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Minutes of Work Session Meeting

A Work Session Meeting of the Board of Education of Wayzata Public Schools was held Monday, November 23, 2020, beginning at 4:00 PM in the Zoom Teleconference

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1. **ROLL CALL**
2. Finance and Business
 - A. Audit Presentation

2

**Independent School District No. 284
Wayzata Public Schools
Wayzata, Minnesota**

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

Prepared by the

Department of Finance and Business Services

WAYZATA
PUBLIC
SCHOOLS

Excellence. For each and every student.

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

INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

210 County Road 101 North
P.O. Box 660
Wayzata, MN 55391

Prepared by the
Department of Finance and Business Services

Jim Westrum • Executive Director of Finance and Business Services
Jill Schwint • Controller

INDEPENDENT SCHOOL DISTRICT NO. 284

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SECTION I

INTRODUCTORY SECTION

Insert Section I Introduction (cardstock)
Insert transmittal letter here (from client)



District Administrative Offices
210 County Road 101 North, P.O. Box 660 | Wayzata, MN 55391-0660
763.745.5000 | Fax: 763.745.5091 | www.wayzata.k12.mn.us

INSERT DATE

To: Citizens of the District
Board of Education
Dr. Chace B. Anderson, Superintendent of Schools

INTRODUCTION

We respectfully submit the Comprehensive Annual Financial Report (CAFR) of Independent School District No. 284, Wayzata, Minnesota (the District) for the fiscal year ended June 30, 2020. Responsibility for the entire financial report rests with district management. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

As required, a part of required supplementary information by the Governmental Accounting Standards Board Statement No. 34 is a management's discussion and analysis (MD&A), which allows the District to explain, in layman's terms, its financial position and results of operations of the past fiscal year.

The CAFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, a certificate of excellence in financial reporting, and this transmittal letter. The financial section includes the basic financial statements, individual fund statements and related schedules, and required supplementary information. The Independent Auditor's Report is also included in the financial section. Notes to the financial section are provided to enhance the reader's understanding of the District's accounting policies and procedures. The statistical section includes selected financial and general information presented on a multiyear comparative basis.

ECONOMIC CONDITION AND OUTLOOK

The District is a public educational system serving a 38 square-mile area located in the western portion of Hennepin County. District boundaries encompass either the entire geographic area or portions of the communities of Wayzata, Plymouth, Minnetonka, Medicine Lake, Orono, Medina, Maple Grove, and Corcoran.

For 2019–2020, district facilities included nine elementary schools, three middle schools, a senior high school, a transition school, a district administration center, an educational services center, an early learning center, and a central service facility.

Enrollment for the 2019–2020 school year was 12,127 pupils in adjusted average daily membership, which represents an increase of 221 students from the prior year. Demographic forecasts project an increase in enrollment for the next several years. Projected enrollments for the near future per an independent demographer hired by the District are:

<u>Fiscal Year</u>	<u>Enrollment</u>
2021	12,464
2022	12,773
2023	13,058

The tax base of the District increased 6.81 percent during the past year. The market value of all taxable property in the District in fiscal year 2020 was \$13,916,257,860, compared to \$13,028,383,691 in fiscal year 2019.

The net tax capacity of the District for fiscal year 2020 was \$156,060,319, an increase of 6.75 percent over the prior year value of \$146,188,244.

The state fiscal disparities law provides for the pooling of 40 percent of all new commercial/industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing jurisdictions according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District contributed \$2,864,107 in fiscal year 2019 and \$3,359,074 in fiscal year 2020.

FINANCIAL INFORMATION

In developing and evaluating the District’s accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets and (2) the reliability of financial records used in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the costs of internal control should not exceed the benefits likely to be derived and that the value of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is demonstrated through an annual budget adopted by the Board of Education (the School Board) for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. The Department of Finance and Business Services maintains budgetary control. Management and the School Board review monthly reports. The original budget is adopted by the School Board prior to the fiscal year beginning July 1. The administration presents midyear budget revisions based upon audited results of the prior year, enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenses. The revised budget is also adopted by the School Board.

The reader is directed to the MD&A report for a more in depth look at the General Fund and other major fund highlights.

DISTRICT FACILITIES

District educational facilities consist of 14 education buildings originally constructed from 1949 to 2019. Each building has had numerous additions over the years. In spite of the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District’s long-term facilities maintenance plan. Because of the continual improvement, all educational facilities should be able to effectively service the District for many years. During fiscal year 2020, the District opened North Woods Elementary, as well as the Transition School. The total district square footage for educational facilities is 2,051,275. In addition, the District owns two buildings and leases space for administrative purposes.

LOOKING FORWARD

The District's commitment to fiscal responsibility has enabled the District to maintain positive fund balance reserves in recent years. Currently, the General Fund has an unassigned fund balance of approximately \$19.4 million, which represents 11.4 percent of total expenditures, in line with the School Board policy minimum fund balance of 5.0–7.0 percent of expenditures. The School Board has assigned an additional \$5.5 million of fund balance for specific purposes.

District voters approved an operating referendum to increase annual operating revenues in the initial amount of \$2,000 per pupil, expiring in fiscal year 2028. Voters also approved two capital projects levies to cover technology costs for existing and new services and equipment. The capital projects levies expire in fiscal years 2026 and 2029, respectively.

An indicator of continued financial health is the tremendous level of new private investment within the District. The City of Plymouth is the largest municipality within the District. The City's levy payable 2019 total estimated market value was \$12,219,492,800, an increase of \$869,819,800 from payable 2018. The increase in total market value between payable 2018 and payable 2019 was 7.7 percent. The City of Plymouth's population increased 29.0 percent from 1990 to 2000; 7.0 percent from 2000 to 2010; and 13.0 percent from 2010 to 2019. As of 2019, the population is 79,475.

The state support in the current economic environment, combined with the additional support approved by the voters, means the District's financial picture is stable. The District was able to maintain existing staff ratios and programs in fiscal year 2021 and has adequate reserves.

Below are some facts about the 2020–2021 budget:

- Student enrollment was expected to increase, however approximately 200 kindergarten students either postponed enrollment or chose alternative educational opportunities, due to the COVID-19 pandemic, resulting in a decrease of actual attendance.
- The General Fund unassigned balance at year-end was projected to remain stable, however, the District expects a slight decrease, due to the COVID-19 pandemic.

Revenues:

- General Fund revenue is projected to increase to almost \$183.7 million.
- Basic formula is \$6,567 for fiscal year 2021.
- The referendum levy is \$2,126.13 per pupil unit.
- Effective fiscal year 2021, the growth limit on state special education aid has been removed. The District continues to use its general resources to finance a great portion of special education services as the state and federal government reimbursement rates are insufficient to fully fund these costs.

Expenditures:

- General Fund expenditures will increase to \$183.9 million.
- Capital projects (technology) levy will increase to \$8.4 million.
- Alternative Compensation Plan spending is \$3.0 million for staff development, peer coaching, and performance bonuses for teachers.
- Health insurance premiums increased by 9.0 percent and dental insurance premiums increased 5.0 percent.

Construction Projects:

- The District continues to access long-term facilities maintenance pay-as-you-go district levy dollars to make improvements in the areas of deferred maintenance and health and safety. The project costs of approximately \$8–\$12 million per year are utilized for roof repairs, paving projects, boiler and chiller replacements, windows, doors, painting, flooring, and a variety of other deferred maintenance items.

COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) was identified in Wuhan, Hubei Province, China. COVID-19 has since spread throughout the world, including to the United States, leading the World Health Organization to categorize the spread of the virus as a pandemic. The measures taken by federal, state, and local governments to limit the spread of COVID-19 have and will continue to have significant impacts to the global, national, state, and local economies. The exact extent to which COVID-19 affects the District and its financial condition are uncertain and cannot be predicted by the District at this time.

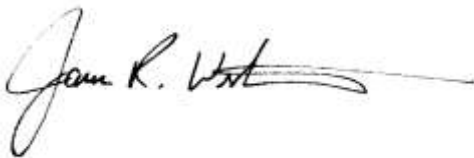
OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. was selected by the School Board to conduct the annual audit. In addition to meeting the requirements set forth in state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are issued as a separate report which is available from the District upon request.

This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International for its Certificate of Excellence in Financial Reporting program. Achieving recognition by this program is a clear indication of the District's establishment of high standards for financial reporting. The District was awarded the ASBO International Certificate of Excellence in Financial Reporting for its 2019 CAFR. We believe our current report continues to conform to ASBO International's Certificate of Excellence program requirements.

We acknowledge the efforts of the entire accounting staff in providing complete and accurate data for fiscal year 2020 CAFR. Credit is also due to the School Board for its unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

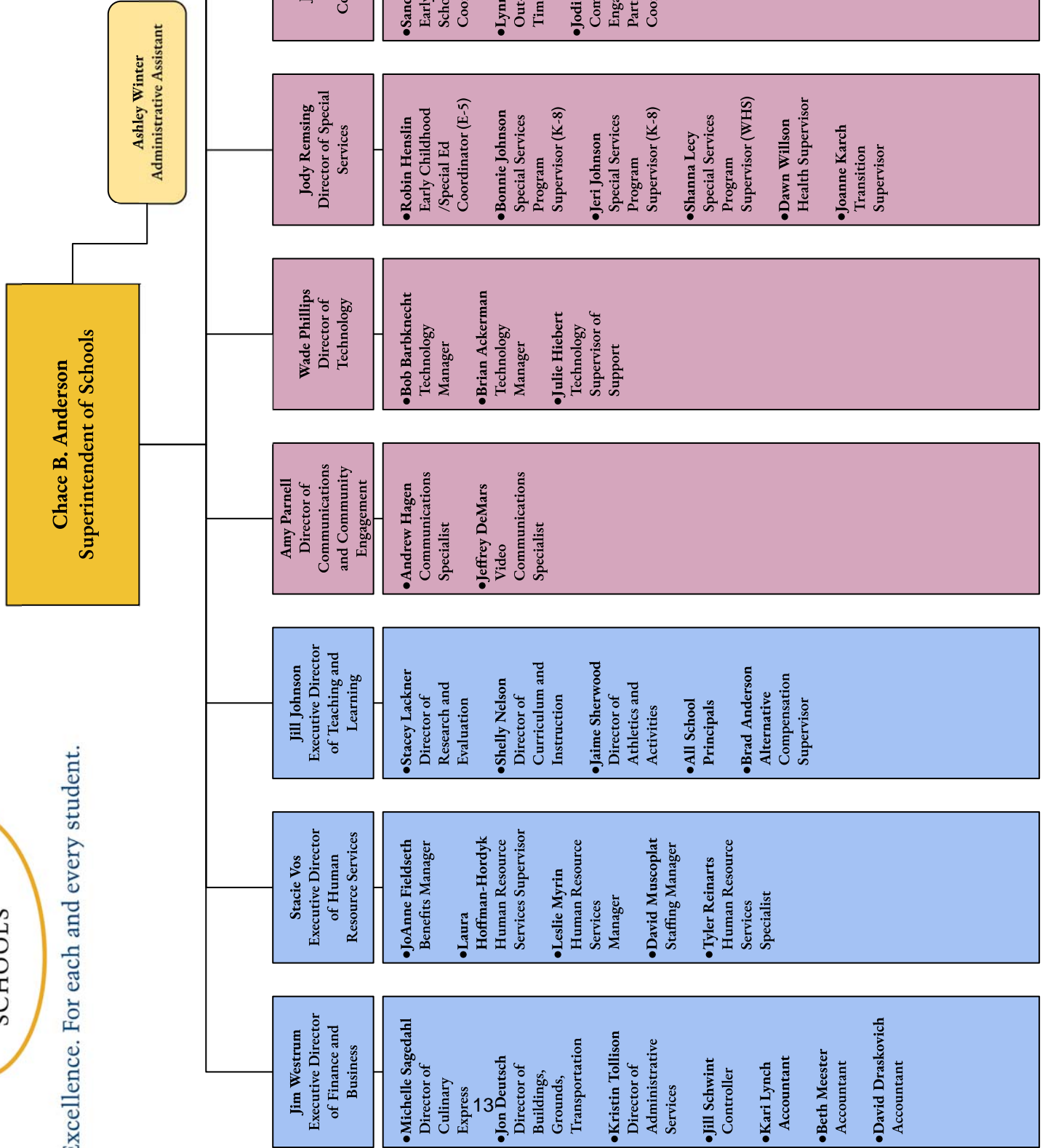
Respectfully submitted,



James R. Westrum
Executive Director,
Finance and Business Services



Excellence. For each and every student.



INDEPENDENT SCHOOL DISTRICT NO. 284

School Board and Administration
Year Ended June 30, 2020

SCHOOL BOARD

	<u>Board Position</u>
Ms. Andrea Cuene	Chairperson
Ms. Linda A. Cohen	Vice Chairperson
Ms. Sarah Johansen	Treasurer
Ms. Bonita Lucky	Clerk
Ms. Seanne Falconer	Director
Mr. Chris McCullough	Director
Ms. Cheryl Polzin	Director

ADMINISTRATION

Dr. Chace B. Anderson	Superintendent
Dr. Jill Johnson	Executive Director of Teaching and Learning
Ms. Stacie Vos	Executive Director of Human Resource Services
Mr. Jim Westrum	Executive Director of Finance and Business Services
Ms. Jenni Ebert	Director of Community Education
Ms. Jill Schwint	Controller



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Independent School District 284

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 that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

SECTION II
FINANCIAL SECTION

Insert Section II Financial (cardstock)

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 284
Wayzata, 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. 284 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

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

EMPHASIS OF MATTER

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

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 20, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated INSERT DATE 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.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

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

This section of Independent School District No. 284's (the District) Comprehensive Annual Financial Report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by \$96,622,106 (net position deficit). The District's total net position decreased by \$22,541,814 during the fiscal year ended June 30, 2020, excluding the change in accounting principle as discussed below.
- The District recorded a change in accounting principle in the current year with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of this standard changed the way the District reports certain fiduciary activities and student activities that were not previously included within the District's reporting entity. The implementation of this standard increased beginning net position in the government-wide statements and beginning fund balance in the General Fund by \$1,187,960.
- Government-wide expenses totaled \$227,958,548 and were \$22,541,814 more than revenues of \$205,416,734.
- The General Fund's total fund balance increased \$4,790,850 from the prior year, compared to an increase of \$16,218 planned in the budget, excluding the change in accounting principle discussed above.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state 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 (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2020	2019
Assets		
Current and other assets	\$ 156,748,434	\$ 153,179,454
Capital assets, net of depreciation	260,420,109	240,433,942
Total assets	\$ 417,168,543	\$ 393,613,396
Deferred outflows of resources		
Pension plan deferments	\$ 81,711,791	\$ 113,196,634
OPEB plan deferments	2,992,906	757,171
Total deferred outflows of resources	\$ 84,704,697	\$ 113,953,805
Liabilities		
Current and other liabilities	\$ 21,321,419	\$ 15,823,988
Long-term liabilities, including due within one year	384,339,690	353,018,396
Total liabilities	\$ 405,661,109	\$ 368,842,384
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 75,636,264	\$ 68,520,635
Pension plan deferments	114,198,244	142,134,784
OPEB plan deferments	2,999,783	3,337,704
Total deferred inflows of resources	\$ 192,834,291	\$ 213,993,123
Net position		
Net investment in capital assets	\$ 27,572,468	\$ 37,050,317
Restricted	9,472,475	10,648,975
Unrestricted	(133,667,103)	(122,967,598)
Total net position	\$ (96,622,160)	\$ (75,268,306)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position, as compared to fund balances, are the long-term liabilities for pension, other post-employment benefits (OPEB), and severance benefits, which are not reported in the governmental funds.

The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's decrease in net position restricted for food service and community service contributed to the change in the restricted portion of net position. The change in the District's share of the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans also contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

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

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 14,297,419	\$ 16,770,456
Operating grants and contributions	20,694,796	16,952,023
Capital grants and contributions	1,517,914	1,534,850
General revenues		
Property taxes	72,831,176	68,768,868
General grants and aids	90,978,084	82,036,235
Investment earnings	2,476,239	3,191,342
Other	2,621,106	1,429,838
Total revenues	<u>205,416,734</u>	<u>190,683,612</u>
Expenses		
Administration	5,744,321	4,265,884
District support services	7,124,303	5,961,373
Elementary and secondary regular instruction	94,447,134	57,568,978
Vocational education instruction	3,448,696	2,163,529
Special education instruction	22,972,019	15,166,922
Instructional support services	20,521,549	13,281,310
Pupil support services	15,297,882	12,799,455
Sites and buildings	31,256,979	21,884,093
Fiscal and other fixed cost programs	539,743	541,321
Food service	6,743,253	6,943,797
Community service	11,509,169	10,774,854
Interest and fiscal charges on debt	8,353,500	7,556,619
Total expenses	<u>227,958,548</u>	<u>158,908,135</u>
Change in net position before special item	(22,541,814)	31,775,477
Special item	<u>—</u>	<u>3,035,310</u>
Change in net position	(22,541,814)	34,810,787
Net position – beginning, as previously reported	(75,268,306)	(110,079,093)
Change in accounting principle	1,187,960	—
Net position – beginning, as restated	<u>(74,080,346)</u>	<u>(110,079,093)</u>
Net position – ending	<u>\$ (96,622,160)</u>	<u>\$ (75,268,306)</u>

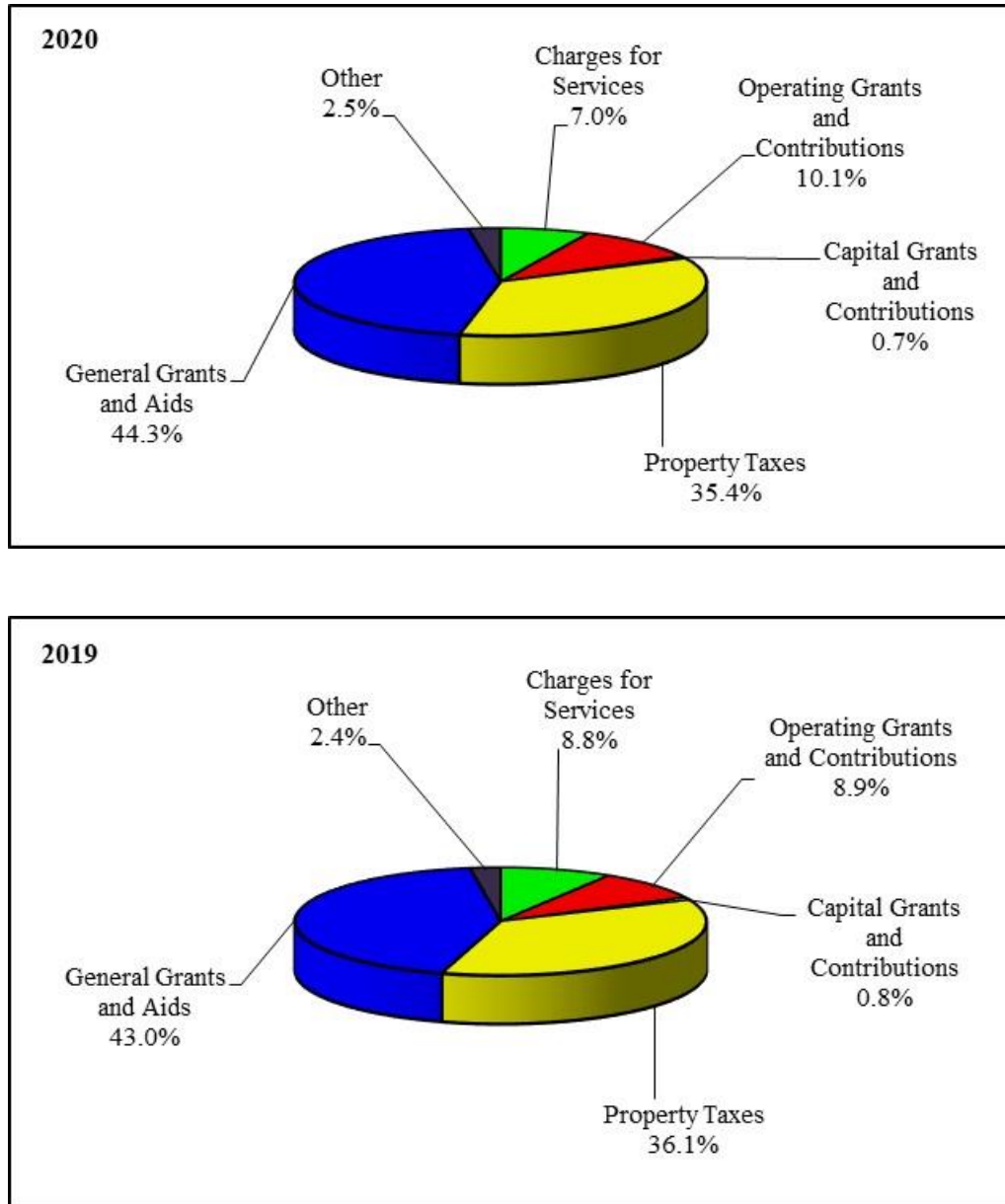
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$14,733,122 (7.7 percent) from the previous year, primarily attributable to increases in revenues from property taxes and improvements in the general education and special education funding.

Governmental activities expenses increased \$69,050,413 (43.5 percent) from last year, mainly due to the change in the PERA and the TRA multiple-employer defined benefit pension plans impacting functional areas based on salary and benefit levels.

Figure A shows further analysis of these revenue sources:

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



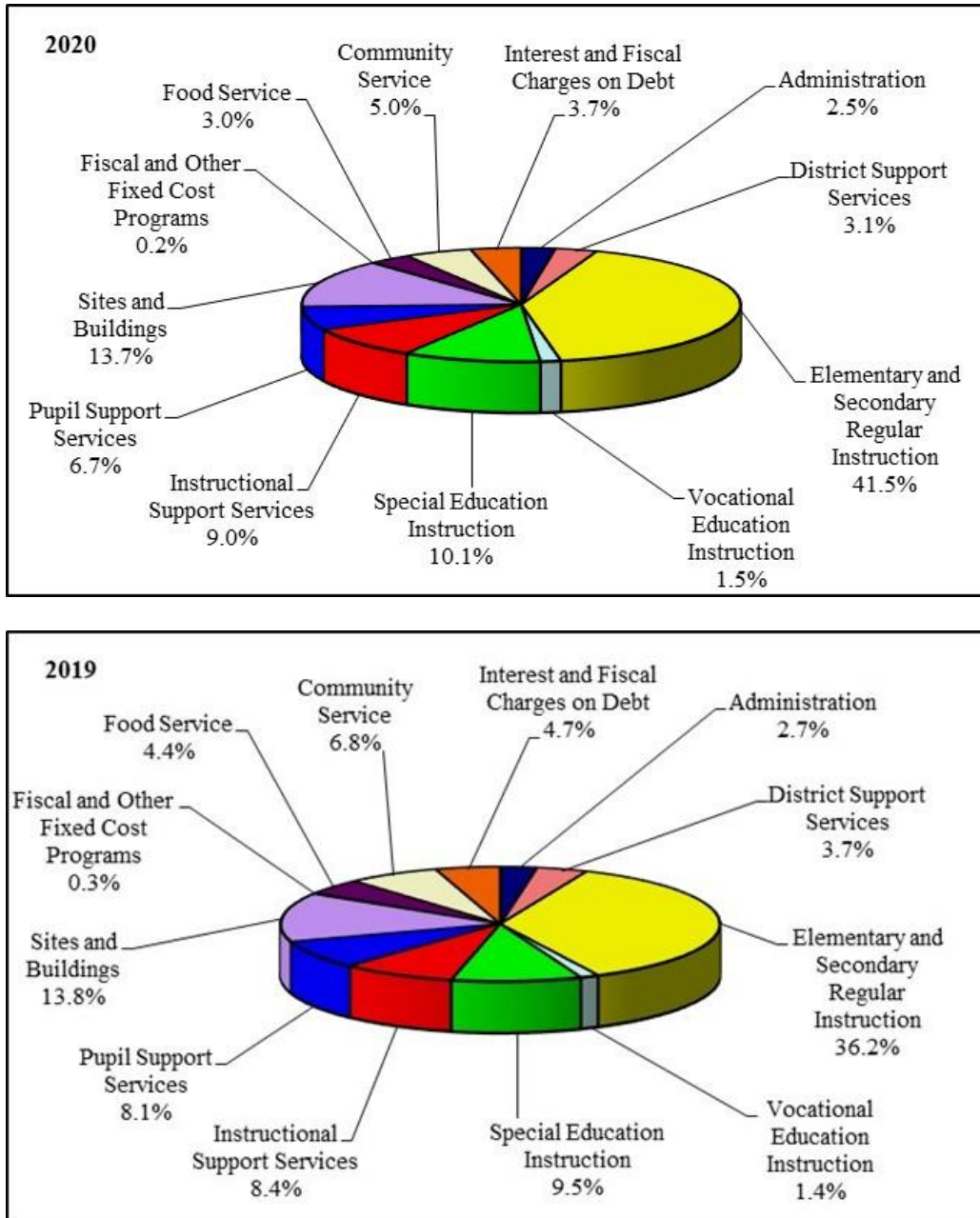
The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2020 and 2019



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

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above was 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 also 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>
Major funds			
General	\$ 31,946,960	\$ 25,968,150	\$ 5,978,810
Capital Projects – Building Construction	18,904,352	32,549,669	(13,645,317)
Debt Service	2,683,374	2,833,280	(149,906)
Nonmajor funds			
Food Service Special Revenue	–	585,011	(585,011)
Community Service Special Revenue	<u>854,947</u>	<u>1,982,518</u>	<u>(1,127,571)</u>
Total governmental funds	<u><u>\$ 54,389,633</u></u>	<u><u>\$ 63,918,628</u></u>	<u><u>\$ (9,528,995)</u></u>

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

At June 30, 2020, the District's governmental funds reported combined fund balances of \$54,389,633, a decrease of \$9,528,995 from the prior year. Approximately 26.3 percent of this amount (\$14,281,389) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either 1) not in spendable form (\$749,427), 2) restricted for particular purposes (\$33,829,481), or 3) assigned for particular purposes (\$5,529,336).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 172,700,000</u>	<u>\$ 183,790,086</u>	<u>\$ 11,090,086</u>	<u>6.4%</u>
Expenditures and other financing uses	<u>\$ 173,564,093</u>	<u>\$ 183,773,868</u>	<u>\$ 10,209,775</u>	<u>5.9%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2020 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 184,241,867	\$ 451,781	0.2%	\$ 19,104,487	11.6%
Expenditures and other financing uses	<u>179,451,017</u>	<u>(4,322,851)</u>	(2.4%)	<u>20,206,601</u>	12.7%
Net change in fund balances	<u>\$ 4,790,850</u>	<u>\$ 4,774,632</u>		<u>\$ (1,102,114)</u>	

The fund balance of the General Fund increased \$4,790,850, compared to a planned increase of \$16,218 approved in the final budget. As previously discussed, the District reported a change in accounting principle that increased beginning fund balance by \$1,187,960.

General Fund revenues and other financing sources for 2020 increased \$19,104,487, or 11.6 percent, compared to the prior year. This was \$451,781, or 0.2 percent, more than budget. The largest variance to budget was in state sources, which was \$1,606,354 over budget mainly in special education. This was offset by other local sources, which was \$831,020 less than projected, due to the COVID-19 pandemic and less fees and charges for services received, compared to budget. The overall revenue increase from the prior year was mainly due to an increase in the tax levy combined with increases in students served and state funding for general education and special education. The District also received proceeds in the current year for the sale of a parcel of land.

Total General Fund expenditures and other financing uses for 2020 increased \$20,206,601, or 12.7 percent, over the prior year, and were \$4,322,851, or 2.4 percent, under budget. The budget variance was spread across several programs and object categories of the General Fund. Instructional support services experienced the largest program variance, with expenditures coming in under budget by \$1,797,179, mainly in staff development. Sites and buildings expenditures were \$1,059,269 under budget, due to a timing of projects. The increase from the prior year was mainly due to contractual increases in salaries and benefits. Transfers out also increased due to long-term facilities maintenance levy required to be reported in other funds.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. This fund also received a transfer of \$8,102,000 of long-term facilities maintenance levy proceeds from the General Fund to finance various capital projects. Fund balance decreased \$13,645,317, as the District spent down proceeds from bonds and certificates of participation issued. At June 30, 2020, the District had a fund balance of \$18,904,352, the majority of which is restricted for various capital projects.

Debt Service Fund

The Debt Service Fund expenditures exceeded revenues and other financing sources by \$149,906 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$2,683,374 at June 30, 2020 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, decreasing equity by \$585,011, compared to a planned fund balance decrease of \$296,505. This decrease was primarily caused by lower than anticipated revenues from meal sales caused by the COVID-19 pandemic. The District made a transfer of \$249,545 from the General Fund to eliminate the fund balance deficit in the current year.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, decreasing equity by \$1,127,571, compared to a planned fund balance increase of \$408,392. Revenues and expenditures were less than budgeted amounts, due to less program participation caused by the COVID-19 pandemic.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds. These funds are used to account for the District's self-insured medical and dental insurance activity, various early retirement benefit packages for employee groups, and post-retirement healthcare benefits.

Operating revenues for the internal service funds, consisting of charges to the District's governmental funds, for fiscal 2020 totaled \$19,431,294, an increase from the fiscal year 2019 operating revenue level of \$18,633,367. Operating expenses, consisting of health claims, dental claims, and other employee benefits totaled \$18,184,891, which represents a decrease from fiscal year 2019 operating expenses of \$21,690,650. Nonoperating revenues, consisting of investment earnings, totaled \$279,092, which is a decrease from the fiscal year 2019 amount of \$421,012. The net position balance for all internal service funds as of June 30, 2020 was \$1,669,104, which is an increase of \$1,232,175 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 33,220,187	\$ 39,471,187	\$ (6,251,000)
Construction in progress	35,744,141	29,423,450	6,320,691
Land improvements	9,687,055	9,687,055	–
Buildings and improvements	301,147,255	273,395,252	27,752,003
Equipment and transportation vehicles	13,593,731	13,265,288	328,443
Food service equipment	1,185,973	1,140,612	45,361
Less accumulated depreciation	<u>(134,158,233)</u>	<u>(125,948,902)</u>	<u>(8,209,331)</u>
Total	<u>\$ 260,420,109</u>	<u>\$ 240,433,942</u>	<u>\$ 19,986,167</u>
Depreciation expense	<u>\$ 8,209,331</u>	<u>\$ 7,900,803</u>	<u>\$ 308,528</u>

By the end of 2020, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2020, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more for equipment and \$20,000 or more for construction and improvements, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
General obligation bonds payable	\$ 218,020,000	\$ 215,880,000	\$ 2,140,000
Certificates of participation payable	22,590,000	6,225,000	16,365,000
Unamortized premium	7,035,999	5,790,352	1,245,647
Capital leases payable	8,001,525	8,219,307	(217,782)
Net pension liability	107,693,203	101,396,725	6,296,478
Net OPEB liability	17,484,629	11,889,082	5,595,547
Severance benefits payable	2,731,496	2,924,240	(192,744)
Compensated absences payable	<u>782,838</u>	<u>693,690</u>	<u>89,148</u>
Total	<u>\$ 384,339,690</u>	<u>\$ 353,018,396</u>	<u>\$ 31,321,294</u>

The change in general obligation bonds payable, certificates of participation payable, and capital leases payable are primarily due to the scheduled principal payments offset by the sale of tax abatement bonds and certificates of participation and the issuance of a capital lease for technology in the current year.

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

The increase in the net OPEB liability is due to assumption changes in the current year.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8). The District's outstanding net general obligation debt was \$222,372,625 at June 30, 2020, or about 10.7 percent of the limit.

