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School Board of Robbinsdale Area Schools
Business Meeting - February 1, 2021

AGENDA SECTION: Call to Order

ITEM: Roll Call Attendance

	PRESENT	ABSENT
Helen Bassett	<hr/>	<hr/>
David Boone	<hr/>	<hr/>
Greta Evans-Becker	<hr/>	<hr/>
Mike Herring	<hr/>	<hr/>
Pam Lindberg	<hr/>	<hr/>
Sam Sant	<hr/>	<hr/>
John Vento	<hr/>	<hr/>
Dr. Stephanie Burrage, Interim Superintendent, ex-officio	<hr/>	<hr/>

Individual focus. Infinite potential.

School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Acceptance of Agenda
ITEM: 2. Acceptance of Agenda
COMMENTS BY: Board Chair

Recommended Action: Approve business meeting agenda.

Acceptance of Business Meeting Agenda – February 1, 2021

	Yes	No	Abstention
Helen Bassett	_____	_____	_____
David Boone	_____	_____	_____
Greta Evans-Becker	_____	_____	_____
Mike Herring	_____	_____	_____
Pam Lindberg	_____	_____	_____
Sam Sant	_____	_____	_____
John Vento	_____	_____	_____

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____

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School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Sharing the Success

ITEM: 3A. Special Recognition of Linda Valentine

COMMENTS BY: Dr. Stephanie Burrage, Interim Superintendent

The School Board and Interim Superintendent are pleased to recognize Linda Valentine, Robbinsdale Academy (Highview) teacher, as the 2021 Minnesota Association of Alternative Programs (MAAP) Teacher of the Year!

Linda has a background in Criminal Justice and Graphic Design. She worked with Highview students at Hennepin Technical College through District 287 high school program as a Graphics instructor. When that program ended, Linda became Highview's Graphics instructor in September 2006. She is also currently an instructor at Hennepin Technical College.

She is a huge advocate for Women in the Workforce, Women's Equality and Career and Technical Education (CTE). Linda has given her soul to teaching and maintains high standards and integrity in her work with our students.

Linda has dedicated her skill set and time to the MAAP; fostering their mission to lead, promote and support innovative learning experiences for students attending alternative programs.

Congratulations!

Individual focus. Infinite potential.

School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Operations
ITEM: 4A. Approval of FY20 Final Audit Report
COMMENTS BY: Greg Hein, Executive Director of Finance, and Bill Lauer, MMKR

The School District has received an unmodified opinion on the audited financial statements for the year ending June 30, 2020. An unmodified opinion is the highest opinion achievable. The Comprehensive Annual Financial Report (CAFR) will be submitted to the National Association of School Business Officials for the Certification of Excellence in Financial Reporting.

Supporting documents are attached for review:

1. Comprehensive Annual Financial Report (CAFR)
2. Management Report
3. 2020 Robbinsdale Audit Presentation from MMKR

Recommended Action: The School Board is requested to approve the District’s Comprehensive Annual Financial Report for the year ending June 30, 2020.

Approval the District’s Comprehensive Annual Financial Report for FY20 - Feb. 1, 2021

	Yes	No	Abstention
Helen Bassett _____	_____	_____	_____
David Boone _____	_____	_____	_____
Greta Evans-Becker _____	_____	_____	_____
Mike Herring _____	_____	_____	_____
Pam Lindberg _____	_____	_____	_____
Sam Sant _____	_____	_____	_____
John Vento _____	_____	_____	_____

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

**INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA**

**4148 Winnetka Avenue North
New Hope, Minnesota 55427-1288**



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

INDEPENDENT SCHOOL DISTRICT NO. 281
ROBBINSDALE AREA SCHOOLS
NEW HOPE, MINNESOTA

Prepared by:
Finance Department

Executive Director of Finance
Greg Hein

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INDEPENDENT SCHOOL DISTRICT NO. 281

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INDEPENDENT SCHOOL DISTRICT NO. 281

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INDEPENDENT SCHOOL DISTRICT NO. 281

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INTRODUCTORY SECTION



Individual Focus. Infinite Potential.



January 20, 2021

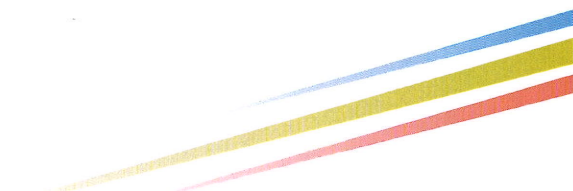
To: Independent School District No. 281, Robbinsdale Area Schools School Board Members,
Citizens and Employees

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 281, Robbinsdale Area Schools (the District) presents the financial position of the District as of June 30, 2020, and the results of its operations for the fiscal year then ended. This report is prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. State law requires the District to publish a complete set of audited financial statements within six months of the close of the District's fiscal year.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established internal controls. The internal controls are designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not be more than the benefits, the District's internal controls are designed to provide reasonable, rather than absolute, assurance that these financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this CAFR is complete and reliable, in all material respects.

These financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2020, are fairly presented, in conformity with accounting principles generally accepted in the United States of America.



FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District was part of a broader, federally mandated, "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statutes, Section 6.65. These reports are available in a separate document.

REPORT FORMAT

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this letter of transmittal, organizational chart, information on the School Board and Administration, a map of the District, and the Certificate of Excellence in Financial Reporting Award. The financial section contains the independent auditor's report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information. The statistical section contains supplemental financial and other statistical data, generally presented on a multi-year basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

DISTRICT GOALS

The Mission of the District is to inspire and educate all learners to develop their unique potential and positively contribute to their community.

Unified District Vision: The District is committed to ensuring every student graduates career and college ready. We believe each student has limitless possibilities and we strive to ignite the potential in every student. We expect high intellectual performance from all our students. We are committed to ensuring an equitable and respectful educational experience for every student, family, and staff member, focusing on strengths related to: race, culture, ethnicity, home or first language, national origin, socioeconomic status, gender, sexual orientation, age, ability, religion, or physical appearance.

The Unified District Vision Consists of Four Key Goals:

- Implement policies and practices that open pathways to academic excellence for all students.
- Utilize culturally relevant teaching and personalized learning for all students.
- Engage family and community members as partners.
- Engage and empower students by amplifying student voice.

The School Board determines the mission and vision of the District and establishes goals. These goals are then monitored through workshops and frequent reports at public School Board meetings. The established district goals are used as guides in setting the annual superintendent goals. The School Board evaluates its performance and the performance of the superintendent annually.

The laws of the state of Minnesota give the authority to the District's School Board, whose members are elected officials, to direct the District's business operations and educational functions. The School Board has the authority to levy taxes, set fees, approve budgets, and staff positions, along with other business and educational functions without prior approval from any other governmental unit. The School Board can issue debt generally with prior district voter approval. The Minnesota Department of Education (MDE) does have some minor oversight responsibility over the District that is generally related to compliance and approval of certain laws and procedures, but not substantive in nature.

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.

LOCATION AND LEARNING ENVIRONMENT

The District is located in Hennepin County, which is one of seven counties that make up the Twin Cities metropolitan area. This seven-county area is the most populated area of Minnesota with service division jobs constituting the greatest growth of the area's employment. Within the metropolitan area, health services, business services, and retail trade are the most significant industries.

As a Minneapolis suburban school district, the District serves a general population of approximately 104,207. The geographic boundary, spanning about 32 square miles, wholly covers the cities of Crystal, New Hope, and Robbinsdale, and partially the cities of Brooklyn Center, Brooklyn Park, Golden Valley, and Plymouth.

The District is Minnesota's ninth largest school district, in terms of student numbers, serving 12,132 students during the 2019–2020 school year. The enrollment reflects a decline of 105 students. The decline reflects expanded enrollment choice options in recent years.

The District owns and operates 20 facilities in Brooklyn Center, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. For the audit period covered in this report, the District operated the following configuration of buildings; 4 high schools (2 traditional high schools, an alternative high school, and a fully accredited online high school), 4 middle schools, 11 elementary schools, and 2 learning centers. The majority of the District's facilities were originally constructed between 1954 and 1971, except for one middle school constructed in 2000 and one elementary school constructed in 2005.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic education, special education for exceptional children, and career/vocational education. Child nutrition, transportation, and before and after school care are provided as supporting programs. The District's community education program also provides early childhood and family education programs, an adult basic education program, and a myriad of classes for lifelong learning and engagement experiences for children and adults within the community.

The District is an award-winning district committed to academic excellence. We take pride in the options we provide students, families, and our community:

- The District has received the 2020 Best Communities for Music Education designation.
- Robbinsdale Cooper High School is an International Baccalaureate (IB) site. The academic curriculum of an IB site must follow an international standard and, as such, our IB diplomas are recognized world-wide.
- Robbinsdale Armstrong High School is designated as an Advanced Placement (AP) Capstone school, one of the first two schools in Minnesota to offer this program from the College Board. There is a full continuum of AP courses and has one of the largest course selections in the state of Minnesota.
- The School of Engineering and Arts has received the prestigious National School of Excellence Blue Ribbon and Green Ribbon designation.
- The District has a fully authorized K–12 IB Programme, including the Primary Years, Middle Years, and Diploma Programmes. The Middle Years Programme was recognized by the international organization in Geneva for outstanding program design. The District's Middle Years Programme is the only one in Minnesota to achieve this distinction and was one of four schools chosen world-wide to be used as a model for a Harvard University publication on best practices of interdisciplinary teaching methods among IB Middle Years Programs.
- The District offers Advancement Via Individual Determination (AVID) programming in both of our middle schools and both of our high schools. This program accelerates student learning, uses research-based methods of effective instruction, raises expectations of students, and puts in place a system of supports that help students succeed.
- Students in our district regularly achieve great success in enrichment programs. We have teams in *FIRST* LEGO League and Destination Imagination that have competed in national competitions. We have students who have placed nationally in competitions, such as National History Day, and students in world language who consistently rank at the top in national exams.
- Teachers in our district have also been recognized for their dedication to excellence in teaching, representing Minnesota in national and international institutes in such areas as economics and history.

BUDGETARY PROCESS

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally, including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department specific needs. The plan is developed as a partnership between the School Board members and the District's administration, which follows a timeline with completion and adoption in June, prior to the start of the school year.

Enrollment is a critical factor in determining funding levels. Approximately 70 percent of the General Fund revenue is enrollment driven and, as such, the administration places a high premium on enrollment projections as a determinant of both funding and, staffing levels needed for the forthcoming year. A preliminary financial forecast is prepared by the executive director of finance and staffing levels are determined keeping the financial projection in focus. The administration then recommends staffing and other budgetary changes in line with the District's mission to the School Board for approval.

The executive director of finance has responsibility for the financial integrity of the District. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. To accurately track and report financial activities with a focus on site-based accounting, approximately 15,000 accounts have been defined within the District's chart of accounts. Each site and department administrator have access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility.

The revenue and expenditure budgets are monitored and modified as conditions change. All revisions to the budget are approved by the School Board.

ECONOMIC FACTORS

The state of Minnesota guarantees each school district a base amount of funding per pupil unit through the General Education Funding Program. This funding relationship intertwines the District's economic outlook to that of the state. The funding increases in the biennium, while modest, still fall short of the inflationary costs incurred by school districts. The basic formula allowance was increased 2.0 percent for the 2019–2020 school year.

Minnesota school districts also have the ability to raise additional revenue through voter-approved excess levy referendums. The referendum formula determines the amount of the referendum that is state aid as compared to local levy, a process called equalization. For fiscal 2020, the District had voter-approved authority of \$1,519 per pupil unit of excess levy authority, which raises a total of approximately \$26.7 million. Most of this revenue is provided from property taxes.

CONFORMANCE WITH STATE ACCOUNTING REGULATIONS

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the MDE by December 31, subsequent to year-end on June 30.

FINANCIAL POLICIES

The cash management policy of the District is to invest idle funds. Cash is invested in certificates of deposit, mutual funds, external investment pools, and interest-bearing checking accounts. Short-term borrowing, which is sometimes needed by the District, was not utilized for fiscal year 2020.

The District has adopted a formal fund balance policy that establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2020, the unassigned fund balance of the General Fund (excluding any restricted account deficits) was 0.4 percent of the annual unassigned actual expenditures for the year then ended.

AWARDS AND ACKNOWLEDGEMENTS

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Excellence, the District published an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Excellence Program's requirements and we are submitting it to the ASBO International to determine its eligibility for another certificate.

This report could not have been completed without the dedicated services of the District's Finance Department. We would like to express our sincere thanks to all members of the District who assisted and contributed to the preparation of this report.

Our appreciation is also given to the School Board for its continued support in leading the District in sound and responsible financial management as well as academic excellence.

Respectfully submitted,

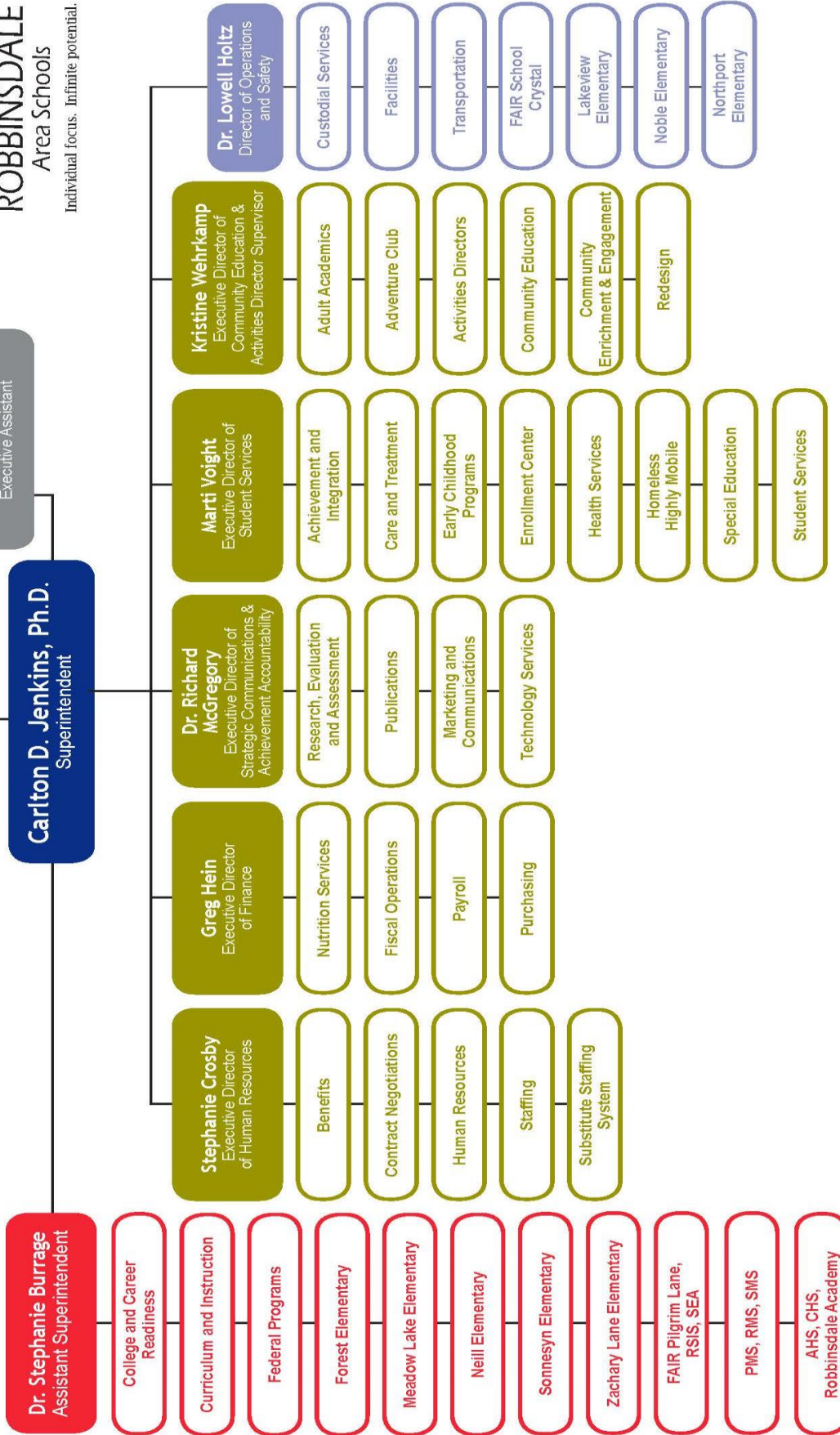
Gregory M. Hein
Gregory M. Hein (Jan 24, 2021 09:54 CST)

Gregory M. Hein
Executive Director of Finance

Dr. Stephanie Burrage
Dr. Stephanie Burrage (Jan 24, 2021 13:21 CST)

Stephanie Burrage, Ed.D.
Interim Superintendent

SUPERINTENDENT'S ORGANIZATIONAL CHART



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INDEPENDENT SCHOOL DISTRICT NO. 281

School Board and Administration
Year Ended June 30, 2020

SCHOOL BOARD

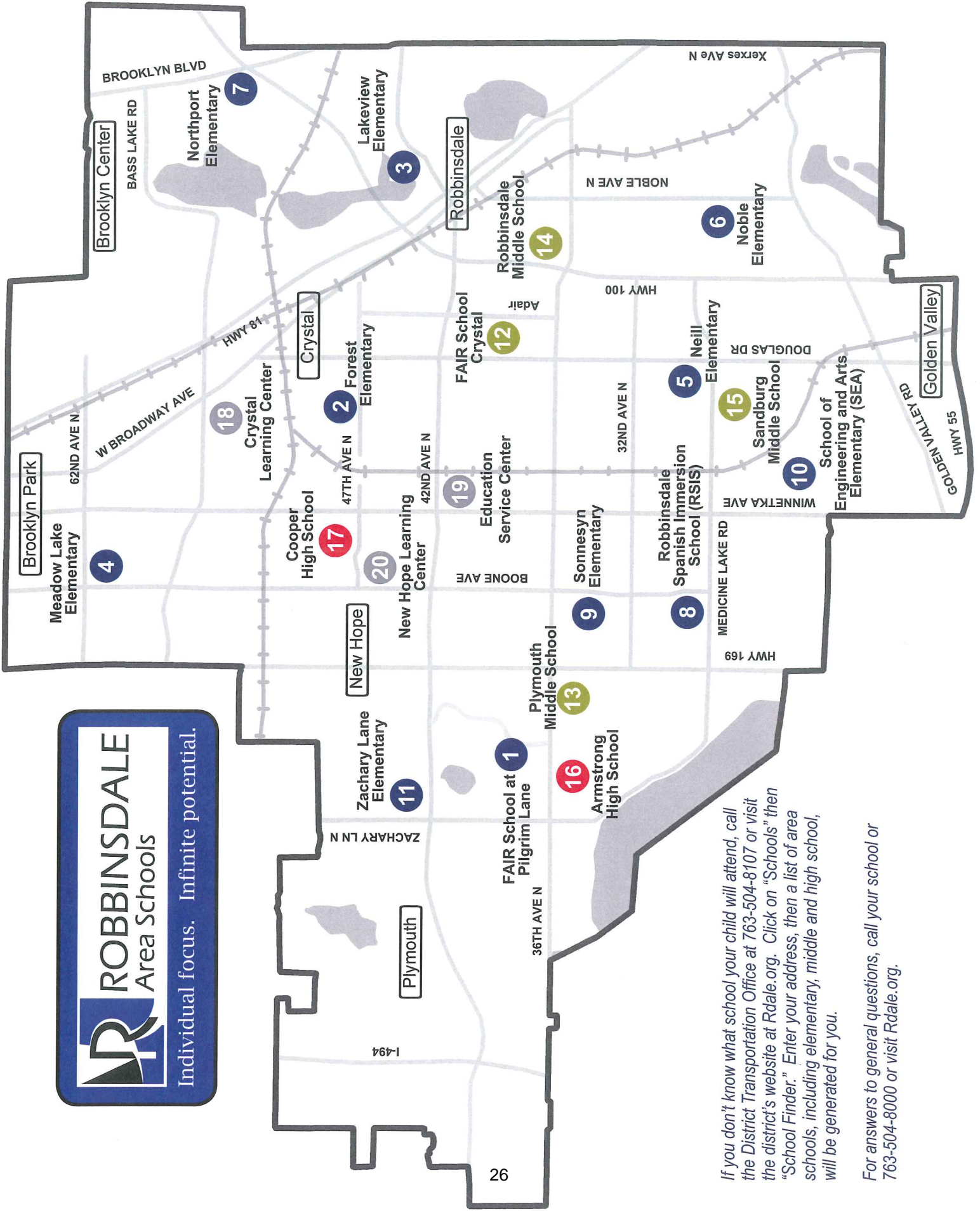
	<u>Position</u>
David Boone	Chair
Helen Bassett	Vice Chair
Sherry Tyrrell	Treasurer
Pam Lindberg	Clerk
Mike Herring	Director
Sam Sant	Director
John Vento	Director

ADMINISTRATION

<u>Cabinet</u>	
Dr. Carlton Jenkins	Superintendent
Dr. Stephanie Burrage	Assistant Superintendent
Stephanie Crosby	Executive Director of Human Resources
Greg Hein	Executive Director of Finance
Dr. Richard McGregory	Executive Director of Strategic Communication and Achievement Accountability
Marti Voight	Executive Director of Student Services
Dr. Kristine Wehrkamp	Executive Director of Community Education and Activities Director Supervisor
Dr. Lowell Holtz	Director of Operations and Safety

ROBBINSDALE
Area Schools

Individual focus. Infinite potential.



If you don't know what school your child will attend, call the District Transportation Office at 763-504-8107 or visit the district's website at Rdale.org. Click on "Schools" then "School Finder." Enter your address, then a list of area schools, including elementary, middle and high school, will be generated for you.

For answers to general questions, call your school or 763-504-8000 or visit Rdale.org.

Robbinsdale Area Schools

Elementary Schools

- 1. FAIR School at Pilgrim Lane**
3725 Pilgrim Lane North
Plymouth MN 55441
763-504-8400
fair.rdale.org
- 2. Forest Elementary**
6800 47th Avenue North
Crystal, MN 55428
763-504-7900
foe.rdale.org
- 3. Lakeview Elementary**
24110 Lake Drive North
Robbinsdale, MN 55422
763-504-4100
lve.rdale.org
- 4. Meadow Lake Elementary**
8525 62nd Avenue North
New Hope, MN 55428
763-504-7700
mle.rdale.org
- 5. Neill Elementary**
6600 Medicine Lake Road
Crystal, MN 55427
763-504-7400
ene.rdale.org
- 6. Noble Elementary**
2601 Noble Avenue North
Golden Valley, MN 55422
763-504-4000
noe.rdale.org
- 7. Northport Elementary**
5421 Brooklyn Boulevard
Brooklyn Center, MN 55429
763-504-7800
npe.rdale.org
- 8. Robbinsdale Spanish Immersion School (RSIS)**
8808 Medicine Lake Road
New Hope, MN 55427
763-504-4400
rsi.rdale.org
- 9. Sonnesyn Elementary**
3421 Boone Avenue North
New Hope, MN 55427
763-504-7600
see.rdale.org
- 10. School of Engineering and Arts Elementary (SEA)**
1751 Kelley Dr.
Golden Valley, MN 55427
763-504-7200
sea.rdale.org
- 11. Zachary Lane Elementary**
4350 Zachary Lane N.
Plymouth, MN 55442
763-504-7300
zle.rdale.org

Revised 6-13-2018

Middle Schools

- 12. FAIR School Crystal**
3915 Adair Ave N
Crystal, MN 55422
(763) 971-4500
fair.rdale.org
- 13. Plymouth Middle School**
10011 36th Avenue North
Plymouth, MN 55441
763-504-7100
pms.rdale.org
- 14. Robbinsdale Middle School**
Robbinsdale Area Learning Campus
3730 Toledo Avenue North
Robbinsdale, MN 55422
763-504-4800
rms.rdale.org
- 15. Sandburg Middle School**
2400 Sandburg Lane
Golden Valley, MN 55427
763-504-8200
sms.rdale.org

High Schools

- 16. Armstrong High School**
10635 36th Avenue North
Plymouth, MN 55441
763-504-8800
ahs.rdale.org
- 17. Cooper High School**
8230 47th Avenue North
New Hope, MN 55428
763-504-8500
chs.rdale.org

Learning and Service Centers

- 18. Crystal Learning Center**
305 Willow Bend
Crystal, MN 55428
763-504-8300
- 19. Education Service Center**
4148 Winnetka Avenue North
New Hope, MN 55427
763-504-8000 (Main Switchboard)
763-504-8107 (Transportation)
- 20. New Hope Learning Center**
8301 47th Avenue North
New Hope, MN 55428
763-504-4160



ROBBINSDALE
Area Schools

Individual focus. Infinite potential.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Independent School District 281 -
Robbinsdale 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

FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 281
New Hope, 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. 281, Robbinsdale 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 January 13, 2020. 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 January 20, 2021 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
January 20, 2021

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by \$42.0 million (deficit net position). Government-wide revenues totaled \$219.4 million and expenses were \$224.3 million, resulting in a \$4.9 million decrease in the District's total net position during the year, excluding the change in accounting principle discussed below.
- The District recorded a change in accounting principle in the current year for the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which changed the way the District reports certain fiduciary activities. The implementation of this standard increased both beginning governmental net position and beginning fund balance in the General Fund by \$0.5 million.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$1.6 million during the year, excluding the change in accounting principle discussed above, compared to a \$0.8 million decrease projected in the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 102,822,450	\$ 99,050,835
Capital assets, net of depreciation	<u>306,431,953</u>	<u>298,428,170</u>
Total assets	<u>\$ 409,254,403</u>	<u>\$ 397,479,005</u>
Deferred outflows of resources		
Pension plan deferments	\$ 87,119,816	\$ 131,099,394
Deferred charges on refundings	<u>—</u>	<u>461,684</u>
Total deferred outflows of resources	<u>\$ 87,119,816</u>	<u>\$ 131,561,078</u>
Liabilities		
Current and other liabilities	\$ 21,548,644	\$ 19,898,124
Long-term liabilities, including due within one year	<u>312,191,032</u>	<u>311,320,752</u>
Total liabilities	<u>\$ 333,739,676</u>	<u>\$ 331,218,876</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 61,768,816	\$ 61,017,057
OPEB Plan deferments	2,419,781	2,427,465
Pension plan deferments	<u>140,465,860</u>	<u>172,015,279</u>
Total deferred inflows of resources	<u>\$ 204,654,457</u>	<u>\$ 235,459,801</u>
Net position		
Net investment in capital assets	\$ 121,514,170	\$ 116,151,974
Restricted	8,831,552	11,057,047
Unrestricted	<u>(172,365,636)</u>	<u>(164,847,615)</u>
Total net position	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</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 depreciation estimates and capitalization policies. Unfunded long-term liabilities for compensated absences, severance, and pensions cause many Minnesota school districts to report a deficit in unrestricted net position.

Much of the decrease in unrestricted net position, as well as the changes in long-term liabilities and deferred outflows/inflows of resources, can be attributed to changes in the District's share of unfunded pension liabilities and related deferments reported for the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans.

Table 2 presents a condensed version of the Change in Net Position of the District:

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 8,019,047	\$ 9,502,703
Operating grants and contributions	33,198,955	34,578,208
General revenues		
Property taxes	65,122,224	60,144,832
General grants and aids	110,111,808	101,589,910
Other	2,925,751	2,818,911
Total revenues	<u>219,377,785</u>	<u>208,634,564</u>
Expenses		
Administration	7,322,496	5,515,211
District support services	5,842,366	9,766,522
Elementary and secondary regular instruction	84,979,649	53,979,385
Vocational education instruction	1,503,372	773,463
Special education instruction	35,301,076	25,976,927
Instructional support services	12,334,356	9,105,680
Pupil support services	18,825,428	17,315,538
Sites and buildings	34,675,198	33,669,988
Fiscal and other fixed cost programs	432,254	452,980
Food service	7,276,407	7,706,006
Community service	10,714,698	10,154,134
Interest and fiscal charges	5,092,272	5,636,378
Total expenses	<u>224,299,572</u>	<u>180,052,212</u>
Change in net position before special item	(4,921,787)	28,582,352
Special item – OPEB trust draw	<u>–</u>	<u>4,749,736</u>
Change in net position	(4,921,787)	33,332,088
Net position – beginning, as previously reported	(37,638,594)	(70,970,682)
Change in accounting principle	540,467	–
Net position – beginning, as restated	<u>(37,098,127)</u>	<u>(70,970,682)</u>
Net position – ending	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>

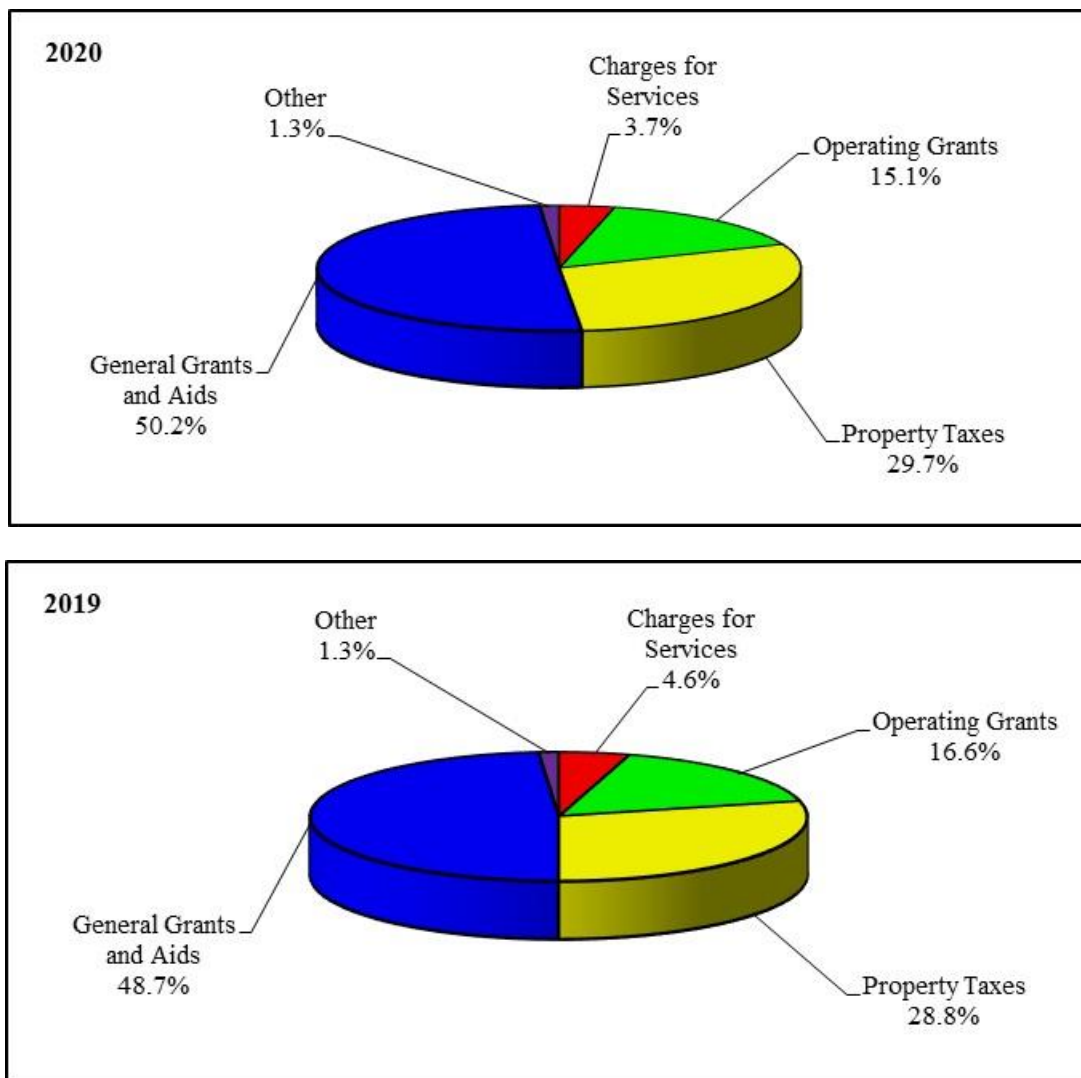
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Property tax revenues increased from the prior year, consistent with the District's approved property tax levy. The increase in general grants and aids, and significant increase in expenses, both reflect the change in the PERA and the TRA state-wide defined benefit pension plans mentioned earlier.

