



Roseville Area Schools

1251 County Road B2 West • Roseville, MN 55113
PHONE 651-635-1600 • FAX 651-635-1659 • www.isd623.org

Comprehensive ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2020

Mission:

Quality Teaching and Learning for All... Equity in All We Do!

INDEPENDENT SCHOOL DISTRICT 623

Roseville Area Schools

Roseville, Minnesota

Quality Teaching & Learning for All...Equity in All We Do

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ROSEVILLE, MINNESOTA**

YEAR ENDED JUNE 30, 2020

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

**SHARI THOMPSON
DIRECTOR OF BUSINESS SERVICES**

**DENISE STOOS
ACCOUNTING SERVICES COORDINATOR**

**KATHY ENGLUND
DISTRICT ACCOUNTANT**

**POLLY LUTZKA
ACCOUNTS PAYABLE**

**LAURA GARNJOBST
ACCOUNTS RECEIVABLE**

**PEGGY SEPION
PAYROLL**

**MAUREEN WILLET
PAYROLL**

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INDEPENDENT SCHOOL DISTRICT NO. 623
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INTRODUCTORY SECTION



Roseville Area Schools

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PHONE 651-635-1600 • FAX 651-635-1659 • www.isd623.org

December 4, 2020

FISCAL YEAR 2020
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

To: Independent School District No. 623 – Roseville Area Schools School Board Members and Citizens

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 623 – Roseville Area Schools (the District) for the fiscal year ended June 30, 2020, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020. The District is required to undergo an annual Single Audit in conformity with the provisions of the U.S. Office of Management and Budget’s Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

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

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District’s organizational chart, and a list of principal officials. The financial section includes the management’s discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information, as well as the independent auditor’s report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

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

District Center • 1251 County Rd B2 West • Roseville, MN 55113-3299
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Roseville Area School District 623 is an equal opportunity affirmative action educator and employer, committed to a culturally diverse workforce.

PROFILE OF THE DISTRICT

The District was incorporated in 1949 and serves portions of seven suburban communities on the north edge of the Minneapolis/St. Paul metropolitan area. The District enrolled 7,580 students in fiscal year (FY) 2020 from a population of 57,443 citizens residing in a 21.65 square mile area. The District encompasses the cities of Arden Hills, Falcon Heights, Little Canada, Lauderdale, Maplewood, Roseville, and Shoreview.

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

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

Roseville Area Schools offer four option schools. The first is Parkview Center School offering a kindergarten through eighth grade model. The second is our Spanish Dual Language Immersion Program at Little Canada Elementary. The goal of Dual Language Immersion programs is to create bi-lingual, bi-literate, multi-cultural students who are better prepared for success in the ever-expanding global community. The third is our year-round school, Harambee Elementary, with a focus on Environmental Science and Community Cultures. Last is the SPARK Program at Central Park Elementary which focuses on Science, Technology, Engineering, Arts and Math.

The District's students reflect the global community, coming from homes where 82 dialects or languages other than English are spoken. Diverse demographics contribute to rich, real-life learning environments that prepare students for the 21st century workplace.

Gifted education programs serve the academic, social, and emotional needs of gifted/talented learners.

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

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

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

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

LOCAL ECONOMY

During FY 2020, the District operated 12 buildings: 1 high school, 1 middle school, 1 kindergarten through eighth grade, 7 elementary schools, 1 community center including the alternative high school, and a central administration building. The instructional program is organized using several grade configurations: Pre-K–6, K-8, 7–8, and 9–12. The District had a budgeted enrollment of 7,591 average daily membership for FY 2020 and an actual enrollment of 7,580. At the time the current year budget was developed, the District’s student enrollment for the current year was projected to increase slightly with an estimated student enrollment of 7,633. Due to the current ongoing pandemic, the district will revise its estimates to reflect a decrease of approximately 164 students for an estimated revised total student enrollment of 7,469. The pandemic has primarily impacted the elementary enrollment with families opting to hold back kindergarteners another year, families choosing to home school, or others choosing to enroll in an online program or enroll in private schools. The 7th through 12th grade enrollments continue to be areas of increase. A slight increase in enrollment is projected over the next three years.

The District’s school buildings were built between 1951 and 1996. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota, and has a 10-year spending plan of \$120 million for deferred maintenance and health and safety facility needs. In FY 2018 the District was successful in passing a \$144 million dollar bond for improvement and expansion of buildings in the District. The District has completed slightly over half of the new construction projects, with the final phase of construction scheduled to be completed by December 2021. To date, the District has been able to stay on schedule and on budget for all construction projects.

The District intentionally focuses on efforts of staff and other resources to identify financial resources that are available in order to maximize revenue. With the exception of locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several biennia, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates.

Due to a strong economic position at the time, the 2019 Legislature authorized a 2 percent increase in the basic funding formula for the 2019-20 and 2020-21 school years. Since the outbreak in March, the pandemic has made economic conditions in Minnesota as well as other states, extremely volatile. The May 2020 forecast from Minnesota Management and Budget shows a General Fund forecasted deficit of \$2.4 billion for the current biennium ending June 30, 2021. As other details become known, they will be incorporated into the FY2021 mid-year budget adjustment process, if necessary.

Numerous factors affect public school finance and are monitored on an on-going basis, such as:

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

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

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

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping.

Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The district administration receives and reviews monthly financial reports. These reports are also presented to the Board of Education and are publicly available as part of the Board's meeting materials.

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs.

Legal budgetary control is at the fund level; however, directors, principal, coordinators, and other budget managers are responsible for monitoring their budget centers within each of the funds. All appropriations lapse at year-end.

MISSION, CORE VALUES, AND STRATEGIC OBJECTIVES

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



Roseville Area Schools Strategic Plan

OUR MISSION

Quality Teaching and Learning for All...Equity in All We Do

OUR EQUITY VISION

Roseville Area Schools is committed to ensuring an equitable and respectful learning environment for every student, family, and staff member regardless of: race, gender, gender identity, sexual orientation, socioeconomic status, ability, home or first language, religion, national origin, age, physical appearance.

OUR COMMITMENT

Roseville Area Schools, working in partnership with all families and the community, is a learning organization of engaged, motivated, and high achieving lifelong learners.

We will achieve our mission when:

- All students are ready for kindergarten
- All students read well by third grade
- All achievement gaps are closed
- All students are ready for career and college by graduation
- All students graduate

CORE VALUES

Equity
Responsibility
Integrity
Respect
Compassion
Commitment
Sense of Belonging
Curiosity

FOCUS AREAS

- Improve learning for students of color, American Indian students, English learners, students receiving special education services, and pre-kindergarten learners
- Improve communication and genuine engagement with families and communities, especially with our underrepresented communities
- Strengthen support for the social and emotional development of students
- Expand support for college and career readiness
- Secure and manage resources to provide a quality education and improve facilities

VALUES

EQUITY	Accepting and valuing each individual for who they are and providing the structures, environment, and resources each person needs to reach their greatest potential.
RESPONSIBILITY	Understanding and accepting the impact and consequence of personal actions and decisions; striving to fulfill obligations to self, others, and the greater good of society.
INTEGRITY	Practicing truthfulness and sincerity in relationships and actions; shaping a clear set of beliefs and ethics that directs thoughts and actions.
RESPECT	Appreciating the unique qualities of others and oneself; displaying courtesy and appreciation for others.
COMPASSION	Caring about others; expressing kindness, concern and empathy; helping others through action.
COMMITMENT	Believing in one's personal capacity to make a difference; investing the hard work needed to realize goals; seeking ways to consistently improve; and persisting through setbacks.
SENSE OF BELONGING	Feeling safe, welcome and included.
CURIOSITY	Actively and eagerly pursuing knowledge, insight and understanding.

FOCUS AREAS

Roseville Area Schools strives to fully develop each student's potential. We expect every student to succeed academically, socially, and emotionally and will focus on each student's potential for excellence. In order to achieve our commitment to prepare all students, we must intentionally focus on student populations experiencing the biggest disparities in opportunity. We do this to prevent inequitable outcomes. In an effort to inspire all students to attain the highest levels of achievement, we will implement evidence-based educational practices and collaborate with families and communities to fully engage students in learning. Successfully addressing the following focus areas will help us achieve our mission of *Quality Teaching and Learning for All . . . Equity in All We Do*.