District's market value	\$ 13,916,257,860
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,087,438,679</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 284, District Administrative Office, P.O. Box 660, Wayzata, Minnesota 55391-0660.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 99,792,462	\$ 103,447,101
Cash and investments held by trustee	150,505	386,473
Receivables		
Current taxes	40,769,528	35,948,864
Delinquent taxes	481,946	366,674
Accounts and interest receivable	207,271	228,803
Due from other governmental units	10,604,087	12,022,141
Due from post-employment benefits trust	300,000	356,000
Inventory	296,404	219,662
Prepaid items	453,023	203,736
Restricted assets – temporarily restricted		
Cash and investments for capital asset acquisition	3,393,208	–
Cash and investments for debt service	300,000	–
Capital assets		
Not depreciated	68,964,328	68,894,637
Depreciated, net of accumulated depreciation	191,455,781	171,539,305
Total capital assets, net of accumulated depreciation	<u>260,420,109</u>	<u>240,433,942</u>
Total assets	<u>417,168,543</u>	<u>393,613,396</u>
Deferred outflows of resources		
Pension plan deferments	81,711,791	113,196,634
OPEB plan deferments	2,992,906	757,171
Total deferred outflows of resources	<u>84,704,697</u>	<u>113,953,805</u>
Total assets and deferred outflows of resources	<u>\$ 501,873,240</u>	<u>\$ 507,567,201</u>
Liabilities		
Salaries payable	\$ 457,683	\$ 625,200
Accounts and contracts payable	14,233,110	8,495,053
Accrued interest payable	3,657,482	3,230,839
Due to other governmental units	335,140	840,864
Unearned revenue	634,225	628,253
Claims incurred, but not reported	2,003,779	2,003,779
Long-term liabilities		
Due within one year	10,025,643	8,203,801
Due in more than one year	374,314,047	344,814,595
Total long-term liabilities	<u>384,339,690</u>	<u>353,018,396</u>
Total liabilities	<u>405,661,109</u>	<u>368,842,384</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	75,636,264	68,520,635
Pension plan deferments	114,198,244	142,134,784
OPEB plan deferments	2,999,783	3,337,704
Total deferred inflows of resources	<u>192,834,291</u>	<u>213,993,123</u>
Net position		
Net investment in capital assets	27,572,468	37,050,317
Restricted for		
Capital asset acquisition	7,328,981	7,253,450
Food service	–	562,902
Community service	769,215	1,931,782
Other purposes (state funding restrictions)	1,374,279	900,841
Unrestricted	(133,667,103)	(122,967,598)
Total net position	<u>(96,622,160)</u>	<u>(75,268,306)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 501,873,240</u>	<u>\$ 507,567,201</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

Functions/Programs	Expenses	2020		
		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 5,744,321	\$ 1,566	\$ -	\$ -
District support services	7,124,303	-	-	93,131
Elementary and secondary regular instruction	94,447,134	1,435,317	2,660,540	1,300,494
Vocational education instruction	3,448,696	-	498,214	-
Special education instruction	22,972,019	431,278	13,820,232	4,534
Instructional support services	20,521,549	12,733	-	-
Pupil support services	15,297,882	185,197	850,685	-
Sites and buildings	31,256,979	454,390	-	119,755
Fiscal and other fixed cost programs	539,743	-	-	-
Food service	6,743,253	4,000,966	1,894,738	-
Community service	11,509,169	7,775,972	970,387	-
Interest and fiscal charges	8,353,500	-	-	-
Total governmental activities	\$ 227,958,548	\$ 14,297,419	\$ 20,694,796	\$ 1,517,914
General revenue				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for community service				
Property taxes, levied for debt service				
General grants and aids				
Other general revenues				
Investment earnings				
Special item				
Total general revenues and special item				
Change in net position				
Net position – beginning, as previously reported				
Change in accounting principle				
Net position – beginning, as restated				
Net position – ending				

	2019
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (5,742,755)	\$ (4,148,682)
(7,031,172)	(5,808,708)
(89,050,783)	(52,705,233)
(2,950,482)	(1,693,891)
(8,715,975)	(3,749,583)
(20,508,816)	(13,266,841)
(14,262,000)	(11,799,318)
(30,682,834)	(21,015,787)
(539,743)	(541,321)
(847,549)	(401,352)
(2,762,810)	(963,471)
(8,353,500)	(7,556,619)
(191,448,419)	(123,650,806)
58,866,293	55,461,620
1,537,423	1,222,047
12,427,460	12,085,201
90,978,084	82,036,235
2,621,106	1,429,838
2,476,239	3,191,342
–	3,035,310
168,906,605	158,461,593
(22,541,814)	34,810,787
(75,268,306)	(110,079,093)
1,187,960	–
(74,080,346)	(110,079,093)
\$ (96,622,160)	\$ (75,268,306)

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Assets			
Cash and temporary investments	\$ 55,246,328	\$ 23,946,236	\$ 9,513,399
Cash and investments held by trustee	120,000	3,423,713	300,000
Receivables			
Current taxes	32,336,857	–	7,467,387
Delinquent taxes	377,600	–	94,498
Accounts and interest	203,793	–	–
Due from other governmental units	10,083,540	–	643
Due from other funds	385,582	–	–
Inventory	158,933	–	–
Prepaid items	452,173	–	–
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 99,364,806</u>	<u>\$ 27,369,949</u>	<u>\$ 17,375,927</u>
Liabilities			
Salaries payable	\$ 244,722	\$ 2,472	\$ –
Accounts and contracts payable	5,699,919	8,463,125	–
Due to other governmental units	335,140	–	–
Due to other funds	1,624,796	–	–
Unearned revenue	58,343	–	–
Total liabilities	<u>7,962,920</u>	<u>8,465,597</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	59,136,907	–	14,610,680
Unavailable revenue – delinquent taxes	318,019	–	81,873
Total deferred inflows of resources	<u>59,454,926</u>	<u>–</u>	<u>14,692,553</u>
Fund balances (deficits)			
Nonspendable	611,106	–	–
Restricted	6,775,773	23,516,237	2,683,374
Assigned	5,529,336	–	–
Unassigned	19,030,745	(4,611,885)	–
Total fund balances	<u>31,946,960</u>	<u>18,904,352</u>	<u>2,683,374</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 99,364,806</u>	<u>\$ 27,369,949</u>	<u>\$ 17,375,927</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 2,057,080	\$ 90,763,043	\$ 95,137,639
–	3,843,713	386,473
965,284	40,769,528	35,948,864
9,848	481,946	366,674
3,478	207,271	228,803
519,904	10,604,087	12,022,141
–	385,582	356,000
137,471	296,404	219,662
850	453,023	203,736
<u>\$ 3,693,915</u>	<u>\$ 147,804,597</u>	<u>\$ 144,869,992</u>
\$ 210,489	\$ 457,683	\$ 625,200
70,005	14,233,049	8,487,334
–	335,140	840,864
85,582	1,710,378	1,458,699
575,882	634,225	628,253
<u>941,958</u>	<u>17,370,475</u>	<u>12,040,350</u>
1,888,677	75,636,264	68,520,635
8,333	408,225	390,379
<u>1,897,010</u>	<u>76,044,489</u>	<u>68,911,014</u>
138,321	749,427	423,398
854,097	33,829,481	46,663,521
–	5,529,336	5,369,294
(137,471)	14,281,389	11,462,415
<u>854,947</u>	<u>54,389,633</u>	<u>63,918,628</u>
<u>\$ 3,693,915</u>	<u>\$ 147,804,597</u>	<u>\$ 144,869,992</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 54,389,633	\$ 63,918,628
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	394,578,342	366,382,844
Accumulated depreciation	(134,158,233)	(125,948,902)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds payable	(218,020,000)	(215,880,000)
Certificates of participation payable	(22,590,000)	(6,225,000)
Unamortized premium	(7,035,999)	(5,790,352)
Capital leases payable	(8,001,525)	(8,219,307)
Net pension liability	(103,208,626)	(96,814,428)
Net OPEB liability	(17,484,629)	(11,889,082)
Compensated absences payable	(782,838)	(693,690)
Internal service funds are used 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.	1,669,104	436,929
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(3,657,482)	(3,230,839)
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	81,405,008	112,923,453
Deferred outflows of resources – OPEB plan deferments	2,992,906	757,171
Deferred inflows of resources – pension plan deferments	(114,126,263)	(142,048,406)
Deferred inflows of resources – OPEB plan deferments	(2,999,783)	(3,337,704)
Deferred inflows of resources – delinquent property taxes	408,225	390,379
Total net position – governmental activities	<u>\$ (96,622,160)</u>	<u>\$ (75,268,306)</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 58,852,589	\$ –	\$ 12,424,298
Investment earnings	1,619,758	577,389	–
Other	5,099,438	42,149	–
State sources	106,065,256	–	6,431
Federal sources	4,213,562	–	–
Total revenue	<u>175,850,603</u>	<u>619,538</u>	<u>12,430,729</u>
Expenditures			
Current			
Administration	5,067,908	–	–
District support services	6,694,187	–	–
Elementary and secondary regular instruction	81,936,301	–	–
Vocational education instruction	3,272,414	–	–
Special education instruction	21,779,719	–	–
Instructional support services	19,718,543	–	–
Pupil support services	15,049,233	–	–
Sites and buildings	14,028,350	–	–
Fiscal and other fixed cost programs	539,743	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	47,719,628	–
Debt service			
Principal	2,677,578	–	5,315,000
Interest and fiscal charges	313,348	491,461	7,566,500
Total expenditures	<u>171,077,324</u>	<u>48,211,089</u>	<u>12,881,500</u>
Excess (deficiency) of revenue over expenditures	4,773,279	(47,591,551)	(450,771)
Other financing sources (uses)			
Bonds issued	–	7,454,135	865
Certificates of participation issued	–	16,700,000	300,000
Premium on debt issued	–	1,690,099	–
Capital lease issued	1,824,796	–	–
Sale of capital assets	6,251,000	–	–
Transfers in	315,468	8,102,000	–
Transfers (out)	(8,373,693)	–	–
Total other financing sources (uses)	<u>17,571</u>	<u>33,946,234</u>	<u>300,865</u>
Net change in fund balances	4,790,850	(13,645,317)	(149,906)
Fund balances			
Beginning of year, as previously reported	25,968,150	32,549,669	2,833,280
Change in accounting principle	1,187,960	–	–
Beginning of year, as restated	<u>27,156,110</u>	<u>32,549,669</u>	<u>2,833,280</u>
End of year	<u>\$ 31,946,960</u>	<u>\$ 18,904,352</u>	<u>\$ 2,683,374</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 1,536,443	\$ 72,813,330	\$ 68,770,016
–	2,197,147	2,770,330
11,776,938	16,918,525	18,202,110
1,154,555	107,226,242	101,283,833
<u>1,710,570</u>	<u>5,924,132</u>	<u>4,609,793</u>
16,178,506	205,079,376	195,636,082
–	5,067,908	4,785,410
–	6,694,187	5,445,961
–	81,936,301	76,186,117
–	3,272,414	3,043,470
–	21,779,719	20,099,837
–	19,718,543	16,158,133
–	15,049,233	14,067,489
–	14,028,350	14,265,340
–	539,743	541,321
6,657,150	6,657,150	6,737,168
11,322,610	11,322,610	11,073,210
160,873	47,880,501	40,253,946
–	7,992,578	6,547,836
–	8,371,309	7,937,194
<u>18,140,633</u>	<u>250,310,546</u>	<u>227,142,432</u>
(1,962,127)	(45,231,170)	(31,506,350)
–	7,455,000	–
–	17,000,000	–
–	1,690,099	–
–	1,824,796	537,500
–	6,251,000	–
249,545	8,667,013	2,042,900
–	(8,373,693)	(2,042,900)
<u>249,545</u>	<u>34,514,215</u>	<u>537,500</u>
(1,712,582)	(10,716,955)	(30,968,850)
2,567,529	63,918,628	94,887,478
–	1,187,960	–
<u>2,567,529</u>	<u>65,106,588</u>	<u>94,887,478</u>
<u>\$ 854,947</u>	<u>\$ 54,389,633</u>	<u>\$ 63,918,628</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ (10,716,955)	\$ (30,968,850)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	34,446,498	36,337,427
Depreciation expense	(8,209,331)	(7,900,803)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(6,251,000)	(756)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(7,455,000)	–
Certificates of participation payable	(17,000,000)	–
Capital leases payable	(1,824,796)	(537,500)
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.		
	1,232,175	399,039
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,315,000	4,280,000
Certificates of participation payable	635,000	775,000
Capital leases payable	2,042,578	1,492,836
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.		
	(426,643)	(37,537)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(1,245,647)	418,112
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(6,394,198)	161,176,262
Net OPEB liability	(5,595,547)	(3,136,938)
Compensated absences payable	(89,148)	(1,478)
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 deferrals	(31,518,445)	(28,592,424)
Deferred outflows of resources – OPEB plan deferrals	2,235,735	757,171
Deferred inflows of resources – pension plan deferrals	27,922,143	(99,177,064)
Deferred inflows of resources – OPEB plan deferrals	337,921	(470,562)
Deferred inflows of resources – delinquent property taxes	17,846	(1,148)
Change in net position – governmental activities	<u>\$ (22,541,814)</u>	<u>\$ 34,810,787</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 58,975,486	\$ 58,975,486	\$ 58,852,589	\$ (122,897)
Investment earnings	1,200,000	1,200,000	1,619,758	419,758
Other	4,785,458	5,930,458	5,099,438	(831,020)
State sources	103,894,600	104,458,902	106,065,256	1,606,354
Federal sources	3,844,456	4,250,268	4,213,562	(36,706)
Total revenue	<u>172,700,000</u>	<u>174,815,114</u>	<u>175,850,603</u>	<u>1,035,489</u>
Expenditures				
Current				
Administration	5,069,613	5,021,133	5,067,908	46,775
District support services	5,596,835	6,173,832	6,694,187	520,355
Elementary and secondary regular instruction	78,921,059	82,993,335	81,936,301	(1,057,034)
Vocational education instruction	3,334,685	3,280,713	3,272,414	(8,299)
Special education instruction	22,272,854	22,756,631	21,779,719	(976,912)
Instructional support services	17,556,131	21,515,722	19,718,543	(1,797,179)
Pupil support services	15,861,933	15,310,494	15,049,233	(261,261)
Sites and buildings	13,261,994	15,087,619	14,028,350	(1,059,269)
Fiscal and other fixed cost programs	488,100	433,500	539,743	106,243
Debt service				
Principal	2,480,142	2,480,142	2,677,578	197,436
Interest and fiscal charges	618,747	618,747	313,348	(305,399)
Total expenditures	<u>165,462,093</u>	<u>175,671,868</u>	<u>171,077,324</u>	<u>(4,594,544)</u>
Excess (deficiency) of revenue over expenditures	7,237,907	(856,754)	4,773,279	5,630,033
Other financing sources (uses)				
Capital lease issued	–	1,824,796	1,824,796	–
Sale of assets	–	6,251,000	6,251,000	–
Transfer in	–	899,176	315,468	(583,708)
Transfers (out)	(8,102,000)	(8,102,000)	(8,373,693)	(271,693)
Total other financing sources (uses)	<u>(8,102,000)</u>	<u>872,972</u>	<u>17,571</u>	<u>(855,401)</u>
Net change in fund balances	<u>\$ (864,093)</u>	<u>\$ 16,218</u>	<u>4,790,850</u>	<u>\$ 4,774,632</u>
Fund balances				
Beginning of year, as previously reported			25,968,150	
Change in accounting principle			<u>1,187,960</u>	
Beginning of year, as restated			<u>27,156,110</u>	
End of year			<u>\$ 31,946,960</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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 cash equivalents	\$ 444,702	\$ 3,837
Investments	8,584,717	8,305,625
Due from other funds	1,624,796	1,458,699
Total current assets	<u>10,654,215</u>	<u>9,768,161</u>
Deferred outflows of resources		
Pension plan deferments	306,783	273,181
Liabilities		
Current liabilities		
Accounts and contracts payable	61	7,719
Claims incurred, but not reported	2,003,779	2,003,779
Severance benefits payable	355,173	310,261
Total current liabilities	<u>2,359,013</u>	<u>2,321,759</u>
Long-term liabilities		
Severance benefits payable	2,376,323	2,613,979
Total pension liability	4,484,577	4,582,297
Total long-term liabilities	<u>6,860,900</u>	<u>7,196,276</u>
Total liabilities	9,219,913	9,518,035
Deferred inflows of resources		
Pension plan deferments	71,981	86,378
Net position		
Unrestricted	<u>\$ 1,669,104</u>	<u>\$ 436,929</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 19,431,294	\$ 18,633,367
Operating expenses		
Dental benefit claims	1,319,164	1,432,895
Health benefit claims	15,814,054	18,220,640
Early retirement incentive and sick leave benefits	1,051,673	2,037,115
Total operating expenses	<u>18,184,891</u>	<u>21,690,650</u>
Operating income (loss)	1,246,403	(3,057,283)
Nonoperating revenue		
Investment earnings	<u>279,092</u>	<u>421,012</u>
Income (loss) before transfers and special item	1,525,495	(2,636,271)
Transfers in	22,148	908,207
Transfers (out)	(315,468)	(908,207)
Special item	<u>—</u>	<u>3,035,310</u>
Change in net position	1,232,175	399,039
Net position		
Beginning of year	<u>436,929</u>	<u>37,890</u>
End of year	<u>\$ 1,669,104</u>	<u>\$ 436,929</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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		
Charges for services	\$ 19,265,197	\$ 18,486,879
Payments for health and dental claims	(17,140,876)	(19,409,468)
Payments for retirement benefits	<u>(1,390,136)</u>	<u>(1,938,028)</u>
Net cash flows from operating activities	734,185	(2,860,617)
Cash flows from noncapital financing activities		
Cash paid to other funds	–	(17,292,359)
Purchase of investments	(1,701,767)	–
Sale of investments	1,701,767	20,156,813
Transfers in	22,148	908,207
Transfers (out)	<u>(315,468)</u>	<u>(908,207)</u>
Net cash flows from noncapital financing activities	<u>(293,320)</u>	<u>2,864,454</u>
Net change in cash and cash equivalents	440,865	3,837
Cash and cash equivalents		
Beginning of year	<u>3,837</u>	<u>–</u>
End of year	<u>\$ 444,702</u>	<u>\$ 3,837</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 1,246,403	\$ (3,057,283)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets		
Due from other funds	(166,097)	(146,488)
Prepaid items	–	3,500
Deferred outflows of resources – pension plan deferments	(33,602)	(273,181)
Changes in liabilities and deferred inflows		
Accounts and contracts payable	(7,658)	568
Claims incurred, but not reported	–	239,999
Severance benefits payable	(192,744)	147,013
Total pension liability	(97,720)	239,652
Deferred inflows of resources – pension plan deferments	<u>(14,397)</u>	<u>(14,397)</u>
Net cash flows from operating activities	<u>\$ 734,185</u>	<u>\$ (2,860,617)</u>
Noncash from operating activities		
Special item	<u>\$ –</u>	<u>\$ 3,035,310</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Fiduciary Net Position
as of June 30, 2020

	<u>Post-Employment Benefits Trust Fund</u>
Assets	
Investments held by trustee, at fair value	
Mutual funds	\$ 33,137,303
Liabilities	
Current liabilities	
Due to other funds	<u>300,000</u>
Net position	
Held in trust for employee benefits	<u><u>\$ 32,837,303</u></u>

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

	<u>Post-Employment Benefits Trust Fund</u>
Additions	
Investment earnings	
Total investment earnings	\$ 2,026,350
Less investment expense	<u>110,785</u>
Net investment earnings	1,915,565
Deductions	
Benefits to plan members	<u>1,600,000</u>
Change in net position	315,565
Net position	
Beginning of year	<u>32,521,738</u>
End of year	<u><u>\$ 32,837,303</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Basic Financial Statements
Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 284 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. 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 the 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.

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 debt is considered an indirect expense and is reported separately on the Statement of Activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, 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. 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. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service funds are charges to customers (other district funds) for service. 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.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs.

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District has established two internal service funds to account for the District’s liabilities for self-insured benefits and early retirement benefits.

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund other post-employment benefits (OPEB) for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

F. Use of Estimates

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

G. 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. Bond proceeds recorded in the Capital Projects – Building Construction Fund and all trust fund investments are not pooled, and earnings on these proceeds are allocated directly to those funds.

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

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 equivalent. 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 investments in external investment pools, which are stated at amortized cost, and investments in life insurance contracts, which are reported at the cash surrender value. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

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)

H. Receivables

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

At June 30, 2020, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 10,425,087
Due from other Minnesota school districts	87,390
Due from Hennepin County	<u>91,610</u>
Total due from other governmental units	<u>\$ 10,604,087</u>

I. Inventories

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

J. 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.

K. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,133,263 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2019–2020. The remaining portion of the taxes collectible in 2020 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital 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 for equipment and \$20,000 or more for construction and improvements, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purpose 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 improvements and 5 to 15 years for equipment and vehicles. Land and construction in progress are not depreciated.

The District does not possess 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.

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. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

N. Employee Benefits

- 1. Compensated Absences** – Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy 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.
- 2. Severance Benefits** – The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance payable is recorded as a liability in the government-wide financial statements, as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. **Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year’s salary. See the Defined Benefit Pension Plan – District note for further information.
4. **Other Post-Employment Benefits (OPEB) Plan** – For purposes of measuring the net OPEB 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 money market investments and certain investments that have a maturity at the time of purchase of one year or less, which may be reported at amortized cost. See the Other Post-Employment Benefits (OPEB) Plan note for further information.
5. **State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and the 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.

O. Risk Management and Self-Insurance

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 1,763,780	\$ 18,032,283	\$ 17,792,284	\$ 2,003,779
2020	\$ 2,003,779	\$ 16,205,987	\$ 16,205,987	\$ 2,003,779

P. Deferred Outflows/Inflows of Resources

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

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

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)

Q. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of 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 Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

R. Fund Balance Classifications

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Prior Period Comparative Financial Information/Reclassification

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

T. Restricted Assets

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

U. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for the extracurricular student activity funds in the General Fund and its governmental activities, rather than as a separate reporting entity as it has in the past. The District also previously presented a trust fund for scholarship activity, which has also been combined into the General Fund and its governmental activities, with the implementation of this new standard. This standard required retroactive implementation, which resulted in the restatement of fund balance in the General Fund and net position of governmental activities as of June 30, 2019. The restatement resulted in an increase in fund balance and net position of \$1,187,960 as of July 1, 2019.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 446,477
Investments	<u>136,327,001</u>
Total	<u>\$ 136,773,478</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 99,792,462
Cash and investments held by trustee	150,505
Restricted assets – temporarily restricted	
Cash and investments for capital asset acquisition	3,393,208
Cash and investments for debt service	300,000
Statement of Fiduciary Net Position	
Investments held by trustee	
Post-Employment Benefits Trust Fund	<u>33,137,303</u>
Total	<u>\$ 136,773,478</u>

B. Deposits

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

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

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

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 \$446,477, while the balance on the bank records was \$408,475. At June 30, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value	Interest Risk –	Total
	Rating	Agency	Measurements Using	Maturity Duration	
Life insurance contracts	Not Rated		N/A	N/A	\$ 32,615,642
Investment pools/mutual funds					
First American Government Obligation Fund	AAA	S&P	Level 1	N/A	4,351,566
Mutual funds – fixed income	Not Rated		Level 1	N/A	13,539,457
Mutual funds – equities	Not Rated		Level 1	N/A	18,939,488
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	N/A	6,217,327
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	60,663,521
Total investments					<u>\$ 136,327,001</u>

N/A – Not Applicable

Investments in life insurance contracts are reported at cash surrender value and are not subject to fair value reporting standards.

The MNTrust Investment Shares Portfolio and Minnesota School District Liquid Asset Fund (MSDLAF) are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. 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 an amortized cost method that approximates fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, there is no redemption notice for the MNTrust investments or the MSDLAF Liquid Class, and the redemption notice period is 14 days for the MSDLAF MAX Class.

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

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 address interest rate risk; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 39,471,187	\$ –	\$ (6,251,000)	\$ –	\$ 33,220,187
Construction in progress	29,423,450	34,072,694	–	(27,752,003)	35,744,141
Total capital assets, not depreciated	<u>68,894,637</u>	<u>34,072,694</u>	<u>(6,251,000)</u>	<u>(27,752,003)</u>	<u>68,964,328</u>
Capital assets, depreciated					
Land improvements	9,687,055	–	–	–	9,687,055
Buildings and improvements	273,395,252	–	–	27,752,003	301,147,255
Equipment and transportation vehicles	13,265,288	328,443	–	–	13,593,731
Food service equipment	1,140,612	45,361	–	–	1,185,973
Total capital assets, depreciated	<u>297,488,207</u>	<u>373,804</u>	<u>–</u>	<u>27,752,003</u>	<u>325,614,014</u>
Less accumulated depreciation for					
Land improvements	(7,899,889)	(257,098)	–	–	(8,156,987)
Buildings and improvements	(105,712,589)	(7,597,737)	–	–	(113,310,326)
Equipment and transportation vehicles	(11,554,019)	(306,156)	–	–	(11,860,175)
Food service equipment	(782,405)	(48,340)	–	–	(830,745)
Total accumulated depreciation	<u>(125,948,902)</u>	<u>(8,209,331)</u>	<u>–</u>	<u>–</u>	<u>(134,158,233)</u>
Net capital assets, depreciated	<u>171,539,305</u>	<u>(7,835,527)</u>	<u>–</u>	<u>27,752,003</u>	<u>191,455,781</u>
Total capital assets, net	<u>\$ 240,433,942</u>	<u>\$ 26,237,167</u>	<u>\$ (6,251,000)</u>	<u>\$ –</u>	<u>\$ 260,420,109</u>

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

Administration	\$ 13,873
Elementary and secondary regular instruction	4,299,786
Instructional support services	90,953
Sites and buildings	3,761,356
Food service	43,363
Total depreciation expense	<u>\$ 8,209,331</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
Alternative facilities bonds	05/02/2012	2.00–3.00%	\$ 15,800,000	02/01/2024	\$ 11,025,000
School building bonds	05/22/2014	1.50–4.00%	\$ 109,645,000	02/01/2035	107,105,000
Alternative facilities bonds	05/22/2014	3.00–4.00%	\$ 27,160,000	02/01/2036	27,160,000
School building bonds	02/15/2018	3.00–5.00%	\$ 66,895,000	02/01/2038	65,275,000
Tax abatement bonds	11/07/2019	2.00–4.00%	\$ 7,455,000	02/01/2035	7,455,000
Total general obligation bonds payable					<u>\$ 218,020,000</u>

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

B. Certificates of Participation Payable

The District currently has the following certificates of participation payable outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2013A Certificates of Participation	02/27/2013	2.00–2.60%	\$ 9,980,000	10/01/2027	\$ 5,590,000
2019B Certificates of Participation	11/14/2019	2.25–4.00%	\$ 17,000,000	02/01/2040	17,000,000
Total certificates of participation payable					<u>\$ 22,590,000</u>

These certificates of participation were issued to finance construction of capital facilities. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on these certificates. These certificates of participation are being paid by the General Fund.

C. Capital Leases Payable

On October 26, 2012, the District entered into a master lease purchase agreement with Apple, Inc. for iPads. The District acquires equipment from time to time under this master agreement as needed. Each lease schedule added under this master lease agreement adds equipment to the lease and carries its own lease term and payment schedule. The lease schedules have interest rates ranging from 0.89–1.69 percent and mature in fiscal year 2022. Upon payment in full of all scheduled lease payments, the lessor's (Apple, Inc.'s) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The assets acquired through this capital lease were not capitalized, as individual asset amounts do not meet the capitalization threshold requirements. The General Fund will be used to liquidate this liability. In the event of default, lessor may do any of the following: a) provide written notice to lessee of the event of default; b) declare due and payable any and all amounts which may then be due and payable under the lease, plus all lease payments remaining through the end of the then current fiscal period; c) with or without terminating the lease term under such lease, i) enter the premises where the equipment is located and retake possession of such equipment or require lessee at lessee's expense to promptly return any or all of such equipment to the possession of lessor and ii) at lessee's expense, sell or lease such equipment, or sublease such equipment continuing to hold lessee liable for the difference between the lease payment payable by lessee and net proceeds or any such sale, lease or sublease.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The District entered into a capital lease agreement to finance the construction of a turf field. The lease has an effective interest rate of 2.28 percent and calls for annual principal and interest payments through February 1, 2026. The leased assets were recorded in buildings and improvements at \$3,986,000, and total accumulated depreciation on these assets at June 30, 2020 was \$697,550. The lease is being paid through the General Fund.

The District entered into a capital lease agreement to finance the construction of a building addition to Meadow Ridge Elementary School. The lease has an effective interest rate of 2.24 percent and calls for semiannual principal and interest payments through April 1, 2032. The leased assets were recorded in buildings and improvements at \$5,030,000, and total accumulated depreciation on these assets at June 30, 2020 was \$251,500. The lease is being paid through the General Fund.

The District entered into a capital lease agreement to finance the purchase of a web filter. This lease has an effective interest rate of 4.27 percent and calls for annual principal and interest payments through July 15, 2020. The leased assets were recorded in equipment at \$143,550, and total accumulated depreciation on these assets at June 30, 2020 was \$71,775. The lease is being paid through the General Fund.

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.

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

<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>
Defined benefit plans				
State-wide, multiple-employer – PERA	\$ 20,384,597	\$ 2,794,350	\$ 3,808,378	\$ 2,550,029
State-wide, multiple-employer – TRA	82,824,029	78,610,658	110,317,885	16,410,531
Single-employer – District	4,484,577	306,783	71,981	417,691
Defined contribution plan				
Single-employer – District	–	–	–	214,068
Total	<u>\$ 107,693,203</u>	<u>\$ 81,711,791</u>	<u>\$ 114,198,244</u>	<u>\$ 19,592,319</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. 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	\$ 6,445,000	\$ 7,733,262	\$ 1,130,000	\$ 778,561	\$ 1,312,632	\$ 159,897
2022	7,560,000	7,453,719	1,280,000	629,626	1,334,145	138,384
2023	8,645,000	7,180,219	1,320,000	591,476	742,410	116,456
2024	9,805,000	6,870,769	1,360,000	551,681	759,300	99,566
2025	10,985,000	6,559,819	1,400,000	509,881	776,575	82,291
2026–2030	65,125,000	26,178,294	6,140,000	1,882,581	2,281,590	211,780
2031–2035	77,640,000	13,450,513	4,670,000	1,045,256	794,873	22,380
2036–2040	31,815,000	2,049,750	5,290,000	426,944	–	–
	<u>\$ 218,020,000</u>	<u>\$ 77,476,345</u>	<u>\$ 22,590,000</u>	<u>\$ 6,416,006</u>	<u>\$ 8,001,525</u>	<u>\$ 830,754</u>

F. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable	\$ 215,880,000	\$ 7,455,000	\$ 5,315,000	\$ 218,020,000	\$ 6,445,000
Certificates of participation payable	6,225,000	17,000,000	635,000	22,590,000	1,130,000
Unamortized premium	5,790,352	1,690,099	444,452	7,035,999	–
Total bonds payable	<u>227,895,352</u>	<u>26,145,099</u>	<u>6,394,452</u>	<u>247,645,999</u>	<u>7,575,000</u>
Capital leases payable	8,219,307	1,824,796	2,042,578	8,001,525	1,312,632
Net pension liability	101,396,725	15,068,380	8,771,902	107,693,203	–
Net OPEB liability	11,889,082	7,261,101	1,665,554	17,484,629	–
Severance benefits payable	2,924,240	168,174	360,918	2,731,496	355,173
Compensated absences payable	693,690	1,408,888	1,319,740	782,838	782,838
	<u>\$ 353,018,396</u>	<u>\$ 51,876,438</u>	<u>\$ 20,555,144</u>	<u>\$ 384,339,690</u>	<u>\$ 10,025,643</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, 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 on the following page since the District has specific authority to future resources for such deficits.

NOTE 5 – FUND BALANCES (CONTINUED)

A. Classifications

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 158,933	\$ –	\$ –	\$ 137,471	\$ 296,404
Prepaid items	452,173	–	–	850	453,023
Total nonspendable	<u>611,106</u>	<u>–</u>	<u>–</u>	<u>138,321</u>	<u>749,427</u>
Restricted					
Scholarships	279,947	–	–	–	279,947
Staff development	561,290	–	–	–	561,290
Capital projects levy	1,357,564	–	–	–	1,357,564
Operating capital	4,043,930	–	–	–	4,043,930
Safe schools levy	191,570	–	–	–	191,570
Medical Assistance	341,472	–	–	–	341,472
Projects funded by COP	–	1,448,716	–	–	1,448,716
Capital projects	–	22,067,521	–	–	22,067,521
Debt service	–	–	2,683,374	–	2,683,374
Community education programs	–	–	–	649	649
Early childhood family education programs	–	–	–	357,530	357,530
School readiness	–	–	–	114,044	114,044
Community service	–	–	–	381,874	381,874
Total restricted	<u>6,775,773</u>	<u>23,516,237</u>	<u>2,683,374</u>	<u>854,097</u>	<u>33,829,481</u>
Assigned					
Local collaborative time study	248,832	–	–	–	248,832
Reemployment insurance	12,985	–	–	–	12,985
Site carryover	2,053,501	–	–	–	2,053,501
Q compensation	901	–	–	–	901
School opening costs	695,305	–	–	–	695,305
Workers’ compensation escrow	120,000	–	–	–	120,000
Post-employment obligations	2,156,636	–	–	–	2,156,636
Subsequent year budget	241,176	–	–	–	241,176
Total assigned	<u>5,529,336</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,529,336</u>
Unassigned					
Long-term facilities maintenance restricted account deficit	(421,471)	(4,611,885)	–	–	(5,033,356)
Unassigned	19,452,216	–	–	(137,471)	19,314,745
Total unassigned	<u>19,030,745</u>	<u>(4,611,885)</u>	<u>–</u>	<u>(137,471)</u>	<u>14,281,389</u>
Total	<u>\$ 31,946,960</u>	<u>\$ 18,904,352</u>	<u>\$ 2,683,374</u>	<u>\$ 854,947</u>	<u>\$ 54,389,633</u>

B. Minimum Unassigned Fund Balance Policy

The District’s adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of the previous year’s expenditures, increased to compensate for any negative balances in the Food Service Special Revenue Fund and/or Community Service Special Revenue Fund. If the unassigned fund balance for the General Fund falls below the projected minimum balance of 7.0 percent, the District’s administration will notify the School Board and present a plan to restore the fund balance to the acceptable level. At June 30, 2020, the unassigned fund balance of the General Fund, excluding restricted account deficits, was 11.4 percent of fiscal 2020 expenditures.

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 Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

NOTE 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 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2020, were \$2,090,441. 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 \$6,263,877. 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 \$20,384,597 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 0.3687 percent at the end of the measurement period and 0.3717 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 non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 20,384,597
State’s proportionate share of the net pension liability associated with the District	\$ 633,639

For the year ended June 30, 2020, the District recognized pension expense of \$2,502,575 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$47,454 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 564,640	\$ –
Changes in actuarial assumptions	–	1,604,891
Differences between projected and actual investment earnings	–	2,078,666
Changes in proportion	139,269	124,821
District’s contributions to the GERF subsequent to the measurement date	<u>2,090,441</u>	<u>–</u>
Total	<u>\$ 2,794,350</u>	<u>\$ 3,808,378</u>

A total of \$2,090,441 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ (1,055,413)
2022	\$ (1,628,742)
2023	\$ (453,166)
2024	\$ 32,852

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$82,824,029 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 1.2994 percent at the end of the measurement period and 1.2131 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	\$ 82,824,029
State’s proportionate share of the net pension liability associated with the District	\$ 7,329,713

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

For the year ended June 30, 2020, the District recognized pension expense of \$15,853,386. It also recognized \$557,145 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 1,896,260
Changes in actuarial assumptions	61,693,864	101,935,054
Difference between projected and actual investment earnings	–	6,313,363
Changes in proportion	10,652,917	173,208
District’s contributions to the TRA subsequent to the measurement date	<u>6,263,877</u>	<u>–</u>
Total	<u>\$ 78,610,658</u>	<u>\$ 110,317,885</u>

A total of \$6,263,877 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 4,951,736
2022	\$ 1,173,088
2023	\$ (26,434,343)
2024	\$ (18,411,457)
2025	\$ 749,872

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:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
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 GERP plan was completed in 2019. Economic assumptions were updated in 2018, based on a review of inflation and investment return assumptions. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

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

1. GERP

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

The Minnesota State Board of Investment, which manages the investments of the PERA 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:

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

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	\$ 33,511,180	\$ 20,384,597	\$ 9,545,993
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 132,041,754	\$ 82,824,029	\$ 42,244,741

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.

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

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 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible individuals and contract groups through its Defined Benefit Pension Plan, a single-employer defined benefit plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each two-year bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible full-time teachers with at least 20 years of in-district service (or 15 years with the District and 25 years of teaching in the state of Minnesota), hired before July 1, 1998 and at least Step 5, and at least 55 years of age, the District pays a pension benefit equal to 80 days' pay.

Specialists Pension Benefits – For eligible specialists with at least 20 years of in-district service (or 10 years in-district specialist capacity with a total of 20 years of in-district service, or 25 years of directly related service with 15 of the years in the District), hired before July 1, 2003, and at least 55 years of age, the District pays a benefit equal to 75 days' pay.

Secretaries and Paraprofessionals Pension Benefits – For eligible secretaries and paraprofessionals with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days' pay (or 100 days' pay for secretaries and paraprofessionals with 20 years of service).

Support Staff and Food Service Pension Benefits – For eligible support staff and food service employees with at least 20 years of in-district service and at least 55 years of age, the District pays a pension benefit equal to 75 days' pay for support staff and 100 days' pay for food service workers.

Custodians and Home Base Site Manager Pension Benefits – For eligible custodians with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age; and eligible Home Base site managers with at least 20 years of service (or 10 years in-district Home Base site manager capacity with a total of 20 years of in-district service, or 25 years of directly related service with 15 of the years in-district), hired before July 1, 2004, the District pays a pension benefit equal to 80 days' pay.

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

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. There are no invested plan assets accumulated for payment of future benefits. The operating funds are used for the funding of all pension/retirement benefits, which are accounted for in an Internal Service Fund. The District has not established a trust fund to finance these pension benefits.

C. Membership

Membership in the plan consisted of 488 active plan members as of the latest actuarial valuation.

D. Actuarial Methods and Assumptions

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

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

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

E. Discount Rate

The discount rate used to measure the total pension liability was 2.40 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The District discount rate used in the prior measurement date was 3.10 percent.

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2019	\$ 4,582,297
Changes for the year	
Service cost	241,804
Interest	140,881
Assumption changes	83,005
Benefit payments	<u>(563,410)</u>
Total net changes	<u>(97,720)</u>
Ending balance – June 30, 2020	<u>\$ 4,484,577</u>

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

Assumption changes since the prior measurement date include the following:

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	1.40%	2.40%	3.40%
Total pension liability	\$ 4,638,097	\$ 4,484,577	\$ 4,331,102

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

For the current year ended, the District recognized pension expense of \$417,691. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 192,049	\$ –
Changes in actuarial assumptions	<u>114,734</u>	<u>71,981</u>
Total	<u>\$ 306,783</u>	<u>\$ 71,981</u>

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

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 35,006
2022	\$ 35,006
2023	\$ 35,006
2024	\$ 35,006
2025	\$ 35,010
Thereafter	\$ 59,768

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN – DISTRICT

On July 1, 2015, the District established a single-employer defined contribution pension plan administered by the District. The plan is offered to all administrators. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. Annual employer contributions are equal to five percent of the eligible employees' annual salary as of June 30th of each year, paid annually for the 10 fiscal years prior to the employee reaching the eligibility requirements for retirement pay benefits as set forth in their respective contracts.