During the 2019 fiscal year, the District made a one-time draw from its Post-Employment Benefits Trust Fund to reimburse the District for \$4.8 million of other post-employment benefits (OPEB) costs incurred since the trust was established (fiscal years 2009 through 2018) for which the District had not previously been reimbursed. Due to the significant and infrequent nature of this transaction, it was reported as a special item in the government-wide, governmental fund, and fiduciary fund financial statements.

Figures A and B show further analysis of these revenue sources and expense functions:

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

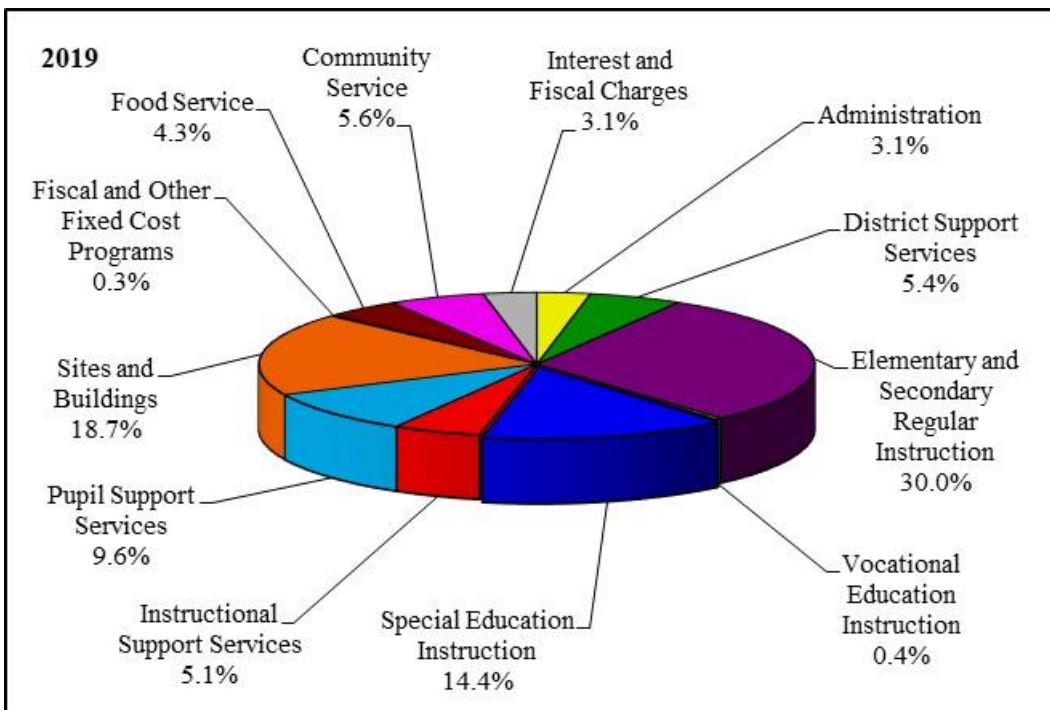
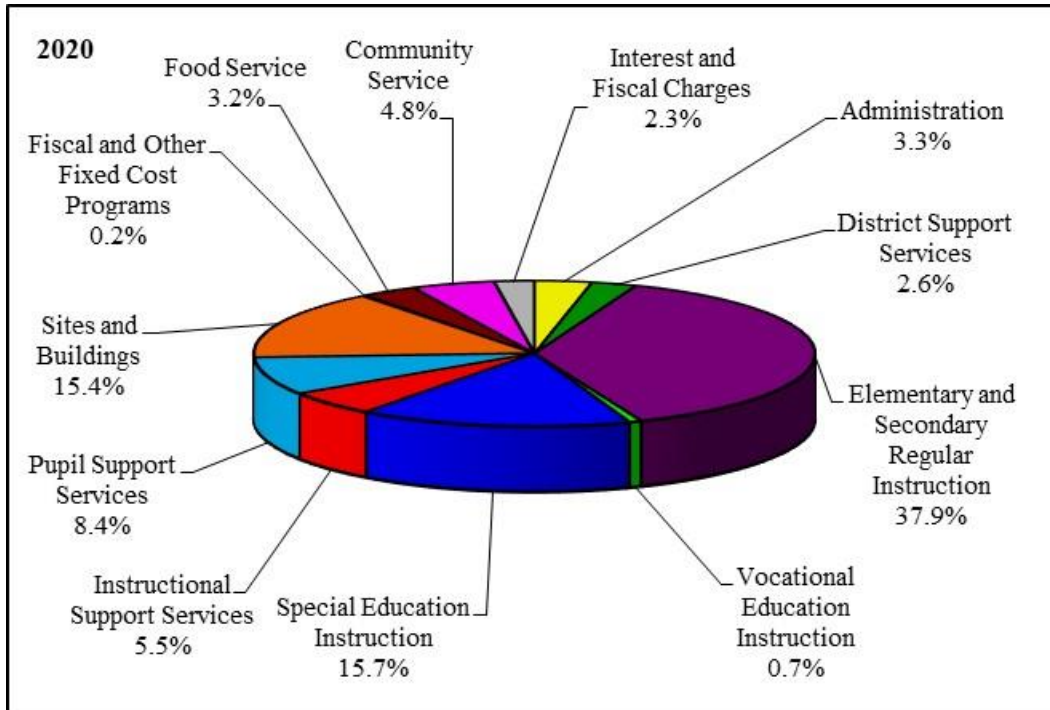


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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

The decrease in charges for services, compared to the prior year, was directly related to the COVID-19 pandemic, which resulted in the District implementing distance learning, and caused the cancellation or modification of numerous activities beginning in March through the end of the fiscal year.

Figure B – Expenses for Fiscal Years 2020 and 2019



The District’s expenses prioritize the delivery of instruction to students. Programs, such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction. Other expenditures are either auxiliary to instruction or related to the operational needs necessary to sustain the learning environment.

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above, was mainly attributable to the change in expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percent Change</u>
Major funds				
General	\$ 8,240,928	\$ 6,054,430	\$ 2,186,498	36.1%
Capital Projects – Building				
Construction	1,166,797	3,025,152	(1,858,355)	(61.4%)
Debt Service	2,866,254	3,046,255	(180,001)	(5.9%)
Nonmajor funds				
Food Service Special Revenue	1,102,274	1,014,401	87,873	8.7%
Community Service Special Revenue	1,006,548	1,432,849	(426,301)	(29.8%)
Total governmental funds	<u>\$ 14,382,801</u>	<u>\$ 14,573,087</u>	<u>\$ (190,286)</u>	(1.3%)

Analysis of the General Fund

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

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 178,576,055</u>	<u>\$ 179,641,872</u>	<u>\$ 1,065,817</u>	<u>0.6%</u>
Expenditures	<u>\$ 177,343,433</u>	<u>\$ 180,431,437</u>	<u>\$ 3,088,004</u>	<u>1.7%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended that budget for known changes in circumstances, such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2020 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 181,714,888	\$ 2,073,016	1.2%	\$ 7,405,341	4.2%
Expenditures	180,874,409	\$ 442,972	0.2%	\$ 2,889,643	1.6%
Other financing sources	<u>805,552</u>	\$ 805,552	N/A	\$ 805,552	N/A
Net change in fund balances	<u>\$ 1,646,031</u>				

General Fund total fund balances increased \$1,646,031 from fiscal 2020 operations, as compared to a decrease of \$789,565 projected in the final budget. The majority of this favorable variance was due to revenues from state and other local sources exceeding budget. Unassigned fund balance in the General Fund was \$622,412 as of June 30, 2020.

Approximately 72 percent of General Fund operational revenue is controlled by a complex set of state funding formulas, as such, the local School Board has minimal authority in the establishment of the level of resources. Special education funding is also mostly received through state aid. This funding source is based in part on the identified needs of the special education student population and the related expenditures. Other state formulas further determine the portion of revenue provided through property taxes versus state aid.

An increase in the District's approved property tax levy, along with additional funding from state special education aid, contributed to the overall increase in General Fund revenue for fiscal 2020. This was partially offset by a decrease in federal grant entitlements used for the District's Title I program. Revenue exceeded the District's conservative budget in state aids and other local sources, such as activity fees, tuition, and donations.

Expenditures were held to a modest increase of 1.6 percent from the prior year, as inflationary increases to salaries and benefits and increased capital spending were partially offset by decreased expenditures for purchased services and supplies. Expenditures exceeded budget by 0.2 percent overall. The variance was spread across a number of program areas, with the largest variances in special education instruction (\$2,396,617 under budget), instructional support services (\$1,234,371 under budget), and pupil support services (\$4,356,763 over budget).

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund expenditures exceeded revenues and other financing sources by \$1,858,355 in fiscal 2020, due to the progress on various improvement and facilities maintenance projects financed primarily with the proceeds of facility maintenance bonds with a par value of \$16,605,000 issued this year. The District had fund balances of \$1,166,797 at year-end restricted for various capital purposes.

Debt Service Fund

Expenditures and other financing uses exceeded revenues and other financing sources by \$180,001 in the Debt Service Fund. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The District issued general obligation refunding bonds with a par value of \$10,330,000 during the year to refund the outstanding maturities of its Series 2010A and 2010B General Obligation Refunding Bonds, thereby reducing future debt service requirements by \$617,032. The ending fund balance of \$2,866,254 at June 30, 2020 is available for meeting future debt service obligations.

Nonmajor Funds

Expenditures exceeded revenue in the District's two nonmajor funds by \$338,428 in fiscal 2020.

The Food Service Special Revenue Fund had an increase in fund balance of \$87,873, compared to a budgeted decrease of \$100,000, ending the year with a fund balance of \$1,102,274. Revenue (mainly full-price and ala carte meal sales) and expenditures (mainly food and supplies) were both under budget and down from the previous year, mainly due to COVID-related restrictions and program changes beginning in March.

The June 30, 2020 fund balance of the Community Service Special Revenue Fund was \$1,006,548, a decrease of \$426,301 from the prior year, compared to a budgeted increase of \$144,611. Revenues (mainly program fees and tuition) and expenditures were both under budget and lower than last year, due to COVID restrictions, however, the impact on revenues was more significant.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 1,218,930	\$ 1,218,930	\$ -
Construction in progress	10,924,239	4,636,727	6,287,512
Land improvements	8,954,700	8,725,410	229,290
Buildings	472,254,651	457,189,537	15,065,114
Furniture and equipment	31,574,472	27,117,386	4,457,086
Less accumulated depreciation	<u>(218,495,039)</u>	<u>(200,459,820)</u>	<u>(18,035,219)</u>
Total	<u>\$ 306,431,953</u>	<u>\$ 298,428,170</u>	<u>\$ 8,003,783</u>
Depreciation expense	<u>\$ 18,035,219</u>	<u>\$ 17,499,214</u>	<u>\$ 536,005</u>

By the end of 2020, the District had net capital assets of \$306.4 million, representing a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and other equipment for various instructional programs. Total depreciation expense for the year was \$18.0 million, as compared to \$17.5 million the previous year.

The District's 10-year facility plan under the Long-Term Facilities Maintenance Program, which involves performing deferred maintenance and renovation of the District's buildings, accounted for much of the asset additions for the year.

Long-Term Liabilities

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
General obligation bonds	\$ 176,235,000	\$ 173,310,000	\$ 2,925,000
Certificates of participation	7,235,000	7,810,000	(575,000)
Unamortized premiums (discounts)	8,531,310	8,048,551	482,759
Capital leases	3,043,677	3,234,849	(191,172)
Compensated absences payable	1,598,751	1,436,746	162,005
Severance benefits payable	3,275,778	3,405,267	(129,489)
Net pension liability	<u>112,271,516</u>	<u>114,075,339</u>	<u>(1,803,823)</u>
Total	<u><u>\$ 312,191,032</u></u>	<u><u>\$ 311,320,752</u></u>	<u><u>\$ 870,280</u></u>

At year-end, the District had \$192.0 million in general obligation bonds and certificates of participation payable, including premiums and discounts. The District issued \$16.6 million in general obligation long-term facilities maintenance bonds, and \$10.3 million of general obligation refunding bonds during the year, as previously discussed. The District made scheduled principal payments of \$13.5 million on outstanding bonds, certificates of participation, and capital leases during the year, and refunded an additional \$11.3 million of outstanding bonds to attain a more favorable interest rate.

The difference in net pension liability reflects the change in the District’s proportionate share of the state-wide PERA and TRA pension plans.

The District’s bonds presently carry a Standard and Poor’s long-term rating of “AAA/Stable” and a school-issuer credit rating of “A/Negative.”

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

District’s market value	\$ 10,739,561,575
Limit rate	<u>15%</u>
Legal debt limit	<u><u>\$ 1,610,934,236</u></u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

The District ran and successfully passed a \$515 per pupil unit operating referendum for a 10-year period beginning in fiscal 2020, which will provide an estimated \$6.3 million of additional annual funding.

The COVID-19 pandemic has impacted how the District provides instruction. The District completed the 2019–2020 school year with distance learning, which has continued to varying degrees into fiscal 2021. Increased expenditures for personal protective equipment, sanitation supplies, and technology are expected in the upcoming fiscal year.

State funding formulas are also dependent on the number of students a district serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic may impact the District's enrollment. Students choosing to enroll in other online programs, private school options, or kindergarten families choosing to wait a year, could impact district revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this CAFR or need additional financial information, contact the Finance Department, Independent School District No. 281, 4148 Winnetka Avenue North, New Hope, Minnesota 55427.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 45,120,227	\$ 37,984,705
Receivables		
Current taxes	33,559,471	32,283,933
Delinquent taxes	526,993	508,028
Accounts and interest	786,015	975,065
Due from other governmental units	14,771,912	15,210,152
Due from post-employment benefits trust	443,570	5,431,060
Inventory	478,051	271,470
Prepaid items	321,818	59,441
Restricted assets – temporarily restricted		
Cash and investments for capital projects	1,799	1,797
Net OPEB asset	6,812,594	6,325,184
Capital assets		
Not depreciated	12,143,169	5,855,657
Depreciated, net of accumulated depreciation	294,288,784	292,572,513
Total capital assets, net of accumulated depreciation	<u>306,431,953</u>	<u>298,428,170</u>
 Total assets	 409,254,403	 397,479,005
Deferred outflows of resources		
Pension plan deferments	87,119,816	131,099,394
Deferred charges on refundings	–	461,684
Total deferred outflows of resources	<u>87,119,816</u>	<u>131,561,078</u>
 Total assets and deferred outflows of resources	 <u>\$ 496,374,219</u>	 <u>\$ 529,040,083</u>
Liabilities		
Salaries payable	\$ 1,426,732	\$ 960,655
Accounts and contracts payable	13,194,338	11,805,300
Accrued interest payable	2,780,568	2,621,979
Due to other governmental units	1,337,352	1,050,602
Unearned revenue	2,809,654	3,459,588
 Long-term liabilities		
Due within one year	16,353,799	15,386,956
Due in more than one year	295,837,233	295,933,796
Total long-term liabilities	<u>312,191,032</u>	<u>311,320,752</u>
 Total liabilities	 333,739,676	 331,218,876
Deferred inflows of resources		
Property taxes levied for subsequent year	61,768,816	61,017,057
OPEB Plan deferments	2,419,781	2,427,465
Pension plan deferments	140,465,860	172,015,279
Total deferred inflows of resources	<u>204,654,457</u>	<u>235,459,801</u>
Net position		
Net investment in capital assets	121,514,170	116,151,974
Restricted for		
Capital asset acquisition	5,142,373	7,112,650
Debt service	224,810	557,450
Food service	1,241,662	1,164,384
Community service	1,018,315	1,532,443
Other purposes (state funding restrictions)	1,204,392	690,120
Unrestricted	(172,365,636)	(164,847,615)
Total net position	<u>(42,019,914)</u>	<u>(37,638,594)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 496,374,219</u>	 <u>\$ 529,040,083</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Functions/Programs	Expenses	2020		2019	2019
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Administration	\$ 7,322,496	\$ —	\$ —	\$ (7,322,496)	\$ (5,514,881)
District support services	5,842,366	120,685	—	(5,721,681)	(9,541,407)
Elementary and secondary regular instruction	84,979,649	485,766	3,179,952	(81,313,931)	(46,285,844)
Vocational education instruction	1,503,372	—	40,321	(1,463,051)	(726,901)
Special education instruction	35,301,076	709,428	18,625,950	(15,965,698)	(8,745,880)
Instructional support services	12,334,356	3,255	89,840	(12,241,261)	(8,944,299)
Pupil support services	18,825,428	—	2,342,306	(16,483,122)	(14,956,055)
Sites and buildings	34,675,198	754,317	—	(33,920,881)	(33,649,370)
Fiscal and other fixed cost programs	432,254	—	—	(432,254)	(452,980)
Food service	7,276,407	1,477,502	5,766,635	(32,270)	(172,965)
Community service	10,714,698	4,468,094	3,153,951	(3,092,653)	(1,344,341)
Interest and fiscal charges	5,092,272	—	—	(5,092,272)	(5,636,378)
Total governmental activities	\$ 224,299,572	\$ 8,019,047	\$ 33,198,955	(183,081,570)	(135,971,301)
General revenues					
Taxes					
Property taxes, for general purposes				44,393,003	37,273,204
Property taxes, for community service				2,390,902	2,044,276
Property taxes, for debt service				18,338,319	20,827,352
General grants and aids				110,111,808	101,589,910
Other general revenues				2,463,613	1,960,668
Investment earnings				462,138	858,243
Special item – OPEB trust draw				—	4,749,736
Total general revenues and special item				<u>178,159,783</u>	<u>169,303,389</u>
Change in net position				(4,921,787)	33,332,088
Net position – beginning, as previously reported				(37,638,594)	(70,970,682)
Change in accounting principle				540,467	—
Net position – beginning, as restated				<u>(37,098,127)</u>	<u>(70,970,682)</u>
Net position – ending				<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 19,447,076	\$ 6,443,809	\$ 12,355,887
Cash and investments held by trustee	–	1,799	–
Receivables			
Current taxes	22,176,591	–	10,070,870
Delinquent taxes	346,237	–	162,373
Accounts and interest	512,662	1,009	–
Due from other governmental units	13,120,169	–	90,007
Due from other funds	443,570	–	–
Inventory	391,697	–	–
Prepaid items	321,818	–	–
	<u>\$ 56,759,820</u>	<u>\$ 6,446,617</u>	<u>\$ 22,679,137</u>
Liabilities			
Salaries payable	\$ 1,149,780	\$ 779	\$ –
Accounts and contracts payable	6,285,965	5,244,208	–
Due to other governmental units	1,258,058	34,833	–
Due to other funds	–	–	–
Unearned revenue	1,078	–	–
Total liabilities	<u>8,694,881</u>	<u>5,279,820</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	39,532,005	–	19,673,759
Unavailable revenue – delinquent taxes	292,006	–	139,124
Total deferred inflows of resources	<u>39,824,011</u>	<u>–</u>	<u>19,812,883</u>
Fund balances (deficit)			
Nonspendable	713,515	–	–
Restricted	5,397,172	1,166,797	2,866,254
Assigned	1,507,829	–	–
Unassigned	622,412	–	–
Total fund balances	<u>8,240,928</u>	<u>1,166,797</u>	<u>2,866,254</u>
	<u>\$ 56,759,820</u>	<u>\$ 6,446,617</u>	<u>\$ 22,679,137</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,759,820</u>	<u>\$ 6,446,617</u>	<u>\$ 22,679,137</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 2,254,365	\$ 40,501,137	\$ 34,666,760
–	1,799	1,797
1,312,010	33,559,471	32,283,933
18,383	526,993	508,028
272,344	786,015	975,065
1,561,736	14,771,912	15,210,152
–	443,570	5,712,927
86,354	478,051	271,470
–	321,818	59,441
<u>\$ 5,505,192</u>	<u>\$ 91,390,766</u>	<u>\$ 89,689,573</u>
\$ 276,173	\$ 1,426,732	\$ 960,655
237,589	11,767,762	10,422,229
44,461	1,337,352	1,050,602
–	–	281,867
259,534	260,612	995,581
<u>817,757</u>	<u>14,792,458</u>	<u>13,710,934</u>
2,563,052	61,768,816	61,017,057
15,561	446,691	388,495
<u>2,578,613</u>	<u>62,215,507</u>	<u>61,405,552</u>
86,354	799,869	330,911
2,022,468	11,452,691	13,447,114
–	1,507,829	1,210,419
–	622,412	(415,357)
<u>2,108,822</u>	<u>14,382,801</u>	<u>14,573,087</u>
<u>\$ 5,505,192</u>	<u>\$ 91,390,766</u>	<u>\$ 89,689,573</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 14,382,801	\$ 14,573,087
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	524,926,992	498,887,990
Accumulated depreciation	(218,495,039)	(200,459,820)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds	(176,235,000)	(173,310,000)
Certificates of participation	(7,235,000)	(7,810,000)
Unamortized (premiums) discounts	(8,531,310)	(8,048,551)
Capital leases	(3,043,677)	(3,234,849)
Compensated absences payable	(1,598,751)	(1,436,746)
Severance benefits payable	(3,275,778)	(3,405,267)
Net pension liability	(112,271,516)	(114,075,339)
Net OPEB obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.		
	6,812,594	6,325,184
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,780,568)	(2,621,979)
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.		
	643,472	(529,133)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	87,119,816	131,099,394
Deferred outflows of resources – deferred charges on refundings	–	461,684
Deferred inflows of resources – OPEB Plan deferments	(2,419,781)	(2,427,465)
Deferred inflows of resources – pension plan deferments	(140,465,860)	(172,015,279)
Deferred inflows of resources – delinquent property taxes	446,691	388,495
Total net position – governmental activities	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 44,343,444	\$ –	\$ 18,332,369
Investment earnings	145,485	142,894	126,645
Other	3,788,625	–	–
State sources	127,595,185	–	908,339
Federal sources	5,842,149	–	–
Total revenue	<u>181,714,888</u>	<u>142,894</u>	<u>19,367,353</u>
Expenditures			
Current			
Administration	6,901,168	–	–
District support services	5,766,813	–	–
Elementary and secondary regular instruction	78,653,904	–	–
Vocational education instruction	1,419,272	–	–
Special education instruction	33,233,639	–	–
Instructional support services	11,539,653	–	–
Pupil support services	18,481,931	–	–
Sites and buildings	15,709,234	–	–
Fiscal and other fixed cost programs	432,254	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	8,400,883	19,996,736	–
Debt service			
Principal	248,285	–	13,290,000
Interest and fiscal charges	87,373	145,724	6,336,317
Total expenditures	<u>180,874,409</u>	<u>20,142,460</u>	<u>19,626,317</u>
Excess (deficiency) of revenue over expenditures	840,479	(19,999,566)	(258,964)
Other financing sources (uses)			
Bonds and certificates of participation issued	–	16,605,000	–
Refunding bonds issued	–	–	10,330,000
Premiums on debt issued	–	1,536,211	1,043,963
Payment to refunded bond escrow agent	–	–	(11,295,000)
Capital lease issued	57,113	–	–
Sale of assets	6,050	–	–
Insurance recovery	742,389	–	–
Total other financing sources (uses)	<u>805,552</u>	<u>18,141,211</u>	<u>78,963</u>
Special item – OPEB trust draw	–	–	–
Net change in fund balances	1,646,031	(1,858,355)	(180,001)
Fund balances			
Beginning of year, as previously reported	6,054,430	3,025,152	3,046,255
Change in accounting principle	540,467	–	–
Beginning of year, as restated	<u>6,594,897</u>	<u>3,025,152</u>	<u>3,046,255</u>
End of year	<u>\$ 8,240,928</u>	<u>\$ 1,166,797</u>	<u>\$ 2,866,254</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 2,388,215	\$ 65,064,028	\$ 60,250,102
22,921	437,945	812,707
5,945,596	9,734,221	11,463,371
3,277,012	131,780,536	129,898,661
<u>5,643,574</u>	<u>11,485,723</u>	<u>12,615,853</u>
17,277,318	218,502,453	215,040,694
–	6,901,168	6,668,226
–	5,766,813	7,116,200
–	78,653,904	77,514,144
–	1,419,272	1,229,923
–	33,233,639	32,635,544
–	11,539,653	13,123,834
–	18,481,931	18,357,090
–	15,709,234	15,460,915
–	432,254	452,980
7,098,859	7,098,859	7,461,022
10,437,784	10,437,784	10,854,534
79,103	28,476,722	14,118,571
–	13,538,285	15,499,567
–	6,569,414	7,031,016
<u>17,615,746</u>	<u>238,258,932</u>	<u>227,523,566</u>
(338,428)	(19,756,479)	(12,482,872)
–	16,605,000	–
–	10,330,000	9,910,000
–	2,580,174	–
–	(11,295,000)	(9,815,000)
–	57,113	–
–	6,050	–
–	742,389	–
–	19,025,726	95,000
–	–	4,749,736
(338,428)	(730,753)	(7,638,136)
2,447,250	14,573,087	22,211,223
–	540,467	–
<u>2,447,250</u>	<u>15,113,554</u>	<u>–</u>
<u>\$ 2,108,822</u>	<u>\$ 14,382,801</u>	<u>\$ 14,573,087</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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)

	<u>2020</u>	<u>2019</u>
Total net change in fund balances – governmental funds	\$ (730,753)	\$ (7,638,136)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in 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	26,039,002	10,193,385
Depreciation expense	(18,035,219)	(17,499,214)
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 and certificates of participation	(26,935,000)	(9,910,000)
Capital leases issued	(57,113)	–
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	24,585,000	25,110,000
Capital leases	248,285	204,567
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.		
Compensated absences payable	(162,005)	(10,447)
Severance benefits payable	129,489	(972,323)
Net pension liability	1,803,823	202,251,225
Net OPEB obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	487,410	(1,944,289)
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.		
	(158,589)	95,059
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.		
	(482,759)	1,345,747
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	1,172,605	(1,355,232)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(43,979,578)	(44,641,148)
Deferred outflows of resources – OPEB Plan deferments	–	(236,294)
Deferred outflows of resources – deferred charges on refundings	(461,684)	(46,168)
Deferred inflows of resources – OPEB Plan deferments	7,684	(2,413,399)
Deferred inflows of resources – pension plan deferments	31,549,419	(119,095,975)
Deferred inflows of resources – delinquent property taxes	58,196	(105,270)
Change in net position – governmental activities	<u>\$ (4,921,787)</u>	<u>\$ 33,332,088</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 44,613,244	\$ 45,229,386	\$ 44,343,444	\$ (885,942)
Investment earnings	150,000	150,000	145,485	(4,515)
Other	1,898,232	2,692,725	3,788,625	1,095,900
State sources	125,104,626	124,916,185	127,595,185	2,679,000
Federal sources	6,809,953	6,653,576	5,842,149	(811,427)
Total revenue	<u>178,576,055</u>	<u>179,641,872</u>	<u>181,714,888</u>	<u>2,073,016</u>
Expenditures				
Current				
Administration	6,686,425	6,899,078	6,901,168	2,090
District support services	5,822,008	6,747,446	5,766,813	(980,633)
Elementary and secondary regular instruction	82,056,522	78,382,046	78,653,904	271,858
Vocational education instruction	1,615,552	1,195,604	1,419,272	223,668
Special education instruction	32,438,561	35,653,153	33,233,639	(2,419,514)
Instructional support services	12,801,148	12,767,046	11,539,653	(1,227,393)
Pupil support services	13,476,858	14,182,281	18,481,931	4,299,650
Sites and buildings	15,936,150	16,061,154	15,709,234	(351,920)
Fiscal and other fixed cost programs	475,000	475,000	432,254	(42,746)
Capital outlay	6,035,209	7,771,046	8,400,883	629,837
Debt service				
Principal	–	204,567	248,285	43,718
Interest and fiscal charges	–	93,016	87,373	(5,643)
Total expenditures	<u>177,343,433</u>	<u>180,431,437</u>	<u>180,874,409</u>	<u>442,972</u>
Excess (deficiency) of revenue over expenditures	1,232,622	(789,565)	840,479	1,630,044
Other financing sources				
Capital lease issued	–	–	57,113	57,113
Sale of assets	–	–	6,050	6,050
Insurance recovery	–	–	742,389	742,389
Total other financing sources	<u>–</u>	<u>–</u>	<u>805,552</u>	<u>805,552</u>
Net change in fund balances	<u>\$ 1,232,622</u>	<u>\$ (789,565)</u>	<u>1,646,031</u>	<u>\$ 2,435,596</u>
Fund balances				
Beginning of year, as previously reported			6,054,430	
Change in accounting principle			<u>540,467</u>	
Beginning of year, as restated			<u>6,594,897</u>	
End of year			<u>\$ 8,240,928</u>	

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 4,619,090	\$ 3,317,945
Liabilities		
Current liabilities		
Claims payable	1,426,576	1,383,071
Unearned revenue	2,549,042	2,464,007
Total current liabilities	<u>3,975,618</u>	<u>3,847,078</u>
Net position		
Unrestricted	<u>\$ 643,472</u>	<u>\$ (529,133)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 18,822,936	\$ 16,685,899
Operating expenses		
Dental benefit claims	1,161,937	1,340,583
Health benefit claims	<u>16,512,587</u>	<u>16,746,084</u>
Total operating expenses	<u>17,674,524</u>	<u>18,086,667</u>
Operating income (loss)	1,148,412	(1,400,768)
Nonoperating revenue		
Investment earnings	<u>24,193</u>	<u>45,536</u>
Change in net position	1,172,605	(1,355,232)
Net position		
Beginning of year	<u>(529,133)</u>	<u>826,099</u>
End of year	<u>\$ 643,472</u>	<u>\$ (529,133)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 18,907,971	\$ 17,922,398
Payments for dental claims	(1,149,465)	(1,338,926)
Payments for health claims	(16,481,554)	(17,660,531)
Net cash flows from operating activities	<u>1,276,952</u>	<u>(1,077,059)</u>
Cash flows from investing activities		
Investment income received	<u>24,193</u>	<u>45,536</u>
Net change in cash and cash equivalents	1,301,145	(1,031,523)
Cash and cash equivalents		
Beginning of year	<u>3,317,945</u>	<u>4,349,468</u>
End of year	<u>\$ 4,619,090</u>	<u>\$ 3,317,945</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 1,148,412	\$ (1,400,768)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Claims payable	43,505	(912,790)
Unearned revenue	85,035	1,236,499
Net cash flows from operating activities	<u>\$ 1,276,952</u>	<u>\$ (1,077,059)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Employee Benefit Trust Funds	Scholarship Private-Purpose Trust Fund
	<u> </u>	<u> </u>
Assets		
Investments		
Mutual funds	\$ 15,179,319	\$ -
Liabilities		
Due to other funds	<u>443,570</u>	<u>-</u>
Net position		
Held in trust for employee benefits	<u>\$ 14,735,749</u>	<u>\$ -</u>

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

	Employee Benefit Trust Funds	Scholarship Private-Purpose Trust Fund
	<u> </u>	<u> </u>
Additions		
Investment earnings	\$ 1,150,667	\$ -
Less investment expense	(47,450)	-
Net investment earnings	<u>1,103,217</u>	<u>-</u>
Deductions		
Retirement benefits	443,570	-
Administrative and other expenses	5,829	-
Total deductions	<u>449,399</u>	<u>-</u>
Change in net position	<u>653,818</u>	<u>-</u>
Net position		
Beginning of year, as previously reported	14,503,009	441,639
Change in accounting principle	(421,078)	(441,639)
Beginning of year, as restated	<u>14,081,931</u>	<u>-</u>
End of year	<u>\$ 14,735,749</u>	<u>\$ -</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Basic Financial Statements June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 281, Robbinsdale Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District, located in Hennepin County, serves pre-kindergarten through Grade 12 students in all or parts of the cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. The District's financial statements 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 fiduciary funds. Generally, the effect of material 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 instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenue, 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 funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Internal service funds are presented in the proprietary fund financial statements, which are reported using the accrual basis of accounting and economic resources measurement focus as described earlier in these notes. Because the principal users of the internal services are the District’s governmental activities, 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 (other district funds) for services. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and private-purpose trust. Fiduciary funds are also reported using the accrual basis of accounting and economic resources measurement focus. 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.

