalities.

Note 1: Information for the City of Rogers was not available for fiscal 2011.

Note 2: Information for Hassan Township will not be included after fiscal 2011, due to it no longer being part of ISD No. 279 in fiscal 2012.

Source: Hennepin County Department of Property Tax and Public Records

Maple Grove	Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
36.714%	55.419%	26.944%	N/A	24.217%	45.840%	9.095%	115.866%
—	—	0.01032%	N/A	0.23032%	—	—	0.230%
39.450%	64.130%	28.146%	41.183%	24.930%	48.231%	9.423%	122.034%
—	—	0.01057%	—	0.25181%	—	—	0.252%
42.142%	77.832%	29.243%	38.291%	27.973%	49.461%	10.383%	129.959%
—	—	0.00596%	—	0.26813%	—	—	0.268%
42.267%	76.941%	29.547%	40.541%	29.819%	49.959%	10.429%	132.474%
—	—	0.00585%	—	0.30947%	—	—	0.309%
39.651%	72.935%	27.847%	40.377%	27.156%	46.398%	9.651%	122.856%
—	—	0.00698%	—	0.29426%	—	—	0.294%
39.196%	70.645%	27.330%	37.879%	26.267%	45.356%	9.449%	120.268%
—	—	0.00531%	—	0.27820%	—	—	0.278%
38.245%	69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
—	—	0.00499%	—	0.27516%	—	—	0.275%
36.709%	63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
—	—	0.00475%	—	0.26582%	—	—	0.266%
34.746%	60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
—	—	0.00219%	—	0.27486%	—	—	0.275%
32.756%	57.740%	25.796%	35.859%	22.008%	41.084%	8.174%	104.022%
—	—	0.00209%	—	0.25606%	—	—	0.256%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2011	\$ 70,141,931	\$ 70,116,516	100.0 %	\$ 397,828
2012	71,151,519	71,070,094	99.9	27,249
2013	73,625,919	73,513,909	99.8	112,010
2014	81,659,611	81,494,375	99.8	173,397
2015	84,049,314	83,715,659	99.6	279,141
2016	84,341,384	83,868,531	99.4	417,742
2017	90,016,171	89,891,336	99.9	22,684
2018	92,782,925	92,467,545	99.7	137,842
2019	99,570,847	99,253,734	99.7	N/A
2020 (1)	100,134,441	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2019	\$ 99,253,734
Less tax shift allocation of the levy collectible in 2019 to fiscal year 2019 (2)	(4,524,274)
Add tax shift allocation of the referendum levy collectible in 2020 to fiscal year 2020 (2)	4,526,331
Property tax delinquencies, abatements, and county apportionment	<u>1,072,903</u>
Total local property tax revenue – fiscal year 2020	<u><u>\$ 100,328,694</u></u>

N/A – Not Available

(1) Only a portion of calendar year 2020 taxes are collectible by June 30, 2020. A total of \$48,900,000 of 2020 taxes were collected by June 30, 2020.

(2) The state of Minnesota calculates the tax shift allocation based on various portions of the total tax levy.

Source: Hennepin County Department of Property Tax and Public Records

<u>Total Tax Collections</u>		<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>June 30, 2020 Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$	70,514,344	100.5 %	\$ —	— %
	71,097,343	99.9	—	—
	73,625,919	100.0	—	—
	81,667,772	100.0	—	—
	83,994,800	99.9	54,514	0.1
	84,286,273	99.9	55,111	0.1
	89,914,020	99.9	102,151	0.1
	92,605,387	99.8	177,538	0.2
	99,253,734	99.7	317,113	0.3
	N/A	N/A	—	N/A
			<u>\$ 706,427</u>	

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds and Notes	Certificates of Participation	Unamortized Premiums (Discounts) on Debt Issued	Capital Leases
2011	\$ 196,925,000	\$ —	\$ 8,772,303	\$ 2,597,000
2012	145,755,000	—	7,685,146	2,031,788
2013	138,715,000	—	6,172,040	1,070,108
2014	124,400,000	—	5,285,194	95,433
2015	171,080,000	14,085,000	10,602,876	3,556,372
2016	111,020,000	13,425,000	8,901,279	6,731,949
2017	148,925,000	12,655,000	9,350,798	4,393,589
2018	148,370,000	11,870,000	6,980,144	1,608,641
2019	163,665,000	11,060,000	7,455,402	6,031,304
2020	146,965,000	10,225,000	5,547,562	4,374,530