Employer contributions are payable within 60 days following June 30th of each of the 10 years the employee is eligible to receive the benefits, and are deposited into the Minnesota State Retirement System Healthcare Savings Plan and an IRC § 403(b) retirement account. All employer contributions are tax deferred until the time of withdrawal. At June 30, 2020, there were 26 active plan participants. The District has not established a trust fund to finance these pension benefits.

Total contributions made by the District during the fiscal year ended June 30, 2020 were \$214,068, which is equal to the required contributions and has been recognized as pension expense in the Early Retirement Accounts Internal Service Fund.

NOTE 9 – 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 for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District has established the Post-Employment Benefits Trust Fund to account for the assets of the plan and finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical 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. 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 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Contributions

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

D. Membership

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

Retirees and beneficiaries receiving benefits	227
Active plan members	<u>1,468</u>
Total members	<u><u>1,695</u></u>

E. Net OPEB Liability of the District

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

Total OPEB liability	\$ 50,321,932
Plan fiduciary net position	<u>(32,837,303)</u>
District’s net OPEB liability	<u><u>\$ 17,484,629</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>65.3%</u></u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.80%
Expected long-term investment return	4.00% (net of investment expenses)
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.25% in 2019, grading to 5.00% over 5 years
Dental trend rate	4.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The District’s policy regarding 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 ranges 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>
Domestic equity	39.00 %	4.90 %
International equity	21.00	4.80 %
Fixed income	36.00	3.00 %
Cash	4.00	0.80 %
Total	<u>100.00 %</u>	4.00 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 5.9 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 2.80 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 in the prior measurement date was 3.70 percent.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance – July 1, 2019	\$ 44,410,820	\$ 32,521,738	\$ 11,889,082
Changes for the year			
Service cost	3,223,065	–	3,223,065
Interest	1,731,921	–	1,731,921
Assumption changes	2,621,680	–	2,621,680
Contributions – paid through operating funds	–	65,554	(65,554)
Projected investment return	–	1,290,620	(1,290,620)
Difference between expected and actual experience	–	624,945	(624,945)
Benefit payments – paid through trust	(1,600,000)	(1,600,000)	–
Benefit payments – paid through operating funds	(65,554)	(65,554)	–
Total net changes	<u>5,911,112</u>	<u>315,565</u>	<u>5,595,547</u>
Ending balance – June 30, 2020	<u>\$ 50,321,932</u>	<u>\$ 32,837,303</u>	<u>\$ 17,484,629</u>

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 5.10 percent to 4.00 percent.
- The discount rate was changed from 3.70 percent to 2.80 percent.

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	1.80%	2.80%	3.80%
Net OPEB liability	\$ 21,075,230	\$ 17,484,629	\$ 14,064,080

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB medical trend rate	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	\$ 13,848,601	\$ 17,484,629	\$ 21,698,654

NOTE 9 – 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 OPEB expense of \$3,087,445. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 784,085
Changes in actuarial assumptions	2,992,906	803,214
Differences between projected and actual investment earnings	–	1,412,484
Total	<u>\$ 2,992,906</u>	<u>\$ 2,999,783</u>

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

Year Ending June 30,	OPEB Expense Amount
2021	\$ (576,918)
2022	\$ (245,398)
2023	\$ (44,990)
2024	\$ 15,074
2025	\$ 140,063
Thereafter	\$ 705,292

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

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

All assets of the Plan are held in the District’s general checking account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a timely basis and are accounted for primarily in the District’s Self-Insurance Accounts Internal Service Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

NOTE 10 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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

NOTE 11 – INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

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

	Due From Other Funds	Due To Other Funds
General Fund	\$ 385,582	\$ 1,624,796
Nonmajor Funds	–	85,582
Internal Service Fund	1,624,796	–
Post-Employment Benefits Trust Fund	–	300,000
	<u>\$ 2,010,378</u>	<u>\$ 2,010,378</u>

As of June 30, 2020, the District had an interfund receivable in the General Fund of \$300,000 due from the Post-Employment Benefits Trust Fund to reimburse post-employment benefit costs.

As of June 30, 2020, the District had an interfund receivable in the General Fund of \$85,582 due from the Food Service Special Revenue Fund to eliminate temporary cash balance deficits.

As of June 30, 2020, the District’s Internal Service Fund had an interfund receivable of \$1,624,796 due from the General Fund for medical and dental insurance premiums.

Such interfund balances are reported in the fund financial statements but are eliminated as necessary in the government-wide financial statements.

B. Interfund Transfers

	Transfers In					
	Governmental Funds			Proprietary Funds		
Transfers Out	General Fund	Capital Projects – Building Construction Fund	Nonmajor Funds	Internal Service Fund	Total	
Governmental funds						
General Fund	\$ –	\$ 8,102,000	\$ 249,545	\$ 22,148	\$ 8,373,693	
Proprietary funds						
Internal Service Fund	315,468	–	–	–	315,468	
Total	<u>\$ 315,468</u>	<u>\$ 8,102,000</u>	<u>\$ 249,545</u>	<u>\$ 22,148</u>	<u>\$ 8,689,161</u>	

The General Fund transferred \$8,102,000 to the Capital Projects – Building Construction Fund to allocate revenues levied by the General Fund required to be expended by the Capital Projects – Building Construction Fund.

The General Fund also transferred \$249,545 to the Food Service Special Revenue Fund to eliminate a year-end fund balance deficit.

NOTE 11 – INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

The General Fund also transferred \$22,148 to the Self-Insurance Internal Service Fund to allocate additional resources to the fund.

The Early Retirement Internal Service Fund transferred \$315,468 to the General Fund to allocate district contributions to the appropriate fund.

Such interfund transfers are reported in the fund financial statements but are eliminated in the government-wide financial statements.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The District is obligated under several operating leases for buildings and office and other equipment. Annual minimum lease payments for the operating leases are as follows:

Year Ending June 30,	Amount
2021	\$ 409,222
2022	300,988
2023	192,333
2024	164,991
2025	14,162
	<u>\$ 1,081,696</u>

Expenditures under the operating leases for the year ended June 30, 2020 were \$417,963.

B. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Federal and State Revenues

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 agency cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

D. Construction Contracts

At June 30, 2020, the District had commitments totaling \$13,429,283 under various construction contracts for which the work was not yet completed.

NOTE 13 – SUBSEQUENT EVENTS

A. General Obligation Bonds

In November 2020, the District issued \$8,340,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2020A. The bonds bear a true interest cost of 0.39 percent.

B. Land Acquisition

In July 2020, the District approved the purchase of certain real property at a purchase price of \$2,500,000.

C. Capital Lease

In July 2020, the District entered into a capital lease for technology equipment totaling \$1,350,145 with an interest rate of zero percent and payments over three years. The lease matures in July 2022.

D. 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. 284

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's 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	0.4010%	\$ 18,836,971	\$ -	\$ 18,836,971	\$ 21,580,149	87.29%	78.70%
06/30/2016	06/30/2015	0.3690%	\$ 19,123,495	\$ -	\$ 19,123,495	\$ 21,662,426	88.28%	78.20%
06/30/2017	06/30/2016	0.3669%	\$ 29,790,460	\$ 388,978	\$ 30,179,438	\$ 22,576,588	131.95%	68.90%
06/30/2018	06/30/2017	0.3681%	\$ 23,499,261	\$ 295,505	\$ 23,794,766	\$ 23,723,555	99.05%	75.90%
06/30/2019	06/30/2018	0.3717%	\$ 20,620,393	\$ 676,399	\$ 21,296,792	\$ 24,982,890	82.54%	79.50%
06/30/2020	06/30/2019	0.3687%	\$ 20,384,597	\$ 633,639	\$ 21,018,236	\$ 26,067,142	78.20%	80.20%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,591,536	\$ 1,591,536	\$ -	\$ 21,662,426	7.35%
06/30/2016	\$ 1,693,427	\$ 1,693,427	\$ -	\$ 22,576,588	7.50%
06/30/2017	\$ 1,778,667	\$ 1,778,667	\$ -	\$ 23,723,555	7.50%
06/30/2018	\$ 1,874,024	\$ 1,874,024	\$ -	\$ 24,982,890	7.50%
06/30/2019	\$ 1,957,080	\$ 1,957,080	\$ -	\$ 26,067,142	7.51%
06/30/2020	\$ 2,090,441	\$ 2,090,441	\$ -	\$ 27,873,561	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. 284

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2442%	\$ 57,331,835	\$ 4,033,134	\$ 61,364,969	\$ 59,468,413	96.41%	81.50%
06/30/2016	06/30/2015	1.1745%	\$ 72,654,441	\$ 8,912,006	\$ 81,566,447	\$ 59,480,901	122.15%	76.80%
06/30/2017	06/30/2016	1.1661%	\$ 278,142,672	\$ 27,917,266	\$ 306,059,938	\$ 60,632,426	458.74%	44.88%
06/30/2018	06/30/2017	1.1747%	\$ 234,491,429	\$ 22,668,335	\$ 257,159,764	\$ 63,155,618	371.29%	51.57%
06/30/2019	06/30/2018	1.2131%	\$ 76,194,035	\$ 7,158,801	\$ 83,352,836	\$ 66,998,054	113.73%	78.07%
06/30/2020	06/30/2019	1.2994%	\$ 82,824,029	\$ 7,329,713	\$ 90,153,742	\$ 73,710,617	112.36%	78.21%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 4,460,131	\$ 4,460,131	\$ -	\$ 59,480,901	7.50%
06/30/2016	\$ 4,549,049	\$ 4,549,049	\$ -	\$ 60,632,426	7.50%
06/30/2017	\$ 4,742,705	\$ 4,742,705	\$ -	\$ 63,155,618	7.51%
06/30/2018	\$ 5,026,531	\$ 5,026,531	\$ -	\$ 66,998,054	7.50%
06/30/2019	\$ 5,687,795	\$ 5,687,795	\$ -	\$ 73,710,617	7.72%
06/30/2020	\$ 6,263,877	\$ 6,263,877	\$ -	\$ 79,018,615	7.93%

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. 284

Defined Benefit Pension Plan
 Schedule of Changes in the District's Total
 Pension Liability and Related Ratios
 Year Ended June 30, 2020

	District Fiscal Year-End Date			
	2017	2018	2019	2020
Total pension liability				
Service cost	\$ 252,269	\$ 235,778	\$ 211,666	\$ 241,804
Interest	177,900	178,321	211,234	140,881
Assumption changes	-	(115,172)	56,141	83,005
Plan changes	-	-	(1,726,541)	-
Difference between expected and actual experience	-	-	256,067	-
Benefit payments	(512,772)	(283,900)	(495,456)	(563,410)
Net change in total pension liability	(82,603)	15,027	(1,486,889)	(97,720)
Total pension liability – beginning of year	6,136,762	6,054,159	6,069,186	4,582,297
Total pension liability – end of year	<u>\$ 6,054,159</u>	<u>\$ 6,069,186</u>	<u>\$ 4,582,297</u>	<u>\$ 4,484,577</u>
Covered-employee payroll	<u>\$ 28,004,800</u>	<u>\$ 28,844,944</u>	<u>\$ 19,728,311</u>	<u>\$ 20,320,160</u>
Total pension liability as a percentage of covered-employee payroll	<u>21.62%</u>	<u>21.04%</u>	<u>23.23%</u>	<u>22.07%</u>

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

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	District Fiscal Year-End Date			
	2017	2018	2019	2020
Total OPEB liability				
Service cost	\$ 2,551,063	\$ 2,390,402	\$ 2,693,689	\$ 3,223,065
Interest	1,454,492	1,513,499	1,677,230	1,731,921
Assumption changes	–	(1,204,821)	851,818	2,621,680
Plan changes	–	(1,097,125)	871,345	–
Difference between expected and actual experience	–	–	(1,008,111)	–
Benefit payments	(1,993,798)	(2,327,031)	(1,956,000)	(1,665,554)
Net change in total OPEB liability	2,011,757	(725,076)	3,129,971	5,911,112
Total OPEB liability – beginning of year	39,994,168	42,005,925	41,280,849	44,410,820
Total OPEB liability – end of year	42,005,925	41,280,849	44,410,820	50,321,932
Plan fiduciary net position				
Contributions – employer	293,798	27,031	–	65,554
Projected investment earnings	1,366,041	1,456,650	1,648,705	1,290,620
Difference between expected and actual experience	1,657,592	1,002,046	300,328	624,945
Benefit payments	(1,993,798)	(2,327,031)	(1,956,000)	(1,665,554)
Net change in plan fiduciary net position	1,323,633	158,696	(6,967)	315,565
Plan fiduciary net position – beginning of year	31,046,376	32,370,009	32,528,705	32,521,738
Plan fiduciary net position – end of year	32,370,009	32,528,705	32,521,738	32,837,303
Net OPEB liability	\$ 9,635,916	\$ 8,752,144	\$ 11,889,082	\$ 17,484,629
Fiduciary net position as a percentage of the total OPEB liability	77.06%	78.80%	73.23%	65.25%
Covered-employee payroll	\$ 82,333,402	\$ 84,803,404	\$ 91,067,372	\$ 93,799,393
Net OPEB liability as a percentage of covered-employee payroll	11.70%	10.32%	13.06%	18.64%

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.

INDEPENDENT SCHOOL DISTRICT NO. 284

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	9.7%
2018	7.6%
2019	6.0%
2020	5.9%

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.

INDEPENDENT SCHOOL DISTRICT NO. 284

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. 284

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. 284

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. 284

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

PENSION BENEFITS PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, paraprofessionals, secretaries, and support staff. Only employees hired before this date are eligible for GASB 73 benefits.
- Secretaries and paraprofessionals with 15 years of service no longer need to retire by June 30, 2018 in order to receive a GASB 73 benefit.
- GASB 73 benefits were only valued for teachers who attained Step 5 or greater by July 1, 1998. Previously, all teachers hired by July 1, 1998 were assumed to receive a GASB 73 benefit.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.10 percent to 4.00 percent.
- The discount rate was changed from 3.70 percent to 2.80 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 4.50 percent to 5.10 percent.
- The discount rate was changed from 3.90 percent to 3.70 percent.

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, Home Base site managers, paraprofessionals, secretaries, specialists, and support staff. Only employees hired before this date are eligible for GASB 75 post-employment subsidies.
- The teachers' limits on post-employment medical subsidies were increased from \$920 to \$980 per month for employees and an additional increase of \$490 to \$540 per month for spouses.
- Post-employment subsidies were changed for Home Base site managers, specialists, and support staff. They now receive \$1,000 per month toward medical insurance and up to \$120 per month toward dental insurance (with the exception of Home Base site managers who will receive full single dental premiums while retired) payable from retirement until age 65, but calculated at retirement and paid as a lump sum to a Healthcare Savings Plan.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 4.40 percent to 4.50 percent.
- The discount rate was changed from 3.50 percent to 3.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2018 CHANGES IN PLAN PROVISIONS

- A hire by date of July 30, 2018 was added in order to be eligible for post-employment medical, dental, and life insurance subsidies for administrators, executive directors, and principals.
- For administrators, executive directors, and principals, the District's post-employment medical contributions were changed to equal \$1,000 per month payable from retirement until age 65. The District's post-employment dental contributions were changed to equal the full employee and spouse premiums but limited to \$120 per month. These subsidies will be calculated at retirement and will be paid as lump sums to a Healthcare Savings Plan within 60 days of retirement.
- The post-employment life insurance premium subsidies were updated to equal full salary at retirement payable until age 70 and \$25,000 thereafter for the administrators, executive directors, and principals.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 6.00 percent to 3.50 percent.
- The percentage of future retirees who are assumed to continue on one of the District's medical plans post-employment was reduced from 50.00 percent to 10.00 percent for part-time custodians, food service employees, and paraprofessionals.

SUPPLEMENTAL INFORMATION

GOVERNMENTAL FUNDS

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category for the District includes the General Fund, Capital Projects – Building Construction Fund, Debt Service Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

The statements and schedules that follow are to provide further detail and support additional analysis for the District’s major and nonmajor governmental funds.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ -	\$ 2,057,080	\$ 2,057,080
Receivables			
Current taxes	-	965,284	965,284
Delinquent taxes	-	9,848	9,848
Accounts and interest	1,179	2,299	3,478
Due from other governmental units	405,514	114,390	519,904
Inventory	137,471	-	137,471
Prepaid items	-	850	850
	<u>544,164</u>	<u>3,149,751</u>	<u>3,693,915</u>
Total assets	\$ 544,164	\$ 3,149,751	\$ 3,693,915
Liabilities			
Salaries payable	\$ 16,706	\$ 193,783	\$ 210,489
Accounts and contracts payable	23,676	46,329	70,005
Due to other funds	85,582	-	85,582
Unearned revenue	418,200	157,682	575,882
Total liabilities	544,164	397,794	941,958
Deferred inflows of resources			
Property taxes levied for subsequent year	-	1,888,677	1,888,677
Unavailable revenue – delinquent taxes	-	8,333	8,333
Total deferred inflows of resources	-	1,897,010	1,897,010
Fund balances			
Nonspendable for inventory	137,471	-	137,471
Nonspendable for prepaid items	-	850	850
Restricted	-	854,097	854,097
Unassigned	(137,471)	-	(137,471)
Total fund balances	-	854,947	854,947
	<u>544,164</u>	<u>3,149,751</u>	<u>3,693,915</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 544,164	\$ 3,149,751	\$ 3,693,915

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ -	\$ 1,536,443	\$ 1,536,443
Other	4,000,966	7,775,972	11,776,938
State sources	184,168	970,387	1,154,555
Federal sources	1,710,570	-	1,710,570
Total revenue	<u>5,895,704</u>	<u>10,282,802</u>	<u>16,178,506</u>
Expenditures			
Current			
Food service	6,657,150	-	6,657,150
Community service	-	11,322,610	11,322,610
Capital outlay	73,110	87,763	160,873
Total expenditures	<u>6,730,260</u>	<u>11,410,373</u>	<u>18,140,633</u>
Excess (deficiency) of revenue over expenditures	(834,556)	(1,127,571)	(1,962,127)
Other financing sources			
Transfers in	249,545	-	249,545
Net change in fund balances	(585,011)	(1,127,571)	(1,712,582)
Fund balances			
Beginning of year	<u>585,011</u>	<u>1,982,518</u>	<u>2,567,529</u>
End of year	<u>\$ -</u>	<u>\$ 854,947</u>	<u>\$ 854,947</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2020	2019
Assets		
Cash and temporary investments	\$ 55,246,328	\$ 44,448,547
Cash and investments held by trustee	120,000	356,046
Receivables		
Current taxes	32,336,857	29,036,938
Delinquent taxes	377,600	286,940
Accounts and interest	203,793	117,396
Due from other governmental units	10,083,540	11,772,392
Due from other funds	385,582	356,000
Inventory	158,933	155,912
Prepaid items	452,173	160,487
Total assets	\$ 99,364,806	\$ 86,690,658
Liabilities		
Salaries payable	\$ 244,722	\$ 346,205
Accounts and contracts payable	5,699,919	3,117,689
Due to other governmental units	335,140	839,540
Due to other funds	1,624,796	1,458,699
Unearned revenue	58,343	103,420
Total liabilities	7,962,920	5,865,553
Deferred inflows of resources		
Property taxes levied for subsequent year	59,136,907	54,552,640
Unavailable revenue – delinquent taxes	318,019	304,315
Total deferred inflows of resources	59,454,926	54,856,955
Fund balances (deficits)		
Nonspendable for inventory	158,933	155,912
Nonspendable for prepaid items	452,173	160,487
Restricted for scholarships	279,947	–
Restricted for staff development	561,290	601,110
Restricted for capital projects levy	1,357,564	2,123,511
Restricted for operating capital	4,043,930	3,654,931
Restricted for safe schools levy	191,570	–
Restricted for long-term facilities maintenance	–	921,418
Restricted for Medical Assistance	341,472	299,731
Assigned for local collaborative time study	248,832	207,392
Assigned for reemployment insurance	12,985	29,280
Assigned for site carryover	2,053,501	1,007,252
Assigned for Q compensation	901	65,290
Assigned for school opening costs	695,305	695,305
Assigned for workers' compensation escrow	120,000	344,046
Assigned for post-employment obligations	2,156,636	2,156,636
Assigned for subsequent year budget	241,176	864,093
Unassigned – long-term facilities maintenance restricted account deficit	(421,471)	–
Unassigned	19,452,216	12,681,756
Total fund balances	31,946,960	25,968,150
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,364,806	\$ 86,690,658

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 58,975,486	\$ 58,852,589	\$ (122,897)	\$ 55,454,141
Investment earnings	1,200,000	1,619,758	419,758	1,413,625
Other	5,930,458	5,099,438	(831,020)	3,950,187
State sources	104,458,902	106,065,256	1,606,354	100,246,377
Federal sources	4,250,268	4,213,562	(36,706)	3,535,550
Total revenue	<u>174,815,114</u>	<u>175,850,603</u>	<u>1,035,489</u>	<u>164,599,880</u>
Expenditures				
Current				
Administration				
Salaries	3,551,618	3,641,497	89,879	3,417,483
Employee benefits	1,221,287	1,203,212	(18,075)	1,125,136
Purchased services	148,394	94,964	(53,430)	131,918
Supplies and materials	36,769	78,905	42,136	49,298
Capital expenditures	10,850	7,844	(3,006)	20,386
Other expenditures	52,215	41,486	(10,729)	41,189
Total administration	<u>5,021,133</u>	<u>5,067,908</u>	<u>46,775</u>	<u>4,785,410</u>
District support services				
Salaries	3,254,654	3,105,935	(148,719)	3,052,169
Employee benefits	840,007	852,070	12,063	808,899
Purchased services	1,486,024	2,541,284	1,055,260	1,286,790
Supplies and materials	492,790	167,936	(324,854)	274,147
Capital expenditures	88,550	20,916	(67,634)	9,684
Other expenditures	11,807	6,046	(5,761)	14,272
Total district support services	<u>6,173,832</u>	<u>6,694,187</u>	<u>520,355</u>	<u>5,445,961</u>
Elementary and secondary regular instruction				
Salaries	57,372,105	56,481,359	(890,746)	53,070,033
Employee benefits	17,982,237	17,523,835	(458,402)	16,074,932
Purchased services	2,377,857	3,038,289	660,432	3,009,425
Supplies and materials	4,857,487	2,083,713	(2,773,774)	2,148,252
Capital expenditures	318,821	2,076,988	1,758,167	1,374,328
Other expenditures	84,828	732,117	647,289	509,147
Total elementary and secondary regular instruction	<u>82,993,335</u>	<u>81,936,301</u>	<u>(1,057,034)</u>	<u>76,186,117</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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)	2019
	Budget	Actual	Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,787,475	1,813,448	25,973	1,719,211
Employee benefits	616,198	601,038	(15,160)	580,554
Purchased services	816,689	800,286	(16,403)	696,094
Supplies and materials	26,851	33,183	6,332	25,904
Capital expenditures	8,000	3,368	(4,632)	1,394
Other expenditures	25,500	21,091	(4,409)	20,313
Total vocational education instruction	3,280,713	3,272,414	(8,299)	3,043,470
Special education instruction				
Salaries	16,016,418	15,752,802	(263,616)	14,187,504
Employee benefits	5,479,380	5,499,043	19,663	4,915,777
Purchased services	886,808	207,766	(679,042)	623,531
Supplies and materials	351,625	147,787	(203,838)	209,576
Capital expenditures	19,000	7,507	(11,493)	12,449
Other expenditures	3,400	164,814	161,414	151,000
Total special education instruction	22,756,631	21,779,719	(976,912)	20,099,837
Instructional support services				
Salaries	9,826,392	9,895,086	68,694	9,269,886
Employee benefits	3,104,342	3,273,600	169,258	2,789,929
Purchased services	2,552,849	824,638	(1,728,211)	976,187
Supplies and materials	2,364,242	2,250,836	(113,406)	1,515,766
Capital expenditures	3,646,796	3,439,294	(207,502)	1,579,533
Other expenditures	21,101	35,089	13,988	26,832
Total instructional support services	21,515,722	19,718,543	(1,797,179)	16,158,133
Pupil support services				
Salaries	2,941,564	2,904,315	(37,249)	2,628,776
Employee benefits	747,949	984,294	236,345	987,366
Purchased services	10,827,955	10,517,736	(310,219)	10,108,356
Supplies and materials	351,519	324,756	(26,763)	324,142
Capital expenditures	440,607	317,578	(123,029)	17,555
Other expenditures	900	554	(346)	1,294
Total pupil support services	15,310,494	15,049,233	(261,261)	14,067,489

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,263,185	5,397,693	134,508	5,050,786
Employee benefits	2,051,204	2,150,204	99,000	2,006,656
Purchased services	3,686,268	3,375,485	(310,783)	3,756,627
Supplies and materials	907,412	1,030,958	123,546	1,083,810
Capital expenditures	3,000,550	2,057,653	(942,897)	2,307,451
Other expenditures	179,000	16,357	(162,643)	60,010
Total sites and buildings	15,087,619	14,028,350	(1,059,269)	14,265,340
Fiscal and other fixed cost programs				
Purchased services	433,500	511,043	77,543	541,321
Other expenditures	—	28,700	28,700	—
	433,500	539,743	106,243	541,321
Debt service				
Principal	2,480,142	2,677,578	197,436	2,267,836
Interest and fiscal charges	618,747	313,348	(305,399)	340,602
Total debt service	3,098,889	2,990,926	(107,963)	2,608,438
Total expenditures	175,671,868	171,077,324	(4,594,544)	157,201,516
Excess (deficiency) of revenue over expenditures	(856,754)	4,773,279	5,630,033	7,398,364
Other financing sources (uses)				
Capital lease issued	1,824,796	1,824,796	—	537,500
Sale of assets	6,251,000	6,251,000	—	—
Transfers in	899,176	315,468	(583,708)	—
Transfers (out)	(8,102,000)	(8,373,693)	(271,693)	(2,042,900)
Total other financing sources (uses)	872,972	17,571	(855,401)	(1,505,400)
Net change in fund balances	\$ 16,218	4,790,850	\$ 4,774,632	5,892,964
Fund balances				
Beginning of year, as previously reported		25,968,150		20,075,186
Change in accounting principle		1,187,960		—
Beginning of year, as restated		27,156,110		20,075,186
End of year		\$ 31,946,960		\$ 25,968,150

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ -	\$ 812,933
Receivables		
Accounts and interest	1,179	-
Due from other governmental units	405,514	6,566
Inventory	137,471	63,750
Prepaid items	-	5,425
	<u> </u>	<u> </u>
Total assets	<u>\$ 544,164</u>	<u>\$ 888,674</u>
Liabilities		
Salaries payable	\$ 16,706	\$ 14,001
Accounts and contracts payable	23,676	6,255
Due to other funds	85,582	-
Unearned revenue	418,200	283,407
	<u> </u>	<u> </u>
Total liabilities	544,164	303,663
Fund balances		
Nonspendable for inventory	137,471	63,750
Nonspendable for prepaid items	-	5,425
Restricted for food service	-	515,836
Unassigned	(137,471)	-
	<u> </u>	<u> </u>
Total fund balances	-	585,011
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 544,164</u>	<u>\$ 888,674</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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				
Other – primarily meal sales	\$ 5,634,200	\$ 4,000,966	\$ (1,633,234)	\$ 5,318,392
State sources	161,700	184,168	22,468	149,810
Federal sources	1,077,610	1,710,570	632,960	1,074,243
Total revenue	<u>6,873,510</u>	<u>5,895,704</u>	<u>(977,806)</u>	<u>6,542,445</u>
Expenditures				
Current				
Salaries	2,265,677	2,327,298	61,621	2,180,498
Employee benefits	1,165,388	928,179	(237,209)	835,734
Purchased services	616,100	727,752	111,652	770,598
Supplies and materials	3,032,100	2,659,032	(373,068)	2,935,099
Other expenditures	35,750	14,889	(20,861)	15,239
Capital outlay	55,000	73,110	18,110	36,530
Total expenditures	<u>7,170,015</u>	<u>6,730,260</u>	<u>(439,755)</u>	<u>6,773,698</u>
Excess (deficiency) of revenue over expenditures	(296,505)	(834,556)	(538,051)	(231,253)
Other financing sources				
Transfers in	<u>–</u>	<u>249,545</u>	<u>249,545</u>	<u>–</u>
Net change in fund balances	<u>\$ (296,505)</u>	<u>(585,011)</u>	<u>\$ (288,506)</u>	<u>(231,253)</u>
Fund balances				
Beginning of year		<u>585,011</u>		<u>816,264</u>
End of year		<u>\$ –</u>		<u>\$ 585,011</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 2,057,080	\$ 3,005,145
Receivables		
Current taxes	965,284	760,338
Delinquent taxes	9,848	6,658
Accounts and interest	2,299	58,007
Due from other governmental units	114,390	242,343
Prepaid items	<u>850</u>	<u>18,655</u>
Total assets	<u>\$ 3,149,751</u>	<u>\$ 4,091,146</u>
Liabilities		
Salaries payable	\$ 193,783	\$ 261,947
Accounts and contracts payable	46,329	61,369
Unearned revenue	<u>157,682</u>	<u>241,426</u>
Total liabilities	397,794	564,742
Deferred inflows of resources		
Property taxes levied for subsequent year	1,888,677	1,536,533
Unavailable revenue – delinquent taxes	<u>8,333</u>	<u>7,353</u>
Total deferred inflows of resources	1,897,010	1,543,886
Fund balances		
Nonspendable for prepaid items	850	18,655
Restricted for community education programs	649	919,607
Restricted for early childhood family education programs	357,530	344,805
Restricted for school readiness	114,044	13,469
Restricted for community service	<u>381,874</u>	<u>685,982</u>
Total fund balances	<u>854,947</u>	<u>1,982,518</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,149,751</u>	 <u>\$ 4,091,146</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 1,532,721	\$ 1,536,443	\$ 3,722	\$ 1,222,755
Other – primarily tuition and fees	9,631,312	7,775,972	(1,855,340)	8,933,531
State sources	997,816	970,387	(27,429)	877,852
Total revenue	<u>12,161,849</u>	<u>10,282,802</u>	<u>(1,879,047)</u>	<u>11,034,138</u>
Expenditures				
Current				
Salaries	7,258,762	7,153,215	(105,547)	6,872,149
Employee benefits	2,386,869	2,408,176	21,307	2,203,173
Purchased services	1,265,990	1,316,770	50,780	1,433,027
Supplies and materials	753,375	434,781	(318,594)	549,439
Other expenditures	12,835	9,668	(3,167)	15,422
Capital outlay	84,576	87,763	3,187	94,979
Total expenditures	<u>11,762,407</u>	<u>11,410,373</u>	<u>(352,034)</u>	<u>11,168,189</u>
Excess (deficiency) of revenue over expenditures	399,442	(1,127,571)	(1,527,013)	(134,051)
Other financing sources				
Transfers in	8,950	–	(8,950)	–
Net change in fund balances	<u>\$ 408,392</u>	<u>(1,127,571)</u>	<u>\$ (1,535,963)</u>	<u>(134,051)</u>
Fund balances				
Beginning of year		<u>1,982,518</u>		<u>2,116,569</u>
End of year		<u>\$ 854,947</u>		<u>\$ 1,982,518</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 23,946,236	\$ 37,753,065
Cash and investments held by trustee	3,423,713	30,427
Receivables		
Accounts and interest	–	53,400
Prepaid items	<u>–</u>	<u>19,169</u>
Total assets	<u>\$ 27,369,949</u>	<u>\$ 37,856,061</u>
Liabilities		
Salaries payable	\$ 2,472	\$ 3,047
Accounts and contracts payable	8,463,125	5,302,021
Due to other governmental units	–	1,324
Total liabilities	<u>8,465,597</u>	<u>5,306,392</u>
Fund balances (deficits)		
Nonspendable for prepaid items	–	19,169
Restricted for projects funded by COP	1,448,716	–
Restricted for capital projects	22,067,521	33,749,841
Unassigned – long-term facilities maintenance restricted account deficit	<u>(4,611,885)</u>	<u>(1,219,341)</u>
Total fund balances	<u>18,904,352</u>	<u>32,549,669</u>
Total liabilities and fund balances	<u>\$ 27,369,949</u>	<u>\$ 37,856,061</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ 577,389	\$ 577,389	\$ 1,356,705
Other	–	42,149	42,149	–
Total revenue	–	619,538	619,538	1,356,705
Expenditures				
Capital outlay				
Salaries	63,600	63,100	(500)	67,250
Employee benefits	–	9,235	9,235	9,734
Purchased services	10,062,291	5,849,324	(4,212,967)	6,704,940
Supplies and materials	175,622	–	(175,622)	302,615
Capital expenditures	38,059,709	41,797,969	3,738,260	33,037,898
Debt service				
Interest and fiscal charges	491,461	491,461	–	–
Total expenditures	48,852,683	48,211,089	(641,594)	40,122,437
Excess (deficiency) of revenue over expenditures	(48,852,683)	(47,591,551)	1,261,132	(38,765,732)
Other financing sources				
Bonds issued	7,454,135	7,454,135	–	–
Certificates of participation issued	16,700,000	16,700,000	–	–
Premium on debt issued	1,690,099	1,690,099	–	–
Transfers in	8,102,000	8,102,000	–	2,042,900
Total other financing sources	33,946,234	33,946,234	–	2,042,900
Net change in fund balances	\$ (14,906,449)	(13,645,317)	\$ 1,261,132	(36,722,832)
Fund balances				
Beginning of year		32,549,669		69,272,501
End of year		\$ 18,904,352		\$ 32,549,669

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 9,513,399	\$ 9,117,949
Cash and investments held by trustee	300,000	-
Receivables		
Current taxes	7,467,387	6,151,588
Delinquent taxes	94,498	73,076
Due from other governmental units	<u>643</u>	<u>840</u>
Total assets	<u>\$ 17,375,927</u>	<u>\$ 15,343,453</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 14,610,680	\$ 12,431,462
Unavailable revenue – delinquent taxes	<u>81,873</u>	<u>78,711</u>
Total deferred inflows of resources	14,692,553	12,510,173
Fund balances		
Restricted for debt service	<u>2,683,374</u>	<u>2,833,280</u>
Total deferred inflows of resources and fund balances	<u>\$ 17,375,927</u>	<u>\$ 15,343,453</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Debt Service 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				
Property taxes	\$ 12,430,758	\$ 12,424,298	\$ (6,460)	\$ 12,093,120
State sources	<u>1,600</u>	<u>6,431</u>	<u>4,831</u>	<u>9,794</u>
Total revenue	<u>12,432,358</u>	<u>12,430,729</u>	<u>(1,629)</u>	<u>12,102,914</u>
Expenditures				
Debt service				
Principal	5,315,000	5,315,000	–	4,280,000
Interest	7,564,363	7,564,363	–	7,593,716
Fiscal charges and other	<u>5,000</u>	<u>2,137</u>	<u>(2,863)</u>	<u>2,876</u>
Total expenditures	<u>12,884,363</u>	<u>12,881,500</u>	<u>(2,863)</u>	<u>11,876,592</u>
Excess (deficiency) of revenue over expenditures	(452,005)	(450,771)	1,234	226,322
Other financing sources				
Bonds issued	865	865	–	–
Certificates of participation issued	<u>300,000</u>	<u>300,000</u>	<u>–</u>	<u>–</u>
Total other financing sources	<u>300,865</u>	<u>300,865</u>	<u>–</u>	<u>–</u>
Net change in fund balances	<u>\$ (151,140)</u>	(149,906)	<u>\$ 1,234</u>	226,322
Fund balances				
Beginning of year		<u>2,833,280</u>		<u>2,606,958</u>
End of year		<u>\$ 2,683,374</u>		<u>\$ 2,833,280</u>