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.

Capital Projects – Building Construction Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs. The other post-employment benefits (OPEB) debt service account is used for OPEB bond issues. The regular debt service account is used for all other general obligation bonds debt service.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – This fund is used to account for the District’s child nutrition program.

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

Proprietary Funds

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

Fiduciary Funds

Post-Employment Benefits Trust Fund – This fund is used to administer assets held in an irrevocable trust to fund post-employment benefits for eligible employees.

Employee Benefit Trust Fund – This fund was used to administer resources held for employees participating in the District’s flexible benefit plan (Internal Revenue Code [IRC] § 125 Cafeteria Plan). This fund was closed during the year, due to the change in accounting principle described later in these notes.

Scholarship Private-Purpose Trust Fund – This fund was used to account for resources used by various other third parties to award scholarships to former students in previous years. This fund was closed during the year, due to the change in accounting principle described later in these notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts annual budgets for all governmental funds, prepared on the same basis of accounting as the financial statements. Legal budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Actual expenditures exceeded final budgeted appropriations by \$442,972 in the General Fund and \$11,142,460 in the Capital Projects – Building Construction Fund.

F. Cash and Temporary 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. Earnings from the investment of debt proceeds recorded in the Capital Projects – Building Construction Fund and all trust fund investments are not pooled, and earnings on these assets are allocated directly to the respective funds.

Cash and investments held by trustee reported in the Capital Projects – Building Construction Fund represent assets held in escrow accounts for future capital projects in accordance with applicable debt provisions. In the government-wide financial statements, these accounts are reported as restricted assets.

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.

Investments are generally stated at fair value, except for certain 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

Amounts due from other governmental units at year-end consist of the following:

Due from the MDE	\$	11,592,234
Due from federal government agencies		2,684,534
Due from other Minnesota school districts		156,833
Due from Hennepin County and others		<u>338,311</u>
Total	\$	<u><u>14,771,912</u></u>

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the 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 \$3,790,655 of the property tax levy collectible in 2020 as revenue in fiscal 2019–2020. The remaining portion of the taxes collectible in 2020 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets are reported in the government-wide financial statements, but not in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or 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 20 years for furniture and equipment. Land and construction in progress are not depreciated.

L. Deferred Outflows/Inflows of Resources

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

The District reports deferred outflows 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.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, 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.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period as other financing sources or uses, respectively. The face amount of debt issued is reported as other financing sources.

N. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

O. Severance Benefits Payable

The District provides lump sum severance benefits to certain eligible employee groups in accordance with provisions in collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. State-Wide Pension Plans

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

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

R. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for workers’ compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in fiscal 2020.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its uninsured 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. The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	\$ 22,239	\$ 1,340,583	\$ 1,338,926	\$ 23,896
2020	\$ 23,896	\$ 1,161,937	\$ 1,149,465	\$ 36,368

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	\$ 2,273,622	\$ 16,746,084	\$ 17,660,531	\$ 1,359,175
2020	\$ 1,359,175	\$ 16,512,587	\$ 16,481,554	\$ 1,390,208

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balances 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 the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent or designee is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

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

W. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement resulted in reporting extracurricular student activity fund activity, previously excluded from the District's reporting entity, within the General Fund and governmental activities. The District previously reported an employee flexible benefit plan in an Employee Benefit Trust Fund, and scholarship activity in a Private-Purpose Trust Fund, both of which have also been combined into the General Fund and governmental activities. The standard required retroactive implementation, which resulted in increases of \$540,467 to the beginning fund balance of the General Fund and net position of governmental activities, and decreases of \$421,078 and \$441,639 in the beginning net position of the previously reported Employee Benefit Trust Fund and Scholarship Private-Purpose Trust Fund, respectively.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 3,803,391
Investments	<u>56,497,954</u>
Total	<u>\$ 60,301,345</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 45,120,227
Restricted assets – temporarily restricted – cash and investments for capital projects	1,799
Statement of Fiduciary Net Position	
Investments – Employee Benefit Trust Fund	<u>15,179,319</u>
Total	<u>\$ 60,301,345</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 \$3,803,391, while the balance on the bank records was \$5,001,017. At June 30, 2020, all of these deposits were fully covered by federal deposit insurance 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		No Maturity Date	Less Than 1	1 to 5	
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ –	\$ 497,310	\$ 230,376	\$ 727,686
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	\$ 29,729,790	\$ –	\$ –	29,729,790
MNTrust Term Series	N/R	N/A	N/A	\$ –	\$ 8,000,000	\$ –	8,000,000
Mutual funds	AAA	S&P	Level 2	\$ 15,179,825	\$ –	\$ –	15,179,825
Mutual funds	AAA	S&P	Level 1	\$ 2,860,653	\$ –	\$ –	2,860,653
Total investments							<u>\$ 56,497,954</u>

N/A – Not Applicable

N/R – Not Rated

The MNTrust Investment Shares Portfolio and MNTrust Term Series are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District’s investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio. MNTrust Term Series Portfolios are intended to be held until maturity; a participant’s withdrawal prior to maturity will require seven-days’ notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust Term Series Portfolio to recoup any associated penalties, charges, losses or other costs associated with the early redemption of the investments therein.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

For assets held in the District’s irrevocable OPEB (Post-Employment Benefits) trust account, the investment options available are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

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

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 policies do not address concentration risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,218,930	\$ –	\$ –	\$ –	\$ 1,218,930
Construction in progress	4,636,727	21,352,626	–	(15,065,114)	10,924,239
Total capital assets not depreciated	5,855,657	21,352,626	–	(15,065,114)	12,143,169
Capital assets, depreciated					
Land improvements	8,725,410	229,290	–	–	8,954,700
Buildings	457,189,537	–	–	15,065,114	472,254,651
Furniture and equipment	27,117,386	4,457,086	–	–	31,574,472
Total capital assets, depreciated	493,032,333	4,686,376	–	15,065,114	512,783,823
Less accumulated depreciation for					
Land improvements	(5,296,610)	(261,229)	–	–	(5,557,839)
Buildings	(171,406,788)	(17,110,924)	–	–	(188,517,712)
Furniture and equipment	(23,756,422)	(663,066)	–	–	(24,419,488)
Total accumulated depreciation	(200,459,820)	(18,035,219)	–	–	(218,495,039)
Net capital assets, depreciated	292,572,513	(13,348,843)	–	15,065,114	294,288,784
Total capital assets, net	\$ 298,428,170	\$ 8,003,783	\$ –	\$ –	\$ 306,431,953

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

Administration	\$ 658
District support services	10,091
Elementary and secondary regular instruction	22,816
Vocational education instruction	425
Special education instruction	2,470
Instructional support services	778
Pupil support services	37,990
Sites and buildings	17,736,446
Food service	222,934
Community service	611
Total depreciation expense	<u>\$ 18,035,219</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2011 Alternative Facilities Bonds	06/01/2011	2.00%–4.50%	\$ 10,990,000	02/01/2032	\$ 7,310,000
2011 Refunding Bonds	11/15/2011	3.00%–5.00%	\$ 20,630,000	02/01/2021	2,570,000
2012 Alternative Facilities Bonds	08/29/2012	2.00%–3.00%	\$ 8,535,000	02/01/2024	8,315,000
2012 Refunding Bonds	11/06/2012	2.00%–5.00%	\$ 24,610,000	02/01/2022	6,310,000
2013 Capital Facilities Bond	07/18/2013	2.00%–3.00%	\$ 3,200,000	02/01/2023	985,000
2014 Alternative Facilities Bond	05/01/2014	3.00%	\$ 13,425,000	02/01/2026	13,325,000
2014 Refunding Bonds	11/20/2014	2.00%–5.00%	\$ 9,640,000	02/01/2024	4,790,000
2015 Alternative Facilities Bonds	08/25/2015	3.00%–4.00%	\$ 17,100,000	02/01/2028	17,100,000
2016 Capital Facilities Bonds	03/10/2016	2.00%–4.00%	\$ 9,235,000	02/01/2031	9,235,000
2016 Refunding Bonds	06/01/2016	2.00%–5.00%	\$ 7,080,000	02/01/2027	5,310,000
2016 Facilities Maintenance Bonds	06/01/2016	2.00%–3.00%	\$ 40,800,000	02/01/2032	40,800,000
2017 Alternative Facilities Refunding Bonds	05/24/2017	2.00%–5.00%	\$ 12,170,000	02/01/2029	10,045,000
2018 Facilities Maintenance Bonds	05/30/2018	3.00%–5.00%	\$ 14,200,000	02/01/2031	13,295,000
2018 Taxable OPEB Refunding Bonds	11/06/2018	3.00%–3.300%	\$ 9,910,000	02/01/2025	9,910,000
2019 Refunding Bonds	11/21/2019	5.00%	\$ 10,330,000	02/01/2024	10,330,000
2019 Facilities Maintenance Bonds	12/19/2019	3.00%–5.00%	\$ 16,605,000	02/01/2040	16,605,000
Total general obligation bonds payable					<u>\$ 176,235,000</u>

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

In November 2019, the District issued \$10,330,000 of General Obligation Refunding Bonds, Series 2019A. The proceeds of this issue were used to refund, in advance of their stated maturities, the remaining maturities of the District's General Obligation School Building Refunding Bonds, Series 2010A and 2010B. This refunding reduced the District's total future debt service payments by \$617,032 and resulted in a present value savings of approximately \$595,952. The difference between the carrying amount of the refunded debt and its reacquisition price was not material and was included in current year expense on the government-wide financial statements.

B. Certificates of Participation Payable

On July 19, 2016, the District sold \$9,535,000 of certificates of participation to finance the construction of additions to several elementary sites and one middle school site. The certificates bear interest rates ranging from 2.00–4.00 percent, with a final maturity of April 1, 2031. 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 repaid from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Capital Leases

The District entered into a capital lease agreement to finance the construction of an addition to Pilgrim Lane Elementary School. The lease has an effective interest rate of 2.49 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the lease, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease. The value of capital assets and accumulated depreciation at year-end related to the capital lease was \$1,942,000 and \$155,360, respectively. Net book value of \$1,786,640 is recorded as part of buildings.

The District entered into a capital lease agreement to finance the construction of two additions to the School of Engineering and Arts. The lease has an effective interest rate of 3.04 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. If the District fails to make rental payments specified in the agreement or otherwise defaults on the lease, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease. The value of capital assets and accumulated depreciation at year-end related to the capital lease was \$1,701,000 and \$136,080, respectively. Net book value of \$1,564,920 is recorded as part of buildings.

The District entered into a capital lease agreement for technology equipment. The lease has an effective interest rate of zero percent, and calls for annual principal payments through May 30, 2021. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the lease, the lessor may 1) recover stipulated loss value of the equipment, 2) require the District to return all of the equipment, 3) repossess, lease, or sell the equipment, 4) charge the District for expenses incurred in connection with the enforcement of the remedies, or 5) terminate the lease. The value of capital assets and accumulated depreciation at year-end related to the capital lease was \$57,113 and \$0, respectively. Net book value of \$57,113 is recorded as part of furniture and equipment.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund and special revenue funds.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension 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:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA	\$ 21,766,792	\$ 2,775,898	\$ 6,458,271	\$ 2,181,913
TRA	90,504,724	84,343,918	134,007,589	17,712,099
Total	<u>\$ 112,271,516</u>	<u>\$ 87,119,816</u>	<u>\$ 140,465,860</u>	<u>\$ 19,894,012</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 173,310,000	\$ 26,935,000	\$ 24,010,000	\$ 176,235,000	\$ 13,360,000
Certificates of participation	7,810,000	–	575,000	7,235,000	585,000
Unamortized premiums/discount	8,048,551	2,580,174	2,097,415	8,531,310	–
Capital leases	3,234,849	57,113	248,285	3,043,677	235,048
Compensated absences payable	1,436,746	1,598,751	1,436,746	1,598,751	1,598,751
Severance benefits payable	3,405,267	291,820	421,309	3,275,778	575,000
Net pension liability	114,075,339	10,028,196	11,832,019	112,271,516	–
	<u>\$ 311,320,752</u>	<u>\$ 41,491,054</u>	<u>\$ 40,620,774</u>	<u>\$ 312,191,032</u>	<u>\$ 16,353,799</u>

F. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 13,360,000	\$ 6,314,866	\$ 585,000	\$ 166,956	\$ 235,048	\$ 81,572
2022	14,105,000	5,573,011	600,000	155,256	221,973	75,610
2023	14,645,000	5,032,811	610,000	143,256	228,102	69,482
2024	15,210,000	4,469,481	620,000	131,056	234,401	63,182
2025	15,980,000	3,850,269	645,000	106,256	240,876	56,707
2026–2030	75,210,000	11,546,194	3,440,000	327,744	1,308,014	179,901
2031–2035	22,415,000	1,943,775	735,000	18,375	575,263	19,904
2036–2040	5,310,000	487,350	–	–	–	–
	<u>\$ 176,235,000</u>	<u>\$ 39,217,757</u>	<u>\$ 7,235,000</u>	<u>\$ 1,048,899</u>	<u>\$ 3,043,677</u>	<u>\$ 546,358</u>

NOTE 5 – FUND BALANCES

A. Classifications

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. Certain restrictions, which have an accumulated deficit 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. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A summary of the District's governmental fund balance classifications at year-end are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 391,697	\$ –	\$ –	\$ 86,354	\$ 478,051
Prepaid items	321,818	–	–	–	321,818
Total nonspendable	713,515	–	–	86,354	799,869
Restricted					
Student activities	92,997	–	–	–	92,997
Scholarships	450,170	–	–	–	450,170
Capital projects levy	805,991	–	–	–	805,991
Operating capital	3,195,733	–	–	–	3,195,733
Basic skills	626,401	–	–	–	626,401
Safe schools levy	34,824	–	–	–	34,824
Projects funded by COP	–	261,494	–	–	261,494
Long-term facilities maintenance	191,056	905,303	–	–	1,096,359
Food service	–	–	–	1,015,920	1,015,920
Community education programs	–	–	–	125,667	125,667
Early childhood family education programs	–	–	–	375,011	375,011
School readiness	–	–	–	279,577	279,577
Adult basic education	–	–	–	173,317	173,317
Community service	–	–	–	52,976	52,976
Debt service	–	–	2,866,254	–	2,866,254
Total restricted	5,397,172	1,166,797	2,866,254	2,022,468	11,452,691
Assigned					
Building carryover	584,228	–	–	–	584,228
LCTS program	645,937	–	–	–	645,937
Q Comp	277,664	–	–	–	277,664
Total assigned	1,507,829	–	–	–	1,507,829
Unassigned					
	622,412	–	–	–	622,412
Total	\$ 8,240,928	\$ 1,166,797	\$ 2,866,254	\$ 2,108,822	\$ 14,382,801

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2020, the unassigned fund balance of the General Fund (excluding any restricted account deficits) was 0.3 percent of budgeted expenditures for the year then ended, which was below the minimum established in the School Board policy.

NOTE 6 – 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 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 6 – 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 6 – 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 set 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 \$2,135,477. 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 \$6,459,413. The District’s contributions were equal to the required contributions for each year as set by state statutes.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	<i>in thousands</i>
Employer contributions reported in the TRA’s CAFR Statement of Changes in Fiduciary Net Position	\$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA’s contributions not included in allocation	<u>(486)</u>
Total employer contributions	402,126
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 437,714</u>

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2020, the District reported a liability of \$21,766,792 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 0.3937 percent at the end of the measurement period and 0.4341 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 \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 21,766,792
State’s proportionate share of the net pension liability associated with the District	\$ 676,471

For the year ended June 30, 2020, the District recognized pension expense of \$2,131,252 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$50,661 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16.0 million to the GERF.

NOTE 6 – 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	\$ 640,421	\$ –
Changes in actuarial assumptions	–	1,871,584
Difference between projected and actual investment earnings	–	2,453,467
Changes in proportion	–	2,133,220
District’s contributions to the GERF subsequent to the measurement date	<u>2,135,477</u>	<u>–</u>
Total	<u>\$ 2,775,898</u>	<u>\$ 6,458,271</u>

A total of \$2,135,477 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	\$ (2,127,258)
2022	\$ (2,682,827)
2023	\$ (1,042,841)
2024	\$ 35,076

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$90,504,724 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District’s proportionate share was 1.4199 percent at the end of the measurement period and 1.4328 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	\$ 90,504,724
State’s proportionate share of the net pension liability associated with the District	\$ 8,009,618

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

For the year ended June 30, 2020, the District recognized pension expense of \$17,103,273. It also recognized an additional \$608,826 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 2,218,246
Changes in actuarial assumptions	76,729,786	121,321,514
Difference between projected and actual investment earnings	–	7,570,140
Changes in proportion	1,154,719	2,897,689
District’s contributions to the TRA subsequent to the measurement date	<u>6,459,413</u>	<u>–</u>
Total	<u>\$ 84,343,918</u>	<u>\$ 134,007,589</u>

A total of \$6,459,413 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	\$ 4,477,346
2022	\$ (222,228)
2023	\$ (35,292,517)
2024	\$ (24,782,864)
2025	\$ (302,821)

E. Actuarial Assumptions

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

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

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

NOTE 6 – 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 GERF 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. GERF

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30/5.90 %
Cash equivalents	2.00	– %
Total	100.00 %	

NOTE 6 – 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	\$ 35,783,432	\$ 21,766,792	\$ 10,193,267
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 144,286,660	\$ 90,504,724	\$ 46,162,312

NOTE 6 – 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 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The assets of the plan are reported in the Post-Employment Benefits Trust Fund, administered by the District. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their health insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Other employee groups receive a maximum benefit contribution based on a number of days per year of service times their rate of pay at retirement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Contributions

Required contributions are based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District did not make any pay-as-you-go contributions to the plan in the current fiscal year.

D. Membership

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

Retirees and beneficiaries receiving benefits	61
Active plan members	<u>1,799</u>
Total members	<u><u>1,860</u></u>

E. Net OPEB Liability (Asset) of the District

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

Total OPEB liability	\$ 7,923,155
Plan fiduciary net position	<u>(14,735,749)</u>
District's net OPEB liability (asset)	<u><u>\$ (6,812,594)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u><u>186.0%</u></u>

F. Actuarial Methods and Assumptions

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

Discount rate	5.50%
Expected long-term investment return	5.50%
20-year municipal bond yield	2.45%
Inflation rate	2.50%
Payroll growth rate	3.50%
Healthcare cost trend rate	6.90%, grading to an ultimate rate of 4.00% in 2076

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies. Mortality rates were based on the RP-2014 White Collar Mortality Tables, with MP-2015 Generational Improvement Scale for Teachers and MP-2017 Generational Improvement Scale for nonteachers.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Changes in assumptions since the previous actuarial valuation include:

- The 20-year municipal bond yield was changed from 3.13 percent to 2.45 percent.
- The medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans, due to its repeal.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic equity	20.00 %	4.76 %	7.26 %
International equity	10.00	5.41 %	7.91 %
Fixed income	70.00	2.01 %	4.51 %
Total (net of investment expense)	<u>100.00 %</u>		5.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 7.84 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used at the prior measurement date was also 5.50 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2019	\$ 7,756,747	\$ 14,081,931	\$ (6,325,184)
Changes for the year			
Service cost	247,748	–	247,748
Interest	428,049	–	428,049
Changes of assumptions	(65,819)	–	(65,819)
Net investment income	–	1,103,217	(1,103,217)
Benefit payments from trust	(443,570)	(443,570)	–
Administrative expense	–	(5,829)	5,829
Total net changes	<u>166,408</u>	<u>653,818</u>	<u>(487,410)</u>
Ending balance – June 30, 2020	<u>\$ 7,923,155</u>	<u>\$ 14,735,749</u>	<u>\$ (6,812,594)</u>

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.50%	5.50%	6.50%
Net OPEB liability (asset)	\$ (6,450,522)	\$ (6,812,594)	\$ (7,159,840)

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Healthcare cost trend rate	5.90% decreasing to to 3.00% in 2076	6.90% decreasing to to 4.00% in 2076	7.90% decreasing to to 5.00% in 2076
Net OPEB liability (asset)	\$ (7,337,354)	\$ (6,812,594)	\$ (6,224,336)

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

For the current year ended, the District recognized negative OPEB expense of \$495,094. As of year-end, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ –	\$ 1,558,893
Changes in actuarial assumptions	–	559,286
Differences between projected and actual investment earnings	–	301,602
Total	<u>\$ –</u>	<u>\$ 2,419,781</u>

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

Year Ending June 30,	OPEB Expense
2021	\$ (402,372)
2022	\$ (402,018)
2023	\$ (461,357)
2024	\$ (409,079)
2025	\$ (343,306)
2026 and Thereafter	\$ (401,649)

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. Employee eligibility is determined by the terms of the various District collective bargaining agreements or contracts. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments of insurance premiums (health, dental, and disability) are made by the District directly to the internal service funds or designated insurance companies from the District’s General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate district account on a monthly basis. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. On 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. The medical reimbursement and dependent care activity of the Plan is included in the financial statements of the General Fund. The Plan is administered by a third party that handles all record keeping duties.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

All plan property 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 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2020:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds		
General Fund	\$ 443,570	\$ –
Fiduciary fund		
Post-Employment Benefits Trust Fund	<u>–</u>	<u>443,570</u>
Total all funds	<u>\$ 443,570</u>	<u>\$ 443,570</u>

The interfund balances represent post-employment benefit reimbursements due from the trust to the governmental funds. Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables or payables due between fiduciary funds and other district funds are not eliminated.

NOTE 10 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2020, the District’s Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$691,424. This deficit is expected to be eliminated through future premiums paid from the District’s governmental funds.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

The District is committed to a number of contracts for the construction and improvement of various district properties. At June 30, 2020, the remaining commitment under these contracts is \$6,991,601.

B. Federal and State Revenue

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

C. Legal 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.

NOTE 12 – SUBSEQUENT EVENTS

A. Future Bond Issues

In October 2020, the District approved the sale of \$16,760,000 of General Obligation Facilities Maintenance Bonds, Series 2020A, to finance various capital improvements. The bonds will bear annual interest rates ranging from 2.00–4.00 percent, and have a final maturity date of February 1, 2041.

In October 2020, the District approved the sale of \$13,270,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2020B, to refund the 2022 to 2032 maturities of the District's General Obligation Alternative Facilities Bonds, Series 2011A, and the 2022 to 2024 maturities of the District's General Obligation Alternative Facilities Bonds, Series 2012A, on February 1, 2021. The bonds will bear annual interest rates ranging from 2.00–5.00 percent, and have a final maturity date of February 1, 2032.

B. COVID-19

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

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

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	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4714%	\$ 22,144,010	\$ -	\$ 22,144,010	\$ 23,850,298	92.85%	78.70%
06/30/2016	06/30/2015	0.4383%	\$ 22,714,981	\$ -	\$ 22,714,981	\$ 25,717,752	88.32%	78.20%
06/30/2017	06/30/2016	0.4506%	\$ 36,586,485	\$ 477,849	\$ 37,064,334	\$ 27,936,974	130.96%	68.90%
06/30/2018	06/30/2017	0.4442%	\$ 28,357,435	\$ 356,565	\$ 28,714,000	\$ 28,513,259	99.45%	75.90%
06/30/2019	06/30/2018	0.4341%	\$ 24,082,088	\$ 789,866	\$ 24,871,954	\$ 29,158,626	82.59%	79.50%
06/30/2020	06/30/2019	0.3937%	\$ 21,766,792	\$ 676,471	\$ 22,443,263	\$ 27,844,660	78.17%	80.20%

Public Employees 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	\$ 1,900,180	\$ 1,900,180	\$ -	\$ 25,717,752	7.39%
06/30/2016	\$ 2,095,274	\$ 2,095,274	\$ -	\$ 27,936,974	7.50%
06/30/2017	\$ 2,144,453	\$ 2,144,453	\$ -	\$ 28,513,259	7.52%
06/30/2018	\$ 2,186,897	\$ 2,186,897	\$ -	\$ 29,158,626	7.50%
06/30/2019	\$ 2,088,247	\$ 2,088,247	\$ -	\$ 27,844,660	7.50%
06/30/2020	\$ 2,135,477	\$ 2,135,477	\$ -	\$ 28,476,086	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. 281

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 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 Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.4456%	\$ 66,612,207	\$ 4,686,092	\$ 71,298,299	\$ 65,989,556	100.94%	81.50%
06/30/2016	06/30/2015	1.3943%	\$ 86,251,245	\$ 10,579,374	\$ 96,830,619	\$ 70,765,080	121.88%	76.80%
06/30/2017	06/30/2016	1.4503%	\$ 345,931,154	\$ 34,723,065	\$ 380,654,219	\$ 75,456,567	458.45%	44.88%
06/30/2018	06/30/2017	1.4426%	\$ 287,969,129	\$ 27,837,905	\$ 315,807,034	\$ 77,542,890	371.37%	51.57%
06/30/2019	06/30/2018	1.4328%	\$ 89,993,251	\$ 8,455,056	\$ 98,448,307	\$ 79,157,830	113.69%	78.07%
06/30/2020	06/30/2019	1.4199%	\$ 90,504,724	\$ 8,009,618	\$ 98,514,342	\$ 80,619,743	112.26%	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	\$ 5,307,332	\$ 5,307,332	\$ -	\$ 70,765,080	7.50%
06/30/2016	\$ 5,658,083	\$ 5,658,083	\$ -	\$ 75,456,567	7.50%
06/30/2017	\$ 5,812,034	\$ 5,812,034	\$ -	\$ 77,542,890	7.50%
06/30/2018	\$ 5,927,137	\$ 5,927,137	\$ -	\$ 79,157,830	7.49%
06/30/2019	\$ 6,215,604	\$ 6,215,604	\$ -	\$ 80,619,743	7.71%
06/30/2020	\$ 6,459,413	\$ 6,459,413	\$ -	\$ 81,580,317	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. 281

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

	Year Ended June 30,			
	2017	2018	2019	2020
Total OPEB liability				
Service cost	\$ 374,192	\$ 395,745	\$ 429,786	\$ 247,748
Interest	551,130	559,636	554,056	428,049
Differences between expected and actual experience	–	–	(2,065,851)	–
Changes of assumptions	–	(15,942)	(650,979)	(65,819)
Changes of benefit terms	–	–	186,435	–
Benefit payments	(1,014,169)	(583,727)	(681,324)	(443,570)
Net change in total OPEB liability	(88,847)	355,712	(2,227,877)	166,408
Total OPEB liability – beginning of year	9,717,759	9,628,912	9,984,624	7,756,747
Total OPEB liability – end of year	9,628,912	9,984,624	7,756,747	7,923,155
Plan fiduciary net position				
Contributions – paid from governmental funds	28,001	–	–	–
Net investment income	1,039,704	823,399	1,265,190	1,103,217
Benefit payments – paid from governmental funds	(28,001)	–	–	–
Benefit payments – paid from trust	(986,168)	(583,727)	(681,324)	(443,570)
Administrative expense	(7,007)	(86,547)	(6,296)	(5,829)
Other deductions – special item (Note 2)	–	–	(4,749,736)	–
Net change in plan fiduciary net position	46,529	153,125	(4,172,166)	653,818
Plan fiduciary net position – beginning of year	18,054,443	18,100,972	18,254,097	14,081,931
Plan fiduciary net position – end of year	18,100,972	18,254,097	14,081,931	14,735,749
Net OPEB liability (asset)	\$ (8,472,060)	\$ (8,269,473)	\$ (6,325,184)	\$ (6,812,594)
Plan fiduciary net position as a percentage of the total OPEB liability	187.99%	182.82%	181.54%	185.98%
Covered-employee payroll	\$ 115,661,449	\$ 115,803,161	\$ 92,975,942	\$ 116,588,812
Net OPEB liability (asset) as a percentage of covered-employee payroll	(7.32%)	(7.14%)	(6.80%)	(5.84%)

Note 1: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note 2: In fiscal 2019, the District made a draw from the trust to reimburse the District for OPEB costs incurred since the trust was established (fiscal years 2009 through 2018) that had not previously been reimbursed.

INDEPENDENT SCHOOL DISTRICT NO. 281

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2020

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	5.76%
2018	4.11%
2019	6.93%
2020	7.84%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 281

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. 281

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. 281

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. 281

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 BENEFITS PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The 20-year municipal bond yield was changed from 3.13 percent to 2.45 percent.
- The medical trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans, due to its repeal.

2019 CHANGES IN PLAN PROVISIONS

- OPEB benefits were added for the child nutrition, office employees, program directors, and program assistant contract groups.
- Retiree premiums and district-provided contribution amounts were updated to current levels.

INDEPENDENT SCHOOL DISTRICT NO. 281

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Mortality and salary increase rates were updated to those used in the current PERA and TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 2.75 percent to 2.50 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The discount rate was changed from 5.75 percent to 5.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Withdrawal, disability, retirement, mortality, and salary increase rates were updated to correct the PERA and the TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 3.00 percent to 2.75 percent.
- The discount rate was changed from 4.00 percent to 5.75 percent.

