

INDEPENDENT SCHOOL DISTRICT NO. 2169

SLAYTON, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 2169
ORGANIZATIONAL INFORMATION
JUNE 30, 2019

SCHOOL BOARD

<u>MEMBER</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Daniel Woldt	Chairperson	1-02-23
Tony Clarke	Vice-Chairperson	1-02-23
Lauren Biegler	Clerk	1-04-21
Sue Streff	Treasurer	1-04-21
Madeline Robinson	Director	1-02-23
Robin Gilbertson	Director	1-04-21

ADMINISTRATION

<u>MEMBER</u>	<u>POSITION</u>
Joe Meyer	Superintendent
Jacob Scandrett	Secondary Principal
Todd Burlingame	Elementary Principal

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the School Board
Independent School District No. 2169
Slayton, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 2169 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2169 as of June 30, 2019, and the respective changes in financial position and budgetary comparison for the General Fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress – other post-employment benefits, schedule of district's proportionate share of the net pension liability – PERA general employees retirement fund (GERF) and TRA retirement fund, and schedule of district's contributions – PERA general employees retirement fund (GERF) and TRA retirement fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 Independent School District No. 2169's basic financial statements. The schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information schedules 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 statement 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 22, 2019 on our consideration of Independent School District No. 2169's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Independent School District No. 2169'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 Independent School District No. 2169's internal control over financial reporting and compliance.



Jacobson & Bergerson PLLP

October 22, 2019

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

This section of Independent School District No. 2169's annual financial report represents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section:

The Management's Discussion and Analysis (MD&A) is a required element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources by \$1,553,748 (net position deficit) for the fiscal year reported. This compares to the previous year when assets were less than liabilities by \$3,106,578 deficit. The net position for both years reflects the adoption of GASB 68 and 75 which now requires the District to report their proportionate share of the unfunded pension liability for TRA and PERA and their total actuarial determined long-term obligation for OPEB.

The District's total combined net position increased by \$1,552,830 or 50.0% between 2018 and 2019.

Total net position is comprised of the following:

- (1) Capital assets, net of related debt of \$3,756,888, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Restricted net position of \$6,892 that is to be used only for community service programs.
- (3) Restricted net position of \$7,723 that is to be used only for Early Childhood Family Education (ECFE).
- (4) Restricted net position of \$11,729 that is to be used only for learning readiness.
- (5) Restricted net position of \$543,247 that is to be used only for building construction.
- (6) Unrestricted net position (deficit) of (\$5,880,227) represents the portion available to maintain the District's continuing obligation to citizens and creditors.

Overall revenues for 2019 were \$10,348,717 while overall expenses totaled \$8,795,887. Overall revenues for 2018 were \$9,780,319 while overall expenses totaled \$11,604,323.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement comprises four components: 1) Independent Auditor's Report, 2) required supplementary information, which includes the management's discussion and analysis (this section), 3) the basic financial statements and 4) supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

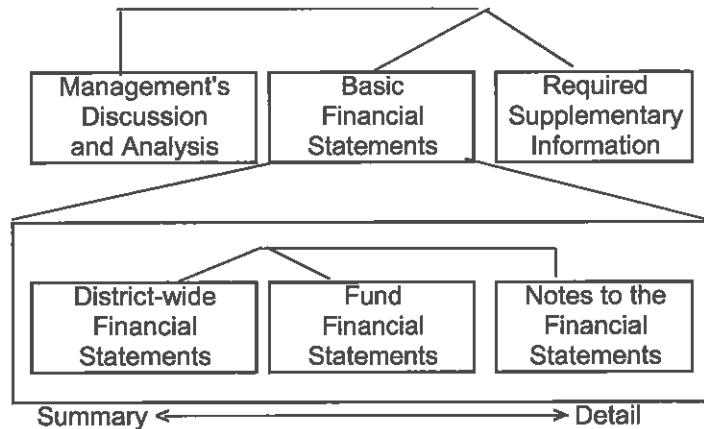
The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.

The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The diagram below shows how the various parts of this annual report are arranged and related to one another.



The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.

Type of Statement	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Types of Assets/Liability Information	All assets and liabilities both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. 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 statements report the District's net position and how it has changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District are included in one category - Governmental Activities:

Most of the District's basic services are included here, such as regular and special education instruction, transportation, food service, and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law or by bond covenants.

The School Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and state and federal grants.

The District has two kinds of funds:

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

Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of the trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The footnotes to the financial statement are found on pages 26 - 47.

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position: The District's combined net position was (\$1,553,748) on June 30, 2019 (see detail in Table A-1). This is up from (\$3,106,578) at June 30, 2018.

Table A-1
The District's Net Position

	2019	2018	Percentage Change
Current and Other Assets	\$ 4,448,167	\$ 8,122,460	-45.2%
Capital and Non-Current Assets	8,440,253	5,734,667	47.2%
Total Assets	\$ 12,888,420	\$ 13,857,127	-7.0%
Deferred Outflows of Resources	\$ 7,005,087	\$ 9,501,941	-26.3%
Current Liabilities	\$ 595,270	\$ 1,035,364	-42.5%
Long-Term Liabilities	10,681,560	20,394,832	-47.6%
Total Liabilities	\$ 11,276,830	\$ 21,430,196	-47.4%
Deferred Inflows of Resources	\$ 10,170,425	\$ 5,035,450	102.0%
Net Position			
Net Investment in Capital Assets	\$ 3,756,888	\$ 864,765	334.4%
Restricted	569,591	3,763,008	-84.9%
Unrestricted (Deficit)	(5,880,227)	(7,734,351)	-24.0%
Total Net Position	\$ (1,553,748)	\$ (3,106,578)	-50.0%

A portion of the net position is either restricted as to the purposes it can be used for or it is invested in capital assets. Unrestricted net position may be used to fund District programs in the next fiscal year.

Net position, net investment in capital assets has increased primarily due to the new gymnasium construction. Restricted net position decreased by \$3,193,417 due to the reduction of restricted funds on hand for the building construction project. Unrestricted Net Position decreased by \$1,854,124 largely due to the recording of the TRA, PERA, and OPEB liability accruals per GASB Statements 68 and 75.

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

Changes in net position: The District's total revenues were \$10,348,717 for the year ended June 30, 2019. Property taxes and unrestricted state formula aid accounted for 69 percent of the total revenue for the year. (See Figure A-3) The remaining 31 percent came from other general revenue combined with investment earnings and program revenue. The District's total revenues for the year ended June 30, 2018 were \$9,780,319. Property taxes and unrestricted state formula aid accounted for 66 percent of the fiscal year 2018 total revenue.

The total cost of all programs and services was \$8,795,887 for fiscal year 2019. The total cost of all programs and services for fiscal year 2018 was \$11,604,323.

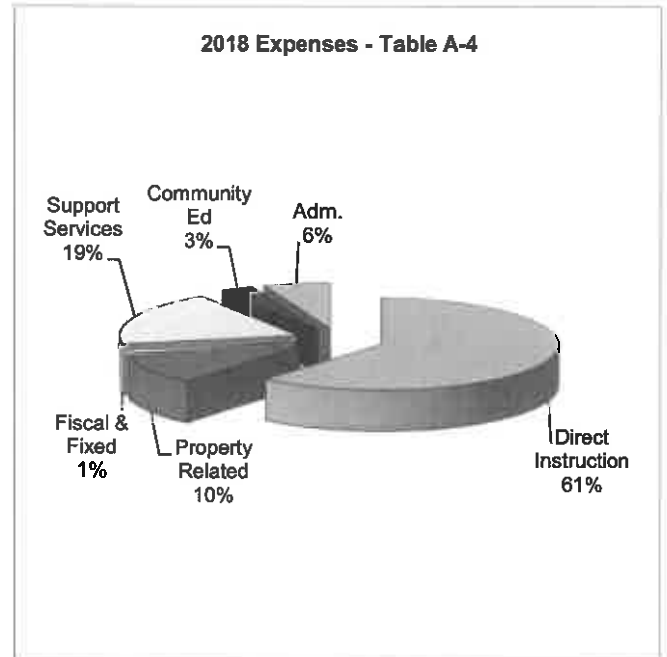
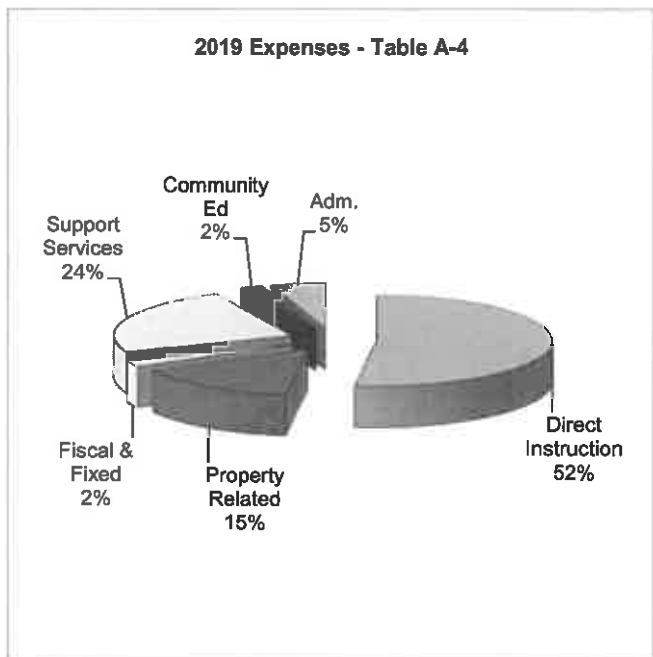
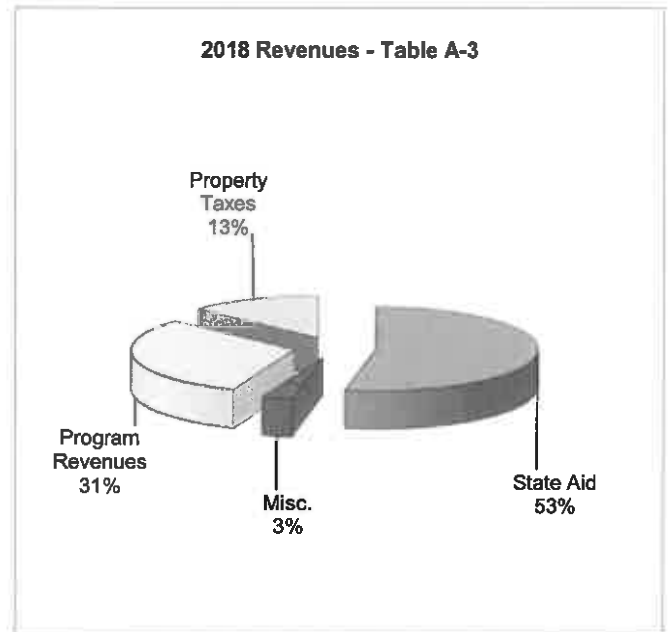
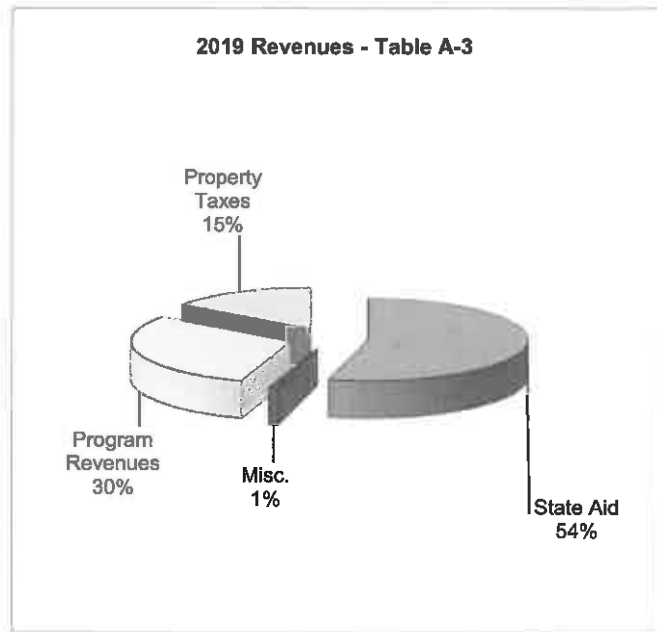
Table A-2
Change in Net Position

	2019	2018	Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 450,775	\$ 459,065	-1.8%
Operating Grants and Gifts	2,530,453	2,505,599	1.0%
Capital Grants and Gifts	71,593	69,753	2.6%
General Revenues			
Property Taxes	1,516,882	1,310,493	15.7%
Unrestricted State Aid	5,629,870	5,191,097	8.5%
Investment Earnings	86,637	56,462	53.4%
Other	74,180	178,044	-58.3%
Gain (Loss) on Disposal of Capital Assets	(11,673)	9,806	-219.0%
Total Revenues	\$ 10,348,717	\$ 9,780,319	5.8%
Expenses			
Administration	\$ 493,505	\$ 715,547	-31.0%
District Support Services	210,212	201,928	4.1%
Regular Instruction	3,409,274	5,368,194	-36.5%
Vocational Instruction	222,307	342,699	-35.1%
Special Education Instruction	946,461	1,322,038	-28.4%
Instructional Support Services	299,018	336,672	-11.2%
Pupil Support Services	1,094,595	1,180,308	-7.3%
Sites, Buildings and Equipment	1,258,958	1,080,048	16.6%
Fiscal and other Fixed Cost	34,887	31,476	10.8%
Food Service	480,760	460,161	4.5%
Community Service	168,672	364,065	-53.7%
Interest and Fiscal Charges on Long-Term Liabilities	125,757	148,813	-15.5%
Depreciation - Unallocated	51,481	52,374	-1.7%
Total Expenses	\$ 8,795,887	\$ 11,604,323	-24.2%
Increase(Decrease) in Net Position	\$ 1,552,830	\$ (1,824,004)	-185.1%
Beginning Net Position	(3,106,578)	(1,282,574)	142.2%
Ending Net Position	\$ (1,553,748)	\$ (3,106,578)	-50.0%

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

The District's total revenues consisted of program revenues of \$3,052,821, property taxes of \$1,516,882, unrestricted aids and payments from the state and others of \$5,629,870, interest and miscellaneous revenues of \$160,817, and loss on disposal of capital assets of \$11,673. Expenses totaling \$8,795,887 consist mainly of regular instruction, vocational instruction, and special education instruction costs of \$4,578,042, district support services, instructional support services, pupil support services, and food services of \$2,084,585, site, building, and equipment related cost of \$1,310,439, fiscal and fixed-cost programs of \$160,644, community services of \$168,672 and administrative costs of \$493,505.

Pie charts for revenue and expense categories are presented in Tables A-3 and A-4.



INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

The net cost of governmental activities is their total cost less program revenue applicable to each category. Table A-5 presents these net costs.

Table A-5
Net Cost of Services

	2019		2018	
	Total Cost of Services	Program Income	Net Cost of Services	Net Cost of Services
Administration	\$ 493,505		\$ 493,505	\$ 707,247
District Support Services	210,212	\$ 5,256	204,956	198,478
Regular Instruction	3,409,274	870,533	2,538,741	4,545,829
Vocational Instruction	222,307	3,210	219,097	329,062
Special Education Instruction	946,461	681,548	264,913	678,606
Instructional Support Services	299,018	102,614	196,404	235,523
Pupil Support Services	1,094,595	725,626	368,969	436,226
Sites and Buildings	1,258,958	73,738	1,185,220	993,006
Fiscal and other Fixed Cost	34,887		34,887	31,476
Food Service	480,760	431,640	49,120	12,966
Community Service	168,672	158,656	10,016	200,299
Interest and Fiscal Charges on Long-Term Liabilities	125,757		125,757	148,813
Depreciation - Unallocated	51,481		51,481	52,374
Total	\$ 8,795,887	\$ 3,052,821	\$ 5,743,066	\$ 8,569,905

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balance: The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,685,775. This was down from \$5,885,011 at the end of the prior year, a decrease of \$3,199,236. The decrease occurred primarily in the District's building construction fund and was due to the sale of bonds for the construction project in the prior year that was substantially completed during this fiscal year.

Revenues and Expenditures: Revenues of the governmental funds totaled \$10,081,758 while total expenditures were \$13,285,837. A summary of the revenues and expenditures reported on the governmental fund financial statements appears in Table A-6 below:

Table A-6
Revenues and Expenditures - Governmental Funds

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	\$ 9,075,572	\$ 9,083,624	\$ 4,844	\$ (3,208)
Food Service Fund	431,420	473,940		(42,520)
Community Service Fund	240,463	220,552		19,911
Building Construction Fund	57,165	3,208,563		(3,151,398)
Debt Service Fund	277,138	299,158		(22,020)
Totals	\$ 10,081,758	\$ 13,285,837	\$ 4,844	\$ (3,199,235)

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

General Fund: The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay cost. Approximately 80% of the General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having limited authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 58% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

General Fund Budgetary Highlights: Although the District's general fund budget anticipated that the fund balance would decrease by \$540,650, the actual results for the year showed a decrease in fund balance of \$3,208, a positive variance of \$537,442. The positive variance resulted from greater than anticipated revenues of \$345,979 and less expenditures than projected of \$187,219. General fund revenues exceeded budgeted amounts due to \$195,546 more state special education aid and \$56,833 more in general education aid, \$58,146 in local revenues, and \$10,204 more in interdistrict revenue. Expenditures were under the budgeted amounts in administration (\$36,300), district support (\$9,876), regular instruction (\$31,587), special education (\$6,464), pupil support (\$25,220), site, buildings and equipment (\$56,364), and fiscal and fixed charges (\$26,684) but were over budgeted amounts in vocational instruction by \$4,252 and instruction support \$1,024.