INTERNAL SERVICE FUNDS

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

The statements that follow are to provide further detail and support additional analysis for the District's internal service funds.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals	
			2020	2019
Assets				
Current assets				
Cash and cash equivalents	\$ 444,702	\$ -	\$ 444,702	\$ 3,837
Investments	3,967,501	4,617,216	8,584,717	8,305,625
Due from other funds	1,624,796	-	1,624,796	1,458,699
Total current assets	6,036,999	4,617,216	10,654,215	9,768,161
Deferred outflows of resources				
Pension plan deferments	-	306,783	306,783	273,181
Liabilities				
Current liabilities				
Accounts and contracts payable	61	-	61	7,719
Claims incurred, but not reported	2,003,779	-	2,003,779	2,003,779
Severance benefits payable	-	355,173	355,173	310,261
Total current liabilities	2,003,840	355,173	2,359,013	2,321,759
Long-term liabilities				
Severance benefits payable	-	2,376,323	2,376,323	2,613,979
Total pension liability	-	4,484,577	4,484,577	4,582,297
Total long-term liabilities	-	6,860,900	6,860,900	7,196,276
Total liabilities	2,003,840	7,216,073	9,219,913	9,518,035
Deferred inflows of resources				
Pension plan deferments	-	71,981	71,981	86,378
Net position				
Unrestricted	\$ 4,033,159	\$ (2,364,055)	\$ 1,669,104	\$ 436,929

INDEPENDENT SCHOOL DISTRICT NO. 284

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)

	Self-Insurance	Early Retirement	Totals	
	Accounts	Accounts	2020	2019
Operating revenue				
Charges for services	\$ 19,431,294	\$ –	\$ 19,431,294	\$ 18,633,367
Operating expenses				
Dental benefit claims	1,319,164	–	1,319,164	1,432,895
Health benefit claims	15,814,054	–	15,814,054	18,220,640
Early retirement incentive and sick leave benefits	–	1,051,673	1,051,673	2,037,115
Total operating expenses	<u>17,133,218</u>	<u>1,051,673</u>	<u>18,184,891</u>	<u>21,690,650</u>
Operating income (loss)	2,298,076	(1,051,673)	1,246,403	(3,057,283)
Nonoperating revenue				
Investment earnings	<u>72,948</u>	<u>206,144</u>	<u>279,092</u>	<u>421,012</u>
Income (loss) before transfers and special item	2,371,024	(845,529)	1,525,495	(2,636,271)
Transfers in	22,148	–	22,148	908,207
Transfers (out)	–	(315,468)	(315,468)	(908,207)
Special item	–	–	–	3,035,310
Change in net position	2,393,172	(1,160,997)	1,232,175	399,039
Net position				
Beginning of year	<u>1,639,987</u>	<u>(1,203,058)</u>	<u>436,929</u>	<u>37,890</u>
End of year	<u>\$ 4,033,159</u>	<u>\$ (2,364,055)</u>	<u>\$ 1,669,104</u>	<u>\$ 436,929</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance	Early Retirement	Totals	
	Accounts	Accounts	2020	2019
Cash flows from operating activities				
Charges for services	\$ 19,265,197	\$ –	\$ 19,265,197	\$ 18,486,879
Payments for health and dental claims	(17,140,876)	–	(17,140,876)	(19,409,468)
Payments for retirement benefits	–	(1,390,136)	(1,390,136)	(1,938,028)
Net cash flows from operating activities	2,124,321	(1,390,136)	734,185	(2,860,617)
Cash flows from noncapital financing activities				
Cash paid to other funds	–	–	–	(17,292,359)
Purchase of investments	(1,701,767)	–	(1,701,767)	–
Sale of investments	–	1,701,767	1,701,767	20,156,813
Transfers in	22,148	–	22,148	908,207
Transfers (out)	–	(315,468)	(315,468)	(908,207)
Net cash flows from noncapital financing activities	(1,679,619)	1,386,299	(293,320)	2,864,454
Net change in cash and cash equivalents	444,702	(3,837)	440,865	3,837
Cash and cash equivalents				
Beginning of year	–	3,837	3,837	–
End of year	\$ 444,702	\$ –	\$ 444,702	\$ 3,837
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ 2,298,076	\$ (1,051,673)	\$ 1,246,403	\$ (3,057,283)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets				
Due from other funds	(166,097)	–	(166,097)	(146,488)
Prepaid items	–	–	–	3,500
Deferred outflows of resources – pension plan deferments	–	(33,602)	(33,602)	(273,181)
Changes in liabilities and deferred inflows				
Accounts and contracts payable	(7,658)	–	(7,658)	568
Claims incurred, but not reported	–	–	–	239,999
Severance benefits payable	–	(192,744)	(192,744)	147,013
Total pension liability	–	(97,720)	(97,720)	239,652
Deferred inflows of resources – pension plan deferments	–	(14,397)	(14,397)	(14,397)
Net cash flows from operating activities	\$ 2,124,321	\$ (1,390,136)	\$ 734,185	\$ (2,860,617)
Noncash from operating activities				
Special item	\$ –	\$ –	\$ –	\$ 3,035,310

SECTION III
STATISTICAL SECTION
(UNAUDITED)

Insert Section III Statistical (cardstock)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 284's (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. 284

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Fiscal Year 2014</u>
Governmental activities				
Net investment in capital assets	\$ 46,774,439	\$ 41,301,936	\$ 46,152,372	\$ 60,689,911
Restricted	14,051,983	26,816,481	27,560,100	12,624,943
Unrestricted	<u>43,582,774</u>	<u>44,210,849</u>	<u>45,130,907</u>	<u>40,787,379</u>
Total governmental activities net position	<u>\$ 104,409,196</u>	<u>\$ 112,329,266</u>	<u>\$ 118,843,379</u>	<u>\$ 114,102,233</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 \$87.5 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$29.9 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>
\$ 65,253,780	\$ 31,901,934	\$ 40,112,576	\$ 37,679,712	\$ 37,050,317	\$ 27,572,468
13,091,641	13,662,842	7,822,506	10,695,169	10,648,975	9,472,475
<u>(50,117,797)</u>	<u>(46,927,869)</u>	<u>(122,259,148)</u>	<u>(158,453,974)</u>	<u>(122,967,598)</u>	<u>(133,667,103)</u>
<u>\$ 28,227,624</u>	<u>\$ (1,363,093)</u>	<u>\$ (74,324,066)</u>	<u>\$(110,079,093)</u>	<u>\$ (75,268,306)</u>	<u>\$ (96,622,160)</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Expenses				
Administration	\$ 3,818,998	\$ 3,903,810	\$ 3,995,998	\$ 3,833,741
District support services	4,241,347	3,889,519	4,154,320	4,924,827
Elementary and secondary regular instruction	58,588,094	61,370,368	59,732,311	64,030,267
Vocational education instruction	2,456,472	2,244,616	2,629,151	2,376,614
Special education instruction	15,742,242	15,647,448	16,037,522	16,664,813
Instructional support services	9,018,954	9,285,367	8,464,618	9,446,640
Pupil support services	10,860,440	10,890,255	11,528,889	11,606,924
Sites and buildings	12,226,696	12,087,843	19,492,550	23,108,226
Fiscal and other fixed cost programs	313,591	296,088	318,578	355,757
Food service	4,978,695	5,140,315	5,193,226	5,367,185
Community service	7,945,819	7,960,867	7,913,272	8,343,413
Interest and fiscal charges	2,166,878	2,170,792	2,059,956	4,117,943
Unallocated depreciation	765,710	936,783	-	-
Total governmental activities expenses	<u>133,123,936</u>	<u>135,824,071</u>	<u>141,520,391</u>	<u>154,176,350</u>
Program revenues				
Charges for services				
Administration	194,753	151,210	275,959	202,982
Elementary and secondary regular instruction	1,002,420	1,002,847	1,080,264	1,021,619
Vocational education instruction	3,969	-	2,270	1,324
Special education instruction	6,606	9,404	4,441	560
Instructional support services	120	316	2,485	18,905
Pupil support services	89,244	88,946	14,543	28,369
Sites and buildings	487,538	471,737	461,493	662,870
Food service	3,747,616	3,860,359	3,884,424	3,806,157
Community service	6,034,944	5,865,887	6,137,955	6,529,492
Operating grants and contributions	14,898,308	17,204,917	15,850,856	15,171,555
Capital grants and contributions	-	-	252,929	346,713
Total governmental activities program revenues	<u>26,465,518</u>	<u>28,655,623</u>	<u>27,967,619</u>	<u>27,790,546</u>
Net (expense) revenue	(106,658,418)	(107,168,448)	(113,552,772)	(126,385,804)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	48,100,101	34,707,170	35,975,717	22,503,184
Property taxes, levied for community service	2,051,929	1,420,146	1,458,919	781,857
Property taxes, levied for debt service	10,086,556	10,416,814	10,992,579	11,203,441
General grants and aids	51,844,745	66,145,035	67,408,720	84,572,800
Other general revenues	1,434,200	1,544,009	3,459,844	1,413,287
Investment earnings	692,894	855,344	771,106	1,170,089
Special item	-	-	-	-
Total general revenues and other changes in net position	<u>114,210,425</u>	<u>115,088,518</u>	<u>120,066,885</u>	<u>121,644,658</u>
Change in net position	<u>\$ 7,552,007</u>	<u>\$ 7,920,070</u>	<u>\$ 6,514,113</u>	<u>\$ (4,741,146)</u>

Note: The District implemented GASB Statement No. 68 in fiscal 2015 and GASB Statement Nos. 73, 74, and 75 in fiscal 2017.

2015	2016	2017	2018	2019	2020
\$ 3,839,848	\$ 4,817,133	\$ 6,700,296	\$ 6,052,169	\$ 4,265,884	\$ 5,744,321
4,577,951	5,033,300	6,114,326	5,347,446	5,961,373	7,124,303
67,230,737	68,238,658	97,927,589	98,324,381	57,568,978	94,447,134
2,922,503	2,804,948	3,737,593	3,782,104	2,163,529	3,448,696
16,695,866	17,678,829	23,736,177	23,646,291	15,166,922	22,972,019
9,267,077	10,313,332	13,276,121	18,777,288	13,281,310	20,521,549
11,997,753	12,363,815	14,566,050	14,370,024	12,799,455	15,297,882
16,373,431	31,109,967	35,215,528	23,723,765	21,884,093	31,256,979
385,547	417,879	566,951	281,446	541,321	539,743
5,619,154	5,896,122	6,484,275	6,469,883	6,943,797	6,743,253
7,512,257	8,207,904	9,811,345	10,971,816	10,774,854	11,509,169
5,748,064	5,134,248	5,326,192	6,692,718	7,556,619	8,353,500
—	—	—	—	—	—
152,170,188	172,016,135	223,462,443	218,439,331	158,908,135	227,958,548
166,265	215,357	57,422	39,922	117,202	1,566
1,159,389	1,262,298	1,287,405	1,323,071	1,339,296	1,435,317
—	—	—	—	—	—
247,585	322,586	350,928	498,813	307,962	431,278
9,493	7,808	6,703	15,338	14,469	12,733
28,178	25,773	22,018	152,731	148,244	185,197
512,766	575,910	558,826	628,772	591,360	454,390
4,222,938	4,447,648	5,067,696	5,357,091	5,318,392	4,000,966
5,556,600	6,382,167	7,410,890	8,164,553	8,933,531	7,775,972
15,216,756	16,140,494	17,625,350	16,357,459	16,952,023	20,694,796
910,167	911,502	1,351,039	2,870,495	1,534,850	1,517,914
28,030,137	30,291,543	33,738,277	35,408,245	35,257,329	36,510,129
(124,140,051)	(141,724,592)	(189,724,166)	(183,031,086)	(123,650,806)	(191,448,419)
38,153,378	38,434,705	42,239,180	52,196,919	55,461,620	58,866,293
1,524,385	1,244,109	1,096,913	993,672	1,222,047	1,537,423
11,401,371	15,673,366	14,587,642	8,274,499	12,085,201	12,427,460
72,170,101	74,485,371	83,119,553	81,977,981	82,036,235	90,978,084
1,376,993	1,240,454	2,001,619	1,672,313	1,429,838	2,621,106
1,185,644	1,162,703	1,886,224	2,160,675	3,191,342	2,476,239
—	—	—	—	3,035,310	—
125,811,872	132,240,708	144,931,131	147,276,059	158,461,593	168,906,605
\$ 1,671,821	\$ (9,483,884)	\$ (44,793,035)	\$ (35,755,027)	\$ 34,810,787	\$ (22,541,814)

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 1,129,123	\$ 599,557	\$ 153,963	\$ 139,900
Restricted	7,103,320	7,276,447	9,081,101	6,474,793
Committed	-	-	2,889,790	2,889,790
Assigned	1,983,458	2,270,381	1,859,114	1,766,330
Unassigned	11,525,345	12,213,903	11,476,097	10,926,181
Total General Fund	<u>\$ 21,741,246</u>	<u>\$ 22,360,288</u>	<u>\$ 25,460,065</u>	<u>\$ 22,196,994</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ 61,896	\$ 83,637	\$ 81,947	\$ 82,038
Capital Projects –				
Building Construction Fund	777,347	114,560	195,050	103,151
Restricted				
Special revenue funds	2,590,875	2,589,169	2,963,665	3,157,131
Capital Projects –				
Building Construction Fund	2,540,916	15,319,262	14,174,369	124,613,839
Debt Service Fund	2,003,402	2,373,561	1,948,293	4,904,822
Unassigned				
Special revenue funds	-	-	-	-
Capital Projects –				
Building Construction Fund	(29,889)	-	-	-
Total all other governmental funds	<u>\$ 7,944,547</u>	<u>\$ 20,480,189</u>	<u>\$ 19,363,324</u>	<u>\$ 132,860,981</u>
Total all governmental funds	<u>\$ 29,685,793</u>	<u>\$ 42,840,477</u>	<u>\$ 44,823,389</u>	<u>\$ 155,057,975</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 170,070	\$ 196,566	\$ 355,711	\$ 287,085	\$ 316,399	\$ 611,106
6,549,824	5,838,351	2,824,355	5,770,694	7,600,701	6,775,773
2,889,790	2,889,790	–	–	–	–
2,508,237	5,482,867	4,918,059	5,712,743	5,369,294	5,529,336
9,306,757	9,347,456	8,050,979	8,304,664	12,681,756	19,030,745
<u>\$ 21,424,678</u>	<u>\$ 23,755,030</u>	<u>\$ 16,149,104</u>	<u>\$ 20,075,186</u>	<u>\$ 25,968,150</u>	<u>\$ 31,946,960</u>
\$ 90,176	\$ 94,839	\$ 100,667	\$ 108,812	\$ 87,830	\$ 138,321
29,382	3,795	370,688	357,895	19,169	–
2,763,831	2,777,607	3,131,609	2,824,021	2,479,699	854,097
94,734,895	25,480,370	8,669,298	68,914,606	33,749,841	23,516,237
2,044,497	2,618,143	2,475,932	2,606,958	2,833,280	2,683,374
–	–	–	–	–	(137,471)
–	–	(528,128)	–	(1,219,341)	(4,611,885)
<u>\$ 99,662,781</u>	<u>\$ 30,974,754</u>	<u>\$ 14,220,066</u>	<u>\$ 74,812,292</u>	<u>\$ 37,950,478</u>	<u>\$ 22,442,673</u>
<u>\$ 121,087,459</u>	<u>\$ 54,729,784</u>	<u>\$ 30,369,170</u>	<u>\$ 94,887,478</u>	<u>\$ 63,918,628</u>	<u>\$ 54,389,633</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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	\$ 60,312,279	\$ 46,494,356	\$ 48,582,021	\$ 34,451,771
Investment earnings	37,490	18,459	29,798	37,847
Other	13,008,028	12,893,963	13,621,129	13,441,482
State sources	60,586,004	78,173,924	79,118,659	95,680,683
Federal sources	6,150,431	5,170,995	4,393,844	4,402,856
Total revenues	<u>140,094,232</u>	<u>142,751,697</u>	<u>145,745,451</u>	<u>148,014,639</u>
Expenditures				
Current				
Administration	3,792,268	3,882,175	3,942,490	3,809,563
District support services	3,725,315	3,725,817	3,966,678	3,812,160
Elementary and secondary regular instruction	50,484,858	54,146,054	55,749,366	57,161,164
Vocational education instruction	2,400,776	2,224,383	2,596,694	2,282,764
Special education instruction	15,382,312	15,542,974	15,890,551	16,143,749
Instructional support services	8,953,839	9,253,668	8,432,986	9,359,060
Pupil support services	10,779,639	10,753,896	11,487,282	11,181,875
Sites and buildings	9,050,432	9,023,841	9,429,780	9,618,077
Fiscal and other fixed cost programs	313,591	296,088	318,578	355,757
Food service	4,835,626	5,073,799	5,085,281	5,226,866
Community service	7,865,844	7,863,889	7,841,272	8,491,628
Capital outlay	15,193,084	12,957,206	21,516,463	38,000,191
Debt service				
Principal	8,165,000	8,695,000	9,580,000	10,130,000
Interest and fiscal charges	2,683,970	2,582,338	2,405,085	3,522,846
Total expenditures	<u>143,626,554</u>	<u>146,021,128</u>	<u>158,242,506</u>	<u>179,095,700</u>
Excess of revenues over (under) expenditures	(3,532,322)	(3,269,431)	(12,497,055)	(31,081,061)
Other financing sources (uses)				
Sale of equipment	9,842	5,370	2,900	-
Sale of real property	-	-	2,889,790	-
Insurance recovery proceeds	-	105,785	9,861	251,612
Bonds issued	-	16,312,660	-	136,805,000
Capital leases issued	-	-	1,383,350	1,235,860
Bond premium	-	-	214,066	3,023,175
Certificates of participation issued	-	-	9,980,000	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	9,228,572	7,264,007	7,673,940	7,253,826
Transfers out	(9,228,572)	(7,264,007)	(7,673,940)	(7,253,826)
Total other financing sources (uses)	<u>9,842</u>	<u>16,423,815</u>	<u>14,479,967</u>	<u>141,315,647</u>
Net change in fund balances	<u>\$ (3,522,480)</u>	<u>\$ 13,154,384</u>	<u>\$ 1,982,912</u>	<u>\$ 110,234,586</u>
Debt service as a percentage of noncapital expenditures	<u>8.4%</u>	<u>8.5%</u>	<u>8.8%</u>	<u>9.7%</u>

2015	2016	2017	2018	2019	2020
\$ 51,053,987	\$ 55,577,523	\$ 57,642,494	\$ 61,547,600	\$ 68,770,016	\$ 72,813,330
144,163	135,329	538,191	838,461	2,770,330	2,197,147
13,280,276	14,480,001	17,174,010	17,856,126	18,202,110	16,918,525
84,196,712	87,767,205	93,888,892	96,910,458	101,283,833	107,226,242
4,100,243	3,770,162	4,239,619	4,329,494	4,609,793	5,924,132
<u>152,775,381</u>	<u>161,730,220</u>	<u>173,483,206</u>	<u>181,482,139</u>	<u>195,636,082</u>	<u>205,079,376</u>
3,882,636	3,960,854	4,307,817	4,380,862	4,785,410	5,067,908
3,831,038	4,214,722	4,856,373	4,807,590	5,445,961	6,694,187
61,261,179	61,793,156	64,754,485	68,352,055	76,186,117	81,936,301
2,898,253	2,775,891	2,782,707	2,953,500	3,043,470	3,272,414
16,675,799	17,390,283	17,738,153	18,658,389	20,099,837	21,779,719
9,518,374	10,107,948	9,841,449	15,992,693	16,158,133	19,718,543
12,151,446	12,289,246	13,117,743	13,098,157	14,067,489	15,049,233
10,212,586	10,577,248	18,089,426	17,692,885	14,265,340	14,028,350
385,547	417,879	566,951	281,446	541,321	539,743
5,574,751	5,705,994	6,173,350	6,403,380	6,737,168	6,657,150
7,537,839	8,008,491	8,912,116	10,298,600	11,073,210	11,322,610
37,044,922	82,087,300	26,537,306	18,646,356	40,253,946	47,880,501
11,526,756	11,364,273	11,554,610	5,789,891	6,547,836	7,992,578
5,410,994	6,467,926	6,023,460	6,081,787	7,937,194	8,371,309
<u>187,912,120</u>	<u>237,161,211</u>	<u>195,255,946</u>	<u>193,437,591</u>	<u>227,142,432</u>	<u>250,310,546</u>
(35,136,739)	(75,430,991)	(21,772,740)	(11,955,452)	(31,506,350)	(45,231,170)
–	–	21,653	–	–	–
–	–	–	–	–	6,251,000
–	–	–	–	–	–
10,255,000	1,820,000	–	66,895,000	–	7,455,000
1,099,078	6,750,775	767,400	6,172,455	537,500	1,824,796
867,145	57,459	–	3,406,305	–	1,690,099
–	–	–	–	–	17,000,000
(11,055,000)	(1,835,000)	–	–	–	–
6,901,900	9,709,564	13,006,244	6,779,299	2,042,900	8,667,013
(6,901,900)	(7,429,482)	(13,117,868)	(6,779,299)	(2,042,900)	(8,373,693)
<u>1,166,223</u>	<u>9,073,316</u>	<u>677,429</u>	<u>76,473,760</u>	<u>537,500</u>	<u>34,514,215</u>
<u>\$ (33,970,516)</u>	<u>\$ (66,357,675)</u>	<u>\$ (21,095,311)</u>	<u>\$ 64,518,308</u>	<u>\$ (30,968,850)</u>	<u>\$ (10,716,955)</u>
<u>11.2%</u>	<u>10.3%</u>	<u>9.7%</u>	<u>6.7%</u>	<u>7.6%</u>	<u>7.6%</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Tax Capacities and Market Values
Last Ten Fiscal Years

Fiscal Year	Net Tax Capacity	Taxable Market Value	Percent Tax Capacity of Estimated Market Value
2011	\$ 118,450,131	\$ 10,679,667,300	1.1 %
2012	111,127,795	9,963,416,806	1.1
2013	109,891,883	9,821,945,763	1.1
2014	109,307,508	9,628,799,946	1.1
2015	111,197,389	9,846,198,999	1.1
2016	119,387,105	10,688,657,739	1.1
2017	127,889,211	11,410,014,227	1.1
2018	137,065,114	12,249,671,471	1.1
2019	146,188,244	13,028,383,691	1.1
2020	156,060,319	13,916,257,860	1.1

Note: Per discussions with Hennepin County Taxpayer Services Division, reliable information for the breakdown of assessed and actual residential, commercial, and industrial property values is not available.

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	ISD No. 284	Corcoran	Maple Grove	Medicine Lake	Medina
2011	23.311%	32.995%	33.845%	34.945%	17.241%
2012	24.034%	37.041%	36.890%	38.677%	18.977%
2013	25.325%	39.617%	39.640%	36.548%	21.342%
2014	25.236%	46.111%	42.342%	40.691%	24.639%
2015	24.571%	49.743%	42.463%	37.508%	25.501%
2016	26.252%	45.311%	39.831%	34.127%	23.577%
2017	26.106%	45.691%	39.196%	40.413%	23.301%
2018	26.290%	45.994%	38.245%	35.525%	22.270%
2019	25.464%	45.357%	36.709%	45.247%	21.521%
2020	24.833%	45.160%	34.746%	42.765%	21.529%

County Auditor's Gross Spread Levies

2011	\$ 46,026,906	\$ 138,081	\$ 2,117,238	\$ 414,242	\$ 3,083,803
2012	45,966,048	138,081	2,255,318	368,215	3,037,776
2013	47,606,841	142,834	2,523,404	380,891	3,047,129
2014	48,622,654	97,245	2,577,001	340,359	2,965,982
2015	49,995,136	100,000	2,699,999	350,000	3,149,999
2016	55,954,344	167,872	3,189,576	391,702	3,749,151
2017	58,429,819	233,740	3,272,362	409,045	4,090,453
2018	68,605,225	304,340	3,226,004	426,076	4,199,892
2019	72,641,789	480,237	3,567,472	480,237	4,802,366
2020	79,764,941	797,649	3,828,717	558,355	5,344,251

Note: Above tax rates are used to levy city, county, and school district taxes.

Source: Hennepin County Taxpayer Services Division

<u>Minnetonka</u>	<u>Orono</u>	<u>Plymouth</u>	<u>Wayzata</u>	<u>Hennepin County</u>	<u>Special Districts</u>
30.686%	13.677%	25.495%	20.358%	42.640%	8.138%
33.705%	14.991%	27.490%	23.032%	45.840%	9.172%
35.595%	16.283%	28.716%	24.274%	48.231%	9.523%
37.567%	17.667%	29.309%	26.020%	49.461%	8.400%
38.194%	17.815%	30.114%	26.311%	49.959%	8.858%
37.089%	17.387%	28.374%	25.705%	46.398%	9.785%
35.674%	17.325%	27.330%	24.673%	45.356%	9.530%
36.378%	16.759%	26.482%	23.352%	44.087%	9.319%
35.710%	16.555%	26.344%	21.749%	42.808%	8.973%
34.676%	16.406%	25.920%	21.672%	41.861%	8.550%
\$ 7,364,305	\$ 598,350	\$ 25,636,986	\$ 6,673,901	\$ 676,166,665	\$ 112,216,451
7,548,413	598,350	25,544,933	6,535,821	669,404,998	117,993,952
7,951,103	571,337	26,138,655	6,856,041	668,415,787	116,862,928
8,168,606	534,849	26,839,705	7,098,907	670,175,143	132,283,063
8,399,998	550,000	27,499,994	7,249,998	681,253,275	127,112,287
9,177,027	615,532	30,832,572	7,834,047	695,586,226	129,960,888
9,641,782	584,350	32,022,403	8,180,906	726,763,726	135,429,950
9,556,277	608,680	33,903,780	8,643,257	759,408,857	142,541,391
10,771,020	686,052	37,870,083	9,947,758	788,559,712	147,240,760
11,964,741	717,884	45,226,722	11,326,622	829,555,042	154,800,273

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2020			2011		
		Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Ridgedale Center, LLC	Commercial	\$ 2,101,290	1	1.35 %	\$ 2,299,250	1	1.94 %
Medica Health Plans	Commercial	1,457,110	2	0.93	–	–	–
AX 601 Tower, LP	Commercial	1,270,870	3	0.81	–	–	–
IRET Properties	Apartment	1,187,275	4	0.76	–	–	–
TFO REVA Wildamerica PPC, LLC	Commercial	1,109,250	5	0.71	–	–	–
WHQ, LLC	Commercial	979,250	6	0.63	–	–	–
Pembroke TCM Atria LLC	Commercial	979,250	6	0.63	749,250	4	0.63
RREEFAmerica Reit II Corp.	Apartment	923,063	8	0.59	531,650	5	0.45
CVIII Vicksburg Village, LLC	Apartment	814,250	9	0.52	–	–	–
CenterPoint Energy	Utility	591,222	10	0.38	–	–	–
Carlson Real Estate Co., Inc.	Commercial	–	–	–	2,224,858	2	1.88
Individual	Commercial	–	–	–	785,250	3	0.66
Invesco Real Estate	Apartment	–	–	–	500,000	6	0.42
TCA R E LLC	Commercial	–	–	–	499,250	7	0.42
Plymouth Corp Center DE LLC	Industrial	–	–	–	445,750	8	0.38
Bay Holdings, LLC	Commercial	–	–	–	431,250	9	0.36
Pinnacle/Vicksburg Village	Apartment	–	–	–	383,663	10	0.32
Total		<u>\$ 11,412,830</u>		<u>7.31 %</u>	<u>\$ 8,850,171</u>		<u>7.47 %</u>

Source: Fiscal 2020 information: obtained from the Official Statement associated with the District's 2020A General Obligation Alternative Facilities Refunding Bonds (prepared by Ehlers)

Source: Fiscal 2011 information: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year			Collections	
	Operating Tax Levy	Debt Tax Levy	Total	First Year Levy Recognized Amount	Percentage of Levy
2011	\$ 35,773,599	\$ 10,253,307	\$ 46,026,906	\$ 45,566,841	99.0 %
2012	35,363,239	10,602,809	45,966,048	45,528,016	99.0
2013	36,564,682	11,042,159	47,606,841	47,324,720	99.4
2014	37,383,176	11,239,478	48,622,654	48,401,803	99.5
2015	38,442,757	11,552,379	49,995,136	49,855,092	99.7
2016	40,225,448	15,728,896	55,954,344	55,775,065	99.7
2017	43,779,692	14,650,127	58,429,819	58,223,020	99.6
2018	56,479,703	12,125,522	68,605,225	68,580,763	100.0
2019	60,211,031	12,430,758	72,641,789	72,441,691	99.7
2020	65,155,424	14,609,517	79,764,941	79,555,962	99.7

Note: Collections received in subsequent years includes adjustments and abatements.

Source: Minnesota Department of Education School Tax Reports and Hennepin County Tax Settlement Reports

Received in Subsequent Years	Total to Date		Delinquent	
	Amount	Percentage of Levy	Amount	Percent
\$ 460,065	\$ 46,026,906	100.0 %	\$ -	- %
438,032	45,966,048	100.0	-	-
282,121	47,606,841	100.0	-	-
220,851	48,622,654	100.0	-	-
111,564	49,966,656	99.9	28,480	0.1
141,871	55,916,936	99.9	37,408	0.1
128,983	58,352,003	99.8	77,816	0.1
(10,500)	68,570,263	99.9	34,962	0.1
105,797	72,547,488	99.8	94,301	0.1
-	79,555,962	99.7	<u>208,979</u>	0.3
			<u>\$ 481,946</u>	

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Capital Leases	Total Primary Government		
2011	\$ 57,525,000	\$ 2,264,028	\$ 2,695,000	\$ 38,568	\$ 62,522,596	1.8 %	\$ 1,052
2012	65,135,000	2,349,744	2,190,000	9,019	69,683,763	2.0	1,161
2013	56,070,000	2,095,615	11,655,000	918,096	70,738,711	2.0	1,169
2014	184,045,000	4,628,582	10,355,000	1,300,465	200,329,047	5.3	3,246
2015	174,070,000	4,359,617	9,220,000	1,182,787	188,832,404	4.9	2,982
2016	165,110,000	3,625,490	8,495,000	6,239,289	183,469,779	4.5	2,826
2017	156,210,000	3,120,929	7,755,000	5,092,079	172,178,008	N/A	2,588
2018	220,160,000	6,208,464	7,000,000	9,174,643	242,543,107	N/A	3,646
2019	215,880,000	5,790,352	6,225,000	8,219,307	236,114,659	N/A	3,421
2020	218,020,000	7,035,999	22,590,000	8,001,525	255,647,524	N/A	3,600

N/A – Not Available

(1) See Demographic and Economic Statistics table for population and personal income.

Source: The District's outstanding debt can be found in the notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2011	\$ 55,537,890	\$ 2,003,402	\$ 53,534,488	\$ 118,450,131	45.20 %	59,417	\$ 901
2012	62,801,663	2,373,561	60,428,102	111,127,795	54.38	60,017	1,007
2013	54,201,743	1,948,293	52,253,450	109,891,883	47.55	60,517	863
2014	179,273,752	4,904,822	174,368,930	109,307,508	159.52	61,717	2,825
2015	172,218,764	2,044,497	170,174,267	111,197,389	153.04	63,317	2,688
2016	168,735,490	2,618,143	166,117,347	119,387,105	139.14	64,917	2,559
2017	159,330,929	2,475,932	156,854,997	127,889,211	122.65	66,517	2,358
2018	226,368,464	2,606,958	223,761,506	137,065,114	163.25	66,517	3,364
2019	221,670,352	2,833,280	218,837,072	146,188,244	149.70	69,017	3,171
2020	225,055,999	2,683,374	222,372,625	156,060,319	142.49	71,017	3,131

(1) See Demographic and Economic Statistics table for population.

INDEPENDENT SCHOOL DISTRICT NO. 284

Direct and Overlapping Debt
as of June 30, 2020

Governmental Unit	Tax Collection Calendar Year – 2020 Taxable Net Tax Capacity	Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 284 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 284	\$ 158,753,434	\$ 218,020,000	100.00 %	\$ 218,020,000
Overlapping debt				
Hennepin County	2,112,707,400	1,070,610,000	7.88	84,362,997
Cities				
Corcoran	10,352,151	7,805,000	16.28	1,270,623
Maple Grove	113,098,214	76,695,000	7.45	5,713,471
Medina	19,548,544	8,645,000	55.33	4,783,668
Minnetonka	111,515,652	26,805,000	22.16	5,939,881
Orono	36,388,321	5,185,000	4.18	216,697
Plymouth	146,534,687	47,575,000	65.20	31,020,042
Wayzata	22,809,420	17,375,000	99.46	17,281,731
Other				
Metropolitan Council	4,576,187,142	230,225,000	3.64	8,375,355
Three Rivers Park District	1,487,545,247	53,830,000	11.19	6,024,384
Total overlapping debt				<u>164,988,849</u>
Total direct and overlapping debt				<u>\$ 383,008,849</u>

(1) Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

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

Source: Hennepin County Department of General Services – Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Debt limit	\$ 1,668,698,016	\$ 1,523,458,227	\$ 1,468,885,209	\$ 1,470,794,289
Total net debt applicable to the limit	<u>53,534,488</u>	<u>60,428,102</u>	<u>52,253,450</u>	<u>174,368,930</u>
Legal debt margin	<u>\$ 1,615,163,528</u>	<u>\$ 1,463,030,125</u>	<u>\$ 1,416,631,759</u>	<u>\$ 1,296,425,359</u>
Total net debt applicable to the limit as a percentage of debt limit	3.21%	3.97%	3.56%	11.86%

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

Source: State of Minnesota School Tax Report

2015	2016	2017	2018	2019	2020
\$ 1,504,001,884	\$ 1,603,298,661	\$ 1,711,502,134	\$ 1,837,450,721	\$ 1,954,257,554	\$ 2,087,438,679
170,174,267	166,117,347	156,854,997	223,761,506	218,837,072	222,372,625
<u>\$ 1,333,827,617</u>	<u>\$ 1,437,181,314</u>	<u>\$ 1,554,647,137</u>	<u>\$ 1,613,689,215</u>	<u>\$ 1,735,420,482</u>	<u>\$ 1,865,066,054</u>
11.31%	10.36%	9.16%	12.18%	11.20%	10.65%

Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$ 13,916,257,860
Debt limit (15% of market value)	2,087,438,679
Debt applicable to the limit	
General obligation bonds	225,055,999
Less amount set aside for repayment of general obligation debt	<u>(2,683,374)</u>
Total net debt applicable to the limit	<u>222,372,625</u>
Legal debt margin	<u>\$ 1,865,066,054</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	59,417	\$ 3,474,468,492	\$ 58,476	10,511	7.0 %
2012	60,017	3,548,565,142	59,126	10,544	5.7
2013	60,517	3,621,095,212	59,836	10,657	5.1
2014	61,717	3,754,121,676	60,828	10,708	4.5
2015	63,317	3,893,488,964	61,492	10,747	3.7
2016	64,917	4,103,857,989	63,217	10,858	3.7
2017	66,517	N/A	N/A	11,330	3.5
2018	66,517	N/A	N/A	11,640	2.8
2019	69,017	N/A	N/A	11,906	3.2
2020	71,017	N/A	N/A	12,127	9.8

N/A – Not Available

Sources: Population data based on information from property developers and cities; methodology approved by the State Demographer’s Office

Per capita personal income data is for the state of Minnesota and is obtained from the United States Census Bureau

Enrollment information from district records

Unemployment rate is for Hennepin County as of June and is obtained from the Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year			
	2020		2011	
	Employees	Rank	Employees	Rank
Carlson Companies (1)	4,500	1	2,000	2
Medica Health	1,700	2	–	–
Independent School District No. 284	1,587	3	1,484	3
Aimia	1,000	4	–	–
TCF National Bank	1,000	4	–	–
Abbott Laboratories	800	6	–	–
US Foods	500	7	–	–
Nilfisk-Advance, Inc.	450	8	547	9
Wagner Spray Tech Corp.	400	9	–	–
Deltak, LLC	300	10	–	–
Cargill, Inc.	–	–	2,200	1
Polaris	–	–	1,400	4
United Health Group	–	–	1,400	4
Independent School District No. 276	–	–	1,050	6
Ev3, LLC	–	–	700	7
Uniprise, Inc.	–	–	600	8
Mar Co Purification, Inc.	–	–	500	10
Total	<u>12,237</u>		<u>11,881</u>	
Total ISD No. 284 population (see the Schedule of Demographic and Economic Statistics)	<u>71,017</u>		<u>59,417</u>	
Percent of principal employers to total ISD No. 284 population	<u>17.2%</u>		<u>20.0%</u>	

(1) Includes entire metropolitan area. Carlson Marketing Travel Group is included in Carlson Companies.