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 5,021	\$ 2,249,344	\$ 2,254,365
Receivables			
Current taxes	–	1,312,010	1,312,010
Delinquent taxes	–	18,383	18,383
Accounts and interest	232,403	39,941	272,344
Due from other governmental units	1,130,697	431,039	1,561,736
Inventory	86,354	–	86,354
Total assets	<u>\$ 1,454,475</u>	<u>\$ 4,050,717</u>	<u>\$ 5,505,192</u>
Liabilities			
Salaries payable	\$ 51,333	\$ 224,840	\$ 276,173
Accounts and contracts payable	100,397	137,192	237,589
Due to other governmental units	–	44,461	44,461
Unearned revenue	200,471	59,063	259,534
Total liabilities	<u>352,201</u>	<u>465,556</u>	<u>817,757</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	2,563,052	2,563,052
Unavailable revenue – delinquent taxes	–	15,561	15,561
Total deferred inflows of resources	<u>–</u>	<u>2,578,613</u>	<u>2,578,613</u>
Fund balances			
Nonspendable	86,354	–	86,354
Restricted	1,015,920	1,006,548	2,022,468
Total fund balances	<u>1,102,274</u>	<u>1,006,548</u>	<u>2,108,822</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,454,475</u>	<u>\$ 4,050,717</u>	<u>\$ 5,505,192</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 2,388,215	\$ 2,388,215
Investment earnings (charges)	(746)	23,667	22,921
Other	1,477,502	4,468,094	5,945,596
State sources	320,188	2,956,824	3,277,012
Federal sources	5,446,447	197,127	5,643,574
Total revenue	<u>7,243,391</u>	<u>10,033,927</u>	<u>17,277,318</u>
Expenditures			
Current			
Food service	7,098,859	-	7,098,859
Community service	-	10,437,784	10,437,784
Capital outlay	56,659	22,444	79,103
Total expenditures	<u>7,155,518</u>	<u>10,460,228</u>	<u>17,615,746</u>
Net change in fund balances	87,873	(426,301)	(338,428)
Fund balances			
Beginning of year	<u>1,014,401</u>	<u>1,432,849</u>	<u>2,447,250</u>
End of year	<u>\$ 1,102,274</u>	<u>\$ 1,006,548</u>	<u>\$ 2,108,822</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 19,447,076	\$ 13,796,889
Receivables		
Current taxes	22,176,591	21,935,935
Delinquent taxes	346,237	317,398
Accounts and interest	512,662	169,170
Due from other governmental units	13,120,169	13,939,831
Due from other funds	443,570	5,712,927
Inventory	391,697	209,167
Prepaid items	321,818	55,379
	<u>56,759,820</u>	<u>56,136,696</u>
Total assets	<u>\$ 56,759,820</u>	<u>\$ 56,136,696</u>
Liabilities		
Salaries payable	\$ 1,149,780	\$ 707,057
Accounts and contracts payable	6,285,965	7,162,351
Due to other governmental units	1,258,058	1,048,739
Unearned revenue	1,078	733,973
Total liabilities	<u>8,694,881</u>	<u>9,652,120</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	39,532,005	40,187,699
Unavailable revenue – delinquent taxes	292,006	242,447
Total deferred inflows of resources	<u>39,824,011</u>	<u>40,430,146</u>
Fund balances (deficit)		
Nonspendable for inventory	391,697	209,167
Nonspendable for prepaid items	321,818	55,379
Restricted for student activities	92,997	–
Restricted for scholarships	450,170	–
Restricted for capital projects levy	805,991	1,218,457
Restricted for operating capital	3,195,733	3,062,492
Restricted for basic skills	626,401	690,120
Restricted for safe schools levy	34,824	–
Restricted for long-term facilities maintenance	191,056	23,753
Assigned for building carryover	584,228	645,772
Assigned for LCTS program	645,937	162,096
Assigned for Q comp	277,664	402,551
Unassigned – safe schools levy restricted account deficit	–	(415,357)
Unassigned	622,412	–
Total fund balances	<u>8,240,928</u>	<u>6,054,430</u>
	<u>\$ 56,759,820</u>	<u>\$ 56,136,696</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,759,820</u>	<u>\$ 56,136,696</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under)	2019
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 45,229,386	\$ 44,343,444	\$ (885,942)	\$ 37,343,094
Investment earnings	150,000	145,485	(4,515)	263,638
Other	2,692,725	3,788,625	1,095,900	3,716,513
State sources	124,916,185	127,595,185	2,679,000	125,643,126
Federal sources	6,653,576	5,842,149	(811,427)	7,343,176
Total revenue	179,641,872	181,714,888	2,073,016	174,309,547
Expenditures				
Current				
Administration				
Salaries	5,077,547	5,048,589	(28,958)	4,897,795
Employee benefits	1,561,758	1,605,416	43,658	1,506,469
Purchased services	86,898	65,465	(21,433)	94,327
Supplies and materials	103,769	86,767	(17,002)	82,213
Capital expenditures	7,750	—	(7,750)	350
Other expenditures	69,106	94,931	25,825	87,422
Total administration	6,906,828	6,901,168	(5,660)	6,668,576
District support services				
Salaries	2,450,755	3,029,563	578,808	2,697,265
Employee benefits	666,867	928,758	261,891	799,173
Purchased services	729,744	822,085	92,341	3,039,954
Supplies and materials	929,603	1,093,366	163,763	850,783
Capital expenditures	3,093,000	3,767,161	674,161	2,566,214
Other expenditures	1,970,477	(106,959)	(2,077,436)	(270,975)
Total district support services	9,840,446	9,533,974	(306,472)	9,682,414
Elementary and secondary regular instruction				
Salaries	56,329,364	56,753,011	423,647	54,404,933
Employee benefits	15,623,187	16,581,347	958,160	15,887,071
Purchased services	3,126,031	3,291,239	165,208	3,244,715
Supplies and materials	2,811,629	1,219,305	(1,592,324)	3,117,100
Capital expenditures	885,442	1,070,787	185,345	267,015
Other expenditures	491,835	809,002	317,167	860,325
Total elementary and secondary regular instruction	79,267,488	79,724,691	457,203	77,781,159

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2019
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	895,703	1,035,432	139,729	863,996
Employee benefits	279,603	278,285	(1,318)	269,703
Purchased services	198	81,874	81,676	50,357
Supplies and materials	20,100	18,835	(1,265)	33,725
Capital expenditures	—	—	—	21,416
Other expenditures	—	4,846	4,846	12,142
Total vocational education instruction	1,195,604	1,419,272	223,668	1,251,339
Special education instruction				
Salaries	24,267,685	23,573,223	(694,462)	23,395,993
Employee benefits	6,906,950	7,859,021	952,071	7,466,111
Purchased services	477,815	1,451,562	973,747	1,351,341
Supplies and materials	4,012,218	194,390	(3,817,828)	291,052
Capital expenditures	103,339	126,236	22,897	20,935
Other expenditures	(11,515)	155,443	166,958	131,047
Total special education instruction	35,756,492	33,359,875	(2,396,617)	32,656,479
Instructional support services				
Salaries	9,501,507	8,005,107	(1,496,400)	9,011,145
Employee benefits	2,457,211	2,354,221	(102,990)	2,333,486
Purchased services	270,605	430,314	159,709	899,284
Supplies and materials	534,294	674,328	140,034	795,465
Capital expenditures	31,895	24,917	(6,978)	25
Other expenditures	3,429	75,683	72,254	84,454
Total instructional support services	12,798,941	11,564,570	(1,234,371)	13,123,859
Pupil support services				
Salaries	5,249,221	5,079,195	(170,026)	5,068,079
Employee benefits	1,610,407	1,600,043	(10,364)	1,556,826
Purchased services	7,248,020	10,769,945	3,521,925	10,935,601
Supplies and materials	74,633	219,772	145,139	760,021
Capital expenditures	—	57,113	57,113	13,455
Other expenditures	—	812,976	812,976	36,563
Total pupil support services	14,182,281	18,539,044	4,356,763	18,370,545

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2019
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	4,961,635	4,961,717	82	4,785,990
Employee benefits	1,770,072	1,753,826	(16,246)	1,707,409
Purchased services	8,077,506	7,869,497	(208,009)	8,031,075
Supplies and materials	1,187,500	889,733	(297,767)	819,575
Capital expenditures	3,649,620	3,354,669	(294,951)	1,484,166
Other expenditures	64,441	234,461	170,020	116,866
Total sites and buildings	<u>19,710,774</u>	<u>19,063,903</u>	<u>(646,871)</u>	<u>16,945,081</u>
Fiscal and other fixed cost programs				
Purchased services	475,000	432,254	(42,746)	452,980
Debt service				
Principal	204,567	248,285	43,718	769,567
Interest and fiscal charges	93,016	87,373	(5,643)	282,767
Total debt service	<u>297,583</u>	<u>335,658</u>	<u>38,075</u>	<u>1,052,334</u>
Total expenditures	<u>180,431,437</u>	<u>180,874,409</u>	<u>442,972</u>	<u>177,984,766</u>
Excess (deficiency) of revenue over expenditures	(789,565)	840,479	1,630,044	(3,675,219)
Other financing sources				
Capital lease issued	–	57,113	57,113	–
Sale of assets	–	6,050	6,050	–
Insurance recovery	–	742,389	742,389	–
Total other financing sources	<u>–</u>	<u>805,552</u>	<u>805,552</u>	<u>–</u>
Special item – OPEB trust draw	–	–	–	4,749,736
Net change in fund balances	<u>\$ (789,565)</u>	<u>1,646,031</u>	<u>\$ 2,435,596</u>	<u>1,074,517</u>
Fund balances				
Beginning of year, as previously reported		6,054,430		4,979,913
Change in accounting principle		540,467		–
Beginning of year, as restated		<u>6,594,897</u>		<u>4,979,913</u>
End of year		<u>\$ 8,240,928</u>		<u>\$ 6,054,430</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 5,021	\$ -
Receivables		
Accounts and interest	232,403	723,493
Due from other governmental units	1,130,697	730,826
Inventory	86,354	62,303
Prepaid items	-	4,062
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,454,475</u>	<u>\$ 1,520,684</u>
Liabilities		
Salaries payable	\$ 51,333	\$ 21,594
Accounts and contracts payable	100,397	61,683
Due to other funds	-	281,867
Unearned revenue	200,471	141,139
	<u> </u>	<u> </u>
Total liabilities	352,201	506,283
Fund balances		
Nonspendable for inventory	86,354	62,303
Nonspendable for prepaid items	-	4,062
Restricted for food service	1,015,920	948,036
	<u> </u>	<u> </u>
Total fund balances	1,102,274	1,014,401
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,454,475</u>	<u>\$ 1,520,684</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ 1,000	\$ (746)	\$ (1,746)	\$ 7,017
Other – primarily meal sales	2,083,664	1,477,502	(606,162)	2,104,594
State sources	416,714	320,188	(96,526)	412,901
Federal sources	5,423,622	5,446,447	22,825	5,015,546
Total revenue	<u>7,925,000</u>	<u>7,243,391</u>	<u>(681,609)</u>	<u>7,540,058</u>
Expenditures				
Current				
Salaries	2,694,022	2,503,270	(190,752)	2,521,311
Employee benefits	1,066,162	983,486	(82,676)	997,952
Purchased services	298,556	169,747	(128,809)	279,416
Supplies and materials	3,886,617	3,410,437	(476,180)	3,637,451
Other expenditures	26,597	31,919	5,322	24,892
Capital outlay	53,046	56,659	3,613	49,645
Total expenditures	<u>8,025,000</u>	<u>7,155,518</u>	<u>(869,482)</u>	<u>7,510,667</u>
Net change in fund balances	<u>\$ (100,000)</u>	87,873	<u>\$ 187,873</u>	29,391
Fund balances				
Beginning of year		<u>1,014,401</u>		<u>985,010</u>
End of year		<u>\$ 1,102,274</u>		<u>\$ 1,014,401</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 2,249,344	\$ 2,539,808
Receivables		
Current taxes	1,312,010	1,192,681
Delinquent taxes	18,383	16,787
Accounts and interest	39,941	81,393
Due from other governmental units	<u>431,039</u>	<u>447,175</u>
Total assets	<u>\$ 4,050,717</u>	<u>\$ 4,277,844</u>
Liabilities		
Salaries payable	\$ 224,840	\$ 232,004
Accounts and contracts payable	137,192	77,052
Due to other governmental units	44,461	1,863
Unearned revenue	<u>59,063</u>	<u>120,469</u>
Total liabilities	465,556	431,388
Deferred inflows of resources		
Property taxes levied for subsequent year	2,563,052	2,400,733
Unavailable revenue – delinquent taxes	<u>15,561</u>	<u>12,874</u>
Total deferred inflows of resources	2,578,613	2,413,607
Fund balances		
Restricted for community education programs	125,667	670,139
Restricted for early childhood family education programs	375,011	222,048
Restricted for school readiness	279,577	303,173
Restricted for adult basic education	173,317	151,832
Restricted for community service	<u>52,976</u>	<u>85,657</u>
Total fund balances	<u>1,006,548</u>	<u>1,432,849</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,050,717</u>	<u>\$ 4,277,844</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 2,426,406	\$ 2,388,215	\$ (38,191)	\$ 2,046,923
Investment earnings	–	23,667	23,667	52,097
Other – primarily tuition and fees	5,310,428	4,468,094	(842,334)	5,642,264
State sources	2,779,067	2,956,824	177,757	2,910,398
Federal sources	169,574	197,127	27,553	257,131
Total revenue	<u>10,685,475</u>	<u>10,033,927</u>	<u>(651,548)</u>	<u>10,908,813</u>
Expenditures				
Current				
Salaries	7,007,960	7,089,478	81,518	7,276,669
Employee benefits	2,122,221	2,223,432	101,211	2,177,185
Purchased services	1,038,211	863,494	(174,717)	1,038,656
Supplies and materials	286,592	243,441	(43,151)	338,456
Other expenditures	27,694	17,939	(9,755)	23,568
Capital outlay	58,186	22,444	(35,742)	53,776
Total expenditures	<u>10,540,864</u>	<u>10,460,228</u>	<u>(80,636)</u>	<u>10,908,310</u>
Net change in fund balances	<u>\$ 144,611</u>	(426,301)	<u>\$ (570,912)</u>	503
Fund balances				
Beginning of year		<u>1,432,849</u>		<u>1,432,346</u>
End of year		<u>\$ 1,006,548</u>		<u>\$ 1,432,849</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 6,443,809	\$ 6,141,826
Cash and investments held by trustee	1,799	1,797
Receivables		
Accounts and interest	<u>1,009</u>	<u>1,009</u>
 Total assets	 <u><u>\$ 6,446,617</u></u>	 <u><u>\$ 6,144,632</u></u>
Liabilities		
Salaries payable	\$ 779	\$ –
Accounts and contracts payable	5,244,208	3,119,480
Due to other governmental units	<u>34,833</u>	<u>–</u>
Total liabilities	5,279,820	3,119,480
Fund balances		
Restricted for projects funded by certificates of participation	261,494	261,494
Restricted for long-term facilities maintenance	905,303	1,617,834
Restricted for capital projects	<u>–</u>	<u>1,145,824</u>
Total fund balances	<u>1,166,797</u>	<u>3,025,152</u>
 Total liabilities and fund balances	 <u><u>\$ 6,446,617</u></u>	 <u><u>\$ 6,144,632</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ 142,894	\$ 142,894	\$ 280,575
Expenditures				
Capital outlay				
Salaries	–	113,180	113,180	38,188
Employee benefits	–	20,534	20,534	9,017
Purchased services	–	58,026	58,026	217,435
Capital expenditures	9,000,000	19,804,996	10,804,996	9,376,934
Debt service				
Fiscal charges and other	–	145,724	145,724	–
Total expenditures	<u>9,000,000</u>	<u>20,142,460</u>	<u>11,142,460</u>	<u>9,641,574</u>
Excess (deficiency) of revenue over expenditures	(9,000,000)	(19,999,566)	(10,999,566)	(9,360,999)
Other financing sources				
Bonds issued	16,605,000	16,605,000	–	–
Premiums on bonds issued	1,395,000	1,536,211	141,211	–
Total other financing sources	<u>18,000,000</u>	<u>18,141,211</u>	<u>141,211</u>	<u>–</u>
Net change in fund balances	<u>\$ 9,000,000</u>	(1,858,355)	<u>\$ (10,858,355)</u>	(9,360,999)
Fund balances				
Beginning of year		<u>3,025,152</u>		<u>12,386,151</u>
End of year		<u>\$ 1,166,797</u>		<u>\$ 3,025,152</u>

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2020	2019
Assets				
Cash and temporary investments	\$ 11,341,109	\$ 1,014,778	\$ 12,355,887	\$ 12,188,237
Receivables				
Current taxes	9,343,835	727,035	10,070,870	9,155,317
Delinquent taxes	153,640	8,733	162,373	173,843
Due from other governmental units	90,007	–	90,007	92,320
Total assets	\$ 20,928,591	\$ 1,750,546	\$ 22,679,137	\$ 21,609,717
Liabilities				
Accounts payable	\$ –	\$ –	\$ –	\$ 1,663
Deferred inflows of resources				
Property taxes levied for subsequent year	18,253,473	1,420,286	19,673,759	18,428,625
Unavailable revenue – delinquent taxes	131,140	7,984	139,124	133,174
Total deferred inflows of resources	18,384,613	1,428,270	19,812,883	18,561,799
Fund balances				
Restricted for debt service	2,543,978	322,276	2,866,254	3,046,255
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,928,591	\$ 1,750,546	\$ 22,679,137	\$ 21,609,717

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	2020			Total
	Budget	Regular Debt Service Account	Actual OPEB Debt Service Account	
Revenue				
Local sources				
Property taxes	\$ 19,670,992	\$ 18,102,268	\$ 230,101	\$ 18,332,369
Investment earnings	-	126,645	-	126,645
State sources	1,000,000	908,338	1	908,339
Total revenue	<u>20,670,992</u>	<u>19,137,251</u>	<u>230,102</u>	<u>19,367,353</u>
Expenditures				
Debt service				
Principal	14,700,000	13,290,000	-	13,290,000
Interest	6,390,000	5,847,613	390,849	6,238,462
Fiscal charges and other	-	94,055	3,800	97,855
Total expenditures	<u>21,090,000</u>	<u>19,231,668</u>	<u>394,649</u>	<u>19,626,317</u>
Excess (deficiency) of revenue over expenditures	(419,008)	(94,417)	(164,547)	(258,964)
Other financing sources (uses)				
Refunding bonds issued	4,129,008	10,330,000	-	10,330,000
Premiums on debt issued	-	1,043,963	-	1,043,963
Payment to refunded bond escrow agent	<u>(3,710,000)</u>	<u>(11,295,000)</u>	<u>-</u>	<u>(11,295,000)</u>
Total other financing sources (uses)	<u>419,008</u>	<u>78,963</u>	<u>-</u>	<u>78,963</u>
Net change in fund balances	<u>\$ -</u>	(15,454)	(164,547)	(180,001)
Fund balances				
Beginning of year		<u>2,559,432</u>	<u>486,823</u>	<u>3,046,255</u>
End of year		<u>\$ 2,543,978</u>	<u>\$ 322,276</u>	<u>\$ 2,866,254</u>

	<u>2019</u>
<u>Over (Under) Budget</u>	<u>Actual</u>
\$ (1,338,623)	\$ 20,860,085
126,645	209,380
<u>(91,661)</u>	<u>932,236</u>
(1,303,639)	22,001,701
(1,410,000)	14,730,000
(151,538)	6,640,414
97,855	107,835
<u>(1,463,683)</u>	<u>21,478,249</u>
160,044	523,452
6,200,992	9,910,000
1,043,963	-
<u>(7,585,000)</u>	<u>(9,815,000)</u>
<u>(340,045)</u>	<u>95,000</u>
<u>\$ (180,001)</u>	618,452
	<u>2,427,803</u>
	<u>\$ 3,046,255</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	<u>Dental Self-Insurance</u>	<u>Health Benefits Self-Insurance</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
Assets				
Current assets				
Cash and temporary investments	\$ 1,512,782	\$ 3,106,308	\$ 4,619,090	\$ 3,317,945
Liabilities				
Current liabilities				
Claims payable	36,368	1,390,208	1,426,576	1,383,071
Unearned revenue	141,518	2,407,524	2,549,042	2,464,007
Total current liabilities	<u>177,886</u>	<u>3,797,732</u>	<u>3,975,618</u>	<u>3,847,078</u>
Net position				
Unrestricted	<u>\$ 1,334,896</u>	<u>\$ (691,424)</u>	<u>\$ 643,472</u>	<u>\$ (529,133)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Dental Self-Insurance	Health Benefits Self-Insurance	Totals	
			2020	2019
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 1,316,412	\$ 17,506,524	\$ 18,822,936	\$ 16,685,899
Operating expenses				
Dental benefit claims	1,161,937	-	1,161,937	1,340,583
Health benefit claims	-	16,512,587	16,512,587	16,746,084
Total operating expenses	<u>1,161,937</u>	<u>16,512,587</u>	<u>17,674,524</u>	<u>18,086,667</u>
Operating income (loss)	154,475	993,937	1,148,412	(1,400,768)
Nonoperating revenue				
Investment earnings	<u>10,983</u>	<u>13,210</u>	<u>24,193</u>	<u>45,536</u>
Change in net position	165,458	1,007,147	1,172,605	(1,355,232)
Net position				
Beginning of year	<u>1,169,438</u>	<u>(1,698,571)</u>	<u>(529,133)</u>	<u>826,099</u>
End of year	<u>\$ 1,334,896</u>	<u>\$ (691,424)</u>	<u>\$ 643,472</u>	<u>\$ (529,133)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Dental	Health Benefits	Totals	
	Self-Insurance	Self-Insurance	2020	2019
Cash flows from operating activities				
Contributions from governmental funds	\$ 1,319,603	\$ 17,588,368	\$ 18,907,971	\$ 17,922,398
Payments for dental claims	(1,149,465)	–	(1,149,465)	(1,338,926)
Payments for health claims	–	(16,481,554)	(16,481,554)	(17,660,531)
Net cash flows from operating activities	170,138	1,106,814	1,276,952	(1,077,059)
Cash flows from investing activities				
Investment income received	10,983	13,210	24,193	45,536
Net change in cash and cash equivalents	181,121	1,120,024	1,301,145	(1,031,523)
Cash and cash equivalents				
Beginning of year	1,331,661	1,986,284	3,317,945	4,349,468
End of year	\$ 1,512,782	\$ 3,106,308	\$ 4,619,090	\$ 3,317,945
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 154,475	\$ 993,937	\$ 1,148,412	\$ (1,400,768)
Adjustments to reconcile operating income (loss) to cash flows from operating activities				
Changes in assets and liabilities				
Claims payable	12,472	31,033	43,505	(912,790)
Unearned revenue	3,191	81,844	85,035	1,236,499
Net cash flows from operating activities	\$ 170,138	\$ 1,106,814	\$ 1,276,952	\$ (1,077,059)

INDEPENDENT SCHOOL DISTRICT NO. 281

Employee Benefit Trust Funds
 Combining Statement of Fiduciary Net Position
 as of June 30, 2020

	Post-Employment Benefits Trust Fund	Employee Benefit Trust Fund	Totals
Assets			
Investments			
Mutual funds	\$ 15,179,319	\$ -	\$ 15,179,319
Liabilities			
Due to other funds	443,570	-	443,570
Net position			
Held in trust for employee benefits	<u>\$ 14,735,749</u>	<u>\$ -</u>	<u>\$ 14,735,749</u>

Employee Benefit Trust Funds
 Combining Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2020

	Post-Employment Benefits Trust Fund	Employee Benefit Trust Fund	Totals
Additions			
Investment earnings	\$ 1,150,667	\$ -	\$ 1,150,667
Less investment expense	(47,450)	-	(47,450)
Net investment earnings	<u>1,103,217</u>	<u>-</u>	<u>1,103,217</u>
Deductions			
Retirement benefits	443,570	-	443,570
Administrative and other expenses	5,829	-	5,829
Total deductions	<u>449,399</u>	<u>-</u>	<u>449,399</u>
Change in net position	<u>653,818</u>	<u>-</u>	<u>653,818</u>
Net position			
Beginning of year, as previously reported	14,081,931	421,078	14,503,009
Change in accounting principle	-	(421,078)	(421,078)
Beginning of year, as restated	<u>14,081,931</u>	<u>-</u>	<u>14,081,931</u>
End of year	<u>\$ 14,735,749</u>	<u>\$ -</u>	<u>\$ 14,735,749</u>

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**STATISTICAL SECTION
(UNAUDITED)**

**STATISTICAL SECTION
(UNAUDITED)**

This section of Independent School District No. 281, Robbinsdale 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. 281

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

	2011	2012	2013	Fiscal Year 2014
Governmental activities				
Net investment in capital assets	\$ 89,269,252	\$ 93,870,910	\$ 95,833,155	\$ 106,560,557
Restricted	17,648,539	18,157,806	14,265,052	4,501,991
Unrestricted	16,601,884	19,053,209	16,714,922	14,680,171
Total governmental activities	<u>\$ 123,519,675</u>	<u>\$ 131,081,925</u>	<u>\$ 126,813,129</u>	<u>\$ 125,742,719</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 net position by approximately \$101.1 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$3.4 million. Prior year amounts have not been restated.

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 these standards that decreased net position by approximately \$0.5 million. Prior year amounts have not been restated.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 107,207,460	\$ 122,266,332	\$ 115,303,157	\$ 117,654,573	\$ 116,151,974	\$ 121,514,170
5,848,970	8,691,982	9,768,518	11,038,463	11,057,047	8,831,552
<u>(83,516,985)</u>	<u>(86,000,673)</u>	<u>(142,988,687)</u>	<u>(199,663,718)</u>	<u>(164,847,615)</u>	<u>(172,365,636)</u>
<u>\$ 29,539,445</u>	<u>\$ 44,957,641</u>	<u>\$ (17,917,012)</u>	<u>\$ (70,970,682)</u>	<u>\$ (37,638,594)</u>	<u>\$ (42,019,914)</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Expenses				
Administration	\$ 4,721,420	\$ 5,254,684	\$ 4,939,023	\$ 5,323,237
District support services	4,022,006	4,007,776	3,296,804	4,655,575
Elementary and secondary regular instruction	61,558,467	67,086,723	71,691,366	74,585,367
Vocational education instruction	2,922,693	3,257,103	2,454,349	1,891,133
Special education instruction	21,442,593	22,327,429	23,808,735	24,965,365
Instructional support services	6,928,011	7,210,665	8,280,859	8,669,006
Pupil support services	13,066,229	13,986,891	13,881,436	13,749,311
Sites and buildings	24,689,560	26,014,078	29,182,133	28,589,660
Fiscal and other fixed cost programs	470,583	467,751	501,766	396,227
Food service	5,694,290	6,441,276	6,615,100	6,482,286
Community service	7,820,064	8,081,600	8,167,201	8,449,009
Interest and fiscal charges on debt	8,869,478	7,174,191	8,588,804	5,792,505
Total expenses	<u>162,205,394</u>	<u>171,310,167</u>	<u>181,407,576</u>	<u>183,548,681</u>
Program revenues				
Charges for services				
Administration	-	-	-	800
District support services	4,783	250	-	14,161
Elementary and secondary regular instruction	1,249,357	2,012,918	1,151,548	1,410,509
Vocational education instruction	1,992	1,415	-	2,415
Special education instruction	12,082	11,222	9,568	147,548
Instructional support services	21,441	45,705	14,343	15,070
Pupil support services	80,255	63,398	56,462	22,363
Sites and buildings	1,415,346	1,512,452	287,425	2,037,673
Food service	2,508,784	2,541,098	2,304,145	2,226,066
Community service	3,183,403	3,396,561	3,596,651	4,199,608
Total charges for services	<u>8,477,443</u>	<u>9,585,019</u>	<u>7,420,142</u>	<u>10,076,213</u>
Operating grants and contributions	28,195,959	25,617,442	25,623,668	26,227,085
Capital grants and contributions	3,027,743	973,129	-	-
Total program revenues	<u>39,701,145</u>	<u>36,175,590</u>	<u>33,043,810</u>	<u>36,303,298</u>
Net (expense) revenue	(122,504,249)	(135,134,577)	(148,363,766)	(147,245,383)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	42,140,903	27,699,645	30,424,159	18,184,240
Property taxes, levied for community service	2,432,268	1,721,469	1,844,255	972,623
Property taxes, levied for building construction	5,697,723	6,084,113	3,252,849	2,320,542
Property taxes, levied for debt service	16,137,889	17,427,622	17,775,903	17,988,593
General grants and aids	65,790,325	86,221,137	88,456,839	104,689,723
Other general revenues	3,264,695	3,431,905	2,290,343	1,146,041
Gain on disposal of capital assets	-	-	-	859,894
Investment earnings	30,259	110,936	50,622	13,317
Special item – conveyance of FAIR School	-	-	-	-
Special item – OPEB trust draw	-	-	-	-
Total general revenues and other changes in net position	<u>135,494,062</u>	<u>142,696,827</u>	<u>144,094,970</u>	<u>146,174,973</u>
Change in net position	<u>\$ 12,989,813</u>	<u>\$ 7,562,250</u>	<u>\$ (4,268,796)</u>	<u>\$ (1,070,410)</u>

	2015	2016	2017	2018	2019	2020
\$	5,390,640	\$ 6,098,358	\$ 7,886,010	\$ 7,721,781	\$ 5,515,211	\$ 7,322,496
	5,367,003	7,218,076	8,291,512	7,836,267	9,766,522	5,842,366
	75,849,372	84,552,454	115,652,948	106,754,453	53,979,385	84,979,649
	1,928,738	1,794,043	2,284,209	1,986,611	773,463	1,503,372
	25,746,822	28,164,535	36,782,980	39,746,365	25,976,927	35,301,076
	11,497,919	10,769,418	17,235,990	19,570,243	9,105,680	12,334,356
	13,480,522	15,015,158	17,528,400	19,034,575	17,315,538	18,825,428
	27,603,972	25,787,522	34,887,431	30,324,113	33,669,988	34,675,198
	533,245	454,428	557,141	521,264	452,980	432,254
	7,054,514	7,822,574	8,429,759	8,020,908	7,706,006	7,276,407
	8,295,446	8,840,567	11,033,134	11,745,783	10,154,134	10,714,698
	5,644,096	6,107,024	6,758,127	5,864,901	5,636,378	5,092,272
	188,392,289	202,624,157	267,327,641	259,127,264	180,052,212	224,299,572
	165	652	625	330	330	–
	162,582	247,734	145,124	134,508	225,115	120,685
	1,101,536	1,119,601	1,264,788	1,182,309	940,917	485,766
	2,326	18	14	–	–	–
	208,893	195,777	267,964	483,254	400,456	709,428
	8,675	903	222	1,503	1,871	3,255
	47,177	38,486	–	2,768	166,538	–
	282,482	93,200	113,621	15,008	20,618	754,317
	2,217,047	2,172,672	2,052,382	2,101,585	2,104,594	1,477,502
	3,894,381	4,368,503	4,939,077	5,291,223	5,642,264	4,468,094
	7,925,264	8,237,546	8,783,817	9,212,488	9,502,703	8,019,047
	27,540,323	28,424,275	29,846,808	29,103,055	34,578,208	33,198,955
	–	–	–	–	–	–
	35,465,587	36,661,821	38,630,625	38,315,543	44,080,911	41,218,002
	(152,926,702)	(165,962,336)	(228,697,016)	(220,811,721)	(135,971,301)	(183,081,570)
	31,895,867	35,886,676	37,576,196	35,777,957	37,273,204	44,393,003
	1,784,695	1,690,354	1,729,633	1,841,325	2,044,276	2,390,902
	2,540,747	1,440,091	–	–	–	–
	18,626,998	18,175,924	18,800,718	19,973,568	20,827,352	18,338,319
	99,826,289	107,504,169	109,188,461	107,954,995	101,589,910	110,111,808
	3,130,188	1,914,060	1,512,981	1,701,133	1,960,668	2,463,613
	–	–	–	–	–	–
	12,767	106,758	377,622	509,073	858,243	462,138
	–	14,662,500	–	–	–	–
	–	–	–	–	4,749,736	–
	157,817,551	181,380,532	169,185,611	167,758,051	169,303,389	178,159,783
\$	4,890,849	\$ 15,418,196	\$ (59,511,405)	\$ (53,053,670)	\$ 33,332,088	\$ (4,921,787)

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INDEPENDENT SCHOOL DISTRICT NO. 281

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

Fiscal Year	Property Tax				Total
	General Purposes	Community Service	Building Construction	Debt Service	
2011	\$ 42,140,903	\$ 2,432,268	\$ 5,697,723	\$ 16,137,889	\$ 66,408,783
2012	27,699,645	1,721,469	6,084,113	17,427,622	52,932,849
2013	30,424,159	1,844,255	3,252,849	17,775,903	53,297,166
2014	18,184,240	972,623	2,320,542	17,988,593	39,465,998
2015	31,895,867	1,784,695	2,540,747	18,626,998	54,848,307
2016	35,886,676	1,690,354	1,440,091	18,175,924	57,193,045
2017	37,576,196	1,729,633	–	18,800,718	58,106,547
2018	35,777,957	1,841,325	–	19,973,568	57,592,850
2019	37,273,204	2,044,276	–	20,827,352	60,144,832
2020	44,393,003	2,390,902	–	18,338,319	65,122,224

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Those changes were offset by an adjustment to state aid payments of an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 281

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 2,070,239	\$ 1,005,846	\$ 914,253	\$ 890,495
Restricted	6,202,569	3,486,453	1,158,322	1,560,153
Assigned	-	-	1,835,483	1,231,939
Unassigned	12,786,913	17,383,851	13,409,077	14,953,578
Total General Fund	<u>\$ 21,059,721</u>	<u>\$ 21,876,150</u>	<u>\$ 17,317,135</u>	<u>\$ 18,636,165</u>
All other governmental funds				
Nonspendable, reported in				
Special revenue funds	\$ 74,072	\$ 87,550	\$ 79,068	\$ 123,085
Capital Projects – Building				
Construction Fund	-	-	-	496
Debt Service Fund	-	-	-	-
Restricted, reported in				
Special revenue funds	2,840,899	2,916,759	2,995,585	3,245,474
Capital Projects – Building				
Construction Fund	19,287,258	16,886,988	11,072,844	8,274,406
Debt Service Fund	46,842,001	10,685,888	3,013,158	2,617,489
Unassigned, reported in				
Capital Projects – Building				
Construction Fund	-	-	-	-
Total all other governmental funds	<u>\$ 69,044,230</u>	<u>\$ 30,577,185</u>	<u>\$ 17,160,655</u>	<u>\$ 14,260,950</u>

