

INDEPENDENT SCHOOL DISTRICT NO. 831
FOREST LAKE, MINNESOTA

Financial Statements
and Supplemental Information

Year Ended
June 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 831

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 831

School Board and Administration
Year Ended June 30, 2020

SCHOOL BOARD

	Board Position During 2019–2020
Jeff Peterson	Chairperson (President)
Robert Rapheal	Vice Chairperson (Vice President)
Kate Luthner	Clerk
Julie Corcoran	Treasurer
Alex Keto	Director
Jill Olson	Director
Gail Theisen	Director

ADMINISTRATION

Dr. Steven Massey	Superintendent
Lawrence Martini	Director of Business Services

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 831
Forest Lake, 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. 831 (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 other district information, 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the District. 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, and is also not a required part of the basic financial statements of the District.

(continued)

The supplemental information, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are the responsibility of management and were derived from and relate 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 section and other district information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Comparative Information

We have previously audited the District's 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 December 23, 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 December 18, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 18, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

This section of Independent School District No. 831's (the District) annual financial statements 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 annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by \$39,306,414 (deficit net position). The District's total net position decreased by \$3,106,052 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 student activities that were not previously reported within the District's reporting entity. The implementation of this standard increased beginning net position in the government-wide financial statements and beginning fund balance in the General Fund by \$121,838.
- Government-wide expenses totaled \$98,805,342, and were \$3,106,052 more than revenues of \$95,699,290.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$22,811 from the prior year, compared to an increase of \$449,500 planned in the budget, excluding the change in accounting principle discussed above.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements, the District's activities are 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 Minnesota statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

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 internal service funds to account for the self-insurance activities of district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2020 and 2019		
	2020	2019
Assets		
Current and other assets	\$ 52,815,672	\$ 57,783,886
Capital assets, net of depreciation	198,701,627	191,230,845
Total assets	<u>\$ 251,517,299</u>	<u>\$ 249,014,731</u>
Deferred outflows of resources		
Bond refunding deferments	\$ 403,229	\$ 441,788
OPEB plan deferments	536,687	253,405
Pension plan deferments	38,451,138	57,361,210
Total deferred outflows of resources	<u>\$ 39,391,054</u>	<u>\$ 58,056,403</u>
Liabilities		
Current and other liabilities	\$ 15,199,160	\$ 19,845,772
Long-term liabilities, including due within one year	221,912,426	217,322,784
Total liabilities	<u>\$ 237,111,586</u>	<u>\$ 237,168,556</u>
Deferred inflows of resources		
OPEB plan deferments	\$ 625,096	\$ 719,004
Pension plan deferments	65,248,005	79,361,879
Property taxes levied for subsequent year	27,230,080	26,143,895
Total deferred inflows of resources	<u>\$ 93,103,181</u>	<u>\$ 106,224,778</u>
Net position		
Net investment in capital assets	\$ 39,995,043	\$ 39,775,923
Restricted	1,064,706	1,995,275
Unrestricted	(80,366,163)	(78,093,398)
Total net position	<u>\$ (39,306,414)</u>	<u>\$ (36,322,200)</u>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being 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 capital asset acquisition, food service, and community service contributed to the decrease in the restricted portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

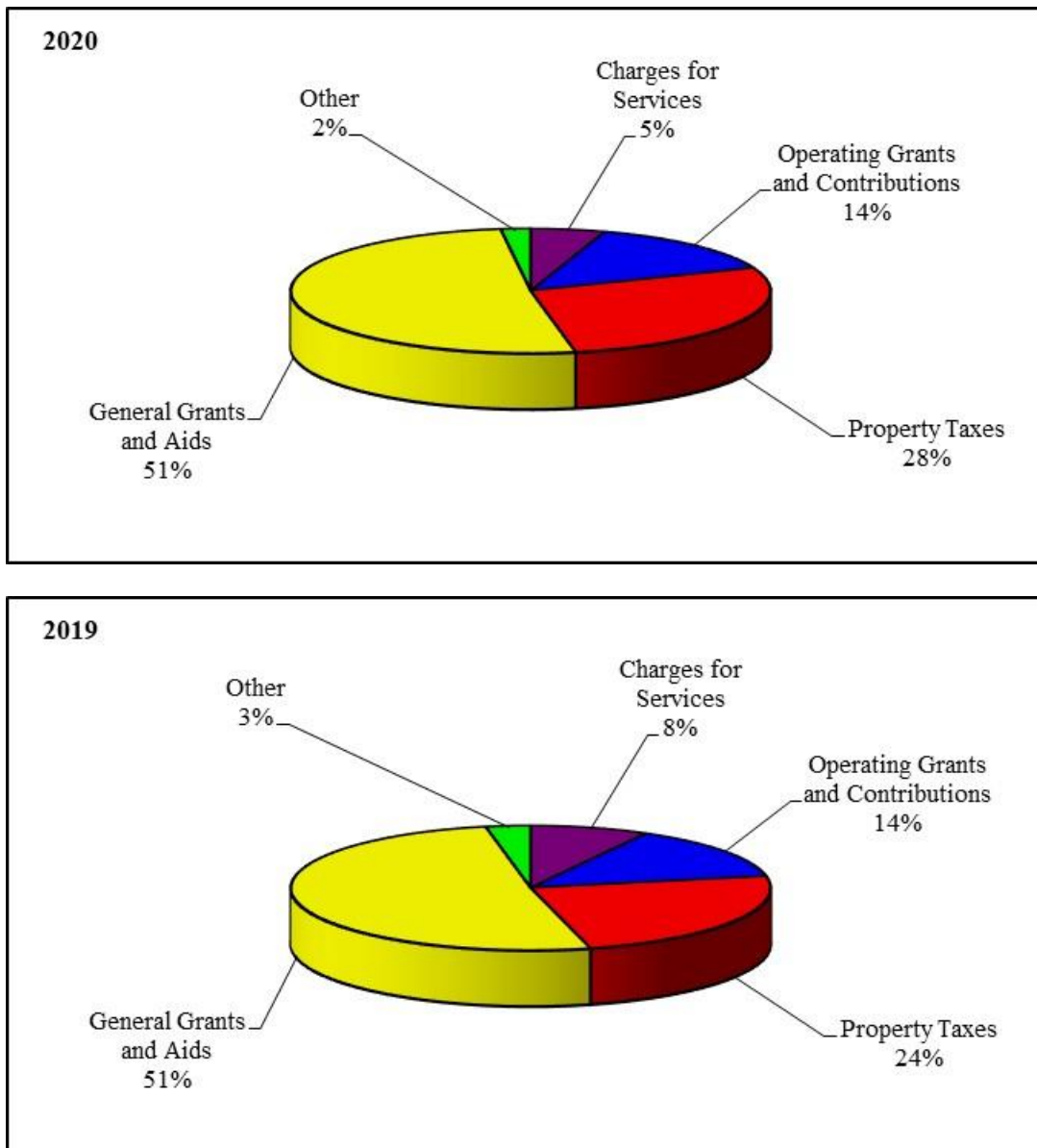
Table 2 presents a summarized version of the District's Statement of Activities:

Table 2 Summary Statement of Activities for the Years Ended June 30, 2020 and 2019		
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 5,313,535	\$ 6,891,345
Operating grants and contributions	13,010,160	13,306,489
General revenues		
Property taxes	27,031,623	22,372,109
General grants and aids	48,773,418	46,735,121
Other	1,570,554	2,605,932
Total revenues	<u>95,699,290</u>	<u>91,910,996</u>
Expenses		
Administration	3,527,550	2,404,931
District support services	2,825,243	2,914,489
Elementary and secondary regular instruction	29,013,805	15,406,822
Vocational education instruction	1,647,733	551,470
Special education instruction	14,352,862	9,188,795
Instructional support services	7,738,382	3,770,996
Pupil support services	11,321,031	9,919,553
Sites and buildings	7,648,115	9,509,308
Fiscal and other fixed cost programs	650,000	520,000
Food service	3,526,004	3,642,072
Community service	4,855,822	4,447,056
Depreciation not allocated to other functions	6,209,276	4,393,215
Interest and fiscal charges	5,489,519	5,170,398
Total expenses	<u>98,805,342</u>	<u>71,839,105</u>
Change in net position	(3,106,052)	20,071,891
Net position – beginning, as previously reported	(36,322,200)	(56,394,091)
Change in accounting principle	121,838	–
Net position – beginning, as restated	<u>(36,200,362)</u>	<u>(56,394,091)</u>
Net position – ending	<u>\$ (39,306,414)</u>	<u>\$ (36,322,200)</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. The increase in general grants and aids and significant increase in expenses reflects the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier. Tax revenues increased from the prior year, consistent with the approved property tax levy.

Figure A shows further analysis of these revenue sources:

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



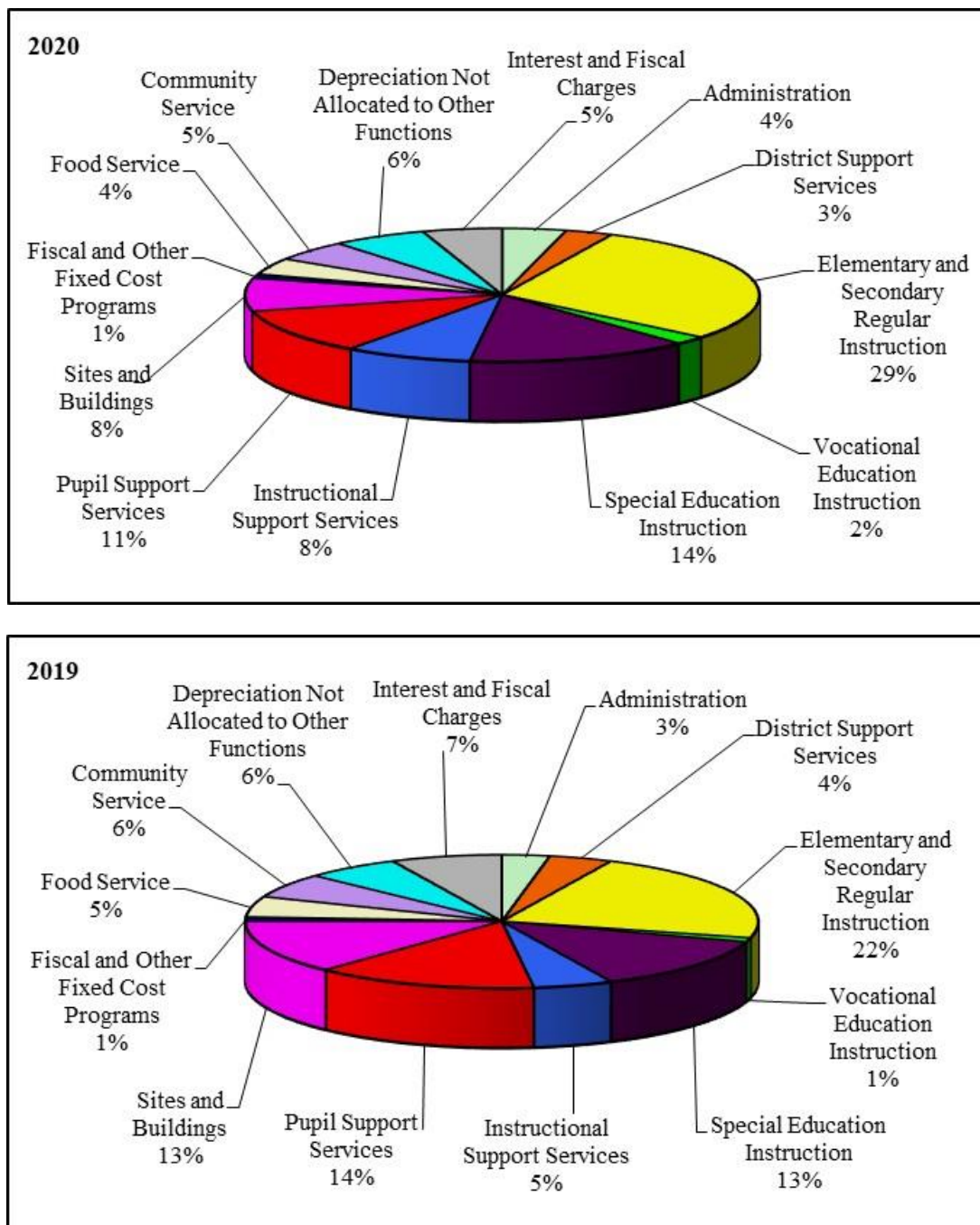
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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 the 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:

Table 3 Governmental Fund Balances as of June 30, 2020 and 2019			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Major funds			
General Fund	\$ 2,647,244	\$ 2,502,595	\$ 144,649
Capital Projects – Building Construction	3,909,682	4,934,642	(1,024,960)
Debt Service	1,286,532	1,524,501	(237,969)
Nonmajor funds			
Food Service Special Revenue	217,243	482,623	(265,380)
Community Service Special Revenue	<u>671,128</u>	<u>1,100,004</u>	<u>(428,876)</u>
Total governmental funds	<u>\$ 8,731,829</u>	<u>\$ 10,544,365</u>	<u>\$ (1,812,536)</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 \$8,731,829, a decrease of \$1,812,536 in comparison with the prior year, which includes a \$121,838 increase for a change in accounting principle as previously discussed. Approximately 22.6 percent of this amount (\$1,972,700) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$167,619), 2) restricted for particular purposes (\$6,115,732), or 3) assigned for particular purposes (\$475,778).