N/A – Not Available

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

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

Total Government		Percentage of Personal Income (1)	Per Capita (1)	
\$	208,294,303	2.6 %	\$	1,541
	155,471,934	1.9		1,136
	145,957,148	1.8		1,052
	129,780,627	1.5		923
	199,324,248	2.3		1,402
	140,078,228	1.5		963
	175,324,387	1.8		1,184
	168,828,785	1.7		1,141
	188,211,706	N/A		1,258
	167,112,092	N/A		1,109

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratio of Net Bonded Debt to
Tax Capacity and Legal Debt Margin
Last Ten Fiscal Years

<u>June 30,</u>	<u>Outstanding Bonded Debt</u>	<u>Unamortized Premiums (Discounts)</u>	<u>Balance on Hand – Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Taxable Tax Capacity</u>
2011	\$ 196,925,000	\$ 8,722,303	\$ 43,716,229	\$ 161,931,074	\$ 128,632,017
2012	145,755,000	7,685,146	3,753,106	149,687,040	121,853,398
2013	138,715,000	6,172,040	3,847,570	141,039,470	115,768,941
2014	124,400,000	5,285,194	3,813,947	125,871,247	117,564,467
2015	185,165,000	10,602,876	51,033,469	144,734,407	129,670,410
2016	124,445,000	8,901,279	2,951,458	130,394,821	138,751,338
2017	161,580,000	9,350,798	4,105,000	166,825,798	148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139
2020	157,190,000	5,547,562	3,509,367	159,228,195	212,201,535

(1) District population is based upon an annual school district census and U.S. census. This information is certified to the state and is subsequently used in determining community education revenue.

Note: The legal debt limit for a school district in Minnesota is 15 percent of the actual value of all taxable property within the District. As of June 30, 2020, the legal debt limit was \$2,728,488,229. As of June 30, 2020, outstanding bonded debt was \$152,080,000, leaving a margin of \$2,576,408,229 applicable to the limit.

Source: Hennepin County Department of Property Tax and Public Records

Ratio of Net Debt to Tax Capacity Value	Estimated Population (1)	Net Debt per Capita
125.9 %	135,140	\$ 1,198
122.8	136,896	1,093
121.8	138,789	1,016
107.1	140,680	895
111.6	142,167	1,018
94.0	145,451	896
112.7	148,029	1,127
83.1	148,029	1,018
91.0	149,640	1,178
75.0	150,674	1,057

OSSEO AREA SCHOOLS

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with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.**

INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt
as of June 30, 2020

Taxing Unit	Tax Collection Calendar Year – 2019 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 279 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 279	\$ 212,201,535	\$ 157,190,000	100.00 %	\$ 157,190,000
Overlapping debt				
Hennepin County	1,941,694,561	990,655,000	9.73	96,390,732
Cities				
Brooklyn Center	20,828,451	11,275,000	31.89	3,595,598
Brooklyn Park	80,890,621	25,435,000	75.63	19,236,491
Corcoran	9,727,468	6,079,000	6.98	424,314
Dayton	8,854,549	4,615,000	23.70	1,093,755
Maple Grove	105,007,395	7,295,000	92.67	6,760,277
Osseo	2,507,101	2,940,000	100.00	2,940,000
Plymouth	137,966,408	5,305,000	13.32	706,626
Rogers	22,235,820	4,355,000	0.47	20,469
Others				
Three Rivers Park District	1,376,450,664	54,325,000	13.72	7,453,390
Metropolitan Council	3,821,536,484	265,680,000	4.94	13,124,592
Total overlapping debt				<u>151,746,242</u>
Total direct and debt outstanding				<u><u>\$ 308,936,242</u></u>