Food Service Fund Budgetary Highlights: The District's food service fund final budget anticipated that expenditures would exceed revenues by \$24,635 for fiscal year 2019. The actual results for the year showed a decrease in fund balance of \$42,520. Actual revenues were less than budgeted revenues by \$18,480 due primarily to federal lunch and commodity distributions. Actual expenditures were lower than budgeted expenditures by \$595 due to breakfast and ala carte expenses being less than anticipated.

Community Service Fund Budgetary Highlights: The District's community service fund budget anticipated a decrease in fund balance during 2019 of \$31,061. The actual results was an increase in fund balance of \$19,911. Actual revenues exceeded budgeted revenues by \$12,197 primarily due to adult and driver education of \$11,515. Actual expenditures were below the amount budgeted by \$38,775 primarily in ECFE of \$14,290, Learning Readiness of \$11,063, and Extended Day of \$7,716.

Capital Assets: Note 5 to the financial statements presents an analysis of capital asset transactions occurring during the year ended June 30, 2019. Additions totaling \$3,365,417 consisted of land improvements of \$92,838 for bituminous overlay of the elementary parking lot, building improvement of \$3,132,593 for the elementary floor and door replacements, new gymnasium, HVAC System, and Greenhouse, and equipment and fixtures additions of \$139,986 which includes camera add-on in new gym, file server, stage drapes for Central and Elementary, sports score boards, and portable bleachers.

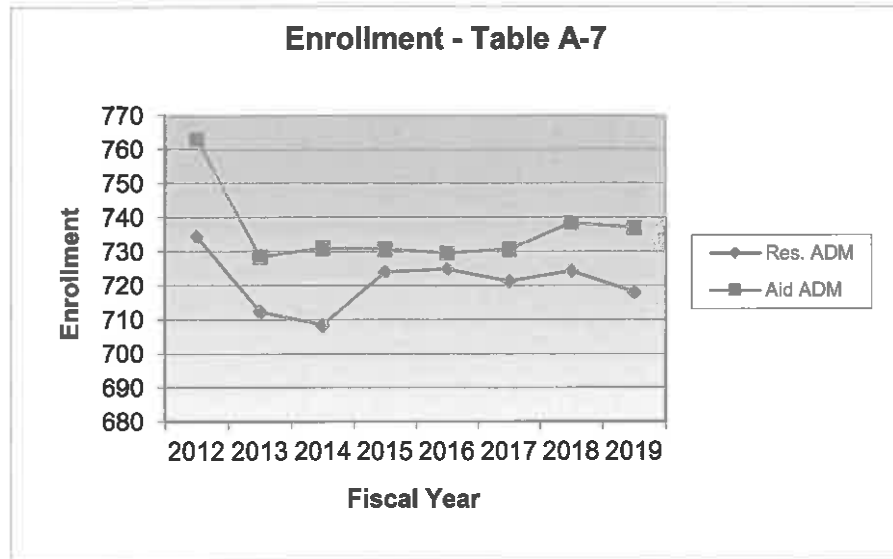
Short-Term Borrowing: At year end the District had no short-term debt outstanding. The District School Board approved the issuance of orders not paid for want of funds in the maximum amount of \$700,000 but no orders were actually issued.

Long-Term Liabilities: At year end the District had \$11,006,875 of long-term liabilities. This consisted of bonded indebtedness of \$4,500,000 plus unamortized premiums and discounts \$104,416, capital leases payable of \$78,949, severance and other compensated absence accruals of \$1,908,970 and net pension liability for TRA and PERA (General Employees Plan) of \$4,414,540. Notes 6, 7, 8, and 11 to the financial statements presents details and repayment provisions for these items.

INDEPENDENT SCHOOL DISTRICT NO. 2169
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2019

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district experienced a slight decrease in resident pupil units and a decrease in aid pupil units during fiscal year 2019. A substantial portion of Minnesota school district revenue is determined based on pupil units served. Aid ADM is greater than Resident ADM due to open enrollment students from other districts attending this district. Table A-7 below presents this information.



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

The 2018 legislature approved a \$124 increase in the per pupil basic funding formula which is currently at \$6,312. The 2018-2019 property tax levy included \$771,438 from voter approved referendum levies.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or would like additional information, contact Lisa Rademacher, Finance Officer, at the District offices in the secondary school building at 2420 28th Street, Slayton, Minnesota 56172.

INDEPENDENT SCHOOL DISTRICT NO. 2169
STATEMENT OF NET POSITION
JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Cash and Investments - Pooled	\$ 2,596,007
Petty Cash	3,050
Property Taxes Receivable	805,924
Accounts Receivable	6,139
Due from Other Governmental Units	862,471
Inventory	16,194
Prepaid Expenses	158,382
Capital Assets:	
Not Depreciated	38,333
Depreciable Assets, Net of Accumulated Depreciation	8,238,942
Assets Under Capital Lease, Net of Accumulated Depreciation	162,978
Total Assets	\$ 12,888,420
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources from OPEB	\$ 72,902
Deferred Outflows of Resources from PERA-General Employees Plan	352,119
Deferred Outflows of Resources from TRA	6,580,066
Total Deferred Outflows of Resources	\$ 7,005,087
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,893,507
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Salaries Payable	\$ 7,299
Accrued Payroll Taxes and Withholdings	4,521
Accounts Payable	175,565
Due to Other Governmental Units	30,955
Accrued Interest Payable	51,615
Long-Term Liabilities:	
Due Within One Year	325,315
Due in More Than One Year	10,681,560
Total Liabilities	\$ 11,276,830
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year's Expenditures	\$ 1,534,270
Unearned Revenues	9,782
Deferred Inflows of Resources from PERA-General Employees Plan	378,169
Deferred Inflows of Resources from TRA	8,248,204
Total Deferred Inflows of Resources	\$ 10,170,425
NET POSITION	
Net Investment in Capital Assets	\$ 3,756,888
Restricted for:	
Community Service Fund - Community Education	6,892
Community Service Fund - ECFE	7,723
Community Service Fund - Learning Readiness	11,729
Building Construction	543,247
Unrestricted	(5,880,227)
Total Net Position	\$ (1,553,748)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 19,893,507

INDEPENDENT SCHOOL DISTRICT NO. 2169
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Administration	\$ 493,505			
District Support Services	210,212		\$ 5,256	
Regular Instruction	3,409,274	\$ 106,301	764,232	
Vocational Instruction	222,307	2,789	421	
Special Education Instruction	946,461	36,325	645,223	
Instructional Support Services	299,018	66	102,548	
Pupil Support Services	1,094,595		725,626	
Site, Buildings and Equipment	1,258,958	1,740	405	\$ 71,593
Fiscal and Other Fixed Cost Programs	34,887			
Depreciation - Unallocated	51,481			
Food Service	480,760	202,944	228,696	
Community Service	168,672	100,610	58,046	
Interest and Fiscal Charges on Long-Term Liabilities	125,757			
Total School District	<u>\$ 8,795,887</u>	<u>\$ 450,775</u>	<u>\$ 2,530,453</u>	<u>\$ 71,593</u>

General Revenues:

Property Taxes Levied for:

General Purposes

Community Service

Debt Service

State Aid Not Restricted to Specific Programs

Earnings on Investments

Miscellaneous

Insurance Recovery

Loss on Sale of Property/Equipment

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense)
Revenue and
Changes in
Net Position

\$ (493,505)
(204,956)
(2,538,741)
(219,097)
(264,913)
(196,404)
(368,969)
(1,185,220)
(34,887)
(51,481)
(49,120)
(10,016)
(125,757)

\$ (5,743,066)

\$ 1,267,920
75,617
173,345
5,629,870
86,637
73,059
1,121
(11,673)

\$ 7,295,896

\$ 1,552,830
(3,106,578)

\$ (1,553,748)

INDEPENDENT SCHOOL DISTRICT NO. 2169
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>	<u>COMMUNITY SERVICE FUND</u>
Assets			
Cash and Investments - Pooled	\$ 1,744,496		\$ 59,889
Petty Cash	3,050		
Current Property Taxes Receivable	583,336		36,784
Delinquent Property Taxes Receivable	10,183		383
Accounts Receivable	1,848	\$ 4,291	
Due from Other Minnesota School Districts	19,599		
Due from Department of Education	802,206		5,884
Due from Federal Government Through Dept. of Education	9,818	4,480	
Due from Other Governmental Units	10,253		
Inventory		16,194	
Prepaid Expenses	157,081	1,301	
Total Assets	<u>\$ 3,341,870</u>	<u>\$ 26,266</u>	<u>\$ 102,940</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Checks Written in Excess of Bank Balance - Pooled		\$ 28,508	
Salaries Payable	\$ 3,793	2,537	\$ 969
Accrued Payroll Taxes and Withholdings	4,521		
Accounts Payable	31,672	853	230
Due to Other Minnesota School Districts	30,592		
Due to Other Governmental Units	363		
Total Liabilities	<u>\$ 70,941</u>	<u>\$ 31,898</u>	<u>\$ 1,199</u>
Deferred Inflows of Resources			
Property Taxes Levied for Subsequent Year's Expenditures	\$ 1,164,777		\$ 78,411
Unearned Revenue	1,142	\$ 8,640	
Unavailable Revenue - Delinquent Taxes	10,183		382
Total Deferred Inflows of Resources	<u>\$ 1,176,102</u>	<u>\$ 8,640</u>	<u>\$ 78,793</u>
Fund Balances			
Nonspendable	\$ 157,081	\$ 17,495	
Restricted for Staff Development			
Restricted for Long Term Facility Maintenance	(569,287)		
Restricted for Health and Safety			
Restricted for Safe School Programs	(19,829)		
Restricted for Basic Skills Extended Time			
Restricted for Community Education			\$ 6,892
Restricted for ECFE			7,723
Restricted for School Readiness			11,729
Restricted for School Lunch Programs			
Restricted for Building Construction			
Restricted for Debt Service			
Unassigned	2,526,862	(31,767)	(3,396)
Total Fund Balances	<u>\$ 2,094,827</u>	<u>\$ (14,272)</u>	<u>\$ 22,948</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,341,870</u>	<u>\$ 26,266</u>	<u>\$ 102,940</u>

BUILDING CONSTRUCTION FUND	DEBT SERVICE FUND	TOTAL GOVERNMENT	
		2019	2018
\$ 686,057	\$ 134,073	\$ 2,624,515	\$ 6,413,669
		3,050	3,050
	185,804	805,924	783,406
	1,359	11,925	9,764
		6,139	15,522
		19,599	10,991
	10,231	818,321	742,654
		14,298	7,089
		10,253	1,274
		16,194	16,861
		158,382	127,946
<u>\$ 686,057</u>	<u>\$ 331,467</u>	<u>\$ 4,488,600</u>	<u>\$ 8,132,224</u>
		\$ 28,508	
		7,299	\$ 10,495
		4,521	(1,058)
\$ 142,810		175,565	665,865
		30,592	20,688
		363	361
<u>\$ 142,810</u>	<u>\$ -</u>	<u>\$ 246,848</u>	<u>\$ 696,350</u>
	\$ 291,082	\$ 1,534,270	\$ 1,541,099
		9,782	
	1,360	11,925	9,764
<u>\$ -</u>	<u>\$ 292,442</u>	<u>\$ 1,555,977</u>	<u>\$ 1,550,863</u>
		\$ 174,576	\$ 144,806
		-	45,593
		(569,287)	(652,915)
		-	(1,555)
		(19,829)	2,837
		-	2,652
		6,892	(1,127)
		7,723	7,205
		11,729	
		-	10,076
\$ 543,247		543,247	3,694,645
	\$ 39,025	39,025	61,045
		2,491,699	2,571,749
<u>\$ 543,247</u>	<u>\$ 39,025</u>	<u>\$ 2,685,775</u>	<u>\$ 5,885,011</u>
<u>\$ 686,057</u>	<u>\$ 331,467</u>	<u>\$ 4,488,600</u>	<u>\$ 8,132,224</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

Total Fund Balances of Governmental Funds \$ 2,685,775

Total net assets reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	38,333	
Land Improvements, Net of \$174,103 Accumulated Depreciation		231,686	
Buildings and Improvements, Net of \$6,572,255 Accumulated Depreciation		7,390,161	
Equipment, Net of \$1,790,879 Accumulated Depreciation		617,095	
Assets Under Capital Lease, Net of \$388,759 Accumulated Depreciation		162,978	8,440,253

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$51,531 and accrued interest for obligations under capital leases is \$84. (51,615)

Bond issuance premiums in governmental funds is a financial resource and therefore is recognized as revenue when received. In the statement of net position, bond premiums received are recorded as a deferred liability and are amortized over the term of the bond issue.

Total bond issuance premiums received less accumulated amortization of \$10,537 is: (104,416)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable	\$	(4,500,000)	
Obligations Under Capital Leases		(78,949)	
GERF Net Pension Liability		(987,471)	
TRA Net Pension Liability		(3,427,069)	
Other Post Employment Benefits Payable		(1,606,863)	
Severance Payable		(287,519)	
Compensated Absences Payable		(14,588)	(10,902,459)

Deferred Outflows of Resources and Deferred Inflows of Resource that pertain to the District's proportionate share in the GERF and TRA retirement plan are not recorded in the fund financial statements. Per GASB 68, these items must be recorded in the government-wide financial statements. The balances at year-end are:

Deferred Outflows of Resources			
Deferred Outflows of Resources from Other Post Employment Benefits	\$	72,902	
Deferred Outflows of Resources from GERF		352,119	
Deferred Outflows of Resources from TRA		6,580,066	7,005,087
Deferred Inflows of Resources			
Deferred Inflows of Resources from GERF	\$	(378,169)	
Deferred Inflows of Resources from TRA		(8,248,204)	(8,626,373)

Total Net Position of Governmental Activities \$ (1,553,748)

INDEPENDENT SCHOOL DISTRICT NO. 2169
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	FOOD SERVICE FUND	COMMUNITY SERVICE FUND	BUILDING CONSTRUCTION FUND
REVENUES:				
Local Property Taxes	\$ 1,267,920		\$ 75,617	
Other Local and County Revenues	283,721	\$ 1,496	113,732	\$ 57,165
State Sources	7,326,282	35,542	50,887	
Federal Sources	169,118	191,437	227	
Sales and Other Conversion of Assets	7,827	202,945		
Interdistrict Revenue	20,704			
TOTAL REVENUES	\$ 9,075,572	\$ 431,420	\$ 240,463	\$ 57,165
EXPENDITURES:				
Current:				
Administration	\$ 599,641			
District Support Services	210,479			
Regular Instruction	4,407,409			
Vocational Instruction	284,416			
Special Education Instruction	1,161,452			
Instructional Support Services	305,277			
Pupil Support Services	1,146,067			
Site, Buildings and Equipment	881,829			\$ 3,208,563
Fiscal and Other Fixed Cost Programs	87,054			
Food Service		\$ 473,940		
Community Service			\$ 220,552	
Debt Service:				
Principal				
Interest and Fiscal Charges				
TOTAL EXPENDITURES	\$ 9,083,624	\$ 473,940	\$ 220,552	\$ 3,208,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (8,052)	\$ (42,520)	\$ 19,911	\$ (3,151,398)
OTHER FINANCING SOURCES				
Proceeds from Sale of Property/Equipment	\$ 4,844			
Proceeds from Sale of Bonds				
TOTAL OTHER FINANCING SOURCES	\$ 4,844	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCES	\$ (3,208)	\$ (42,520)	\$ 19,911	\$ (3,151,398)
FUND BALANCE - July 1	2,098,035	28,248	3,037	3,694,645
FUND BALANCE - June 30	\$ 2,094,827	\$ (14,272)	\$ 22,948	\$ 543,247

DEBT SERVICE FUND	TOTAL GOVERNMENT 2019	2018
\$ 173,345	\$ 1,516,882	\$ 1,310,460
1,482	457,596	547,073
102,311	7,515,022	7,310,989
	360,782	354,287
	210,772	211,699
	20,704	10,851
<u>\$ 277,138</u>	<u>\$ 10,081,758</u>	<u>\$ 9,745,359</u>
	\$ 599,641	\$ 590,680
	210,479	197,219
	4,407,409	4,164,939
	284,416	289,043
	1,161,452	1,149,979
	305,277	329,826
	1,146,067	1,129,260
	4,090,392	2,125,514
	87,054	83,643
	473,940	453,341
	220,552	310,813
\$ 130,000	130,000	40,000
169,158	169,158	1,745
<u>\$ 299,158</u>	<u>\$ 13,285,837</u>	<u>\$10,866,001</u>
<u>\$ (22,020)</u>	<u>\$ (3,204,079)</u>	<u>\$(1,120,642)</u>
	\$ 4,844	\$ 9,805
	-	4,744,954
<u>\$ -</u>	<u>\$ 4,844</u>	<u>\$ 4,754,759</u>
\$ (22,020)	\$ (3,199,235)	\$ 3,634,117
61,045	5,885,011	2,250,893
<u>\$ 39,025</u>	<u>\$ 2,685,775</u>	<u>\$ 5,885,011</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (3,199,235)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	\$ 3,365,417	
Depreciation Expense	<u>(643,315)</u>	2,722,102

Governmental funds recognize the net proceeds from the disposal of capital assets but do not recognize gains or losses on capital asset disposals. However, in the statement of activities gains or losses are realized on the difference between the amount received on the disposal of capital assets and its book value.

Loss on disposal of Capital Assets		(16,517)
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Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Principal Payments on Capital Leases		50,790
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums/discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of Bond Principal	\$ 130,000	
Amortization of Bond Premiums (Discounts)	<u>5,748</u>	135,748

In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, the accrual for other post employment benefits decreased by \$70,684, severance benefits payable decreased by \$8,337 and compensated absences decreased by \$953.