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>
Revenue	<u>\$ 77,458,000</u>	<u>\$ 78,550,000</u>	<u>\$ 1,092,000</u>	<u>1.4 %</u>
Expenditures	<u>\$ 76,490,500</u>	<u>\$ 78,100,500</u>	<u>\$ 1,610,000</u>	<u>2.1 %</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)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues and other financing sources	\$ 78,835,613	\$ 285,613	0.4 %	\$ 3,684,431	4.9 %
Expenditures	<u>78,812,802</u>	\$ 712,302	0.9 %	\$ 4,026,745	5.4 %
Net change in fund balances	<u>\$ 22,811</u>				

The fund balance of the General Fund increased \$22,811, compared to an increase of \$449,500 approved in the final budget. As previously discussed, the District reported a change in accounting principle that increased beginning fund balance by \$121,838.

The largest revenue and other financing sources variance to budget occurred in federal sources, which was \$369,589 more than projected in the budget. Conservative budgeting for federal special education revenue contributed to this source exceeding budget. The revenue change from the prior year was mainly in property taxes, which increased \$4,965,608, due to the increased property tax levy in the current year.

The expenditure budget variance was spread across several programs and object categories, with the largest variance in elementary and secondary regular instruction, which was \$1,314,989 under budget. This budget variance was offset by instructional support services and special education instruction expenditures in excess of budget \$1,012,815 and \$551,274, respectively. The District budgeted salaries and benefits in the elementary and secondary regular instruction program but actual amounts were recorded in other program areas resulting in total expenditures to be within 0.9 percent of budget. Expenditures increased \$4,026,745 from the prior year, mainly in salaries and benefits, due to contractual increases and additional staffing hired.

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 financed with voter-approved building bonds, and as authorized by the District's long-term facilities maintenance program as approved by the Minnesota Department of Education. At June 30, 2020, the District had a fund balance of \$2,352,188 restricted for long-term facilities maintenance and \$1,557,494 restricted for capital projects.

Debt Service Fund

Debt Service Fund expenditures exceeded revenues and other financing sources by \$237,969 in the current year, compared to a \$425,000 fund balance decrease anticipated in the budget. The funding of the Debt Service Fund is largely controlled with each individual debt obligation's financing plan. The remaining fund balance of \$1,286,532 at June 30, 2020 is available for meeting future debt service obligations.

Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, decreasing equity by \$265,380, compared to a planned fund balance decrease of \$583,772. This variance was primarily due to federal sources, which were \$619,060 more than anticipated in the budget. The decrease in equity in the current year was due to decreased meal sales, as a result of the COVID-19 pandemic.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by \$428,876, compared to a planned fund balance decrease of \$850,000. The decrease in equity in the current year was 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 used to account for the District's self-insured health and dental insurance functions.

Operating revenues for the internal service funds for fiscal 2020 totaled \$10,133,409. Operating expenses totaled \$10,083,527 for self-insured health and dental benefit claims. The internal service funds also reported \$91,063 in investment earnings in the current year.

The net position for internal service funds as of June 30, 2020 totaled \$3,605,343, which represents an increase of \$140,945 in net position 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:

Table 6 Capital Assets			
	2020	2019	Change
Land	\$ 1,885,726	\$ 1,885,726	\$ —
Construction in progress	317,945	31,238,880	(30,920,935)
Buildings	78,399,633	78,308,059	91,574
Building and land improvements	178,526,102	134,565,593	43,960,509
Furniture and equipment	24,292,056	23,963,713	328,343
Intangibles	1,895,000	1,895,000	—
Less accumulated depreciation	(86,614,835)	(80,626,126)	(5,988,709)
Total	<u>\$ 198,701,627</u>	<u>\$ 191,230,845</u>	<u>\$ 7,470,782</u>
Depreciation expense	<u>\$ 6,900,896</u>	<u>\$ 4,886,261</u>	<u>\$ 2,014,635</u>

By the end of fiscal year 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 of projects at district sites during fiscal year 2020, including the activity of the Capital Projects – Building Construction Fund.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, 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:

Table 7 Outstanding Long-Term Liabilities			
	2020	2019	Change
General obligation bonds payable	\$ 161,160,000	\$ 155,405,000	\$ 5,755,000
Certificates of participation payable	2,305,000	2,425,000	(120,000)
Unamortized premium/discount	3,837,059	3,639,955	197,104
Net pension liability	44,304,266	46,378,028	(2,073,762)
Net OPEB liability	8,193,036	7,012,087	1,180,949
Severance benefits payable	1,162,499	1,506,246	(343,747)
Compensated absences payable	950,566	956,468	(5,902)
Total	<u>\$ 221,912,426</u>	<u>\$ 217,322,784</u>	<u>\$ 4,589,642</u>

The change in general obligation bonds payable is due to the sale of facilities maintenance and capital facilities bonds offset by the scheduled principal payments in the current year. The decrease in certificates of participation payable is due to the planned principal payments made in fiscal 2020.

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

The increase in the net OPEB liability is due to changes in actuarial assumptions and service cost 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).

Table 8 Limitations on Debt	
District's market value	\$ 5,831,765,400
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 874,764,810</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 2.0 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

These financial statements are 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 these statements or need additional financial information, contact the Business Services Department at (651) 982-8125. The address is: Independent School District No. 831, 6100 North 210th Street, Forest Lake, Minnesota 55025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 28,167,911	\$ 35,316,780
Receivables		
Current taxes	17,037,068	15,272,610
Delinquent taxes	403,833	379,987
Accounts and interest	260,888	377,386
Due from other governmental units	6,567,835	5,872,659
Due from fiduciary fund	210,518	350,000
Inventory	129,240	51,548
Prepaid items	38,379	162,916
Capital assets		
Not depreciated	2,203,671	33,124,606
Depreciated, net of accumulated depreciation	196,497,956	158,106,239
Total capital assets, net of accumulated depreciation	198,701,627	191,230,845
Total assets	251,517,299	249,014,731
Deferred outflows of resources		
Bond refunding deferments	403,229	441,788
OPEB plan deferments	536,687	253,405
Pension plan deferments	38,451,138	57,361,210
Total deferred outflows of resources	39,391,054	58,056,403
Total assets and deferred outflows of resources	\$ 290,908,353	\$ 307,071,134
Liabilities		
Salaries payable	\$ 544,264	\$ 682,919
Accounts and contracts payable	8,980,474	14,050,385
Accrued interest payable	2,267,845	2,500,558
Due to other governmental units	399,620	134,783
Unearned revenue	2,204,987	1,855,631
Claims incurred, but not reported	801,970	621,496
Long-term liabilities		
Due within one year	5,567,028	5,245,335
Due in more than one year	216,345,398	212,077,449
Total long-term liabilities	221,912,426	217,322,784
Total liabilities	237,111,586	237,168,556
Deferred inflows of resources		
OPEB plan deferments	625,096	719,004
Pension plan deferments	65,248,005	79,361,879
Property taxes levied for subsequent year	27,230,080	26,143,895
Total deferred inflows of resources	93,103,181	106,224,778
Net position		
Net investment in capital assets	39,995,043	39,775,923
Restricted for		
Capital asset acquisition	—	397,938
Food service	217,243	482,623
Community service	686,216	1,114,714
Other purposes (state funding restrictions)	161,247	—
Unrestricted	(80,366,163)	(78,093,398)
Total net position	(39,306,414)	(36,322,200)
Total liabilities, deferred inflows of resources, and net position	\$ 290,908,353	\$ 307,071,134

INDEPENDENT SCHOOL DISTRICT NO. 831

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

Functions/Programs	2020			2019	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 3,527,550	\$ —	\$ —	\$ (3,527,550)	\$ (2,404,931)
District support services	2,825,243	—	—	(2,825,243)	(2,914,489)
Elementary and secondary regular instruction	29,013,805	913,540	1,054,635	(27,045,630)	(13,052,145)
Vocational education instruction	1,647,733	787	45,227	(1,601,719)	(522,323)
Special education instruction	14,352,862	266,945	9,474,294	(4,611,623)	526,652
Instructional support services	7,738,382	—	18,823	(7,719,559)	(3,770,996)
Pupil support services	11,321,031	—	166,937	(11,154,094)	(9,728,845)
Sites and buildings	7,648,115	45,521	—	(7,602,594)	(9,444,138)
Fiscal and other fixed cost programs	650,000	—	—	(650,000)	(520,000)
Food service	3,526,004	1,768,431	1,464,009	(293,564)	244,049
Community service	4,855,822	2,318,311	786,235	(1,751,276)	(490,492)
Depreciation not allocated to other functions	6,209,276	—	—	(6,209,276)	(4,393,215)
Interest and fiscal charges	5,489,519	—	—	(5,489,519)	(5,170,398)
Total governmental activities	<u>\$ 98,805,342</u>	<u>\$ 5,313,535</u>	<u>\$ 13,010,160</u>	(80,481,647)	(51,641,271)
General revenues					
Taxes					
Property taxes for general purposes				16,971,277	12,009,508
Property taxes for community service				1,202,570	1,138,000
Property taxes for debt service				8,857,776	9,224,601
General grants and aids				48,773,418	46,735,121
Other general revenues				1,145,527	1,586,759
Investment earnings				425,027	1,019,173
Total general revenues				<u>77,375,595</u>	<u>71,713,162</u>
Change in net position				(3,106,052)	20,071,891
Net position – beginning, as previously reported				(36,322,200)	(56,394,091)
Change in accounting principle				121,838	—
Net position – beginning, as restated				<u>(36,200,362)</u>	<u>(56,394,091)</u>
Net position – ending				\$ (39,306,414)	\$ (36,322,200)