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

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Debt limit	\$ 1,954,105,770	\$ 1,881,545,183	\$ 1,773,605,673	\$ 1,783,879,819
Total net debt applicable to the limit	196,925,000	145,755,000	138,715,000	124,400,000
Legal debt margin	<u>\$ 1,757,180,770</u>	<u>\$ 1,735,790,183</u>	<u>\$ 1,634,890,673</u>	<u>\$ 1,659,479,819</u>
Total net debt applicable to the limit as a percentage of debt limit	10.08%	7.75%	7.82%	6.97%

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: Hennepin County Department of Property Tax and Public Records

2015	2016	2017	2018	2019	2020
\$ 1,942,619,831	\$ 2,046,404,386	\$ 2,178,203,956	\$ 2,350,372,780	\$ 2,521,110,069	\$ 2,728,488,229
185,165,000	124,445,000	161,580,000	150,305,000	167,045,000	152,080,000
<u>\$ 1,757,454,831</u>	<u>\$ 1,921,959,386</u>	<u>\$ 2,016,623,956</u>	<u>\$ 2,200,067,780</u>	<u>\$ 2,354,065,069</u>	<u>\$ 2,576,408,229</u>
9.53%	6.08%	7.42%	6.39%	6.63%	5.57%

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$18,189,921,525
Debt limit (15% of market value)	2,728,488,229
Debt applicable to the limit	
General obligation bonds and notes payable	157,190,000
Less 2018 taxable OPEB refunding bonds	<u>(5,110,000)</u>
Subtotal	<u>152,080,000</u>
Legal debt margin	<u>\$ 2,576,408,229</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service
as of June 30, 2020

<u>Tax Collection Calendar Year</u>		<u>Deferred Tax Levies</u>
2021		\$ 17,485,592
2022		17,157,840
2023		11,584,066
2024		10,438,726
2025		11,275,681
2026		11,774,116
2027		12,526,441
2028		10,385,333
2029		10,085,768
2030		10,987,207
2031		9,267,149
2032		7,625,769
2033		8,905,929
2034		9,090,729
2035		8,977,067
2036		<u>6,672,120</u>
Total amount to be levied in future years		174,239,533
2020	Amount levied for collection in 2020 and included in property taxes levied for subsequent year at June 30, 2020	<u>22,893,430</u>
Total deferred tax levies for future bond debt service		<u><u>\$ 197,132,963</u></u>

Note: These levies are subject to reduction based on excess fund balance limitations in accordance with Minnesota Statutes § 475.61.

Source: Debt service levy schedules in the various bond issues of the District.

INDEPENDENT SCHOOL DISTRICT NO. 279

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2011	135,140	\$ 7,902,446,640	\$ 58,476	37.7	20,772	6.4 %
2012	136,896	8,094,112,896	59,126	37.8	20,591	5.6
2013	138,789	8,304,578,604	59,836	37.2	20,549	5.1
2014	140,680	8,557,283,040	60,828	37.6	20,581	4.2
2015	142,167	8,742,133,164	61,492	37.7	20,373	3.7
2016	145,451	9,194,975,867	63,217	37.8	20,307	3.9
2017	148,029	9,725,357,271	65,699	37.9	20,659	3.4
2018	148,029	10,126,811,919	68,411	37.8	20,968	2.9
2019	149,640	N/A	N/A	N/A	21,073	3.2
2020	150,674	N/A	N/A	N/A	21,026	N/A

N/A – Not Available

Data sources:

- (1) District population is based upon an annual school district census and U.S. census. This information is certified to the state and is subsequently used in determining community education revenue.
- (2) United States Census Bureau
- (3) United States Department of Agriculture/Economic Research Service

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Employers
Current Year and Nine Years Ago

Employer	2020		2011	
	Employees	Rank	Employees	Rank
Target Corporation	4,000	1	1,500	3
Independent School District No. 279	3,148	2	2,905	2
Boston Scientific Scimed, Inc.	3,000	3	3,000	1
Caterpillar Paving Products	700	4	601	8
United Parcel Service	700	4	664	6
North Hennepin Community College	610	6	—	—
LSC Communications	540	7	—	—
Hy-Vee	500	8	—	—
Vascular Solutions	500	8	—	—
Medtronic	420	10	600	9
Walmart	—	—	859	4
City of Brooklyn Park	—	—	673	5
Prudential Insurance Company	—	—	614	7
GLS Company	—	—	450	10
Total	14,118		11,866	