79,974

The governmental funds report interest expense on long-term debt when it is due. In the statement of activities, interest expense is recorded as it accrues. The net effect of this difference on interest is as follows:

Decrease in Accrued Interest on Bonds	\$ 42,754	
Decrease in Accrued Interest on Capital Leases	<u>52</u>	42,806

The governmental funds report Other Post Employment Benefits as an expense. In the statement of activities, other post employment benefits is recorded as a deferred outflow in the year it is paid.

37,397

The governmental funds report pension expense per the actuarial provided by both GERP and TRA retirement plans instead of the actual pension contributions paid by the district in the fund financial statements. The differences are as follows:

GERP Pension Plan expense is \$167,716, GERP pension contributions were \$92,028		75,688
TRA Pension Plan expense is \$1,912,745, TRA pensions contributions were \$288,668		<u>1,624,077</u>

Change in Net Position of Governmental Activities		<u>\$ 1,552,830</u>
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INDEPENDENT SCHOOL DISTRICT NO. 2169
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
REVENUES:				
Local Sources				
Property Taxes	\$ 1,294,114	\$ 1,266,771	\$ 1,267,920	\$ 1,149
Earnings on Investments	14,000	34,000	31,262	(2,738)
Other	160,425	191,575	252,459	60,884
State Sources	6,988,490	7,072,084	7,326,282	254,198
Federal Sources	174,657	150,963	169,118	18,155
Sales and Other Conversion of Assets	15,800	3,700	7,827	4,127
Interdistrict Revenue	10,500	10,500	20,704	10,204
TOTAL REVENUES	<u>\$ 8,657,986</u>	<u>\$ 8,729,593</u>	<u>\$ 9,075,572</u>	<u>\$ 345,979</u>
EXPENDITURES:				
Administration	\$ 637,830	\$ 635,941	\$ 599,641	\$ 36,300
District Support Services	206,621	220,355	210,479	9,876
Regular Instruction	4,319,951	4,438,996	4,407,409	31,587
Vocational Instruction	288,693	280,164	284,416	(4,252)
Special Education Instruction	1,206,380	1,167,916	1,161,452	6,464
Instructional Support Services	286,865	304,253	305,277	(1,024)
Pupil Support Services	1,170,670	1,171,287	1,146,067	25,220
Site, Buildings and Equipment	886,032	938,193	881,829	56,364
Fiscal and Fixed Cost Programs	108,151	113,738	87,054	26,684
TOTAL EXPENDITURES	<u>\$ 9,111,193</u>	<u>\$ 9,270,843</u>	<u>\$ 9,083,624</u>	<u>\$ 187,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (453,207)</u>	<u>\$ (541,250)</u>	<u>\$ (8,052)</u>	<u>\$ 533,198</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Property/Equipment	\$ 600	\$ 600	\$ 4,844	\$ 4,244
Transfers to Other Funds	(60,000)			-
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (59,400)</u>	<u>\$ 600</u>	<u>\$ 4,844</u>	<u>\$ 4,244</u>
NET CHANGE IN FUND BALANCE	<u>\$ (512,607)</u>	<u>\$ (540,650)</u>	<u>\$ (3,208)</u>	<u>\$ 537,442</u>
FUND BALANCE - July 1	<u>2,098,035</u>	<u>2,098,035</u>	<u>2,098,035</u>	<u>-</u>
FUND BALANCE - June 30	<u>\$ 1,585,428</u>	<u>\$ 1,557,385</u>	<u>\$ 2,094,827</u>	<u>\$ 537,442</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 MAJOR FOOD SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources				
Earnings on Investments	\$ 100	\$ 300	\$ (220)	\$ (520)
Other	1,500	500	1,716	1,216
State Sources	41,000	41,000	35,542	(5,458)
Federal Sources	213,150	213,150	191,437	(21,713)
Sales and Other Conversion of Assets	184,450	194,950	202,945	7,995
TOTAL REVENUES	<u>\$ 440,200</u>	<u>\$ 449,900</u>	<u>\$ 431,420</u>	<u>\$ (18,480)</u>
EXPENDITURES:				
Pupil Support Services	<u>\$ 481,591</u>	<u>\$ 474,535</u>	<u>\$ 473,940</u>	<u>\$ 595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (41,391)	\$ (24,635)	\$ (42,520)	\$ (17,885)
FUND BALANCE - July 1	<u>28,248</u>	<u>28,248</u>	<u>28,248</u>	<u>-</u>
FUND BALANCE - June 30	<u><u>\$ (13,143)</u></u>	<u><u>\$ 3,613</u></u>	<u><u>\$ (14,272)</u></u>	<u><u>\$ (17,885)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 MAJOR COMMUNITY SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources				
Property Taxes	\$ 81,188	\$ 75,287	\$ 75,617	\$ 330
Earnings on Investments	150		289	289
Other	93,600	102,100	113,443	11,343
State Sources	46,130	50,879	50,887	8
Federal Sources			227	227
Sales and Other Conversion of Assets	1,000			-
TOTAL REVENUES	<u>\$ 222,068</u>	<u>\$ 228,266</u>	<u>\$ 240,463</u>	<u>\$ 12,197</u>
EXPENDITURES:				
Community Service	<u>\$ 324,428</u>	<u>\$ 259,327</u>	<u>\$ 220,552</u>	<u>\$ 38,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (102,360)	\$ (31,061)	\$ 19,911	\$ 50,972
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ (42,360)	\$ (31,061)	\$ 19,911	\$ 50,972
FUND BALANCE - July 1	<u>3,037</u>	<u>3,037</u>	<u>3,037</u>	<u>-</u>
FUND BALANCE - June 30	<u><u>\$ (39,323)</u></u>	<u><u>\$ (28,024)</u></u>	<u><u>\$ 22,948</u></u>	<u><u>\$ 50,972</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>TRUST FUND</u>
ASSETS	
Investments - Nonpooled	\$ 153,147
Interest Receivable	370
Total Assets	<u>\$ 153,517</u>
LIABILITIES	
Total Liabilities	<u>\$ -</u>
NET POSITION	
Restricted	\$ 153,517
Total Net Position	<u>\$ 153,517</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>TRUST FUND</u>
ADDITIONS	
Gifts	\$ 46,956
Interest Income	1,081
Total Additions	<u>\$ 48,037</u>
DEDUCTIONS	
Scholarships	<u>\$ 38,450</u>
Change in Net Position	\$ 9,587
Net Position - Beginning of Year	143,929
Net Position - End of Year	<u>\$ 153,517</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Independent School District No. 2169 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The District implemented GASB Statement No. 68 as of June 30, 2015.

This financial report has been prepared in conformity with GASB Statement No. 34, as amended.

Reporting Entity

Independent School District No. 2169 is an educational entity established by the State of Minnesota. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

U.S. generally accepted accounting principles (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participation under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements. Financial information for the student activities accounts may be obtained from the secondary school building office at 2420 28th Street, Slayton, MN 56172.

Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted resources are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. All individual governmental funds are reported in separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type (trust/agency funds). Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the Government-wide statements.

Proprietary funds are used to report business-type activities carried on by a school district. No activities of the District were determined to be of this nature, therefore no proprietary funds are present in the financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. 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 recognized in advance in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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:

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. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Community education tuition and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A one-year availability period is generally used for other fund revenue.

Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report are as follows:

Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. The District's special revenue funds and their purposes are as follows:

The Food Service Fund is used to account for activities associated with the preparation and serving of breakfast, regular and incidental meals, lunches, or snacks in connection with school activities.

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services.

Building Construction Fund - The Building Construction Fund is used to record the District's building construction or major improvement projects that are funded by the sale of bonds, capital loans, or alternative bonding programs.

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

Fiduciary Fund

Trust Fund - The Trust Fund is used to account for donations received for scholarships. Expendable trust funds account for financial activity in essentially the same manner as governmental funds.

GASB Statement No. 34 specifies that the accounts and activities of each of the District's most significant governmental funds (termed "major funds") be reported in separate columns on the fund financial statements. Other non-major funds can be reported in total. Although the food service fund and community service fund are not major funds by definition, the District has elected to present all funds in separate columns - an option permitted by the statement.

GASB No. 34 also requires that budget vs. actual information be presented for the general fund and all major special revenue funds.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are re-appropriated in the next year. No encumbrances have been recorded for the year ending June 30, 2019.

Use of Estimates

The preparation of the financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Temporary Investments

Cash balances from all funds, are combined and invested to the extent available in certificates of deposit and the Minnesota School District Liquid Asset Fund. Earnings from investments are allocated to the respective fund on the basis of applicable cash balance participations by each fund. Any funds that carried an overdrawn cash balance during the year are charged interest for using the resources of other funds. Earnings on the designated and reserved investment are recorded in their respective funds.

Temporary cash investments are stated at cost plus accrued interest which approximates market value.

Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are property taxes receivable.

Property Taxes

Property tax levies are set by the School Board in September each year and are certified to the County for collection in the following 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 January 1. Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The County provides tax settlements to school districts and other taxing districts three times a year. Generally, the settlements are received in January, June, and December.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent years). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift". In accordance with State law, the District is required to shift a portion of the property taxes levied for the subsequent fiscal year into the current fiscal year to offset state aid reductions. The total fiscal 2020 levy shifted to fiscal year 2019 was \$122,890. The 2019 general referendum levy shift was \$61,281, the additional referendum shift was \$5,479, and the career and technical shift amount was \$56,130.

Taxes which remain unpaid at June 30 are classified as delinquent taxes receivable and are fully offset by a deferred inflows of resources account, unavailable revenue - delinquent taxes, because they are not available to finance current expenditures.

Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2019, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

Inventories

Purchased inventories of the Food Service Fund, a special revenue fund, are priced at cost. U.S.D.A. commodities inventories are recorded at their U.S.D.A. established values. Since the District does not operate a central store, supplies and other consumable items are expensed in the various funds when they are purchased.

Prepaid Expenses

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

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Capital Assets

Capital assets are capitalized at historical cost or estimated cost per the appraisal report of Appraisal Services if the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Government-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 15 to 30 years for land improvements and buildings, and 5 to 20 years for equipment. Capital assets not being depreciated include land and construction in progress, if applicable.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one type of item that qualifies for reporting in this category. With the implementation of GASB Statement No. 68, the District must record deferred outflows of resources due to the District's proportionate share of the GERS and TRA retirement plan differences between expected and actual experience, and changes in the District's proportionate share. Since the actuarial valuation is completed as of June 30, 2018, all GERS and TRA contributions in the current year are recorded as deferred outflows in the Government-wide statements. With the implementation of GASB Statement No. 75, employer contributions made after the Measurement Date and before the Reporting Date must be disclosed as Deferred Outflows of Resources.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end). The third type of deferred inflow of resources occurs because of the implementation of GASB Statement No. 68 due to the District's proportionate share of the GERS and TRA retirement plans difference between projected and actual investment earnings.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest rate. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The net proceeds received is reported as other financing sources and out of pocket issuance cost is reported as debt service expenditures.

Accrued Employee Benefits

Compensated Absences Payable - Vacation Pay

Employees earn vacation pay at various rates dependent on each employee group labor contract. Employees are reimbursed for any unused vacation upon termination. As of June 30, 2019, an accrual has been recorded in the Government-wide financial statements for the earned but unused vacation pay in the amount of \$14,588. Vacation pay is accrued in the governmental fund financial statements only when it has matured due to employee termination or similar circumstances.

Severance Payable

Severance payable recorded in the Government-wide financial statements includes \$49,513 for non-teaching staff severance/retirement benefits and \$238,006 for accrued Sick/DOOD pay.

The District maintains various retirement/severance payment plans for its employee groups. Each employee group plan contains benefit formulas that are based on years of service and/or minimum age requirements. The benefits are generally paid in a lump sum upon retirement. Retirement/severance payments for licensed teaching staff is included with the OPEB liability explained later. The liability recorded in the Government-wide financial statement is based on the benefits earned and payable to those employees who have met the age and years of service vesting requirements.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Accrued Employee Benefits (Cont.)

Severance Payable (Cont.)

Employees earn sick pay at various rates dependent on each employee group labor contract. For teaching staff, these compensated absences are termed Days-out-of-District (DOOD). Unused sick/DOOD pay enters into the calculation of retirement/severance payments and is payable only if employees have met applicable service length requirements. Accordingly, the liability for this benefit has been recorded with other vested severance/retirement benefits payable. At June 30, 2019, the amount anticipated to be paid to employees who have met the eligibility requirement upon retirement is \$238,006.

Post Employment Retirement/Severance and Health Benefits Payable

Severance and health benefits consist of lump sum retirement payments and post employment medical benefits. Under the current Murray County Central Education Association contract, the District is required to pay the full cost of single medical insurance and 50% of the single active VEBA contribution (currently \$650) for 5 years or until Medicare age if earlier for teachers who are at least age 55 by August 15 of the current contract year and have served the District for a minimum of 15 years. The retirement/severance and health benefits plans are being funded on a pay-as-you-go basis. The liability recorded in the Government-wide financial statements has been actuarially determined in accordance with GASB Statement No. 75.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net pension of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and 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.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 22, 2019, the date the financial statements were available to be issued.

Fund Balance

The District adopted Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. GASB Statement No. 54 requires the reporting of governmental fund, fund balances in five separate categories; nonspendable, committed, assigned, restricted, and unassigned. Nonspendable fund balance represents that portion of fund balance that cannot be spent due to form such as inventories and prepaid amounts. Committed fund balance represents amounts constrained for a specific purpose by District School Board. Assigned fund balance represents amounts constrained by the District to be used for a specific purpose, but are not restricted or committed. The School Board may delegate authority to assign fund balance to administrative staff. Restricted fund balance represents amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Unassigned fund balance represents the amount of fund balance that is not committed, assigned, or restricted for any purpose and is available to fund all current and future expenditures.

Net Position

Net position represents the difference between assets and liabilities in the Government-wide and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the Government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Budgets and Budgetary Accounting

The budget is prepared by the School District administration shortly before the budget year begins. The budget for each fund is prepared on the same basis of accounting as the actual fund financial statements. Budget appropriations lapse at year end. The annual adopted budget is not legally binding on the District unless the District has a deficit fund balance which exceeds 2.5% of expenditures. The District uses line item budgeting based on the expected revenues to be received. Encumbrances are not included in the budget.

Excess of Expenditures over Appropriations

FUND	BUDGET	ACTUAL	EXCESS OF EXPENDITURES OVER APPROPRIATIONS
Building Construction Fund	\$ 2,907,000	\$ 3,208,563	\$ 301,563

For the year ending June 30, 2019, expenditures exceeded appropriations in the building construction fund by \$301,563. The primary areas where expenditures exceeded budgeted amounts was fees for services and building construction.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

General Fund Balance Restricted for Long Term Facility Maintenance

The deficit fund balance restricted for long term facility maintenance related expenditures in the general fund represents the to date deficiency of facilities long term facility maintenance related revenues over expenditures. The District has special levy authority to eliminate this deficit with future tax levies.

General Fund Balance Restricted for Safe School Programs

The deficit fund balance restricted for safe school programs related expenditures in the general fund represents the to date deficiency of safe school related revenues over expenditures. The District has special levy authority to eliminate this deficit with future tax levies.

Decrease in Fund Balance

General Fund

The General Fund experienced a net decrease in fund balance of \$3,208 during the fiscal year ended June 30, 2019. The decrease in fund balance was anticipated in both the original and final budget, however, it was significantly lower than projected.

Food Service Fund

The Food Service Fund, a special revenue fund, experienced a net decrease in fund balance of \$42,520 during the fiscal year ending June 30, 2019. The decrease was caused primarily by less than anticipated revenues due to lowered than expected federal lunch reimbursements and commodities received. The decrease in fund balance was anticipated in both the original and final budget.

Building Construction Fund

The Building Construction Fund experienced a net decrease in fund balance of \$3,151,398 during the fiscal year ending June 30, 2019. The decrease was anticipated in both the original and final budget and is a result of the use of bond proceeds received in the prior year for construction still in process at the end of the prior year.

Debt Service Fund

The Debt Service Fund experienced a net decrease in fund balance of \$22,020 during the fiscal year ending June 30, 2019. The decrease was anticipated in both the original and final budget and is a result of a decrease in the debt service levy due debt service payments in excess of current year levies and state revenues.

3. DEPOSITS AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the district maintains deposits at depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

Minnesota statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. Government agencies; general obligations rated "AA" or better; irrevocable standby 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

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

Deposits (Cont.)

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.

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2019, the carrying amount of the Districts deposits with financial institutions was \$629,957 and the bank balance was \$602,299. The bank balance is categorized as follows:

Insured by FDIC insurance	\$ 408,781
Covered by collateral assigned to District and not redeposited in the financial institution furnishing the collateral	193,518
Total Bank Balance	<u>\$ 602,299</u>

Investments

Minnesota statutes authorize investments in 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 thirteen 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, of the highest 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; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The District's investments are potentially subject to various risks including the following:

Custodial Credit Risk - The risk that in the event of a failure of the counter party to an investment transaction, a district will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Credit Risk - The risk that an issuer or other counter party to an investment will not fulfill its obligation to the holder of the investment.

Concentration of Credit Risk - The risk of loss that may be caused by the District's investment in a single issuer.

Interest Rate Risk - The risk that changes in the market interest rates will adversely affect the fair value of an investment.

The District has no internal policies that limit deposits on investment choices or address these potential risks beyond the statutory limitations described above.

The following table presents the Districts investments balances at June 30, 2019, and information relating to potential investment risks:

	CREDIT RISK		INTEREST	CARRYING	MARKET
	CREDIT	RATING	RATE		
	RATING	AGENCY	MATURITY	AMOUNT	VALUE
			DATE		
Investment Pools:					
Minnesota School District Liquid Asset Fund - Liquid Class					
Liquid Class	AAAm	S & P	NA	\$ 66	\$ 66
Max Class Portfolio	AAAm	S & P	NA	2,122,132	2,122,132
				<u>\$ 2,122,197</u>	<u>\$ 2,122,197</u>

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a-7. The fair value of the position in the pool is the same as the value of the pool shares.