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 10,715,425	\$ 4,412,320	\$ 5,096,414
Receivables			
Current taxes	10,349,315	–	5,937,834
Delinquent taxes	250,528	–	134,368
Accounts and interest	226,881	1,702	–
Due from other governmental units	6,319,907	–	20,075
Due from other funds	210,518	–	–
Inventory	–	–	–
Prepaid items	37,519	–	–
	<u>\$ 28,110,093</u>	<u>\$ 4,414,022</u>	<u>\$ 11,188,691</u>
Liabilities			
Salaries payable	\$ 414,334	\$ –	\$ –
Accounts and contracts payable	8,263,651	504,340	–
Due to other governmental units	397,486	–	1,813
Unearned revenue	1,000	–	–
Total liabilities	<u>9,076,471</u>	<u>504,340</u>	<u>1,813</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	16,191,139	–	9,793,568
Unavailable revenue – delinquent taxes	195,239	–	106,778
Total deferred inflows of resources	<u>16,386,378</u>	<u>–</u>	<u>9,900,346</u>
Fund balances			
Nonspendable	37,519	–	–
Restricted	161,247	3,909,682	1,286,532
Assigned	475,778	–	–
Unassigned	1,972,700	–	–
Total fund balances	<u>2,647,244</u>	<u>3,909,682</u>	<u>1,286,532</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,110,093</u>	<u>\$ 4,414,022</u>	<u>\$ 11,188,691</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 1,396,076	\$ 21,620,235	\$ 29,350,332
749,919	17,037,068	15,272,610
18,937	403,833	379,987
7,561	236,144	341,701
227,853	6,567,835	5,872,659
—	210,518	350,000
129,240	129,240	51,548
860	38,379	162,916
<u>\$ 2,530,446</u>	<u>\$ 46,243,252</u>	<u>\$ 51,781,753</u>
\$ 129,930	\$ 544,264	\$ 682,919
45,183	8,813,174	13,847,748
321	399,620	134,783
206,180	207,180	142,029
381,614	9,964,238	14,807,479
1,245,373	27,230,080	26,143,895
15,088	317,105	286,014
1,260,461	27,547,185	26,429,909
130,100	167,619	214,464
758,271	6,115,732	8,376,387
—	475,778	583,713
—	1,972,700	1,369,801
888,371	8,731,829	10,544,365
<u>\$ 2,530,446</u>	<u>\$ 46,243,252</u>	<u>\$ 51,781,753</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2020	2019
Total fund balances – governmental funds	\$ 8,731,829	\$ 10,544,365
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	285,316,462	271,856,971
Accumulated depreciation	(86,614,835)	(80,626,126)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(161,160,000)	(155,405,000)
Certificates of participation payable	(2,305,000)	(2,425,000)
Unamortized premium/discount	(3,837,059)	(3,639,955)
Net pension liability	(44,304,266)	(46,378,028)
Net OPEB liability	(8,193,036)	(7,012,087)
Severance benefits payable	(1,162,499)	(1,506,246)
Compensated absences payable	(950,566)	(956,468)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(2,267,845)	(2,500,558)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	3,605,343	3,464,398
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 – bond refunding deferments	403,229	441,788
Deferred outflows of resources – OPEB plan deferments	536,687	253,405
Deferred outflows of resources – pension plan deferments	38,451,138	57,361,210
Deferred inflows of resources – OPEB plan deferments	(625,096)	(719,004)
Deferred inflows of resources – pension plan deferments	(65,248,005)	(79,361,879)
Deferred inflows of resources – unavailable revenue – delinquent taxes	317,105	286,014
Total net position – governmental activities	<u>\$ (39,306,414)</u>	<u>\$ (36,322,200)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 16,942,049	\$ –	\$ 8,856,291
Investment earnings	188,443	54,393	55,021
Other	2,372,320	–	–
State sources	57,199,212	–	200,574
Federal sources	2,119,589	–	–
Total revenue	78,821,613	54,393	9,111,886
Expenditures			
Current			
Administration	3,372,758	–	–
District support services	2,906,337	–	–
Elementary and secondary regular instruction	27,191,856	–	–
Vocational education instruction	1,555,531	–	–
Special education instruction	13,637,180	–	–
Instructional support services	7,467,572	–	–
Pupil support services	11,471,940	–	–
Sites and buildings	10,325,268	–	–
Fiscal and other fixed cost programs	650,000	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	10,811,999	–
Debt service			
Principal	120,000	–	3,855,000
Interest and fiscal charges	114,360	173,692	5,587,439
Total expenditures	78,812,802	10,985,691	9,442,439
Excess (deficiency) of revenue over expenditures	8,811	(10,931,298)	(330,553)
Other financing sources (uses)			
Debt issued	–	9,610,000	–
Premium on debt issued	–	296,338	92,584
Sale of assets	14,000	–	–
Total other financing sources (uses)	14,000	9,906,338	92,584
Net change in fund balances	22,811	(1,024,960)	(237,969)
Fund balances			
Beginning of year, as previously reported	2,502,595	4,934,642	1,524,501
Change in accounting principle	121,838	–	–
Beginning of year, as restated	2,624,433	4,934,642	1,524,501
End of year	\$ 2,647,244	\$ 3,909,682	\$ 1,286,532

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 1,202,192	\$ 27,000,532	\$ 22,311,181
36,107	333,964	930,004
4,086,742	6,459,062	8,478,104
957,371	58,357,157	59,202,080
1,292,873	3,412,462	3,245,306
7,575,285	95,563,177	94,166,675
—	3,372,758	3,237,724
—	2,906,337	2,967,753
—	27,191,856	26,064,394
—	1,555,531	1,059,116
—	13,637,180	12,741,535
—	7,467,572	5,286,816
—	11,471,940	11,736,493
—	10,325,268	10,863,761
—	650,000	520,000
3,510,116	3,510,116	3,671,166
4,748,616	4,748,616	4,776,430
22,384	10,834,383	42,219,818
—	3,975,000	4,034,234
—	5,875,491	5,349,406
8,281,116	107,522,048	134,528,646
(705,831)	(11,958,871)	(40,361,971)
—	9,610,000	8,250,000
—	388,922	866,758
11,575	25,575	—
11,575	10,024,497	9,116,758
(694,256)	(1,934,374)	(31,245,213)
1,582,627	10,544,365	41,789,578
—	121,838	—
1,582,627	10,666,203	41,789,578
\$ 888,371	\$ 8,731,829	\$ 10,544,365

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INDEPENDENT SCHOOL DISTRICT NO. 831

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2020

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

	2020	2019
Total net change in fund balances – governmental funds	\$ (1,934,374)	\$ (31,245,213)
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	14,707,475	45,973,151
Depreciation expense	(6,900,896)	(4,886,261)
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.		
	(335,797)	(228,522)
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	(9,610,000)	(8,250,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	3,855,000	3,845,000
Certificates of participation payable	120,000	115,000
Capital lease payable	–	74,234
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.		
	232,713	(278,336)
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.		
	(197,104)	(514,178)
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	2,073,762	90,566,272
Net OPEB liability	(1,180,949)	(469,619)
Severance benefits payable	343,747	203,752
Compensated absences payable	5,902	(18,253)
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.		
	140,945	(214,510)
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 – bond refunding deferments	(38,559)	(38,559)
Deferred outflows of resources – OPEB plan deferments	283,282	206,538
Deferred outflows of resources – pension plan deferments	(18,910,072)	(19,612,900)
Deferred inflows of resources – bond refunding deferments	–	143,323
Deferred inflows of resources – OPEB plan deferments	93,908	(460,991)
Deferred inflows of resources – pension plan deferments	14,113,874	(54,898,965)
Deferred inflows of resources – unavailable revenue – delinquent taxes	31,091	60,928
Change in net position – governmental activities	<u>\$ (3,106,052)</u>	<u>\$ 20,071,891</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 16,900,000	\$ 16,900,000	\$ 16,942,049	\$ 42,049
Investment earnings	85,000	85,000	188,443	103,443
Other	2,413,900	2,563,900	2,372,320	(191,580)
State sources	56,409,100	57,251,100	57,199,212	(51,888)
Federal sources	1,650,000	1,750,000	2,119,589	369,589
Total revenue	77,458,000	78,550,000	78,821,613	271,613
Expenditures				
Current				
Administration	3,545,853	3,560,853	3,372,758	(188,095)
District support services	2,855,276	2,628,331	2,906,337	278,006
Elementary and secondary regular instruction	28,669,033	28,506,845	27,191,856	(1,314,989)
Vocational education instruction	1,319,622	1,319,622	1,555,531	235,909
Special education instruction	13,063,906	13,085,906	13,637,180	551,274
Instructional support services	5,472,899	6,454,757	7,467,572	1,012,815
Pupil support services	11,513,917	11,323,912	11,471,940	148,028
Sites and buildings	9,086,994	10,332,274	10,325,268	(7,006)
Fiscal and other fixed cost programs	650,000	650,000	650,000	—
Debt service				
Principal	190,000	115,000	120,000	5,000
Interest and fiscal charges	123,000	123,000	114,360	(8,640)
Total expenditures	76,490,500	78,100,500	78,812,802	712,302
Excess (deficiency) of revenue over expenditures	967,500	449,500	8,811	(440,689)
Other financing sources				
Sale of assets	—	—	14,000	14,000
Net change in fund balances	\$ 967,500	\$ 449,500	22,811	\$ (426,689)
Fund balances				
Beginning of year, as previously reported			2,502,595	
Change in accounting principle			121,838	
Beginning of year, as restated			2,624,433	
End of year			\$ 2,647,244	

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 6,547,676	\$ 5,966,448
Receivables		
Accounts and interest	<u>24,744</u>	<u>35,685</u>
Total current assets	<u>6,572,420</u>	<u>6,002,133</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	167,300	202,637
Unearned revenue	1,997,807	1,713,602
Claims incurred, but not reported	<u>801,970</u>	<u>621,496</u>
Total current liabilities	<u>2,967,077</u>	<u>2,537,735</u>
Net position		
Unrestricted	<u><u>\$ 3,605,343</u></u>	<u><u>\$ 3,464,398</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 10,133,409	\$ 9,381,054
Operating expenses		
Health benefit claims	9,586,574	9,181,479
Dental benefit claims	<u>496,953</u>	<u>503,254</u>
Total operating expenses	<u>10,083,527</u>	<u>9,684,733</u>
Operating income (loss)	49,882	(303,679)
Nonoperating revenue		
Investment earnings	<u>91,063</u>	<u>89,169</u>
Change in net position	140,945	(214,510)
Net position		
Beginning of year	<u>3,464,398</u>	<u>3,678,908</u>
End of year	<u><u>\$ 3,605,343</u></u>	<u><u>\$ 3,464,398</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 10,428,555	\$ 9,318,572
Payment for health claims	(9,450,506)	(9,200,838)
Payment for dental claims	(487,884)	(504,769)
Net cash flows from operating activities	<u>490,165</u>	<u>(387,035)</u>
Cash flows from investing activities		
Investment income received	<u>91,063</u>	<u>89,169</u>
Net change in cash and cash equivalents	581,228	(297,866)
Cash and cash equivalents		
Beginning of year	<u>5,966,448</u>	<u>6,264,314</u>
End of year	<u><u>\$ 6,547,676</u></u>	<u><u>\$ 5,966,448</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 49,882	\$ (303,679)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	10,941	(24,290)
Accounts and contracts payable	(35,337)	(113,719)
Unearned revenue	284,205	(38,192)
Claims incurred, but not reported	<u>180,474</u>	<u>92,845</u>
Net cash flows from operating activities	<u><u>\$ 490,165</u></u>	<u><u>\$ (387,035)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Fiduciary Net Position
as of June 30, 2020

	Post-Employment Benefits Trust Fund
Assets	
Cash and temporary investments	\$ 1,840,100
Investments	
MNTrust Investment Shares Portfolio	690
Accounts and interest receivable	55,992
Total assets	<u>1,896,782</u>
Liabilities	
Due to other funds	<u>210,518</u>
Net position	
Held in trust for employee benefits	<u><u>\$ 1,686,264</u></u>

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	\$ 53,260
Deductions	
Benefits paid to plan members and administrative fees	<u>210,768</u>
Change in net position	(157,508)
Net position	
Beginning of year	<u>1,843,772</u>
End of year	<u><u>\$ 1,686,264</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Notes to Basic Financial Statements as of June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 831 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The 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. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as “depreciation not allocated to other functions.” Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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.

The proprietary (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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund – The General Fund is the government’s primary operating fund. It accounts 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 and as authorized by the District’s MDE-approved 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. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the taxable OPEB bond issues.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to record financial activities of 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’s internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Fund

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 post-employment insurance benefits of 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. Expenditures in the General, Food Service Special Revenue, Community Service Special Revenue, Capital Projects – Building Construction, and Debt Service Funds exceeded budgeted appropriations by \$712,302, \$175,738, \$82,072, \$1,885,691, and \$7,439 respectively, during the year ended June 30, 2020. Revenues in excess of budget, along with available fund balance, financed these variances.

F. Cash and Temporary Investments

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

In the Post-Employment Benefits Trust Fund, assets were contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Earnings from the investments of this trust are allocated directly to this fund.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the 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 \$896,707 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 in the current year.

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at 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, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building and land improvements, 5 to 15 years for furniture and equipment, and 10 to 20 years for intangible assets. 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.

L. Long-Term Obligations

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

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

M. 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 when earned in the government-wide financial statements. 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, due to employee termination or similar circumstances.

N. 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. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan. The amount of any severance or retirement benefit due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. State-Wide Pension Plans

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

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

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

P. 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 are reported at amortized cost.

Q. Deferred Outflows/Inflows of Resources

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

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

The District also 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

R. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted 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.

S. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- **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.