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove

INDEPENDENT SCHOOL DISTRICT NO. 279

Building Permits Issued by Major Cities
Last Ten Fiscal Years

Calendar Year	Total Permits		New Residential Permits (1)	
	Number	Value	Number	Value
City of Brooklyn Park				
2010	7,737	\$ 53,706,735	68	\$ 11,608,882
2011	7,460	74,491,011	78	17,373,799
2012	2,034	124,367,945	143	33,322,357
2013	1,772	114,821,218	168	36,561,609
2014	1,885	164,344,704	140	26,375,881
2015	2,036	149,524,929	142	35,840,775
2016	2,090	106,842,092	137	34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,229	86,228,879	124	24,245,774
2019	2,937	97,427,930	100	22,206,367
City of Maple Grove				
2010	2,655	\$ 136,034,855	284	\$ 83,993,912
2011	2,345	149,181,591	226	69,984,374
2012	2,136	120,446,202	231	77,225,361
2013	2,110	202,041,119	265	127,675,752
2014	2,252	193,572,052	278	106,325,973
2015	2,942	141,804,368	192	85,682,575
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747
2019	7,145	263,658,791	236	60,035,556

(1) Includes single-family, duplexes, quad homes, townhomes, multi-unit, and condominiums; excludes apartment complexes.

Note: The District includes portions of eight municipalities. The table above includes the two largest municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year basis.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Employees by Classification
Last Ten Fiscal Years

Year Ended June 30,	Employees			
	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals
2011	132	1,468	110	760
2012	134	1,467	112	783
2013	132	1,487	108	780
2014	137	1,482	110	738
2015	149	1,510	109	811
2016	148	1,543	108	775
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
2020	167	1,571	108	797
Percent increase (decrease) over 10 years	26.5%	7.0%	(1.8%)	4.9%

- (1) Superintendent, school executives, principals, secondary school building assistant principals, principals on special assignment, directors, coordinators, managers, supervisors, secondary school building business managers, and student management specialist.
- (2) Confidential support specialist, equity staff, hourly technical staff, Kidstop instructors, registered nurses and licensed practical nurses, salaried professionals, and School Board members.

Note: Other employees include Kidstop instructors after fiscal 2019.

Source: The District's Human Resources Department

Food Service	Custodians	Other Employees (2)	Total Employees	Total Students (ADM)
153	145	138	2,906	20,772
160	146	136	2,938	20,591
166	142	124	2,939	20,549
161	142	125	2,895	20,581
156	147	130	3,012	20,373
161	162	128	3,025	20,307
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,073
139	158	208	3,148	21,026
(9.2%)	9.0%	50.7%	8.3%	1.2%

INDEPENDENT SCHOOL DISTRICT NO. 279

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Total population	135,140	136,896	138,789	140,680
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	74%	76%	76%	74%
ACT information				
Average ACT score	22.6	22.5	22.3	22.3
Percent of students taking ACT	60%	63%	63%	65%
National Merit Scholarship Program				
Commended	14	14	9	11
Finalists and semifinalists	2	3	4	2
AP Scholars	106	117	128	150

N/A – Not Available

Source: The District's Division of Leadership, Teaching, and Learning

2015	2016	2017	2018	2019	2020
142,167	145,451	148,029	148,029	149,640	150,674
100% 73%	100% 72%	100% 72%	100% 71%	100% 71%	100% 71%
22.3 73%	20.3 84%	20.3 92%	19.6 91%	19.9 93%	N/A N/A
11 1	6 2	— 5	6 3	4 7	N/A N/A
149	164	165	201	152	199