2015	2016	2017	2018	2019	2020
\$ 800,112	\$ 552,260	\$ 375,117	\$ 486,096	\$ 264,546	\$ 713,515
1,506,725	2,265,076	4,348,161	5,813,165	4,994,822	5,397,172
930,246	1,839,081	873,292	–	1,210,419	1,507,829
15,855,654	13,580,091	7,963,180	(1,319,348)	(415,357)	622,412
<u>\$ 19,092,737</u>	<u>\$ 18,236,508</u>	<u>\$ 13,559,750</u>	<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>	<u>\$ 8,240,928</u>
\$ 92,131	\$ 71,158	\$ 102,859	\$ 81,060	\$ 66,365	\$ 86,354
769	–	–	–	–	–
–	900	1,350	1,500	–	–
3,198,194	3,325,652	2,883,772	2,336,296	2,380,885	2,022,468
–	47,102,855	12,695,833	12,386,151	3,025,152	1,166,797
2,679,063	11,408,622	2,303,961	2,426,303	3,046,255	2,866,254
(276,195)	–	–	–	–	–
<u>\$ 5,693,962</u>	<u>\$ 61,909,187</u>	<u>\$ 17,987,775</u>	<u>\$ 17,231,310</u>	<u>\$ 8,518,657</u>	<u>\$ 6,141,873</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

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	\$ 66,431,752	\$ 52,832,586	\$ 53,406,864	\$ 39,592,903
Investment earnings	30,302	106,565	48,062	13,317
Other	11,729,666	13,622,717	10,319,044	11,222,254
State sources	85,628,695	99,893,311	103,111,825	120,362,250
Federal sources	11,385,332	12,312,604	10,360,123	10,554,558
Total revenues	<u>175,205,747</u>	<u>178,767,783</u>	<u>177,245,918</u>	<u>181,745,282</u>
Expenditures				
Current				
Administration	4,893,005	4,948,012	4,928,293	5,352,963
District support services	3,249,904	3,247,017	3,073,635	3,955,195
Elementary and secondary regular instruction	61,621,318	63,837,775	68,702,102	71,812,151
Vocational education instruction	3,009,100	3,201,878	2,393,168	1,851,632
Special education instruction	21,623,658	21,918,570	23,296,305	24,373,242
Instructional support services	6,671,402	6,981,737	7,900,411	8,265,307
Pupil support services	12,598,149	13,263,280	13,284,375	13,181,909
Sites and buildings	12,545,861	12,026,127	13,296,728	13,546,358
Fiscal and other fixed cost programs	470,583	467,751	501,766	396,227
Food service	5,534,958	6,298,281	6,102,084	6,322,283
Community service	7,736,612	7,845,731	7,950,731	8,175,526
Capital outlay	11,104,790	18,049,095	27,099,007	25,252,839
Debt service				
Principal	10,367,549	11,038,778	11,545,312	12,465,481
Interest and fiscal charges	9,012,300	9,245,568	7,592,003	6,816,235
Total expenditures	<u>170,439,189</u>	<u>182,369,600</u>	<u>197,665,920</u>	<u>201,767,348</u>
Excess of revenues over (under) expenditures	4,766,558	(3,601,817)	(20,420,002)	(20,022,066)
Other financing sources (uses)				
Refunding debt issued	7,685,000	20,630,000	24,610,000	-
Debt issued	10,990,000	-	8,535,000	16,625,000
Premiums on debt issued	244,195	2,525,262	3,182,260	161,221
Payment to refunded bond escrow agent	-	(57,990,000)	(34,765,000)	-
Sale of capital assets and insurance recoveries	1,200,159	2,723	882,197	1,655,170
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Capital leases	-	783,216	-	-
Total other financing sources (uses)	<u>20,119,354</u>	<u>(34,048,799)</u>	<u>2,444,457</u>	<u>18,441,391</u>
Special item – OPEB trust draw	-	-	-	-
Net change in fund balances	<u>\$ 24,885,912</u>	<u>\$ (37,650,616)</u>	<u>\$ (17,975,545)</u>	<u>\$ (1,580,675)</u>
Debt service as a percentage of noncapital expenditures	<u>12.2%</u>	<u>12.0%</u>	<u>10.8%</u>	<u>10.6%</u>

2015	2016	2017	2018	2019	2020
\$ 54,844,379	\$ 57,309,754	\$ 58,167,629	\$ 57,519,158	\$ 60,250,102	\$ 65,064,028
12,767	106,758	349,903	462,688	812,707	437,945
11,055,452	10,151,606	10,296,798	10,913,571	11,463,371	9,734,221
116,764,176	124,317,336	123,539,976	125,976,478	129,898,661	131,780,536
10,398,015	11,611,108	11,099,637	11,127,379	12,615,853	11,485,723
193,074,789	203,496,562	203,453,943	205,999,274	215,040,694	218,502,453
5,457,327	5,876,647	6,057,838	6,211,188	6,668,226	6,901,168
3,996,042	4,460,021	7,539,458	5,654,002	7,116,200	5,766,813
75,446,692	82,611,441	80,495,431	76,052,466	77,514,144	78,653,904
1,950,594	1,799,623	1,505,730	1,386,757	1,229,923	1,419,272
25,753,766	27,740,788	27,998,488	31,490,066	32,635,544	33,233,639
11,484,753	10,468,901	13,890,413	15,458,739	13,123,834	11,539,653
13,018,795	14,674,569	15,417,357	17,171,870	18,357,090	18,481,931
13,427,858	13,598,259	14,352,208	15,743,020	15,460,915	15,709,234
533,245	454,428	557,141	521,264	452,980	432,254
6,956,562	7,499,503	7,434,021	7,461,961	7,461,022	7,098,859
8,167,323	8,779,365	9,529,583	10,366,492	10,854,534	10,437,784
16,241,393	29,095,514	51,330,006	21,610,466	14,118,571	28,476,722
12,492,199	12,375,776	13,312,096	14,113,584	15,499,567	13,538,285
6,378,142	6,640,092	8,148,233	7,218,300	7,031,016	6,569,414
201,304,691	226,074,927	257,568,003	230,460,175	227,523,566	238,258,932
(8,229,902)	(22,578,365)	(54,114,060)	(24,460,901)	(12,482,872)	(19,756,479)
9,640,000	9,380,000	12,170,000	–	9,910,000	10,330,000
–	67,135,000	9,535,000	14,200,000	–	16,605,000
1,603,918	3,932,191	1,476,967	924,549	–	2,580,174
(11,125,000)	(2,515,000)	(21,309,077)	–	(9,815,000)	(11,295,000)
568	5,170	–	50	–	748,439
–	9,238	–	–	–	–
–	(9,238)	–	–	–	–
–	–	3,643,000	–	–	57,113
119,486	77,937,361	5,515,890	15,124,599	95,000	19,025,726
–	–	–	–	4,749,736	–
\$ (8,110,416)	\$ 55,358,996	\$ (48,598,170)	\$ (9,336,302)	\$ (7,638,136)	\$ (730,753)
9.4%	9.5%	10.0%	10.1%	10.4%	9.5%

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Fiscal Year	Property Tax					Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund		
2011	\$ 42,155,478	\$ 2,433,109	\$ 5,699,694	\$ 16,143,471	\$ 66,431,752	
2012	27,659,448	1,716,530	6,084,113	17,372,495	52,832,586	
2013	30,507,654	1,848,270	3,252,849	17,798,091	53,406,864	
2014	18,272,948	976,762	2,317,001	18,026,192	39,592,903	
2015	31,906,847	1,784,355	2,538,546	18,614,631	54,844,379	
2016	35,915,801	1,694,733	1,445,833	18,253,387	57,309,754	
2017	37,616,397	1,731,656	–	18,819,576	58,167,629	
2018	35,734,126	1,838,995	–	19,946,037	57,519,158	
2019	37,343,094	2,046,923	–	20,860,085	60,250,102	
2020	44,343,444	2,388,215	–	18,332,369	65,064,028	

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal years 2011 and 2014, which were offset by an equal adjustment to state aid payments.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Revenue by Source (1)
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous (2)	Total
2011	\$ 44,588,587 29.38%	\$ 84,045,406 55.38%	\$ 11,385,332 7.50%	\$ 11,740,546 7.74%	\$ 151,759,871 100.00%
2012	29,375,978 19.14%	98,213,652 64.01%	12,312,604 8.02%	13,557,721 8.82%	153,459,955 100.00%
2013	32,355,924 20.84%	102,210,710 65.84%	10,360,123 6.67%	10,327,046 6.64%	155,253,803 100.00%
2014	19,249,710 12.00%	119,462,108 74.45%	10,554,558 6.58%	11,200,301 6.98%	160,466,677 100.00%
2015	33,691,202 19.70%	115,864,130 67.75%	10,398,015 6.08%	11,064,587 6.47%	171,017,934 100.00%
2016	37,610,534 20.57%	123,417,289 67.50%	11,611,108 6.35%	10,197,238 5.58%	182,836,169 100.00%
2017	39,348,053 21.44%	122,665,128 66.84%	11,099,637 6.05%	10,409,678 5.67%	183,522,496 100.00%
2018	37,573,121 20.32%	125,060,231 67.64%	11,127,379 6.02%	11,143,557 6.02%	184,904,288 100.00%
2019	39,390,017 20.44%	128,966,425 66.91%	12,615,853 6.54%	11,786,123 6.11%	192,758,418 100.00%
2020	46,731,659 23.48%	130,872,197 65.77%	11,485,723 5.77%	9,902,627 4.98%	198,992,206 100.00%

(1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

(2) Includes interest earnings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Operating Fund Expenditures by Function (1) (2)
Last Ten Fiscal Years

Year Ended June 30,	District and School Administration	District Support Services	Regular Instruction	Vocational Instruction	Special Education Instruction
2011	\$ 4,904,409 3.34%	\$ 4,171,415 2.84%	\$ 62,908,654 42.83%	\$ 3,069,746 2.09%	\$ 21,777,295 14.83%
2012	4,954,561 3.23%	4,125,691 2.69%	65,577,766 42.77%	3,238,651 2.11%	22,019,090 14.36%
2013	4,948,560 3.08%	3,823,897 2.38%	70,441,755 43.85%	2,449,812 1.53%	23,399,623 14.57%
2014	5,371,076 3.28%	4,361,338 2.67%	73,588,280 44.97%	1,852,246 1.13%	24,511,412 14.98%
2015	5,467,794 3.20%	5,286,447 3.10%	76,169,169 44.64%	1,951,604 1.14%	25,867,207 15.16%
2016	5,886,622 3.21%	6,978,242 3.80%	83,354,768 45.40%	1,799,623 0.98%	27,811,806 15.15%
2017	6,062,513 3.21%	7,997,649 4.24%	81,026,361 42.96%	1,505,730 0.80%	28,045,053 14.87%
2018	6,212,265 3.20%	7,666,347 3.95%	76,401,709 39.37%	1,407,700 0.73%	31,536,703 16.25%
2019	6,668,576 3.39%	9,682,414 4.93%	77,781,159 39.60%	1,251,339 0.64%	32,656,479 16.63%
2020	6,901,168 3.47%	9,533,974 4.80%	79,724,691 40.16%	1,419,272 0.72%	33,359,875 16.81%

(1) Operating funds include the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

(2) Capital expenditures are included by function.

(3) Includes food service.

Community Education	Instructional Support Services	Pupil Support Services (3)	Sites, Buildings, and Equipment	Other	Total
\$ 7,846,646 5.34%	\$ 6,961,092 4.74%	\$ 18,758,500 12.77%	\$ 16,002,113 10.90%	\$ 470,583 0.32%	\$ 146,870,453 100.00%
7,903,018 5.15%	7,140,788 4.66%	20,905,495 13.63%	16,296,968 10.63%	1,178,099 0.77%	153,340,127 100.00%
7,996,246 4.98%	8,178,000 5.09%	19,962,399 12.43%	18,458,669 11.49%	965,710 0.60%	160,624,671 100.00%
8,293,743 5.07%	8,596,851 5.25%	19,633,674 12.00%	16,580,964 10.13%	860,172 0.53%	163,649,756 100.00%
8,279,318 4.85%	11,704,553 6.86%	20,064,106 11.76%	15,119,911 8.86%	730,055 0.43%	170,640,164 100.00%
8,830,748 4.81%	10,559,425 5.75%	22,346,244 12.17%	15,363,128 8.37%	651,239 0.36%	183,581,845 100.00%
9,580,335 5.08%	13,899,807 7.37%	23,827,014 12.63%	15,911,020 8.44%	753,951 0.40%	188,609,433 100.00%
10,425,417 5.37%	15,462,127 7.97%	25,181,556 12.98%	18,940,779 9.76%	818,847 0.42%	194,053,450 100.00%
10,908,310 5.55%	13,123,859 6.68%	25,881,212 13.18%	16,945,081 8.63%	1,505,314 0.77%	196,403,743 100.00%
10,460,228 5.27%	11,564,570 5.83%	25,694,562 12.95%	19,063,903 9.60%	767,912 0.39%	198,490,155 100.00%

INDEPENDENT SCHOOL DISTRICT NO. 281

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation			
	Agricultural	Nonagricultural	Fiscal Disparities	
			Contribution	Distribution
2011	\$ 2,143	\$ 92,918,269	\$ (9,281,070)	\$ 15,695,118
2012	2,142	84,396,807	(8,672,925)	15,191,476
2013	2,176	79,534,454	(8,230,582)	14,688,145
2014	2,261	79,030,536	(8,449,034)	14,712,766
2015	2,259	86,141,492	(8,633,147)	14,813,573
2016	8,043	89,754,553	(8,340,302)	14,346,780
2017	444	95,900,642	(9,078,698)	15,883,569
2018	440	103,737,702	(9,371,466)	16,328,556
2019	440	111,522,449	(10,121,106)	17,069,047
2020	3,760	122,772,521	(10,522,700)	18,052,967

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (2,361,556)	\$ 96,972,904	34.387	\$ 7,402,074,612	1.31 %
(2,501,570)	88,415,930	32.810	7,681,019,073	1.15
(1,868,438)	84,125,755	32.347	7,219,687,475	1.17
(2,096,844)	83,199,685	34.777	7,149,705,435	1.16
(2,247,092)	90,077,085	33.226	7,691,217,200	1.17
(2,451,835)	93,317,239	33.833	7,994,981,425	1.17
(2,804,981)	99,900,976	31.612	8,497,124,725	1.18
(3,365,469)	107,329,763	31.957	9,160,183,925	1.17
(3,747,880)	114,722,950	29.909	9,847,024,275	1.17
(4,793,813)	125,512,735	26.447	10,739,561,575	1.17

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INDEPENDENT SCHOOL DISTRICT NO. 281

Taxable Net Tax Capacity and Estimated Market Value
of All Taxable Property
Last Ten Fiscal Years

<u>Tax Collection Year</u>	<u>Sales Ratio</u>	<u>Taxable Net Tax Capacity</u>	<u>Estimated Market Value</u>	<u>Percent Total Tax Capacity of Estimated Market Value</u>	<u>Indicated Market Value (1)</u>
2011	100.1	\$ 96,972,904	\$ 7,402,074,612	1.31 %	\$ 7,394,679,932
2012	100.3	88,415,930	7,681,019,073	1.15	7,658,044,938
2013	101.3	84,125,755	7,219,687,475	1.17	7,127,036,007
2014	99.9	83,199,685	7,149,705,435	1.16	7,156,862,297
2015	94.3	90,077,085	7,691,217,200	1.17	8,156,115,801
2016	94.3	93,317,239	7,994,981,425	1.17	8,478,241,172
2017	93.5	99,900,976	8,497,124,725	1.18	9,087,833,930
2018	93.9	107,329,763	9,160,183,925	1.17	9,758,372,137
2019	94.4	114,722,950	9,847,024,275	1.17	10,431,169,783
2020	94.2	125,512,735	10,739,561,575	1.17	11,400,808,466

(1) Calculated by dividing the estimated market value by the sales ratio.

Note: Taxable net tax capacity is as adjusted for fiscal disparities and tax increments.

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Capacity Rates
All Overlapping Governmental Units
Last Ten Fiscal Years

Tax Collection Year	Property Tax Rate – Based on Tax Capacity Values				
	ISD No. 281 (1)	City of Brooklyn Center	City of Brooklyn Park	City of Crystal	City of Golden Valley
2011	34.387	57.217	50.309	47.346	53.060
2012	32.810	64.359	56.087	51.341	55.796
2013	32.347	72.202	62.741	57.630	58.204
2014	34.777	75.742	62.034	56.015	61.839
2015	33.226	71.256	57.494	50.498	54.626
2016	33.833	73.292	56.690	50.498	54.452
2017	31.612	70.498	55.207	50.360	56.109
2018	31.957	68.432	52.373	50.416	55.152
2019	29.909	71.860	52.695	48.771	53.780
2020	26.447	66.589	49.762	47.855	53.400

Tax Collection Year	Total Tax Capacity Rate for Taxpayers as a				
	Brooklyn Resident	Brooklyn Park Resident	Crystal Resident	Golden Valley Resident	New Hope Resident
2011	146.219	139.311	136.348	142.062	137.943
2012	153.393	145.121	140.375	144.830	143.843
2013	163.621	154.160	149.049	149.623	150.231
2014	170.424	156.716	150.697	156.521	153.278
2015	160.665	146.903	139.907	144.035	145.387
2016	162.011	145.409	139.217	143.171	146.124
2017	155.019	139.728	134.881	140.630	144.452
2018	151.713	135.654	133.697	138.433	141.870
2020	141.538	124.711	122.804	128.349	141.038

- (1) The rate does not include the referendum, which is spread on School District Referendum Market Value.
- (2) Special districts include the Metropolitan Mosquito Control, Metropolitan Council, Metro Transit, Three Rivers Park District, Park Museum, and Hennepin County Regional Railroad Authority.
- (3) District voters have authorized additional school funding through an operating referendum.

Source: Hennepin County Auditor

City of New Hope	City of Plymouth	City of Robbinsdale	Special Districts (2)	Hennepin County
48.941	26.944	44.628	8.775	45.840
54.809	28.146	48.642	7.993	48.231
58.812	29.816	55.282	9.611	49.461
58.596	30.114	57.436	10.047	49.858
55.978	28.374	51.134	9.785	46.398
57.405	27.838	53.785	9.530	45.356
59.931	26.959	50.574	8.822	44.087
58.589	26.804	50.346	8.516	42.808
67.990	26.355	50.807	8.550	41.861
66.089	26.206	47.511	7.418	41.084

Plymouth Resident	Robbinsdale Resident	ISD No. 281 Market Value Base Tax (3)
115.946	133.630	0.23107
117.180	137.676	0.27612
121.235	146.701	0.29668
124.796	152.118	0.30399
117.783	140.543	0.28484
116.557	142.504	0.28216
111.480	135.095	0.24959
110.085	133.627	0.23433
101.155	122.460	0.25032

INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Bigos Management, Inc.	\$ 762,450	1	0.61 %	\$ 352,830	6	0.36 %
Abbott Laboratories	699,250	2	0.56	–	–	–
FW MN–Rockford Road, LLC	649,250	3	0.52	–	–	–
Boom (Minnesota), LLC	572,250	4	0.46	–	–	–
Crystal Shopping Center Association	533,290	5	0.42	389,250	3	0.40
Liberty Crossing Investment Partnership	522,813	6	0.42	363,138	4	0.37
Plymouth Ponds, LLLP	426,325	7	0.34	–	–	–
Columbia II Rockridge Center	379,250	8	0.30	–	–	–
Target Corporation	–	–	–	482,258	1	0.50
United Health Care Services, Inc.	–	–	–	453,250	2	0.47
U.S. Retail Partners, LLC	–	–	–	362,084	5	0.37
AGA Medical Corporation	–	–	–	281,474	7	0.29
Honeywell, Inc.	–	–	–	274,750	8	0.28
HP 3, LLC	–	–	–	273,216	9	0.28
CRW Plymouth, LLC	–	–	–	270,926	10	0.28
Total	<u>\$ 4,544,878</u>		<u>3.62 %</u>	<u>\$ 3,503,176</u>		<u>3.61 %</u>
Total district tax capacity	<u>\$ 125,512,735</u>			<u>\$ 96,972,904</u>		

Source: Hennepin County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 281

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

Year Collectible	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	OPEB Pension Fund	Total All Funds
Levies (1)						
2011	\$ 27,920,679	\$ 1,804,625	\$ 6,254,928	\$ 16,350,387	\$ 1,945,125	\$ 54,275,744
2012	30,918,858	1,809,057	3,285,126	15,921,133	1,951,236	53,885,410
2013	29,745,257	1,905,421	3,252,849	16,071,319	1,979,247	52,954,093
2014	31,819,451	1,793,663	2,550,206	16,784,964	1,930,734	54,879,018
2015	35,345,951	1,698,476	1,478,895	16,354,011	1,904,762	56,782,094
2016	37,577,972	1,734,090	–	16,992,968	1,910,341	58,215,371
2017	35,768,682	1,849,437	–	18,147,591	1,913,261	57,678,971
2018	36,844,663	2,054,024	–	19,013,924	1,917,296	59,829,907
2019	44,154,574	2,400,734	–	18,197,604	231,021	64,983,933
2020	43,322,660	2,563,052	–	18,253,473	1,420,286	65,559,471
Tax capacity rates						
2011	0.06734	0.01893	0.06563	0.17156	0.02041	0.34387
2012	0.06481	0.02074	0.03766	0.18252	0.02237	0.32810
2013	0.05762	0.02274	0.02770	0.19179	0.02362	0.32347
2014	0.06830	0.02174	0.03090	0.20343	0.02340	0.34777
2015	0.09733	0.01865	0.01584	0.17953	0.02091	0.33226
2016	0.11712	0.01859	–	0.18214	0.02048	0.33833
2017	0.10015	0.01823	–	0.17888	0.01886	0.31612
2018	0.10618	0.01907	–	0.17652	0.01780	0.31957
2019	0.11698	0.02099	–	0.15910	0.00202	0.29909
2020	0.08991	0.02012	–	0.14329	0.01115	0.26447
Referendum market value tax rate (2)						
2011	0.00231	–	–	–	–	0.00231
2012	0.00276	–	–	–	–	0.00276
2013	0.00297	–	–	–	–	0.00297
2014	0.00304	–	–	–	–	0.00304
2015	0.00285	–	–	–	–	0.00285
2016	0.00282	–	–	–	–	0.00282
2017	0.00250	–	–	–	–	0.00250
2018	0.00234	–	–	–	–	0.00234
2019	0.00267	–	–	–	–	0.00267
2020	0.00250	–	–	–	–	0.00250

(1) The levies include the Homestead and Agricultural Credit Aid, Education Homestead Credit adjustment, and the Homestead Market Value adjustment.

(2) The referendum levy was converted to a market value referendum in 1999, resulting in a separate tax rate computed on the total market value of the District's property.

Source: School Tax Report

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INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	\$ 54,275,744	\$ 53,665,310	98.88 %	\$ 610,434	\$ 54,275,744	100.00 %
2012	53,885,410	53,275,701	98.87	543,176	53,818,877	99.88
2013	52,954,093	52,537,173	99.21	416,920	52,954,093	100.00
2014	54,879,018	54,146,763	98.67	700,327	54,847,090	99.94
2015	56,782,094	55,931,584	98.50	815,664	56,747,248	99.94
2016	58,215,371	57,585,191	98.92	581,822	58,167,013	99.92
2017	57,678,971	57,085,020	98.97	571,238	57,656,258	99.96
2018	59,829,907	59,491,659	99.43	242,856	59,734,515	99.84
2019	64,983,933	64,690,177	99.55	–	64,690,177	99.55
2020	65,559,471	32,000,000	48.81	–	32,000,000	48.81

Note 1: Total tax levy includes certified levy (including fiscal disparities) less tax credits.

Note 2: Property taxes are remitted to the District based on a calendar fiscal year; the current tax collections for the most recent levy represent collections through the District's fiscal year-end of June 30.

Source: Hennepin County Auditor and district records

INDEPENDENT SCHOOL DISTRICT NO. 281

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			Total Levy
	Local Spread	Fiscal Disparities	Homestead Market Value Credit Aid	
2011	\$ 45,078,892	\$ 7,990,855	\$ 1,205,997	\$ 54,275,744
2012	45,233,941	8,651,394	75	53,885,410
2013	43,880,638	9,073,455	–	52,954,093
2014	45,551,752	9,327,266	–	54,879,018
2015	46,911,686	9,870,408	–	56,782,094
2016	49,272,306	8,943,065	–	58,215,371
2017	47,767,783	9,911,188	–	57,678,971
2018	50,546,470	9,283,437	–	59,829,907
2019	55,482,277	9,501,656	–	64,983,933
2020	55,303,400	10,256,071	–	65,559,471

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids, most of which were eliminated in 2012.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2020

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
31,928	0.06	-	-
34,846	0.06	-	-
48,358	0.08	-	-
22,713	0.04	-	-
95,392	0.16	-	-
293,756	0.45	-	-
-	-	33,559,471	51.19
<u>\$ 526,993</u>		<u>\$ 33,559,471</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 281

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation (1)	Capital Leases	Total		
2011	\$ 217,932,890	\$ –	\$ 1,301,426	\$ 219,234,316	0.33 %	\$ 2,182
2012	171,392,767	–	1,400,864	172,793,631	0.25	1,696
2013	161,939,769	–	955,552	162,895,321	0.22	1,599
2014	165,971,526	–	495,071	166,466,597	0.21	1,634
2015	153,041,516	–	322,872	153,364,388	0.19	1,488
2016	217,763,960	–	142,096	217,906,056	0.26	2,091
2017	196,769,592	9,079,612	3,643,000	209,492,204	0.24	2,010
2018	197,200,309	8,513,989	3,439,416	209,153,714	0.22	2,007
2019	181,230,185	7,938,366	3,234,849	192,403,400	0.20	1,846
2020	184,648,567	7,352,743	3,043,677	195,044,987	N/A	1,872

N/A – Not Available

(1) Net of unamortized premiums and discounts.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Ratio of Net General Obligation Bonded Debt
to Tax Capacity, Indicated Market Value, and Estimated Market Value
and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds on Hand (1)	Net Bonded Debt	Tax Capacity (2)	Percent of Net Debt to Tax Capacity	Indicated Market Value (IMV) (3)
2011	\$ 217,932,890	\$ 46,842,001	\$ 171,090,889	\$ 96,972,904	176.43 %	\$7,394,679,932
2012	171,392,767	10,685,888	160,706,879	88,415,930	181.76	7,658,044,938
2013	161,939,769	3,013,158	158,926,611	84,125,755	188.92	7,127,036,007
2014	165,971,526	2,617,489	163,354,037	83,199,685	196.34	7,156,862,297
2015	153,041,516	2,679,063	150,362,453	90,077,085	166.93	8,156,115,801
2016	217,763,960	11,409,522	206,354,438	93,317,239	221.13	8,478,241,172
2017	196,769,592	2,305,311	194,464,281	99,900,976	194.66	9,087,833,930
2018	197,200,309	2,427,803	194,772,506	107,329,763	181.47	9,758,372,137
2019	181,230,185	3,046,255	178,183,930	114,722,950	155.32	10,431,169,783
2020	184,648,567	2,866,254	181,782,313	125,512,735	144.83	11,400,808,466

- (1) The gross bonded debt includes refunding issues. The amount held in escrow for these bonds is included in debt service funds on hand.
- (2) See the Schedule of Tax Capacities and Market Values for tax capacity data.
- (3) See the Schedule of Tax Capacity and Estimated Market Value for IMV and EMV data.
- (4) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Percent of Net Debt to IMV	Estimated Market Value (EMV) (3)	Percent of Net Debt to EMV	Estimated Population (4)	Net Bonded Debt per Capita
2.31 %	\$7,402,074,612	2.31 %	100,497	\$ 1,702
2.10	7,681,019,073	2.09	101,885	1,577
2.23	7,219,687,475	2.20	101,885	1,560
2.28	7,149,705,435	2.28	101,885	1,603
1.84	7,691,217,200	1.95	103,064	1,459
2.43	7,994,981,425	2.58	104,207	1,980
2.14	8,497,124,725	2.29	104,207	1,866
2.00	9,160,183,925	2.13	104,207	1,869
1.71	9,847,024,275	1.81	104,207	1,710
1.59	10,739,561,575	1.69	104,207	1,744

INDEPENDENT SCHOOL DISTRICT NO. 281

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Fiscal Charges</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Expenditures (1)</u>	<u>Percent of Debt Service to General Expenditures</u>
2011	\$ 9,970,000	\$ 8,929,732	\$ 18,899,732	\$ 170,439,189	11.09 %
2012	10,355,000	9,182,095	19,537,095	182,369,600	10.71
2013	11,100,000	7,536,469	18,636,469	197,665,920	9.43
2014	12,005,000	6,775,869	18,780,869	201,767,348	9.31
2015	12,320,000	6,353,531	18,673,531	201,304,691	9.28
2016	12,195,000	6,624,057	18,819,057	226,074,927	8.32
2017	13,170,000	7,880,048	21,050,048	257,568,003	8.17
2018	13,910,000	6,932,545	20,842,545	230,460,175	9.04
2019	14,730,000	6,748,249	21,478,249	227,523,566	9.44
2020	13,290,000	6,336,317	19,626,317	238,258,932	8.24

(1) General expenditures include all governmental funds.

Note: Debt service expenditures included only general obligation bonds debt and do not include refundings.

INDEPENDENT SCHOOL DISTRICT NO. 281

Direct and Overlapping Debt
June 30, 2020

<u>Governmental Unit</u>	<u>Tax Capacity</u>	<u>General Obligation Debt</u>	<u>Percent Allocable to ISD No. 281</u>	<u>Portion Allocable to ISD No. 281</u>
ISD No. 281	\$ 125,512,735	\$ 176,235,000	100.00 %	\$ 176,235,000
Overlapping debt				
Hennepin County	2,112,707,400	931,705,000	5.90 %	54,970,595
City of Brooklyn Center	29,240,979	23,200,000	21.70 %	5,034,400
City of Brooklyn Park	96,859,045	33,795,000	5.10 %	1,723,545
City of Crystal	25,749,937	12,470,000	100.00 %	12,470,000
City of Golden Valley	46,939,314	60,860,000	45.00 %	27,387,000
City of New Hope	25,362,003	43,060,000	100.00 %	43,060,000
City of Plymouth	146,534,687	5,820,000	18.20 %	1,059,240
City of Robbinsdale	15,356,543	10,560,000	100.00 %	10,560,000
Hennepin County Regional				
Railroad Authority	2,112,707,400	94,705,000	5.90 %	5,587,595
Metropolitan Council	4,576,186,304	12,435,000	2.70 %	335,745
Three Rivers Park District	1,487,545,247	57,495,000	8.40 %	4,829,580
Metro Transit	<u>3,662,962,426</u>	<u>221,425,000</u>	<u>3.40 %</u>	<u>7,528,450</u>
Total overlapping debt	14,338,151,285			<u>174,546,150</u>
Total direct and overlapping debt				<u>\$ 350,781,150</u>

Source: Hennepin County Property Tax Division

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INDEPENDENT SCHOOL DISTRICT NO. 281

Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2011	\$ 7,402,074,612	\$ 1,110,311,192	\$ 169,302,999	\$ 941,008,193	15.25 %
2012	7,681,019,073	1,152,152,861	157,744,112	994,408,749	13.69
2013	7,219,687,475	1,082,953,121	152,696,842	930,256,279	14.10
2014	7,149,705,435	1,072,455,815	157,712,511	914,743,304	14.71
2015	7,691,217,200	1,153,682,580	143,845,937	1,009,836,643	12.47
2016	7,994,981,425	1,199,247,214	196,920,478	1,002,326,736	16.42
2017	8,497,124,725	1,274,568,709	184,794,689	1,089,774,020	14.50
2018	9,160,183,925	1,374,027,589	185,517,197	1,188,510,392	13.50
2019	9,847,024,275	1,477,053,641	170,263,745	1,306,789,896	11.53
2020	10,739,561,575	1,610,934,236	173,368,746	1,437,565,490	10.76

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	<u>\$ 10,739,561,575</u>
Debt limit (15% of market value)	\$ 1,610,934,236
Debt applicable to limit	
General obligation bonds	176,235,000
Less amount set aside for repayment of general obligation debt	<u>2,866,254</u>
Total net debt applicable to limit	<u>173,368,746</u>
Legal debt margin	<u>\$ 1,437,565,490</u>

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.