Cash balances of District funds, except for designated and reserved investments, are combined (pooled) and invested to the extent available in various investments authorized by state statutes. Each funds portion of this pool is displayed on the financial statements

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

Investments (Cont.)

as "Cash and Investments - Pooled". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized below:

	<u>MAJOR FUNDS</u>	<u>OTHER *</u> <u>FUNDS</u>	<u>TOTAL</u>
Deposits (Checking, Savings and CD's) with FDIC Insured Banks	\$ 476,810	\$ 153,147	\$ 629,957
Investments with Minnesota School District Liquid Asset Fund	2,122,197		2,122,197
Total Cash and Investments	<u>\$ 2,599,007</u>	<u>\$ 153,147</u>	<u>\$ 2,752,154</u>
Less Petty Cash (Imprest) Account	(3,000)		
Total Cash and Investments Pooled	<u>\$ 2,596,007</u>		

* Other funds includes the Scholarship Fund, a Fiduciary Fund in the amount of \$153,147 which are not pooled cash and investments.

4. PROPERTY TAXES RECEIVABLE

Current property taxes receivable are recorded for taxes levied in the current calendar year, but which are applicable to revenues of the subsequent fiscal year. Remittances of \$728,347 received by the School District prior to June 30, 2019, on the current levy, will be included in revenue for the year ending June 30, 2020. Delinquent property taxes receivable are fully offset by a liability account, Unavailable Revenue - Delinquent Taxes, because they are not available to finance the operations of the School District in the current year.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	<u>BALANCE 7/1/2018</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE 6/30/2019</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 38,333			\$ 38,333
Construction In Process	1,038,511		\$ 1,038,511	-
Total Capital Assets Not Being Depreciated	<u>\$ 1,076,844</u>	<u>\$ -</u>	<u>\$ 1,038,511</u>	<u>\$ 38,333</u>
Capital Assets Being Depreciated				
Land Improvements	\$ 324,983	\$ 92,838	\$ 12,032	\$ 405,789
Buildings and Improvements	9,795,313	3,132,593	(1,034,511)	13,962,417
Assets Under Capital Lease	551,737			551,737
Equipment and Fixtures	2,315,454	139,986	47,467	2,407,974
Total Capital Assets Being Depreciated	<u>\$ 12,987,487</u>	<u>\$ 3,365,417</u>	<u>\$ (975,012)</u>	<u>\$ 17,327,917</u>
Accumulated Depreciation				
Land Improvements	\$ 160,407	\$ 18,269	\$ 4,573	\$ 174,103
Buildings and Improvements	6,075,416	500,839	4,000	6,572,255
Assets Under Capital Lease	361,172	27,587		388,759
Equipment and Fixtures	1,732,669	96,620	38,409	1,790,880
Total Accumulated Depreciation	<u>\$ 8,329,664</u>	<u>\$ 643,315</u>	<u>\$ 46,982</u>	<u>\$ 8,925,997</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 4,657,823</u>			<u>\$ 8,401,920</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,734,667</u>			<u>\$ 8,440,253</u>

Depreciation expense of \$643,315 for the year ended June 30, 2019 was charged to the following functions/programs:

Administration	\$ -
District Support Services	955
Regular Instruction	39,937
Vocational Instruction	1,921
Special Education Instruction	3,245
Instructional Support Services	112
Pupil Support Services	149
Site, Buildings and Equipment	538,334
Food Service	6,820
Community Service	360
	<u>\$ 591,833</u>
Unallocated	51,481
Total Depreciation Expense	<u>\$ 643,315</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

6. ACCRUED EMPLOYEE BENEFITS

Vacation and Sick Pay

Custodians earn two weeks of vacation after one year of service. The vacation earned increases to two weeks and two days after four years of service and by an additional two days for every additional two years of service to a maximum of four weeks after 20 years of service.

Full time custodians earn sick leave at the rate of fifteen days for each year of service with the District. Food Service employees earn sick leave at the rate of eleven days per year of service with the District. Unused sick leave days may accumulate to a maximum of 120 days for custodians and 83 days for food service workers. Upon retirement, custodial and food service staff who have served the District for 20 years shall be paid 50% of the unused sick leave with their other severance. The payout rate increases by 5% each year beyond 20 years of service to 100% after 30 years of service.

Administrative staff under a 12 month contract earn two weeks of vacation after the first year of service with the District. After ten years of service the vacation earned increases to three weeks and after twenty years of service the vacation earned increases to four weeks per year. Administrative staff also earn sick leave at a rate of fifteen days for each year of service which is prorated for staff not under a twelve month contract. Unused sick pay may accumulate to a maximum of one hundred twenty days which is payable at a rate of 20% upon retirement or resignation after serving at least ten consecutive years with the District.

The Secondary Principle earns sick leave at the rate of twelve days per year of service with the District. Unused sick leave days may accumulate to a maximum of one hundred forty (140) days. There is no provision in the current contract requiring payment of unused sick pay upon termination or retirement.

The Elementary Principle earns sick leave at the rate of twelve days per year of service with the District. Unused sick leave days may accumulate to a maximum of one hundred forty (140) days. There is no provision in the current contract requiring payment of unused sick pay upon termination or retirement.

The Superintendent earns vacation at a rate of 20 days per year of service and sick leave at the rate of fifteen days per year of service with the District. Unused sick leave days may accumulate to a maximum of one hundred sixty (160) days. Upon voluntary termination of employment, the Superintendent shall be entitled to payment for any unused vacation and sick leave days earned and accrued.

Para educators earn sick leave at the rate of twelve days per year of service with the District. Unused sick leave days may accumulate to a maximum of eighty (80) days. There is no provision in the current contract requiring payment of unused sick leave upon termination or retirement.

Days-Out-Of-District (DOOD) Pay

Teachers earn 15 days of Days-Out-Of-District (DOOD) pay per year. Days earned for part-time staff is prorated. DOOD pay is intended to replace previous policies which included sick pay and personal leave pay. Teachers will be compensated for unused DOOD pay, up to a maximum accumulation of 135 days, at the rate of 20% of the teacher's daily rate of pay upon their retirement or resignation from the District after having served for ten consecutive years or more. Any dollars earned will be deposited into the individual's VEBA savings account. In the absence of a VEBA Plan, the compensation shall be deposited into the Minnesota State Post-retirement Health Care Savings Plan.

Severance Pay

Murray County Central Custodial and Food Service Unit

An employee under this group who has at least twenty (20) years of continuous service in the District may apply for the enhanced severance payment in accordance with the following provisions:

1. The deadline for applications is 4 months prior to the date that the employee wishes to retire.
2. The portion of the enhanced severance payment which is based upon accumulated sick leave will be calculated at the hourly rate of pay that the employee is being paid when notification is given.
3. Any regularly contracted part-time services during the twenty years of consecutive service shall be pro-rated and therefore result in the appropriate reduction of the amount of the enhanced severance payment.
4. Any employee whose employment is terminated for cause shall not be eligible for enhanced severance benefits.
5. In the event that State funding for early retirement incentive payments is resumed, the District may seek and obtain reimbursement from the State to the extent possible. The eligible employee shall only be entitled to the payments provided under this section and not payments from both the District and the State.
6. The amount of the enhanced severance payments shall be according to the following schedule:

INDEPENDENT SCHOOL DISTRICT NO. 2169
 NOTES TO FINANCIAL STATEMENTS

6. ACCRUED EMPLOYEE BENEFITS (Cont.)

<u>YEARS OF SERVICE</u>	<u>AMOUNT OF PAYMENT</u>
20	\$6,000.00 plus 50% of accumulated sick leave
21	\$6,250.00 plus 55% of accumulated sick leave
22	\$6,500.00 plus 60% of accumulated sick leave
23	\$6,750.00 plus 65% of accumulated sick leave
24	\$7,000.00 plus 70% of accumulated sick leave
25	\$7,250.00 plus 75% of accumulated sick leave
26	\$7,500.00 plus 80% of accumulated sick leave
27	\$7,750.00 plus 85% of accumulated sick leave
28	\$8,000.00 plus 90% of accumulated sick leave
29	\$8,250.00 plus 95% of accumulated sick leave
30	\$8,500.00 plus 100% of accumulated sick leave

Other Administrative Staff

Other administrative staff includes the Superintendent's Secretary, General High School/Community Education/Activity Director's/Special Education Secretary, Elementary and Secondary Principal's Secretary and the School Nurse. Other administrative staff who have been employed by the District for at least twenty years may apply for severance pay in accordance with the provisions of each employees contract. The severance payment including payment of accumulated sick leave is consistent with the schedule for custodial and food service staff explained above except that the maximum payout of accumulated sick leave is capped at 80%.

Elementary and Secondary Principals and Superintendent

There is no provision for severance payments to the current elementary and secondary principals and superintendent.

Severance Pay for Teachers on Unrequested Leave

A teacher who is placed on unrequested leave as provided by M.S. 125.12, Subd 6b. shall receive termination payment in an amount up to the equivalent of fifty (50) days of pay determined by taking the teachers current lane and step placement divided by the number of teacher duty days specified in the contract for the year in which the teacher is placed on unrequested leave of absence. In the event the teacher is a part-time teacher, the severance pay will be pro-rated. Such days shall accrue at ten (10) days per year to a maximum of fifty (50) days. In the event that a teacher who is placed on unrequested leave of absence after July 1, 1988 is reinstated to a teaching position in the District, that teacher shall repay all or a portion of the severance pay received. The expenditure for severance pay is recognized in the fund financial statements when paid.

A liability has been recorded in the Government-wide financial statements in the amount of \$14,588 for the earned but unused vacation pay at June 30, 2019. Since unused sick/DOOD pay is payable only if employees have met applicable service length requirements and enters into the calculation of severance/retirement payments, the anticipated liability for this benefit in the amount of \$238,006, has been included with severance benefits payable in the Government-wide financial statements. Other severance benefits explained above for vested staff in the amount \$49,513 has also been accrued in the Government-wide financial statements.

7. POST EMPLOYMENT SEVERANCE AND HEALTH BENEFIT PLAN

At June 30, 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Employers for Post Employment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for severance and post employment health care benefits other than pensions as of July 1, 2017.

Plan Description

Murray County Central Education Association

Any eligible teacher who will complete at least fifteen (15) years of teaching service in the District by the end of the current contract year, who is at least fifty-five (55) years of age by August 15 of the current contract year and who submits a letter of resignation, which is receive by the Superintendent of Schools by February 1 of the current contract school year:

1. The District will pay the full cost of a single policy of the most comprehensive group health insurance plan available to the MCC teachers. Actual months covered will be September of the current year, for five years or until the teacher reaches eligible Medicare age, whichever occurs first.
2. In addition, the District will deposit 50% of the single active employee's negotiated contribution into the retired teacher's VEBA account for five years or until the teacher reaches Medicare age, whichever occurs first. The teacher has the option of depositing this payment into the MN State Retirement System's Health Savings Plan.
3. After five years or upon reaching Medicare age, whichever occurs first, the teacher may remain in the health insurance group at his/her expense. The teacher may also purchase family health insurance and/or dental insurance at his/her expense.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

7. POST EMPLOYMENT SEVERANCE AND HEALTH BENEFIT PLAN (Cont.)

Plan Description (Cont.)

Murray County Central Education Association (Cont.)

4. Should the death of any eligible teacher occur within the five years of retiring, then the benefits of #1 and #2 above will be paid to his/her named beneficiaries or to the deceased's estate.
5. The School Board holds the discretion to approve or deny multiple requests for the Early Retirement Incentive in a given contract year based on the needs of the district to maintain staffing. The Board reserves the authority to limit the number of request and approve them on a chronological basis from the receipt of the letter of intent. A letter of intent will be considered if received between September 1st and February 1st of the contract year.

As of June 30, 2019 there were 67 active participants and 5 retired participants receiving benefits.

Funding Policy

Funding requirements for benefits as explained above require funding only for retired members on a pay-as-you-go basis. The District currently has 5 retired teachers who are receiving benefits in accordance with retirement agreements reached during 2014, 2017, and 2018. All agreements are essentially consistent with the severance and health benefits provided in the current plan explained above. Payments made as a result of those agreements during fiscal 2019 in the amount of \$53,843 are recorded in the fund financial statements of the General Fund. The payments included medical benefits of \$36,693 and DOOD/Sick Leave pay of \$17,150.

Annual OPEB Cost and OPEB Obligation

The District's annual other post employment benefit (OPEB) cost (expense) is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 75, using the fiscal year July 1, 2016 to June 30, 2017 as the measurement year. The new standards differ in several ways from the previous applicable standard (GASB 45), including:

- Net Position Recognition: GASB 45 recognized the Net OPEB Obligation, which smoothed costs over time and provided deferred recognition on certain items. GASB 75 requires the Statement of Net Position to reflect the Total OPEB Liability.
- Liability Discount Rate: GASB 75 requires liabilities to be discounted based a tax-exempt, high-quality 20-year municipal bond index.
- Liabilities must now be calculated using a method called "Entry Age with level percent of pay". This generally will increase liabilities for most plans.
- Employers are required to recognize a new measure of pension expense that accelerates recognition of benefit changes, actuarial gains and losses, investment gains and losses, and assumption changes.
- Replacing most of the current financial disclosures and required supplementary information with information based on new measures.
- Valuations are required to be completed every two years for all employers, regardless of the number of Plan Members.

Below is a reconciliation of the Total OPEB Liability for the fiscal year ending June 30, 2019.

Total OPEB Liability (TOL) - Beginning of Year		\$ 1,539,288
Service Cost	\$ 88,441	
Interest Cost	54,079	
Benefit Payments	(74,945)	
		<u>67,575</u>
Total OPEB Liability (TOL) - End of Year		\$ 1,606,863
Covered Employee Payroll		\$ 3,969,318
TOL as % of Payroll		40%

Under GASB 75, employer contributions made after the Measurement Date and before the Reporting Date must be disclosed as Deferred Outflows of Resources. The amount reflected as deferred outflows as of June 30, 2019 was \$72,902.

Plan Changes: None.

Assumption Changes:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP 2000 Combined Healthy Mortality tables projected to 2014 with Scale BB to the RP-2014 White Collar Mortality tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2016.
- The discount rate was changed from 4.00% to 3.40%.
- The withdrawal table for all employees and retirement table for only employees eligible to retire with Rule of 90 also were updated.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

7. POST EMPLOYMENT SEVERANCE AND HEALTH BENEFIT PLAN (Cont.)

Method Changes: The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

Assumptions as of the Measurement Date

<u>Measurement Date</u>	<u>7/1/2018</u>
1. Discount Rate	3.40%
2. Medical Trend Rate	6.25% decreasing to 5.00% over 6 years
3. Dental Trend Rate	NA

Total OPEB Liability Sensitivity to Changes in Assumptions

<u>Measurement Date</u>	<u>7/1/2018</u>
1. Selected Discount Rate	\$ 1,606,863
a. 1% Decrease in Discount Rate	1,732,021
b. 1% Increase in Discount Rate	1,486,483
2. Selected Healthcare Cost Trend Rates	\$ 1,606,863
a. 1% Decrease in Trend Rates	1,402,502
b. 1% Increase in Trend Rates	1,853,520

8. DEFINED BENEFIT PENSION PLANS

Plan Descriptions

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

1. General Employees Retirement Plan

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 General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Fund (TRA)

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. TRA is a separate statutory entity and administered by a Board of Trustees. The Board 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 schools or Minnesota State colleges and universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan (IRAP) within one year of eligible employment.

Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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. General Employee Plan 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 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 members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of services. 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 66.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

Benefits Provided (Cont.)

1. General Employee Plan Benefits (Cont.)

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. General Employees Plan benefit recipients receive a future annual 1.0 percent increase. If the General Employees Plan is at least 90 percent funded for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

Benefit increases are provided to benefit recipients each January. General Employees Plan benefit recipients receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). The 1/1/19 increase was 1.4%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. TRA Benefits

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 Statute 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 TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I and Tier II benefits as described.

<i>Tier I Benefits:</i>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First ten years	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are prior to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are prior to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

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) 3% per year early retirement reduction factors 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).

Or

Tier II Benefits:

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% per year for Basic member applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. 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 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.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

Benefits Provided (Cont.)

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.

Contributions

Minnesota Statutes set the rates for employer and employee contributions. Minnesota Statutes 353 sets the rates for General Employees Retirement Plan. Minnesota Statutes, Chapter 354 sets the contributions rates for Teachers Retirement Association. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019, were \$92,028. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Rates for each fiscal year ended June 30, 2017, June 30, 2018 and June 30, 2019 were:

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

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

	<i>in thousands</i>
Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	\$ 378,728
Add employer contributions not related to future contribution efforts	522
Deduct TRA's contributions not included in allocation	<u>(471)</u>
Total employer contributions	\$ 378,779
Total non-employer contributions	<u>35,588</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u>\$ 414,367</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. TRA has rounded percentage amounts to the nearest ten thousandth.

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2019, the District reported a liability of \$987,471 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$32,419. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. The District's proportion was 0.0178% at the end of the measurement period and 0.0180% for the beginning of the period.

District's proportionate share of net pension liability	\$ 987,471
State's proportionate share of the net pension liability associated with the District	\$ 32,419

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

Pension Costs (Cont.)