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Capital assets				
Land	\$ 10,691,698	\$ 10,691,698	\$ 8,344,233	\$ 8,323,417
Land improvements	26,321,967	27,843,458	28,968,868	29,488,070
Buildings	377,938,760	387,290,466	395,241,051	398,977,319
Equipment	10,739,471	10,652,175	10,954,314	8,573,540
Construction in progress	2,726,381	391,975	1,026,401	2,513,199
Total capital assets	<u>\$ 428,418,277</u>	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>
Capital assets by function and activity				
Administration	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
District support services	113,232,033	112,276,960	112,323,903	111,389,026
Elementary and secondary regular instruction	1,099,553	905,208	908,265	983,647
Vocational education instruction	31,811	64,681	64,681	64,681
Special education instruction	296,042	271,043	288,451	297,094
Instructional support services	1,173,720	1,217,309	1,321,797	1,336,797
Pupil support services	59,647	59,647	59,647	59,647
Food service	5,057,239	5,151,404	5,211,253	5,256,134
Sites and buildings	306,404,239	315,824,027	323,220,971	327,331,102
Community service	1,044,898	1,080,398	1,116,804	1,138,322
Total capital assets by function and activity	<u>\$ 428,418,277</u>	<u>\$ 436,869,772</u>	<u>\$ 444,534,867</u>	<u>\$ 447,875,545</u>

Source: The District's Business Services Department

2015	2016	2017	2018	2019	2020
\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,323,417	\$ 8,973,417	\$ 8,973,417
30,394,387	31,479,888	32,672,400	30,897,771	31,988,651	36,093,707
406,467,020	428,532,037	443,751,224	456,522,719	493,392,348	523,127,725
8,798,928	10,098,560	10,744,070	9,658,055	10,605,589	11,271,723
17,292,480	6,655,427	6,699,868	22,797,439	11,214,268	9,853,572
<u>\$ 471,276,232</u>	<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>	<u>\$ 589,320,144</u>
\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095	\$ 19,095
111,399,374	111,381,071	111,333,954	107,606,898	107,687,623	107,736,578
983,647	1,155,256	1,172,513	897,678	913,783	967,749
64,681	64,681	64,681	48,341	61,879	137,994
297,094	297,094	297,094	272,402	272,402	338,921
1,371,261	1,460,404	1,460,404	1,084,157	1,254,477	1,254,477
59,647	59,647	59,647	54,438	34,467	48,367
5,462,112	5,485,642	5,546,180	5,573,434	5,817,182	6,061,702
350,463,871	364,010,989	381,019,401	411,379,171	438,844,431	471,342,481
1,155,450	1,155,450	1,218,010	1,263,787	1,268,934	1,412,780
<u>\$ 471,276,232</u>	<u>\$ 485,089,329</u>	<u>\$ 502,190,979</u>	<u>\$ 528,199,401</u>	<u>\$ 556,174,273</u>	<u>\$ 589,320,144</u>

INDEPENDENT SCHOOL DISTRICT NO. 279

Average Class Size
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>ISD No. 279 Staffing Ratio</u>
2011	29.13
2012	27.97
2013	27.52
2014	27.63
2015	26.47
2016	26.30
2017	25.60
2018	25.46
2019	25.54
2020	25.39

Note: This is the government-wide teacher staffing ratio for regular instructional classrooms.