T. 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.

U. Risk Management and Self-Insurance

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 5,834	\$ 503,254	\$ 498,423	\$ 10,665
2020	\$ 10,665	\$ 496,953	\$ 497,618	\$ 10,000

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 522,817	\$ 9,181,479	\$ 9,093,465	\$ 610,831
2020	\$ 610,831	\$ 9,586,574	\$ 9,405,435	\$ 791,970

V. Prior Period Comparative Financial Information/Reclassification

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

W. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for the extracurricular student activity funds in the General Fund and its governmental activities, rather than excluding them from the reporting entity as it has in the past. 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 \$121,838 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	\$ 10,369,144
Investments	<u>19,639,557</u>
Total deposits and investments	<u>\$ 30,008,701</u>

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 28,167,911
Statement of Fiduciary Net Position	
Cash and temporary investments	1,840,100
Investments – MNTrust Investment Shares Portfolio	<u>690</u>
Total deposits and investments	<u>\$ 30,008,701</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 \$10,369,144, while the balance on the bank records was \$11,694,604. 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:

Deposits/Investments	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ 3,257,725	\$ 253,589	\$ 3,511,314
Investment pools/mutual funds						
Minnesota School District						
Liquid Asset Fund	AAA	S&P	N/A	N/A	N/A	109,432
MNTrust Investment						
Shares Portfolio	AAA	S&P	N/A	N/A	N/A	5,953,085
MNTrust Limited Term Duration	AAA	S&P	N/A	N/A	N/A	1,029,463
Wells Fargo Federal Treasury						
Obligation I	AAA	S&P	Level 1	N/A	N/A	9,036,263
Total investments						<u>\$ 19,639,557</u>

N/R – Not Rated

N/A – Not Applicable

The District's investments include investment pools managed by MNTrust and the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. Investments in the MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

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

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

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated					
Land	\$ 1,885,726	\$ –	\$ –	\$ –	\$ 1,885,726
Construction in progress	31,238,880	12,599,907	(330,466)	(43,190,376)	317,945
Total capital assets, not depreciated	33,124,606	12,599,907	(330,466)	(43,190,376)	2,203,671
Capital assets, depreciated					
Buildings	78,308,059	–	–	91,574	78,399,633
Building and land improvements	134,565,593	1,219,730	–	42,740,779	178,526,102
Furniture and equipment	23,963,713	887,838	(917,518)	358,023	24,292,056
Intangibles	1,895,000	–	–	–	1,895,000
Total capital assets, depreciated	238,732,365	2,107,568	(917,518)	43,190,376	283,112,791
Less accumulated depreciation for					
Buildings	(51,083,478)	(1,537,722)	–	–	(52,621,200)
Building and land improvements	(12,983,697)	(3,987,950)	–	–	(16,971,647)
Furniture and equipment	(16,210,303)	(1,270,236)	912,187	–	(16,568,352)
Intangibles	(348,648)	(104,988)	–	–	(453,636)
Total accumulated depreciation	(80,626,126)	(6,900,896)	912,187	–	(86,614,835)
Net capital assets, depreciated	158,106,239	(4,793,328)	(5,331)	43,190,376	196,497,956
Total capital assets, net	\$ 191,230,845	\$ 7,806,579	\$ (335,797)	\$ –	\$ 198,701,627

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following governmental functions:

Administration	\$ 28,264
District support services	39,616
Elementary and secondary regular instruction	139,396
Vocational education instruction	12,109
Special education instruction	5,548
Instructional support services	32,657
Pupil support services	427,730
Community service	6,300
Depreciation not allocated to other functions	<u>6,209,276</u>
Total depreciation expense	<u>\$ 6,900,896</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
School building bonds	05/05/2016	2.00–5.00%	\$ 75,000,000	02/01/2046	\$ 73,545,000
School building bonds	12/15/2016	3.00–5.00%	\$ 67,070,000	02/01/2046	65,575,000
Taxable OPEB refunding bonds	12/15/2016	1.25–3.35%	\$ 5,365,000	02/01/2030	4,690,000
Facilities maintenance and tax abatement bonds	08/16/2018	3.00–5.00%	\$ 8,250,000	02/01/2029	7,740,000
Facilities maintenance and capital facilities bonds	04/30/2020	2.00–4.00%	\$ 9,610,000	02/01/2035	<u>9,610,000</u>
Total general obligation bonds payable					<u>\$ 161,160,000</u>

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

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Certificates of participation	02/25/2014	1.20–5.35%	\$ 3,000,000	02/01/2034	\$ 2,305,000

On February 25, 2014, the District issued \$3,000,000 of Certificates of Participation, Series 2014A. The proceeds were used to purchase the Forest Lake Area Athletic Association (FLAAA) Sports Center and Ice Arena. The District has a nominal ground lease agreement with the City of Forest Lake for the land where the FLAAA Sports Center and Ice Arena are located. The certificates of participation are paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Other Long-Term Liabilities

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

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

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 11,350,577	\$ 1,527,164	\$ 3,200,130	\$ 1,067,051
TRA	32,953,689	36,923,974	62,047,875	5,624,265
Total	<u>\$ 44,304,266</u>	<u>\$ 38,451,138</u>	<u>\$ 65,248,005</u>	<u>\$ 6,691,316</u>

D. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2021	\$ 4,195,000	\$ 5,426,220	\$ 125,000	\$ 110,760
2022	4,705,000	5,311,093	125,000	106,573
2023	5,045,000	5,090,780	130,000	101,885
2024	5,255,000	4,921,123	140,000	96,685
2025	5,520,000	4,674,033	145,000	90,665
2026–2030	30,265,000	20,215,410	820,000	345,763
2031–2035	30,585,000	15,618,038	820,000	112,350
2036–2040	30,975,000	10,826,531	–	–
2041–2045	36,535,000	5,272,778	–	–
2046	8,080,000	281,450	–	–
	<u>\$ 161,160,000</u>	<u>\$ 77,637,454</u>	<u>\$ 2,305,000</u>	<u>\$ 964,680</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable	\$ 155,405,000	\$ 9,610,000	\$ 3,855,000	\$ 161,160,000	\$ 4,195,000
Certificates of participation payable	2,425,000	–	120,000	2,305,000	125,000
Unamortized premium/discount	3,639,955	388,922	191,818	3,837,059	–
Total bonds and certificates payable	161,469,955	9,998,922	4,166,818	167,302,059	4,320,000
Net pension liability	46,378,028	4,043,506	6,117,268	44,304,266	–
Net OPEB liability	7,012,087	1,391,467	210,518	8,193,036	–
Severance benefits payable	1,506,246	–	343,747	1,162,499	475,778
Compensated absences payable	956,468	765,348	771,250	950,566	771,250
	<u>\$ 217,322,784</u>	<u>\$ 16,199,243</u>	<u>\$ 11,609,601</u>	<u>\$ 221,912,426</u>	<u>\$ 5,567,028</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 herein since the District has specific authority to future resources for such deficits.

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	\$ –	\$ –	\$ –	\$ 129,240	\$ 129,240
Prepaid items	37,519	–	–	860	38,379
Total nonspendable	37,519	–	–	130,100	167,619
Restricted					
Student activities	86,960	–	–	–	86,960
Achievement and integration	74,287	–	–	–	74,287
Long-term facilities maintenance	–	2,352,188	–	–	2,352,188
Capital projects	–	1,557,494	–	–	1,557,494
Debt service	–	–	1,286,532	–	1,286,532
Food service	–	–	–	88,003	88,003
Community education programs	–	–	–	586,470	586,470
Early childhood family education programs	–	–	–	40,000	40,000
School readiness	–	–	–	40,000	40,000
Community service	–	–	–	3,798	3,798
Total restricted	161,247	3,909,682	1,286,532	758,271	6,115,732
Assigned					
Severance	475,778	–	–	–	475,778
Unassigned					
Long-term facilities maintenance restricted account deficit	(978,498)	–	–	–	(978,498)
Unassigned	2,951,198	–	–	–	2,951,198
Total unassigned	1,972,700	–	–	–	1,972,700
Total	\$ 2,647,244	\$ 3,909,682	\$ 1,286,532	\$ 888,371	\$ 8,731,829

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 \$1,116,340. 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 \$2,593,206. 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 \$11,350,577 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 0.2053 percent at the end of the measurement period and 0.2176 percent for the beginning of the period.

The District's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 11,350,577
State's proportionate share of the net pension liability associated with the District	\$ 352,818

For the year ended June 30, 2020, the District recognized pension expense of \$1,040,628 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$26,423 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16.0 million to the GERF.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 333,689	\$ –
Changes in actuarial assumptions	–	964,821
Differences between projected and actual investment earnings	–	1,270,285
Changes in proportion	77,135	965,024
District's contributions to the GERF subsequent to the measurement date	1,116,340	–
Total	<u>\$ 1,527,164</u>	<u>\$ 3,200,130</u>

A total of \$1,116,340 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (990,816)
2022	\$ (1,404,721)
2023	\$ (412,061)
2024	\$ 18,292

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$32,953,689 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 0.5170 percent at the end of the measurement period and 0.5462 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	\$ 32,953,689
State's proportionate share of the net pension liability associated with the District	\$ 2,916,546

For the year ended June 30, 2020, the District recognized pension expense of \$5,402,573. It also recognized \$221,692 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 883,271
Changes in actuarial assumptions	30,812,541	47,288,805
Difference between projected and actual investment earnings	–	3,134,028
Changes in proportion	3,518,227	10,741,771
District's contributions to the TRA subsequent to the measurement date	2,593,206	–
Total	<u>\$ 36,923,974</u>	<u>\$ 62,047,875</u>

A total of \$2,593,206 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 572,071
2022	\$ (1,315,147)
2023	\$ (14,844,043)
2024	\$ (11,763,224)
2025	\$ (366,764)

E. Actuarial Assumptions

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

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

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

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

Actuarial assumptions used in the June 30, 2019 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the 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	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30/5.90 %
Cash equivalents	<u>2.00</u>	– %
Total	<u><u>100.00 %</u></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	\$ 18,659,738	\$ 11,350,577	\$ 5,315,412
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 52,536,237	\$ 32,953,689	\$ 16,808,166

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

H. Pension Plan Fiduciary Net Position

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

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

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

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

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

A. Plan Description

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

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

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 7 – 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. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

Membership in the plan consisted of the following as of the most recent study:

Retirees and beneficiaries receiving benefits	81
Active plan members	<u>721</u>
Total members	<u><u>802</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	\$ 9,879,300
Plan fiduciary net position	<u>(1,686,264)</u>
District's net OPEB liability	<u><u>\$ 8,193,036</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>17.1%</u></u>

F. Actuarial Method 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	2.40%
Expected long-term investment return	2.90% (net of investment expenses)
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.25%, grading to 5.00% over 5 years
Dental trend rate	4.00%

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

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

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

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

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed income	95.00 %	3.00 %
Cash	<u>5.00</u>	1.00 %
Total	<u>100.00 %</u>	2.90 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 2.9 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 2.40 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 3.10 percent.

NOTE 7 – 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	\$ 8,855,859	\$ 1,843,772	\$ 7,012,087
Changes for the year			
Service cost	577,722	–	577,722
Interest	289,203	–	289,203
Assumption changes	367,034	–	367,034
Net investment income	–	53,470	(53,470)
Differences between expected and actual experience	–	(210)	210
Benefit payments	(210,518)	(210,518)	–
Administrative expenses	–	(250)	250
Total net changes	<u>1,023,441</u>	<u>(157,508)</u>	<u>1,180,949</u>
Ending balance	<u>\$ 9,879,300</u>	<u>\$ 1,686,264</u>	<u>\$ 8,193,036</u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.10 percent to 2.40 percent.
- The expected long-term investment return was changed from 2.40 percent to 2.90 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	1.40%	2.40%	3.40%
Net OPEB liability	\$ 8,836,370	\$ 8,193,036	\$ 7,580,712

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 Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare 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	\$ 7,239,285	\$ 8,193,036	\$ 9,323,955

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources**

For the current year ended, the District recognized OPEB expense of \$803,760. 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	\$ —	\$ 431,587
Changes in actuarial assumptions	508,049	193,509
Differences between projected and actual investment earnings	28,638	—
Total	<u>\$ 536,687</u>	<u>\$ 625,096</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	\$ (9,949)
2022	\$ (18,992)
2023	\$ (23,925)
2024	\$ (27,112)
2025	\$ (27,154)
Thereafter	\$ 18,723

NOTE 8 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from September 1 to August 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

The Plan is administered by the District for child care, medical expense reimbursements, and health insurance premiums. The District withholds amounts from employee payroll checks equal to the amount of the health insurance premiums owing and makes the premium payments when due. These payments are recorded in the General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to 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 9 – HEALTHCARE REIMBURSEMENT PLAN

The District also maintains a healthcare reimbursement plan (the Healthcare Plan) under § 105 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. Participants may use the funds contributed by the District to be reimbursed for uninsured health expenses paid, additional costs associated with health insurance coverage, or insurance premiums paid under a spouse or dependent plan.