Source: Fiscal 2020 information: obtained from the Official Statement associated with the District's 2020A General Obligation Alternative Facilities Refunding (prepared by Ehlers)

Fiscal 2011 information: Official Statement associated with the District's 2011 Aid Anticipation Certificates (prepared by Northland Securities)

INDEPENDENT SCHOOL DISTRICT NO. 284

Employees by Classification
Last Ten Fiscal Years

Employees	Fiscal Year			
	2011	2012	2013	2014
Administration				
Principals	11.0	11.0	11.0	11.0
Associate principals	8.0	8.0	8.0	8.0
Unaffiliated	38.8	36.1	37.2	35.4
Total administration	<u>57.8</u>	<u>55.1</u>	<u>56.2</u>	<u>54.4</u>
Instructional administrators				
High school classroom teachers	153.5	158.8	153.4	154.3
Middle school classroom teachers	131.2	126.3	132.5	132.3
Elementary classroom teachers	185.0	189.7	191.0	183.0
High school – area learning center	9.0	8.0	8.7	8.0
Middle school – area learning center	2.0	2.0	2.0	2.0
Community education – extended day kindergarten	5.5	6.0	8.0	16.0
Community education – early childhood family education	4.4	3.1	3.7	4.2
Special services	77.6	79.4	80.6	77.1
Elementary specialists and intervention	57.3	65.2	63.3	66.4
Total instructional administrators	<u>625.5</u>	<u>638.5</u>	<u>643.2</u>	<u>643.3</u>
Student services				
Curriculum and instruction – resource, peer, alt comp	19.8	19.5	20.5	20.0
Media centers – elementary	7.0	7.0	7.1	7.0
High school – professional development	0.3	0.3	0.3	0.3
High school – counselors, media, Vision 21, intervention	11.7	13.0	13.0	13.0
Middle schools – counselors, media, Vision 21, intervention	9.8	10.5	15.5	15.0
Technology	3.0	3.0	3.0	3.0
Special services – social workers, psychologists, nurses, etc.	45.3	43.6	44.9	45.4
Total student services	<u>96.9</u>	<u>96.9</u>	<u>104.3</u>	<u>103.7</u>
Support services				
Clerical/secretarial	45.9	46.0	48.0	48.0
Custodial	74.4	74.4	73.0	73.0
Food service	42.4	42.4	43.8	43.8
Paraprofessionals	260.5	256.8	254.2	254.2
Unaffiliated specialists	20.2	19.5	20.8	22.5
Unaffiliated support staff	7.0	6.0	5.0	5.0
Total support services	<u>450.4</u>	<u>445.1</u>	<u>444.8</u>	<u>446.5</u>
District-wide totals	<u><u>1,230.6</u></u>	<u><u>1,235.6</u></u>	<u><u>1,248.5</u></u>	<u><u>1,247.9</u></u>

N/A – Not Available

Note: All full-time equivalents are based on an 8-hour day.

Source: The District's Human Resources Department

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
12.0	12.0	12.0	12.0	13.0	13.0
8.0	6.0	6.0	6.0	7.0	7.0
<u>37.2</u>	<u>36.1</u>	<u>38.2</u>	<u>39.1</u>	<u>43.1</u>	<u>43.1</u>
57.2	54.1	56.2	57.1	63.1	63.1
157.5	153.0	155.7	155.4	157.8	162.3
134.6	131.7	133.4	137.2	139.5	139.7
213.0	203.0	219.0	230.0	241.0	250.0
8.0	6.3	7.7	6.7	6.7	6.7
2.0	1.5	1.5	1.0	3.0	3.3
N/A	N/A	N/A	N/A	N/A	N/A
3.8	5.5	3.5	3.5	3.5	3.7
77.0	66.0	68.6	96.6	92.3	88.6
<u>65.6</u>	<u>64.7</u>	<u>72.2</u>	<u>82.7</u>	<u>87.9</u>	<u>93.9</u>
661.5	631.7	661.5	713.1	731.7	748.3
20.0	21.0	15.5	16.5	23.0	25.0
7.0	7.0	8.0	7.9	8.0	9.0
0.3	0.3	0.3	0.3	0.3	–
13.0	17.0	18.7	18.5	20.4	23.0
14.0	15.5	18.2	19.3	20.0	19.4
3.0	3.0	3.0	3.0	3.0	3.0
<u>46.2</u>	<u>59.2</u>	<u>54.9</u>	<u>38.3</u>	<u>58.6</u>	<u>58.9</u>
103.5	123.0	118.6	103.8	133.3	138.3
49.9	50.9	50.9	49.9	47.9	45.7
73.0	75.0	83.5	85.5	86.0	88.2
44.9	46.2	48.8	49.4	57.0	55.0
244.6	246.9	238.6	239.7	228.2	243.7
22.8	22.8	20.9	21.9	20.5	29.1
4.0	4.0	4.8	5.7	6.7	10.4
<u>439.2</u>	<u>445.8</u>	<u>447.5</u>	<u>452.1</u>	<u>446.3</u>	<u>472.1</u>
<u>1,261.4</u>	<u>1,254.6</u>	<u>1,283.8</u>	<u>1,326.1</u>	<u>1,374.4</u>	<u>1,421.8</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2011	10,511	\$ 117,584,500	\$ 11,187	2.1 %	469	22.4	13.2 %
2012	10,544	121,786,584	11,550	3.2	475	22.2	14.4
2013	10,657	124,740,958	11,705	1.3	477	22.3	14.6
2014	10,708	132,892,192	12,411	6.0	470	22.8	12.9
2015	10,747	133,929,448	12,462	0.4	505	21.3	13.0
2016	10,858	136,420,224	12,564	0.8	488	22.3	13.9
2017	11,330	143,803,361	12,692	1.0	508	22.3	14.0
2018	11,640	154,352,148	13,260	4.5	523	22.3	12.0
2019	11,906	167,080,676	14,033	5.8	538	22.1	12.0
2020	12,127	178,135,010	14,689	4.7	552	22.0	11.5

Note: Operating expenditures are total expenditures less debt service and capital outlays.

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 284

Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary schools										
Birchview (1969)										
Square feet	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720
Capacity	592	592	592	592	592	592	550	550	550	550
Enrollment	671	651	653	647	622	586	481	499	474	447
Gleason Lake (1988)										
Square feet	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710
Capacity	690	690	690	690	690	690	690	690	690	690
Enrollment	692	663	655	663	636	622	571	568	586	634
Greenwood (1964)										
Square feet	72,007	72,007	72,007	88,016	88,016	88,016	88,016	88,016	88,016	88,016
Capacity	690	690	690	820	820	820	780	780	780	780
Enrollment	608	685	726	821	863	856	747	794	813	775
Kimberly Lane (1991)										
Square feet	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Capacity	690	690	690	690	690	690	710	710	710	710
Enrollment	806	757	717	744	764	718	649	760	778	628
Meadow Ridge (2016)										
Square feet	-	-	-	-	-	-	85,208	102,508	102,508	102,508
Capacity	-	-	-	-	-	-	710	828	828	828
Enrollment	-	-	-	-	-	-	758	853	869	768
North Woods (2020)										
Square feet	-	-	-	-	-	-	-	-	-	104,611
Capacity	-	-	-	-	-	-	-	-	-	760
Enrollment	-	-	-	-	-	-	-	-	-	569
Oakwood (1957)										
Square feet	85,490	85,490	85,490	95,476	95,476	95,476	95,476	95,476	95,476	95,476
Capacity	475	475	475	690	690	690	640	640	640	640
Enrollment	511	538	504	527	576	675	475	515	562	494
Plymouth Creek (1988)										
Square feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity	690	690	690	690	690	690	710	710	710	710
Enrollment	765	772	866	746	747	762	669	690	714	675
Sunset Hill (1963)										
Square feet	64,983	64,983	64,983	73,598	73,598	73,598	73,598	73,598	73,598	73,598
Capacity	592	592	592	690	690	690	660	660	660	660
Enrollment	579	577	563	560	581	596	664	681	681	682
Middle schools										
East (1967)										
Square feet	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111
Capacity	800	800	800	800	800	800	850	850	850	850
Enrollment	763	777	821	772	771	743	780	733	747	690
West (1949)										
Square feet	167,000	167,000	167,000	167,000	167,000	167,525	167,525	167,525	167,525	167,525
Capacity	900	900	900	900	900	900	850	850	850	850
Enrollment	719	736	744	736	745	772	791	771	758	748
Central (1961)										
Square feet	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568
Capacity (1)	1,700	1,700	1,700	1,700	1,700	1,700	1,600	1,600	1,600	1,600
Enrollment	942	987	1,034	1,066	1,036	1,118	1,209	1,268	1,320	1,316
High school										
Peony (1997)										
Square feet	487,432	487,432	487,432	487,432	487,432	487,432	656,432	656,432	656,432	656,432
Capacity	3,200	3,200	3,200	3,200	3,200	3,200	3,900	3,900	3,900	3,900
Enrollment	3,235	3,266	3,265	3,257	3,305	3,334	3,410	3,453	3,558	3,669
Transition School (2020)										
Square feet	-	-	-	-	-	-	-	-	-	4,000
Capacity	-	-	-	-	-	-	-	-	-	30
Enrollment	-	-	-	-	-	-	-	-	-	15

(1) Through fiscal 2016, Central Middle School capacity includes space for 1,400 middle school students and 300 birth-to-kindergarten students.

Source: Information was obtained from district records. Enrollment data is as of October 1 of fiscal year.



District Administrative Offices
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Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

A. FINANCIAL STATEMENT FINDINGS

None.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No audit findings were reported for the year ended June 30, 2019.

Preliminary Draft

Management Report
for
Independent School District No. 28
Wayzata, Minnesota
June 30, 2021

Preliminary Draft

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 284's (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 with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

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 and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

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 considered to be material weaknesses. It should be understood that internal controls are never perfected, and those controls which protect the District's funds from such things as fraud and accounting errors need to be continually reviewed by your management and modified as necessary.
- 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 testing 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 no deficiencies in the District's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

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.

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.

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 Minnesota Department of Education (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, 73, 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 recording a liability 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.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

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.

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.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated INSERT DATE.

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 section and statistical section, 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.

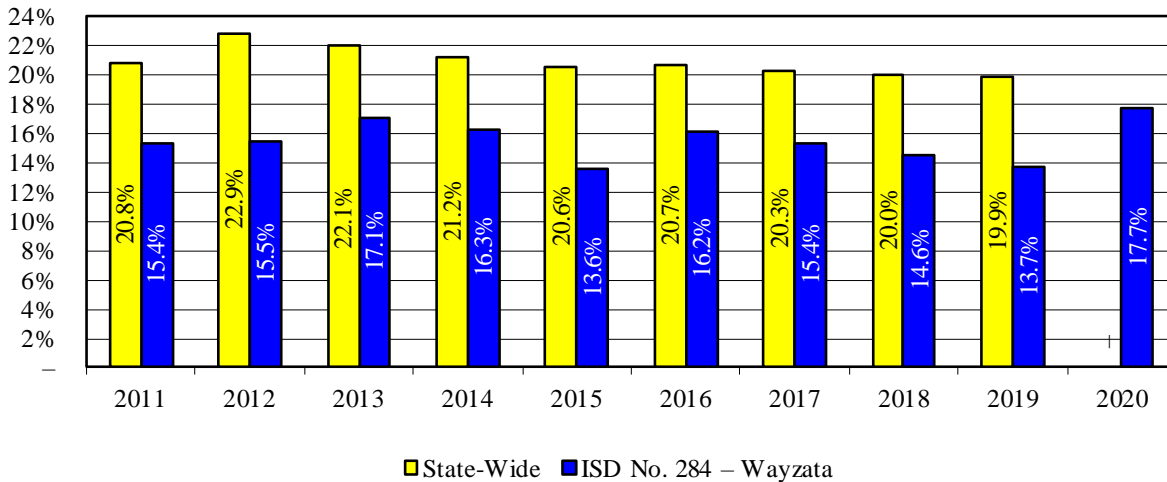
The table below presents a summary of the formula allowance for the past decade and as approved for the next year. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes 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 17.7 percent at the end of the current year, as compared to 13.7 percent at June 30, 2019.

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 Fund. 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. 284 – Wayzata			
	2018	2019	2018	2019	2018	2019	2020	
General Fund								
Property taxes	\$ 2,024	\$ 2,140	\$ 2,638	\$ 2,796	\$ 4,468	\$ 4,622	\$ 4,820	
Other local sources	520	556	433	454	397	447	550	
State	9,614	9,883	9,625	9,885	8,217	8,355	8,687	
Federal	450	475	474	499	280	295	345	
Total General Fund	<u>12,608</u>	<u>13,054</u>	<u>13,170</u>	<u>13,634</u>	<u>13,362</u>	<u>13,719</u>	<u>14,402</u>	
Special revenue funds								
Food Service	559	559	554	556	562	545	483	
Community Service	642	676	752	797	848	920	842	
Debt Service Fund	<u>1,128</u>	<u>1,229</u>	<u>1,120</u>	<u>1,287</u>	<u>715</u>	<u>1,009</u>	<u>1,018</u>	
Total revenue	<u>\$ 14,937</u>	<u>\$ 15,518</u>	<u>\$ 15,596</u>	<u>\$ 16,274</u>	<u>\$ 15,487</u>	<u>\$ 16,193</u>	<u>\$ 16,745</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>11,684</u>	<u>11,999</u>	<u>12,209</u>	
Note: Excludes the Capital Projects – Building Construction Fund.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

ADM used in the table above and on the next page are 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 \$204,459,838 in the governmental funds reflected above in fiscal 2020, an increase of \$10,180,461 (5.24 percent) from the prior year, or \$552 per ADM. Total General Fund revenue increased \$683 per ADM from the previous year. General Fund property tax revenue was \$198 per ADM higher than last year, primarily due to increases in the tax levy. Revenue from state sources also increased \$332 per ADM, mainly due to an increase in students served and funding improvements to the general education aid formula and special education. Significant programming changes with the COVID-19 pandemic contributed to the change in the Food Service and Community Service Special Revenue Funds.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction Fund. 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. 284 – Wayzata		
	2018	2019	2018	2019	2018	2019	2020
General Fund							
Administration and district support	\$ 1,031	\$ 1,065	\$ 1,045	\$ 1,078	\$ 784	\$ 850	\$ 961
Elementary and secondary							
regular instruction	5,646	5,787	5,976	6,112	5,813	6,235	6,541
Vocational education instruction	170	180	154	165	252	254	268
Special education instruction	2,298	2,380	2,418	2,505	1,596	1,674	1,783
Instructional support services	658	669	748	751	1,207	1,215	1,333
Pupil support services	1,118	1,178	1,209	1,282	1,120	1,171	1,207
Sites and buildings and other	936	960	896	907	1,280	1,259	1,270
Total General Fund – noncapital	11,857	12,219	12,446	12,800	12,052	12,658	13,363
General Fund capital expenditures	658	721	636	675	733	444	650
Total General Fund	12,515	12,940	13,082	13,475	12,785	13,102	14,013
Special revenue funds							
Food Service	553	561	545	556	549	565	551
Community Service	640	675	750	799	889	931	935
Debt Service Fund	1,308	1,313	1,230	1,308	704	990	1,055
Total expenditures	<u>\$ 15,016</u>	<u>\$ 15,489</u>	<u>\$ 15,607</u>	<u>\$ 16,138</u>	<u>\$ 14,927</u>	<u>\$ 15,588</u>	<u>\$ 16,554</u>
ADM served per MDE School District Profiles Report (current year estimated)					<u>11,684</u>	<u>11,999</u>	<u>12,209</u>
Note: Excludes the Capital Projects – Building Construction Fund.							
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 \$202,099,457 in the governmental funds reflected above in fiscal 2020, an increase of \$15,079,462 (8.1 percent) from the prior year, which represents an increase of \$966 per ADM. General Fund operating expenditures increased \$705 per ADM, mainly in elementary and secondary regular instruction (\$306 per ADM), instructional support services (\$118 per ADM), and special education instruction (\$109 per ADM), due to contractual salary and benefit increases and additional staffing. Administration and district support increased \$111 per ADM due to the early payoff of leases. General Fund capital expenditures increased \$206 per ADM, due to a capital lease issued for technology products.

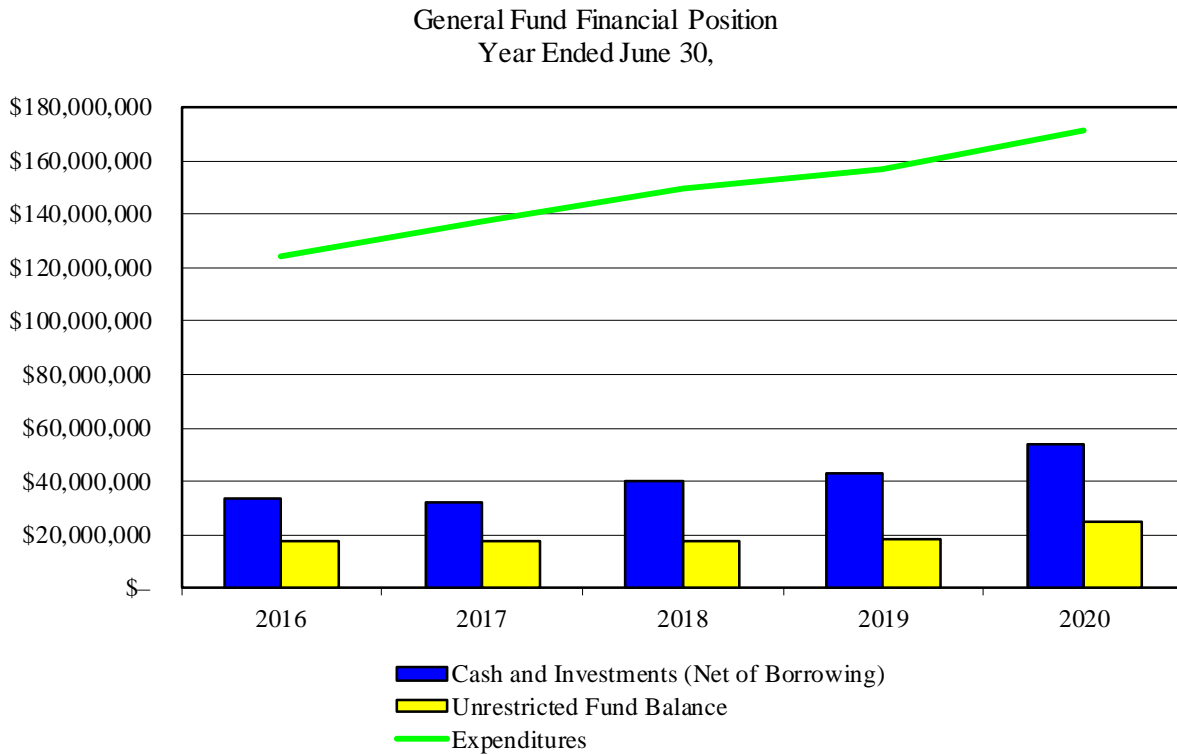
SUMMARY

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, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2020 with a General Fund cash balance (net of interfund borrowing and excluding cash and investments held with trustee) of \$54,007,114, an increase of \$10,661,266 from the prior year. Total fund balance at year-end was \$31,946,960, an increase of \$5,978,810.

During fiscal year 2020, the District reported a change in accounting principle increasing fund balance by \$1,187,960 to report student activity and scholarship activity in the General Fund.

GENERAL FUND COMPONENTS OF FUND BALANCE

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	\$ 196,566	\$ 355,711	\$ 287,085	\$ 316,399	\$ 611,106
Restricted fund balances (1)	5,838,351	(2,117,536)	1,979,878	7,600,701	6,354,302
Unrestricted fund balances					
Committed	2,889,790	-	-	-	-
Assigned	5,482,867	4,918,059	5,712,743	5,369,294	5,529,336
Unassigned	9,347,456	12,992,870	12,095,480	12,681,756	19,452,216
Total fund balance	\$ 23,755,030	\$ 16,149,104	\$ 20,075,186	\$ 25,968,150	\$ 31,946,960
Total expenditures	\$ 124,483,267	\$ 137,460,334	\$ 149,384,155	\$ 157,201,516	\$ 171,077,324
Unrestricted fund balances as a percentage of expenditures	<u>14.2%</u>	<u>13.0%</u>	<u>11.9%</u>	<u>11.5%</u>	<u>14.6%</u>
Unassigned fund balances as a percentage of expenditures	<u>7.5%</u>	<u>9.5%</u>	<u>8.1%</u>	<u>8.1%</u>	<u>11.4%</u>
(1) Includes 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.					

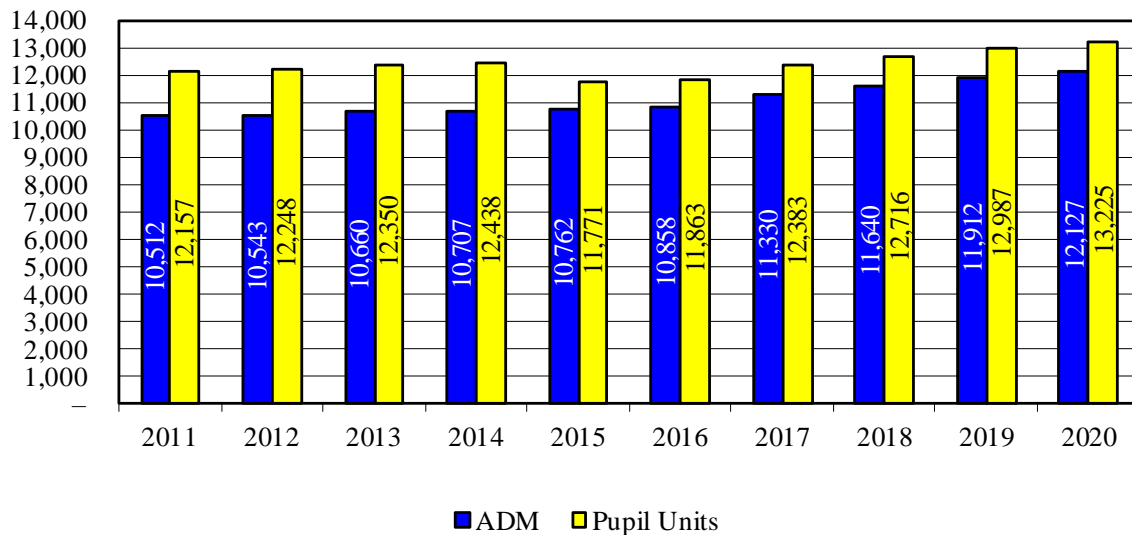
The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula. The resources represented by this fund balance are critical to a district's ability to maintain 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, unassigned fund balance in the General Fund (excluding restricted fund balance deficits) represented 11.4 percent of annual expenditures, or slightly less than six weeks of operations assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

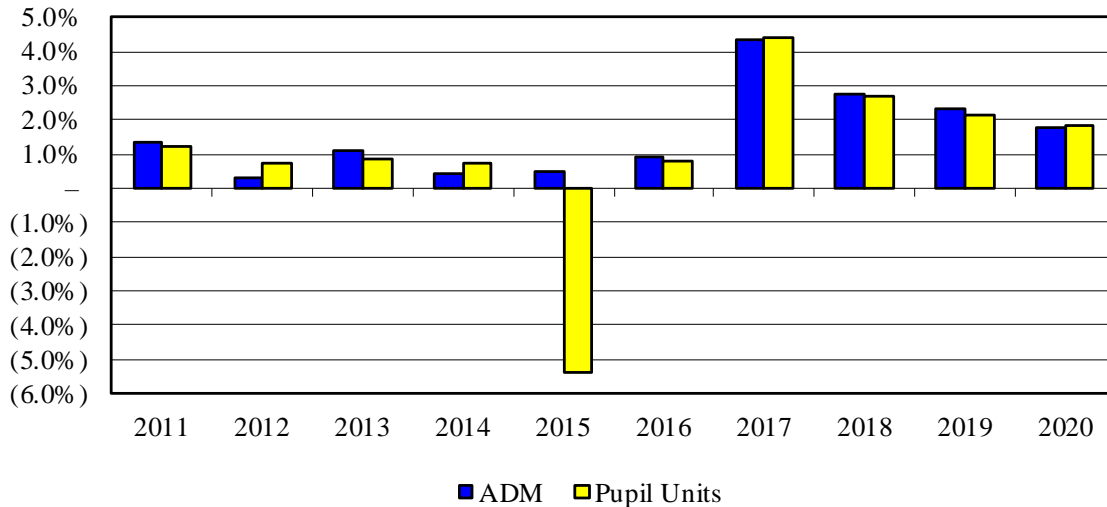
The following graph presents the District's adjusted ADM and pupil units served for the past 10 years:

Adjusted ADM and Pupil Units Served



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:

Change in Adjusted ADM and Pupil Units Served



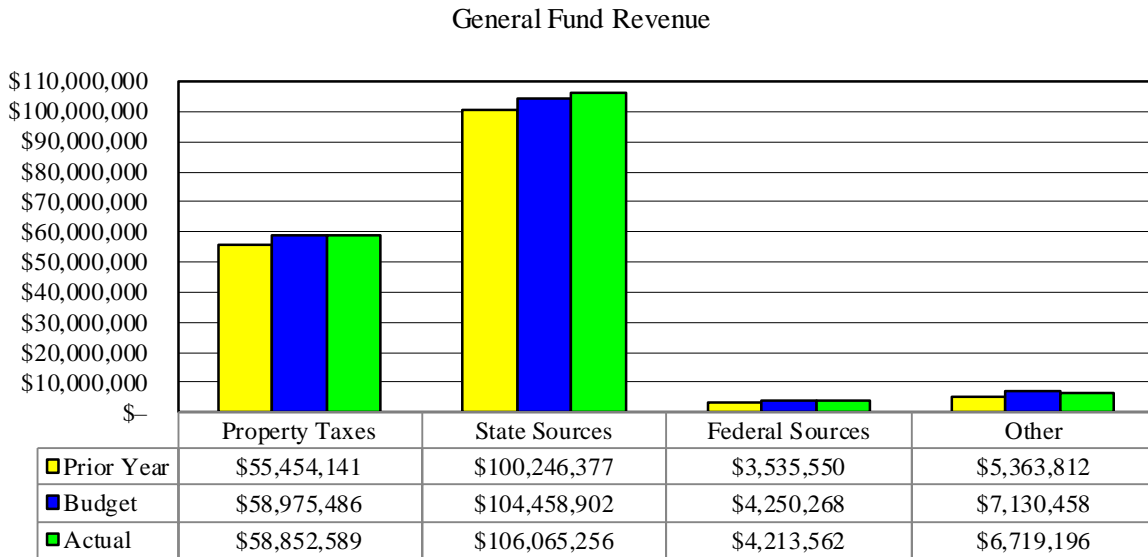
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

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 ADM of 12,127 in 2020, an increase of 215 ADM (1.8 percent) from the prior year. The resulting pupil units served by the District increased by 238 (1.8 percent) to 13,225.

GENERAL FUND REVENUES

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



Total General Fund revenues were \$175,850,603 for the year ended June 30, 2020, which was an increase of \$11,250,723 (6.8 percent) from the prior year, and \$1,035,489 (0.6 percent) more than projected in the final budget.

The variance to budget was in state sources, which was \$1,606,354 more than budget, due to higher than anticipated special education funding.

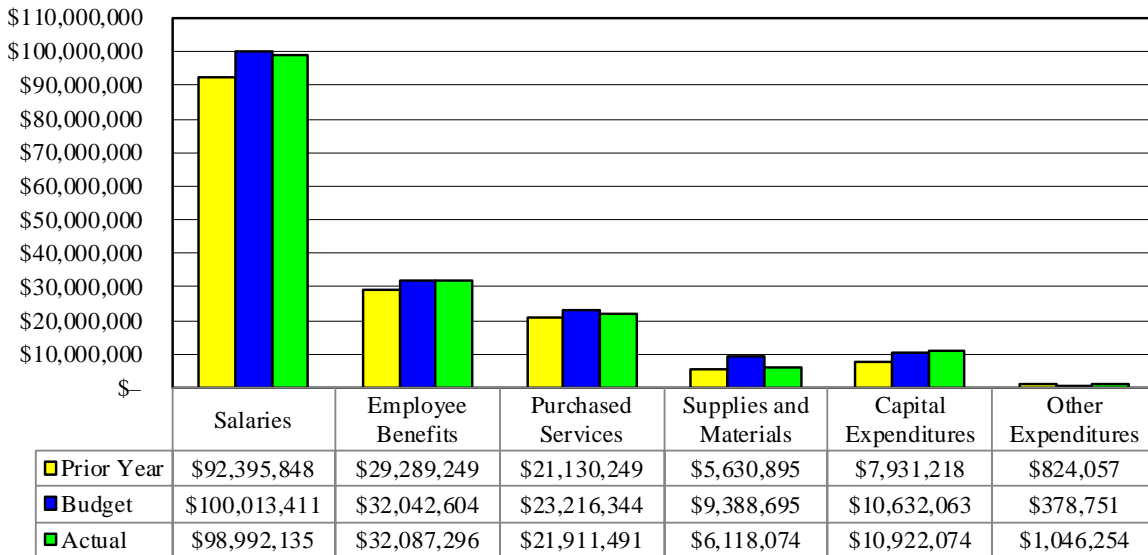
The increase from the prior year was mainly in state sources and property taxes. State sources increased \$5,818,879, primarily as a result of increases in the number of students served, the basic general education formula allowance, and special education funding. Property taxes increased \$3,398,448, as a result of the increased levy in fiscal 2020.

The graph above reflects the concentration of state sources (60.3 percent) followed by property taxes (33.5 percent) received to finance General Fund operations.

GENERAL FUND EXPENDITURES

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

General Fund Expenditures



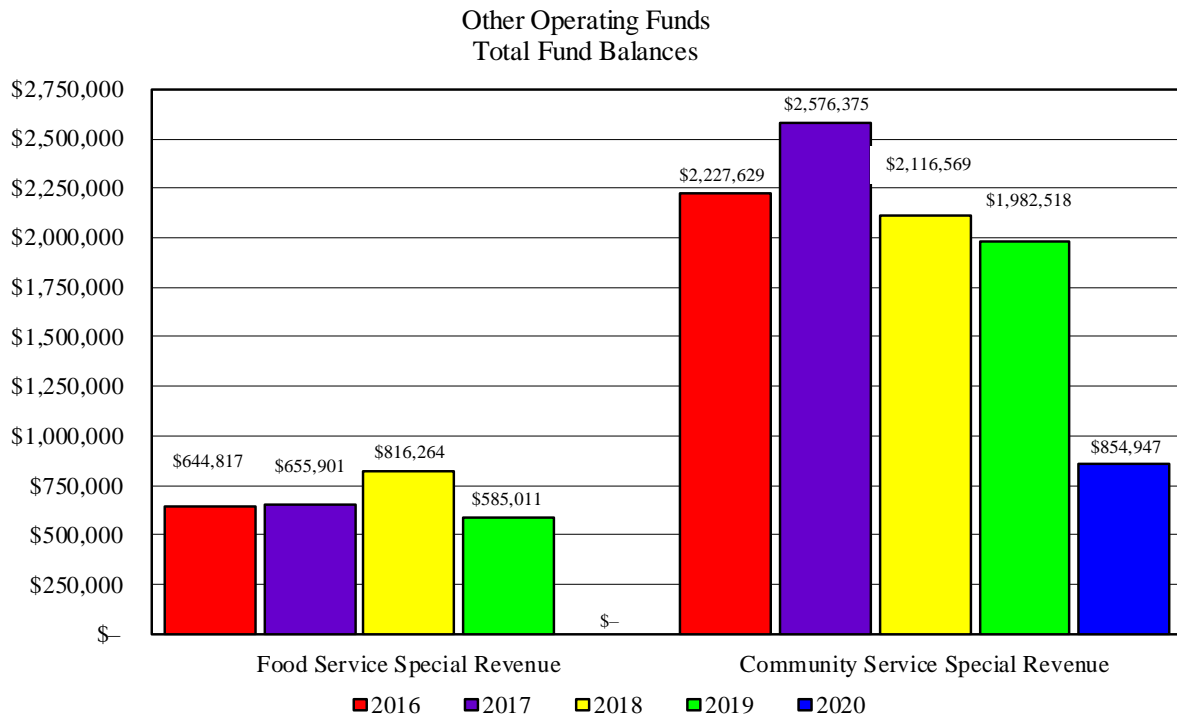
Total General Fund expenditures were \$171,077,324 for the year ended June 30, 2020, which was an increase of \$13,875,808 (8.8 percent) from the prior year, but \$4,594,544 (2.6 percent) under the final budget.

The variance to budget was primarily in supplies and materials and purchased services. Supplies and materials were \$3,270,621 under budget, due to reduced purchasing resulting from operational changes necessitated by the COVID-19 pandemic and changes for student activities recorded within the General Fund. Purchased services were \$1,304,853 under budget, mainly due to the timing of technology needs, the replacement of equipment, and professional development.

Expenditure increases were mainly in salaries, benefits, and capital expenditures. The increase in salaries and benefits is mostly due to contractual increases and additional staffing in the current year. The increase in capital expenditures is due to the timing of long-term facilities maintenance projects.