Source: The District's Division of Leadership, Teaching, and Learning

INDEPENDENT SCHOOL DISTRICT NO. 279

School Facilities
as of June 30, 2020

Facility	Use	Constructed	Acres	Square Footage	Enrollment (1)
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2) –
Basswood Elementary	School	1995/2002	36.00	102,648	1,048
Birch Grove Elementary School for the Arts	School	1966/1991/2004	15.00	74,314	400
Cedar Island Elementary	School	1970	23.16	66,871	447
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208	264
Edinbrook Elementary	School	1988/2002	20.00	106,406	725
Elm Creek Elementary	School	1980	15.00	84,300	540
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129	377
Fernbrook Elementary	School	1988/2003	43.00	105,440	842
Garden City Elementary	School	1959/1994/2004	10.00	55,153	345
Oak View Elementary	School	1991	22.00	98,600	487
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463	475
Park Brook Elementary	School	1959/1994/2004	10.00	55,011	306
Rice Lake Elementary	School	1980	15.42	84,300	716
Rush Creek Elementary	School	1995/2002	29.00	102,648	787
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600	643
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2) 189
Woodland Elementary	School	2002	19.00	101,555	685
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	81,843	380
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	School	1963/1969/1980/2003	28.57	176,104	1,105
Maple Grove Middle School	School	1990/2003	46.62	275,680	1,727
North View Middle School	School	1970/1986/2002/2007	26.04	186,448	637
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507	1,130
Maple Grove Senior High	School	1996/2002/2004/2015	110.00	351,718	2,285
Osseo Senior High	School	1952/1957/1960/1962/1964/ 1966/1975/1988/2002/2015	43.63	413,610	2,074
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/ 1988/2002/2003/2015	31.00	414,774	2,017
Osseo Area Learning Center	School	1973/2000	5.00	47,108	154
Educational Service Center/ warehouse/maintenance	Office/maintenance/ warehouse	1969/1975/1980/2005	17.76	121,100	–
New ice arena	Sports	1990/2005	3.62	32,640	–
Old ice arena	Sports	1974	–	34,840	–
Adult Education Center	Adult education	2005	–	25,538	–
Osseo Education Center	Special education	1954/1957/1987/2005	11.00	46,144	76
Timberland Properties	CBVAT	Leased	–	12,249	–
Dane Technologies, Inc.	Special education	Leased	–	11,800	–
Total				3,840,545	20,861

(1) Enrollment is defined as the adjusted ADM served, excluding resident students tuitioned out to other Minnesota school districts.

(2) Beginning in fiscal year 2016, both of these sites have been combined on MARSS.

Source: The District's Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2011	20,141	2,591,135	195	13,288	66.0 %
2012	19,966	2,550,155	194	13,145	65.8
2013	19,919	2,483,379	196	12,670	63.6
2014	19,963	2,422,337	191	12,682	63.5
2015	19,759	2,510,507	215	11,677	59.1
2016	19,699	2,520,404	215	11,723	59.5
2017	20,020	2,483,812	206	12,057	60.2
2018	20,329	2,483,599	218	11,393	56.0
2019	20,441	2,388,829	214	11,163	54.6
2020	20,395	1,636,020	163	10,037	49.2

(1) Based on State Food and Nutrition Department guidelines; attendance is deemed to be 97 percent of enrollment.

Source: The District's Food and Nutrition Department

Free Lunch		Reduced-Priced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
904,757	34.9 %	256,310	9.9 %
915,804	35.9	238,826	9.4
970,729	39.1	211,094	8.5
964,628	39.8	230,208	9.5
1,002,132	39.9	261,655	10.4
1,011,298	40.1	253,216	10.0
1,017,620	41.0	260,112	10.5
994,992	40.1	271,193	10.9
882,352	36.9	291,151	12.2
573,898	35.1	204,719	12.5

INDEPENDENT SCHOOL DISTRICT NO. 279

Students
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid)					
	Early Childhood and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Total	
					Number	Percent Increase (Decrease)
2011	313	1,377	9,635	9,447	20,772	(0.9) %
2012	341	1,436	9,487	9,327	20,591	(0.9)
2013	339	1,444	9,548	9,218	20,549	(0.2)
2014	342	1,523	9,495	9,221	20,581	0.2
2015	383	1,432	9,397	9,161	20,373	(1.0)
2016	366	1,400	9,307	9,234	20,307	(0.3)
2017	514	1,357	9,237	9,551	20,659	1.7
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,427	9,353	9,749	21,073	0.5
2020	548	1,409	9,342	9,727	21,026	(0.2)

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

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

	Early Childhood	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6
Fiscal 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2020	1.000	1.000	1.000	1.000	1.000	1.000

Note 3: Beginning in fiscal year 2015, the District offered only all-day kindergarten programming; therefore, a 1.0 weighting factor applied to kindergarten students served per MDE guidance.

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
23,969	(1.0) %
23,715	(1.1)
23,648	(0.3)
23,644	—
22,205	(6.1)
22,153	(0.2)
22,569	1.9
22,891	1.4
23,023	0.6
22,971	(0.2)

Secondary
7–12

1.300

1.000

OSSEO AREA SCHOOLS

ISD  279

Our Mission

**is to inspire and prepare all students
with the confidence, courage and competence
to achieve their dreams;
contribute to community;
and engage in a lifetime of learning.**