1. General Employees Fund Pension Costs (Cont.)

For the year ended June 30, 2019, the District recognized pension expense of (\$75,688) for its proportionate share of GERS's pension expense. In addition, the District recognized an additional \$7,560 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2019, the District reported its proportionate share of the General Employees Plan'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	\$ 26,417	\$ 29,285
Changes in actuarial assumptions	95,919	111,805
Difference between projected and actual investment earnings	127,390	223,443
Changes in Proportion	10,365	13,636
Contributions paid to PERA subsequent to the measurement date	92,028	
TOTAL	<u>\$ 352,119</u>	<u>\$ 378,169</u>

\$92,028 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 ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	Pension Expense Amount
2020	\$ 44,971
2021	\$ (58,578)
2022	\$ (83,860)
2023	\$ (20,611)
2024	\$ -
Thereafter	\$ -

2. TRA Net Pension Liability

At June 30, 2019, the District reported a liability of \$3,427,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.0658% at the end of the measurement period and 0.0668% at the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to 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 net pension liability	\$ 3,427,069
State's proportionate share of the net pension liability associated with the District	\$ 388,391

For the year ended June 30, 2019, the District recognized pension expense of (\$1,643,457). It also recognized \$271,072 as an increase to pension expense for the support provided by direct aid.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

Pension Costs (Cont.)

2. TRA Net Pension Liability (Cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,797	\$ 84,441
Difference between projected and actual earnings on plan investments	480,839	855,983
Changes in actuarial assumptions	4,795,702	7,070,986
Changes in proportion	963,060	236,794
District's contributions to TRA subsequent to the measurement date	288,668	
TOTAL	<u>\$ 6,580,066</u>	<u>\$ 8,248,204</u>

\$288,668 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense Amount
2020	\$ 528,698
2021	\$ (39,571)
2022	\$ 36,721
2023	\$ (1,332,149)
2024	\$ (1,150,505)
Thereafter	\$ -

Actuarial Assumptions

1. General Employees Plan Actuarial Assumptions

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

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled members were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% for the General Employees Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

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

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

Actuarial Assumptions (Cont.)

1. General Employees Plan Actuarial Assumptions (Cont.)

Changes in Plan Provisions: (Cont.)

- Post-retirement benefit increases were changed from 1% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
TOTAL	<u>100%</u>	

2. TRA Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2018
Experience study	June 5, 2015 November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.5%
Price inflation	2.50%
Wage Growth Rate	2.85% for 10 years and 3.25%, thereafter
Projected salary increase	2.85% to 8.85% for 10 years and 3.25% to 9.25%, thereafter
Cost of living adjustment	1% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality assumptions

Pre-retirement:	RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability:	RP-2014 disable retiree mortality table, without adjustment.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

2. TRA Actuarial Assumptions (Cont.)

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

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

<u>Asset Class</u>	<u>Allocations of June 30, 2018</u>	<u>Final Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33%	36%	5.10%
International Equity	16%	17%	5.30%
Private Markets	25%	25%	5.90%
Fixed Income	16%	20%	0.75%
Treasuries	8%	0%	0.50%
Unallocated Cash	2%	2%	0.00%
Total	100%	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is six years. The *Difference Between Expected and Actual Experience, Changes in Assumptions, and Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB 68.

Changes in actuarial assumptions since the 2017 valuation:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 within 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% 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 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through and adjustment in the school aid formula.

Discount Rate

1. General Employees Plan Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates specified in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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 Discount Rate

The discount rate used to measure the total pension liability was 7.50%. This is an increase from the discount rate at the prior measurement date of 5.12%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLANS (Cont.)

Discount Rate (Cont.)

2. TRA Discount Rate (Cont.)

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 (SEIR).

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:

	1% Decrease in Discount Rate 6.5%	Discount Rate 7.5%	1% Increase in Discount Rate 8.5%
General Employees Fund	\$ 1,604,767	\$ 987,471	\$ 477,911
TRA	\$ 5,438,745	\$ 3,427,069	\$ 1,767,451

The District's proportion of the TRA net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

Pension Plan Fiduciary Net Position

Detailed information about PERA's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive Suite 400, St. Paul, Minnesota, 55103-4000; or by calling (651) 296-2409 or 1-800-657-3669.

9. DEFERRED COMPENSATION PLAN

Matched deferred compensation is available to substantially all employees of the District. The District will match the employee's contribution to an approved 403(b) or 457 annuity as outlined below for full-time staff. Part-time staff shall be eligible to participate on a pro-rated basis to the percentage of time they are employed. Following is a schedule of the maximum yearly match for each employee group:

YEARS OF SERVICE	OTHER		
	TEACHERS	CUSTODIAL FOOD SERVICE	ADMINISTRATIVE STAFF
0 - 3	\$ -	\$ 400	\$ -
4 - 9	\$ 700	\$ 600	\$ 700
10 - 14	\$ 900	\$ 800	\$ 900
15 - 19	\$ 1,100	\$ 1,000	\$ 1,100
20 or more	\$ 1,300	\$ 1,200	\$ 1,300

Para educators are also eligible for the plan if they are employed an average of at least 15 hours per week and have served the district for at least 3 consecutive years. Following is the maximum District match for Para educators:

YEARS OF CONTINUOUS SERVICE	MAXIMUM YEARLY MATCH
After 3 years of service	Year 1 - \$200, Year 2 - \$200
After 5 years of service	Year 1 - \$600, Year 2 - \$600
After 10 years of service	Year 1 - \$800, Year 2 - \$800
After 15 years of service	Year 1 - \$1,000, Year 2 - \$1,000

The Elementary and Secondary Principals and Superintendent are also eligible to participate in the plan with a maximum yearly District match of \$2,000 respectively.

Total employee contributions to the plan during the fiscal year ending June 30, 2019 were \$129,180. District matching contributions for the fiscal year ending June 30, 2019 were \$84,711.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

9. DEFERRED COMPENSATION PLAN (Cont.)

The matching annuity program is subject to the regulations of the State of Minnesota's Deferred Compensation Program, as entitled under Minnesota State Statute 356.24 and IRS Code 457.

10. SHORT-TERM DEBT

On June 11, 2018 the School Board approved a resolution authorizing the issuance of orders not paid for want of funds through Minnwest Bank Slayton. The maximum amount of the orders shall not exceed \$700,000. No warrants were issued on this agreement during fiscal year 2018 and 2019.

On June 10, 2019 the School Board approved a resolution authorizing the issuance of orders not paid for want of funds through Minnwest Bank Slayton. The maximum amount of the orders shall not exceed \$700,000. No warrants were issued on this agreement as of June 30, 2019.

11. LONG-TERM LIABILITIES

Bonds Payable

On October 5, 2017, the District issued General Obligation School Building Bonds, Series 2017A in the face amount of \$4,630,000 to finance the acquisition and betterment of school sites and facilities. The interest rates range from 2.0% to 3.25% with a final maturity date of February 1, 2038. The balance payable as of June 30, 2019 is \$4,500,000.

All bond issues will be repaid through the District's Debt Service Fund from property tax levies.

Long-Term Lease Payable

Energy Improvements Lease

On December 14, 2004, the District entered into a governmental lease-purchase agreement with Wells Fargo Brokerage Services, LLC for energy conservation equipment. The lease requires 12 monthly payments of \$2,000 starting on January 22, 2005 and 180 monthly payments of \$2,543 starting on January 22, 2006 with the final payment due on December 22, 2020. The payments include interest at 5.11%. The lease is a capital lease and the principal balance has been recorded as a long-term lease payable. The principal amount of the lease outstanding as of June 30, 2019 is \$43,972. There is a final purchase option price of \$1.00 on the leased equipment. The lease is paid by the General Fund.

On February 27, 2006, the District entered into a governmental lease-purchase agreement with Wells Fargo Brokerage Services, LLC for two boilers and pumping systems. The lease requires 178 monthly payments of \$1,804 starting on March 22, 2006 and ending on December 22, 2020. The payments include interest at 5.11%. The lease is a capital lease and the principal balance has been recorded as a long-term lease payable. The principal amount of the lease outstanding as of June 30, 2019 is \$31,201. There is a final purchase option price of \$1.00 on the leased equipment. The lease payments are paid through the General Fund.

Taylor Music Lease

On June 8, 2015 the District entered into an installment purchase agreement with Taylor Music, Inc. for 20 band instruments. The agreement requires annual payments of \$3,775 which include interest at 0%. The final payment is due on July 15, 2019. The District is treating the contract as a lease purchase contract because they can cancel the agreement at any installment due date by returning the equipment. The principal amount of the lease outstanding as of June 30, 2019 is \$3,775. The lease is paid by the General Fund.

Employee Benefits Payable

Other Post Employment Benefits Payable - Post GASB 75

Severance and Other Post Employment Benefits Payable include the actuarial determined liability for early retirement incentive payments and continuing medical benefits for eligible licensed staff in accordance with GASB statement 75.

Severance Payable

Severance Payable includes the accrued liability for unused sick/DOOD pay for all District employees. Since sick/DOOD pay is payable only upon retirement and is subject to employees meeting various service length requirements, the liability has been estimated based on current payout rates. Severance payable also includes the estimated liability for severance/retirement benefits payable upon retirement to non-teaching staff that have met the eligibility requirements.

Compensated Absences Payable

Compensated Absences Payable includes the accrued liability for unused vacation pay.

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

11. LONG-TERM LIABILITIES (Cont.)

Summary

The following is a summary of long-term liability transactions of the District for the year ended June 30, 2019.

	RESTATED BALANCE 7/1/2018	INCREASE/ ADDITIONS	DECREASE/ PAYMENTS	BALANCE 6/30/2019	DUE WITHIN ON YEAR
G.O. School Building Bond	\$ 4,630,000		\$ 130,000	\$ 4,500,000	\$ 175,000
Lease Payable - Wells Fargo	71,474		27,501	43,973	28,940
Lease Payable - Wells Fargo	50,714		19,513	31,201	20,534
Lease Payable - Taylor Music	7,550		3,775	3,775	3,775
Total Amortizable Debt	\$ 4,759,738	\$ -	\$ 180,789	\$ 4,578,949	\$ 228,249
Unamortized Bond Premium/Discount	110,164		5,748	104,416	
Total Debt Payable	\$ 4,869,902	\$ -	\$ 186,537	\$ 4,683,365	\$ 228,249
Employee Benefits Payable:					
Other Post Employment Benefits	1,677,547		70,684	1,606,863	72,902
Severance	295,856		8,337	287,519	9,576
Compensated Absences	15,541		953	14,588	14,588
PERA-GEP Net Pension Liability	1,149,108		161,637	987,471	
TRA Net Pension Liability	12,631,470		9,204,401	3,427,069	
	<u>\$ 20,639,424</u>	<u>\$ -</u>	<u>\$ 9,632,549</u>	<u>\$ 11,006,875</u>	<u>\$ 325,315</u>

The annual requirements to amortize all bond, notes, and capital leases outstanding as of June 30, 2019 are as follows:

<u>FISCAL YEAR OF PAYMENT</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$ 228,249	\$ 126,368	\$ 354,617
2021	205,700	118,809	324,509
2022	200,000	113,025	313,025
2023	205,000	109,025	314,025
2024	210,000	104,925	314,925
2025-2029	1,100,000	455,638	1,555,638
2030-2034	1,270,000	294,363	1,564,363
2035-2038	1,160,000	91,550	1,251,550
	<u>\$ 4,578,949</u>	<u>\$ 1,413,703</u>	<u>\$ 5,992,652</u>

12. OPERATING LEASE

On July 9, 2012 a lease agreement was entered into with A&B Business Solutions. The agreement includes a per copy service agreement on the schools existing equipment plus lease of new equipment to be provided by A&B. The agreement is for a term of 60 months (beginning approximately July 1, 2013) and requires payment of a monthly service fee based on print volume. The estimated monthly fee is \$2,106. There is no minimum or maximum monthly fee. There were twelve new machines provided with this agreement. The District is required to maintain insurance on all printing equipment. Lease payments in the amount of \$27,491 were made on this agreement during fiscal year 2019. Estimated annual future lease payments on this lease will be \$25,275.

13. NET POSITION/FUND BALANCES

Fund balances were nonspendable for the following purpose at June 30, 2019:

General Fund (Prepaid Expenses)	\$ 157,081
Food Service Fund (Food Inventory and Prepaid Expenses)	17,495
Total Nonspendable	<u>\$ 174,576</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
NOTES TO FINANCIAL STATEMENTS

13. NET POSITION/FUND BALANCES (Cont.)

Net position and fund balances were restricted for the following purposes at June 30, 2019:

<u>Restricted</u>	<u>Net Position</u>	<u>Fund Balance</u>
General Fund		
Restricted for Long Term Facility Maintenance (Deficit)		\$ (569,287)
Restricted for Safe School Programs		(19,829)
Community Service Fund		
Restricted for Community Education Program (Deficit)	\$ 6,892	6,892
Restricted for ECFE Program	7,723	7,723
Restricted for School Readiness Program	11,729	11,729
Building Construction Fund		
Restricted for Construction Project	543,247	543,247
Debt Service Fund		
Restricted for Debt Retirement	39,025	39,025
Total Restricted	<u>\$ 608,616</u>	<u>\$ 19,500</u>

The long term facility maintenance and safe school programs expenditures deficit restricted fund balances are allowable by the Minnesota Department of Education and will be eliminated through future tax levies or transfers from the general fund.

14. CONTINGENCIES

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 fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2169
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN LIABILITY- OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2019

<u>MEASUREMENT DATE</u>	<u>SERVICE COST</u>	<u>INTEREST COST</u>	<u>ASSUMPTION CHANGES</u>	<u>PLAN CHANGES</u>	<u>BENEFIT PAYMENTS</u>	<u>OPEB BALANCE</u>
July 1, 2016						\$ 1,508,358
July 1, 2017	\$ 85,865	\$ 52,394			\$ (107,329)	\$ 1,539,288
July 1, 2018	\$ 88,441	\$ 54,079			\$ (74,945)	\$ 1,606,863

See note 7, Post Employment Severance and Health Benefit Plan, for additional information.

INDEPENDENT SCHOOL DISTRICT NO. 2169
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL LIABILITY - OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2019

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS (a)</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) (b)</u>	<u>UNFUNDED AAL (b - a)</u>	<u>FUNDED RATIO (a/b)</u>	<u>COVERED PAYROLL (c)</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)</u>
July 1, 2008	\$ -	\$ 1,368,214	\$ 1,368,214	0.0%	\$ 3,051,982	44.8%
July 1, 2011	\$ -	\$ 1,426,416	\$ 1,426,416	0.0%	\$ 3,309,985	43.1%
July 1, 2014	\$ -	\$ 1,282,672	\$ 1,282,672	0.0%	\$ 2,944,734	43.6%
July 1, 2017	\$ -	\$ 1,539,288	\$ 1,539,288	0.0%	\$ 3,853,707	39.9%

See note 7, Post Employment Severance and Health Benefit Plan, for additional information.

INDEPENDENT SCHOOL DISTRICT NO. 2169
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERA GENERAL EMPLOYEES PLAN FUND AND TRA RETIREMENT FUND
 JUNE 30, 2019

Fiscal Year Ending	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With the District	Total Proportionate Share (Amount) of the Net Pension Liability	District's Covered Payroll (b)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Plan							
June 30, 2019	0.0178%	\$ 987,471	\$ 32,419	\$ 1,019,890	\$ 1,230,832	80.23%	79.53%
June 30, 2018	0.0180%	\$ 1,149,108	\$ 14,481	\$ 1,163,589	\$ 1,196,347	96.05%	75.90%
June 30, 2017	0.0181%	\$ 1,469,630	\$ 19,261	\$ 1,488,891	\$ 1,126,544	130.45%	68.91%
June 30, 2016	0.0173%	\$ 896,576	n/a	\$ 896,576	\$ 1,001,973	89.48%	78.19%
June 30, 2015	0.0201%	\$ 944,645	n/a	\$ 944,645	\$ 1,053,578	89.66%	78.75%
TRA							
June 30, 2019	0.0658%	\$ 3,427,069	\$ 388,391	\$ 3,815,460	\$ 3,744,330	91.5%	78.07%
June 30, 2018	0.0668%	\$12,631,470	\$ 1,289,753	\$13,921,223	\$ 3,636,383	347.4%	51.57%
June 30, 2017	0.0595%	\$14,178,286	\$ 1,425,127	\$15,603,413	\$ 3,223,771	439.8%	44.88%
June 30, 2016	0.0621%	\$ 3,841,499	\$ 471,081	\$ 4,312,580	\$ 3,142,720	122.2%	76.8%
June 30, 2015	0.0664%	\$ 3,059,573	\$ 215,331	\$ 3,274,904	\$ 3,042,629	100.6%	81.5%

INDEPENDENT SCHOOL DISTRICT NO. 2169
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 PERA GENERAL EMPLOYEES PLAN FUND AND TRA RETIREMENT FUND
 JUNE 30, 2019

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
General Employees Plan					
June 30, 2019	\$ 92,028	\$ 92,025	\$ 3	\$ 1,230,832	7.5%
June 30, 2018	\$ 89,726	\$ 89,726	\$ -	\$ 1,196,347	7.5%
June 30, 2017	\$ 84,491	\$ 84,491	\$ -	\$ 1,126,544	7.5%
June 30, 2016	\$ 75,148	\$ 75,148	\$ -	\$ 1,001,973	7.5%
June 30, 2015	\$ 76,385	\$ 76,385	\$ -	\$ 1,053,578	7.25%
TRA					
June 30, 2019	\$ 288,668	\$ 288,668	\$ -	\$ 3,744,330	7.71%
June 30, 2018	\$ 272,729	\$ 272,729	\$ -	\$ 3,636,383	7.50%
June 30, 2017	\$ 241,783	\$ 241,783	\$ -	\$ 3,223,771	7.50%
June 30, 2016	\$ 235,704	\$ 235,704	\$ -	\$ 3,142,720	7.50%
June 30, 2015	\$ 212,984	\$ 212,984	\$ -	\$ 3,042,629	7.00%

SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
REVENUES				
LOCAL AND COUNTY REVENUES:				
Levies:				
Local Levy	\$ 741,919	\$ 743,068	\$ 1,149	\$ 742,549
Equipment Levies	124,193	124,193	-	129,037
Safe Schools Crime Levy	28,730	28,730	-	30,996
Secondary Vocational Levy	56,130	56,130	-	45,508
Integration Levy	12,880	12,880	-	14,414
Long Term Facility Maintenance Levy	302,919	302,919	-	216,402
Health and Safety Levy			-	49,243
Total Levies	<u>\$ 1,266,771</u>	<u>\$ 1,267,920</u>	<u>\$ 1,149</u>	<u>\$ 1,228,149</u>
Other Revenue from Local Sources:				
Other Settlements from the County	\$ 38,000	\$ 39,060	\$ 1,060	\$ 27,042
County Apportionment	10,000	9,598	(402)	12,013
Fees from Patrons	28,325	29,945	1,620	28,907
Student Activity Admissions	43,300	44,813	1,513	44,003
Student Activity Miscellaneous Revenue	2,000	9,122	7,122	(3,908)
Interest Income	34,000	31,262	(2,738)	17,177
Rents	1,000	1,740	740	974
Gifts and Contributions	38,200	62,679	24,479	71,333
Medical Assistance	25,000	36,324	11,324	68,989
Sub Reimbursement	1,250	1,413	163	796
Miscellaneous	4,500	17,765	13,265	135,014
Total Other Revenue from Local Sources	<u>\$ 225,575</u>	<u>\$ 283,721</u>	<u>\$ 58,146</u>	<u>\$ 402,340</u>
TOTAL LOCAL AND COUNTY REVENUES	<u>\$ 1,492,346</u>	<u>\$ 1,551,641</u>	<u>\$ 59,295</u>	<u>\$ 1,630,489</u>
STATE REVENUES:				
State Aids from Department of Education:				
Endowment Fund Apportionment	\$ 28,531	\$ 30,763	\$ 2,232	\$ 28,241
General Education Aid	5,183,954	5,240,787	56,833	5,155,155
General Education Basic Skills Extended Time	6,693	6,693	-	2,910
General Education Transportation Aid	456,862	456,726	(136)	447,875
General Education Staff Development	99,730	101,450	1,720	99,673
General Education Compensatory Education Aid	198,689	198,669	(20)	185,298
General Education Learning and Development Aid	170,892	171,758	866	169,499
General Education Graduation Standards Gift/Talent Aid	10,270	10,447	177	10,470
Abatement Aid		66	66	
Shared Time Aid	309	1,698	1,389	425
Alternative Compensation	123,368	123,491	123	123,415
Integration Aid	37,577	36,470	(1,107)	37,308
Long Term Facility Maintenance Aid		405	405	15,544
Special Education Aid	500,000	577,575	77,575	519,065
Special Education Transportation	100,000	217,971	117,971	259,274
Literacy Incentive Aid	46,309	46,309	-	46,846
Concurrent Enrollment Aid	7,000	5,827	(1,173)	7,137
Other	63,935	61,212	(2,723)	48,938
Total State Aids from Department of Education	<u>\$ 7,034,119</u>	<u>\$ 7,288,317</u>	<u>\$ 254,198</u>	<u>\$ 7,157,073</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
REVENUES (Cont.)				
STATE REVENUES: (Cont.)				
Replacement Taxes:				
Market Value Credit	\$ 20,919	\$ 20,919	\$ -	\$ 21,501
Disparity Reduction Aid	17,046	17,046	-	22,249
Total Replacement Taxes	<u>\$ 37,965</u>	<u>\$ 37,965</u>	<u>\$ -</u>	<u>\$ 43,750</u>
TOTAL STATE REVENUES	<u>\$ 7,072,084</u>	<u>\$ 7,326,282</u>	<u>\$ 254,198</u>	<u>\$ 7,200,823</u>
FEDERAL REVENUES:				
Federal Aids - State Department of Education:				
Title I Educationally Deprived Children	\$ 82,374	\$ 80,749	\$ (1,625)	\$ 77,912
Title II Training/Retraining in Math and Science	18,589	18,960	371	17,407
Handicapped Early Education		1,000	1,000	
Special Education - General Flow Thru	50,000	66,648	16,648	52,030
Vocational Education - Carl Perkins		1,761	1,761	2,443
Total Federal Aids - State Dept. of Education	<u>\$ 150,963</u>	<u>\$ 169,118</u>	<u>\$ 18,155</u>	<u>\$ 149,792</u>
TOTAL FEDERAL REVENUES	<u>\$ 150,963</u>	<u>\$ 169,118</u>	<u>\$ 18,155</u>	<u>\$ 149,792</u>
SALES AND OTHER CONVERSIONS OF ASSETS:				
Sale of Materials and Supplies	\$ 3,700	\$ 6,706	\$ 3,006	\$ 4,423
Insurance Recovery		1,121	1,121	8,300
TOTAL SALES AND OTHER CONVERSIONS OF ASSET	<u>\$ 3,700</u>	<u>\$ 7,827</u>	<u>\$ 4,127</u>	<u>\$ 12,723</u>
INTERDISTRICT REVENUE:				
Interdistrict Revenue from Minnesota School Districts:				
Regular Instruction	\$ 10,500	\$ 20,704	\$ 10,204	\$ 10,851
TOTAL INTERDISTRICT REVENUE	<u>\$ 10,500</u>	<u>\$ 20,704</u>	<u>\$ 10,204</u>	<u>\$ 10,851</u>
TOTAL REVENUES	<u>\$ 8,729,593</u>	<u>\$ 9,075,572</u>	<u>\$ 345,979</u>	<u>\$ 9,004,678</u>
EXPENDITURES				
ADMINISTRATION:				
Districtwide Services:				
Board of Education	\$ 31,289	\$ 27,530	\$ 3,759	\$ 14,840
Office of Superintendent	221,528	204,567	16,961	201,622
Total Districtwide Services	<u>\$ 252,817</u>	<u>\$ 232,097</u>	<u>\$ 20,720</u>	<u>\$ 216,462</u>
Elementary Services:				
School Administration	\$ 200,755	\$ 193,664	\$ 7,091	\$ 193,756
Secondary Services:				
School Administration	\$ 182,369	\$ 173,880	\$ 8,489	\$ 180,462
TOTAL ADMINISTRATION	<u>\$ 635,941</u>	<u>\$ 599,641</u>	<u>\$ 36,300</u>	<u>\$ 590,680</u>
DISTRICT SUPPORT SERVICES:				
Districtwide Services:				
General Administrative Support	\$ 28,500	\$ 30,873	\$ (2,373)	\$ 12,366
Other Administrative Support	2,771	2,332	439	2,666
Business Services	181,884	177,133	4,751	176,502
Legal Services	5,000	141	4,859	3,628
School Elections	2,200		2,200	2,057
TOTAL DISTRICT SUPPORT SERVICES	<u>\$ 220,355</u>	<u>\$ 210,479</u>	<u>\$ 9,876</u>	<u>\$ 197,219</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
REGULAR INSTRUCTION:				
Elementary Services:				
Kindergarten	\$ 178,676	\$ 180,506	\$ (1,830)	\$ 177,614
Kindergarten (Basic Skills)	72,998	73,356	(358)	72,334
School Readiness	75,724	75,690	34	
General Elementary	1,908,572	1,875,540	33,032	1,761,423
General Elementary (Basic Skills)			-	76,155
General Elementary - Payments to Other Districts	8,500	5,539	2,961	279
Title II Teacher/Principal Training - Federal	18,589	18,960	(371)	17,407
Title I Educationally Disadvantaged - Federal	82,374	80,749	1,625	77,912
Gifted and Talented	1,300	623	677	550
Limited English Proficiency and Integration	10,732	12,042	(1,310)	10,171
Music	1,150	1,160	(10)	1,179
Extra-Curricular Activities	5,666	5,412	254	5,502
Total Elementary Services	<u>\$ 2,364,281</u>	<u>\$ 2,329,577</u>	<u>\$ 34,704</u>	<u>\$ 2,200,526</u>
Secondary Services:				
General Secondary	\$ 192,689	\$ 210,204	\$ (17,515)	\$ 164,574
General Secondary - PSEO	27,928	32,553	(4,625)	29,680
General Secondary - Payments to Other Districts	8,000	20,157	(12,157)	12,107
Art	71,090	71,042	48	65,978
Business	56,263	57,175	(912)	60,790
Gifted and Talented	2,900	250	2,650	476
Gifted and Talented - PSEO	16,700	18,440	(1,740)	10,198
English Language Art (Basic Skills)			-	71,047
English Language Art	248,692	241,967	6,725	171,440
Foreign Language	84,675	84,579	96	73,608
Health and Physical Education	201,755	202,349	(594)	197,044
Home Economics	30,218	30,306	(88)	29,443
Mathematics	157,269	158,663	(1,394)	154,222
Mathematics (Basic Skills) Central	72,409	72,569	(160)	71,426
Computer Science	278		278	
Music	121,400	117,808	3,592	106,948
Natural Sciences	211,969	210,561	1,408	205,330
Social Sciences/Social Studies	183,934	182,392	1,542	197,409
Graduation	1,500	1,575	(75)	1,433
Boys/Girls Athletics	83,886	90,320	(6,434)	77,144
Boys Athletics	124,919	114,328	10,591	106,232
Boys Athletics-Shared Cost with Fulda	12,285	9,067	3,218	8,268
Girls Athletics	111,285	98,811	12,474	97,012
Extra-Curricular Activities	52,671	52,716	(45)	52,604
Total Secondary Services	<u>\$ 2,074,715</u>	<u>\$ 2,077,832</u>	<u>\$ (3,117)</u>	<u>\$ 1,964,413</u>
TOTAL REGULAR INSTRUCTION	<u>\$ 4,438,996</u>	<u>\$ 4,407,409</u>	<u>\$ 31,587</u>	<u>\$ 4,164,939</u>
VOCATIONAL INSTRUCTION:				
Secondary Services:				
Agricultural Education	\$ 158,379	\$ 159,638	\$ (1,259)	\$ 171,736
Health Occupation Educations			-	2,700

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
VOCATIONAL INSTRUCTION: (Cont.)				
Secondary Services: (Cont.)				
Home Economics/Consumer Homemaking	27,807	28,305	(498)	27,200
Business and Office Education	92,878	93,186	(308)	85,686
Career Objectives	1,100	1,415	(315)	330
Vocational General		1,872	(1,872)	1,391
Total Secondary Services	\$ 280,164	\$ 284,416	\$ (4,252)	\$ 289,043
TOTAL VOCATIONAL INSTRUCTION	\$ 280,164	\$ 284,416	\$ (4,252)	\$ 289,043
SPECIAL EDUCATION INSTRUCTION:				
Districtwide Services:				
Special Ed General	\$ 3,600	\$ 3,540	\$ 60	\$ 2,796
Elementary Services:				
Special Ed General			\$	\$ 12,975
Speech/Language Impaired	\$ 146,476	\$ 146,702	(226)	140,746
Mentally Impaired: Mild-Moderate	9,602	9,479	123	55,765
Mentally Impaired: Moderate-Severe	44,080	44,967	(887)	829
Physically Impaired	35,550	37,602	(2,052)	39,759
Deaf-Hard of Hearing	16,200	15,685	515	16,548
Visually Impaired	4,177	4,077	100	713
Specific Learning Disability	172,181	175,273	(3,092)	205,449
Emotionally Behavioral Disorder	86,675	106,653	(19,978)	51,468
Other Health Impaired	46,448	49,854	(3,406)	85,428
Autistic	33,417	36,800	(3,383)	50,703
Early Childhood Special Education (ECSE)	92,223	88,697	3,526	78,737
0-3 Early Childhood	1,768	1,596	172	2,228
0-3 Early Childhood to ISD 505	32,000	17,508	14,492	22,417
Multiple Handicap	18,626	20,498	(1,872)	
Special Education - General	19,499	14,848	4,651	16,283
Total Elementary Services	\$ 758,922	\$ 770,239	\$ (11,317)	\$ 780,048
Summer School Elementary Services:				
Speech/Language Impaired	\$ 5,605	\$ 5,685	\$ (80)	\$ 5,215
Secondary Services:				
Speech/Language Impaired	\$ 10,153	\$ 9,177	\$ 976	\$ 8,940
Mentally Impaired: Mild-Moderate	400		400	76
Physically Impaired			-	10,977
Deaf Hard of Hearing	4,500		4,500	5,220
Visually Impaired			-	56,282
Specific Learning Disability	173,721	168,753	4,968	145,706
Specific Learning Disability to Other Districts	5,000		5,000	
Emotional/Behavioral Disorder	45,328	43,698	1,630	9,363
Emotional/Behavioral Disorder to Other Districts		10,358	(10,358)	
Other Health Impaired	138,800	134,118	4,682	72,674
Other Health Impaired to Other Districts	825		825	
Autistic	16,801	15,489	1,312	51,351
Special Education - General	3,712	85	3,627	899
Total Secondary Services	\$ 399,240	\$ 381,678	\$ 17,562	\$ 361,488

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
SPECIAL EDUCATION INSTRUCTION: (Cont.)				
Summer School Secondary Services:				
Agriculture Education - Federal		\$ 310	\$ (310)	
Speech/Language Impaired	\$ 104		104	
Other Health Impaired	445		445	\$ 432
Total Summer School Secondary Services	\$ 549	\$ 310	\$ 239	\$ 432
TOTAL SPECIAL EDUCATION INSTRUCTION	\$ 1,167,916	\$ 1,161,452	\$ 6,464	\$ 1,149,979
INSTRUCTIONAL SUPPORT SERVICES:				
Districtwide Services:				
General Instruction Support	\$ 858	\$ 300	\$ 558	\$ 120
Instructional Related Technology	200	67	133	
Staff Development	174,016	174,396	(380)	176,918
Telecommunications	79,498	84,293	(4,795)	86,410
Total Districtwide Services	\$ 254,572	\$ 259,056	\$ (4,484)	\$ 263,448
Elementary Services:				
Educational Media	\$ 20,566	\$ 19,814	\$ 752	\$ 29,329
Staff Development	431	305	126	566
Telecommunications	4,020	3,605	415	3,669
Total Elementary Services	\$ 25,017	\$ 23,724	\$ 1,293	\$ 33,564
Secondary Services:				
Educational Media	\$ 20,251	\$ 18,434	\$ 1,817	\$ 28,514
Staff Development	393	300	93	648
Telecommunications	4,020	3,763	257	3,652
Total Secondary Services	\$ 24,664	\$ 22,497	\$ 2,167	\$ 32,814
TOTAL INSTRUCTIONAL SUPPORT SERVICES	\$ 304,253	\$ 305,277	\$ (1,024)	\$ 329,826
PUPIL SUPPORT SERVICES:				
Districtwide Services:				
Pupil Transportation	\$ 886,917	\$ 862,756	\$ 24,161	\$ 858,691
Other Pupil Support Services		8,683	(8,683)	
Total Districtwide Services	\$ 886,917	\$ 871,439	\$ 15,478	\$ 858,691
Elementary Services:				
Counseling and Guidance	\$ 36,083	\$ 35,743	\$ 340	\$ 33,541
Health Services	49,101	49,106	(5)	46,865
Total Elementary Services	\$ 85,184	\$ 84,849	\$ 335	\$ 80,406
Elementary/Secondary Services:				
Health Services		\$ (2,892)	\$ 2,892	\$ (2,482)
Psychological Services	\$ 33,028	32,178	850	31,891
Other Pupil Support Services	2,600		2,600	2,520
Total Elementary/Secondary Services	\$ 35,628	\$ 29,286	\$ 6,342	\$ 31,929
Secondary Services:				
Counseling and Guidance	\$ 114,162	\$ 111,339	\$ 2,823	\$ 110,276
Health Services	49,396	49,154	242	47,958
Total Secondary Services	\$ 163,558	\$ 160,493	\$ 3,065	\$ 158,234
TOTAL PUPIL SUPPORT SERVICES	\$ 1,171,287	\$ 1,146,067	\$ 25,220	\$ 1,129,260