All assets of the Healthcare Plan are held by the District. The Healthcare Plan is administered by an independent contract administrator and is included in the financial statements in the various district funds.

All property of the Healthcare 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 Healthcare Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare 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 10 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

The District's General Fund has an interfund receivable from the fiduciary Post-Employment Benefits Trust Fund relating to post-employment benefit costs of \$210,518 to be reimbursed as of June 30, 2020.

NOTE 11 – OPERATING LEASES

The District has operating bus leases for student transportation. The leases have monthly payments ranging from \$1,120 to \$31,940, and expire at various times through August 2024. Operating lease expenditures for the year ended June 30, 2020 were \$978,810.

The District is currently utilizing space under an operating lease agreement for the Step Program. The lease has monthly payments ranging from \$12,553 to \$13,931, and will expire in November 2024. Operating lease expenditures for the year ended June 30, 2020 were \$157,197.

Future commitments on these leases are as follows:

Year Ending June 30,	Bus Leases	Space Lease
2021	\$ 1,901,941	\$ 158,889
2022	671,216	161,272
2023	828,848	163,691
2024	778,928	166,145
2025	100,540	69,657
	<u>\$ 4,281,473</u>	<u>\$ 719,654</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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 that may be disallowed by the agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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. Construction Contracts

At June 30, 2020, the District had commitments totaling \$14,308 under various construction contracts for which the work was not yet completed.

D. Guaranteed Energy Savings Commitment

During fiscal year 2016, the District entered into a guaranteed energy savings agreement with APEX under Minnesota Statutes, Section 471.345, Subd. 13, not to exceed 20 years. This agreement is for the purpose of implementing comprehensive utility cost-saving measures to improve the energy efficiency of school district facilities. As of June 30, 2020, the District has recorded \$1,895,000 as an intangible asset related to this energy savings contract. Total accumulated depreciation on these intangible assets at year-end was \$453,636. The District is also required to purchase the energy generated by the solar panels owned by the provider that are installed on various buildings of the District.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

E. Purchase Power Commitment

During fiscal year 2018, the District entered into five community solar garden subscription agreements with SoCore Sherburne LLC. The District is committed to purchasing up to 36.94 percent of the annual delivered energy of three solar systems, 29.77 percent of the annual delivered energy of one solar system, and 34.25 percent of the annual delivered energy of one solar system for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2018, the District entered into two community solar garden subscription agreements with New Energy Equity LLC. The District is committed to purchasing up to 23.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of December 31, 2017 to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into one community solar garden subscription agreement with New Energy Equity LLC. The District is committed to purchasing up to 40.00 percent of the annual delivered energy for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into two community solar garden subscription agreements with WGL Energy Systems, Inc. The District is committed to purchasing up to 36.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of September 30, 2018 to receive bill credits associated with the energy production.

NOTE 13 – SUBSEQUENT EVENTS

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.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2504%	\$ 11,762,537	\$ —	\$ 11,762,537	\$ 13,148,109	89.46%	78.70%
06/30/2016	06/30/2015	0.2348%	\$ 12,168,555	\$ —	\$ 12,168,555	\$ 13,777,131	88.32%	78.20%
06/30/2017	06/30/2016	0.2280%	\$ 18,512,470	\$ 241,803	\$ 18,754,273	\$ 14,132,795	130.99%	68.90%
06/30/2018	06/30/2017	0.2318%	\$ 14,797,960	\$ 186,086	\$ 14,984,046	\$ 14,933,242	99.09%	75.90%
06/30/2019	06/30/2018	0.2176%	\$ 12,071,556	\$ 396,078	\$ 12,467,634	\$ 14,645,936	82.42%	79.50%
06/30/2020	06/30/2019	0.2053%	\$ 11,350,577	\$ 352,818	\$ 11,703,395	\$ 14,467,360	78.46%	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	\$ 1,018,736	\$ 1,018,736	\$ —	\$ 13,777,131	7.39%
06/30/2016	\$ 1,060,550	\$ 1,060,550	\$ —	\$ 14,132,795	7.50%
06/30/2017	\$ 1,120,066	\$ 1,120,066	\$ —	\$ 14,933,242	7.50%
06/30/2018	\$ 1,096,981	\$ 1,096,981	\$ —	\$ 14,645,936	7.49%
06/30/2019	\$ 1,084,088	\$ 1,084,088	\$ —	\$ 14,467,360	7.49%
06/30/2020	\$ 1,116,340	\$ 1,116,340	\$ —	\$ 14,891,478	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. 831

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.6615%	\$ 30,481,444	\$ 2,144,221	\$ 32,625,665	\$ 30,196,677	100.94%	81.50%
06/30/2016	06/30/2015	0.6052%	\$ 37,437,605	\$ 4,591,853	\$ 42,029,458	\$ 30,724,443	121.85%	76.80%
06/30/2017	06/30/2016	0.5824%	\$ 138,916,297	\$ 13,944,490	\$ 152,860,787	\$ 30,285,682	458.69%	44.88%
06/30/2018	06/30/2017	0.6119%	\$ 122,146,340	\$ 11,808,367	\$ 133,954,707	\$ 32,939,487	370.82%	51.57%
06/30/2019	06/30/2018	0.5462%	\$ 34,306,472	\$ 3,223,106	\$ 37,529,578	\$ 30,174,216	113.69%	78.07%
06/30/2020	06/30/2019	0.5170%	\$ 32,953,689	\$ 2,916,546	\$ 35,870,235	\$ 29,353,536	112.26%	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	\$ 2,304,333	\$ 2,304,333	\$ -	\$ 30,724,443	7.50%
06/30/2016	\$ 2,271,426	\$ 2,271,426	\$ -	\$ 30,285,682	7.50%
06/30/2017	\$ 2,470,228	\$ 2,470,228	\$ -	\$ 32,939,487	7.50%
06/30/2018	\$ 2,267,163	\$ 2,267,163	\$ -	\$ 30,174,216	7.51%
06/30/2019	\$ 2,262,283	\$ 2,262,283	\$ -	\$ 29,353,536	7.71%
06/30/2020	\$ 2,593,206	\$ 2,593,206	\$ -	\$ 32,746,274	7.92%

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

INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 492,508	\$ 458,783	\$ 499,612	\$ 577,722
Interest	245,576	257,179	315,686	289,203
Assumption changes	—	(290,265)	233,741	367,034
Plan changes	—	—	25,530	—
Differences between expected and actual experience	—	—	(554,899)	—
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)
Net change in total OPEB liability	397,236	158,561	155,230	1,023,441
Total OPEB liability – beginning of year	8,144,832	8,542,068	8,700,629	8,855,859
Total OPEB liability – end of year	8,542,068	8,700,629	8,855,859	9,879,300
Plan fiduciary net position				
Employer contributions	—	—	14,440	—
Net investment income	19,917	32,754	51,796	53,470
Differences between expected and actual experience	—	—	(15,935)	(210)
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)
Administrative expenses	(250)	(250)	(250)	(250)
Net change in plan fiduciary net position	(321,181)	(234,632)	(314,389)	(157,508)
Plan fiduciary net position – beginning of year	2,713,974	2,392,793	2,158,161	1,843,772
Plan fiduciary net position – end of year	2,392,793	2,158,161	1,843,772	1,686,264
Net OPEB liability	\$ 6,149,275	\$ 6,542,468	\$ 7,012,087	\$ 8,193,036
Fiduciary net position as a percentage of the total OPEB liability	28.0%	24.8%	20.8%	17.1%
Covered-employee payroll	\$ 39,738,394	\$ 40,930,546	\$ 37,903,982	\$ 39,041,102
Net OPEB liability as a percentage of covered-employee payroll	15.5%	16.0%	18.5%	21.0%

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. 831

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	0.70%
2018	1.40%
2019	1.70%
2020	2.90%

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

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INDEPENDENT SCHOOL DISTRICT NO. 831

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. 831

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. 831

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. 831

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. 831

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 2.40 percent to 2.90 percent.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN PLAN PROVISIONS

- Unused sick days over 100 but limited to 50 days, times the daily rate of pay, is being held by the District to pay medical premiums for the superintendent, who retired during 2017. This benefit was not valued in the prior valuation.

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 discount rate was changed from 3.50 percent to 3.10 percent.
- The trend on estimated post-age 65 premiums, which are assumed to be withdrawn from unused sick leave balances held by the District, was changed from being the same as the healthcare trend rates noted above to, 4.00 percent per year.
- For current and future retirees, except directors, we previously assumed the full pre- and post-age 65 premium amounts would be withdrawn from unused sick leave balances each year. This valuation we are assuming 50.00 percent of these amounts will be withdrawn each year. For directors, we are assuming \$5,000 (increasing 4.00 percent per year) will be withdrawn each year, starting after the 10 years of district-paid premiums ends. This is the same assumption used in the prior valuation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 254,581	\$ 1,141,495	\$ 1,396,076
Receivables			
Current taxes	—	749,919	749,919
Delinquent taxes	—	18,937	18,937
Accounts and interest	—	7,561	7,561
Due from other governmental units	69,276	158,577	227,853
Inventory	129,240	—	129,240
Prepaid items	—	860	860
Total assets	<u>\$ 453,097</u>	<u>\$ 2,077,349</u>	<u>\$ 2,530,446</u>
Liabilities			
Salaries payable	\$ 15,784	\$ 114,146	\$ 129,930
Accounts and contracts payable	20,346	24,837	45,183
Due to other governmental units	—	321	321
Unearned revenue	199,724	6,456	206,180
Total liabilities	<u>235,854</u>	<u>145,760</u>	<u>381,614</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	—	1,245,373	1,245,373
Unavailable revenue – delinquent taxes	—	15,088	15,088
Total deferred inflows of resources	<u>—</u>	<u>1,260,461</u>	<u>1,260,461</u>
Fund balances			
Nonspendable	129,240	860	130,100
Restricted	88,003	670,268	758,271
Total fund balances	<u>217,243</u>	<u>671,128</u>	<u>888,371</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 453,097</u>	<u>\$ 2,077,349</u>	<u>\$ 2,530,446</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,202,192	\$ 1,202,192
Investment earnings	11,310	24,797	36,107
Other	1,768,431	2,318,311	4,086,742
State sources	174,707	782,664	957,371
Federal sources	1,289,302	3,571	1,292,873
Total revenue	<u>3,243,750</u>	<u>4,331,535</u>	<u>7,575,285</u>
Expenditures			
Current			
Food service	3,510,116	—	3,510,116
Community service	—	4,748,616	4,748,616
Capital outlay	10,589	11,795	22,384
Total expenditures	<u>3,520,705</u>	<u>4,760,411</u>	<u>8,281,116</u>
Excess (deficiency) of revenue over expenditures	(276,955)	(428,876)	(705,831)
Other financing sources			
Sale of assets	<u>11,575</u>	<u>—</u>	<u>11,575</u>
Net change in fund balances	(265,380)	(428,876)	(694,256)
Fund balances			
Beginning of year	<u>482,623</u>	<u>1,100,004</u>	<u>1,582,627</u>
End of year	<u>\$ 217,243</u>	<u>\$ 671,128</u>	<u>\$ 888,371</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2020	2019
Assets		
Cash and temporary investments	\$ 10,715,425	\$ 12,062,390
Receivables		
Current taxes	10,349,315	9,420,572
Delinquent taxes	250,528	216,750
Accounts and interest	226,881	172,361
Due from other governmental units	6,319,907	5,702,225
Due from other funds	210,518	350,000
Prepaid items	37,519	151,143
Total assets	<u>\$ 28,110,093</u>	<u>\$ 28,075,441</u>
Liabilities		
Salaries payable	\$ 414,334	\$ 565,924
Accounts and contracts payable	8,263,651	8,779,088
Due to other governmental units	397,486	133,892
Unearned revenue	1,000	2,089
Total liabilities	<u>9,076,471</u>	<u>9,480,993</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	16,191,139	15,925,842
Unavailable revenue – delinquent taxes	195,239	166,011
Total deferred inflows of resources	<u>16,386,378</u>	<u>16,091,853</u>
Fund balances (deficits)		
Nonspendable for prepaid items	37,519	151,143
Restricted for student activities	86,960	–
Restricted for operating capital	–	397,938
Restricted for achievement and integration	74,287	–
Assigned for severance	475,778	583,713
Unassigned – long-term facilities maintenance		
restricted account deficit	(978,498)	(552,980)
Unassigned	2,951,198	1,922,781
Total fund balances	<u>2,647,244</u>	<u>2,502,595</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,110,093</u>	<u>\$ 28,075,441</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 16,900,000	\$ 16,942,049	\$ 42,049	\$ 11,976,441
Investment earnings	85,000	188,443	103,443	199,175
Other	2,563,900	2,372,320	(191,580)	2,911,436
State sources	57,251,100	57,199,212	(51,888)	58,120,768
Federal sources	1,750,000	2,119,589	369,589	1,943,362
Total revenue	78,550,000	78,821,613	271,613	75,151,182
Expenditures				
Current				
Administration				
Salaries	2,409,549	2,230,326	(179,223)	2,169,649
Employee benefits	1,044,133	1,049,777	5,644	978,479
Purchased services	40,600	32,356	(8,244)	25,005
Supplies and materials	16,071	8,965	(7,106)	8,574
Other expenditures	50,500	51,334	834	56,017
Total administration	3,560,853	3,372,758	(188,095)	3,237,724
District support services				
Salaries	1,064,263	1,327,397	263,134	1,247,231
Employee benefits	571,935	587,190	15,255	592,789
Purchased services	881,133	834,531	(46,602)	1,000,063
Supplies and materials	104,000	147,013	43,013	116,995
Other expenditures	7,000	10,206	3,206	10,675
Total district support services	2,628,331	2,906,337	278,006	2,967,753
Elementary and secondary regular instruction				
Salaries	19,066,246	17,843,907	(1,222,339)	17,144,774
Employee benefits	7,829,038	7,384,858	(444,180)	6,956,249
Purchased services	878,447	992,854	114,407	1,042,397
Supplies and materials	721,814	829,909	108,095	782,279
Capital expenditures	1,000	—	(1,000)	—
Other expenditures	10,300	140,328	130,028	138,695
Total elementary and secondary regular instruction	28,506,845	27,191,856	(1,314,989)	26,064,394