FOCUS AREA 1

Improve learning for students of color, American Indian students, English learners, students receiving special education services, and pre-kindergarten learners

STRATEGIES

- Prepare all staff to be culturally responsive and competent
- Provide a safe, challenging, and equitable learning environment
- Provide curriculum that reflects the diverse cultures of families and students
- Increase staff expectations for students of color and American Indian students
- Increase student engagement
- Strengthen relationships between staff and students of color and American Indian students
- Align early childhood to kindergarten programming including benchmarks, assessments, and curriculum
- Increase participation of families of color and families of English learners in early childhood education programs
- Improve program transitions for English learners and students receiving special education services
- Increase intensive research-based interventions to support individual student needs
- Analyze English learner needs and develop an action plan for improving instruction
- Align special education instruction, curriculum, and assessments to district wide standards and evidence-based practices

FOCUS AREA 2

Improve communication and genuine engagement with families and communities, especially with our underrepresented communities

STRATEGIES

- Strengthen outreach and effectiveness of communication to all families and communities
- Create clear and comprehensive documentation of school and community resources available for families and students
- Strengthen partnerships with families from early learning years through graduation for student success
- Increase accessibility and understanding of district services for racially, culturally, and linguistically diverse communities and families
- Explore additional models for schools and staff to assist parents/guardians in navigating the educational system
- Recruit and retain more staff of color and American Indian staff

FOCUS AREA 3

Strengthen support for the social and emotional development of students

STRATEGIES

- Improve transitions from pre-kindergarten to elementary, elementary to middle level, middle level to high school, and high school to career and college for all students
- Develop additional non-punitive responses for unacceptable behavior
- Select and implement social and emotional curricula
- Enhance staff expertise to better meet the social and emotional needs of all students

FOCUS AREA 4

Expand support for college and career readiness

STRATEGIES

- Increase opportunities for apprenticeships, job shadowing, and internships
- Expand opportunities and remove obstacles for high school students to obtain college credit
- Increase the number of teachers qualified to teach college credit-bearing courses
- Increase support to reduce the number of students who take remedial classes in college
- Expand mentoring participation and opportunities

FOCUS AREA 5

Secure and manage resources to provide a quality education and improve facilities

STRATEGIES

- Develop a long range facilities plan to provide quality education
- Explore opportunities to increase revenue
- Prioritize expenditures based on focus areas
- Leverage resources responsibly to ensure the fiscal security of the district

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

School Board Policy 744 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board strives to maintain an unassigned fund balance that will not fall below 3 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81." The district's unreserved General Fund balance is above the statutory guidelines for statutory operating debt.

Unassigned fund balance in the General Fund Operating Account at June 30, 2020 was \$6,624,473 or 6.38 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

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

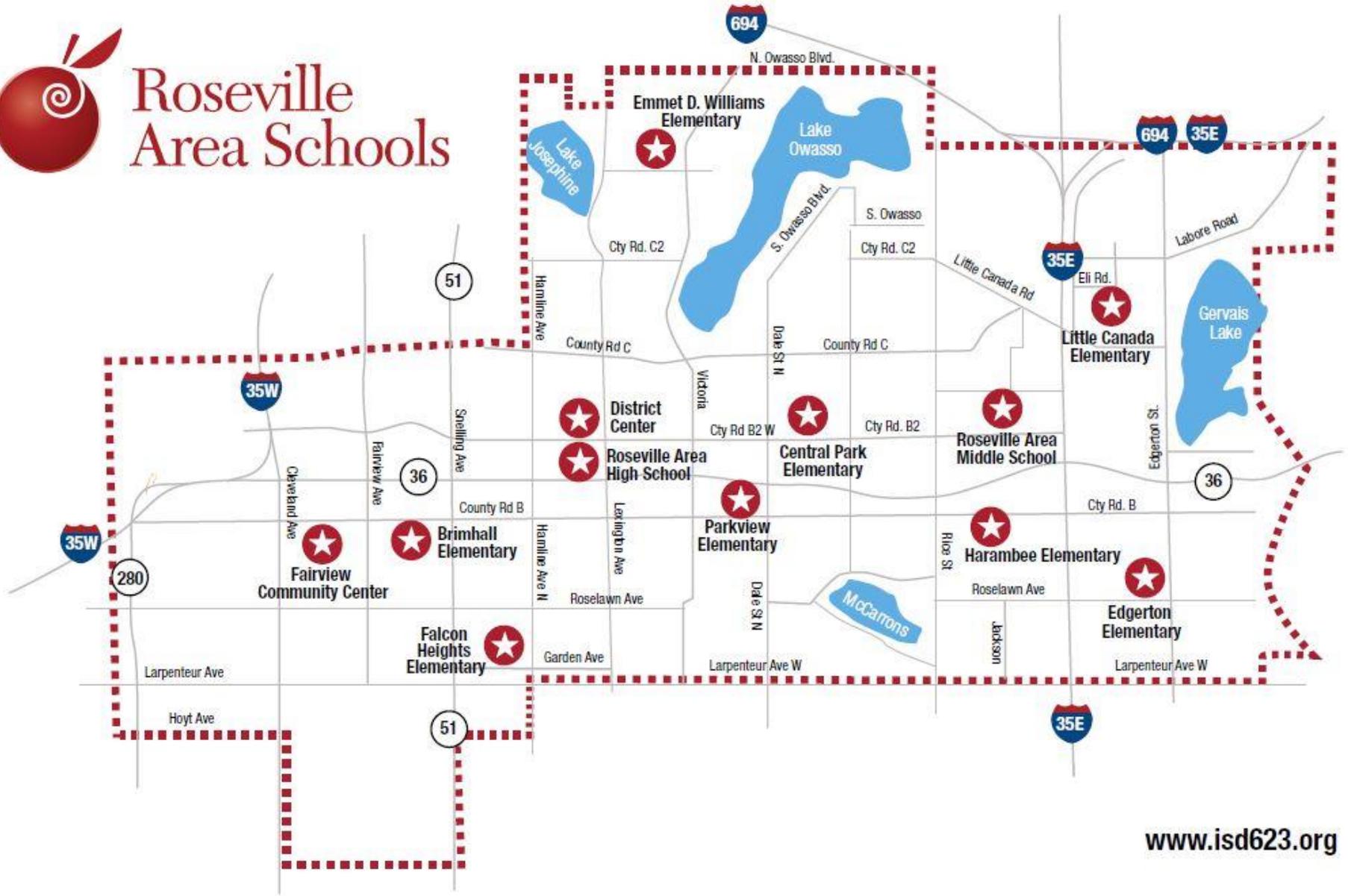
Respectfully
submitted,

A handwritten signature in cursive script, appearing to read "Shari Thompson".

Shari Thompson
Director of Finance & Operations



Roseville Area Schools



www.isd623.org

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2020**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Mike Boguszewski	December 31, 2023	Chairperson
Todd Anderson	December 31, 2023	Clerk
Kitty Gogins	December 31, 2021	Treasurer
Rose Chu	December 31, 2023	Director
Curtis Johnson	December 31, 2021	Director
Frank Shaw	December 31, 2021	Director

ADMINISTRATION

Cabinet:

Dr. Aldo Sicoli	Superintendent
Dr. Michael Favor	Assistant Superintendent
Dr. Jennifer Loeck	Assistant Superintendent
Jacob Von De Linde	Director of Teaching and Learning
Karen Filla	Director of Student Services
Shari Thompson	Director of Business Services
Karen Schaub	Director of Community Education
Joshua Collins	Communications Director