INDEPENDENT SCHOOL DISTRICT NO. 281

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Hennepin County			
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age
2011	1,168,431	\$ 67,156,740,156	\$ 57,476	35.9
2012	1,184,576	69,769,157,248	58,898	35.9
2013	1,198,778	72,647,145,578	60,601	36.0
2014	1,212,064	78,824,158,112	65,033	36.1
2015	1,223,149	79,787,232,419	65,231	36.1
2016	1,232,483	83,102,631,241	67,427	36.2
2017	1,252,024	89,070,239,384	71,141	36.2
2018	1,252,024	94,043,278,712	75,113	36.2
2019	1,259,428	96,411,732,256	76,552	36.5
2020	1,273,760	N/A	N/A	36.5

N/A – Not Available

Sources:

- (1) Hennepin County
- (2) Estimated

ISD No. 281

Labor Force (1)	Unemployment Rate	Population (1)	School Enrollment
656,517	5.5 %	100,497	12,095
665,282	5.7	101,885	12,174
636,064	4.6	101,885	12,181
672,114	3.7	101,885	12,284
679,549	3.3	103,064	12,314
679,285	3.4	104,207	12,626
694,060	3.2	104,207 (2)	12,422
703,310	3.2	104,207 (2)	12,309
715,567	2.4	104,207 (2)	12,237
N/A	8.9	104,207 (2)	12,132

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INDEPENDENT SCHOOL DISTRICT NO. 281

Principal Employers
Current and Nine Years Prior

Employer	2020			2011		
	Approximate Number of Employees	Rank	Percent of Total (3) Employees	Approximate Number of Employees	Rank	Percent of Total (3) Employees
North Memorial Medical Center	4,300	1	32.6 %	5,460	3	13.4 %
Honeywell, Inc.	2,000	2	15.1	1,732	5	4.3
ISD No. 281	1,995	3	15.1	1,725	6	4.2
United Health Care Services, Inc.	1,000	4	7.6	–	–	–
Metro Building Company	1,000	4	7.6	–	–	–
North Ridge Care Center	720	6	5.5	–	–	–
St. Therese of New Hope	620	7	4.7	–	–	–
All Around Taxi	620	7	4.7	–	–	–
US Food Service	550	9	4.2	–	–	–
Courage Center	400	10	3.0	–	–	–
Wells Fargo Bank (1)	–	–	–	19,000	1	46.8
General Mills, Inc.	–	–	–	5,500	2	13.5
Boston Scientific	–	–	–	3,000	4	7.4
Promeon (2)	–	–	–	1,350	7	3.3
Carlson Companies (1)	–	–	–	1,018	8	2.5
Tennant Company	–	–	–	1,000	9	2.5
Minnesota Masonic Homes – North Ridge	–	–	–	850	10	2.1
Total	13,205		100.0 %	40,635		100.0 %

(1) Total employees for the entire state.

(2) Includes locations in Brooklyn Center and Brooklyn Park only.

(3) Total employees for the area encompassed by district boundaries is not available. Percentages represent the proportion of the total for the 10 largest employers as presented above.

Note: Residents of the District are employed throughout the metropolitan area. Major employers in close proximity to the District are listed above.

Sources: Minnesota Department of Employment and Economic Development and Ehlers Public Sector Advisor

INDEPENDENT SCHOOL DISTRICT NO. 281

FTE Staff Allocation
Last Ten Fiscal Years

	<u>2010–2011</u>	<u>2011–2012</u>	<u>2012–2013</u>	<u>2013–2014</u>	<u>2014–2015</u>
Superintendent	1.00	1.00	1.00	1.00	1.00
Cabinet	7.00	7.00	7.00	7.00	7.00
Principals	13.00	13.00	14.00	14.00	14.00
Assistant principals	10.00	12.00	13.00	13.00	13.00
Program directors	38.63	37.00	36.00	36.00	36.00
Program assistants	87.46	91.98	88.83	96.33	103.00
Teachers	749.60	761.68	776.97	779.97	735.00
Counselors	15.37	17.00	18.00	20.00	20.00
Social workers	13.65	13.70	14.30	14.30	14.30
Psychologists	10.36	10.80	11.80	11.80	11.80
Nurses	9.30	9.30	9.40	9.40	9.40
Special assignments	53.68	51.10	57.80	60.80	60.80
Education assistants	319.56	324.91	329.50	335.60	328.00
Bus monitor	13.28	13.50	6.00	6.00	6.00
Custodians	98.60	102.00	104.25	104.25	92.00
Custodial/bus drivers	27.00	27.00	21.00	18.00	13.00
Mechanics	5.00	5.00	–	–	–
Transportation part-time	45.07	45.00	–	–	–
Community education	51.19	78.68	81.00	85.00	85.00
Office employees	69.44	70.27	73.25	73.25	72.00
Food service	87.23	88.18	92.00	92.00	93.00
Total	<u>1,725.42</u>	<u>1,780.10</u>	<u>1,755.10</u>	<u>1,777.70</u>	<u>1,714.30</u>

Source: The District's Human Resources Department

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
1.00	1.00	1.00	1.00	1.00
7.00	7.00	6.00	6.00	6.00
15.00	16.00	17.00	18.00	19.00
20.00	21.00	22.00	22.00	24.00
34.00	32.00	31.00	32.00	33.00
96.00	75.00	100.00	70.00	126.00
759.00	757.00	750.47	781.00	772.10
17.00	17.00	16.20	17.00	20.20
17.00	17.00	16.80	17.00	20.50
12.00	13.00	12.20	13.00	12.60
12.00	10.00	8.60	9.00	9.00
77.00	63.00	57.40	88.00	79.65
287.00	342.00	342.70	318.00	346.70
6.00	6.00	6.38	6.00	3.35
81.00	102.00	74.50	74.00	72.00
9.00	10.00	10.00	8.00	7.40
-	-	-	-	-
-	-	-	-	-
72.00	80.00	52.73	50.00	47.45
53.00	65.00	58.80	70.00	63.55
95.00	96.00	88.00	92.00	91.30
<u>1,670.00</u>	<u>1,730.00</u>	<u>1,671.78</u>	<u>1,692.00</u>	<u>1,754.80</u>

INDEPENDENT SCHOOL DISTRICT NO. 281

Physical Plant Characteristics
as of June 30, 2020

Facility	Grades Housed	Year Built	Year of Major Additions	Acreage	Total Square Footage	Actual Enrollment
Cooper	9-12	1964	2000	40	293,816	1,698
Armstrong	9-12	1970	1997	52	328,600	1,880
Plymouth	6-8	1968	1990	22	180,500	1,013
Robbinsdale	6-8	1956	1976	18.34	269,107	862
FAIR School – Crystal	5-8	2000	–	9.89	106,427	290
Forest	K-5	2005	–	14	75,870	541
Lakeview	K-5	1964	–	5.75	55,648	432
Meadow Lake	K-5	1961	1965	15	79,860	545
Neill	K-5	1957	1968 and 2000	14	71,037	423
Noble	K-5	1954	1956, 2000, and 2006	10	56,800	325
Northport	K-5	1956	1957 and 1984	14	65,300	574
Pilgrim Lane	K-5	1966	–	11.5	58,168	331
SEA School at Olson	K-5	1971	–	9.2	44,000	449
Sonnesyn	K-5	1962	1968	15	76,187	424
RSI at Sunny Hollow	K-5	1960	1965	14	74,564	726
Zachary Lane	K-5	1969	1993	14	73,596	520
<u>Multi-Purpose Facilities</u>						
Sandburg	Various	1959	–	36	174,939	616
New Hope	Various	1960	–	14	55,902	99
Highview, TASC RTC	Various	N/A	–	–	–	313
Transportation		1966	–	10.5	48,843	–
Administration		1968	–	3.32	<u>41,412</u>	–
Out of district tuition						<u>71</u>
Totals					<u><u>2,230,576</u></u>	<u><u>12,132</u></u>

N/A: Not Applicable

Source: The District's Buildings and Grounds Department

INDEPENDENT SCHOOL DISTRICT NO. 281

Miscellaneous Statistical Facts
as of June 30, 2020

Old district changed to ISD No. 281	1957
Form of government	School Board – Superintendent
Fiscal year begins	July 1
Area of ISD No. 281	32 square miles
Number of high schools	2
Number of middle schools	4
Number of elementary schools	10
Number of auxiliary buildings	4
Number of communities served	7
Staffing ratio	
Elementary school	18–31
Middle school	25.22
High school	28.1
Extracurricular activities at high school	
Athletic	30
Nonathletic	30 +
Teacher education	
Bachelor’s degree	100%
Master’s degree or doctorate	71%

Source: Various district departments

INDEPENDENT SCHOOL DISTRICT NO. 281

Schedule of Insurance Coverage
June 30, 2020

Type of Coverage	Amount of Coverage
Property coverage	
Real and personal property (all locations)	\$ 565,839,077
Demolition cost	1,000,000
Increased cost of construction	1,000,000
Exterior signs	60,000
Supplementary accounts receivable	250,000
Supplementary valuable papers and records	250,000
Boiler and machinery coverage	100,000,000
Flood and furnace (each)	250,000
Environmental insurance (Robbinsdale Middle School)	2,000,000
Inland marine coverage	
Miscellaneous equipment	100,000
Mini-computer equipment and media	13,050,000
Musical equipment and instruments and fine arts	850,000
Liability coverage	
Bodily injury and property damage per occurrence	1,000,000
Combined single limit annual aggregate	2,000,000
Medical payments	15,000
Employee benefits liability	
Each occurrence	1,000,000
Aggregate	3,000,000
Volunteer liability	250,000
International general liability	
Each occurrence	1,000,000
Aggregate	2,000,000
Employee benefits	
Each occurrence	1,000,000
Aggregate	1,000,000
Auto liability	1,000,000
Crime coverage	
Employee dishonesty	250,000
Faithful performance	250,000
Money and securities on and off premises	50,000
Computer fraud, funds transfers, and forgery – alterations	150,000
Automobile coverage	
Liability protection	1,000,000
Personal injury protection	40,000
Uninsured and underinsured motorist protection	1,000,000
Collision and comprehensive	Varies
Excess liability coverage	
Excess amount coverage per occurrence	5,000,000
School leaders legal liability coverage annual aggregate	1,000,000
Business income and extra expense	5,000,000
Cyber liability coverage	1,500,000

Source: District Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 281

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option ADM)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2011	131.32	763.02	5,298.59	5,902.02	12,094.95	14,057.02
2012	132.40	782.86	5,316.91	5,941.93	12,174.10	14,139.37
2013	124.04	836.07	5,366.02	5,855.08	12,181.21	14,105.52
2014	138.25	851.78	5,488.05	5,805.52	12,283.60	14,198.17
2015	177.15	865.91	5,479.86	5,791.06	12,313.98	13,466.10
2016	193.89	817.95	5,815.32	5,798.67	12,625.83	13,784.02
2017	187.69	784.97	5,707.53	5,742.06	12,422.25	13,569.14
2018	368.80	764.98	5,442.00	5,732.89	12,308.67	13,453.48
2019	396.47	770.35	5,384.57	5,685.23	12,236.62	13,371.94
2020 *	392.64	790.80	5,145.32	5,803.45	12,132.21	13,291.27

* Estimated

Source: Minnesota Department of Education

Note: 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	Secondary
Fiscal 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2020	1.000	1.000	0.550	1.000	1.000	1.000	1.200

INDEPENDENT SCHOOL DISTRICT NO. 281

Expenditures per Student
 Year Ended June 30, 2020
 (With Comparative Amounts for the Year Ended June 30, 2019)

	State Average	Metro Average	ISD No. 281	
	2019	2019	2019	2020
Expenditures (1) per student (ADM) (2)				
General Fund				
Administration and district support	\$ 1,065	\$ 1,078	\$ 1,113	\$ 1,035
Elementary and secondary				
regular instruction	5,787	6,112	6,260	6,424
Vocational education instruction	180	165	99	116
Special education instruction	2,380	2,505	2,636	2,714
Instructional support services	669	751	1,060	942
Pupil support services	1,178	1,282	1,483	1,509
Sites and buildings and other	960	907	1,370	1,346
Total General Fund expenditures	<u>\$ 12,219</u>	<u>\$ 12,800</u>	<u>\$ 14,021</u>	<u>\$ 14,086</u>
ADM used per profile model format			<u>12,382</u>	<u>12,244</u>

(1) Excludes capital expenditures.

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

Source: Minnesota Department of Education School District Profiles Report

Management Report
for
Independent School District No. 281
New Hope, Minnesota
June 30, 2020

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PRINCIPALS

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To the School Board and Management of
Independent School District No. 281
New Hope, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 281, Robbinsdale Area Schools' (the District) financial statements for the year ended June 30, 2020. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Legislative Summary
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
January 20, 2021

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit. However, the completion of audit fieldwork and issuance of the final report was delayed as discussed later in this report.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2020:

- We have issued an unmodified opinion on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during the year. Our opinion was not modified with respect to this matter.
- We reported no deficiencies in the District's internal control over financial reporting that we consider to be a material weakness.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported one matter involving the internal control over compliance that we consider to be a significant deficiency with the types of compliance requirements that could have a direct and material effect on the District's major federal programs.
 - The District did not have adequate internal controls in place within its child nutrition cluster federal programs to assure it was not contracting for goods or services with parties that are suspended or debarred, or whose principals are suspended or debarred from participating in contracts involving the expenditures of federal program funds. The District did not obtain the appropriate documentation for three of three vendors tested to ensure the vendor was not suspended or debarred from participation in federal program contracts.

- We reported two findings based on our testing of the District’s compliance with Minnesota laws and regulations.
 - Minnesota Statutes require government entities with unclaimed property held for more than three years (one year for payroll checks) to file an unclaimed property report and remit the unclaimed property to the state Commissioner of Commerce. During our audit, we noted several outstanding district checks that exceeded this threshold. We recommend the District review its outstanding check listing and remit all unclaimed property to the Commissioner of Commerce at least annually.
 - Minnesota Statutes require that the District submit audited fund balance, revenue, and expenditure data to the Minnesota Department of Education (MDE) annually by November 30, and audited financial statements by December 31. The District did not comply with these requirements for its fiscal year ended June 30, 2020, due to turnover of the District’s business office staff, delays in the availability of certain data necessary to complete the financial statements, and the impact of the COVID-19 pandemic. The audited financial data and financial statements were not submitted to the MDE until December 2020 and January 2021, respectively.

OTHER COMMENTS AND RECOMMENDATIONS

Budget-to-Actual Revenue and Expenditure Reports – During our audit, we noted that the budget recorded in the District’s financial accounting system did not match the budget approved by the School Board for several funds. The periodic review of interim budget-to-actual activity reports by management and governance is an important internal control activity, the effectiveness of which is diminished by inaccurate data. We recommend the District ensure the budget recorded in its finance system throughout the year accurately reflects the official adopted budget, updated for mid-year budget amendments in a timely manner, to allow for accurate interim budget-to-actual reports to be available for review by management and governance.

Food Service Account Bad Debt – During our audit, we noted that District had significant delinquent accounts receivable from overdrawn individual lunch accounts in the Food Service Special Revenue Fund. District management evaluated the outstanding balances at year-end, and wrote off those balances deemed uncollectible, resulting in a bad debt adjustment of approximately \$683,000 absorbed by the District’s General Fund. We recommend the District to review its Unpaid Meal Charges policy, and consider measures to limit the future accumulation of these bad debts or develop alternative funding sources for them.

Impact of Novel Coronavirus (COVID-19)

Starting in March 2020, the onset of the novel coronavirus (COVID-19) pandemic caused substantial volatility in economic conditions and tremendous disruption in the way schools, governments, businesses, and individuals function. Minnesota school districts may experience the impact of this pandemic in a myriad of financial areas, such as: declines in investment rates of return, cash flow issues, significant increases in the number and frequency of employees working remotely, challenges in processing general and payroll disbursements, disruption of prescribed internal control procedures, delays in internal and external financial reporting, and new compliance requirements attached to current and potential federal relief subsidies. As your District continues to adapt to the new normal of operating in a post-COVID-19 world, the assessment of and responses to new risks that may accompany operational changes will be critical to the safeguarding of resources and sound financial stewardship. We encourage management and governance to include a robust financial risk assessment process when planning responses to these challenges, and to reassess and adapt internal controls over financial transactions and reporting to align with significant changes made to daily operations, even those intended to be temporary.

Electronic Funds Transfer Fraud

As the use of electronic funds transfers and payment methods has become more prevalent, we have seen increases in both the incidences of fraud related to these transactions and the dollar amounts involved. Unfortunately, operational changes related to the COVID-19 pandemic, including greater reliance on technology and more employees working remotely, tend to increase risk in this area. We urge districts to carefully review controls over these transactions, and consider best practices to address this risk, such as:

- Ensuring segregation of duties over these transactions by involving more than one employee in the process.
- Requiring multi-factor authentication of requests for electronic payments from new vendors or for changes in wiring instructions for existing vendors. It is recommended that changes for existing vendors be verified with the vendor through trusted contact information used previously for that vendor, not as provided in the change request, to verify the accuracy of the change.
- Educate employees on the controls in place to protect the organization's financial assets and ensure management is supportive and accepting of the processes in place. These scams are often initiated using the profile of a supervisor. Employees must be comfortable questioning unusual transactions or requests, and instructed not to circumvent internal control procedures regardless of whom they believe initiated the transaction.
- Recommended cyber security measures, such as limiting network access and requiring robust passwords that are changed regularly, should be implemented and followed by all district employees, not just those directly involved with financial transactions.
- Review insurance policies to understand the coverage provided for financial losses due to cybersecurity risks, and evaluate whether they provide adequate coverage based on management's assessment of these risks.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the District's financial statements for the year ended June 30, 2020, we performed procedures to follow-up on any findings and recommendations that resulted from our prior year audit. We reported the following findings that were corrected by the District in the current year:

- 2019-001 Significant Deficiency in Internal Control – Timeliness of Cash Reconciliations.

Monthly cash reconciliations were being accurately completed in a timely manner by June 30, 2020.

- 2019-002 Significant Deficiency in Internal Control Over Compliance and Reportable Noncompliance With Federal Allowable Cost Requirements – Title I Federal Program.

All salaries and benefits charged to the Title I program tested in fiscal 2020 were supported by adequate time and effort documentation.

- 2019-003 Significant Deficiency in Internal Control Over Compliance With Federal Allowable Costs Requirements – Special Education Cluster Federal Programs.

The District reviewed all salaries and benefits being charged to the federal special education cluster to ensure only allowable costs were being claimed for federal reimbursement for fiscal 2020.

- 2019-004 Minnesota Legal Compliance – Board Approval of Claims Paid by Electronic Funds Transfers (EFT).

A listing of claims paid by EFT was submitted monthly to the School Board for subsequent approval as required by state statutes.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2020. However, the District implemented the following governmental accounting standard during the fiscal year ended June 30, 2020:

- GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying fiduciary activities of local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The “vesting method” used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation of capital assets involves estimates pertaining to useful lives.

The District’s self-insured activities require the recording of liabilities for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated January 20, 2021.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information accompanying the financial statements, and the separately issued Schedule of Expenditures of Federal Awards and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements, but are not RSI. Such information has 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 it.

FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. A summary of legislative changes affecting school districts included later in this report gives an indication of how complicated the funding system is. This section provides selected state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

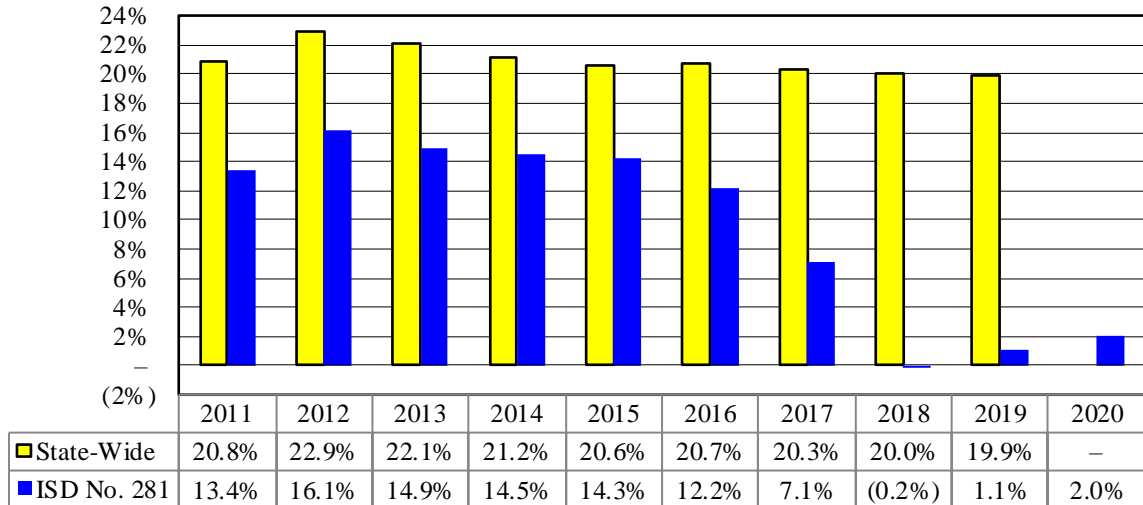
The table below presents a summary of the formula allowance for the past decade and as approved for the next year. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.0 percent, state-wide.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 %
2016	\$ 5,948	2.0 %
2017	\$ 6,067	2.0 %
2018	\$ 6,188	2.0 %
2019	\$ 6,312	2.0 %
2020	\$ 6,438	2.0 %
2021	\$ 6,567	2.0 %

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2020.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

During the economic downturn that began in 2008, the average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts increased, peaking at 22.9 percent at the end of fiscal 2012. This trend reflected districts' efforts to limit budget cuts, retain educational programs, and maintain adequate operating cash flow during a period of uncertain funding. As the state's economic condition improved and funding stabilized in subsequent years, this ratio decreased gradually to 19.9 percent at the end of fiscal 2019.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 2.0 percent at the end of the current year, as compared to 1.1 percent at June 30, 2019.

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

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 281 – Robbinsdale Area Schools			
	2018	2019	2018	2019	2018	2019	2020	
General Fund								
Property taxes	\$ 2,024	\$ 2,140	\$ 2,638	\$ 2,796	\$ 2,860	\$ 3,016	\$ 3,622	
Other local sources	520	556	433	454	298	321	321	
State	9,614	9,883	9,625	9,885	9,761	10,147	10,421	
Federal	450	475	474	499	452	593	477	
Total General Fund	12,608	13,054	13,170	13,634	13,371	14,077	14,841	
Special revenue funds								
Food Service	559	559	554	556	622	609	592	
Community Service	642	676	752	797	808	881	819	
Debt Service Fund	1,128	1,229	1,120	1,287	1,525	1,618	1,563	
Total revenue	\$ 14,937	\$ 15,518	\$ 15,596	\$ 16,274	\$ 16,326	\$ 17,185	\$ 17,815	
ADM served per MDE School District Profiles Report (current year estimated)					<u>12,493</u>	<u>12,382</u>	<u>12,244</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

ADM used in the table above is based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables.

The mix of local and state revenues vary from year to year primarily based on funding formulas and the state’s financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria. Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The District earned approximately \$218.1 million in the governmental funds reflected above in fiscal 2020, an increase of \$5.3 million (2.5 percent) from the prior year, or \$630 per ADM served.

General Fund property tax revenue increased \$7.0 million, or \$606 per ADM, due to an increase in the District’s voter-approved operating referendum property tax levy. General Fund revenue from state sources was about \$2.0 million, or \$274 per ADM, higher than the prior year, resulting mainly from the improved basic general education formula funding discussed earlier, along with increased special education funding. General Fund revenue from federal sources decreased by \$1.5 million, or \$116 per ADM, mainly due to a decrease in Title I program grant entitlement used compared to last year. Community Service Special Revenue Fund revenue decreased \$62 per ADM, due to a decrease in tuition and fees related to COVID-19 restrictions. Debt Service Fund revenue decreased \$55 per ADM, primarily due to a decrease in property taxes levied for debt service.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served							
	State-Wide		Metro Area		ISD No. 281 – Robbinsdale Area Schools		
	2018	2019	2018	2019	2018	2019	2020
General Fund							
Administration and district support	\$ 1,031	\$ 1,065	\$ 1,045	\$ 1,078	\$ 950	\$ 1,113	\$ 1,035
Elementary and secondary							
regular instruction	5,646	5,787	5,976	6,112	6,088	6,260	6,424
Vocational education instruction	170	180	154	165	111	99	116
Special education instruction	2,298	2,380	2,418	2,505	2,521	2,636	2,714
Instructional support services	658	669	748	751	1,237	1,060	942
Pupil support services	1,118	1,178	1,209	1,282	1,375	1,483	1,509
Sites and buildings and other	936	960	896	907	1,326	1,370	1,346
Total General Fund – noncapital	11,857	12,219	12,446	12,800	13,608	14,021	14,086
General Fund capital expenditures	658	721	636	675	451	353	686
Total General Fund	12,515	12,940	13,082	13,475	14,059	14,374	14,772
Special revenue funds							
Food Service	553	561	545	556	641	607	584
Community Service	640	675	750	799	835	881	854
Debt Service Fund	1,308	1,313	1,230	1,308	1,516	1,574	1,571
Total expenditures	<u>\$ 15,016</u>	<u>\$ 15,489</u>	<u>\$ 15,607</u>	<u>\$ 16,138</u>	<u>\$ 17,051</u>	<u>\$ 17,436</u>	<u>\$ 17,781</u>
ADM served per MDE School District Profiles Report (current year estimated)					<u>12,493</u>	<u>12,382</u>	<u>12,244</u>
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.							
Source of state-wide and metro area data: School District Profiles Report published by the MDE							

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District spent approximately \$217.7 million in the governmental funds reflected above in fiscal 2020, an increase of \$1.8 million (0.8 percent) from the prior year, or \$345 per ADM served.

General Fund current expenditures were \$65 per ADM higher than last year, with the largest increase in the elementary and secondary education program area. General Fund capital expenditures increased by \$333 per ADM from the prior year, due to the progress of various improvement and facilities maintenance projects. Food Service Special Revenue Fund and Community Service Special Revenue Fund expenditures were \$23 and \$27 per ADM lower than last year, respectively, due to program changes related to the COVID-19 pandemic.

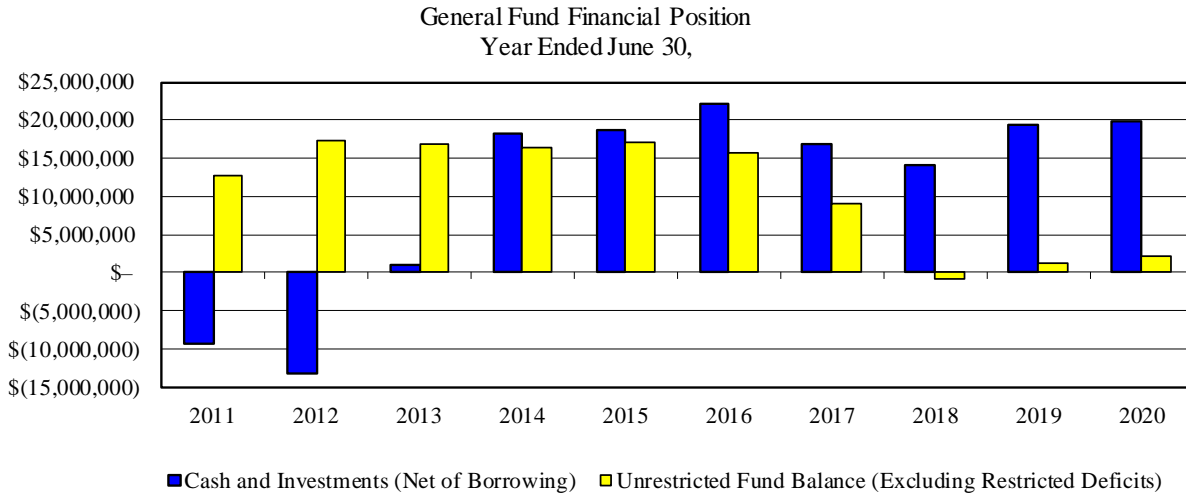
SUMMARY

Funding for Minnesota school districts generally has not kept pace with inflation and an increasing need for services, despite recent enhancements to the basic general education state aid formula and other categorical aids. This has increased reliance on local revenue sources like voter-approved operating referenda and user fees to maintain district programs. The recent COVID-19 pandemic has and will continue to create additional financial challenges, as districts struggle to provide a safe and effective learning experience for their students under unprecedented circumstances.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District’s General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health.



Legislatively-approved changes in the metering of state aid payments to school districts and in the tax shift significantly impacted cash and investment balances in certain years presented in the above graph.

The District ended fiscal year 2020 with a General Fund cash balance, net of interfund borrowing, of \$19,890,646, an increase of \$380,830 from the previous year. The total fund balance of the District’s General Fund was \$8,240,928 at year-end. Total fund balance increased \$1,646,031 from operations in fiscal 2020, compared to a decrease of \$789,565 projected in the final budget.

During fiscal 2020, the District also reported a change in accounting principle for GASB Statement No. 84, as previously discussed, which resulted in an increase to beginning fund balance of \$540,467.