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	900,351	1,063,448	163,097	714,513
Employee benefits	327,521	395,819	68,298	276,522
Purchased services	28,300	36,311	8,011	28,973
Supplies and materials	43,450	52,792	9,342	32,566
Capital expenditures	20,000	1,994	(18,006)	1,970
Other expenditures	—	5,167	5,167	4,572
Total vocational education instruction	1,319,622	1,555,531	235,909	1,059,116
Special education instruction				
Salaries	9,486,792	9,368,808	(117,984)	8,330,262
Employee benefits	3,174,823	3,453,447	278,624	3,029,730
Purchased services	328,200	664,919	336,719	1,162,289
Supplies and materials	50,700	63,635	12,935	58,147
Capital expenditures	—	30,894	30,894	104,788
Other expenditures	45,391	55,477	10,086	56,319
Total special education instruction	13,085,906	13,637,180	551,274	12,741,535
Instructional support services				
Salaries	4,909,664	5,439,104	529,440	3,890,224
Employee benefits	1,238,980	1,607,240	368,260	1,024,298
Purchased services	199,400	284,021	84,621	233,504
Supplies and materials	91,613	103,999	12,386	108,184
Capital expenditures	1,000	—	(1,000)	—
Other expenditures	14,100	33,208	19,108	30,606
Total instructional support services	6,454,757	7,467,572	1,012,815	5,286,816
Pupil support services				
Salaries	4,891,996	5,009,748	117,752	4,951,046
Employee benefits	2,057,612	2,156,501	98,889	2,078,298
Purchased services	2,703,220	2,803,557	100,337	2,869,120
Supplies and materials	871,084	699,443	(171,641)	896,100
Capital expenditures	800,000	781,466	(18,534)	921,549
Other expenditures	—	21,225	21,225	20,380
Total pupil support services	11,323,912	11,471,940	148,028	11,736,493

INDEPENDENT SCHOOL DISTRICT NO. 831

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	2,280,834	2,444,367	163,533	2,248,638
Employee benefits	1,146,758	1,141,889	(4,869)	1,122,459
Purchased services	2,555,400	2,778,762	223,362	2,967,737
Supplies and materials	220,623	55,541	(165,082)	411,245
Capital expenditures	4,009,950	3,895,898	(114,052)	4,105,027
Other expenditures	118,709	8,811	(109,898)	8,655
Total sites and buildings	10,332,274	10,325,268	(7,006)	10,863,761
Fiscal and other fixed cost programs				
Purchased services	650,000	650,000	—	520,000
Debt service				
Principal	115,000	120,000	5,000	189,234
Interest and fiscal charges	123,000	114,360	(8,640)	119,231
Total debt service	238,000	234,360	(3,640)	308,465
Total expenditures	78,100,500	78,812,802	712,302	74,786,057
Excess (deficiency) of revenue over expenditures	449,500	8,811	(440,689)	365,125
Other financing sources				
Sale of assets	—	14,000	14,000	—
Net change in fund balances	\$ 449,500	22,811	\$ (426,689)	365,125
Fund balances				
Beginning of year, as previously reported		2,502,595		2,137,470
Change in accounting principle		121,838		—
Beginning of year, as restated		2,624,433		2,137,470
End of year		\$ 2,647,244		\$ 2,502,595

INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 254,581	\$ 547,471
Receivables		
Accounts and interest	—	4,567
Due from other governmental units	69,276	38,703
Inventory	129,240	51,548
Prepaid items	<u>—</u>	<u>9,083</u>
Total assets	<u><u>\$ 453,097</u></u>	<u><u>\$ 651,372</u></u>
Liabilities		
Salaries payable	\$ 15,784	\$ 10,724
Accounts and contracts payable	20,346	21,995
Unearned revenue	<u>199,724</u>	<u>136,030</u>
Total liabilities	235,854	168,749
Fund balances		
Nonspendable for inventory	129,240	51,548
Nonspendable for prepaid items	—	9,083
Restricted for food service	<u>88,003</u>	<u>421,992</u>
Total fund balances	<u><u>217,243</u></u>	<u><u>482,623</u></u>
Total liabilities and fund balances	<u><u>\$ 453,097</u></u>	<u><u>\$ 651,372</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2020		2019
	Budget	Actual	Over (Under) Budget
			Actual
Revenue			
Local sources			
Investment earnings	\$ —	\$ 11,310	\$ 11,310
Other – primarily meal sales	1,962,973	1,768,431	(194,542)
State sources	127,980	174,707	46,727
Federal sources	670,242	1,289,302	619,060
Total revenue	<u>2,761,195</u>	<u>3,243,750</u>	<u>482,555</u>
Expenditures			
Current			
Salaries	1,345,893	1,368,593	22,700
Employee benefits	441,456	533,592	92,136
Purchased services	152,171	125,805	(26,366)
Supplies and materials	1,346,640	1,480,466	133,826
Other expenditures	2,119	1,660	(459)
Capital outlay	56,688	10,589	(46,099)
Total expenditures	<u>3,344,967</u>	<u>3,520,705</u>	<u>175,738</u>
Excess (deficiency) of revenue over expenditures	(583,772)	(276,955)	306,817
Other financing sources			
Sale of assets	<u>—</u>	<u>11,575</u>	<u>11,575</u>
Net change in fund balances	<u>\$ (583,772)</u>	<u>(265,380)</u>	<u>\$ 318,392</u>
Fund balances			
Beginning of year		<u>482,623</u>	<u>292,943</u>
End of year		<u>\$ 217,243</u>	<u>\$ 482,623</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 1,141,495	\$ 1,590,519
Receivables		
Current taxes	749,919	690,311
Delinquent taxes	18,937	19,590
Accounts and interest	7,561	74,055
Due from other governmental units	158,577	120,996
Prepaid items	<u>860</u>	<u>2,690</u>
Total assets	<u><u>\$ 2,077,349</u></u>	<u><u>\$ 2,498,161</u></u>
Liabilities		
Salaries payable	\$ 114,146	\$ 106,271
Accounts and contracts payable	24,837	59,906
Due to other governmental units	321	891
Unearned revenue	<u>6,456</u>	<u>3,910</u>
Total liabilities	145,760	170,978
Deferred inflows of resources		
Property taxes levied for subsequent year	1,245,373	1,212,469
Unavailable revenue – delinquent taxes	<u>15,088</u>	<u>14,710</u>
Total deferred inflows of resources	1,260,461	1,227,179
Fund balances		
Nonspendable for prepaid items	860	2,690
Restricted for community education programs	586,470	273,851
Restricted for early childhood family education programs	40,000	353,549
Restricted for school readiness	40,000	445,714
Restricted for community service	<u>3,798</u>	<u>24,200</u>
Total fund balances	<u><u>671,128</u></u>	<u><u>1,100,004</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,077,349</u></u>	<u><u>\$ 2,498,161</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,089,099	\$ 1,202,192	\$ 113,093	\$ 1,134,571
Investment earnings	—	24,797	24,797	26,256
Other – primarily tuition and fees	2,030,065	2,318,311	288,246	3,197,747
State sources	707,472	782,664	75,192	755,943
Federal sources	1,703	3,571	1,868	2,874
Total revenue	<u>3,828,339</u>	<u>4,331,535</u>	<u>503,196</u>	<u>5,117,391</u>
Expenditures				
Current				
Salaries	3,149,248	3,105,909	(43,339)	3,081,461
Employee benefits	997,683	1,032,900	35,217	974,919
Purchased services	468,638	455,514	(13,124)	527,322
Supplies and materials	48,620	149,636	101,016	189,194
Other expenditures	10,750	4,657	(6,093)	3,534
Capital outlay	3,400	11,795	8,395	62,752
Total expenditures	<u>4,678,339</u>	<u>4,760,411</u>	<u>82,072</u>	<u>4,839,182</u>
Net change in fund balances	<u>\$ (850,000)</u>	<u>(428,876)</u>	<u>\$ 421,124</u>	<u>278,209</u>
Fund balances				
Beginning of year		<u>1,100,004</u>		<u>821,795</u>
End of year		<u>\$ 671,128</u>		<u>\$ 1,100,004</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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	\$ 4,412,320	\$ 9,830,683
Receivables		
Accounts and interest	<u>1,702</u>	<u>90,718</u>
Total assets	<u><u>\$ 4,414,022</u></u>	<u><u>\$ 9,921,401</u></u>
Liabilities		
Accounts and contracts payable	\$ 504,340	\$ 4,986,759
Fund balances		
Restricted for long-term facilities maintenance	2,352,188	–
Restricted for capital projects	<u>1,557,494</u>	<u>4,934,642</u>
Total fund balances	<u><u>3,909,682</u></u>	<u><u>4,934,642</u></u>
Total liabilities and fund balances	<u><u>\$ 4,414,022</u></u>	<u><u>\$ 9,921,401</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 50,000	\$ 54,393	\$ 4,393	\$ 652,976
Expenditures				
Capital outlay				
Salaries	–	47,238	47,238	82,846
Employee benefits	–	20,140	20,140	39,174
Purchased services	1,000,000	1,287,987	287,987	4,654,903
Capital expenditures	8,100,000	9,456,634	1,356,634	37,345,933
Debt service				
Fiscal charges and other	–	173,692	173,692	–
Total expenditures	<u>9,100,000</u>	<u>10,985,691</u>	<u>1,885,691</u>	<u>42,122,856</u>
Excess (deficiency) of revenue over expenditures	(9,050,000)	(10,931,298)	(1,881,298)	(41,469,880)
Other financing sources				
Debt issued	9,700,000	9,610,000	(90,000)	8,175,000
Premium on debt issued	–	296,338	296,338	866,758
Total other financing sources	<u>9,700,000</u>	<u>9,906,338</u>	<u>206,338</u>	<u>9,041,758</u>
Net change in fund balances	<u>\$ 650,000</u>	<u>(1,024,960)</u>	<u>\$ (1,674,960)</u>	<u>(32,428,122)</u>
Fund balances				
Beginning of year		<u>4,934,642</u>		<u>37,362,764</u>
End of year		<u>\$ 3,909,682</u>		<u>\$ 4,934,642</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2020	2019
Assets				
Cash and temporary investments	\$ 4,771,968	\$ 324,446	\$ 5,096,414	\$ 5,319,269
Receivables				
Current taxes	5,622,263	315,571	5,937,834	5,161,727
Delinquent taxes	126,939	7,429	134,368	143,647
Due from other governmental units	19,990	85	20,075	10,735
Total assets	<u>\$ 10,541,160</u>	<u>\$ 647,531</u>	<u>\$ 11,188,691</u>	<u>\$ 10,635,378</u>
Liabilities				
Due to other governmental units	\$ 1,813	\$ —	\$ 1,813	\$ —
Deferred inflows of resources				
Property taxes levied for subsequent year	9,269,507	524,061	9,793,568	9,005,584
Unavailable revenue – delinquent taxes	100,713	6,065	106,778	105,293
Total deferred inflows of resources	<u>9,370,220</u>	<u>530,126</u>	<u>9,900,346</u>	<u>9,110,877</u>
Fund balances				
Restricted for debt service	<u>1,169,127</u>	<u>117,405</u>	<u>1,286,532</u>	<u>1,524,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,541,160</u>	<u>\$ 647,531</u>	<u>\$ 11,188,691</u>	<u>\$ 10,635,378</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