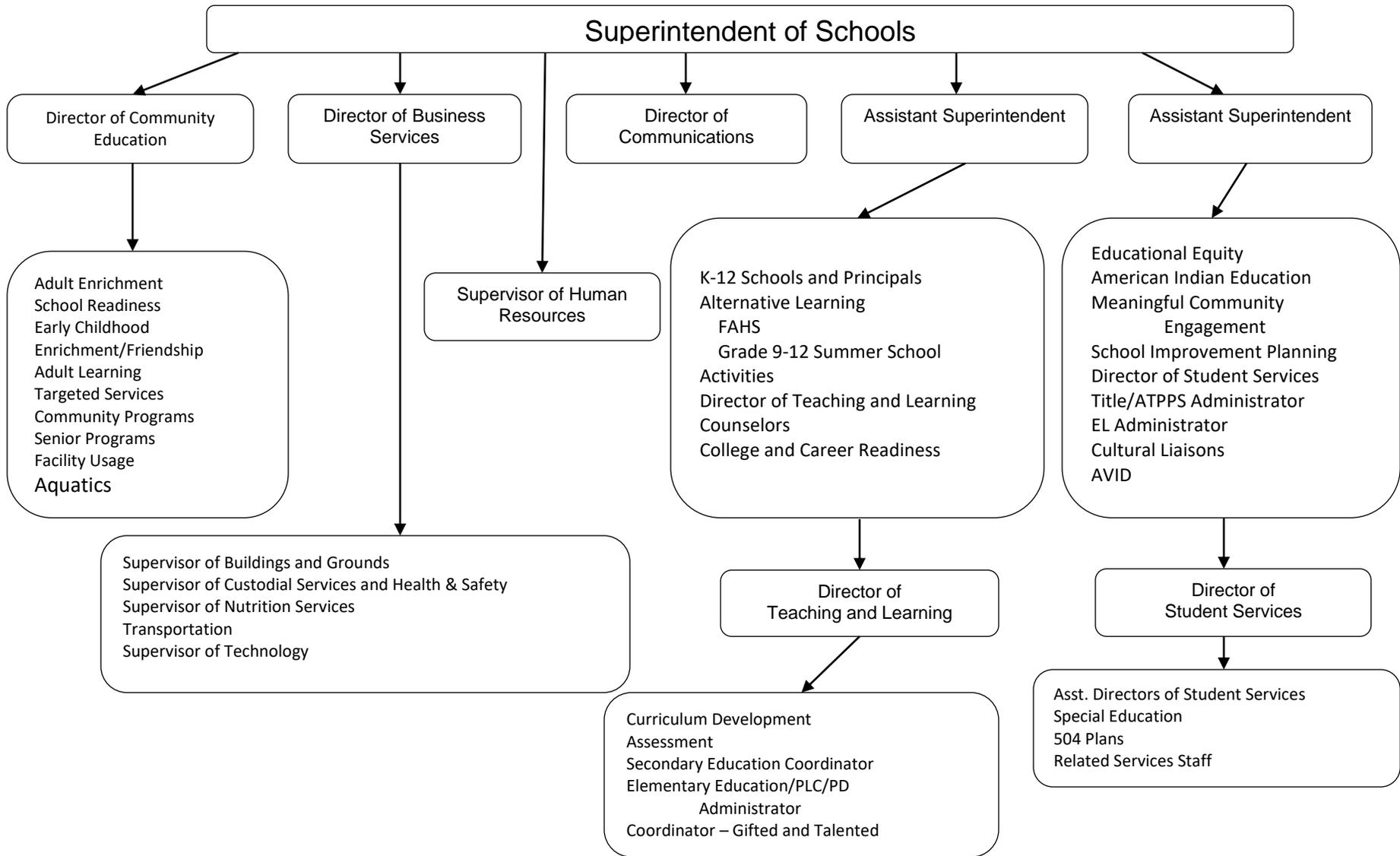
Business Services Office:

Denise Stoos	Accounting Services Coordinator
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District Offices:

Independent School District No. 623
Roseville Area Schools
1251 W. County Road B-2
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**ROSEVILLE AREA SCHOOLS
ORGANIZATIONAL CHART
2019-2020**



ROSEVILLE AREA SCHOOLS
ORGANIZATIONAL CHART
2019-2020



The Certificate of Excellence in Financial Reporting
is presented to

Roseville Area Schools

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

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

A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Area Schools Independent School District No. 623 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, Food Service Fund, and Community Service Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the District's net OPEB liability and related ratios, the schedule of money-weighted rate of return on plan assets – OPEB, schedules of District's proportionate share of net pension liability and schedules of District's pension contributions, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund financial statements, the Uniform Financial Accounting and Reporting Standards Compliance Table and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, Uniform Financial Accounting and Reporting Standards Compliance Table, collectively, the supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information (Continued)

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial statements for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 4, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

This section of Roseville Area Schools – Independent School District No. 623's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section. The Management's Discussion and Analysis (MD&A) is a required element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- Net position increased by \$17,052,492 in 2020.
- Overall General Fund revenues were \$107,941,685 as compared to \$103,885,979 of expenditures.
- The total fund balance of the General Fund increased overall by \$4,100,863 from the prior year. The fund balance in the unassigned fund balance category increased by \$3,770,950, having begun the year with a balance of \$2,853,523 and ending with a balance of \$6,624,473. While an increase of \$900,000 in fund balance from the prior year was projected in the revised budgets adopted by the Board, the additional surplus of just under \$3,000,000 was a result of higher than anticipated revenues and lower than projected expenditures within the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* 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.

District-Wide Statements

The district-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 District'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.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position.

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., food service).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Funds* – The District uses an internal service fund to report activities that provide supplies and services for the District's other programs and activities. The District currently has an internal service fund for self-insurance of dental benefits.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Suburban Ramsey Family Collaborative Custodial Fund. The District has also established an irrevocable trust fund for other postemployment benefits (OPEB). This trust was funded with the proceeds from General Obligation OPEB Bonds issued in 2009. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$(50,024,671) on June 30, 2020, an increase of \$17,052,492, or 25%, from the prior year (see Table A-1). Total assets increased by approximately \$39 million or 15%. Capital assets increased by approximately \$88 million or 115% as the amount of capital asset additions exceeded the amount of depreciation expense in the current fiscal year. Total liabilities increased by approximately \$16 million or 6% with current liabilities increasing by approximately \$14 million and long-term liabilities increasing by approximately \$2.5 million. The increase in short-term liabilities is primarily attributable to increased contracts and retainage payable related to the District's ongoing capital projects.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2020	2019	
Current and Other Assets	\$ 134,593,312	\$ 183,423,979	(26.62)%
Capital Assets	164,412,530	76,482,929	114.97
Total Assets	<u>299,005,842</u>	<u>259,906,908</u>	15.04
Deferred Outflows of Resources	51,254,117	77,414,345	(33.79)
Current Liabilities	27,194,934	13,341,214	103.84
Net Pension Liability	66,308,954	66,575,446	(0.40)
Long-Term Liabilities	188,077,724	185,502,111	1.39
Total Liabilities	<u>281,581,612</u>	<u>265,418,771</u>	6.09
Deferred Inflows of Resources	118,703,018	138,979,645	(14.59)
Net Position:			
Net Investment in Capital Assets	35,487,015	24,551,012	44.54
Restricted	6,099,942	8,718,947	(30.04)
Unrestricted	(91,611,628)	(100,347,122)	(8.71)
Total Net Position	<u>\$ (50,024,671)</u>	<u>\$ (67,077,163)</u>	(25.42)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The largest positive portion of the District's net position represents its investment in capital assets (land, buildings, equipment, etc.) and debt proceeds restricted for capital purposes less any related debt used to acquire those assets that is still outstanding. The District is able to report positive balances in the Capital Assets portion of its net position. Another portion of the District's net position, restricted net position, represents resources that are subject to external restrictions on how they may be used. The restricted portion of the District's net position decreased by approximately \$2.6 million during the current year. The remaining unrestricted portion is that which may be used to meet the District's ongoing obligations. This portion of net position increased by approximately \$9 million, to a year-end balance of (\$91,611,628). The District's overall net position has been a deficit balance since fiscal year 2015 when the District implemented Governmental Accounting Standards Board Statement No. 68, which required recording the District's long-term liabilities for pensions.

Changes in Net Position

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds. This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting.

Total revenues for all governmental activities were \$138,981,429 for the year ended June 30, 2020. Property taxes and state formula aid accounted for 68% of total revenue for the year (see Figure A-1). 4% from charges for services, and the remaining 28% from operating grants and contributions.

Total revenues for fiscal year 2020 were \$2,707,700 higher than the prior year. Increases include the general education formula allowance, special education aid, federal grants, and other local sources (i.e. fees, rental, and donations).

Expenses increased \$16,600,985 compared to fiscal year 2019 levels. The increase was primarily driven by pension expenses related to the PERA and TRA Net Pension Liabilities.