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
SITE, BUILDINGS AND EQUIPMENT:				
Districtwide Services:				
Operations and Maintenance	\$ 164,378	\$ 169,036	\$ (4,658)	\$ 170,752
Facilities and Equipment	5,800		5,800	(8,090)
Long-Term Facilities Maintenance	71,515	66,420	5,095	73,707
Total Districtwide Services	<u>\$ 241,693</u>	<u>\$ 235,456</u>	<u>\$ 6,237</u>	<u>\$ 236,369</u>
Elementary Services:				
Operations and Maintenance	\$ 141,551	\$ 124,530	\$ 17,021	\$ 135,502
Facilities and Equipment	15,500		15,500	1,858
Long-Term Facilities Maintenance	29,508	35,930	(6,422)	7,739
Total Elementary Services	<u>\$ 186,559</u>	<u>\$ 160,460</u>	<u>\$ 26,099</u>	<u>\$ 145,099</u>
Secondary Services:				
Operations and Maintenance	\$ 358,768	\$ 366,111	\$ (7,343)	\$ 336,292
Facilities and Equipment	30,073	2,457	27,616	4,794
Long-Term Facilities Maintenance	121,100	117,345	3,755	314,224
Total Secondary Services	<u>\$ 509,941</u>	<u>\$ 485,913</u>	<u>\$ 24,028</u>	<u>\$ 655,310</u>
TOTAL SITE, BUILDINGS AND EQUIPMENT	<u>\$ 938,193</u>	<u>\$ 881,829</u>	<u>\$ 56,364</u>	<u>\$ 1,036,778</u>
FISCAL AND FIXED COST PROGRAMS:				
Districtwide Services:				
Long Term Disability Insurance	\$ 2,060		\$ 2,060	
Workers Compensation Insurance	24,000		24,000	
Property and Other Insurance	35,510	\$ 34,887	623	\$ 31,476
Principal on Energy Contract	47,015	47,015	-	44,677
Interest on Energy Contract	5,153	5,152	1	7,490
TOTAL FISCAL AND FIXED COST PROGRAMS	<u>\$ 113,738</u>	<u>\$ 87,054</u>	<u>\$ 26,684</u>	<u>\$ 83,643</u>
TOTAL EXPENDITURES	<u>\$ 9,270,843</u>	<u>\$ 9,083,624</u>	<u>\$ 187,219</u>	<u>\$ 8,971,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (541,250)</u>	<u>\$ (8,052)</u>	<u>\$ 533,198</u>	<u>\$ 33,311</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Property	\$ 600		\$ (600)	\$ 600
Proceeds from Sale of Equipment		\$ 4,844	4,844	9,205
Transfer to Other Funds			-	(60,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 600</u>	<u>\$ 4,844</u>	<u>\$ 4,244</u>	<u>\$ (50,195)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (540,650)</u>	<u>\$ (3,208)</u>	<u>\$ 537,442</u>	<u>\$ (16,884)</u>
FUND BALANCE - July 1	<u>2,098,035</u>	<u>2,098,035</u>	<u>-</u>	<u>2,114,919</u>
FUND BALANCE - June 30	<u>\$ 1,557,385</u>	<u>\$ 2,094,827</u>	<u>\$ 537,442</u>	<u>\$ 2,098,035</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
REVENUES				
LOCAL AND COUNTY REVENUES:				
Other Revenues from Local Sources:				
Interest Income	\$ 300	\$ (220)	\$ (520)	\$ 166
Gifts from Local Sources	500	1,716	1,216	5,200
TOTAL LOCAL AND COUNTY REVENUES	\$ 800	\$ 1,496	\$ 696	\$ 5,366
STATE REVENUES:				
State Aids from Department of Education:				
State Lunch Program	\$ 19,500	\$ 16,220	\$ (3,280)	\$ 18,046
State Breakfast Program	20,000	17,858	(2,142)	19,185
Kindergarten Milk Program	1,500	1,464	(36)	1,480
TOTAL STATE REVENUES	\$ 41,000	\$ 35,542	\$ (5,458)	\$ 38,711
FEDERAL REVENUES:				
Federal Food Programs:				
Federal Lunch Program and Related Aids	\$ 139,500	\$ 128,539	\$ (10,961)	\$ 133,786
Federal Breakfast Program	35,000	32,618	(2,382)	30,817
Commodity Cash Rebate Program	650	467	(183)	665
Commodity Distribution Program	33,000	21,189	(11,811)	34,095
Summer Food Service Program	5,000	8,624	3,624	4,944
TOTAL FEDERAL REVENUES	\$ 213,150	\$ 191,437	\$ (21,713)	\$ 204,307
SALES AND OTHER CONVERSIONS OF ASSETS:				
Sale of Food	\$ 194,950	\$ 202,945	\$ 7,995	\$ 198,976
TOTAL REVENUES	\$ 449,900	\$ 431,420	\$ (18,480)	\$ 447,360
EXPENDITURES				
PUPIL SUPPORT SERVICES:				
Food Services:				
School Lunch Pattern Meals:				
Salaries	\$ 144,576	\$ 146,130	\$ (1,554)	\$ 139,429
Salary Adjustment/Cash in Lieu	103	103	-	98
FICA	10,629	10,789	(160)	10,250
PERA	10,652	10,696	(44)	10,213
Group Hospitalization and Dental	21,279	21,345	(66)	22,355
Long-Term Disability and Group Life	1,679	1,846	(167)	1,770
Sheltered Annuities	2,220	2,337	(117)	2,288
VEBA Plan	3,869	3,968	(99)	4,003
Workers Compensation		3,733	(3,733)	6,445
Other Employee Benefits	2,850	2,807	43	2,858
Fees for Services	1,500	1,392	108	2,361
Repair and Maintenance Services	5,000	8,313	(3,313)	4,338
Travel	1,250	247	1,003	33
Rentals and Leases	318	451	(133)	345
Printing and Binding	25	22	3	
General Supplies	8,500	13,826	(5,326)	8,940
Food Purchased	100,000	110,402	(10,402)	93,116
USDA Commodities Used	33,000	21,189	11,811	34,095
Milk Purchased	21,000	11,699	9,301	14,484
Dues and Memberships	1,000	999	1	
Total School Lunch Pattern Meals	\$ 369,450	\$ 372,294	\$ (2,844)	\$ 357,421

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
PUPIL SUPPORT SERVICES: (Cont.)				
Food Services: (Cont.)				
After School Snack:				
Food	\$	\$	\$	\$ 55
Special Milk:				
Milk Purchased	\$ 2,500	\$ 3,125	\$ (625)	\$ 1,504
Breakfast:				
Salaries	\$ 14,965	\$ 16,687	\$ (1,722)	\$ 17,260
FICA	1,044	1,184	(140)	1,224
PERA	1,122	1,251	(129)	1,295
Group Hospitalization and Dental	4,390	4,396	(6)	4,612
Long-Term Disability and Group Life	175	212	(37)	176
Sheltered Annuities	382	433	(51)	412
VEBA Plan	811	812	(1)	812
Workers Compensation		421	(421)	812
General Supplies	100		100	
Food Purchased	20,000	19,447	553	19,713
Milk Purchased	7,500	4,620	2,880	4,644
Total Breakfast	\$ 50,489	\$ 49,463	\$ 1,026	\$ 50,960
Ala Carte/Other:				
Salaries	\$ 20,067	\$ 19,961	\$ 106	\$ 19,058
FICA	1,535	1,527	8	1,458
PERA	1,505	1,497	8	1,429
Long-Term Disability and Group Life	360	360	-	360
Sheltered Annuities	280	280	-	200
Workers Compensation		493	(493)	861
Repair and Maintenance Services		1,866	(1,866)	1,082
General Supplies	450	2,710	(2,260)	22
Food Purchased	16,000	13,066	2,934	14,763
Milk Purchased	1,700	374	1,326	539
Equipment Purchased	3,400		3,400	
Total Ala Carte/Other	\$ 45,297	\$ 42,134	\$ 3,163	\$ 39,772
Summer Food Service:				
Salaries	\$ 4,862	\$ 4,655	\$ 207	\$ 2,349
FICA	372	356	16	180
PERA	365	349	16	176
Workers Compensation		88	(88)	
General Supplies	100	154	(54)	284
Food Purchased	850	957	(107)	550
Milk Purchased	250	365	(115)	90
Total Summer Food Service	\$ 6,799	\$ 6,924	\$ (125)	\$ 3,629
TOTAL PUPIL SUPPORT SERVICES	\$ 474,535	\$ 473,940	\$ 595	\$ 453,341
TOTAL EXPENDITURES	\$ 474,535	\$ 473,940	\$ 595	\$ 453,341
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (24,635)	\$ (42,520)	\$ (17,885)	\$ (5,981)
FUND BALANCE - July 1	28,248	28,248	-	34,229
FUND BALANCE - June 30	\$ 3,613	\$ (14,272)	\$ (17,885)	\$ 28,248

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
REVENUES				
LOCAL AND COUNTY REVENUES:				
Levies:				
Local Levies	\$ 20,890	\$ 21,220	\$ 330	\$ 19,900
ECFE Levy	39,449	39,449	-	35,533
Home Visiting Levy	860	860	-	722
After School Enrichment Levy	9,145	9,145	-	9,145
Youth Development Levy	4,943	4,943	-	4,943
Total Levies	<u>\$ 75,287</u>	<u>\$ 75,617</u>	<u>\$ 330</u>	<u>\$ 70,242</u>
Other Revenues from Local Sources:				
Driver Education Tuition	\$ 16,000	\$ 19,260	\$ 3,260	\$ 17,225
Adult Education Tuition	19,500	27,755	8,255	24,971
Band Tuition	1,000	900	(100)	600
School Age Care Tuition	13,000	12,228	(772)	5,349
ECFE Tuition and Fees	2,000	1,665	(335)	1,270
Learning Readiness Tuition and Fees	38,500	35,276	(3,224)	31,703
General Community Service Admissions	4,750	3,526	(1,224)	8,018
SW MN Initiative Fund Grant for ECFC	6,850	11,992	5,142	9,150
Donations	500	841	341	1,962
Interest Income		289	289	(161)
Total Other Revenues from Local Sources	<u>\$ 102,100</u>	<u>\$ 113,732</u>	<u>\$ 11,632</u>	<u>\$ 100,087</u>
TOTAL LOCAL AND COUNTY REVENUES	<u>\$ 177,387</u>	<u>\$ 189,349</u>	<u>\$ 11,962</u>	<u>\$ 170,329</u>
STATE REVENUES:				
State Aids from Department of Education:				
ECFE Program Aid	\$ 4,434	\$ 4,434	\$ -	\$ 9,320
Home Visiting Aid	68	286	218	
Learning Readiness Aid	29,096	29,096	-	42,097
Preschool Screening Aid	2,700	2,490	(210)	3,645
Nonpublic Pupil Aid	8,680	8,680	-	8,269
Total State Aids from Department of Education	<u>\$ 44,978</u>	<u>\$ 44,986</u>	<u>\$ 8</u>	<u>\$ 63,331</u>
Replacement Taxes:				
Market Value Credit	\$ 3,252	\$ 3,252	\$ -	\$ 3,438
Disparity Reduction Aid	2,649	2,649	-	3,557
Total Replacement Taxes	<u>\$ 5,901</u>	<u>\$ 5,901</u>	<u>\$ -</u>	<u>\$ 6,995</u>
TOTAL STATE REVENUES	<u>\$ 50,879</u>	<u>\$ 50,887</u>	<u>\$ 8</u>	<u>\$ 70,325</u>
FEDERAL REVENUES:				
Federal Department of Human Services:				
School Age Care-After-School Snack		\$ 227	\$ 227	\$ 188
Total Federal Revenues	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 227</u>	<u>\$ 188</u>
TOTAL REVENUES	<u>\$ 228,266</u>	<u>\$ 240,463</u>	<u>\$ 12,197</u>	<u>\$ 240,843</u>
EXPENDITURES				
COMMUNITY EDUCATION AND SERVICES:				
Driver's Education:				
Teacher Salaries	\$ 11,900	\$ 10,338	\$ 1,563	\$ 9,163
FICA	910	791	119	701
TRA	459	291	168	
Workers Compensation		27	(27)	26
Property Insurance	100	100	-	100
Travel				321

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
COMMUNITY EDUCATION AND SERVICES: (Cont.)				
Driver's Education: (Cont.)				
Staff Tuition Reimbursement			-	1,000
Supplies	200	104	96	
Transportation Chargeback	2,500	3,245	(745)	2,139
Total Driver's Education	<u>\$ 16,069</u>	<u>\$ 14,895</u>	<u>\$ 1,174</u>	<u>\$ 13,449</u>
General Community Education:				
Administrative Salaries	\$ 9,664	\$ 13,860	\$ (4,196)	\$ 16,305
Other Salaries	5,607	5,257	350	3,212
FICA	1,168	1,318	(150)	1,296
PERA	800	1,122	(322)	1,242
TRA	349	317	32	99
Group Hospitalization and Dental	8,580	6,772	1,808	6,183
Long-Term Disability and Group Life	148	118	30	103
Sheltered Annuities	210		210	
VEBA Plan	1,625	1,306	319	1,137
Workers Compensation		37	(37)	115
Other Employee Benefits	480	432	48	480
Other Personal Services	7,085	3,999	3,086	10,115
Postage and Express	250		250	
Repairs and Maintenance	920		920	
Transportation Chargeback		58	(58)	
Travel	265		265	42
Entry Fees/Student Travel	3,000	2,951	49	7,658
Rentals and Leases		340	(340)	262
Printing and Binding	750	378	372	686
Supplies	7,000	7,335	(335)	5,247
Total General Community Education	<u>\$ 47,901</u>	<u>\$ 45,599</u>	<u>\$ 2,302</u>	<u>\$ 54,182</u>
Band:				
Other Salaries	\$ 528	\$ 528	\$ -	\$ 1,215
FICA	36	37	(1)	86
TRA	41	41	-	91
Total Band	<u>\$ 605</u>	<u>\$ 606</u>	<u>\$ (1)</u>	<u>\$ 1,392</u>
Extended Day:				
Teachers Salaries	\$ 19,838	\$ 19,838	\$ -	\$ 10,463
Aid Salaries	4,198	4,691	(493)	3,479
Interdepartmental Chargeback		(8,683)	8,683	
FICA	1,630	1,611	19	853
PERA	111	91	20	51
TRA	1,530	1,530	-	785
Long-Term Disability and Group Life	134	138	(4)	57
VEBA Plan		100	(100)	
Workers Compensation Insurance		85	(85)	51
Supplies			-	72
Food	300	624	(324)	97
Total Extended Day	<u>\$ 27,741</u>	<u>\$ 20,025</u>	<u>\$ 7,716</u>	<u>\$ 15,908</u>
Early Childhood and Family Education:				
Administrative Salaries	\$ 20,476	\$ 20,476	\$ 1	\$ 17,852
Teachers Salaries	18,102	17,459	643	19,062
Substitute Salaries	1,625		1,625	2,499
Aid Salaries	4,101	2,828	1,273	3,875

INDEPENDENT SCHOOL DISTRICT NO. 2169
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 COMMUNITY SERVICE FUND
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
COMMUNITY EDUCATION AND SERVICES: (Cont.)				
Early Childhood and Family Education: (Cont.)				
Other Salaries	5,811	1,367	4,444	2,811
Salary Adjustment/Cash in Lieu	369	370	(1)	177
FICA	3,747	3,169	578	3,432
PERA	323	212	111	305
TRA	3,219	3,030	189	3,006
Group Hospitalization and Dental	5,348	5,383	(35)	4,266
Long-Term Disability and Group Life	236	247	(11)	186
Sheltered Annuities	143	143	-	142
VEBA Plan	936	1,036	(100)	724
Workers Compensation Insurance	515	148	367	197
Professional Technical Services	500		500	449
Postage	400		400	9
Travel	2,500		2,500	236
Entry Fees/Student Travel		352	(352)	
Printing and Publications	250		250	142
Supplies	2,620	1,262	1,358	1,497
Materials for Resale	500		500	
Dues and Memberships	50		50	
Total Early Childhood and Family Education	\$ 71,771	\$ 57,481	\$ 14,290	\$ 60,866
Home Visits:				
Teachers Salaries		\$ 643	\$ (643)	\$ 309
FICA		49	(49)	24
TRA		50	(50)	23
Travel	\$ 700	424	276	381
Total Home Visits	\$ 700	\$ 1,165	\$ (465)	\$ 738
Youth Development:				
After School Enrichment:				
Administrative Salaries	\$ 8,000	\$ 7,782	\$ 218	\$ 8,000
FICA	612	481	131	544
PERA	600	584	16	600
Group Hospitalization and Dental	2,760	2,760	-	3,021
Long-Term Disability and Group Life	50	50	-	51
VEBA Plan	540	540	-	558
Workers Compensation		27	(27)	40
Personal Services	150		150	
Supplies	300		300	
Total After School Enrichment	\$ 13,012	\$ 12,223	\$ 789	\$ 12,814
Youth Services:				
Other Salaries	\$ 4,500	\$ 3,843	\$ 657	\$ 4,500
FICA	309	261	48	306
PERA	338	288	50	338
Entry Fees/Student Travel	550		550	
Total Youth Services	\$ 5,697	\$ 4,392	\$ 1,305	\$ 5,143
Total Youth Development	\$ 18,709	\$ 16,614	\$ 2,095	\$ 17,957
Learning Readiness:				
Teachers Salaries	\$ 34,801	\$ 34,995	\$ (194)	\$ 67,068
Administrative Salaries	5,068		5,068	3,145
Substitute Salaries	515		515	
Aid Salaries	1,791		1,791	20,347