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

		2020	
		Actual	
	Budget	Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 9,000,000	\$ 8,449,615	\$ 406,676
Investment earnings	10,000	53,006	2,015
State sources	—	199,718	856
Total revenue	9,010,000	8,702,339	409,547
Expenditures			
Debt service			
Principal	4,305,000	3,460,000	395,000
Interest	5,100,000	5,434,732	138,810
Fiscal charges and other	30,000	13,897	—
Total expenditures	9,435,000	8,908,629	533,810
Excess (deficiency) of revenue over expenditures	(425,000)	(206,290)	(124,263)
Other financing sources			
Premium on debt issued	—	92,584	—
Net change in fund balances	\$ (425,000)	(113,706)	(124,263)
Fund balances			
Beginning of year		1,282,833	241,668
End of year		\$ 1,169,127	\$ 117,405

		2019
Total	Over (Under) Budget	Actual
\$ 8,856,291	\$ (143,709)	\$ 9,200,169
55,021	45,021	42,662
200,574	200,574	107,239
9,111,886	101,886	9,350,070
3,855,000	(450,000)	3,845,000
5,573,542	473,542	5,216,154
13,897	(16,103)	14,021
9,442,439	7,439	9,075,175
(330,553)	94,447	274,895
92,584	92,584	75,000
(237,969)	\$ 187,031	349,895
1,524,501		1,174,606
\$ 1,286,532		\$ 1,524,501

INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2020	2019
Assets				
Current assets				
Cash and temporary investments	\$ 5,951,500	\$ 596,176	\$ 6,547,676	\$ 5,966,448
Receivables				
Accounts and interest	23,240	1,504	24,744	35,685
Total current assets	5,974,740	597,680	6,572,420	6,002,133
Liabilities				
Current liabilities				
Accounts and contracts payable	147,325	19,975	167,300	202,637
Unearned revenue	1,880,244	117,563	1,997,807	1,713,602
Claims incurred, but not reported	791,970	10,000	801,970	621,496
Total current liabilities	2,819,539	147,538	2,967,077	2,537,735
Net position				
Unrestricted	\$ 3,155,201	\$ 450,142	\$ 3,605,343	\$ 3,464,398

INDEPENDENT SCHOOL DISTRICT NO. 831

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)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2020	2019
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 9,544,987	\$ 588,422	\$ 10,133,409	\$ 9,381,054
Operating expenses				
Health benefit claims	9,586,574	—	9,586,574	9,181,479
Dental benefit claims	—	496,953	496,953	503,254
Total operating expenses	<u>9,586,574</u>	<u>496,953</u>	<u>10,083,527</u>	<u>9,684,733</u>
Operating income (loss)	(41,587)	91,469	49,882	(303,679)
Nonoperating revenue				
Investment earnings	<u>83,393</u>	<u>7,670</u>	<u>91,063</u>	<u>89,169</u>
Change in net position	41,806	99,139	140,945	(214,510)
Net position				
Beginning of year	<u>3,113,395</u>	<u>351,003</u>	<u>3,464,398</u>	<u>3,678,908</u>
End of year	<u>\$ 3,155,201</u>	<u>\$ 450,142</u>	<u>\$ 3,605,343</u>	<u>\$ 3,464,398</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2020	2019
Cash flows from operating activities				
Contributions from governmental funds	\$ 9,825,494	\$ 603,061	\$ 10,428,555	\$ 9,318,572
Payment for health claims	(9,450,506)	—	(9,450,506)	(9,200,838)
Payment for dental claims	—	(487,884)	(487,884)	(504,769)
Net cash flows from operating activities	374,988	115,177	490,165	(387,035)
Cash flows from investing activities				
Investment income received	83,393	7,670	91,063	89,169
Net change in cash and cash equivalents	458,381	122,847	581,228	(297,866)
Cash and cash equivalents				
Beginning of year	5,493,119	473,329	5,966,448	6,264,314
End of year	\$ 5,951,500	\$ 596,176	\$ 6,547,676	\$ 5,966,448
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (41,587)	\$ 91,469	\$ 49,882	\$ (303,679)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	10,421	520	10,941	(24,290)
Accounts and contracts payable	(45,071)	9,734	(35,337)	(113,719)
Unearned revenue	270,086	14,119	284,205	(38,192)
Claims incurred, but not reported	181,139	(665)	180,474	92,845
Net cash flows from operating activities	\$ 374,988	\$ 115,177	\$ 490,165	\$ (387,035)

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OTHER DISTRICT INFORMATION

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INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2011	\$ 6,370,292 8%	\$ 10,511,839 14%	\$ 20,845,675 27%	\$ 38,446,379 50%	\$ 645,610 1%	\$ 76,819,795 100%
2012	6,148,601 8%	11,485,954 14%	15,230,036 20%	44,173,101 57%	591,559 1%	77,629,251 100%
2013	6,115,186 8%	11,490,994 14%	16,176,424 21%	43,429,388 56%	553,293 1%	77,765,285 100%
2014	5,954,935 7%	12,220,938 15%	11,742,462 15%	50,084,696 62%	855,420 1%	80,858,451 100%
2015	6,423,354 7%	11,968,641 14%	17,571,864 21%	49,259,872 57%	1,193,682 1%	86,417,413 100%
2016	6,847,529 8%	12,672,382 14%	17,057,514 20%	49,382,999 57%	629,701 1%	86,590,125 100%
2017	6,437,175 7%	13,194,175 15%	19,430,966 21%	50,352,014 55%	1,585,486 2%	90,999,816 100%
2018	6,697,514 7%	13,334,671 14%	23,571,789 25%	48,177,917 52%	1,955,966 2%	93,737,857 100%
2019	6,891,345 8%	13,306,489 14%	22,372,109 24%	46,735,121 51%	2,605,932 3%	91,910,996 100%
2020	5,313,535 5%	13,010,160 14%	27,031,623 28%	48,773,418 51%	1,570,554 2%	95,699,290 100%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2011	\$ 3,111,531 4%	\$ 2,164,587 3%	\$ 30,673,422 40%	\$ 920,206 1%	\$ 10,368,127 14%	\$ 1,598,026 2%	\$ 8,948,191 12%
2012	3,100,536 4%	2,197,394 3%	25,576,188 35%	810,798 1%	10,620,873 15%	2,077,860 3%	9,731,943 13%
2013	3,201,925 4%	2,254,471 3%	27,594,183 36%	781,880 1%	10,918,573 14%	2,369,743 3%	9,928,802 13%
2014	3,323,552 4%	2,417,192 3%	29,596,211 37%	758,648 1%	11,736,976 15%	3,541,782 4%	10,017,084 12%
2015	3,226,706 4%	3,072,069 4%	29,472,957 36%	863,577 1%	12,018,150 14%	5,120,151 6%	10,278,319 12%
2016	3,796,645 4%	2,322,473 3%	29,008,857 33%	954,911 1%	12,558,342 14%	4,610,217 5%	11,046,015 13%
2017	4,923,047 4%	2,052,095 2%	39,074,208 35%	1,727,610 1%	17,305,271 16%	6,333,778 6%	12,344,131 11%
2018	3,618,600 3%	2,774,376 3%	36,792,292 34%	1,604,135 1%	16,690,659 16%	6,380,709 6%	11,308,606 11%
2019	2,404,931 3%	2,914,489 4%	15,406,822 22%	551,470 1%	9,188,795 13%	3,770,996 5%	9,919,553 14%
2020	3,527,550 4%	2,825,243 3%	29,013,805 29%	1,647,733 2%	14,352,862 14%	7,738,382 8%	11,321,031 11%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 7,157,893 9%	\$ 281,925 —	\$ 3,888,660 5%	\$ 4,073,291 5%	\$ 2,194,397 3%	\$ 1,565,753 2%	\$ 76,946,009 100%
6,538,037 9%	296,349 —	4,037,265 6%	4,085,559 6%	2,126,662 3%	1,428,442 2%	72,627,906 100%
7,684,483 10%	317,174 1%	3,891,749 5%	4,113,757 5%	2,098,391 3%	1,275,898 2%	76,431,029 100%
7,639,633 9%	351,205 1%	3,959,013 5%	4,007,281 5%	2,535,075 3%	1,158,034 1%	81,041,686 100%
7,444,141 9%	379,529 —	4,138,798 5%	4,321,014 5%	2,488,510 3%	1,019,716 1%	83,843,637 100%
8,776,019 10%	526,412 1%	4,276,582 5%	4,531,548 5%	2,545,922 3%	2,243,227 3%	87,197,170 100%
8,490,188 8%	574,212 1%	3,957,910 4%	4,990,631 4%	2,835,218 3%	5,475,005 5%	110,083,304 100%
10,704,394 10%	635,768 1%	3,775,043 3%	4,956,962 5%	2,946,179 3%	4,860,767 4%	107,048,490 100%
9,509,308 13%	520,000 1%	3,642,072 5%	4,447,056 6%	4,393,215 6%	5,170,398 7%	71,839,105 100%
7,648,115 8%	650,000 1%	3,526,004 4%	4,855,822 5%	6,209,276 6%	5,489,519 5%	98,805,342 100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2011	\$ 15,333,557 24%	\$ 44,072,843 68%	\$ 3,300,695 5%	\$ 1,734,346 3%	\$ 64,441,441 100%
2012	10,361,414 16%	50,606,450 77%	2,975,539 5%	1,531,090 2%	65,474,493 100%
2013	10,599,904 16%	50,759,534 78%	2,183,794 4%	1,616,894 2%	65,160,126 100%
2014	5,017,095 7%	57,937,865 87%	1,944,413 3%	2,032,995 3%	66,932,368 100%
2015	10,566,174 14%	56,971,250 79%	2,000,562 3%	2,639,541 4%	72,177,527 100%
2016	10,143,433 14%	57,995,977 80%	1,833,859 3%	2,255,801 3%	72,229,070 100%
2017	12,003,610 16%	57,412,440 78%	1,902,513 3%	2,374,673 3%	73,693,236 100%
2018	13,421,398 18%	57,201,749 76%	1,953,798 3%	2,589,135 3%	75,166,080 100%
2019	11,976,441 16%	58,120,768 77%	1,943,362 3%	3,110,611 4%	75,151,182 100%
2020	16,942,049 21%	57,199,212 73%	2,119,589 3%	2,560,763 3%	78,821,613 100%