Total revenues were \$138,981,429 while total expenses were \$121,928,937, increasing net position by \$17,052,492 for fiscal year 2020.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

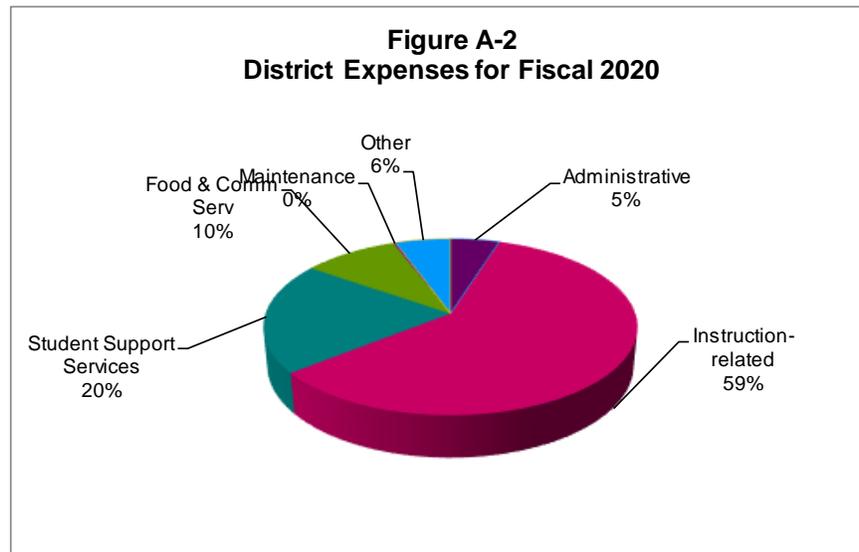
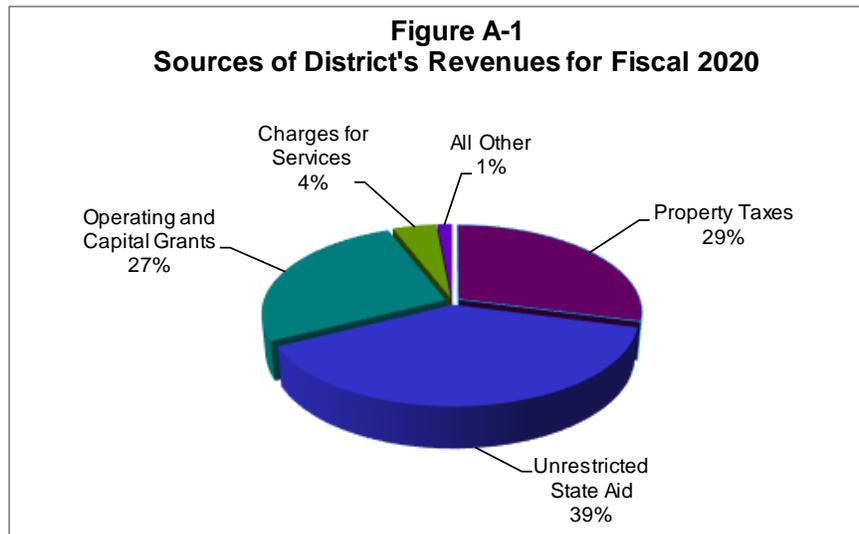
**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2020	2019	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 6,183,855	\$ 8,174,947	(24.36)%
Operating Grants and Contributions	35,629,136	34,386,287	3.61
Capital Grants and Contributions	1,184,933	1,291,198	(8.23)
<u>General Revenues</u>			
Property Taxes	40,389,064	38,206,891	5.71
Unrestricted State Aid	53,533,726	49,254,050	8.69
Investment Earnings	2,015,558	4,860,105	(58.53)
Other	45,157	100,251	(54.96)
Total Revenues	<u>138,981,429</u>	<u>136,273,729</u>	1.99
Expenses			
Administration	5,948,248	3,482,502	70.80
District Support Services	4,347,348	4,208,383	3.30
Regular Instruction	48,407,934	31,908,065	51.71
Vocational Education Instruction	2,187,037	1,339,143	63.32
Special Education Instruction	21,823,100	14,632,985	49.14
Instructional Support Services	9,723,062	6,820,861	42.55
Pupil Support Services	10,808,725	9,546,883	13.22
Sites and Buildings	263,203	14,613,380	(98.20)
Fiscal and Other Fixed Cost Programs	288,494	270,532	6.64
Food Service	4,156,549	4,595,988	(9.56)
Community Service	7,534,582	7,002,228	7.60
Interest and Fiscal Charges on Long-Term Liabilities	6,440,655	6,907,002	(6.75)
Total Expenses	<u>121,928,937</u>	<u>105,327,952</u>	15.76
Change in Net Position	17,052,492	30,945,777	
Beginning Net Position	<u>(67,077,163)</u>	<u>(98,022,940)</u>	
Ending Net Position	<u>\$ (50,024,671)</u>	<u>\$ (67,077,163)</u>	(25.42)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The cost of all *governmental* activities this year was \$121,928,937.

- Some of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$6,183,855). The majority of this category, approximately \$6 million, comes from food service meals and community education class tuition.
- The federal and state governments subsidized specific programs with grants and contributions (\$36,814,069). \$1,184,933 of these grants were capital related.
- Most of the District's costs (\$95,983,505), however, were paid for by District taxpayers, taxpayers of our state, and other miscellaneous general revenues.
- Of the amount paid for by taxpayers of the District and the state, \$40,389,064 came in the form of property taxes, \$53,533,726 in unrestricted state aid based primarily on the statewide education aid formula, and with investment earnings and other general revenues.



**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

All governmental activities include not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2020	2019		2020	2019	
Administration	\$ 5,948,248	\$ 3,482,502	70.80 %	\$ 4,468,474	\$ 2,126,588	110.12 %
District Support Services	4,347,348	4,208,383	3.30	3,252,413	3,347,081	(2.83)
Regular Instruction	48,407,934	31,908,065	51.71	34,621,988	17,980,167	92.56
Vocational Education Instruction	2,187,037	1,339,143	63.32	2,175,733	1,295,339	67.97
Special Education Instruction	21,823,100	14,632,985	49.14	7,542,836	989,465	662.31
Instructional Support Services	9,723,062	6,820,861	42.55	9,554,457	6,572,751	45.36
Pupil Support Services	10,808,725	9,546,883	13.22	9,765,755	8,301,066	17.64
Sites and Buildings	263,203	14,613,380	(98.20)	(450,195)	13,977,044	(103.22)
Fiscal and Other Fixed Cost Programs	288,494	270,532	6.64	288,494	270,532	6.64
Food Service	4,156,549	4,595,988	(9.56)	(112,426)	(215,244)	(47.77)
Community Service	7,534,582	7,002,228	7.60	1,382,829	(76,272)	(1913.02)
Interest and Fiscal Charges on Long-Term Liabilities	6,440,655	6,907,002	(6.75)	6,440,655	6,907,003	(6.75)
Total	<u>\$ 121,928,937</u>	<u>\$ 105,327,952</u>	15.76	<u>\$ 78,931,013</u>	<u>\$ 61,475,520</u>	28.39

The cost of all governmental activities this year was \$121,928,937, an increase of \$16,600,985 over the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$78,931,013 or an increase of \$17,455,493 from the prior year.

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above was attributable to the change in expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries. Additionally, expenditures being largely capitalized for the District's ongoing bond-funded capital projects can be attributed to change in cost of sites and buildings governmental activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a *combined* fund balance of \$72,751,671 which is \$62,278,306 less than last year's ending fund balance of \$135,029,977. This decrease is primarily attributable to capital expenditures on the District's construction projects being funded by the bonds issued in the District's fiscal year 2018.

Revenues for the District's governmental funds were \$138,536,025, a decrease of \$865,549 compared to fiscal year 2019. Expenditures in all governmental funds totaled \$209,210,361, an increase of \$46,081,965 from the prior year.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GENERAL FUND

The General Fund reflects the primary operations of the District that provide educational services to students from Pre-K and kindergarten through grade 12. This includes K-12 educational activities, district instructional support, and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital outlay projects, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Approximately 90% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources available to the District. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. The revenue is later prorated to a lesser amount dependent on the total revenue appropriated by the Legislature for this purpose. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid. The state further controls the timing of payments made to school districts, which affects the cash balances available to meet ongoing costs.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows that previous year's enrollment growth has slowed, the total enrollment from 2019 to 2020 was unchanged.