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
EXPENDITURES (Cont.)				
COMMUNITY EDUCATION AND SERVICES: (Cont.)				
Salary Adjustment/Cash in Lieu	166		166	161
FICA	2,580	2,551	29	6,507
PERA	134		134	1,526
TRA	2,664	2,698	(34)	5,266
Group Hospitalization and Dental	7,459	7,495	(35)	18,927
Long-Term Disability and Group Life	206	209	(3)	660
Sheltered Annuities	325	325	-	2,158
Employer Sponsored Health Reimbursement	1,300	1,700	(400)	3,716
Workers Compensation Insurance	258	122	136	464
Professional Technical Services	1,000	40	960	
Postage	400		400	
Contracted Transportation	1,040	1,063	(23)	505
Transportation Chargeback		14	(14)	8
Travel	200		200	118
Supplies	3,800	1,430	2,370	3,475
Total Learning Readiness	<u>\$ 63,707</u>	<u>\$ 52,644</u>	<u>\$ 11,063</u>	<u>\$ 134,049</u>
Early Childhood Screening Program:				
Other Salaries	\$ 1,191	\$ 841	\$ 350	\$ 1,629
Other Salaries Non-Licensed Certified	1,353	1,109	244	1,655
FICA	188	145	43	250
PERA	46	39	7	133
TRA	66	52	14	28
Fees for Services	300	158	142	144
Postage		30	(30)	
Travel		140	(140)	78
Supplies	300	331	(31)	86
Total Early Childhood Screening Program	<u>\$ 3,444</u>	<u>\$ 2,845</u>	<u>\$ 599</u>	<u>\$ 4,002</u>
Aid to Nonpublic Pupils:				
Health Services Chargeback	\$ 2,909	\$ 2,892	\$ 17	\$ 2,482
Guidance and Counseling Chargeback	2,141	2,141	-	2,045
Travel		16	(16)	64
Supplies			-	78
Textbooks and Workbooks	3,217	3,217	-	3,248
Indirect Costs	413	413	-	352
Total Aid to Nonpublic Pupils	<u>\$ 8,680</u>	<u>\$ 8,679</u>	<u>\$ 1</u>	<u>\$ 8,269</u>
Total Other Community Services	<u>\$ 75,831</u>	<u>\$ 64,167</u>	<u>\$ 11,664</u>	<u>\$ 146,320</u>
TOTAL COMMUNITY EDUCATION AND SERVICES	<u>\$ 259,327</u>	<u>\$ 220,552</u>	<u>\$ 38,775</u>	<u>\$ 310,813</u>
TOTAL EXPENDITURES	<u>\$ 259,327</u>	<u>\$ 220,552</u>	<u>\$ 38,775</u>	<u>\$ 310,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (31,061)</u>	<u>\$ 19,911</u>	<u>\$ 50,972</u>	<u>\$ (69,970)</u>
OTHER FINANCING SOURCES:				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (31,061)</u>	<u>\$ 19,911</u>	<u>\$ 50,972</u>	<u>\$ (9,970)</u>
FUND BALANCE - July 1	<u>3,037</u>	<u>3,037</u>	<u>-</u>	<u>13,007</u>
FUND BALANCE - June 30	<u>\$ (28,024)</u>	<u>\$ 22,948</u>	<u>\$ 50,972</u>	<u>\$ 3,037</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUILDING CONSTRUCTION FUND
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019 BUDGET</u>	<u>2019 ACTUAL</u>	<u>VARIANCE WITH BUDGET</u>	<u>2018 ACTUAL</u>
REVENUES				
LOCAL AND COUNTY REVENUES:				
Other Revenue from Local Sources:				
Interest Income	\$ 50,000	\$ 53,825	\$ 3,825	\$ 38,427
Miscellaneous		3,340	3,340	
TOTAL LOCAL AND COUNTY REVENUES	<u>\$ 50,000</u>	<u>\$ 57,165</u>	<u>\$ 7,165</u>	<u>\$ 38,427</u>
TOTAL REVENUES	<u>\$ 50,000</u>	<u>\$ 57,165</u>	<u>\$ 7,165</u>	<u>\$ 38,427</u>
EXPENDITURES				
SITE, BUILDINGS, AND EQUIPMENT:				
Districtwide Services:				
Fees for Services	\$ 250,000	\$ 270,627	\$ (20,627)	\$ 388,514
Property Insurance			-	3,542
Rentals and Leases	3,000	2,807	193	3,755
Printing and Binding		450	(450)	
Interdepartmental Miscellaneous Service Chargeback			-	14,588
Supplies and Materials			-	21
Equipment Purchased	60,000	67,205	(7,205)	12,225
Interdepartmental Chargeback			-	38,000
Elementary Services:				
Building Construction		107,357	(107,357)	
Secondary Services:				
Building Construction	2,594,000	2,760,117	(166,117)	628,090
TOTAL SITE, BUILDINGS AND EQUIPMENT	<u>\$ 2,907,000</u>	<u>\$ 3,208,563</u>	<u>\$ (301,563)</u>	<u>\$ 1,088,736</u>
TOTAL EXPENDITURES	<u>\$ 2,907,000</u>	<u>\$ 3,208,563</u>	<u>\$ (301,563)</u>	<u>\$ 1,088,736</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (2,857,000)</u>	<u>\$ (3,151,398)</u>	<u>\$ (294,398)</u>	<u>\$ (1,050,309)</u>
OTHER FINANCING SOURCES:				
Proceeds from Sale of Bonds	-	-	-	4,744,954
NET CHANGE IN FUND BALANCE	<u>\$ (2,857,000)</u>	<u>\$ (3,151,398)</u>	<u>\$ (294,398)</u>	<u>\$ 3,694,645</u>
FUND BALANCE - July 1	<u>3,694,645</u>	<u>3,694,645</u>	<u>-</u>	<u>-</u>
FUND BALANCE - June 30	<u>\$ 837,645</u>	<u>\$ 543,247</u>	<u>\$ (294,398)</u>	<u>\$ 3,694,645</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019 BUDGET	2019 ACTUAL	VARIANCE WITH BUDGET	2018 ACTUAL
REVENUES				
LOCAL AND COUNTY REVENUES:				
Levies:				
Local Levies	\$ 172,313	\$ 173,345	\$ 1,032	\$ 12,069
Total Levies	<u>\$ 172,313</u>	<u>\$ 173,345</u>	<u>\$ 1,032</u>	<u>\$ 12,069</u>
Other Revenue from Local Sources:				
Interest Income	\$ 1,700	\$ 1,482	\$ (218)	\$ 853
TOTAL LOCAL AND COUNTY REVENUES	<u>\$ 174,013</u>	<u>\$ 174,827</u>	<u>\$ 814</u>	<u>\$ 12,922</u>
STATE REVENUES:				
Replacement Taxes:				
Market Value Credit	\$ 10,988	\$ 10,988	\$ -	\$ 555
Disparity Reduction Aid	8,953	8,953	-	574
Other State Credits	82,370	82,370	-	-
Total Replacement Taxes	<u>\$ 102,311</u>	<u>\$ 102,311</u>	<u>\$ -</u>	<u>\$ 1,130</u>
TOTAL STATE REVENUES	<u>\$ 102,311</u>	<u>\$ 102,311</u>	<u>\$ -</u>	<u>\$ 1,130</u>
TOTAL REVENUES	<u>\$ 276,324</u>	<u>\$ 277,138</u>	<u>\$ 814</u>	<u>\$ 14,052</u>
EXPENDITURES				
FISCAL AND OTHER FIXED COSTS:				
Debt Redemption:				
Bond Principal	\$ 130,000	\$ 130,000	\$ -	\$ 40,000
Bond Interest	168,683	168,683	-	1,520
Other Debt Service	550	475	75	225
TOTAL FISCAL AND OTHER FIXED COSTS	<u>\$ 299,233</u>	<u>\$ 299,158</u>	<u>\$ 75</u>	<u>\$ 41,745</u>
TOTAL EXPENDITURES	<u>\$ 299,233</u>	<u>\$ 299,158</u>	<u>\$ 75</u>	<u>\$ 41,745</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (22,909)</u>	<u>\$ (22,020)</u>	<u>\$ 889</u>	<u>\$ (27,693)</u>
FUND BALANCE - July 1	<u>61,045</u>	<u>61,045</u>	<u>-</u>	<u>88,739</u>
FUND BALANCE - June 30	<u>\$ 38,136</u>	<u>\$ 39,025</u>	<u>\$ 889</u>	<u>\$ 61,045</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULE OF DELINQUENT TAXES
JUNE 30, 2019

<u>YEAR</u>	<u>GENERAL FUND</u>	<u>COMMUNITY SERVICE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
2012 and Prior	\$ 1,397	\$ 89	\$ 614	\$ 2,101
2013	469	30	265	764
2014	881	60	497	1,438
2015	405	34	265	704
2016	567	45	-	612
2017	1,955	154	-	2,110
2018	4,183	14	-	4,197
	<u>\$ 9,858</u>	<u>\$ 426</u>	<u>\$ 1,641</u>	<u>\$ 11,925</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULE OF TAXES LEVIED, TAX CAPACITY, AND TAX CAPACITY RATES
JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>COMMUNITY SERVICE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
TAX CAPACITY RATE	<u>4.640</u>	<u>0.629</u>	<u>2.335</u>	<u>7.604</u>
PROPERTY TAXES:				
Regular Levy	\$ 1,287,667	\$ 78,411	\$ 291,082	\$ 1,657,161
Less: June Collections	<u>(704,331)</u>	<u>(41,627)</u>	<u>(105,279)</u>	<u>(851,237)</u>
Receivable	<u>\$ 583,336</u>	<u>\$ 36,784</u>	<u>\$ 185,804</u>	<u>\$ 805,924</u>
TAX CAPACITY:				
Agricultural Property - Real Estate				\$ 9,528,633
Non-Agricultural Property:				
Real Estate			\$ 2,453,902	
Personal Property			481,678	
Less: Tax Increment Property			<u>(18,274)</u>	
				<u>2,917,306</u>
Total Tax Capacity				<u>\$ 12,445,939</u>

INDEPENDENT SCHOOL DISTRICT NO. 2169
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GENERAL / TRANSPORTATION / CAPITAL OUTLAY
 FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL	TRANS- PORTATION	CAPITAL OUTLAY	TOTAL GENERAL FUND	
				2019	2018
REVENUES:					
Local and County Revenues	\$ 1,124,529		\$ 427,112	\$ 1,551,641	\$ 1,630,489
State Revenues	6,550,796	\$ 706,828	68,658	7,326,282	7,200,823
Federal Revenues	169,118			169,118	149,792
Sales and Other Conversion of Assets	7,827			7,827	12,723
Interdistrict Revenue	20,704			20,704	10,851
TOTAL REVENUES	\$ 7,872,974	\$ 706,828	\$ 495,770	\$ 9,075,572	\$ 9,004,678
EXPENDITURES:					
Administration	\$ 599,641			\$ 599,641	\$ 590,680
District Support Services	208,618		\$ 1,861	210,479	197,219
Regular Instruction	4,369,697		37,712	4,407,409	4,164,939
Vocational Instruction	284,416			284,416	289,043
Special Education Instruction	1,161,452			1,161,452	1,149,979
Instructional Support Services	220,983		84,293	305,277	329,826
Pupil Support Services	292,584	\$ 853,483		1,146,067	1,129,260
Site, Buildings and Equipment	635,440		246,389	881,829	1,036,778
Fiscal and Fixed Cost Programs	34,887		52,167	87,054	83,643
TOTAL EXPENDITURES	\$ 7,807,718	\$ 853,483	\$ 422,423	\$ 9,083,624	\$ 8,971,367
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 65,257	\$ (146,655)	\$ 73,347	\$ (8,052)	\$ 33,311
OTHER FINANCING SOURCES (USES):					
Proceeds from Sale of Property					\$ 600
Proceeds from Sale of Equipment	\$ 4,844			\$ 4,844	9,205
Transfer to Other Funds					(60,000)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 4,844	\$ -	\$ -	\$ 4,844	\$ (50,195)
NET CHANGE IN FUND BALANCE	\$ 70,100	\$ (146,655)	\$ 73,347	\$ (3,208)	\$ (16,884)
FUND BALANCE - July 1	5,679,568	(2,219,364)	(1,362,169)	2,098,035	2,114,919
FUND BALANCE - June 30	\$ 5,749,668	\$ (2,366,018)	\$(1,288,823)	\$ 2,094,827	\$ 2,098,035



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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
Independent School District No. 2169
Slayton, Minnesota

We have audited, in accordance with the 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. 2169, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Independent School District No. 2169's basic financial statements and have issued our report thereon dated October 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 2169's internal control over financial reporting (internal control) to determine the 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 Independent School District No. 2169's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 2169's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. See findings 19-01 and 19-02.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 2169's financial statements are free of 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 determination of financial statement amounts. 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*.

Independent School District No. 2169's Response to Findings

Independent School District No. 2169's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Independent School District No. 2169's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

The purpose of this 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson & Bergerson PLLP

October 22, 2019

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Independent School District No. 2169.
2. Two significant deficiencies in internal controls were disclosed during the audit of the financial statements and reported in the annual financial report.
3. No instances of noncompliance material to the financial statements of Independent School District No. 2169, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

19-01 Segregation of Duties

Condition:	The District lacks segregation of duties.
Criteria:	An effective internal control structure contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.
Cause:	District staff is restricted in size.
Effect:	Material errors or irregularities could occur without detection on a timely basis.
Recommendation:	The Superintendent should monitor operations closely including review of the monthly bank reconciliation and disbursements.
Views of Responsible Officials and Planned Corrective Actions:	There is no disagreement with the audit finding. The Superintendent will continue to closely monitor all financial activities.

CORRECTIVE ACTION PLAN (CAP):

Explanation of any disagreement with the findings: None

Actions planned in response to the finding: Due to a small number of staff members, there is sometimes a lack of segregation of duties. The superintendent reviews the monthly bank reconciliation for discrepancies. Disbursements are also reviewed by the superintendent.

Official responsible for corrective action: Lisa Rademacher, Finance Officer.

Planned completion date for the corrective action: Review of bank reconciliations began in November 2011. The superintendent continues to review irregular disbursements on a monthly basis.

Plan to monitor completion of corrective action: The superintendent reviews disbursements monthly and the school board approves the list of payments at each regular monthly meeting. The superintendent will ensure that bank reconciliations are reviewed.

INDEPENDENT SCHOOL DISTRICT NO. 2169
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019

SIGNIFICANT DEFICIENCIES - Cont.

19-02 Financial Statement Preparation

Condition: The District's staff does not have the necessary expertise to prevent or detect material misstatement in the annual financial statements including footnote disclosures.

Criteria: The District must be able to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.

Cause: The District relies on the audit firm to draft the annual financial statements and related note disclosures. No financial statement software disclosure checklist is maintained by the school district.

Effect: Possible inadequate disclosure.

Recommendation: The District should continue to evaluate its internal staff, expertise, and assigned duties to determine if there is sufficient expertise to review and approve the annual financial statements and related footnote disclosures.

Views of Responsible Officials and
Planned Corrective Actions: The District will continue to rely upon the audit firm to draft the financial statements and related footnote disclosures; however, the District will continue to review and approve the annual financial statements and related footnote disclosures.

CORRECTIVE ACTION PLAN (CAP):

Explanation of any disagreement with the findings: None

Actions planned in response to the finding: Due to time constraints, the District will continue to have the auditor draft the financial statements, but the District will continue to review and approve the financial statements, disclosures, and schedules.

Official responsible for corrective action: Lisa Rademacher, Finance Officer.

Planned completion date for the corrective action: The financial statements drafted by the auditor will continue to be reviewed and approved by the finance officer annually after completion and prior to issuance of the report.

Plan to monitor completion of corrective action: Both the superintendent and finance officer sign the Client Representation Letter prepared by the auditor. The final audit is also approved by the school board.

MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

To the School Board
Independent School District No. 2169
Slayton, 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 Independent School District No. 2169 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Independent School District No. 2169's basic financial statements, and have issued our report thereon dated October 22, 2019.

The *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 2169 failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*. 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 Independent School District No. 2169's noncompliance with the above referenced provisions.

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 communication is not suitable for any other purpose.

October 22, 2019

Jacobson & Bergerson PLLP

Jacobson & Bergerson PLLP

INDEPENDENT SCHOOL DISTRICT NO. 2169
 UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
 JUNE 30, 2019

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$9,075,573	<u>\$9,075,573</u>	\$0	Total Revenue	\$57,165	<u>\$57,165</u>	\$0
Total Expenditures	\$9,083,624	<u>\$9,083,624</u>	\$0	Total Expenditures	\$3,208,563	<u>\$3,208,563</u>	\$0
Non Spendable:				Non Spendable:			
4.60 Non Spendable Fund Balance	\$157,081	<u>\$157,081</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
Restricted / Reserved:				Restricted / Reserved:			
4.03 Staff Development	\$0	<u>\$0</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.06 Health and Safety	\$0	<u>\$0</u>	\$0	4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	Restricted:			
4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$543,247	<u>\$543,247</u>	\$0
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	Unassigned:			
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0				
4.24 Operating Capital	\$0	<u>\$0</u>	\$0	07 DEBT SERVICE			
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	Total Revenue	\$277,138	<u>\$277,138</u>	\$0
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	Total Expenditures	\$299,158	<u>\$299,158</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	Non Spendable:			
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	Restricted / Reserved:			
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	Restricted:			
4.49 Safe School Crime - Crime Levy	(\$19,829)	<u>(\$19,829)</u>	\$0	4.64 Restricted Fund Balance	\$39,025	<u>\$39,025</u>	\$0
4.50 Pre-Kindergarten	\$0	<u>\$0</u>	\$0	Unassigned:			
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0				
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	08 TRUST			
4.58 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0	Total Revenue	\$48,037	<u>\$48,037</u>	\$0
4.67 LTFM	(\$569,287)	<u>(\$569,287)</u>	\$0	Total Expenditures	\$38,450	<u>\$38,450</u>	\$0
4.72 Medical Assistance	\$0	<u>\$0</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$153,517	<u>\$153,517</u>	\$0
Restricted:							
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	20 INTERNAL SERVICE			
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
Committed:				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0				
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	25 OPEB REVOCABLE TRUST			
Assigned:				Total Revenue	\$0	<u>\$0</u>	\$0
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
Unassigned:				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance	\$2,526,862	<u>\$2,526,862</u>	\$0				
				45 OPEB IRREVOCABLE TRUST			
02 FOOD SERVICES				Total Revenue	\$0	<u>\$0</u>	\$0
Total Revenue	\$431,420	<u>\$431,420</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
Total Expenditures	\$473,940	<u>\$473,940</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
Non Spendable:							
4.60 Non Spendable Fund Balance	\$17,495	<u>\$17,495</u>	\$0	47 OPEB DEBT SERVICE			
Restricted / Reserved:				Total Revenue	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
Restricted:				Non Spendable:			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
Unassigned:				Restricted:			
4.63 Unassigned Fund Balance	(\$31,767)	<u>(\$31,767)</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
				Unassigned:			
				4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
04 COMMUNITY SERVICE							
Total Revenue	\$240,463	<u>\$240,463</u>	\$0				
Total Expenditures	\$220,552	<u>\$220,552</u>	\$0				
Non Spendable:							
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0				
Restricted / Reserved:							
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0				
4.31 Community Education	\$6,892	<u>\$6,892</u>	\$0				
4.32 E.C.F.E	\$7,723	<u>\$7,723</u>	\$0				
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0				
4.44 School Readiness	\$11,729	<u>\$11,729</u>	\$0				
4.47 Adult Basic Education	\$0	<u>\$0</u>	\$0				
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0				
Restricted:							
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0				
Unassigned:							
4.63 Unassigned Fund Balance	(\$3,396)	<u>(\$3,396)</u>	\$0				