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 District's Food Service Special Revenue Fund ended fiscal 2020 with a fund balance decrease of \$585,011, compared to a budgeted decrease of \$296,505. Food service revenue was \$5,895,704, which was under budget by \$977,806, due to lower meal sales than anticipated. Expenditures of \$6,730,260 were under budget by \$439,755, as supplies and materials were less than projected. Both of these budget variances and the decrease in fund balance resulted from program changes, due to the COVID-19 pandemic. In the current year, the Board authorized a transfer from the General Fund to eliminate the year-end deficit of \$249,545.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended fiscal 2020 with a fund balance decrease of \$1,127,571, compared to a budgeted increase of \$408,392. Revenues of \$10,282,802 were under budget by \$1,879,047, while actual expenditures totaling \$11,410,373 were under budget by \$352,034. Program participation was significantly impacted by the COVID-19 pandemic causing significant changes to the prior year and budget, to actual results for both revenues and 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.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund ended the year with a fund balance decrease of \$13,645,317, consistent with a \$14,906,449 decrease anticipated in the budget. In fiscal 2020, the District issued \$8,078,823 in tax abatement bonds, including premium, and \$17,765,411 in certificates of participation (COP), including premium. The year-end fund balance of \$18,904,352 includes: \$1,448,716 restricted for projects funded by certificates of participation, \$22,067,521 restricted for capital projects, and a deficit \$4,611,885 for long-term facilities maintenance. The deficit in long-term facilities maintenance is allowable under state statute and may go into deficit to the extent of future levy authority.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue’s financing plan. It is important to remember that resources of the Debt Service Fund are restricted to the payment of outstanding debt obligations of the District. As of June 30, 2020, the District has \$2,683,374 available for general debt service.

Proprietary Funds – Internal Service Funds

The District uses internal service funds to account for the District’s liabilities for self-insured benefits and early retirement benefits. The following table presents the combined activity reported for the past two fiscal years for the internal service funds:

	June 30,	
	2019	2020
Operating revenue		
Charges for services	\$ 18,633,367	\$ 19,431,294
Operating expenses		
Dental benefit claims	1,432,895	1,319,164
Health benefit claims	18,220,640	15,814,054
Early retirement incentive and sick leave benefits	2,037,115	1,051,673
Total operating expenses	<u>21,690,650</u>	<u>18,184,891</u>
Operating income (loss)	(3,057,283)	1,246,403
Nonoperating revenue		
Investment earnings	<u>421,012</u>	<u>279,092</u>
Income (loss) before transfers and special item	(2,636,271)	1,525,495
Transfers in	908,207	22,148
Transfers (out)	(908,207)	(315,468)
Special item	<u>3,035,310</u>	<u>–</u>
Change in net position	399,039	1,232,175
Net position		
Beginning of year	<u>37,890</u>	<u>436,929</u>
End of year	<u>\$ 436,929</u>	<u>\$ 1,669,104</u>

Post-Employment Benefits Trust Fund

The District has established a Post-Employment Benefits Trust Fund to account for an irrevocable trust account established to finance the District’s liability for post-employment healthcare benefits. At year-end, trust net position of \$32,837,303 is available for future OPEB payments.

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	\$ 54,389,633	\$ 63,918,628	\$ (9,528,995)
Total capital assets, net of depreciation	260,420,109	240,433,942	19,986,167
Bonds, certificates, and leases, net of premiums	(255,647,524)	(236,114,659)	(19,532,865)
Pensions, net of deferred outflows and inflows	(135,929,881)	(125,939,381)	(9,990,500)
OPEB, net of deferred outflows and inflows	(17,491,506)	(14,469,615)	(3,021,891)
Other adjustments	(2,362,991)	(3,097,221)	734,230
Total net position – governmental activities	<u>\$ (96,622,160)</u>	<u>\$ (75,268,306)</u>	<u>\$ (21,353,854)</u>
Net position			
Net investment in capital assets	\$ 27,572,468	\$ 37,050,317	\$ (9,477,849)
Restricted	9,472,475	10,648,975	(1,176,500)
Unrestricted	<u>(133,667,103)</u>	<u>(122,967,598)</u>	<u>(10,699,505)</u>
Total net position	<u>\$ (96,622,160)</u>	<u>\$ (75,268,306)</u>	<u>\$ (21,353,854)</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 by \$21,353,854 during fiscal 2020. As presented in the table above, this change was primarily in unrestricted net position, due to changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension plan liabilities and related deferments.

The District's net investment in capital assets decreased \$9,477,849 this year. The change in this category of net position typically depends on the relationship between the rate at which the District's capital assets are being added, depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 28
WAYZATA, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2020

Preliminary Draft

INDEPENDENT SCHOOL DISTRICT NO. 284

Special Purpose Audit Reports
Year Ended June 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Passed Through to Subrecipients	Noncash Assistance
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child nutrition cluster				
School Breakfast Program	10.553	\$ 60,068		
National School Lunch Program	10.555	784,530		\$ 282,958
COVID-19 – Summer Food Service Program for Children	10.559	<u>865,980</u>		
Total child nutrition cluster			\$ 1,710,578	
U.S. Department of Education				
Passed through Minnesota Department of Education				
Special education cluster				
Special Education Grants to States	84.027	2,489,236		
Special Education Preschool Grants	84.173	<u>58,916</u>		
Total special education cluster			2,548,152	
Title I Grants to Local Educational Agencies	84.010	691,786		
Career and Technical Education – Basic Grants to States	84.048	498,271	\$ 301,622	
Special Education – Grants for Infants and Families	84.181	45,715		
English Language Acquisition State Grants	84.365	43,296		
Supporting Effective Instruction State Grants	84.367	196,909		
Student Support and Academic Enrichment Program	84.424	85,196		
Passed through Independent School District No. 271				
Education for Homeless Children and Youth	84.196	2,241		
U.S. Department of Health and Human Services				
Direct				
Drug-Free Communities Support Program Grants	93.276	<u>102,052</u>		
Total federal awards				<u>\$ 5,924,196</u>

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated INSERT DATE.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 284's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

(continued)

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE 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, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated INSERT DATE, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated INSERT DATE.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT AUDITOR’S REPORT ON UNIFORM FINANCIAL
ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (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, and have issued our report thereon dated INSERT DATE.

Auditing standards referred to in the previous paragraph 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table 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. The 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

The purpose of this report on the UFARS Compliance Table, required by the MDE, is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2020

	Audit	UFARS	Audit – UFARS
General Fund			
Total revenue	\$ 175,850,603	\$ 175,850,603	\$ –
Total expenditures	\$ 171,077,324	\$ 171,077,322	\$ 2
Nonspendable			
460 Nonspendable fund balance	\$ 611,106	\$ 611,106	\$ –
Restricted			
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ 279,947	\$ 279,947	\$ –
403 Staff development	\$ 561,290	\$ 561,290	\$ –
406 Health and safety	\$ –	\$ –	\$ –
407 Capital projects levy	\$ 1,357,564	\$ 1,357,564	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
423 Certain teacher programs	\$ –	\$ –	\$ –
424 Operating capital	\$ 4,043,930	\$ 4,043,930	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative program	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ 191,570	\$ 191,570	\$ –
450 Pre-kindergarten	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459 Basic skills extended time	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ (421,471)	\$ (421,471)	\$ –
472 Medical Assistance	\$ 341,472	\$ 341,472	\$ –
473 PPP loans	\$ –	\$ –	\$ –
474 EIDL loans	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
475 Title VII – Impact Aid	\$ –	\$ –	\$ –
476 PILT	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ 5,529,336	\$ 5,529,336	\$ –
Unassigned			
422 Unassigned fund balance	\$ 19,452,216	\$ 19,452,217	\$ (1)
Food Service			
Total revenue	\$ 5,895,704	\$ 5,895,704	\$ –
Total expenditures	\$ 6,730,260	\$ 6,730,260	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 137,471	\$ 137,471	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ (137,471)	\$ (137,471)	\$ –
Community Service			
Total revenue	\$ 10,282,802	\$ 10,282,802	\$ –
Total expenditures	\$ 11,410,373	\$ 11,410,374	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ 850	\$ 850	\$ –
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ 649	\$ 649	\$ –
432 ECFE	\$ 357,530	\$ 357,530	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ 114,044	\$ 114,044	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
473 PPP loans	\$ –	\$ –	\$ –
474 EIDL loans	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 381,874	\$ 381,874	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 284

Uniform Financial Accounting and Reporting Standards
 Compliance Table (continued)
 June 30, 2020

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ 619,538	\$ 619,538	\$ –
Total expenditures	\$ 48,211,089	\$ 48,211,088	\$ 1
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ 1,448,716	\$ 1,448,716	\$ –
467 Long-term facilities maintenance	\$ (4,611,885)	\$ (4,611,885)	\$ –
464 Restricted fund balance	\$ 22,067,521	\$ 22,067,521	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 12,430,729	\$ 12,430,729	\$ –
Total expenditures	\$ 12,881,500	\$ 12,881,500	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 2,683,374	\$ 2,683,374	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 19,710,386	\$ 19,710,386	\$ –
Total expenditures	\$ 18,184,891	\$ 18,184,891	\$ –
422 Net position	\$ 1,669,104	\$ 1,669,104	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ 2,026,350	\$ 2,026,350	\$ –
Total expenditures	\$ 1,710,785	\$ 1,710,785	\$ –
422 Net position	\$ 32,837,303	\$ 32,837,303	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note 1: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.



**SCHOOL BOARD INTERNAL WORKING DOCUMENT
FALL 2025 OCCUPANCY
DRAFT: BOND ELECTION TIMELINES Considerations**

	<u>November 2021 Election</u>	<u>February 2022 Election</u>	<u>April 2022 Election</u>	<u>May 2022 Election</u>
Board Establish Task Force	December 2020	March 2021	July 2021	August 2021
Community Survey #1 <i>(Test Climate/Needs/Awareness)</i>	December 2020	March 2021	August 2021	September 2021
Community Taskforce (3 Months)	January-March 2021	April-June 2021	September-November 2021	September-November 2021
Report from Taskforce (Board Meeting)	March 2021	June 2021	Late November 2021	Late November 2021
Community Survey #2 <i>(Test Tolerance/Priorities)</i>	April 2021	July 2021	December 2021	December 2021
Board Work Session(s)	May-June 2021	August-September 2021	November-December 2021	November-December 2021
Board Finalize Proposal	June (July (latest))	September (October (latest))	November (December (latest))	December (January (latest))
Submit Review and Comment	August 8, 2021	November 2021	January 12, 2022	February 10, 2022
Community Survey #3 <i>(Optional: Test Messaging)</i>	September 2021	December 2021	Mid-January 2022	Mid-April 2022
Early Voting	September 2021	December 2021	February 2022	March 2022
Special Election	November 9, 2021	February 2022	April 2022	May 2022
Timing Considerations	Benefits: <ul style="list-style-type: none"> Concurrent with an existing election. Challenges: <ul style="list-style-type: none"> Sometimes Other Elections on Ballot Evolving Pandemic Considerations Current Pandemic Status Uncertainty of Student Enrollment 	Benefits: <ul style="list-style-type: none"> Additional time for Pandemic Learnings Favorable Construction Schedule Challenges: <ul style="list-style-type: none"> Evolving Pandemic Considerations 	Benefits: <ul style="list-style-type: none"> Good Time for Information Campaigns Challenges: <ul style="list-style-type: none"> Tax Day – April 15 Evolving Pandemic Considerations Spring Break 	Benefits: <ul style="list-style-type: none"> Good Time for Information Campaigns Challenges: <ul style="list-style-type: none"> Evolving Pandemic Considerations End of the year is busy: Scheduling Challenges

Timeline for 2021 Special Elections

		Second Tuesday In February	Second Tuesday In April	Second Tuesday In May	Second Tuesday In August	First Tuesday After First Monday in November
		February 9, 2021	April 13, 2021	May 11, 2021	August 10, 2021	November 2, 2021
		No later than:	No later than:	No later than:	No later than:	No later than:
Adoption Resolution Calling Election	74 days prior to election	November 27, 2020	January 29, 2021	February 26, 2021	May 28, 2021	August 20, 2021
Notify County Auditor and Commissioner of Date and Questions	74 days prior to election	November 27, 2020	January 29, 2021	February 26, 2021	May 28, 2021	August 20, 2021
Have Absentee Ballots Available	46 days prior to election	December 25, 2020	February 26, 2021	March 26, 2021	June 25, 2021	September 17, 2021
Adopt Resolution Appointing Election Judges	25 days prior to election	January 15, 2021	March 19, 2021	April 16, 2021	July 16, 2021	October 8, 2021
Mail Referendum Notice [Levy]	15 to 30 days prior to election	January 10, 2021 to January 25, 2021	March 15, 2020 to March 30, 2020	April 11, 2021 to April 26, 2021	July 11, 2021 to July 26, 2021	October 3, 2021 to October 18, 2021
Publish Review and Comment [Bond]	20 to 60 days prior to election	December 11, 2020 to January 20, 2021	February 12, 2021 to March 24, 2021	March 12, 2021 to April 21, 2021	June 11, 2021 to July 21, 2021	September 3, 2021 to October 13, 2021
THE SCHOOL BOARD MUST HOLD A PUBLIC MEETING TO DISCUSS THE COMMISSIONER'S REVIEW AND COMMENT BEFORE THE DATE OF THE ELECTION FOR BONDS						
Publish Notice of Testing of Optical Scan System	2 days prior to election	February 7, 2021	April 11, 2021	May 9, 2021	August 8, 2021	Octo 31, 2021
Publish Notice of Location Where Ballots will be Counted	1 week prior to election	February 2, 2021	April 6, 2020	May 6, 2021	August 4, 2021	October 26, 2021
Publish Notice of Special Election	2 weeks prior to election	January 26, 2021	March 30, 2021	April 27, 2021	July 27, 2021	October 19, 2021
Post Notice of Special Election	10 days prior to election	January 30, 2020	April 3, 2021	May 1, 2021	July 31, 2021	October 23, 2021
Post Sample Ballot	4 days prior to election and on election day	February 5, 2021 and February 9, 2021	April 9, 2021 and April 13, 2021	May 7, 2021 and May 11, 2021	August 6, 2021 and August 10, 2009	October 29, 2021 and November 2, 2021
Conduct Election		February 9, 2021	April 13, 2021	May 11, 2021	August 10, 2021	November 2, 2021
Adopt Resolution Canvassing Results	3 to 10 days after election	February 12, 2021 to February 19, 2021	April 16, 2021 to April 23, 2021	May 14, 2021 to May 21, 2021	August 13, 2021 to August 20, 2021	November 5, 2021 to November 12, 2021
Notify the Commissioner of the Results	15 days after canvass	February 24, 2021	April 28, 2021	May 26, 2021	August 25, 2021	November 17, 2021

Key:

Text that is blue and bold is our ask

Text in blue and regular font is a brief summary of our ask.

Text in black is copy for Platform Supplemental Document.

2021 Wayzata Legislative Platform and Supplemental

The students and families of Wayzata Public Schools thank you for the important work you have completed on behalf of our community and throughout Minnesota. We depend on you to make decisions that support our mission.

During the 2021 legislative session, Wayzata Public Schools looks to the Governor and the Legislature to provide leadership and support these priorities.

The ongoing COVID-19 Pandemic has forced school districts across the state, nation and world to innovate teaching and learning practices as well as implement more stringent health and safety practices. Wayzata Public Schools received \$3 million in CARES Act funds to help offset additional costs of cleaning and staffing. However, Students, Families, Teachers and Staff have been adversely affected by changing conditions, expectations and sense of stability in their work and home lives and need additional mental, physical and logistical supports during this challenging time.

OUR MAIN PRIORITIES

Increase the State Funding Formula by 3% Each Year of the 2021-2023 Biennium

Our district lacks adequate resources for their students when State Funding, the largest funding source for school districts, doesn't keep-up with inflation.

Predictable, adequate and sustainable funding is essential for school districts to deliver on the Legislature's vision of the World's Best Workforce. If the per pupil funding formula had kept-up with inflation, school districts would realize \$503 per student of additional funding.

The vast majority of increased state general education spending during the last two bienniums does not represent new operating revenue for school districts and does not negate the need for investments in the basic education formula allowance.

Over the past decade, our district's expenses increased by approximately 3% every year.

We ask the Legislature to show their commitment to our students, to the World's Best Workforce and to closing the achievement and opportunity gap by providing predictable, adequate and sustainable funding.

Providing a consistent increase on the formula that accounts for cost increases and inflation will help Wayzata Public Schools meet its obligations to provide the best possible education for each and every student.

We ask the Legislature to recognize geographical operating cost differences. Metropolitan school districts face significantly higher labor costs than their rural counterparts. Unlike many states, Minnesota’s education funding formula does not recognize the geographic wage differentials.

We ask the Legislature to mitigate the impact of the COVID-19 Pandemic by allowing school districts to use the greater of the 2019 or 2020 pupil counts for funding formulas. Bills have been introduced in both the House of Representatives and Senate during 2020 Special Sessions.

Work Toward Fully-Funding Special Education

Wayzata Public Schools pays 6.2% of our general fund on our Special Education cross-subsidy to cover mandated special education services. We ask that the Legislature make all recent aids permanent.

A cross-subsidy is the difference between revenues and expenditures.

The Federal and State Governments have not met their obligations to fully-fund special education. The special education cross-subsidy is the result of Federal and State mandates, inadequate Federal and State funding and the high-level of services needed by and delivered to Minnesota’s special education students. Wayzata’s 2017-2018 special education cross-subsidy was \$9,427,117.

Not only do we ask the Legislature to work toward fully-funding special education, we ask the Legislature to help reduce the cross-subsidy with a phased-in approach to increase funding to reduce the cross-subsidy by 50% over four years.

We thank the Legislature for creating a new category of special education aid called Cross-Subsidy Reduction Aid. Wayzata Public Schools will receive \$880,000 for the current 2019-2021 biennium. We ask this aid to be made permanent and increase 3% for the 2022-2023 biennium.

Due to the ongoing COVID-19 Pandemic, many students receiving special education services have been attending in-person when it is safe to do so.

Oppose New Unfunded Mandates

Federal and state mandates should have a clearly articulated purpose, and funding necessary to comply should be appropriated by the Legislature.

One-size-fits-all mandates stifle innovation and creativity. Locally elected school boards are in the best position to work with their students, parents and communities to address local needs and challenges. Refrain from enacting new unfunded mandates and reduce existing mandates and burdensome paperwork requirements.

Due to the ongoing COVID-19 Pandemic, school districts need the flexibility to manage the individual needs of each and every student.

FUTURE AND ONGOING CONSIDERATIONS

Increase Funding for Counselors, School Nurses and Social Workers

A truly robust system to ensure a safe and healthy environment for learning includes having both mental health and physical health supports in place for our students.

Wayzata Public Schools are committed to a world-class education for each and every student; including the support of Counselors, School Nurses and Social Workers. Ensuring schools have the resources to provide students access to these services and support is essential to providing a setting conducive to success.

The 2019 Minnesota Department of Education Student Survey for grades 5, 8, 9 and 11 which illustrates the needs of students are growing both inside and outside of school. Compared to the last time this survey was conducted in 2016, the results show:

- More students are reporting long-term mental, behavioral and emotional problems.
- Fewer students report feeling safe - both at home, school, to/from school and their neighborhoods.
- Fewer students also report feeling engaged in school.
- Fewer students believe their school provides a good learning environment.
- Fewer students are reporting good health.

School nurses, counselors and social workers are vital in creating a healthy, safe and supportive school environment; however, Minnesota has higher ratios in these areas than the national recommendations. In order to meet the growing needs of our students, we ask for the Legislature's commitment to ensure that our students receive the support they need to succeed both in school and beyond.

During the COVID-19 Pandemic, school counselors, nurses, and social workers are providing more services to more students and families by providing virtual wellness check-in opportunities and tools that can be used at home.

Make Safe Schools Aid Permanent

School districts need adequate resources to fund safe learning environments. We ask that the Legislature make all recent school safety aids permanent.

We thank the Legislature for the one-time Safe Schools Aid being paid out in the 2020 fiscal year – approximately \$400,000. This aid helps schools with one-time costs like equipment and facilities, but districts also have recurring costs which they need to plan for long-term.

We ask the Legislature to make the Safe Schools Aid permanent and increase the funding to facilitate this long-term planning. Doing so would enable districts to adequately gauge the supports – such as School Resource Officers, Counselors, and other staff – they can provide beyond one year. These supports are essential to creating a safe school environment.

Wayzata Public Schools' Safe Schools Levy for 2019-2020 of approximately \$688,000 was insufficient to meet the actual cost of providing a safe learning environment. The District made-up the shortfall using other unassigned funds.

Increase access and provide funding for early childhood education, care, and supports

Closing the achievement gap depends on expanded access for quality early learning opportunities. Funding for school-based prekindergarten programs must expand access to Early Learning Scholarships.

The success of our school district depends on getting every child off to a great start. We know that getting our youngest learners ready for kindergarten can have powerful positive outcomes on their academic achievement and beyond.

The Early Childhood professionals in Wayzata Public Schools, including Early Childhood Family Education, Early Childhood Special Education and our Early Childhood Outreach team partner with District preschool and community preschools, childcare providers and Caring for Kids at Interfaith Outreach to support kindergarten readiness. A stable, high-quality early childhood education workforce that is adequately trained and compensated supports Wayzata Public Schools' mission of excellence for each and every student and Minnesota's World's Best Workforce plans.

Presently, 81.3% of our incoming kindergarteners arrive equipped with the pre-academic and social skills needed for kindergarten success. If additional funds were available for Early Learning Scholarships, Wayzata Public Schools could serve approximately an additional 200 children in need.

Increased access and predictable funding for high-quality early education are critical in getting each and every one of our youngest learners ready for kindergarten.

The value of early childhood education has been well documented through Art Rolnik and Rob Grunewald's work at the Federal Reserve Bank of Minneapolis.¹ Investments spent on targeted early childhood education can result in a 16% rate of return and 8-to-1 benefit-to-cost ratio on future real-world expenditures such as special education, healthcare or corrections.

COVID-19 has exacerbated an already under-resourced profession.

Support College & Career Readiness and Essential Life Skills

Research shows that students who participate in concurrent enrollment programs, like Wayzata's Compass program, are better prepared for success in college, career, and citizenship.

- Provide curriculum options for a variety of job categories and career paths.
- Provide high-quality early learning programs, stable funding for access to educational technology and support for programs that ensure college and career readiness.

¹ www.minneapolisfed.org/article/2003/early-childhood-development-economic-development-with-a-high-public-return

- Train students for jobs that presently do not exist; focusing on skills that include general business acumen, adaptability, lifelong learning, literacy with a variety of media, and social and emotional intelligence.
- Support student performance by providing innovative, job market-sensitive educational and training programs via strong curricula and robust teaching methods; all subject to continuous review and timely adaptation.
- Provide constant attention to content areas that include science disciplines, mathematics, computer technology, digital competency, experiential learning, interdisciplinary learning, lifelong learning, soft skills like communications, critical thinking, decision-making, and citizenship in an increasingly diverse society and world.
- Engage in public-private partnerships between employers and educators.
- Engage in efforts to influence public policy.
- Support an effective, integrated approach to workforce preparation by facilitating the development of essential life skills.

Support Educational Technology

Without a stable source of funding, many districts rely on community referendums to support this vital component of the educational experience.

- Teaching and learning depends on equitable access to educational technology to prepare each and every student for future success.
- Wayzata Public Schools currently received approximately \$7.8 million in 2019-2020 through two capital project levies to support personalized education and access to real-time educational resources for students.

Due to the ongoing COVID-19 Pandemic, many districts are providing WiFi hotspots for students and staff for whom at-home broadband internet is unavailable.

Support Partnerships

The school district cannot eliminate hurdles to an excellent education alone, so we have developed partnerships within our community to ensure students and educators have the support needed to be successful in school and life.

We ask our legislators to support the critical partnerships between Wayzata Public Schools and community organizations, local businesses, and civic organizations to encourage successful educational outcomes for each and every student.

Collaborative endeavors such as Great Expectations, Caring for Kids, Interfaith Outreach’s Neighborhood Programs, Partners for Healthy Kids, Partners in Prevention, Reimagine Minnesota, the eight cities that make-up Wayzata Public Schools, and the TwinWest Chamber of Commerce are highly effective at reducing barriers and addressing challenges facing our students and their families with the goal of improving academic

outcomes.

Spend Public Dollars on Public Education, Not Private School Tuition

Support the integrity of public schools by opposing the diversion of taxpayer dollars to private schools through vouchers, tax credits and deductions, or scholarships.

The Wayzata Legislative Action Committee shares the Association of Metropolitan School Districts' (AMSD) position on taxpayer subsidies for K-12 Private Education. AMSD's position papers can be found at www.amsd.org/position-papers.

Due to the ongoing COVID-19 Pandemic, state policymakers should focus on adequately funding our public schools rather than subsidizing nonpublic schools.

Support Local Control, Including Employee Insurance Plan Decisions

Local control allows school districts to make decisions that best meet the needs of their students and communities. For example, employee health insurance plan decisions are best left to districts which allows school boards to work in partnership with employees and communities.

The most effective way to control health insurance costs is by lowering utilization through consumer education, implementing disease management and wellness programs and providing incentives to use less costly services. Simply creating a large pool is not the answer to getting health care costs under control.

Wayzata Public Schools has been able to achieve these goals working collaboratively with their local employee groups. We have established a Wellness committee that educates and incentivizes employees and we have kept annual premium increases well below the state average increase.

- 4. Human Resource Services
 - A. Workman's Comp Vendor
- 5. Teaching and Learning
 - A. World's Best Workforce (WBWF) Presentation



2019-20 District Scorecard Annual Report

November 23, 2020

Stacey Lackner, Ph.D.
Director of Research and Evaluation

Report Outline

Main Sections - District Strategic Directions

- Achievement
- Each and Every
- Personalized Learning
- Health and Wellbeing

Embedded Data - World's Best Workforce

- Kindergarten Readiness
- Read Well by Third Grade - N/A
- Achievement Gaps
- College and Career Ready
- On-Time Graduation

Measures

Kindergarten Readiness - CCC SET Placement Tests

College Readiness Tests - ACT

Four-Year Graduation Rate - MN Report Card

College Enrollment - MN SLEDS

WPS Student Engagement Survey

MN Consistent Attendance

Developmental Assets - MN Student Survey

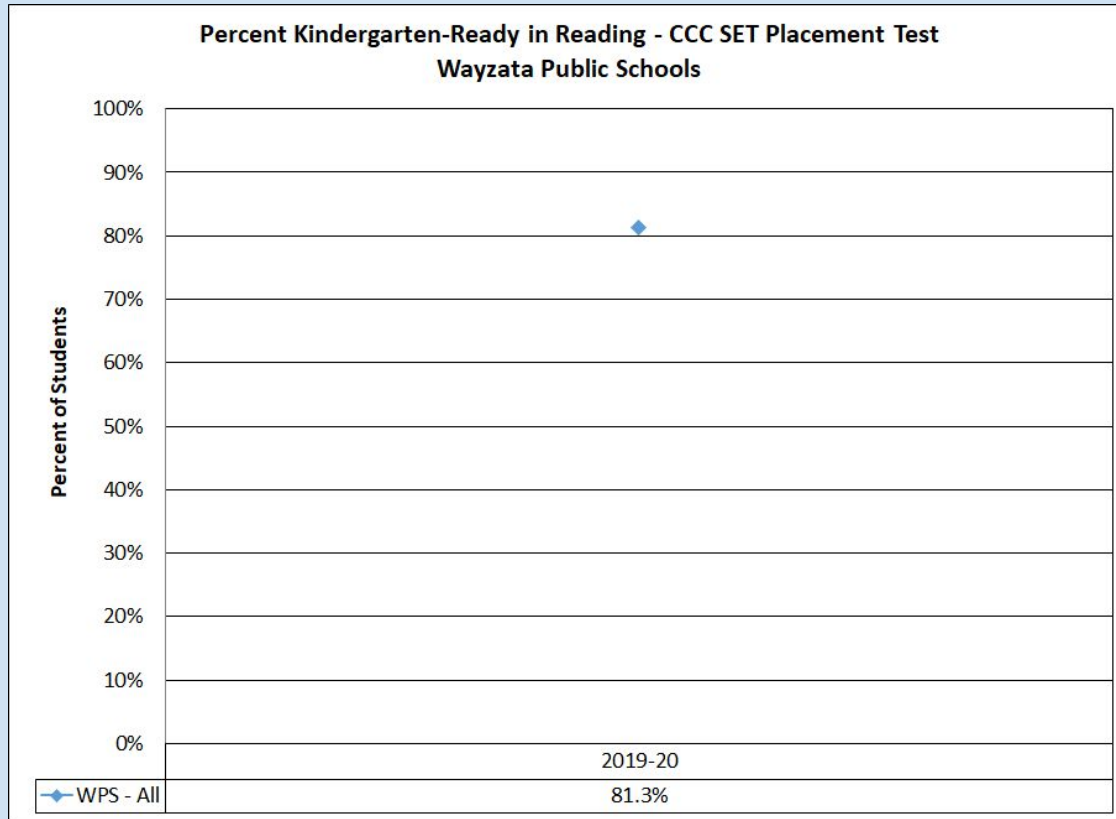
Data Not Available for 2019-2020

Due to the COVID-19 pandemic related school closing and shift to 100% distance learning at the end of the 2019-20 school year, the following data typically collected in the spring are not available.

- Third grade end-of-year achievement results
- Accountability Tests - MCA/MTAS grades 3-8, 10 & 11
- Discipline Data - Suspensions

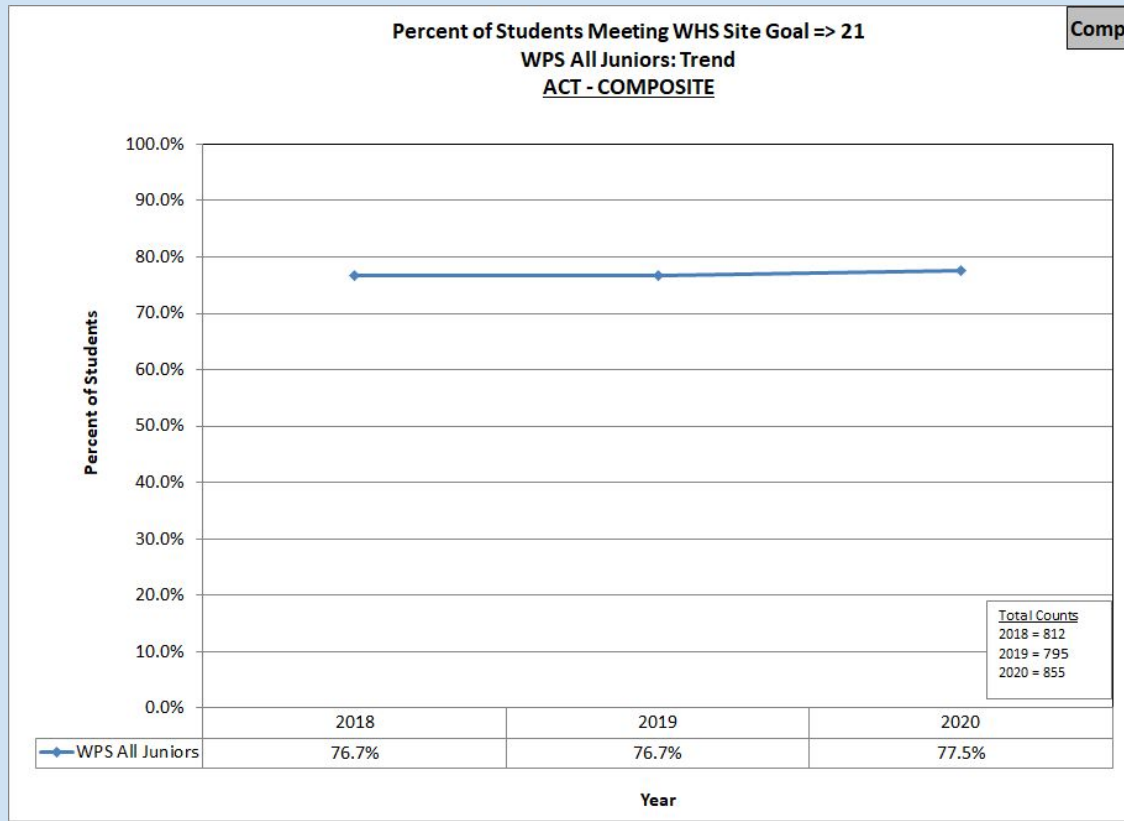
Achievement

Kindergarten



In 2019-20 school year, WPS adopted a new elementary Language Arts curriculum from the Center for Collaborative Classroom (CCC). Kindergarten students' reading skills were assessed in the fall with the CCC Set Placement Test. In the fall of 2019-20, 81.3% of kindergarten students scored at grade level.

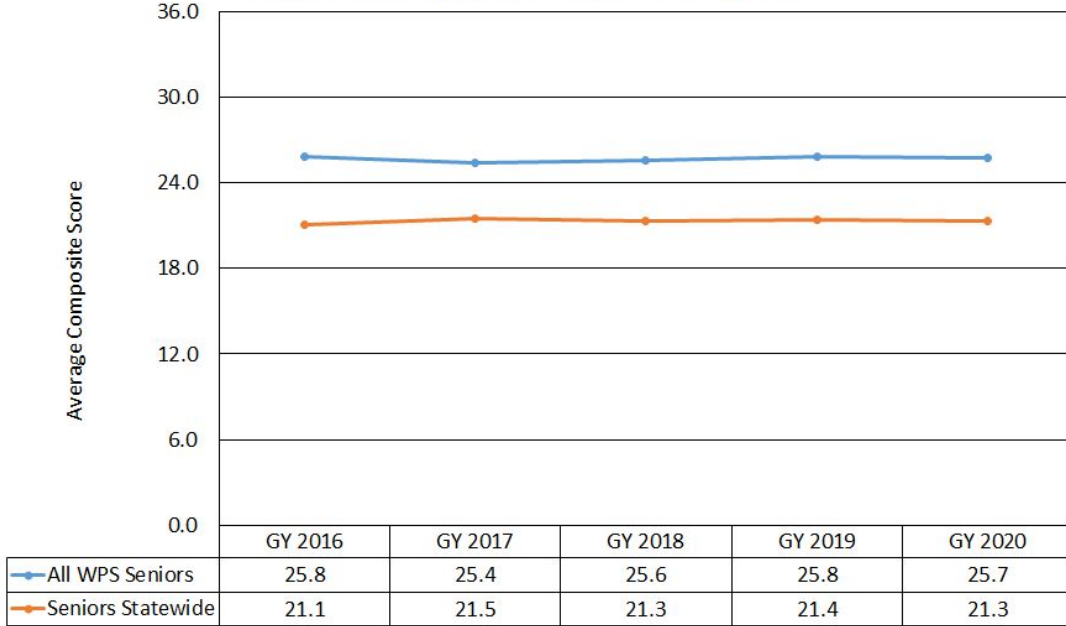
ACT
All Juniors
HS Site Goal



Each winter, the district administers the ACT test to all Juniors. The high school site goal is to have all students earn a Composite score at or above 21, which is the criteria used by MN Colleges and Universities for automatic acceptance. In winter 2020, 77.5% of Juniors met this goal.