**Table A-4
Enrollment Trend
Average Daily Membership (ADM)**

Grade	2016	2017	2018	2019	2020
ECSE	59	58	69	93	94
Kdgt.	569	572	583	574	594
1-3	1,763	1,740	1,693	1,713	1,706
4-6	1,798	1,782	1,826	1,727	1,694
7-12	3,360	3,463	3,481	3,473	3,492
Total K-12	7,549	7,615	7,652	7,580	7,580
ADM Change	278	66	37	(72)	-
Percent Change	3.8%	0.9%	0.5%	-0.9%	0.0%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

From the period of 2005 through 2018, the District experienced increased enrollment in average daily membership served. Both resident enrollment and the number of students enrolling from neighboring districts through the options programs increased during this time. In 2019-2020, we served 1,731 students from other districts, while about 531 of our District's residents attended other school districts, and 668 resident students attended public charter schools. The students we serve, plus our resident students served by other districts under tuition agreements, all generate revenue, mostly through the General Education Aid formula. Short-term, due to the ongoing pandemic, we expect that the District will continue to enroll a reduced number of students at all grade levels, particularly at the elementary grades, with some families opting for home school or other options during this time. Beyond 2020-2021, we expect the pre-school population to remain steady or increase slightly and provide approximately 580 kindergarten students annually, in addition to stable enrollment of students throughout most grade levels. Going forward we anticipate to enroll increasing numbers of both resident students as well as those from other districts as space permits in our classrooms and programs.

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 22,080,685	\$ 18,702,561	\$ 3,378,124	18.1 %
Earnings on Investments	170,395	230,915	(60,520)	(26.2)
Other	2,678,115	2,618,594	59,521	2.3
State Sources	79,312,339	78,013,377	1,298,962	1.7
Federal Sources	3,700,151	3,923,104	(222,953)	(5.7)
Total General Fund Revenue	<u>\$ 107,941,685</u>	<u>\$ 103,488,551</u>	<u>\$ 4,453,134</u>	4.3

General Fund Revenue increased by \$4,453,134 or 4.3% from the previous year. Property tax revenue shows an increase of \$3,378,124. Property tax revenue is driven by student enrollment, Minnesota State Legislative approved funding, local voter approved funding, and the final levy is determined by the amount approved by the school board to levy each year.

Interest earnings decreased by \$60,520. Other revenue increased by \$59,521. State aid increased \$1,298,962, due to the increase in the basic formula allowance for general education state aid and an increase in special education funding.

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of mostly state aid revenue. Other state-authorized revenues, which include the operating levy referendum, operating capital revenue, and the property tax shift involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change in total revenue, and is dependent on legislative action.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Federal revenue decreased by \$222,953, or 5.7%, in part due to decreased Federal Special Education revenue from the prior year.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2020	June 30, 2019		
Salaries	\$ 60,389,255	\$ 59,244,657	\$ 1,144,598	1.9 %
Employee Benefits	24,413,475	24,002,031	411,444	1.7
Purchased Services	13,208,804	14,295,383	(1,086,579)	(7.6)
Supplies and Materials	3,785,711	4,081,349	(295,638)	(7.2)
Capital Expenditures	1,959,646	1,320,133	639,513	48.4
Other Expenditures	129,088	112,482	16,606	14.8
Total General Fund Expenditures	<u>\$ 103,885,979</u>	<u>\$ 103,056,035</u>	<u>\$ 829,944</u>	0.8

Total General Fund Expenditures increased by \$829,944 or 0.8% over the previous year.

In fiscal year 2020, salaries increased 1.9% and employee benefits increased 1.7%. The increase in salaries and benefits is attributed to employee contract improvements.

Purchased Services expenses decreased by 7.6%. The decrease is due largely to the transition to a distance learning model in March and the resulting reduced costs for contracted services including transportation services, utility costs, contracted substitute teacher costs, and a reduction in tuition costs for students attending programs off-site.

Supplies and Materials consist of expenditures for fees for diesel and gasoline, natural gas and building fuel oil, maintenance repairs, instructional supplies and textbooks. Supply and material expenses decreased by 7.2% during fiscal year 2020. The decreased cost was also attributable to the pandemic and the transition to distance learning which resulted in reduced fuel costs and consumable supplies.

Spending for district capital expenditures increased by \$639,513 over the prior year. The majority of the increase was driven by the need to purchase additional technology devices and hotspots to implement the distance learning model.

In 2019-20, total General Fund revenues and other financing sources exceeded expenditures by \$4,100,863. Therefore, the total fund balance increased from a balance of \$4,750,073 at June 30, 2019, to a balance of \$8,850,936 at June 30, 2020. After deducting statutory restrictions and nonspendable balances, the general unassigned fund balance increased from \$2,853,523 at June 30, 2019 to \$6,624,473 at June 30, 2020 – an increase of \$3,770,950.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The unassigned fund balance is the single best measure of overall financial health of a school district. The unassigned general fund balance totals \$6,624,473. The Minnesota Department of Education divides this balance by the expenditures related to these balances to calculate the fund balance as a percentage of expenditures. The District's fund balance at June 30, 2020, represents 6.38% of applicable annual expenditures. The School Board has set a goal to maintain a minimum target fund balance of 3%. The current fund balance of 6.38% meets the target set by the District. This fund balance has been fluctuating both above and below the set target in recent years. The School Board and District administration are taking appropriate actions to balance the budget and build necessary budget surpluses to provide adequate budget reserves into the future. The district closely monitors its fund balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget adjustments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$2,593,757, or 2.46% more than expected. Favorable variances in property tax collections, special education funding, and federal program funding sources contributed to revenues surpassing the budget. Once unbudgeted student activities and fiscal agent service revenues (flow-through funds) of about \$900,000 are adjusted, the variance is equal to approximately 1.8% more than expected.

Actual General Fund expenditures were \$778,585, or 0.74% less than budgeted. Student activities related expenses are those funded through fund raising, gifts, and the sale of spirit wear and other items. Expenditures in these categories are limited to the actual revenue generated. Once unbudgeted fiscal agent (flow-through funds) and student activities expenditures of about \$900,000 are taken into account, the variance increased to approximately 1.6% less than the final budget. \$500,000 was the result of lower than anticipated total salaries and \$1,000,000 of reduced contracted services costs including transportation services, utility costs, contracted substitute teacher costs, and a reduction in tuition costs for students attending programs off-site. Reduced costs were again due largely to the transition to a distance learning model in March.

While the District's final budget for the total General Fund anticipated that revenues would exceed expenditures by \$683,364, the actual results for the year show that revenues and other financing sources exceeded expenditures by \$4,055,706, a positive difference of \$3,372,342.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OTHER MAJOR FUNDS

The Food Service Fund revenue for 2019-2020 totaled \$4,268,975 and expenditures were \$4,237,049. The June 30, 2020, fund balance is \$379,921, an increase of \$31,926 from fiscal year 2019. Actual revenues were \$676,972 lower than budgeted due to lower than expected meal sales due to the COVID-19 pandemic and distance learning. Actual expenditures were \$646,791 lower than budgeted mainly due to decreased expenses directly related to changes in meal counts. These variances resulted in the change in fund balance being \$30,181 lower than expected.

The Community Service Fund revenue for 2019-2020 totaled \$7,221,608 and expenditures were \$7,466,701. The June 30, 2020 fund balance is \$740,543, a decrease of \$245,093. The decrease in fund balance is directly related to less program participation in all programs, caused by the COVID-19 pandemic. Many of the accounts that make up the Community Service Fund are reported under specific reserve accounts.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects Fund is where the District's revenues and expenditures for Long Term Facilities Maintenance and new construction are being tracked. Because of the age of its buildings and their total square footage, the District is eligible to levy for funds to finance specific projects to maintain the structural integrity of the buildings. These projects are submitted to the state Department of Education and must be approved prior to authorizing the levy. This fund is permitted to go into deficit to the extent of approved and anticipated revenues.

The Combined Debt Service Funds are comprised of a regular debt service account and an account for Other Postemployment Benefit Bonds. Combined Debt Service Funds revenues and other financing sources exceeded expenditures and other financing uses by \$296,646. Other financing sources of \$6,610,000 are from the issuance of the General Obligation School Building Refunding Bonds, Series 2019A. Proceeds from this bond issuance, along with the related premium of \$636,594 were used to refund, in advance of their stated maturities, the remaining outstanding maturities of the District's Series 2010B General Obligation School Building Refunding Bonds. This is reflected in the other financing uses of \$7,195,000.

Revenues in the Regular Debt Service Fund Account are used to pay off the principal and interest of bonds issued in past years for building construction and improvements. The total fund balance of the regular debt service account at June 30, 2020 is \$1,514,555. The Other Postemployment Benefits Bond Fund records the expenditures and revenues related to repayment of the bonded debt issued to create the Other Postemployment Benefits Trust. The OPEB fund balance of \$214,633, combined with revenues generated by levies on future property taxes, will be used to pay the obligation on the debt as it comes due.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

INTERNAL SERVICE FUND

The District changed to a self-insured plan for dental benefits for District employees effective July 1, 2011, and an Internal Service Fund was created to record related revenues and expenses. The plan is administered by a third party. Revenues continue to exceed expenses. In 2019-2020, revenues exceeded expenses by \$194,153. Total net position for the plan is now \$602,253 or 76% of total claims and expenses. The efficiency in the administration of this funding model and the positive claims experience has allowed the District to maintain the same monthly dental premium amount for five consecutive years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020, the District had invested more than \$249 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total net depreciation expense for the year was \$2,640,737.