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2011	\$ 3,051,637 5%	\$ 2,147,647 3%	\$ 29,779,750 46%	\$ 917,836 1%	\$ 10,293,896 16%
2012	3,112,219 5%	2,178,896 4%	26,302,525 42%	808,428 1%	10,542,937 17%
2013	3,159,778 5%	2,232,860 3%	27,755,921 43%	779,510 1%	10,809,283 17%
2014	3,364,983 5%	2,434,106 3%	30,818,312 43%	764,300 1%	11,842,041 16%
2015	3,298,590 5%	3,085,780 4%	29,877,813 40%	872,825 1%	12,139,538 16%
2016	3,654,157 5%	2,299,936 3%	28,929,355 41%	942,709 1%	12,427,639 18%
2017	3,706,541 5%	1,981,718 3%	27,796,600 38%	1,331,649 2%	13,191,811 18%
2018	3,305,470 4%	2,794,017 4%	27,505,436 37%	1,228,503 2%	12,505,873 17%
2019	3,237,724 4%	2,967,753 4%	26,064,394 35%	1,059,116 1%	12,741,535 17%
2020	3,372,758 4%	2,906,337 4%	27,191,856 35%	1,555,531 2%	13,637,180 17%

Instructional Support Services	Pupil Support Services	Sites and Buildings	Other Programs	Total
\$ 1,581,361 2%	\$ 8,661,991 14%	\$ 8,023,299 12%	\$ 342,586 1%	\$ 64,800,003 100%
2,058,433 3%	9,481,775 15%	7,526,899 12%	355,588 1%	62,367,700 100%
2,345,242 3%	9,699,810 15%	8,058,856 12%	394,099 1%	65,235,359 100%
3,560,499 5%	9,949,597 14%	8,718,984 12%	412,317 1%	71,865,139 100%
5,312,438 7%	10,214,856 14%	8,657,555 12%	692,148 1%	74,151,543 100%
4,571,268 6%	11,113,359 15%	7,306,746 10%	842,963 1%	72,088,132 100%
4,875,659 7%	11,214,282 15%	8,252,564 11%	899,378 1%	73,250,202 100%
5,258,752 7%	10,874,254 14%	10,193,913 14%	946,706 1%	74,612,924 100%
5,286,816 7%	11,736,493 16%	10,863,761 15%	828,465 1%	74,786,057 100%
7,467,572 9%	11,471,940 15%	10,325,268 13%	884,360 1%	78,812,802 100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2011	\$ 10,432,345	\$ 877,092	\$ 4,315,521	\$ 15,624,958
	2012	9,886,190	903,832	4,750,683	15,540,705
	2013	11,377,392	882,776	4,755,527	17,015,695
	2014	11,573,258	927,114	4,637,561	17,137,933
	2015	11,337,029	915,154	4,658,652	16,910,835
	2016	11,996,073	986,419	6,482,348	19,464,840
	2017	12,927,090	1,057,994	9,197,425	23,182,509
	2018	11,282,541	1,137,354	9,300,188	21,720,083
	2019	16,981,566	1,212,469	9,005,584	27,199,619
	2020	17,087,846	1,245,373	9,793,569	28,126,788
Tax rates					
Tax capacity rates					
	2011	5.497	1.676	8.238	15.411
	2012	5.458	1.901	9.972	17.331
	2013	8.949	2.050	11.020	22.019
	2014	11.328	2.097	10.471	23.896
	2015	9.898	1.849	9.398	21.145
	2016	10.145	1.952	12.806	24.903
	2017	11.781	2.005	17.427	31.213
	2018	8.426	1.940	15.864	26.230
	2019	8.625	1.926	14.306	24.857
	2020	8.641	1.857	14.599	25.097
Market value rates					
	2011	0.15293	—	—	0.15293
	2012	0.15390	—	—	0.15390
	2013	0.17389	—	—	0.17389
	2014	0.14626	—	—	0.14626
	2015	0.13351	—	—	0.13351
	2016	0.13979	—	—	0.13979
	2017	0.12865	—	—	0.12865
	2018	0.11395	—	—	0.11395
	2019	0.20186	—	—	0.20186
	2020	0.17344	—	—	0.17344

Note: A tax rate based on market value is used primarily for the District's referendum, equity, and transition levies.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 831

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities				
	Agricultural	Nonagricultural	Tax Increment	Fiscal Disparities	
				Contribution	Distribution
2011	\$ 1,892,928	\$ 51,378,555	\$ (1,383,497)	\$ (3,871,485)	\$ 4,938,071
2012	1,739,170	46,408,764	(1,294,513)	(3,580,022)	4,830,499
2013	1,741,624	42,273,461	(1,232,190)	(3,176,279)	4,443,326
2014	1,798,181	42,261,513	(858,721)	(3,136,170)	4,528,567
2015	1,947,446	46,296,615	(828,748)	(3,089,582)	4,621,327
2016	1,958,007	48,029,784	(197,609)	(3,149,763)	4,689,654
2017	2,010,419	50,174,007	(316,163)	(3,216,864)	5,264,712
2018	2,083,679	53,722,499	(327,428)	(3,169,145)	5,521,366
2019	2,127,411	58,412,990	(437,588)	(3,258,899)	5,834,684
2020	2,241,354	63,039,694	(761,940)	(3,495,850)	6,144,151

Note: Market value is used primarily for extension of the District's referendum levy.

Source: State of Minnesota School Tax Report

Total Taxable		Market Value	
\$	52,954,572	\$	4,505,366,200
	48,103,898		4,290,135,700
	44,049,942		3,939,600,600
	44,593,370		3,956,177,800
	48,947,058		4,328,284,000
	51,330,073		4,484,223,100
	53,916,111		4,672,890,900
	57,830,971		4,992,499,000
	62,678,598		5,413,348,800
	67,167,409		5,831,765,400

INDEPENDENT SCHOOL DISTRICT NO. 831

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread
2011	\$ 13,968,510	\$ 1,265,177	\$ 391,271	\$ 15,624,958
2012	14,095,828	1,444,877	—	15,540,705
2013	15,567,747	1,447,948	—	17,015,695
2014	15,357,515	1,780,418	—	17,137,933
2015	15,139,104	1,771,731	—	16,910,835
2016	17,861,854	1,602,986	—	19,464,840
2017	21,163,913	2,018,596	—	23,182,509
2018	19,314,437	2,405,646	—	21,720,083
2019	24,932,058	2,164,987	102,574	27,199,619
2020	25,294,660	2,708,298	123,830	28,126,788

Note 1: A portion of the total spread levy is paid through various property tax credits, which are paid through state aids. Legislative changes, beginning with taxes collectible in 2012, significantly changed the calculation of tax credits applied and paid through state aids.

Note 2: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2020

Delinquent			Current		
Amount	Percent		Amount	Percent	
\$ —	—	%	\$ —	—	%
—	—		—	—	
—	—		—	—	
47,405	0.28		—	—	
13,515	0.08		—	—	
19,306	0.10		—	—	
25,456	0.11		—	—	
47,074	0.22		—	—	
251,077	0.92		—	—	
—	—		17,037,068	60.57	
<u>\$ 403,833</u>			<u>\$ 17,037,068</u>		

INDEPENDENT SCHOOL DISTRICT NO. 831

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Adjusted Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2011	94.25	467.22	2,980.06	3,209.66	6,751.19	7,808.82
2012	95.96	401.75	2,980.94	3,214.68	6,693.33	7,779.21
2013	102.14	394.47	2,962.30	3,202.66	6,661.57	7,741.35
2014	107.06	429.29	2,969.74	3,102.01	6,608.10	7,642.50
2015	116.37	384.90	2,960.46	3,164.73	6,626.46	7,259.42
2016	111.89	351.77	2,814.95	3,173.63	6,452.24	7,086.98
2017	109.78	389.39	2,701.60	3,091.89	6,292.66	6,911.03
2018	113.01	361.39	2,620.92	3,028.80	6,124.12	6,729.89
2019	109.07	342.53	2,609.78	2,997.49	6,058.87	6,658.37
2020	111.64	337.05	2,474.70	2,980.02	5,903.41	6,499.41

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

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

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2020	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Noncash Assistance
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
School Breakfast Program	10.553	\$ 138,764	
National School Lunch Program	10.555	929,079	\$ 307,478
COVID-19 – Summer Food Service Program for Children	10.559	221,460	
Total child nutrition cluster		\$ 1,289,303	
U.S. Department of Education			
Direct			
Indian Education Grants to Local Educational Agencies	84.060	15,323	
Passed through Minnesota Association for Children's Mental Health			
Special education cluster			
Special Education Grants to States	84.027	2,000	
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	1,629,142	
Total CFDA No. 84.027		1,631,142	
Special Education Preschool Grants	84.173	36,657	
Total special education cluster		1,667,799	
Passed through Minnesota Department of Education			
Title I Grants to Local Educational Agencies	84.010	250,330	
Special Education – Grants for Infants and Families	84.181	21,491	
English Language Acquisition State Grants	84.365	8,617	
Supporting Effective Instruction State Grants	84.367	110,846	
Passed through Independent School District No. 622			
Adult Education – Basic Grants to States	84.002	2,071	
Passed through Northeast Metropolitan Intermediate School District No. 916			
Career and Technical Education – Basic Grants to States	84.048	45,227	
Total federal awards		<u>\$ 3,411,007</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.

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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. 831
Forest Lake, 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. 831 (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 December 18, 2020.

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 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.

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

Minneapolis, Minnesota
December 18, 2020

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

To the School Board and Management of
Independent School District No. 831
Forest Lake, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 831'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.

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

Minneapolis, Minnesota
December 18, 2020

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 831
Forest Lake, 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. 831 (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 December 18, 2020.

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.

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

Minneapolis, Minnesota
December 18, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 831

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

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Type of auditor's report issued on compliance for major programs?

U.S. Department of Agriculture – child nutrition cluster Unmodified
U.S. Department of Education – special education cluster Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Agriculture – child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
– Summer Food Service Program for Children	10.559
The U.S. Department of Education – special education cluster consisting of:	
– Special Education Grants to States	84.027
– Special Education Preschool Grants	84.173

Threshold for distinguishing between type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? Yes X No

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INDEPENDENT SCHOOL DISTRICT NO. 831

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 SCHOOL DISTRICT NO. 831

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

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 78,821,613	\$ 78,821,613	\$ –
Total expenditures		\$ 78,812,802	\$ 78,812,800	\$ 2
Nonspendable				
460	Nonspendable fund balance	\$ 37,519	\$ 37,519	\$ –
Restricted				
401	Student activities	\$ 86,960	\$ 86,960	\$ –
402	Scholarships	\$ –	\$ –	\$ –
403	Staff development	\$ –	\$ –	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
424	Operating capital	\$ –	\$ –	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative programs	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
448	Achievement and integration	\$ 74,287	\$ 74,287	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
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	\$ (978,498)	\$ (978,498)	\$ –
472	Medical Assistance	\$ –	\$ –	\$ –
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	\$ 475,778	\$ 475,778	\$ –
Unassigned				
422	Unassigned fund balance	\$ 2,951,198	\$ 2,951,200	\$ (2)
Food Service				
Total revenue		\$ 3,243,750	\$ 3,243,750	\$ –
Total expenditures		\$ 3,520,705	\$ 3,520,705	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 129,240	\$ 129,240	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 88,003	\$ 88,004	\$ (1)
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 4,331,535	\$ 4,331,535	\$ –
Total expenditures		\$ 4,760,411	\$ 4,760,411	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 860	\$ 860	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 586,470	\$ 586,471	\$ (1)
432	ECFE	\$ 40,000	\$ 40,000	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ 40,000	\$ 40,000	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
473	PPP loans	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 3,798	\$ 3,798	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 831

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

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 54,393	\$ 54,393	\$ –
Total expenditures		\$ 10,985,691	\$ 10,985,692	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
407	Capital projects levy	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 2,352,188	\$ 2,352,188	\$ –
464	Restricted fund balance	\$ 1,557,494	\$ 1,557,494	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 8,702,339	\$ 8,702,340	\$ (1)
Total expenditures		\$ 8,908,629	\$ 8,908,630	\$ (1)
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	\$ 1,169,127	\$ 1,169,127	\$ –
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		\$ 10,224,472	\$ 10,224,472	\$ –
Total expenditures		\$ 10,083,527	\$ 10,083,527	\$ –
422	Net position	\$ 3,605,343	\$ 3,605,343	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ 53,260	\$ 53,259	\$ 1
Total expenditures		\$ 210,768	\$ 210,768	\$ –
422	Net position	\$ 1,686,264	\$ 1,686,264	\$ –
OPEB Debt Service Fund				
Total revenue		\$ 409,547	\$ 409,547	\$ –
Total expenditures		\$ 533,810	\$ 533,810	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 117,405	\$ 117,405	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

Note: 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.

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