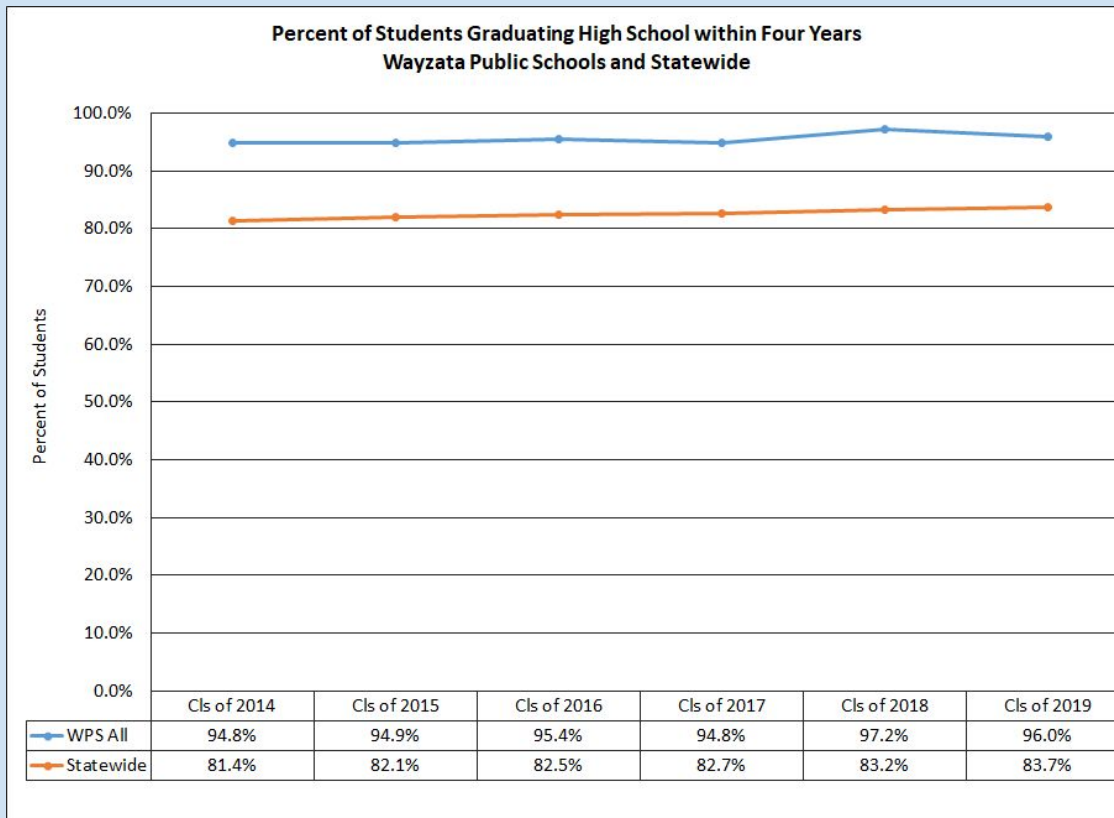
ACT
Senior Profile
Average Score

Graduating Seniors Average ACT Composite Score
Wayzata Public Schools and Statewide - All Students



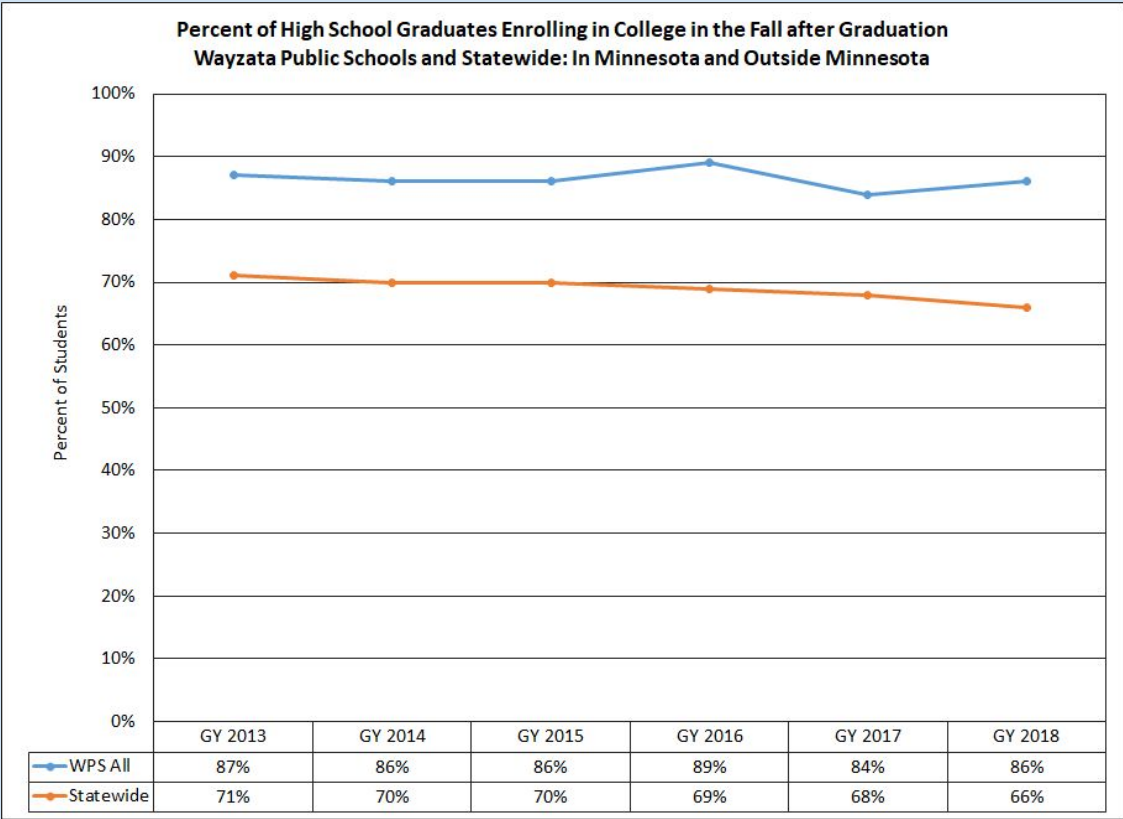
ACT provides a report of our graduating seniors each year. This report summarizes the most recent ACT performance for each student. The results are reported as average Composite scores. WPS seniors and seniors statewide have shown consistent performance on the ACT Composite over the past five years.

Graduation



The percent of WPS students graduating in four years has been above 95% for the past two years of data (Class of 2018 and Class of 2019).

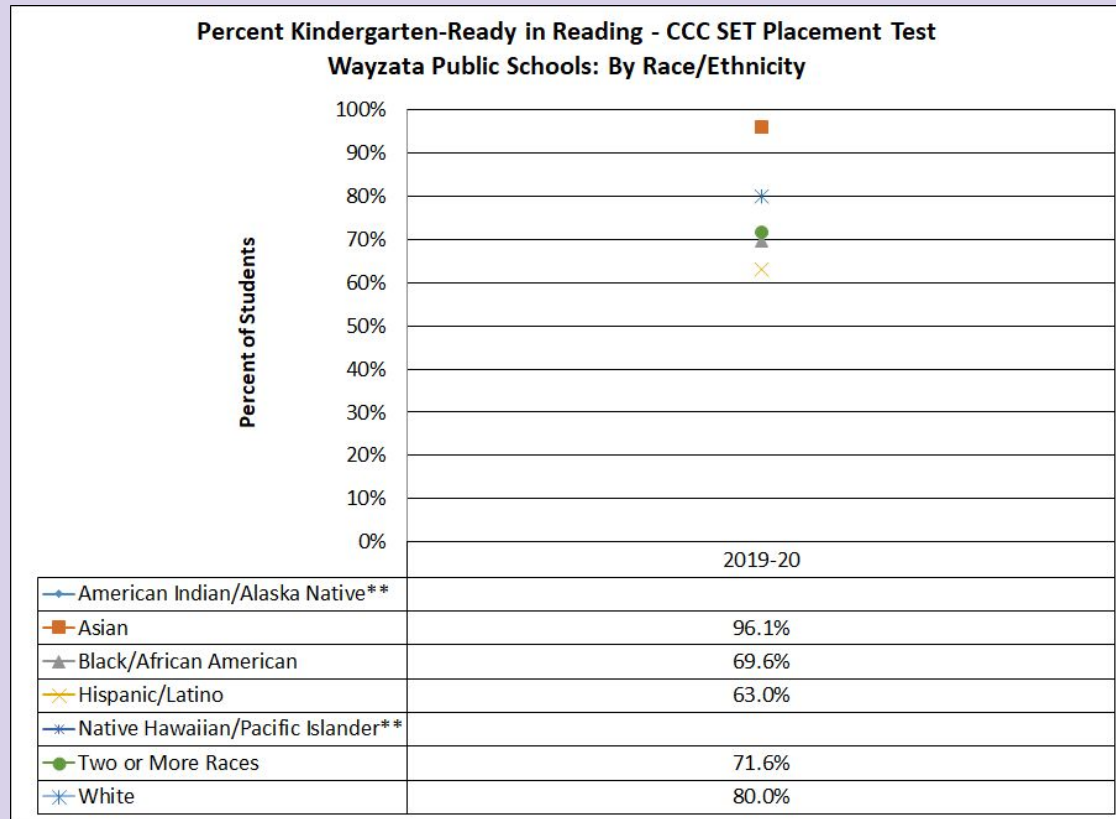
College Enrollment



The percent of WPS graduates enrolling in college the fall after graduating increased by two percentage points from 84% for the Class of 2017 to 86% for the Class of 2018.

Each and Every by Race/Ethnicity

Kindergarten



The percent of kindergarten students performing in the “at grade level” range on the reading Set Placement Test in the fall of 2019-20 varied across racial/ethnic groups. There was a 33.1 percentage point difference between the highest performing group (Asian, 96.1%) and lowest performing group (Hispanic/Latino, 63.0%).

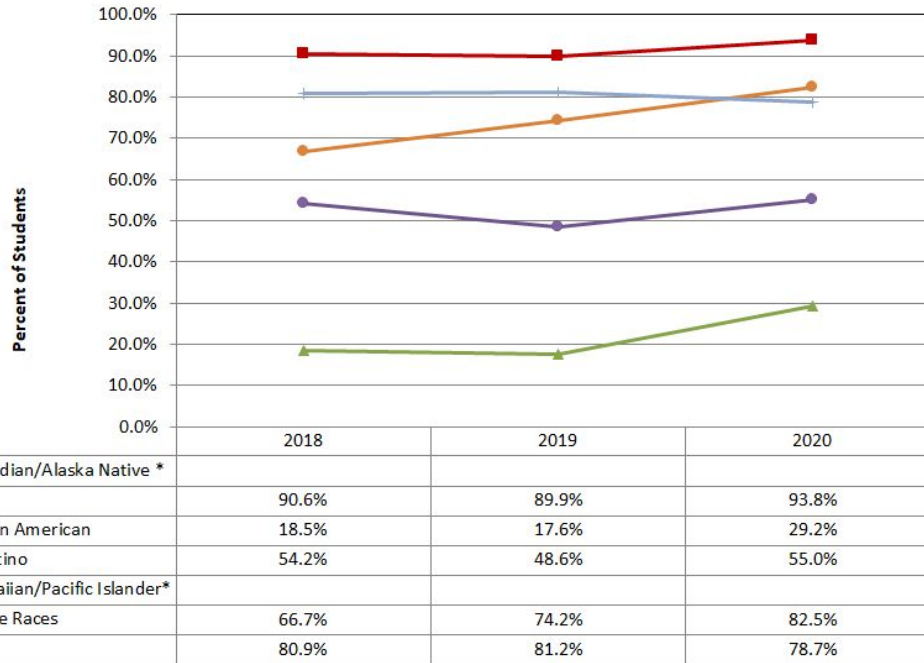
ACT
All Juniors
HS Site Goal

Comp

Percent of Students Meeting WHS Site Goal >=21
WPS All Juniors - By Race/Ethnicity
ACT - COMPOSITE

2019 Counts
AI/AN = 0
Asian = 129
B/AA = 51
H/L = 35
NH/PI = 1
TMR = 31
White = 548

2020 Counts
AI/AN = 1
Asian = 145
B/AA = 48
H/L = 40
NH/PI = 0
TMR = 40
White = 581

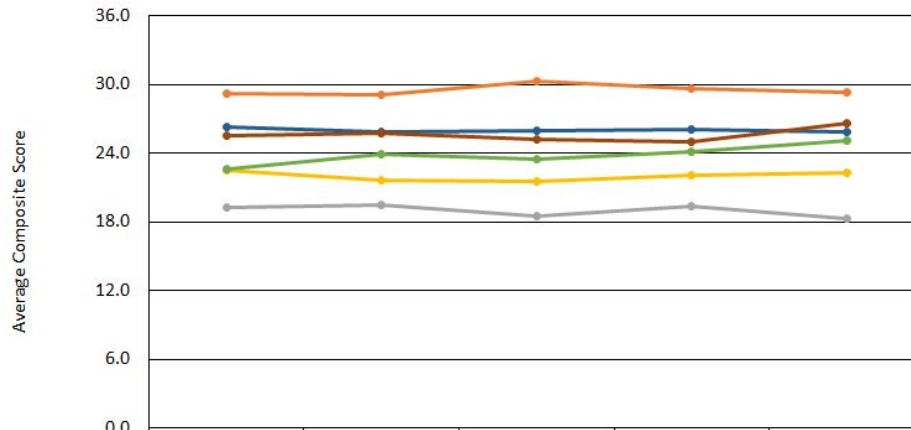


Note: Data not shown for student groups with count less than 10.

The percent of Juniors who scored at or above 21 on the ACT Composite increased for all racial/ethnic groups between 2018-19 and 2019-20, except the White student group. The Black/African American student group increased the most, from 17.6% in 2018-19 to 29.2% in 2019-20.

ACT Senior Profile Average Score

Average ACT Composite Score WPS Graduating Seniors - By Race/Ethnicity



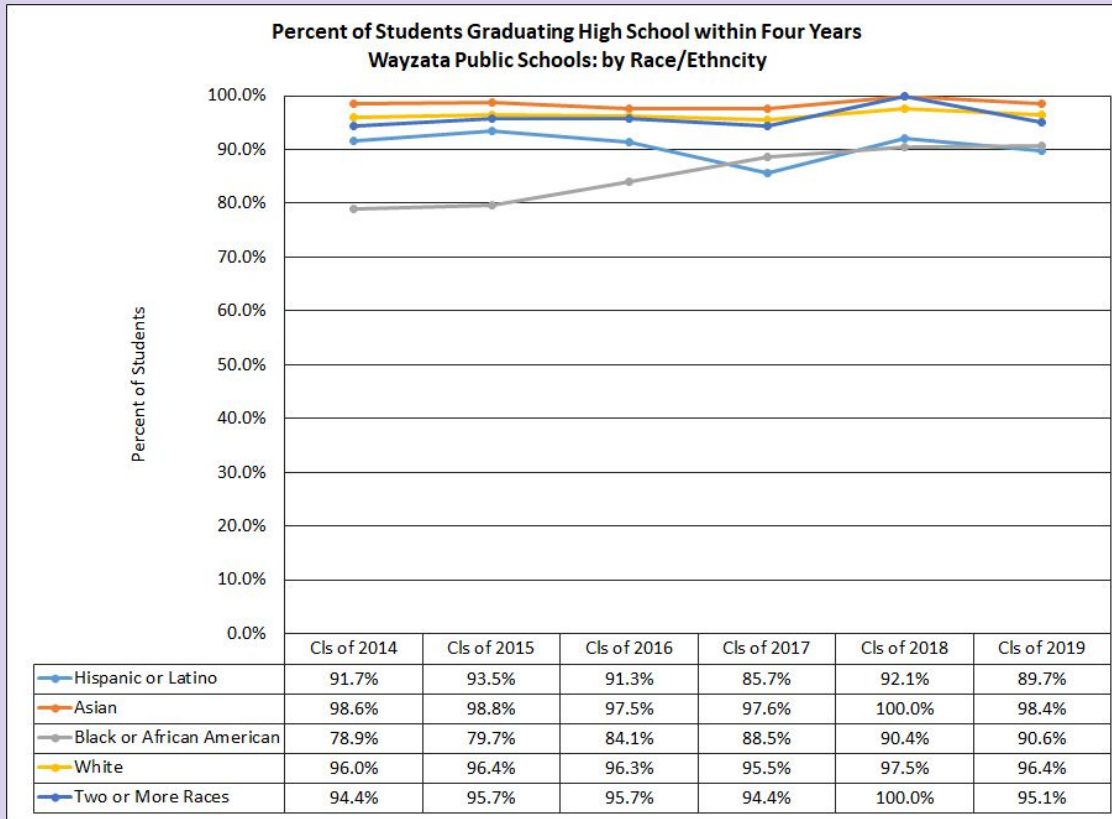
2020 Count

AI/AN = 1
A = 109
B/AA = 47
H/L = 42
NH/PI = 0
TMR = 39
W = 514
PNR/NR = 64

	GY 2016	GY 2017	GY 2018	GY 2019	GY 2020
American Indian/Alaska Native *					
Asian	29.2	29.1	30.3	29.6	29.3
Black/African American	19.3	19.5	18.5	19.4	18.3
Hispanic/Latino	22.5	21.6	21.5	22.1	22.3
Native Hawaiian/Pacific Islander*					
Two or More Races	22.6	23.9	23.5	24.1	25.1
White	26.3	25.8	26.0	26.1	25.9
Prefer not to respond/no response	25.5	25.7	25.2	25.0	26.6

The average ACT Composite scores of WPS graduating seniors went up for the Class of 2020 compared to the Class of 2019, for Hispanic/Latino students, students with Two or More Races, and for the group of students who chose not to provide their race/ethnicity.

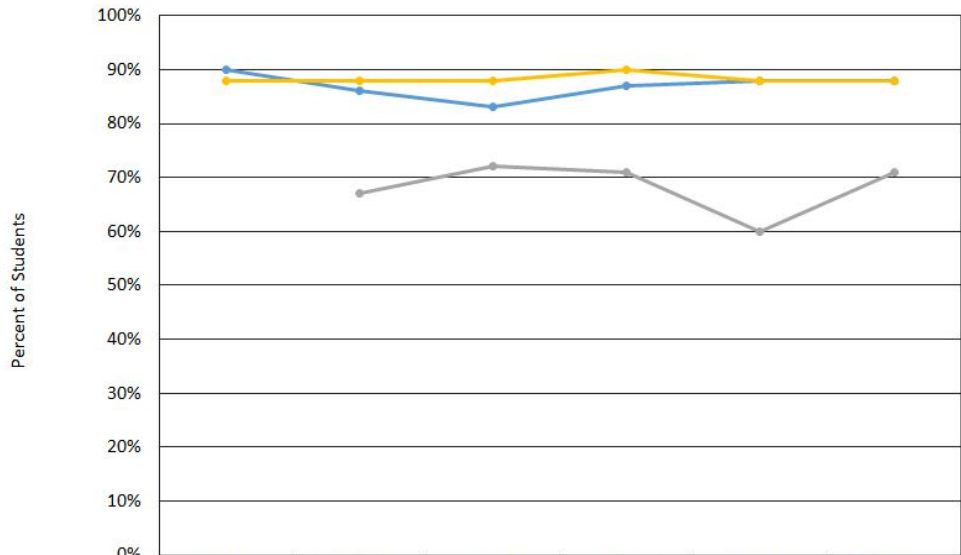
Graduation



The percent of students graduating in four years for all racial/ethnic groups has been close to or above 90% for the last two years of data (Class of 2018 and Class of 2019). The MN statewide goal is 85% or above for all student groups.

College Enrollment

**Percent of High School Graduates Enrolling in College in the Fall after Graduation
Wayzata Public Schools: In Minnesota and Outside Minnesota
by Race/Ethnicity**

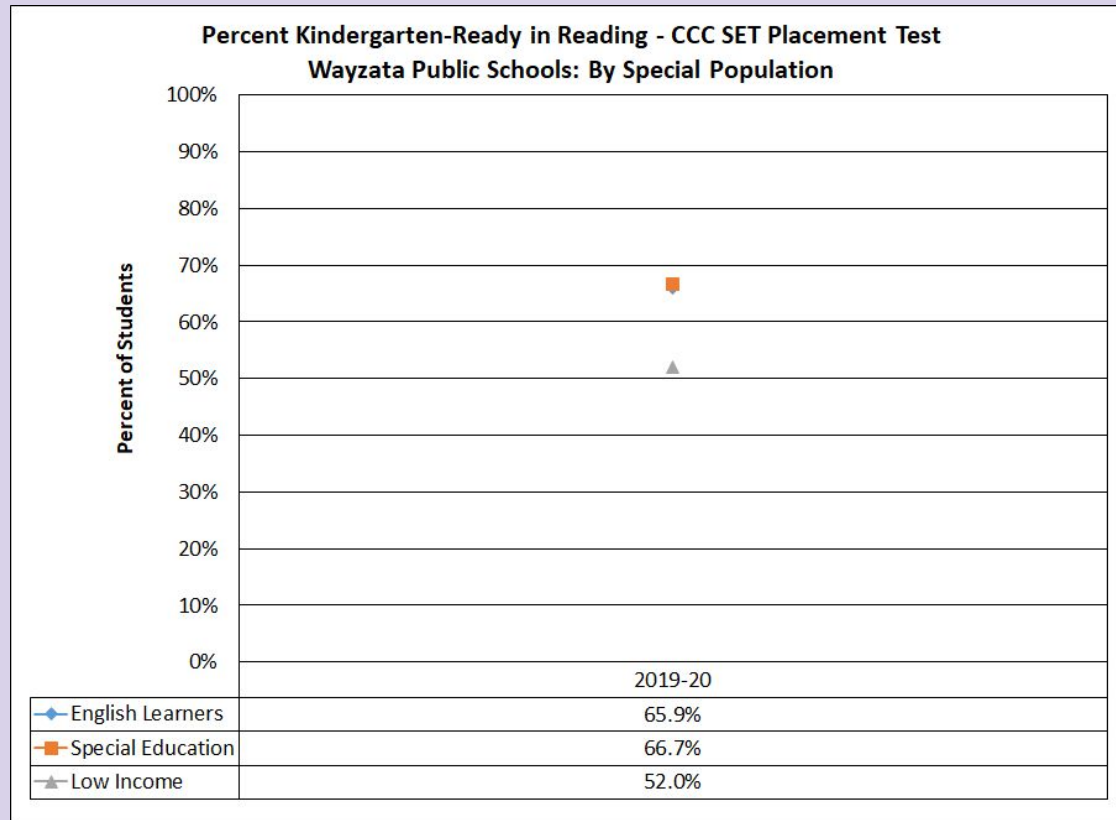


	GY 2013	GY 2014	GY 2015	GY 2016	GY 2017	GY 2018
Asian/Pacific Islander	90%	86%	83%	87%	88%	88%
Hispanic						
Black, not of Hispanic Origin		67%	72%	71%	60%	71%
White, not of Hispanic Origin	88%	88%	88%	90%	88%	88%

The percent of Black/African American students enrolling in college in the fall after graduation rose by 11 percentage points between the Class of 2017 (60%) and the Class of 2018 (71%). The percent of Asian and White students enrolling in college in the fall after graduating was 88% for both graduating classes.

Each and Every by Special Population

Kindergarten

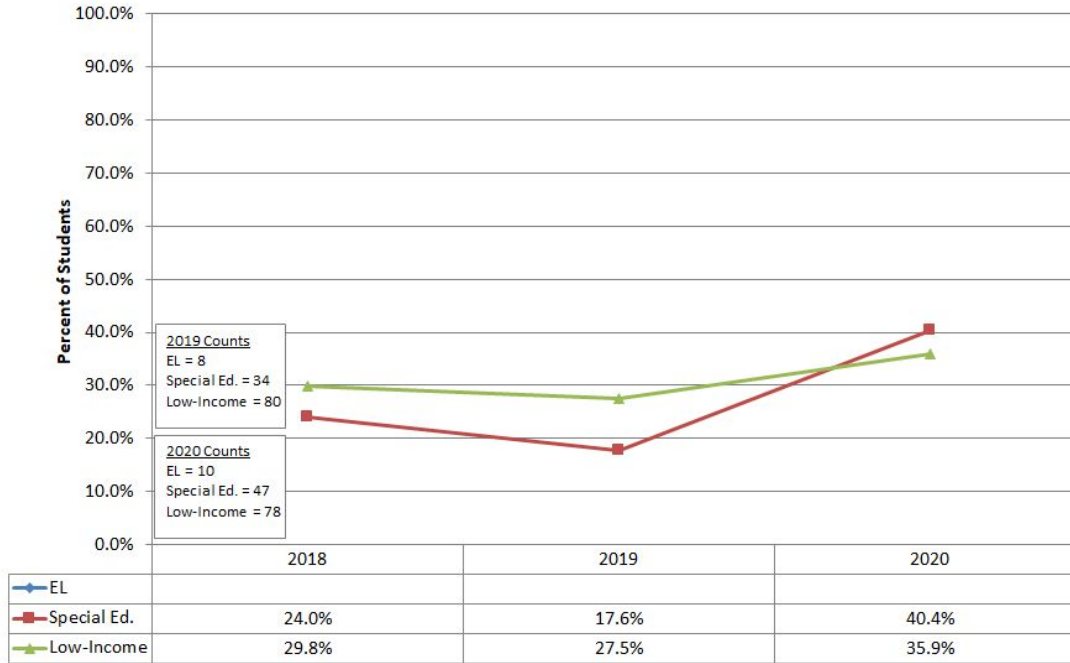


The percent of students performing in the “at grade level” range on the reading Set Placement Test in the fall of kindergarten was lowest for the Low Income students at 52.0%. The percent of English Learners and Special Education students “at grade level” was more than 13 percentage points higher (65.9% and 66.7%).

ACT
All Juniors
HS Site Goal

Comp

Percent of Students Meeting WHS Site Goal >=21
WPS All Juniors: By Special Population
ACT - COMPOSITE

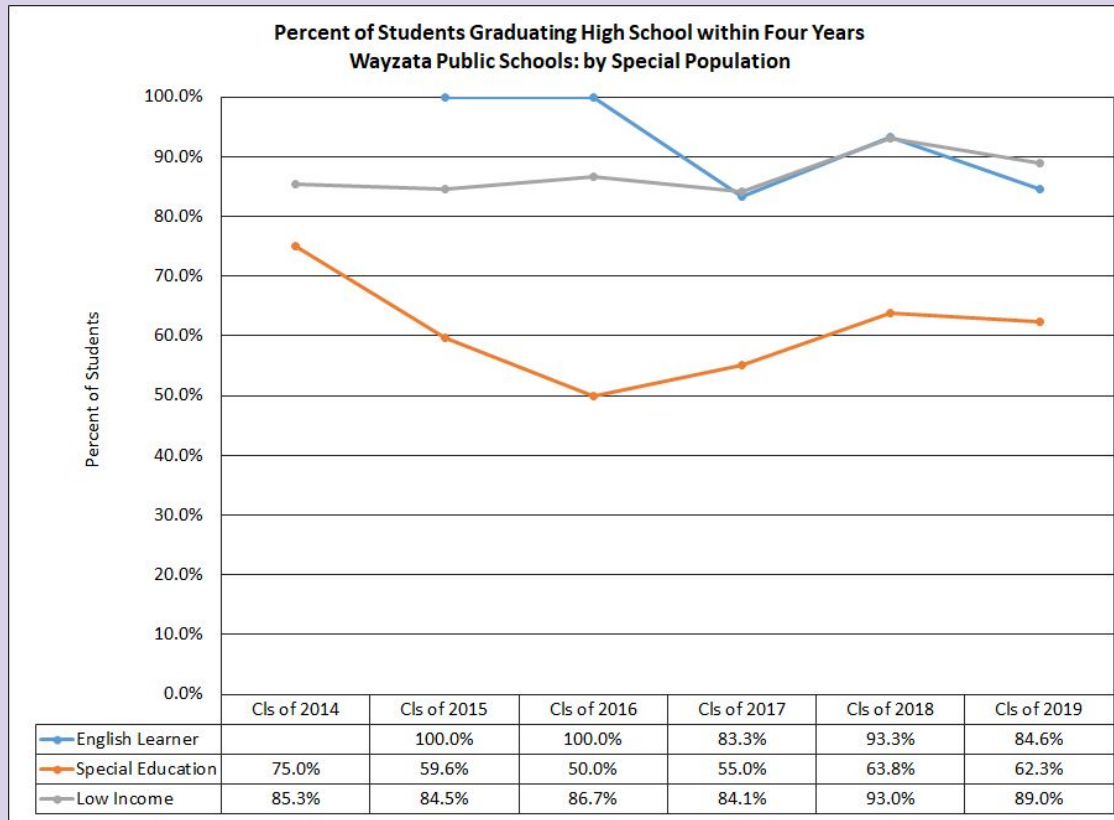


Note: Data not shown for student groups with count less than 10.

Year

The percent of Low Income and Special Education Juniors scoring at or above 21 on the ACT Composite increased substantially from 2018-19 to 2019-20. The Low Income group increased by 8.4 percentage points. The Special Education group increased by 22.8 percentage points.

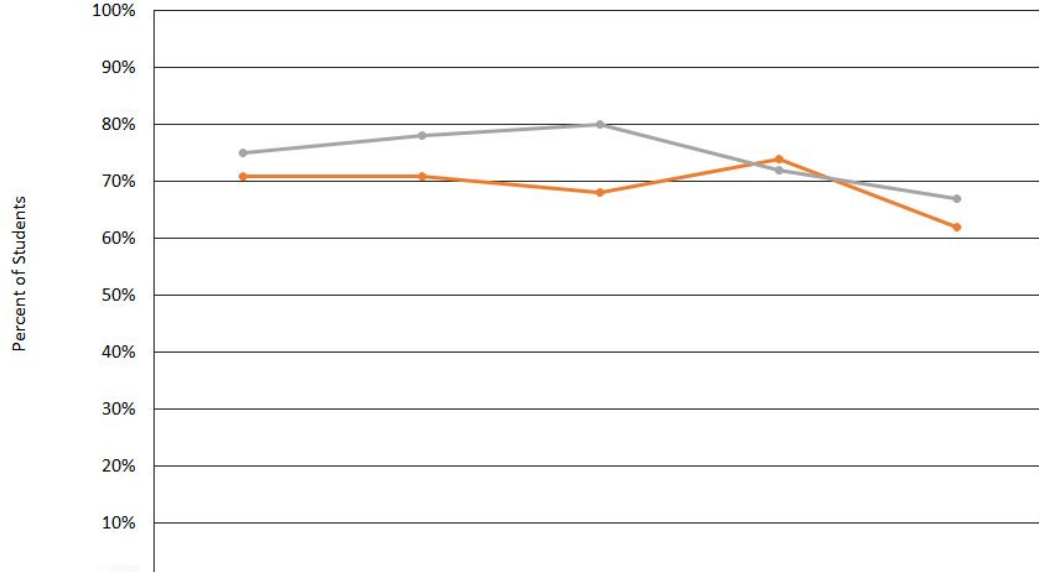
Graduation



The percent of students graduating in four years decreased for all three special population groups from the Class of 2018 to the Class of 2019. The MN statewide goal is 85% or above for all student groups.

College Enrollment

**Percent of High School Graduates Enrolling in College in the Fall after Graduation
Wayzata Public Schools and Statewide: In Minnesota and Outside Minnesota
by Special Population**

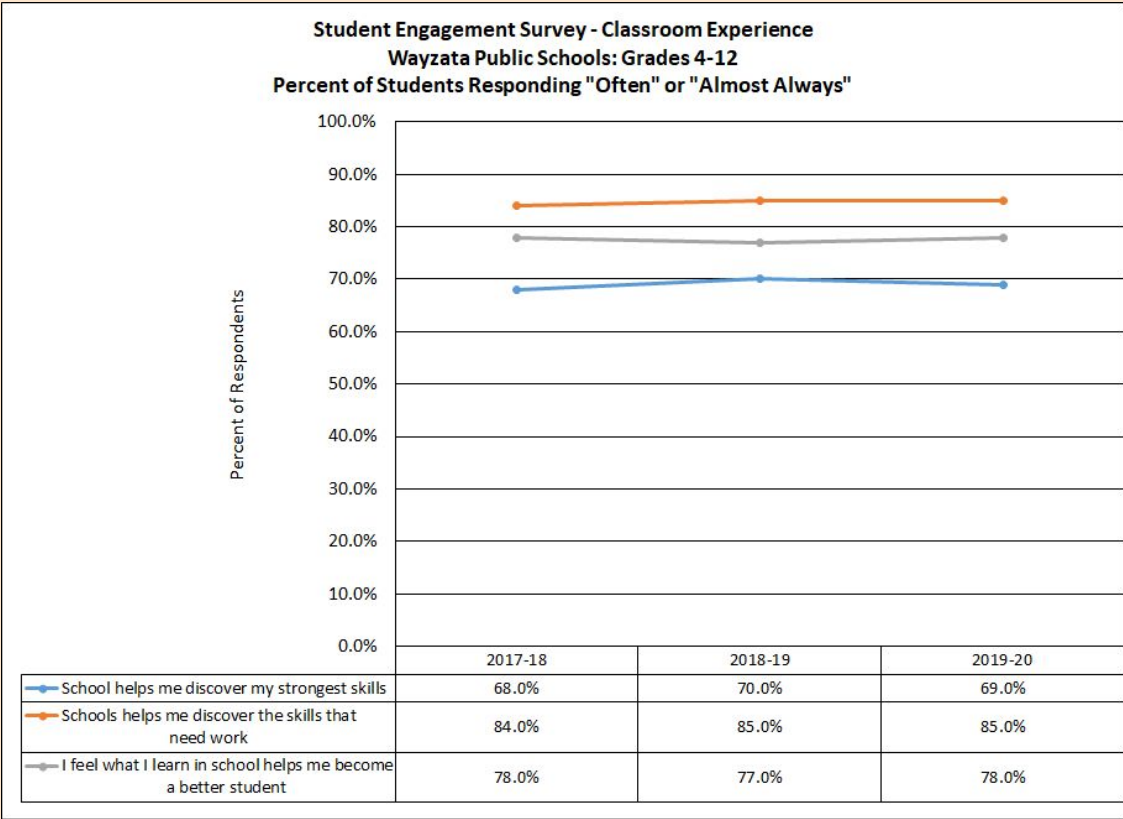


	GY 2014	GY 2015	GY 2016	GY 2017	GY 2018
English Learner					
Special Education	71%	71%	68%	74%	62%
Low Income	75%	78%	80%	72%	67%

The percent of Low Income and Special Education students enrolling in college in the fall after graduating decreased for the Class of 2018 compared to the Class of 2017. Fewer than 70% from each group in the Class of 2018 enrolled that fall.

Personalization

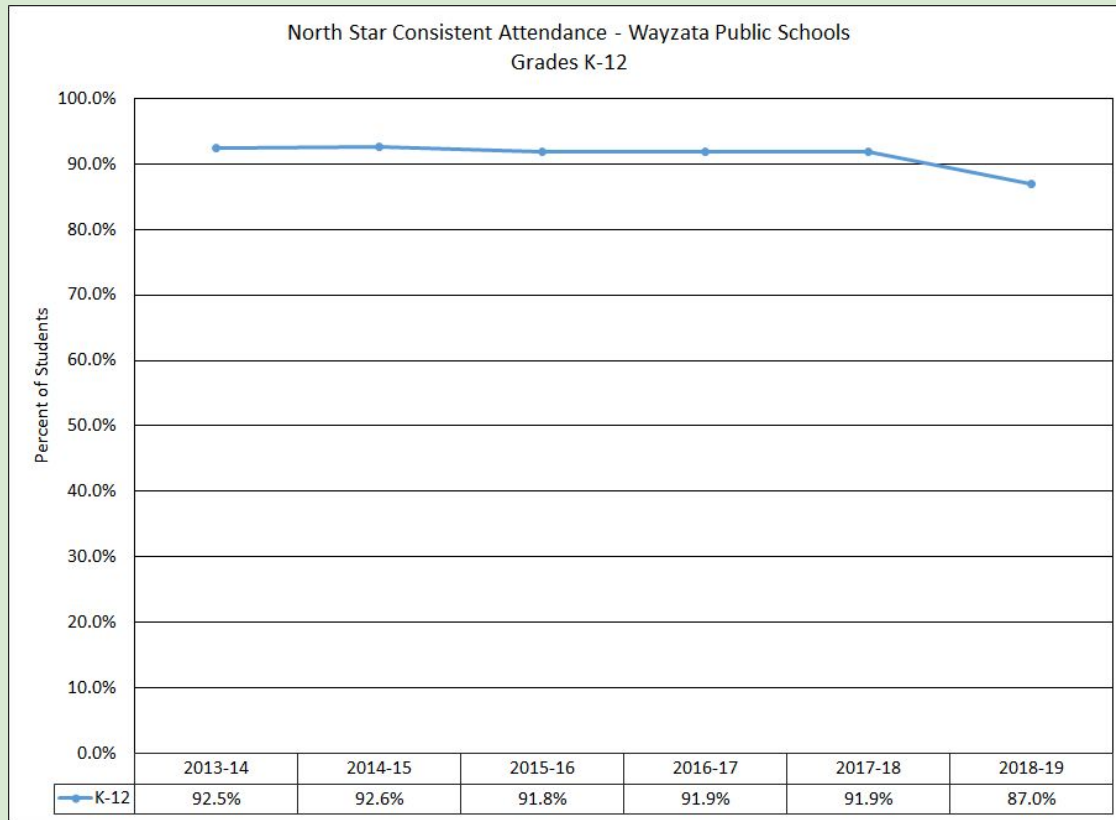
Grades 4-12



In 2019-20, 69% of students responded “Often” or “Almost Always” to the statement “School helps me discover my strongest skills”, 78% to “I feel what I learn in school helps me be a better student”, and 85% to “School helps me discover the skills that need work.” These percentages have been about the same for the last three years.