**Table A-7
Capital Assets**

	2020	2019	Percentage Change
Land	\$ 1,746,318	\$ 1,746,318	- %
Construction in Progress	52,816,383	20,939,132	152.2
Land Improvements	11,998,703	11,658,238	2.9
Buildings and Improvements	176,202,198	118,426,233	48.8
Equipment	6,923,839	6,347,182	9.1
Less: Accumulated Depreciation	(85,274,911)	(82,634,174)	3.2
Total District Capital Assets	<u>\$ 164,412,530</u>	<u>\$ 76,482,929</u>	115.0

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Long-Term Liabilities

At year-end, the District had \$171,455,000 in general obligation bonds – an increase of \$2,355,000 from last year – as detailed in Note 5 to the financial statements. The increase was due to the issuance of the \$6,610,000 of GO School Building Refunding Bonds, 2019A, partially offset by the refunding of the Series 2010B GO School Building Refunding Bonds, and regularly scheduled principal payments. The District also had an estimated \$1,132,704 in vacation payable at June 30, 2020, an increase of \$197,814 from June 30, 2019. Other compensated absences totaled \$499,040 as of June 30, 2020, which is the amount estimated to be paid in severance to current employees in the future, a decrease of \$222,406 from June 30, 2019.

**Table A-8
Long-Term Liabilities**

	2020	2019	Percentage Change
General Obligation Bonds	\$ 171,455,000	\$ 169,100,000	1.4 %
Net Bond Premium and Discount	14,532,442	14,586,615	(0.4)
Net Pension Liability	66,308,954	66,575,446	(0.4)
Vacation Payable	1,132,704	934,890	21.2
Other Compensated Absences Payable	499,040	721,446	(30.8)
Total Long-Term Liabilities	<u>\$ 253,928,140</u>	<u>\$ 251,918,397</u>	0.8
Long-Term Liabilities:			
Due Within One Year	\$ 5,603,843	\$ 5,508,818	
Due in More Than One Year	248,324,297	246,409,579	
Total	<u>\$ 253,928,140</u>	<u>\$ 251,918,397</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of voter-approved excess operating referendum, the District is dependent on the State of Minnesota for most of its revenue authority. School districts experienced many years without revenue increases which adequately met instructional program needs and increased costs due to inflation.

The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools. The Legislature has added \$126, or 2%, per pupil to the basic general education funding formula for fiscal year 2021.

The COVID-19 pandemic has impacted how the District provides instruction. The District completed the 2019–2020 school year with distance learning. Increased expenditures for personal protective equipment, sanitation supplies, and technology are expected in the upcoming fiscal year. The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The District will continue to seek all available sources of funding, respond to changes in enrollment, maintain systems that ensure financial stability, and adopt budgets that will allow the District to have adequate fund balance reserves in the various components of the General Fund Balance in the upcoming years.

The District completed work on an updated 10-year facilities plan in the spring of 2017. Goals of the plan are to provide the additional space required to accommodate increasing student enrollment, support the learning environment, safety and security needs, and initiatives for students, staff and community; address backlog of deferred maintenance in buildings; improve energy efficiency, and support strategic plan initiatives. The plan is being funded with a combination of a \$144 million GO Construction Bond approved by our taxpayers on November 7, 2017 and a planned \$12 million annual investment of Long-Term Facilities Maintenance funds over the next ten-year period.

The District has completed bond-funded construction at all of its elementary schools. Construction has also been completed at Parkview Center School and Roseville Area Middle School as of September 2020.

Construction at Roseville Area High School is a complex multi-year project that began in the fall of 2018. A new science wing opened on December 3, 2019, followed by the opening of a new career-tech auto shop in March 2020. Major construction will continue at the high school until late 2021. Construction of a new facility to replace Fairview Community Center began in the spring of 2020 and will be completed in fall 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 623, District Center, 1251 West County Road B-2, Roseville, Minnesota 55113.

Bond Ratings

The District's bonds presently carry a Moody's "A3" rating.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$905 million.

BASIC FINANCIAL STATEMENTS

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Investments	\$ 97,729,808	\$ 146,368,712
Cash with Fiscal Agent	20,500	-
Receivables:		
Property Taxes	23,066,856	22,378,073
Other Governments	11,757,815	12,188,992
Other	1,303,602	1,248,476
Prepaid Items	626,884	1,120,594
Inventories	87,847	119,132
Capital Assets:		
Land and Construction in Progress	54,562,701	22,685,450
Other Capital Assets, Net of Depreciation	109,849,829	53,797,479
Total Assets	299,005,842	259,906,908
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension Related	50,668,105	76,677,221
Deferred Outflows - Other Postemployment Benefits Related	586,012	737,124
Total Deferred Outflows	51,254,117	77,414,345
LIABILITIES		
Salaries Payable	313,117	627,018
Accounts and Contracts Payable	22,013,552	8,737,757
Accrued Interest	2,928,923	2,899,026
Due to Other Governmental Units	749,553	272,726
Claims Payable	14,999	31,720
Unearned Revenue	1,174,790	772,967
Long-Term Liabilities:		
Net Pension Liability	66,308,954	66,575,446
Net Other Postemployment Benefits Liability	458,538	159,160
Portion Due Within One Year	5,603,843	5,508,818
Portion Due in More Than One Year	182,015,343	179,834,133
Total Liabilities	281,581,612	265,418,771
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	36,477,917	37,058,392
Gains on Debt Refunding	594,932	706,482
Deferred Inflows - Pension Related	81,399,514	101,158,971
Deferred Inflows - Other Postemployment Benefits Related	230,655	55,800
Total Deferred Inflows of Resources	118,703,018	138,979,645
NET POSITION		
Net Investment in Capital Assets	35,487,015	24,551,012
Restricted for:		
General Fund Operating Capital Purposes	1,563,475	1,146,771
General Fund State-Mandated Reserves	7,665	-
Food Service	379,921	347,995
Community Service	754,657	1,000,733
Capital Projects - Building Construction	3,394,224	6,223,448
Unrestricted	(91,611,628)	(100,347,122)
Total Net Position	\$ (50,024,671)	\$ (67,077,163)