The following table presents the components of the General Fund balance for the past five years:

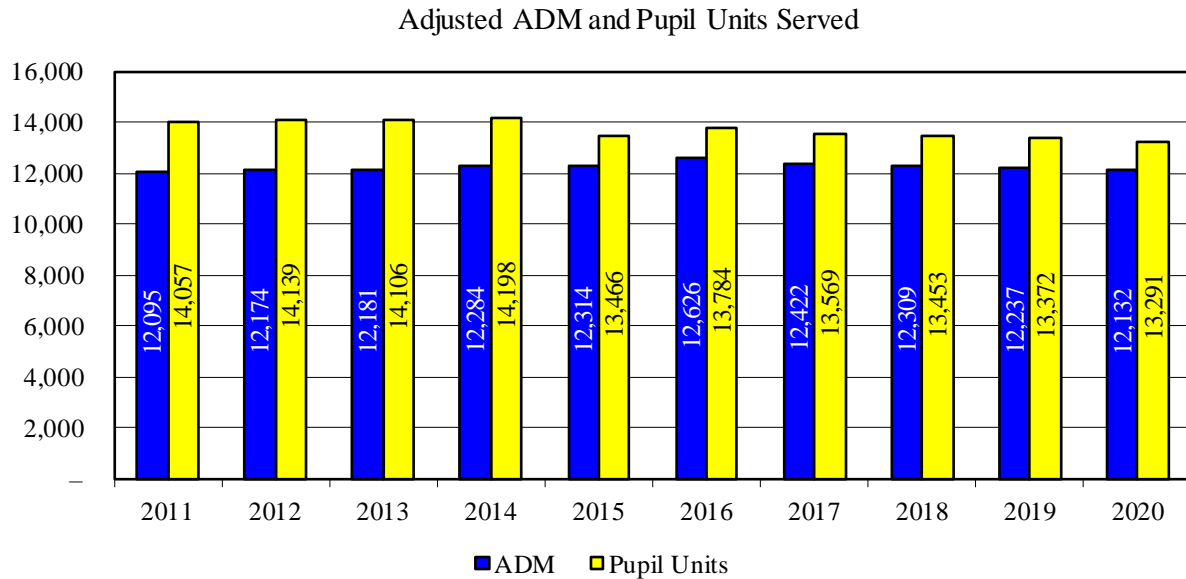
	June 30,				
	2016	2017	2018	2019	2020
Nonspendable fund balances	\$ 552,260	\$ 375,117	\$ 486,096	\$ 264,546	\$ 713,515
Restricted fund balances (1)	1,930,703	4,030,044	5,271,636	4,579,465	5,397,172
Unrestricted fund balances					
Assigned	1,839,081	873,292	–	1,210,419	1,507,829
Unassigned	<u>13,914,464</u>	<u>8,281,297</u>	<u>(777,819)</u>	<u>–</u>	<u>622,412</u>
Total fund balance	<u>\$ 18,236,508</u>	<u>\$ 13,559,750</u>	<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>	<u>\$ 8,240,928</u>
Unrestricted fund balances as a percentage of expenditures	<u>9.4%</u>	<u>5.4%</u>	<u>(0.4%)</u>	<u>0.7%</u>	<u>1.2%</u>
Unassigned fund balances as a percentage of expenditures	<u>8.3%</u>	<u>4.9%</u>	<u>(0.4%)</u>	<u>–</u>	<u>0.3%</u>
<p>(1) Includes any deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.</p>					

The table above reflects the various elements of the District’s General Fund total fund balance for the last five fiscal years. Unrestricted (assigned and unassigned) fund balance and unassigned fund balance as percentages of annual expenditures presented above differ from the percentages in the previous discussion of state-wide fund balances, which are based on a state formula. The resources represented by these fund balance are critical to a district’s ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

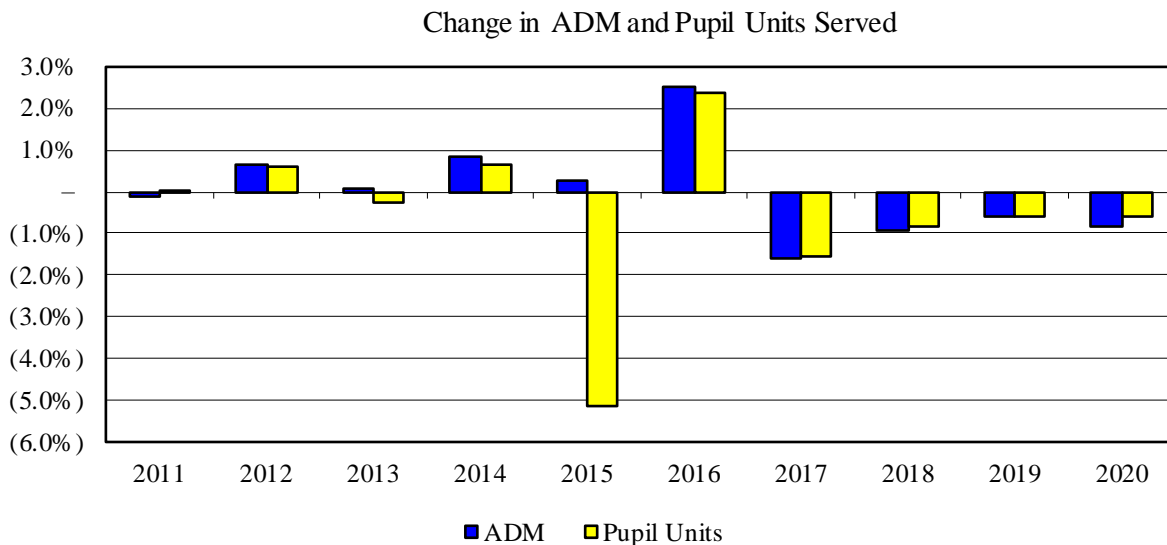
At June 30, 2020, unrestricted fund balances in the General Fund, as shown above, represented 1.2 percent of annual expenditures, or less than one week of operations assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

The following graph presents the District's adjusted ADM and pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year to year, along with the change in the resulting pupil units:



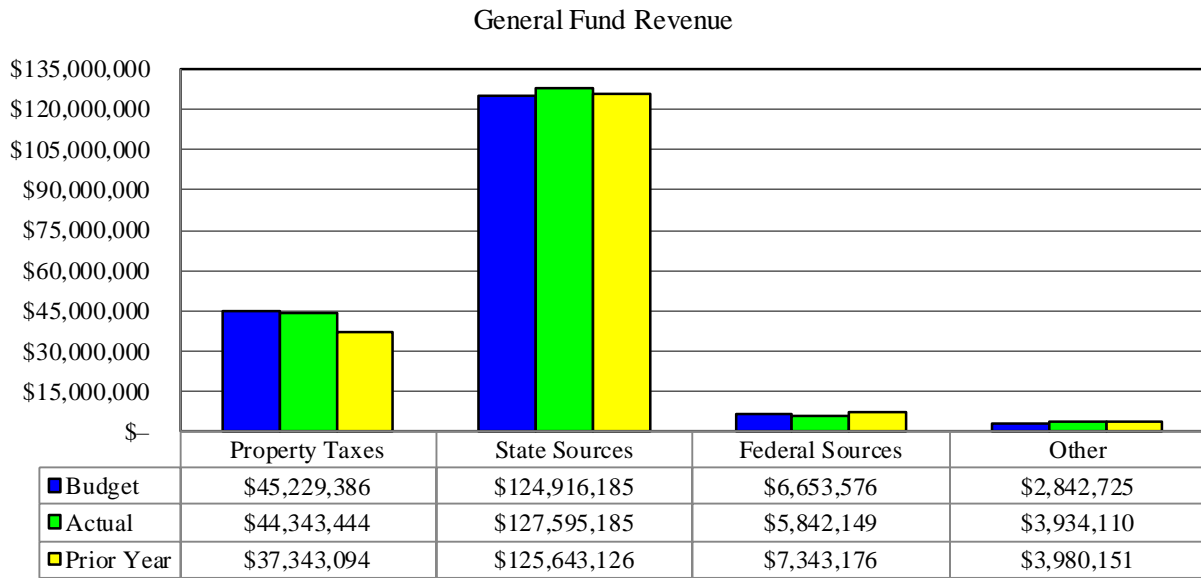
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated adjusted ADM of 12,132 in 2020, a decrease of 105 from the previous year. The number of pupil units served by the District for fiscal 2020 was 13,291, a decrease of 81 (0.6 percent) from the prior year.

GENERAL FUND REVENUE

The following graph summarizes the District's General Fund revenue for 2020:



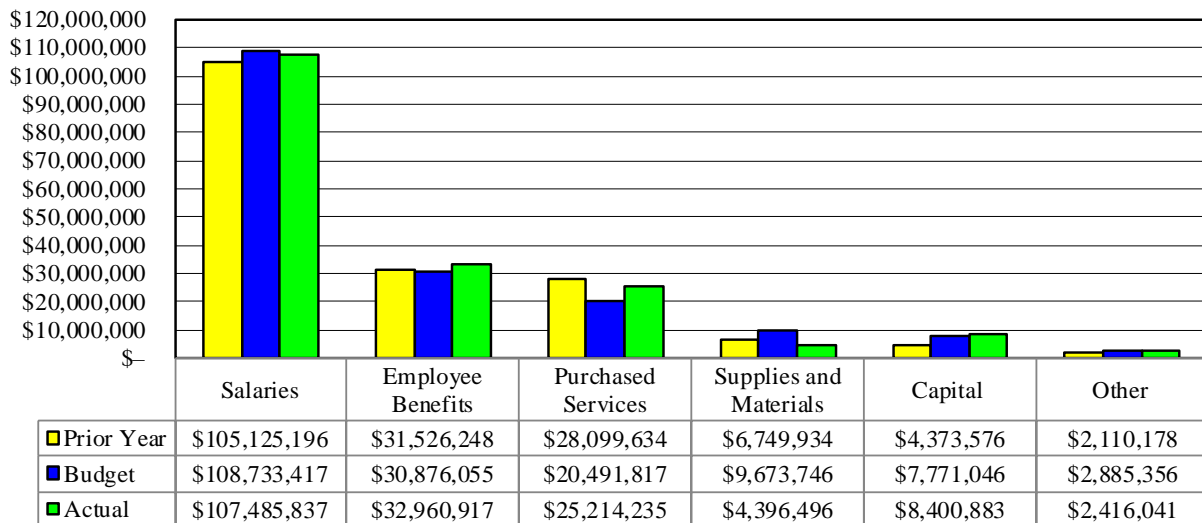
Total General Fund revenues were \$181,714,888 for the year ended June 30, 2020, which was \$2,073,016 (1.2 percent) over the final budget. Property taxes were under budget by \$885,942, and revenue from state sources was \$2,679,000 over budget, both due in part to differences in budgeting for the aid/levy split on equalized levies. Revenue from state sources was also over budget, due to the District receiving more general education aid than anticipated as student enrollment did not decline as much as projected. Revenue from federal sources was \$811,427 under budget, with the variance spread across several federal grant programs. Revenue from other local sources, such as gifts, bequests, tuition, interest, and rental income, which are difficult to predict from year to year, was \$1,091,385 over the District's conservative budget.

General Fund total revenues were \$7,405,341 (4.2 percent) higher than the previous year. Revenue from property taxes increased \$7,000,350, due to the operating referendum levy passed by district voters in the prior year. Revenue from state sources was \$1,952,059 higher than the prior year, as a result of increases in the general education funding formula and special education funding. Revenue from federal sources was \$1,501,027 less than last year, mainly due to decrease in federal grant entitlement used for the District's Title I program. Revenue from other local sources (including gifts, bequests, tuition, interest, and rental income) decreased by \$46,041.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2020:

General Fund Expenditures

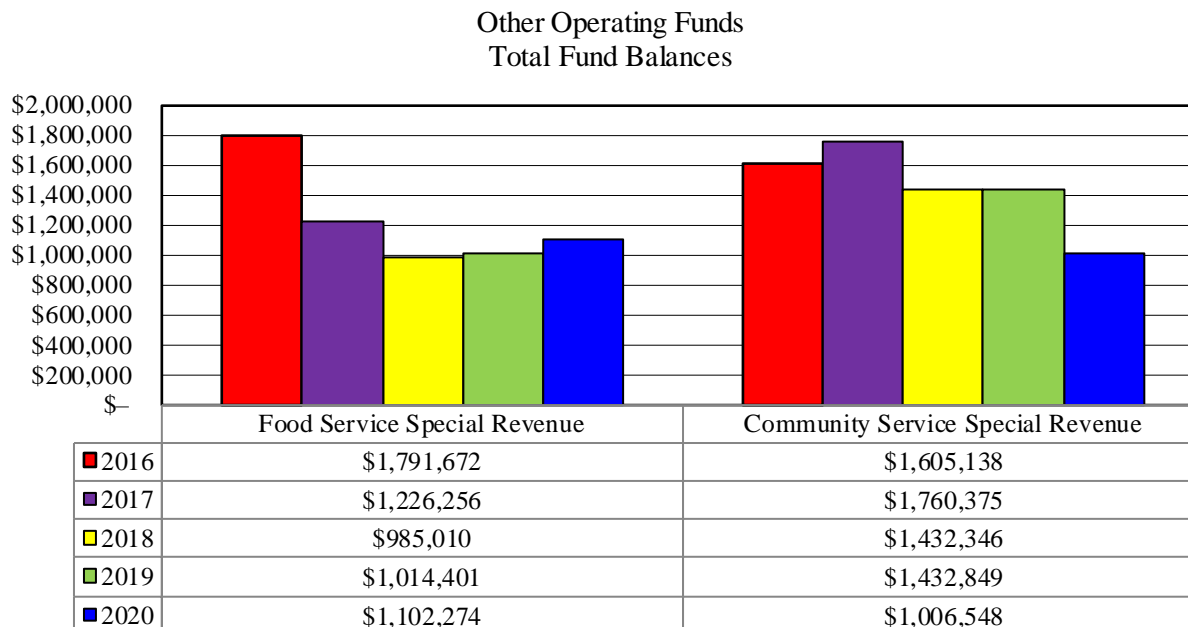


Total General Fund expenditures were \$180,874,409 for the year ended June 30, 2020, which was \$442,972 (0.2 percent) over the final budget. Salaries and employee benefits were over budget by \$837,282, mainly in the district support services and elementary and secondary regular instruction program areas, partially offset by underspending in salaries for instructional support services. Purchased services were \$4,722,418 over budget, primarily in pupil transportation services. Supplies and materials were \$5,277,250 under budget, mainly in special education instruction and elementary and secondary regular instruction, due to lower than projected purchases in curriculum and individualized instruction materials.

Total General Fund expenditures were \$2,889,643 (1.6 percent) more than the prior year. Salaries and benefits were \$3,795,310 higher than the previous year, due to contractual salary increases, and inflationary increases to benefits, including an increase in internal self-insurance premiums. Purchased services were \$2,885,399 lower than last year, mainly in district support services resulting from the District bringing back paid substitute teachers in the current year versus using contracted on-call teachers in the previous year. Supplies and materials were \$2,353,438 lower than the previous year, due to the District delaying the purchase of textbooks and instructional supplies budgeted for in the current year. Capital expenditures increased by \$4,027,307 from the previous year, largely due to the timing of various construction and facilities maintenance projects taking place throughout the District.

OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended fiscal 2020 with a fund balance increase of \$87,873, compared to a budgeted decrease of \$100,000. Food service revenue of \$7,243,391 was under budget by \$681,609, mainly from a decrease in meal sales due to the COVID-19 pandemic. Expenditures of \$7,155,518 were under budget by \$869,482, mainly in food and supplies and salaries and benefits, which were under budget by \$476,180 and \$273,428, respectively. The year-end fund balance of \$1,102,274 is equal to 15.4 percent of current year expenditures.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended fiscal 2020 with a fund balance decrease of \$426,301, compared to a budgeted increase of \$144,611. Revenues were \$10,033,927, which was under budget by \$651,548, mainly in tuition and fees, due to COVID-19 restrictions. Expenditures of \$10,460,228 were under budget by \$80,636, mainly in purchased services. The year-end fund balance of \$1,006,548 represents 9.6 percent of current year expenditures.

Over the years, we have emphasized to our clients that food service and community service operations should be self-sustaining, and should not become an additional burden on general education funds. The District has been able to maintain healthy, relatively stable fund balances in both funds.

Capital Projects – Building Construction Fund

This fund experienced a fund balance decrease of \$1,858,355 in fiscal 2020, compared to a budgeted increase of \$9,000,000. The budget variance was mainly due to timing of anticipated construction projects. The District issued general obligation facilities maintenance bonds with a par value of \$16,605,000 during fiscal 2020 to finance its ongoing long-term facilities maintenance program. The ending fund balance for fiscal 2020 was \$1,166,797, which is restricted for future capital improvements of various types.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan, and the resources of the Debt Service Fund are dedicated to payment of outstanding debt obligations of the District. The District issued \$10,330,000 of the General Obligation Refunding Bonds, Series 2019A during fiscal 2020, the proceeds of which were used to redeem a previous bond issue, resulting in a present value savings of approximately \$596,000. As of June 30, 2020, the District has \$2,866,254 available for future debt service.

Internal Service Funds

The District maintains two internal service funds established to finance the costs of its self-insured dental benefits and health benefits.

At June 30, 2020, the Self-Insured Dental Benefits Internal Service Fund had a net position of \$1,334,896 available to pay future dental benefits for the participating members of the District, including estimated claims payable of \$36,368 accrued at year-end. The cost of these benefits for fiscal 2020 was \$1,161,937.

At June 30, 2020, the Self-Insured Health Benefits Internal Service Fund had a deficit net position of \$691,424, an improvement of \$1,007,147 from the previous year, including estimated claims payable of \$1,390,208 accrued at year-end.

Post-Employment Benefits Trust Fund

The District's Post-Employment Benefits Trust Fund ended the year with cash and investments (net of interfund payables) and a net position of \$14.7 million available to pay future OPEB. The assets in this fund represent the proceeds from the District's 2009 Taxable OPEB Bonds, which were contributed to an irrevocable trust the District established to finance its OPEB liabilities, and can only be used to pay future OPEB costs, which were estimated to be approximately \$7.9 million at year-end.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		Change
	2020	2019	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 14,382,801	\$ 14,573,087	\$ (190,286)
Total capital assets, net of depreciation	306,431,953	298,428,170	8,003,783
OPEB asset, net of deferments	4,392,813	3,897,719	495,094
Bonds, certificates of participation, and capital leases	(195,044,987)	(192,403,400)	(2,641,587)
PERA and TRA pensions, net of deferments	(165,617,560)	(154,991,224)	(10,626,336)
Other adjustments	(6,564,934)	(7,142,946)	578,012
Total net position – governmental activities	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>	<u>\$ (4,381,320)</u>
Net position			
Net investment in capital assets	\$ 121,514,170	\$ 116,151,974	\$ 5,362,196
Restricted	8,831,552	11,057,047	(2,225,495)
Unrestricted	<u>(172,365,636)</u>	<u>(164,847,615)</u>	<u>(7,518,021)</u>
Total net position	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>	<u>\$ (4,381,320)</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g. Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as vacation payable, severance payable, net pension, and net OPEB liabilities.

Total net position decreased \$4,921,787 in fiscal 2020, excluding the change in accounting principle of \$540,467, as previously discussed for the General Fund. The District's net investment in capital assets increased \$5,362,196 this year. The change in this category of net position typically depends on the relationship of the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated, and how that relates to the rate at which the District is repaying the debt issued to purchase or construct those assets. The restricted portion of the District's net position decreased \$2,225,495 in 2020, mainly due to a decrease in the restrictions for capital acquisitions resulting from an increase in spending on capital projects. The change in the District's proportionate share of the Public Employees Retirement Association's (PERA) and the Teachers Retirement Association's (TRA) state-wide pension liabilities and related deferments were the primary cause of the decrease in unrestricted net position.

LEGISLATIVE SUMMARY

The 2020 Minnesota Legislature session was expected to be short and focused on making tweaks to the biennial budget. By early March, it became clear the session would unfold differently than anyone could have predicted. As the novel coronavirus (COVID-19) spread reached Minnesota, Governor Walz issued an Executive Order declaring a peacetime emergency. The declaration was enacted, which allowed his administration to quickly impose measures aimed at mitigating the COVID-19 health threat. These measures, which were issued through dozens of executive orders over the months that would follow, included: closing schools and requiring instruction be provided through distance learning; allowing schools to offer summer programs and extended school year services through distance learning or a hybrid model; requiring districts to deliver meals and instructional materials; requiring districts to provide childcare for essential workers, and authorizing fund transfers and flexibility in the use of revenues for districts to cover school-age care, transportation, and other COVID-19 related costs.

The following is a brief summary of specific legislative changes from the 2020 regular and special sessions or previous legislative sessions impacting Minnesota school districts in future years.

Coronavirus Aid, Relief, and Economic Security (CARES) Act – The CARES Act provides federal economic relief to protect the American people from the public health and economic impacts of COVID-19.

This CARES funding includes an Education Stabilization Fund, which in turn contains two major sources of funding for schools that may be used for expenditures incurred from March 13, 2020 through September 30, 2022:

1. **Governor’s Emergency Education Relief (GEER) Fund**

These funds were allocated to support efforts in getting children back to school in the fall, while prioritizing the safety of students and staff. These funds support operational costs, such as: cleaning supplies and disinfectant sprayers, screening supplies, personal protective equipment, and increased transportation costs associated with transporting students in a socially distant manner. These funds also support student, family, and educator needs, such as technology devices and internet access, technology training, tutors or mentors to address learning loss, translation services, school-age care for essential workers, and professional development focused on learning models. To spend funds from this source, an expenditure must be a reasonably necessary expense that is directly related to the COVID-19 pandemic, and the expenditure must not be one that was planned for in the current school year budget.

2. **Elementary and Secondary School Emergency Relief (ESSER) Fund**

These funds are divided into two streams: a formula-based allocation and state-directed grants. The formula-based allocation to districts and charter schools is based on their allocations under Title I, Part A of the Elementary and Secondary Education Act (ESEA). These funds can be used for a wide range of expenses to meet local needs.

State-directed grants, provided to districts and charter schools that do not receive a formula-based allocation, districts and charter schools that receive less than \$10,000 from their formula-based allocation, and districts and charter schools whose share of students from historically underserved populations is more than their share of other ESSER funds, can be used for a combination of supplementing GEER funds for summer school programming, supporting mental health, and meeting the needs of historically underserved populations.

The CARES Act also provided funding through the Coronavirus Relief Fund (CRF). These funds were allocated to districts and charter schools based on a two-part formula: 1) 60 percent for operating costs based on average daily membership (ADM) as reported for the 2018–2019 school year, and 2) 40 percent for student, family and staff support costs allocated based 40 percent on ADM and 60 percent on the historically underserved population of students each district or charter school serves. The expenditure of these funds is not required to match the 60 percent/40 percent allocation breakdown, and may be used for costs incurred between July 1, 2020 and December 31, 2020.

General Education Revenue – The Legislature had previously approved annual increases of 2 percent to the basic general education formula allowance for the fiscal year (FY) 2020–2021 biennium. The per pupil allowance will increase \$129 to \$6,567 for FY 2021.

Compensatory Revenue – The requirement to reserve a portion of compensatory revenue for extended time programming is eliminated beginning in FY 2021.

Special Education Revenue – The Legislature had previously approved enhancements to special education funding designed to hold the state average cross subsidy per pupil constant at the FY 2019 level of \$82 per ADM for FY 2021. The changes included:

- Establishing a new component of the state special education funding formula, known as cross subsidy reduction aid. Cross subsidy reduction aid will equal a percentage of each district’s “initial cross subsidy” for the prior fiscal year, with the percentages set at 6.43 percent for 2021. Initial cross subsidy is defined as the district’s nonfederal special education costs, including transportation, less state special education aid after tuition adjustments and general education aid attributable to students receiving special education services outside of the regular classroom for at least 60.00 percent of the school day. Charter schools are not eligible for cross subsidy reduction aid.
- Updating the pupil-driven portion of the initial special education aid formula to use FY 2018 data beginning in FY 2021, rather than continuing to use 2011 data adjusted for inflation.
- Phasing out the special education aid cap over two years, with the cap eliminated for FY 2021 and beyond.
- Reducing the tuition rate paid by the resident school district for open enrolled special education students served by another district or charter school from 90.00 percent of unfunded costs to 80.00 percent for FY 2021 and later. Charter schools will be eligible for additional special education aid from the state to fully offset the impact of the tuition rate change.
- Reducing the hold harmless guarantee by changing the formula to reduce reliance on the FY 2016 base year so that schools where special education expenditures have fallen or grown slowly since FY 2016 do not benefit disproportionately from the hold harmless guarantee compared to other schools. The percentage of FY 2019 regular program costs used to calculate the hold harmless will decrease to 85.00 percent for FY 2021, 80.00 percent for FY 2022, and 75.00 percent for FY 2023. In addition, the annual inflation adjustment used to calculate the hold harmless will be reduced by 0.20 percent annually from the 4.60 percent factor used in FY 2019 until the adjustment reaches 2.00 percent.
- The 2020 Legislature added that for FY 2020, expenditures for employees and contracted services that would have been eligible for state aid in the absence of school closure due to COVID-19 must be included as eligible expenditures for calculation of aid and for tuition billing, regardless of whether special education services were actually provided during the closure.

Achievement and Integration Revenue – School districts are authorized to carry over any unspent balance of their approved achievement and integration budget from FY 2020 into FY 2021. If spent for approved purposes in FY 2021, the districts would generate additional FY 2021 revenue over and above the regular formula limitations.

Operating Referendum/Local Optional Revenue – Effective for the tax levy payable in FY 2021, the operating referendum and local optional revenue (LOR) levies were simplified by transferring \$300 per pupil unit (PU) of referendum revenue to LOR, thereby eliminating the board-approved referendum levy and increasing the LOR levy authority to \$724 per PU. The referendum cap is reduced by the \$300 per PU transferred to LOR. The annual recalculation of referendum allowances approved prior to FY 2014 based on the amount of LOR a district opts to receive is also eliminated. Inflation adjusted referendum authority transferred to LOR will continue to be adjusted for the life of the referendum. This change is revenue neutral for all districts.

Operating Referendum Equalization – Effective for the tax levy payable in FY 2021, the equalizing factor for Tier 2 of the referendum (New Tier 1) is increased from \$510,000 to \$567,000. This is expected to provide \$9.4 million of property tax relief to taxpayers, and result in \$600,000 of additional referendum state aid for charter schools.

Fund Transfers – For fiscal years 2020 and 2021 only, a school district, charter school, or a cooperative unit may transfer any funds not already assigned or encumbered by staff salary and benefits, or otherwise encumbered by federal law, from any accounts or operating fund to the undesignated balance in any other operating fund. A fund transfer is allowed if the transfer meets the following criteria from Minnesota Laws 2020, Chapter 116/House File 4415 Article 3 Section 8:

1. The transfer does not increase state aid obligations to the district or school or result in additional property tax authority for the district.
2. A transfer is limited to the operating funds of a school district, charter school, or cooperative unit.
3. A school board must approve any fund or account transfer before the reporting deadline for the respective fiscal year.
4. A school district, charter school, or cooperative unit must maintain accounting records for the purposes of this section that are sufficient to document both the specific funds transferred and use of those funds. The accounting records are subject to auditor review.
5. Any execution of this flexibility must not interfere with or jeopardize funding per federal requirements.
6. Any transfer must not interfere with the equitable delivery of distance learning or social distancing models.

Debt Service Payments – For FY 2021 only, a school district unable to make a required debt service payment due to a delay in property tax receipts may apply for modified cash flow payments from the state under Minnesota Statutes, Section 127A.45.

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state. Employer contribution rates were increased for the Teachers Retirement Association (TRA) plan (a total increase of 1.25 percent phased in over a 6-year period beginning in FY 2019) and the St. Paul Teachers Retirement Fund Association (SPTRFA) plan (a total increase of 2.50 percent phased in over a 6-year period beginning in FY 2019). Employee contribution rates were also increased by 0.25 percent beginning in FY 2024 for the TRA plan and beginning in FY 2023 for the SPTRFA plan. The pension adjustment component of the general education aid formula was increased by an amount equal to the product of the salaries paid to members of these two plans times the district's pension adjustment rate for the fiscal year to help offset the cost of the employer contribution increases.

Workers' Compensation Claims – COVID-19 Presumption – The Legislature added several provisions to state unemployment statutes related to COVID-19, including a presumption that an employee who contracts COVID-19 has an occupational disease arising out of and in the course of employment if the employee works in one of the specified occupations and has a confirmed case of COVID-19. Covered occupations include nurses, healthcare workers, and workers required to provide childcare for first responders and healthcare workers under Executive Orders 20-02 and 20-19.

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ACCOUNTING AND AUDITING UPDATES

The following is a summary of GASB standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of the four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for fiscal years beginning after June 15, 2021.

GASB STATEMENT NO. 92, *OMNIBUS 2020*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to post-employment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB STATEMENT NO. 97, CERTAIN COMPONENT UNIT CRITERIA, AND ACCOUNTING AND FINANCIAL REPORTING FOR INTERNAL REVENUE CODE SECTION 457 DEFERRED COMPENSATION PLANS—AN AMENDMENT OF GASB STATEMENT NO. 14 AND NO. 84, AND A SUPERSESSION OF GASB STATEMENT NO. 32

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that (1) exempt primary governments that perform the duties that a government board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

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INDEPENDENT SCHOOL DISTRICT NO. 281 ROBBINSDALE, MINNESOTA

Audit Report
Year Ended June 30, 2020





AUDITOR'S ROLE

- **Opinions on Financial Statements**
 - **District Financial Statement Audit**
 - **“Single Audit” of Federal Awards Expenditures**
- **Internal Controls and Compliance**
 - **Financial Statement Audit**
 - **Federal “Single Audit”**
 - **State Laws and Regulations**



AUDIT RESULTS

FINANCIAL STATEMENT AUDIT

- **Unmodified Opinion on Financial Statements**
- **Change in Accounting Principle – GASB 84**
 - **More consistent reporting for “Fiduciary” activities**
- **Changes to District Financial Statements**
 - **Scholarship activity moved to General Fund**
 - **Employee flex benefit plan moved to General Fund**
 - **Extracurricular student activity accounts moved to General Fund**
 - **Increase of \$540,467 in beginning fund balance of the General Fund and government-wide net position**



AUDIT RESULTS

FINANCIAL STATEMENT AUDIT

- **Internal Controls over Financial Reporting**
 - No findings reported for the current year
- **Compliance over Financial Reporting**
 - No findings reported for the current year
- **Compliance with Minnesota Laws and Regulations**
 - Unclaimed property report
 - Timely submission of audited financial data and annual financial statements



AUDIT RESULTS

FEDERAL SINGLE AUDIT

- **SEFA Fairly Stated in Relation to Basic Financial Statements**
- **Significant Deficiency in Internal Controls Over Federal Compliance**
 - **Child Nutrition Cluster – Suspension and debarment:**
No documentation of vendor checks performed to verify parties to federal contracts were not suspended or debarred for three vendors tested. No ineligible parties noted.
- **Noncompliance with Federal Requirements**
 - **No findings reported for the current year**



AUDIT RESULTS

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Inaccuracy of budget recorded in finance system**
 - Reduces effectiveness of interim budget-to-actual analysis as an internal control
- **Food Service Fund Bad Debt**
 - District wrote off a substantial amount of uncollectible student lunch account receivables
 - Absorbed by the General Fund
 - Consider ways to limit future bad debt or provide alternative fund sources
- **COVID-19 Impact on Internal Controls**
 - Maintain control procedures in changing environment
 - EFTs and Cyber Security



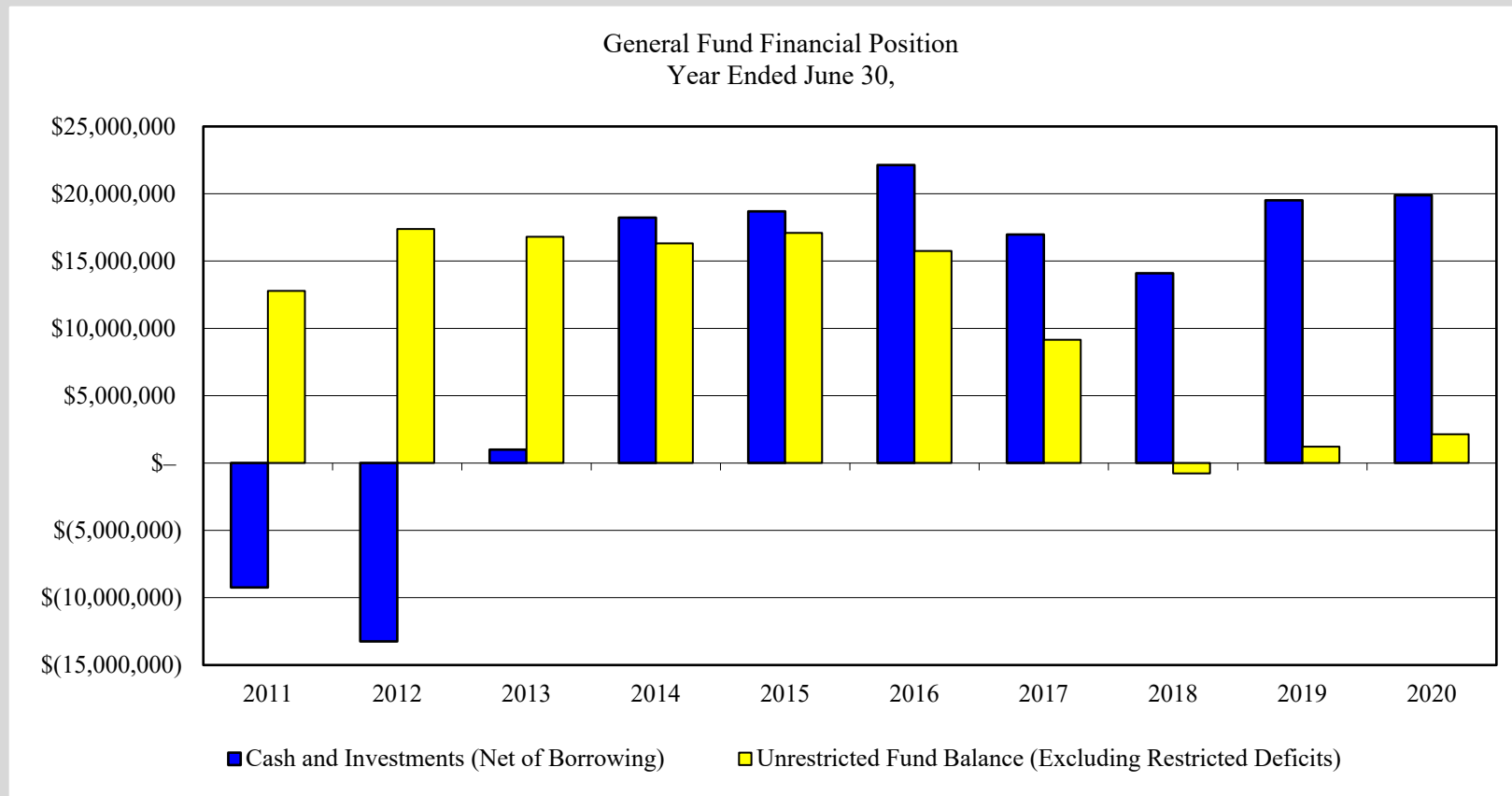
AUDIT RESULTS

FOLLOW-UP ON 2019 FINDINGS

- **The Following Findings Resulting From The District's Fiscal 2019 Audit Were Corrected in Fiscal 2020:**
 - **Internal Control Deficiency – Timely Reconciliations**
 - Monthly cash and investment reconciliation process performed in a timely manner in fiscal 2020
 - **Federal I/C Deficiency – Time & Effort Documentation**
 - Salaries and benefits charged to federal programs tested in fiscal 2020 were supported by appropriate T&E documentation
 - **Federal I/C Deficiency – Ineligible Costs**
 - No ineligible costs noted in testing for federal program expenditures for fiscal 2020
 - **Minnesota Legal Compliance – Board Approval of Claims Paid by EFTs**
 - Subsequent Board approval was documented for claims paid by electronic funds transfers tested in fiscal 2020