Health and Wellbeing

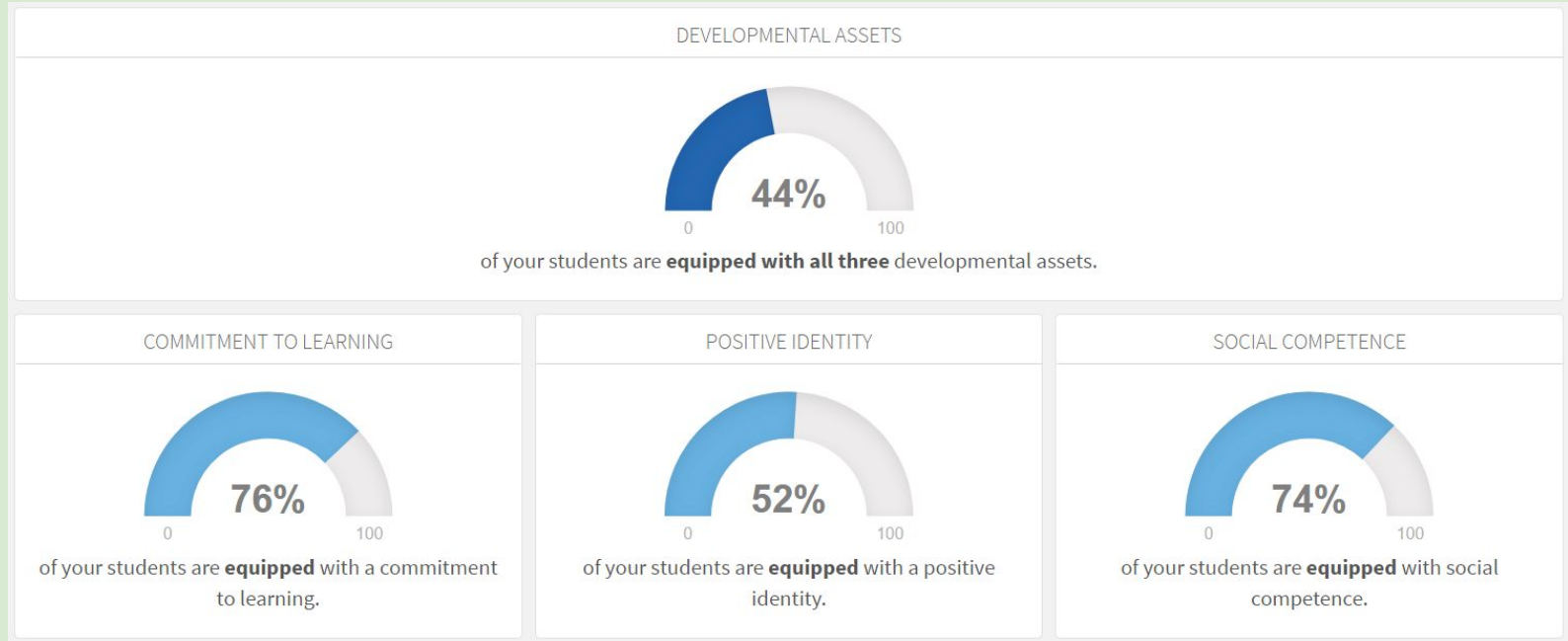
Grades K-12



The percentage of students who attended school consistently (more than 90% of the time) decreased from 91.9% in 2017-18 to 87.0% in 2018-19.

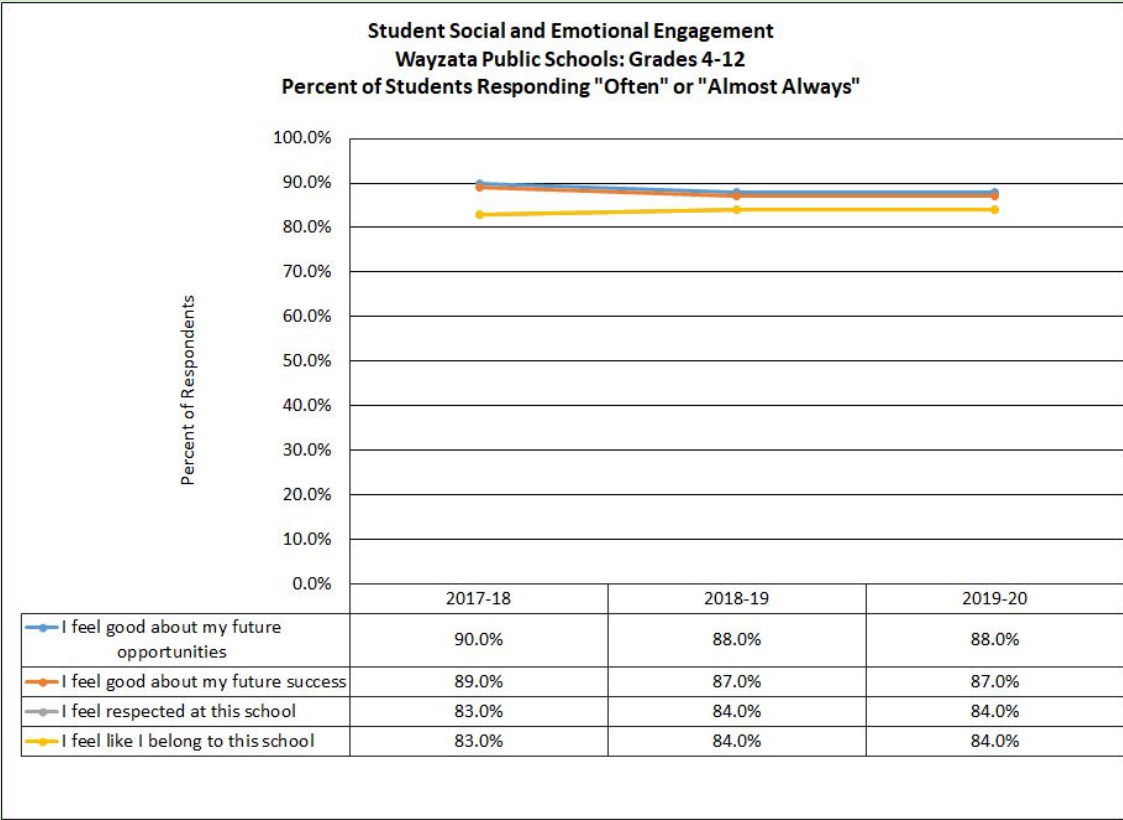
MN Student Survey - Winter 2019

Developmental Assets



According to the MN Student Survey given to WPS students in grade 5, 8, 9 and 11 in winter 2019, 76% are equipped with a commitment to learning, 74% are equipped with social competence, and 52% are equipped with a positive identity.

Grades 4-12



The percent of students who responded “Often” or “Almost Always” to the statements, “I feel good about my future opportunities”, “I feel good about my future success”, “I feel like I belong at this school” and “I feel respected at this school” all stayed relatively the same from 2018-19 to 2019-20 and were all at or above 84%

2020-2021 Assessment Plan

2020-2021 State Assessments

- According to the MN Dept of Education, the MCA, MTAS and ACCESS for ELLs tests will be administered in spring 2021.
- The plan is that tests will be administered in-person.
- If a school district is in distance learning during the testing window, MDE will provide guidance on how to proceed.

ACCESS window: January 25 - March 19

MCA/MTAS window: March 8 - May 14

2020-2021 District Assessments

- Due to alternative learning models implemented in the 2020-21 school year in response to COVID-19 (Hybrid Learning and Wayzata Distance Choice), the number of District Standardized Assessments have been reduced compared to previous years.
- Several of the District Standardized Assessments that WPS typically administers, aReading, aMath, MAP, and CogAT tests are designed and normed based on in-person administration.
- This school year, a large number of our students will not be attending in-person and those participating in the Hybrid Learning model will be on campus for a limited amount of time.
- Given the limited number of students on-site and the limited amount of time they are on-site, the school and district administrators have determined that teachers will focus instructional time on assessments directly linked to the curriculum.
- Teachers and administrators will use information collected from District Common Assessments (e.g., Unit Tests) and other classroom assessments to make decisions about student learning and growth.

2020-2021 District Common Assessments

Elementary - Language Arts CCC Curriculum

Grades K-5: Formative, curriculum-embedded assessments throughout the year measuring reading and writing skills.

Grades K-2

- Letter Name (K only)
- Word Study (2nd only)
- Social Skills
- Set Assessments (Phonics/Sight Words)
- Individual Reading Observation

Grades 3-5

- Vocabulary
- Comprehension
- Social Skills

2020-2021 District Common Assessments

Elementary Mathematics - Bridges Curriculum

Grades K - 5

- Formative, curriculum-embedded assessments throughout the year
- Unit Post Assessments
- Number Corner Checkpoints (4 times per year)

Additional Screener (just for this year)

Unit Screener designed to identify any unfinished learning from the spring that is necessary to access the content of the Unit. Teachers are given guidance as to how to attend to any unfinished learning of their students throughout the unit.

2020-2021 District Common Assessments

Middle and High School - All Content Areas

Grades 6- 12

- Formative Assessment throughout the unit as determined by content area Professional Learning Community (PLC)
- Common Unit Post Assessments
- Course performance measured by "grade in course"

2020-2021 District Standardized Assessments

High School

- All Juniors: ACT test - March 2, 2021

Special Populations

- Intermediate Algebra: NWEA End-of-Course Test
- Middle and High School Special Education Students: aReading and aMath fall, winter and spring for individual progress reporting

Thank you!



**WAYZATA PUBLIC SCHOOLS
SCORECARD
2019-2020**

DESCRIPTION OF MEASURES

Due to the COVID-19 pandemic, the Minnesota Comprehensive Assessments (MCA) were not administered in the spring of 2020. Therefore data for these assessments are not included in this report.

Kindergarten Readiness: The Wayzata Public Schools' measure of "Kindergarten Readiness" is collected in the area of reading. In 2019-2020, the district adapted a new Language Arts curriculum for the elementary level. Being a Reader is used for Grades K-2 and Making Meaning is used for Grades 3-5, both are by Center for Collaborative Classroom (CCC). As part of the Being a Reader curriculum, Set Placement Tests are administered to students at throughout the year. The first test is administered in November in kindergarten. If students score into Set 1 at this time, they are considered "at grade level," or "Kindergarten Ready." The 2019-2020 school year was the first administration of this test and is therefore a baseline. It should not be compared with any of the kindergarten readiness data from previous years.

College Readiness Tests: The Wayzata Public Schools uses the ACT test as a measure of student readiness for college. Each year, the ACT is administered to all Juniors. Students who receive a composite score at or above 21 are considered "college ready". A composite score of 21 is used by the MN College and Universities System for automatic admission (with satisfactory GPA). In addition, ACT provides each high school a Graduating Seniors Profile report. The report considers all ACT scores received by the graduating class. It provides average scores compared to students statewide and for each racial/ethnic group.

Four-Year Graduation Rate: The four-year graduation rate is calculated by the Minnesota Department of Education (MDE) as part of the North Star Accountability System and shows the number of students graduating from high school within four years after entering grade nine. The Minnesota state goal is to have at least 85% of students graduate within four years for all demographic groups.

College Enrollment: College enrollment is calculated and reported by the Minnesota P-20 Partnership as part of the Statewide Longitudinal Education Data System (SLEDS). College enrollment shows the number of high school graduates who enroll in postsecondary education in the fall after graduation.

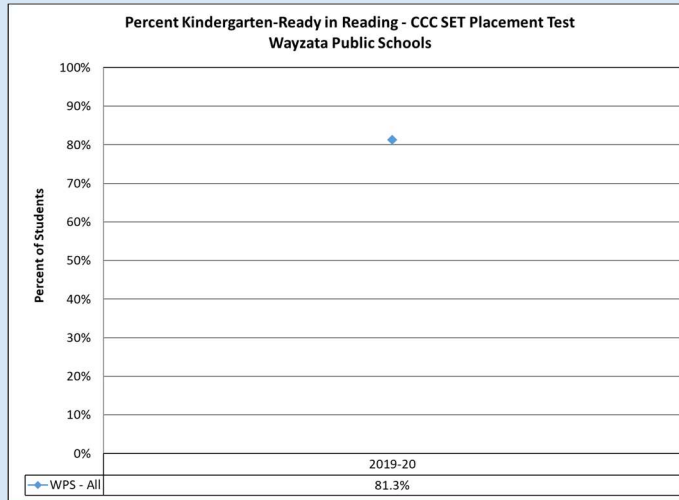
Student Engagement Survey: Each year, Wayzata Public Schools administers the K12 Insight Student Engagement Survey to all students in grades 4-12. Student Engagement is the connection that students have with their school and their studies.

Consistent Attendance: Consistent Attendance is computed by MDE as part of the North Star Accountability System. It is a measure of students who attend school on a regular basis and are not frequently absent. A student is considered consistently attending if they attend more than 90 percent of the time they are enrolled during the year.

Developmental Assets (Skills): Developmental Assets (Skills) are calculated in an analysis conducted by Dr. Michael Rodriguez at the University of Minnesota of the Minnesota Student Survey results. Developmental Assets (Skills) are characteristics that are important in positive adolescent development. They are defined as, Commitment to Learning (e.g., caring about doing well in school), Positive Identity (e.g., having a sense of control of one's life, feeling good about self and future), and Social Competence (e.g., saying no to dangerous/unhealthy things, building friendships, planning ahead and making good choices).

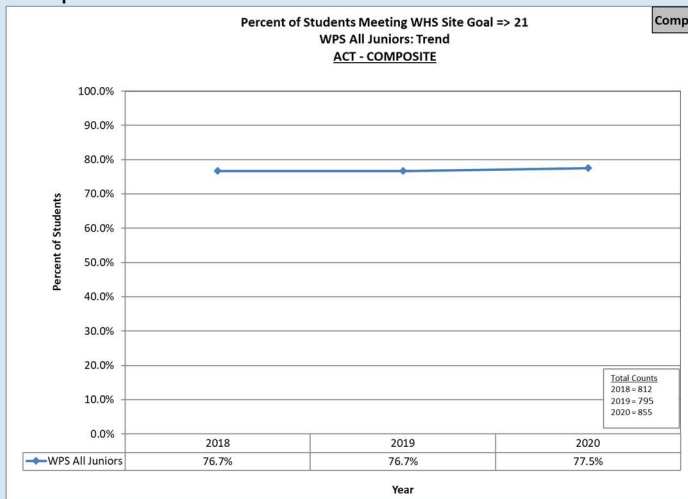
ACHIEVEMENT

Kindergarten Readiness Fall Kindergarten Set Placement Test



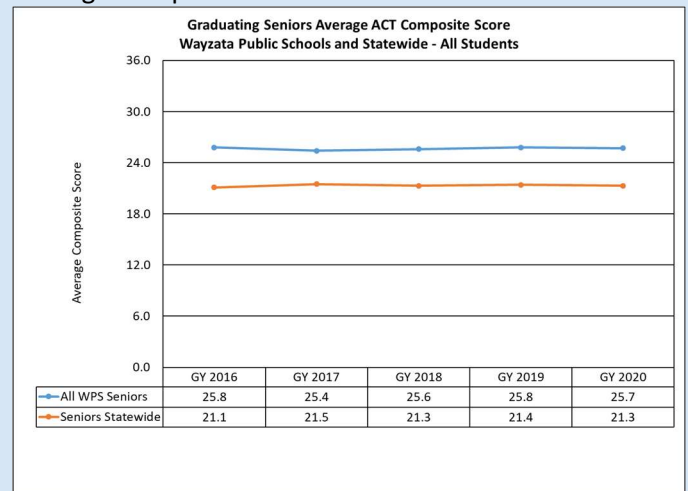
College Readiness – Juniors School-Day ACT

Composite Score at or Above 21



College Readiness – ACT Senior Profile

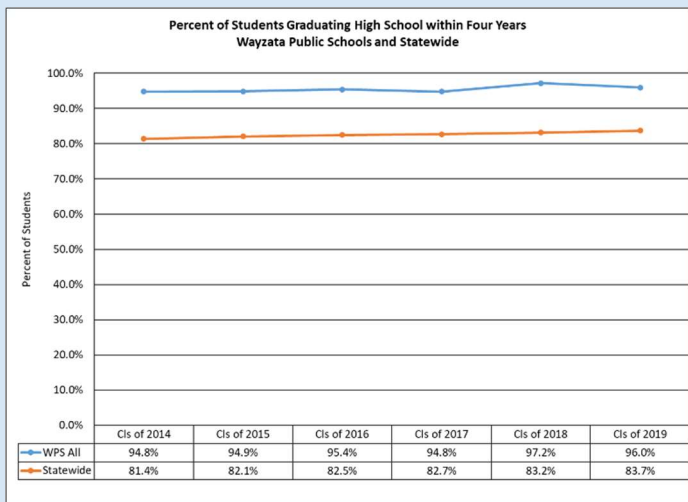
Average Composite Score



Graduation

WPS Four-Year Graduation Rate – MN Report Card

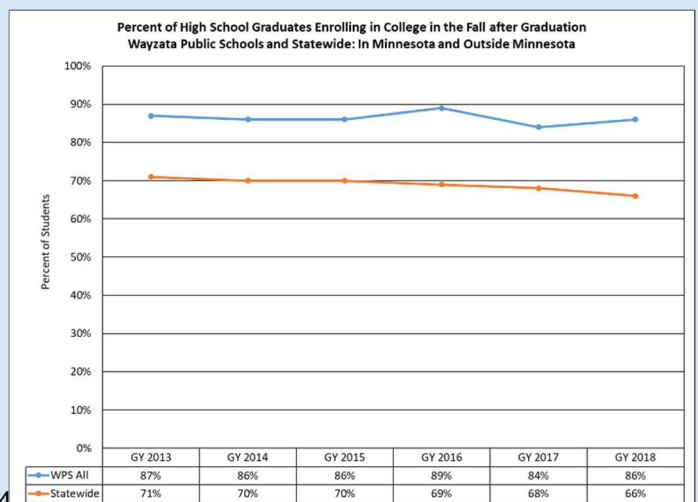
(Most recent data available, Class of 2019)



College Enrollment

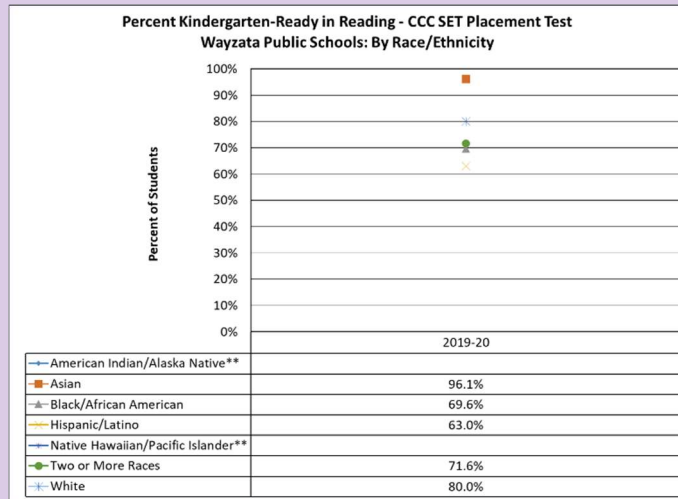
WPS College Enrollment – MN SLEDS

(Most recent data available, Class of 2018)



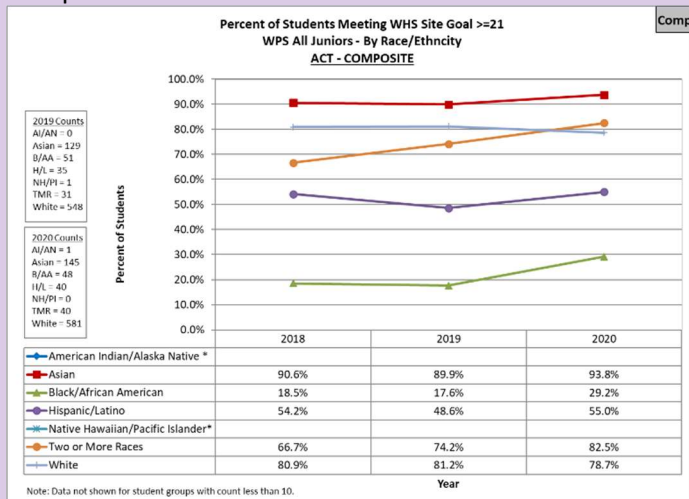
EACH AND EVERY – By Race/Ethnicity

Kindergarten Readiness Fall Kindergarten Set Placement Test



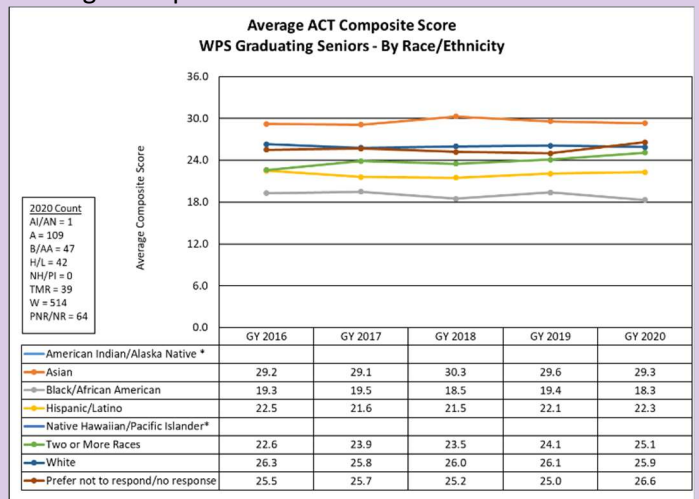
College Readiness – Juniors School-Day ACT

Composite Score at or Above 21



College Readiness – ACT Senior Profile

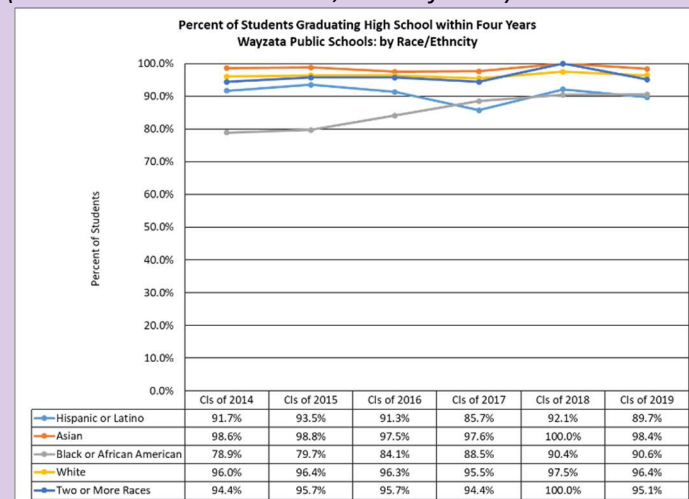
Average Composite Score



Graduation

WPS Four-Year Graduation Rate – MN Report Card

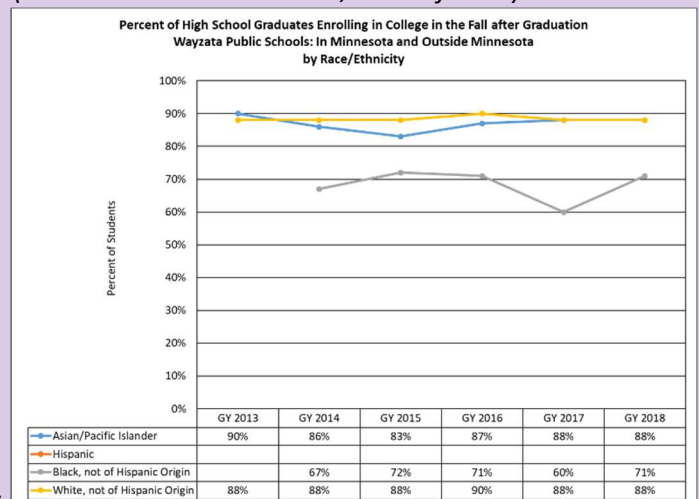
(Most recent data available, Class of 2019)



College Enrollment

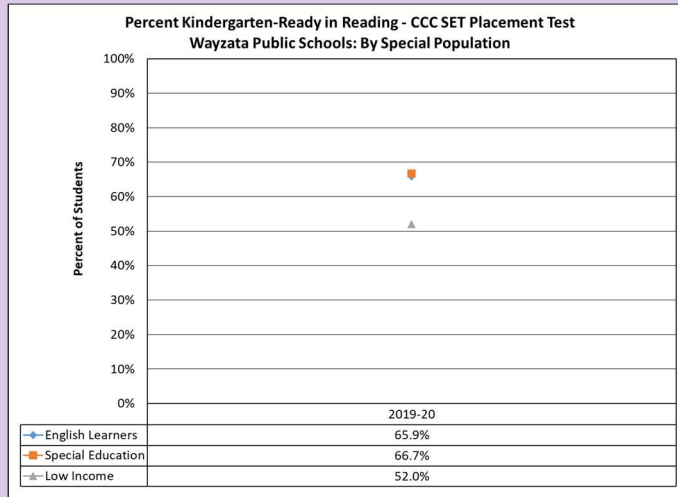
WPS College Enrollment – MN SLEDS

(Most recent data available, Class of 2018)



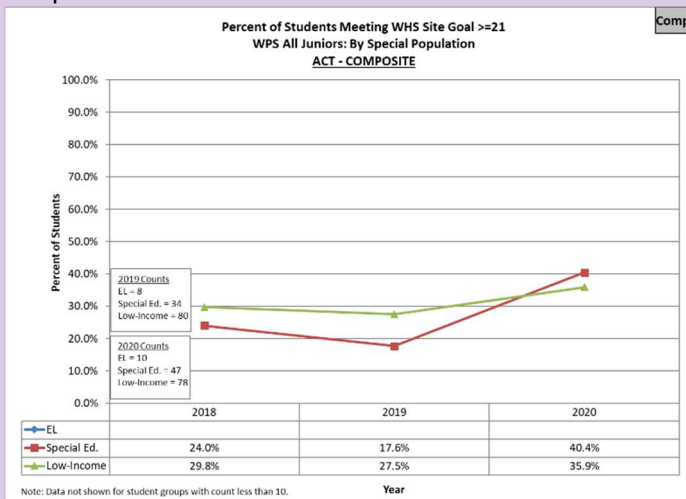
EACH AND EVERY – by Special Population

Kindergarten Readiness Fall Kindergarten Set Placement Test



College Readiness – Juniors School-Day ACT

Composite Score at or Above 21



College Readiness – ACT Senior Profile

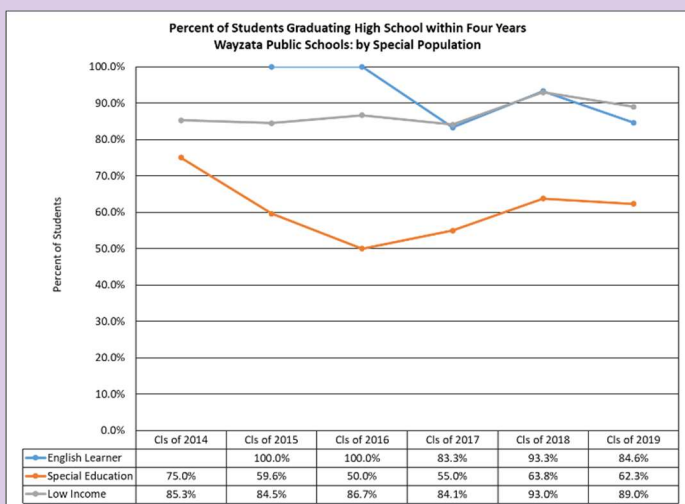
Average Composite Score

Results by special population are not computed in the ACT Senior Profile Report

Graduation

WPS Four-Year Graduation Rate – MN Report Card

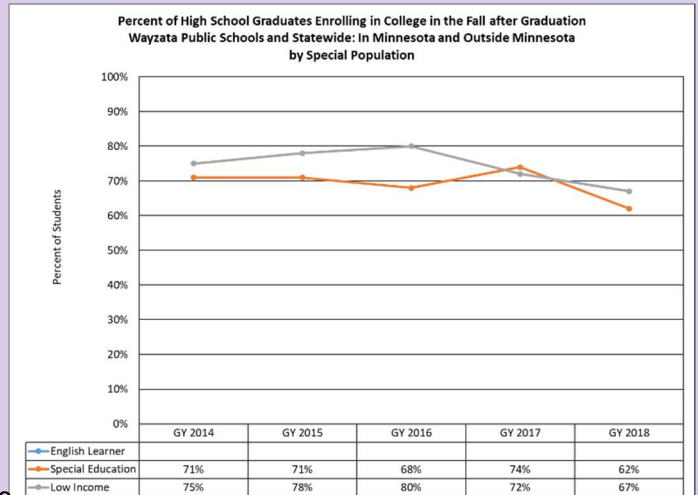
(Most recent data available, Class of 2019)



College Enrollment

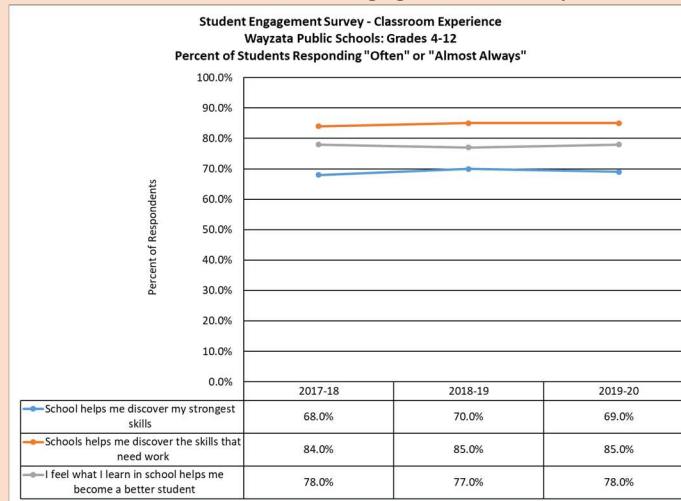
WPS College Enrollment – MN SLEDS

(Most recent data available, Class of 2018)



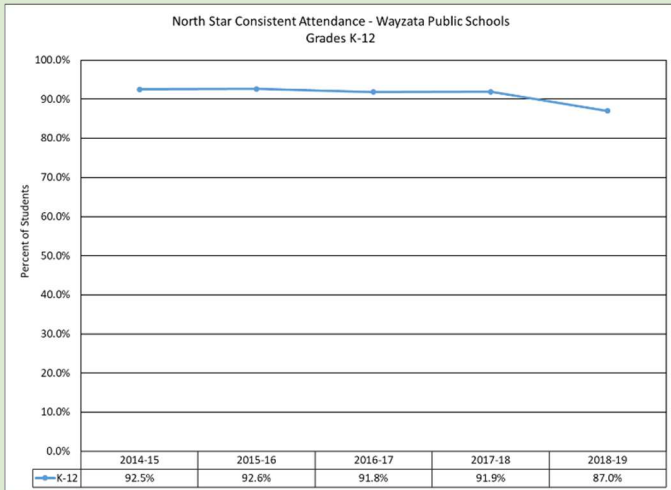
PERSONALIZATION

Classroom Experience – Grades 4-12 WPS Student Engagement Survey

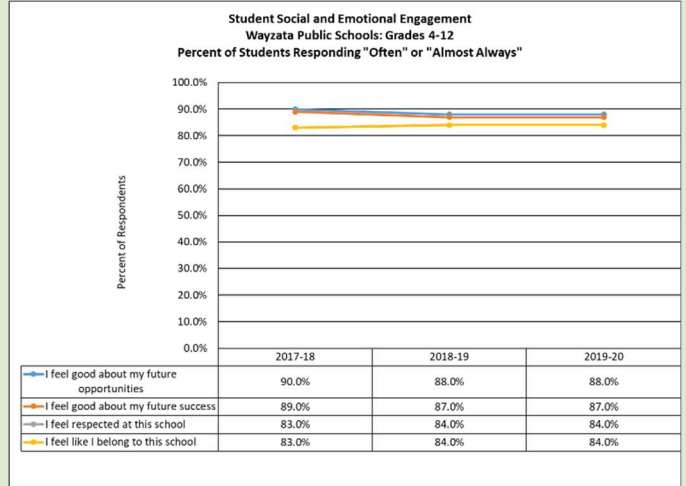


HEALTH AND WELL-BEING

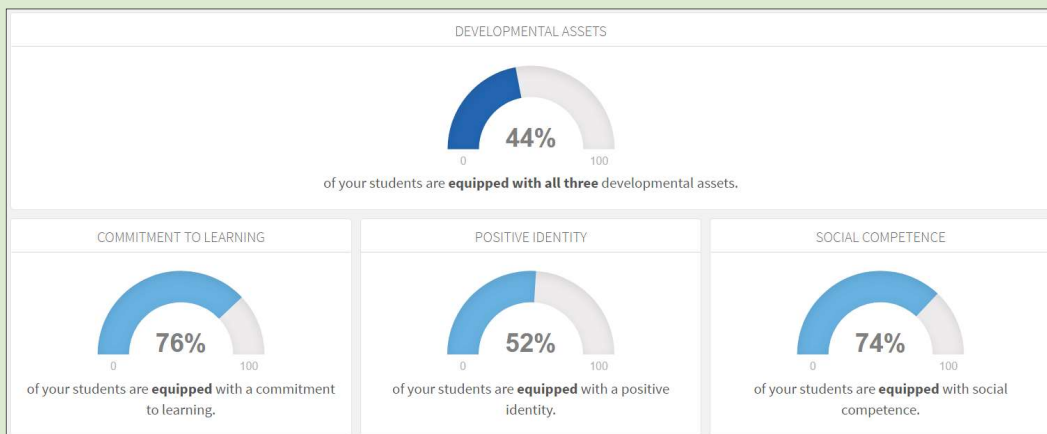
Consistent Attendance – Grades K-12 MN Report Card (Most recent data available, 2018-19)



Social and Emotional Engagement – Grades 4-12 WPS Student Engagement Survey



Developmental Assets (Skills) – WPS Grades 5, 8, 9 and 11 MN Student Survey



B. Learning Model Planning and Implementation

6. **ADJOURN**