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

Functions	2020				2019	2019
	Expenses	Charges for Services	Program Revenues		Net (Expense)	Net (Expense)
			Operating	Capital	Revenue and	Revenue and
			Grants and Contributions	Grants and Contributions	Change in	Change in
				Total	Total	
				Governmental	Governmental	
				Activities	Activities	
				Net Position	Net Position	
GOVERNMENTAL ACTIVITIES						
Administration	\$ 5,948,248	\$ -	\$ 1,479,774	\$ -	\$ (4,468,474)	\$ (2,126,588)
District Support Services	4,347,348	47,113	474,052	573,770	(3,252,413)	(3,347,081)
Regular Instruction	48,407,934	644,160	12,784,879	356,907	(34,621,988)	(17,980,167)
Vocational Education Instruction	2,187,037	-	11,304	-	(2,175,733)	(1,295,339)
Special Education Instruction	21,823,100	376,011	13,904,253	-	(7,542,836)	(989,465)
Instructional Support Services	9,723,062	2,734	52,270	113,601	(9,554,457)	(6,572,751)
Pupil Support Services	10,808,725	23,451	1,019,519	-	(9,765,755)	(8,301,066)
Sites and Buildings	263,203	5,559	567,184	140,655	450,195	(13,977,044)
Fiscal and Other Fixed Cost Programs	288,494	-	-	-	(288,494)	(270,532)
Food Service	4,156,549	1,113,318	3,155,657	-	112,426	215,244
Community Service	7,534,582	3,971,509	2,180,244	-	(1,382,829)	76,272
Interest and Fiscal Charges on Long-Term Liabilities	6,440,655	-	-	-	(6,440,655)	(6,907,003)
Total School District	<u>\$ 121,928,937</u>	<u>\$ 6,183,855</u>	<u>\$ 35,629,136</u>	<u>\$ 1,184,933</u>	(78,931,013)	(61,475,520)
GENERAL REVENUES						
Property Taxes Levied for:						
					22,070,312	18,800,763
					1,068,872	933,720
					12,493,115	12,433,541
					4,756,765	6,038,867
					53,533,726	49,254,050
					2,015,558	4,860,105
					45,157	99,935
					-	316
					<u>95,983,505</u>	<u>92,421,297</u>
CHANGE IN NET POSITION						
					17,052,492	30,945,777
					(67,077,163)	(98,022,940)
					<u>\$ (50,024,671)</u>	<u>\$ (67,077,163)</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Major Funds			Major Funds		Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2020	2019
ASSETS							
Cash and Investments	\$ 6,543,978	\$ 141,741	\$ 677,538	\$ 82,359,285	\$ 7,339,239	\$ 97,061,781	\$ 145,880,910
Cash with Fiscal Agent	-	-	-	20,500	-	20,500	-
Receivables:							
Current Property Taxes	14,711,047	-	544,477	-	7,279,005	22,534,529	21,966,224
Delinquent Property Taxes	364,623	-	15,420	-	152,284	532,327	411,849
Accounts and Interest Receivable	256,523	132,814	29,133	84,500	-	502,970	460,592
Due from Other Minnesota School Districts	2,013	27,365	483,964	-	-	513,342	411,935
Due from Minnesota Department of Education	8,406,124	-	121,118	-	3,023	8,530,265	9,039,080
Due from Federal through Minnesota Department of Education	1,558,647	244,343	153,706	-	-	1,956,696	2,286,494
Due from Other Governmental Units	714,172	-	43,340	-	-	757,512	451,483
Due from Other Funds	891,712	15,195	22,758	-	-	929,665	919,427
Inventory	40,915	46,932	-	-	-	87,847	119,132
Prepays	614,408	11,166	1,310	-	-	626,884	1,120,594
Total Assets	\$ 34,104,162	\$ 619,556	\$ 2,092,764	\$ 82,464,285	\$ 14,773,551	\$ 134,054,318	\$ 183,067,720
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 199,810	\$ 38,368	\$ 76,212	\$ -	\$ -	\$ 314,390	\$ 628,436
Payroll Deductions and Employer Contributions Payable	(1,345)	1,076	(656)	(348)	-	(1,273)	(1,418)
Accounts and Contracts Payable	576,681	27,582	73,997	21,284,517	-	21,962,777	8,689,775
Due to Other Governmental Units	728,132	-	21,421	-	-	749,553	272,726
Due to Other Funds	-	-	-	129,033	-	129,033	131,543
Unearned Revenue	799,994	172,609	202,187	-	-	1,174,790	772,967
Total Liabilities	2,303,272	239,635	373,161	21,413,202	-	24,329,270	10,494,029
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	22,612,937	-	964,946	-	12,900,034	36,477,917	37,058,392
Unavailable Revenue - Delinquent Property Taxes	337,017	-	14,114	-	144,329	495,460	485,322
Total Deferred Inflows of Resources	22,949,954	-	979,060	-	13,044,363	36,973,377	37,543,714
Fund Balance:							
Nonspendable:							
Inventory	40,915	46,932	-	-	-	87,847	119,132
Prepays	614,408	11,166	1,310	-	-	626,884	1,120,594
Restricted for:							
Operating Capital	1,563,475	-	-	-	-	1,563,475	1,146,771
Community Education	-	-	-	-	-	-	230,671
Early Childhood and Family Education	-	-	190,710	-	-	190,710	161,735
School Readiness	-	-	57,383	-	-	57,383	88,256
Adult Basic Education	-	-	316,570	-	-	316,570	228,031
Safe Schools Levy	7,665	-	-	-	-	7,665	-
Long Term Facilities Maintenance	-	-	-	6,840,015	-	6,840,015	7,345,854
Restricted for Other Purposes	-	321,823	174,570	54,211,068	1,729,188	56,436,649	139,437,557
Unassigned	6,624,473	-	-	-	-	6,624,473	(14,848,624)
Total Fund Balance	8,850,936	379,921	740,543	61,051,083	1,729,188	72,751,671	135,029,977
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 34,104,162	\$ 619,556	\$ 2,092,764	\$ 82,464,285	\$ 14,773,551	\$ 134,054,318	\$ 183,067,720

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
Total Fund Balance for Governmental Funds	\$ 72,751,671	\$ 135,029,977
Total net position 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	1,746,318	1,746,318
Construction in Progress	52,816,383	20,939,132
Land Improvements, Net of Accumulated Depreciation	7,274,111	7,175,955
Buildings and Improvements, Net of Accumulated Depreciation	100,637,968	45,057,101
Equipment, Net of Accumulated Depreciation	1,937,750	1,564,423
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	495,460	485,322
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	(2,928,923)	(2,899,026)
Deferred amounts on refundings are not current financial resources and, therefore, are not reported in the governmental funds.	(594,932)	(706,482)
The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(66,308,954)	(66,575,446)
Deferred Outflows of Resources - Pensions	50,668,105	76,677,221
Deferred Inflows of Resources - Pensions	(81,399,514)	(101,158,971)
The District's Net Other Postemployment Benefits Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Other Postemployment Benefits Liability (Asset)	(458,538)	(159,160)
Deferred Outflows of Resources - Other Postemployment Benefits	586,012	737,124
Deferred Inflows of Resources - Other Postemployment Benefits	(230,655)	(55,800)
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	(171,455,000)	(169,100,000)
Unamortized Premiums	(14,777,286)	(14,876,011)
Unamortized Discounts	244,844	289,396
Vacation Payable	(1,132,704)	(934,890)
Other Compensated Absences	(499,040)	(721,446)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	602,253	408,100
Total Net Position of Governmental Activities	\$ (50,024,671)	\$ (67,077,163)

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2020	2019
REVENUES							
Local Sources:							
Property Taxes	\$ 22,080,685	\$ -	\$ 1,069,855	\$ 4,756,765	\$ 12,471,621	\$ 40,378,926	\$ 38,038,250
Earnings and Investments	170,395	-	-	1,815,526	29,637	2,015,558	4,860,105
Other	2,678,115	1,113,318	4,565,427	-	-	8,356,860	9,503,264
State Sources	79,312,339	168,141	1,081,217	-	30,208	80,591,905	79,415,571
Federal Sources	3,700,151	2,987,516	505,109	-	-	7,192,776	7,584,384
Total Revenues	<u>107,941,685</u>	<u>4,268,975</u>	<u>7,221,608</u>	<u>6,572,291</u>	<u>12,531,466</u>	<u>138,536,025</u>	<u>139,401,574</u>
EXPENDITURES							
Current:							
Administration	5,545,225	-	-	-	-	5,545,225	4,733,506
District Support Services	4,351,885	-	-	-	-	4,351,885	4,149,811
Elementary and Secondary Regular Instruction	42,565,307	-	-	-	-	42,565,307	44,047,533
Vocational Education Instruction	2,039,215	-	-	-	-	2,039,215	1,822,857
Special Education Instruction	20,359,525	-	-	-	-	20,359,525	19,933,088
Instructional Support Services	9,392,968	-	-	-	-	9,392,968	9,002,818
Pupil Support Services	10,424,327	-	-	-	-	10,424,327	10,151,062
Sites and Buildings	6,947,084	-	-	12,793,621	-	19,740,705	19,863,670
Fiscal and Other Fixed Cost Programs	288,494	-	-	-	-	288,494	270,532
Food Service	-	4,106,629	-	-	-	4,106,629	4,535,517
Community Service	12,303	-	7,424,668	-	-	7,436,971	7,871,819
Capital Outlay	1,959,646	130,420	42,033	68,254,658	-	70,386,757	23,530,946
Debt Service:							
Principal	-	-	-	-	5,245,000	5,245,000	4,790,000
Interest and Fiscal Charges	-	-	-	285,939	7,041,414	7,327,353	8,425,237
Total Expenditures	<u>103,885,979</u>	<u>4,237,049</u>	<u>7,466,701</u>	<u>81,334,218</u>	<u>12,286,414</u>	<u>209,210,361</u>	<u>163,128,396</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,055,706	31,926	(245,093)	(74,761,927)	245,052	(70,674,336)	(23,726,822)
OTHER FINANCING SOURCES (USES)							
Sale of Real Property	-	-	-	-	-	-	-
Sale of Equipment	-	-	-	-	-	-	316
Insurance Recovery	45,157	-	-	-	-	45,157	99,935
Issuance of Bonds	-	-	-	8,185,000	6,610,000	14,795,000	-
Bond Premium	-	-	-	114,279	636,594	750,873	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(7,195,000)	(7,195,000)	(16,790,000)
Total Other Financing Sources (Uses)	<u>45,157</u>	<u>-</u>	<u>-</u>	<u>8,299,279</u>	<u>51,594</u>	<u>8,396,030</u>	<u>(16,689,749)</u>
NET CHANGE IN FUND BALANCE	4,100,863	31,926	(245,093)	(66,462,648)	296,646	(62,278,306)	(40,416,571)
FUND BALANCES							
Beginning of Year	4,750,073	347,995	985,636	127,513,731	1,432,542	135,029,977	175,446,548
End of Year	<u>\$ 8,850,936</u>	<u>\$ 379,921</u>	<u>\$ 740,543</u>	<u>\$ 61,051,083</u>	<u>\$ 1,729,188</u>	<u>\$ 72,751,671</u>	<u>\$ 135,029,977</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020	2019
Net Change in Fund Balance - Total Governmental Funds	\$ (62,278,306)	\$ (40,416,571)
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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital Outlays	90,570,338	28,398,928
Gain (Loss) on Disposal of Capital Assets	-	316
Proceeds from the Sales of Capital Assets	-	(316)
Depreciation Expense	(2,640,737)	(2,596,496)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.		
	10,138	168,641
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	(5,983,167)	22,965,506
Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.		
	(625,345)	(752,903)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
	24,592	54,317
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 when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bond Proceeds	(14,795,000)	-
Bond Premium or Discount	(750,873)	-
Payment to Refunded Bond Escrow Agent	7,195,000	16,790,000
Deferred Charges on Refunding Bonds	-	752,961
Repayment of Bond Principal	5,245,000	4,790,000
Change in Accrued Interest - General Obligation Bonds	(29,897)	607,354
Amortization of Bond Premium	849,598	155,994
Amortization of Bond Discount	(44,552)	(44,553)
Amortization of Deferred Gain on Refunding	111,550	46,479
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
	194,153	26,120
Total	\$ 17,052,492	\$ 30,945,777