GENERAL FUND FINANCIAL POSITION



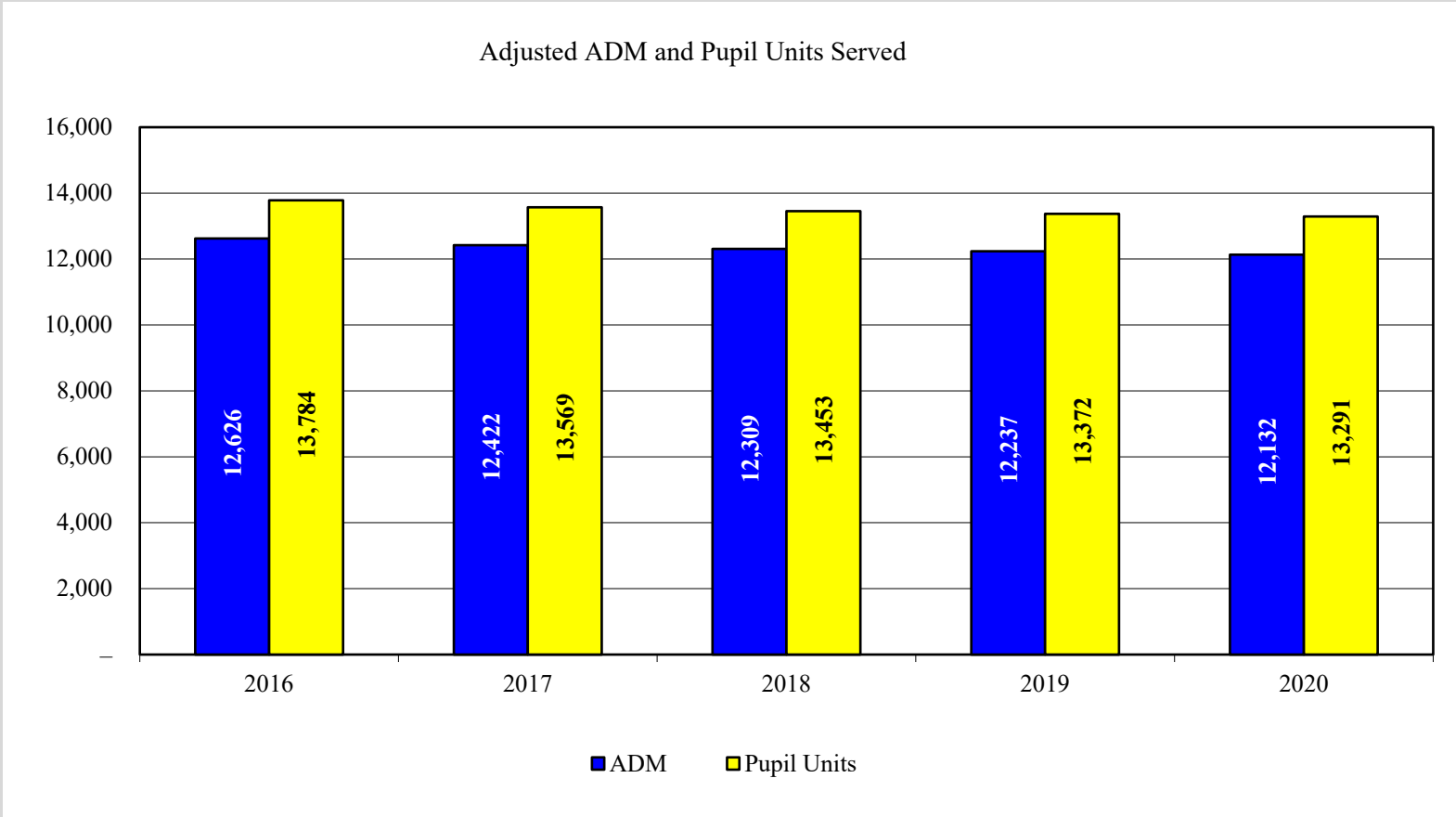


GENERAL FUND FINANCIAL POSITION – UFARS BASIS

	June 30,		
	2018	2019	2020
Nonspendable fund balances	\$ 486,096	\$ 264,546	\$ 713,515
Restricted fund balances	5,271,636	4,579,465	5,397,172
Unrestricted fund balances			
Assigned	–	1,210,419	1,507,829
Unassigned	(777,819)	–	622,412
Total fund balance	<u>\$ 4,979,913</u>	<u>\$ 6,054,430</u>	<u>\$ 8,240,928</u>
Unrestricted fund balances as a percentage of expenditures	<u>(0.4%)</u>	<u>0.7%</u>	<u>1.2%</u>
Unassigned fund balances as a percentage of expenditures	<u>(0.4%)</u>	<u>–</u>	<u>0.3%</u>

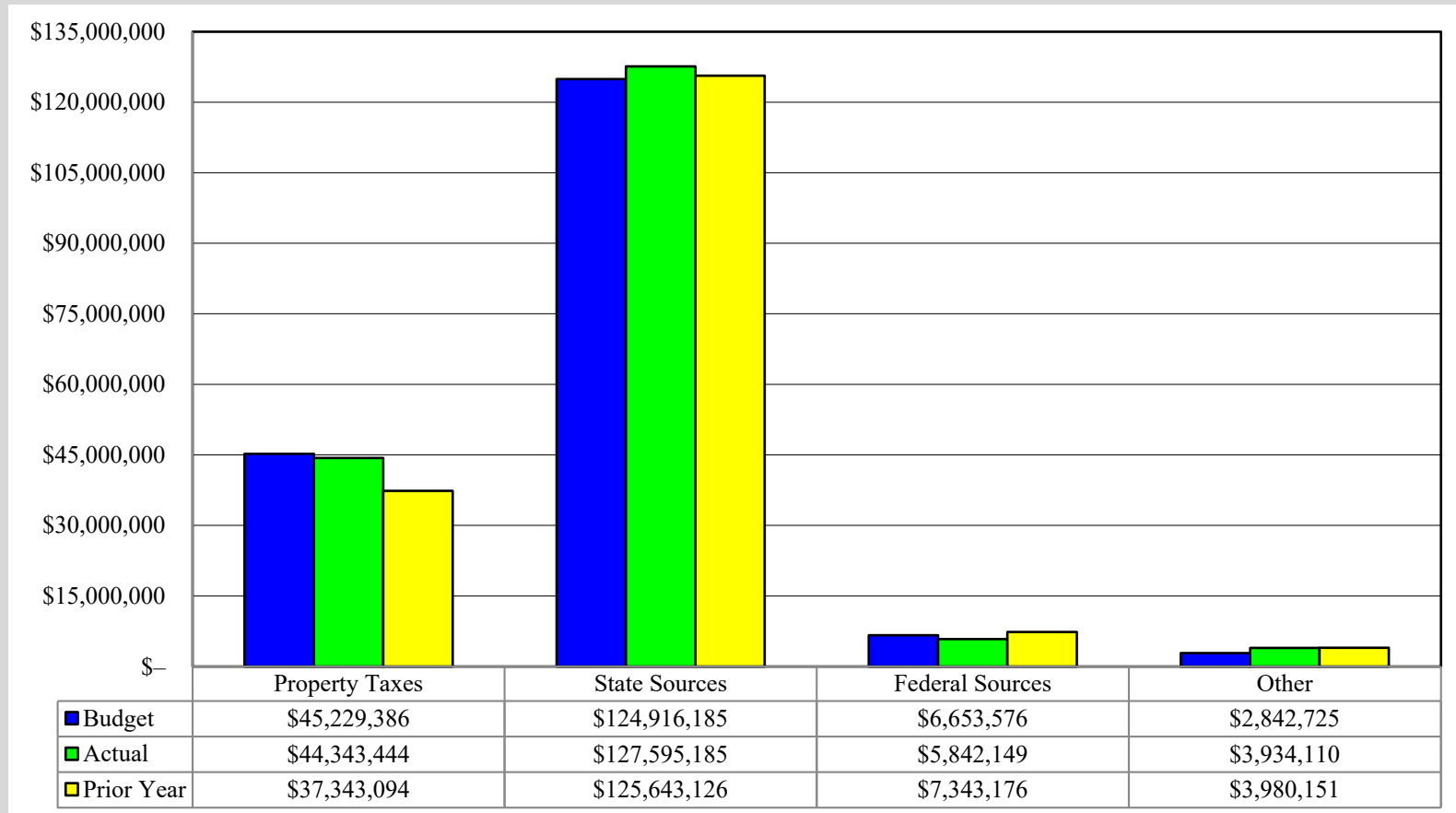


ADJUSTED ADM AND PUPIL UNITS SERVED



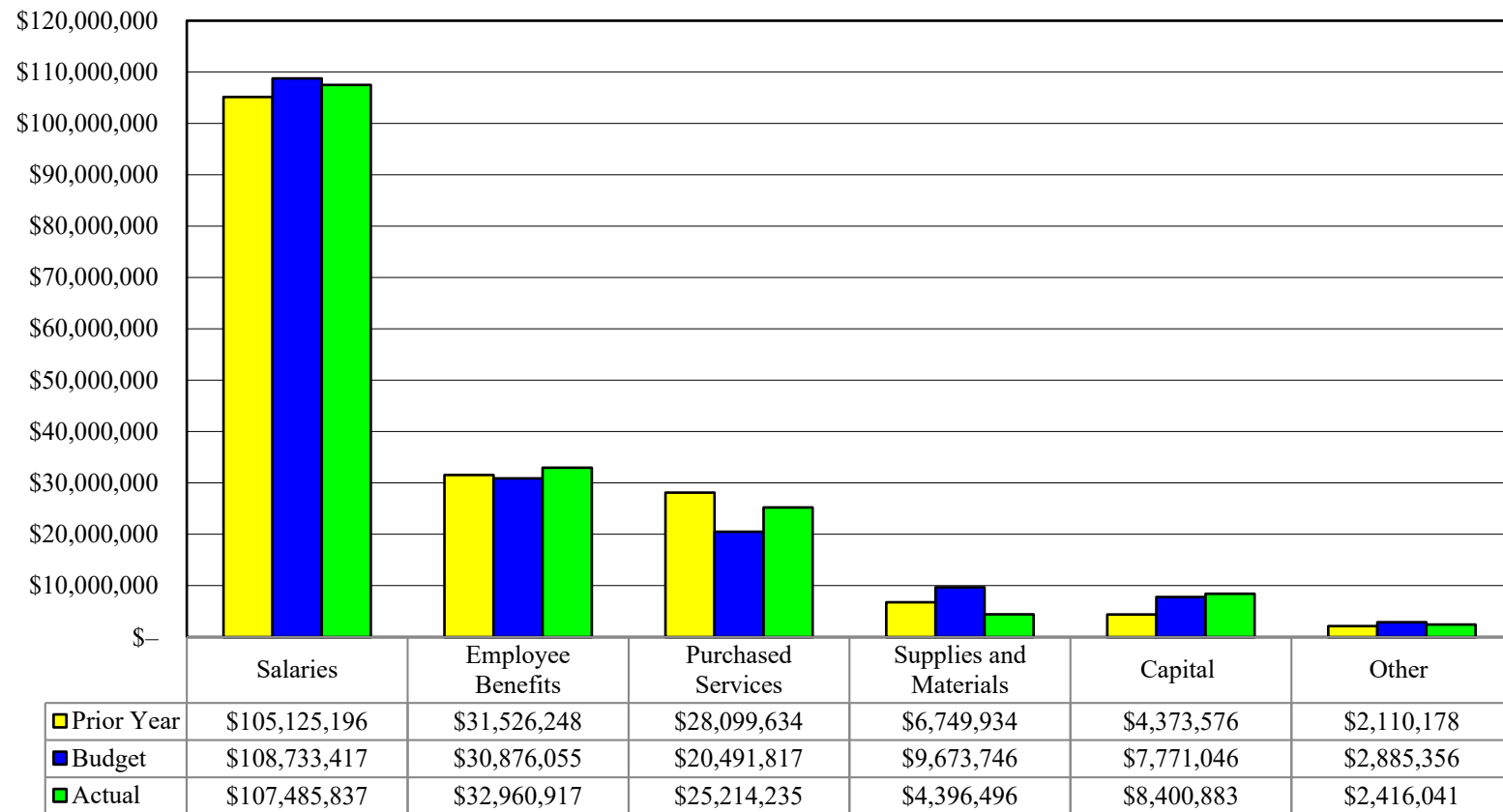


GENERAL FUND REVENUE





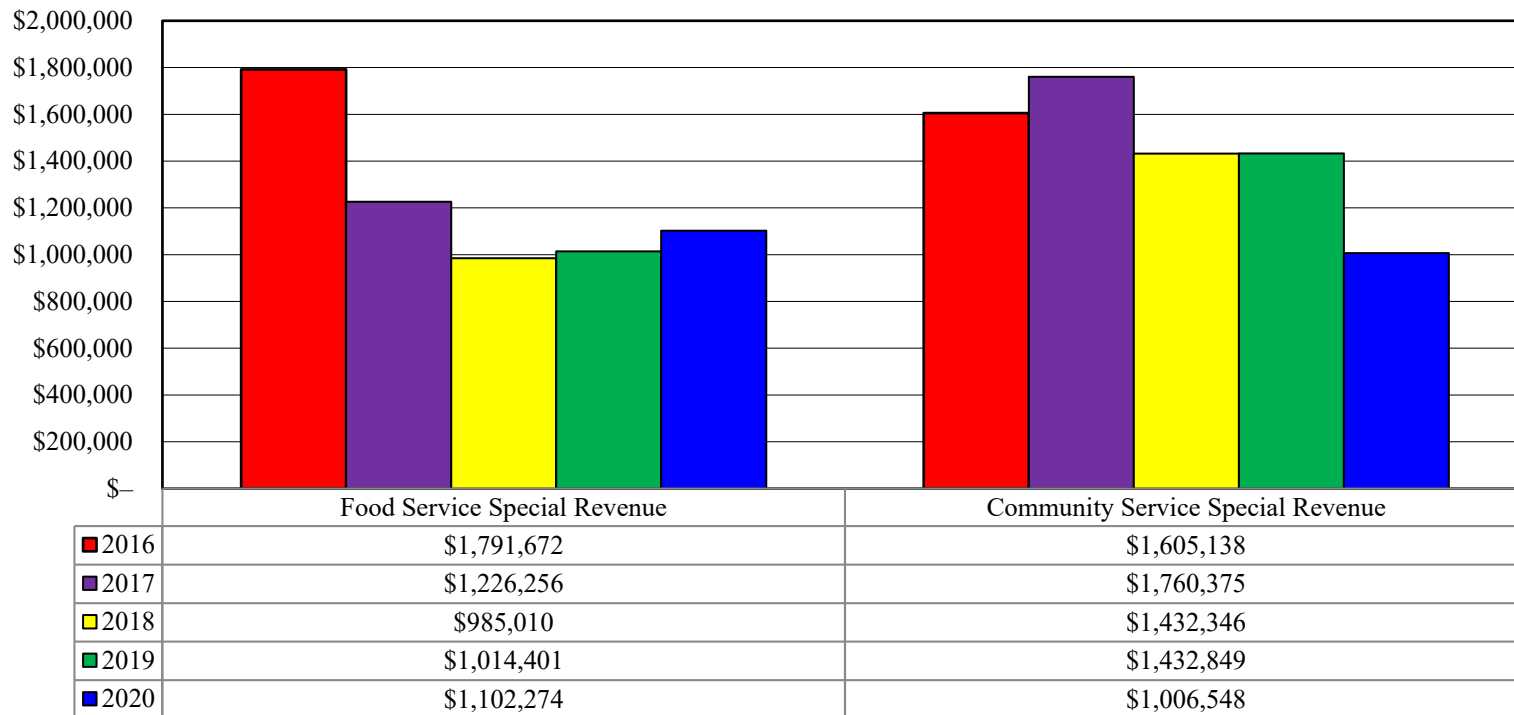
GENERAL FUND EXPENDITURES





OTHER OPERATING FUNDS FUND BALANCES

Other Operating Funds
Total Fund Balances





SELF-INSURANCE INTERNAL SERVICE FUNDS

	<u>Self-Insured Dental Benefits</u>	<u>Self-Insured Health Benefits</u>
Change in net position		
Operating revenue – contributions	\$ 1,316,412	\$ 17,506,524
Operating expenses – benefits	1,161,937	16,512,587
Operating income (loss)	154,475	993,937
Nonoperating income	10,983	13,210
Change in net position	165,458	1,007,147
Net position – Beginning of Year	1,169,438	(1,698,571)
Net position – End of Year	<u>\$ 1,334,896</u>	<u>\$ (691,424)</u>



DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		Change
	2020	2019	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 14,382,801	\$ 14,573,087	\$ (190,286)
Total capital assets, net of depreciation	306,431,953	298,428,170	8,003,783
OPEB asset, net of deferments	4,392,813	3,897,719	495,094
Bonds, certificates of participation, and capital leases	(195,044,987)	(192,403,400)	(2,641,587)
PERA and TRA pensions, net of deferments	(165,617,560)	(154,991,224)	(10,626,336)
Other adjustments	(6,564,934)	(7,142,946)	578,012
Total net position – governmental activities	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>	<u>\$ (4,381,320)</u>
Net position			
Net investment in capital assets	\$ 121,514,170	\$ 116,151,974	\$ 5,362,196
Restricted	8,831,552	11,057,047	(2,225,495)
Unrestricted	(172,365,636)	(164,847,615)	(7,518,021)
Total net position	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>	<u>\$ (4,381,320)</u>

School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Operations

ITEM: 4B. Approval of Staffing Ratios for the 2021-2022 school year

COMMENTS BY: Greg Hein, Executive Director of Finance

It is recommended the 2021-2022 staffing ratios remain the same as the 2020-2021 ratios:

ELEMENTARY	Range
KINDERGARTEN	(18-25)
1 ST GRADE	(19-26)
2 ND GRADE	(21-28)
3 RD GRADE	(21-28)
4 TH GRADE	(23-30)
5 TH GRADE	(24-31)

MIDDLE SCHOOL STUDENT TO TEACHER RATIO

GRADE 6-8	25.22
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HIGH SCHOOL STUDENT TO TEACHER RATIO

GRADE 9-12	28.10
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Recommended Action: Approve the staffing ratios for 2021-2022.

Approval of Staffing Ratios for the 2021-2022 school year – January 19, 2021

	Yes	No	Abstention
Helen Bassett	_____	_____	_____
David Boone	_____	_____	_____
Greta Evans-Becker	_____	_____	_____
Mike Herring	_____	_____	_____
Pam Lindberg	_____	_____	_____
Sam Sant	_____	_____	_____
John Vento	_____	_____	_____

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____

Individual focus. Infinite potential.

School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Operations

ITEM: 4C. Approval of Addition for Feb. 1 Closed Session for Labor Negotiation Strategy

COMMENTS BY: David Boone, Chair

Recommended Action: The Board is asked to move approval of adding a closed session immediately following tonight’s work session (Feb. 1), pursuant to Minnesota Statute 13D.03, labor negotiation strategy.

Approval of adding a Closed Session - Feb. 1, 2021

	Yes	No	Abstention
Helen Bassett _____	_____	_____	_____
David Boone _____	_____	_____	_____
Greta Evans-Becker _____	_____	_____	_____
Mike Herring _____	_____	_____	_____
Pam Lindberg _____	_____	_____	_____
Sam Sant _____	_____	_____	_____
John Vento _____	_____	_____	_____

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____

School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Consent Agenda
ITEM: 5. Consent Agenda
COMMENTS BY: David Boone, Chair

Consent Agenda items are considered routine in nature and will be enacted by one motion. There will be no separate discussion of these items unless a Board member so requests, in which the item will be removed as a Consent Agenda item and addressed. Consent Agenda items including administrative, personnel matters and financial matters.

Recommended Action: Approve the Consent Agenda items.

Approve Consent Agenda – February 1, 2021

	Yes	No	Abstention
Helen Bassett	_____	_____	_____
David Boone	_____	_____	_____
Greta Evans-Becker	_____	_____	_____
Mike Herring	_____	_____	_____
Pam Lindberg	_____	_____	_____
Sam Sant	_____	_____	_____
John Vento	_____	_____	_____

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Abstentions: _____

***Approved xxxx*

A Regular Meeting of the School Board of Robbinsdale Area Schools was held Tuesday, January 19, 2021, beginning at 7:00 PM. Pursuant to Minn. Statute 13D.021, the meeting was held by teleconference. A recording of the meeting can be found at <https://rdaleorg./discover/school-board>, School Board Meeting Webcasts tab.

Call to Order and Roll Call

Chair Boone called the meeting to order at 7:02 p.m. Directors present: David Boone, Helen Bassett, Greta Evans-Becker, Mike Herring, Pam Lindberg, Sam Sant, and John Vento; and Dr. Stephanie Burrage, Interim Superintendent. Director(s) absent: none. There was a quorum; meeting was called to order.

Acceptance of the Agenda

Dr. Burrage requested the removal of 5C from the agenda. This will allow additional time to address Board member questions.

MOTION: Director Lindberg moved approval of the removal of 5C and Director Bassett seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

MOTION: Director Vento moved approval of the amended agenda and Director Sant seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Sharing the Success

Arts Showcase: Sandburg Middle School (SMS) Music Department

The Board was pleased to welcome and showcase the SMS Music Department. The Board and all in attendance viewed a video showing all of the great things happening this year via Distance Learning and within the SMS Music Department.

Robbinsdale Rapid Report

Toya Stewart Downey, Executive Director of Strategic Communications, Equity and Inclusion, shared district highlights through video.

Superintendent's Report

Marti Voight, Interim Assistant Superintendent, provided an update to the Board on behalf of Dr. Stephanie Burrage, Interim Superintendent. Emily Wallace-Jackson, Executive Director of the Seven Dreams Education Foundation, was invited to share information about the upcoming Bird Bash on Feb. 6, 2021. Ms. Voight provided an update on the first day of in-person learning for preK – Grade 2 students and vaccines for staff. Director Bassett was also recognized for receiving the MSBA President's Award. Ms. Bassett will receive her award on Saturday, Jan. 30 during the virtual 2021 MSBA Leadership Awards ceremony.

Operations

Approval of Revised Levy Certification for Taxes Payable 2021

MOTION: Director Vento moved approval and Director Sant seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Approval of FY21 Budget Revisions

MOTION: Director Bassett moved approval and Director Vento seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Approval of Staffing Ratios for 2021-2022

Removed

Approval of Resolution for Non-Resident Student Enrollment Capacity Limits for 2021-2022

MOTION: Director Vento moved approval, waiving the reading, and Director Bassett seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Approval of Resolution Accepting Donations

MOTION: Director Lindberg moved approval and Director Evans-Becker seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Approval of 2020-2021 e-Learning Plan

MOTION: Director Sant moved approval and Director Lindberg seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Approval of Solicitation of Proposals for a Superintendent Search Firm

MOTION: Director Herring moved approval and Director Vento seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, and Vento. And the following voted against the same: Director Sant. Said motion was declared duly passed with a 6-1 vote.

Consent Agenda

Consent Agenda items include administrative, personnel matters, and financial matters. MOTION: Director Lindberg moved approval and Director Herring seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed.

Board Reports

Each month Board Members share updates from their different committee assignments and attendance at district and community events. Director Lindberg facilitated Listening Time before the Regular Meeting; no request forms were submitted.

Announcements (Can be found on our website.)

Adjournment

MOTION: Director Herring moved approval and Director Vento seconded the motion. Upon vote being taken thereon, the following voted in favor thereof: Directors Boone, Bassett, Evans-Becker, Herring, Lindberg, Sant, and Vento. And the following voted against the same: none. Said motion was declared duly passed. Meeting was adjourned.

Prepared and submitted by:

Nichol Sutton

Assistant Clerk, Robbinsdale Area Schools

Executive Assistant to the Superintendent and School Board

Signed: _____

Date: _____

Clerk, Independent School District 281

MEMO

TO: Members of the School Board
Dr. Stephanie Burrage, Interim Superintendent

FROM: Amy O'Hern, Executive Director of Human Resources
Erica Strand, Human Resources Program Director

DATE: February 1, 2021

RE: Correction to January 19, 2021 Non-licensed Personnel Document

An error has been noted on the non-licensed personal document on the January 19, 2021 consent agenda. The document indicated Michael Peterson as resigning from the District 281. The correct last name for the resigning employee is Johnson.

NON-LICENSED STAFF - February 1, 2021

NEW HIRE

Name	Building	Title	Step/Lane	Effective Date
Edreena Browne	NHLC	Special Ed EA	CL3, Step 3	01/20/21
Erika Claeys	LVE	Special Ed EA	CL3, Step 3	01/26/21
Justin Flesher	SMS	Office Employee	CAT2, Step 5	01/19/21
Gayle Matson	ZLE	Tutor EA	CL3, Step 3	01/26/21
Amber Mosby	ENE	Special Ed EA	CL3, Step 3	01/21/21
Danielle Raygor	SMS	Service Employee	CU2, Step 1	01/19/21
Brandon Whittier	SOE	Special Ed EA	CL3, Step 3	01/19/21

LAYOFF

Name	Building	Title	Effective Date
Sarah Faber	PLE	Office Employee	01/27/21

REHIRE

Name	Building	Title	Effective Date
Dana Cork	NOE	Program Assistant	LV7, Step 1
Jordan Smith	NOE	Tutor EA	CL3, Step 3
Reginald Smith, Sr.	NOE	Tutor EA	CL3, Step 6

RESIGNATION/RETIREMENT

Name	Building	Title	Effective Date
John Jacobs	AHS	Monitor EA	10/09/20
Michael Johnson	ESC	Program Director	01/27/21

LICENSED STAFF - February 1, 2021**NEW HIRE**

Name	Building	Title	Step/Lane	Effective Date
Meredith Weller	NPE	1.0/Kindergarten	MA/9	01/25/21

REHIRE

Name	Building	Title		Effective Date
Claudia Villafuerte	AHS	1.0/Spanish		01/25/21

RESIGNATION/RETIREMENT

Name	Building	Title		Effective Date
Kelsey Thingvold	RMS	1.0/Gifted		01/22/21

February 1, 2021

Contracts

<u>Item</u>	<u>Business</u>	<u>School/Program</u>	<u>Amount</u>	<u>Purpose</u>
1	ACT	Cooper, Armstrong and Highview	\$44 per test	ACT testing for the 20-21 school year
2	Bengston, Sandra	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
3	Captivate Media and Consulting	Communications	11,678	Addendum to contract, increase hours by 14 hours per month for digital content creation, January 1, 2021-June 30, 2021
4	CEL Marketing PR, Design	Communications	61,950	Comprehensive enrollment marketing plan with digital and personalization strategy and deliverables, January 24, 2021-September 30, 2021
5	CollegeBoard	Districtwide grades 6-8	87,762	SpringBoard digital access January, 2021-June 30, 2022
6	Constantine, Deanna	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
7	Daniels, Chris-Forest to Fork	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
8	Ertl, Lori-Under Pressure Brewing Co.	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
9	Grammond, Jay-Adult Academy	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
10	Greater Minneapolis Chamber Development Foundation	Districtwide	7,500	Elevate platform, regional advisory board, talent symposium and teacher externship program October 1, 2020-June 1, 2021
11	Gysbers, Cheryl-North St. Paul, Oakdale Community Ed	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
12	Howard, Donna	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
13	Johnson, Michael-Library Computer Tutor	Youth & Adult Enrichment	1,000	Community Ed Instructor for the 2020-21 school year
14	McDonough, Anne	Youth & Adult Enrichment	2,500	Community Ed Instructor for the 2020-21 school year
15	Molitor, Jamie-Wheelthrowing Classes	Youth & Adult Enrichment	2,000	Community Ed Instructor for the 2020-21 school year
16	Sunbelt Staffing, Inc.	Districtwide	\$54 per hour	Licensed Practical Nurse January 11, 2021-June 10, 2021
17	Sunbelt Staffing, Inc.	Districtwide	\$50 per hour	Licensed Practical Nurse January 15, 2021-June 10, 2021
18	Top 20	Sacred Heart School	2,400	Social-Emotional learning seminar January 25, 2021
19	Williams, Derrick	Communications	20,000	Temporary communications services February 8, 2021-May 14, 2021

Announcements | January 19, 2021

- | | |
|-------------------------------|---|
| February 4, 6:00 p.m. | School Start Time Webinar |
| February 6, 6:30 p.m. | Seven Dreams Education Foundation Bird Bash |
| February 9, 7:30 a.m. | Government Advisory Council |
| February 9, 5:00 p.m. | Community Connect Committee |
| February 10, 9:30 a.m. | Interschool Council |
| February 10, 5:15 p.m. | Comprehensive Arts Planning Program (CAPP) Meeting |
| February 11, 5:30 p.m. | Curriculum & Instruction Advisory Committee |
| February 15 | No School |
| February 16, 6:00 p.m. | - School Board Listening Time 7:00 p.m.- School Board Regular Meeting |

Check out our district calendar on our website for more meeting details

Individual focus. Infinite potential.

School Board of Robbinsdale Area Schools

Business Meeting – February 1, 2021

AGENDA SECTION: Adjournment
ITEM: 7. Adjournment
COMMENTS BY: Board Chair

This agenda item will bring closure to the School Board Business meeting.

Recommended Action: Approve closing the Business meeting.

Approval of Adjournment – February 1, 2021

	Yes	No	Abstention
Helen Bassett	_____	_____	_____
David Boone	_____	_____	_____
Greta Evans-Becker	_____	_____	_____
Mike Herring	_____	_____	_____
Pam Lindberg	_____	_____	_____
Sam Sant	_____	_____	_____
John Vento	_____	_____	_____

Motion by: _____ **Yes:** _____ **Passed:** _____

Second by: _____ **No:** _____ **Failed:** _____

Time of Adjournment: _____ 235 _____