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 20,533,541	\$ 20,533,541	\$ 22,080,685	\$ 1,547,144
Earnings and Investments	5,000	5,000	170,395	165,395
Other	1,567,000	1,567,000	2,678,115	1,111,115
State Sources	78,773,213	79,641,163	79,312,339	(328,824)
Federal Sources	3,485,859	3,601,224	3,700,151	98,927
Total Revenues	<u>104,364,613</u>	<u>105,347,928</u>	107,941,685	2,593,757
EXPENDITURES				
Current:				
Administration	4,974,584	5,206,659	5,545,225	338,566
District Support Services	4,028,917	4,237,811	4,351,885	114,074
Elementary and Secondary Regular Instruction	43,564,716	43,180,353	42,565,307	(615,046)
Vocational Education Instruction	2,056,064	2,107,786	2,039,215	(68,571)
Special Education Instruction	21,369,318	21,051,388	20,359,525	(691,863)
Community Education and Services	12,072	12,072	12,303	231
Instructional Support Services	9,402,848	9,426,086	9,392,968	(33,118)
Pupil Support Services	9,889,574	10,550,597	10,424,327	(126,270)
Sites and Buildings	6,858,937	6,920,068	6,947,084	27,016
Fiscal and Other Fixed Cost Programs	300,000	300,000	288,494	(11,506)
Capital Outlay	1,643,136	1,671,744	1,959,646	287,902
Total Expenditures	<u>104,100,166</u>	<u>104,664,564</u>	103,885,979	(778,585)
EXCESS OF REVENUES OVER EXPENDITURES	264,447	683,364	4,055,706	3,372,342
OTHER FINANCING SOURCES				
Insurance Recovery	-	-	45,157	45,157
NET CHANGE IN FUND BALANCE	<u>\$ 264,447</u>	<u>\$ 683,364</u>	4,100,863	<u>\$ 3,417,499</u>
FUND BALANCE				
Beginning of Year			4,750,073	
End of Year			<u>\$ 8,850,936</u>	

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 1,424,150	\$ 1,469,356	\$ 1,113,318	\$ (356,038)
State Sources	214,000	309,320	168,141	(141,179)
Federal Sources	2,909,191	3,167,271	2,987,516	(179,755)
Total Revenues	<u>4,547,341</u>	<u>4,945,947</u>	<u>4,268,975</u>	<u>(676,972)</u>
EXPENDITURES				
Current:				
Food Service	4,443,516	4,823,840	4,106,629	(717,211)
Capital Outlay	86,000	60,000	130,420	70,420
Total Expenditures	<u>4,529,516</u>	<u>4,883,840</u>	<u>4,237,049</u>	<u>(646,791)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 17,825</u>	<u>\$ 62,107</u>	31,926	<u>\$ (30,181)</u>
FUND BALANCE				
Beginning of Year			<u>347,995</u>	
End of Year			<u>\$ 379,921</u>	

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,080,769	\$ 1,080,839	\$ 1,069,855	\$ (10,984)
Other - Primarily Tuition and Fees	5,570,407	5,697,436	4,565,427	(1,132,009)
State Sources	1,121,787	1,128,773	1,081,217	(47,556)
Federal Sources	108,916	625,091	505,109	(119,982)
Total Revenues	<u>7,881,879</u>	<u>8,532,139</u>	<u>7,221,608</u>	<u>(1,310,531)</u>
EXPENDITURES				
Current:				
Community Service	7,832,805	8,412,410	7,424,668	(987,742)
Capital Outlay	49,150	88,796	42,033	(46,763)
Total Expenditures	<u>7,881,955</u>	<u>8,501,206</u>	<u>7,466,701</u>	<u>(1,034,505)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (76)</u>	<u>\$ 30,933</u>	(245,093)	<u>\$ (276,026)</u>
FUND BALANCE				
Beginning of Year			<u>985,636</u>	
End of Year			<u>\$ 740,543</u>	

See accompanying Notes to Basic Financial Statements.

ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)

	Governmental Activities - Internal Service Funds	
	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 668,027	\$ 487,802
LIABILITIES		
Current Liabilities:		
Accounts Payable	50,775	47,982
Claims Payable - Medical	14,999	31,720
Total Current Liabilities	65,774	79,702
NET POSITION		
Unrestricted	602,253	408,100
Total Net Position	\$ 602,253	\$ 408,100

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Governmental Activities - Internal Service Funds	
	2020	2019
OPERATING REVENUES		
Charges for Services:		
Dental Insurance Premiums	\$ 986,516	\$ 997,442
OPERATING EXPENSES		
Dental Insurance Claim Payment	737,652	925,121
General Administrative Fees	54,711	46,201
Total Operating Expenses	792,363	971,322
CHANGE IN NET POSITION	194,153	26,120
Net Position - Beginning	408,100	381,980
NET POSITION - ENDING	\$ 602,253	\$ 408,100

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Governmental Activities - Internal Service Funds	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 986,516	\$ 997,442
Payments for Administrative Costs	(51,918)	(39,081)
Payments for Claims	<u>(754,373)</u>	<u>(934,306)</u>
Net Cash Provided by Operating Activities	<u>180,225</u>	<u>24,055</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	180,225	24,055
Cash and Cash Equivalents - Beginning of Year	<u>487,802</u>	<u>463,747</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 668,027</u>	<u>\$ 487,802</u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Position	\$ 194,153	\$ 26,120
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:		
Increase in Accounts Payable	2,793	7,120
Increase in Claims Payable	<u>(16,721)</u>	<u>(9,185)</u>
Total Adjustments	<u>(13,928)</u>	<u>(2,065)</u>
Net Cash Provided by Operating Activities	<u>\$ 180,225</u>	<u>\$ 24,055</u>

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Other Postemployment Benefit Trust	Custodial Fund
ASSETS		
Cash and Investments	\$ 9,389,183	\$ 920,302
Due from Other Governments	-	232,140
Total Assets	9,389,183	1,152,442
LIABILITIES		
Accounts and Contracts Payable	-	61,658
Due to Other Funds	800,632	-
Total Liabilities	800,632	1,152,442
NET POSITION		
Restricted for OPEB/other purposes	\$ 8,588,551	\$ -

See accompanying Notes to Basic Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	Other Postemployment Benefit Trust	Custodial Fund
ADDITIONS		
Investment Income	\$ 792,417	\$ -
Contributions	-	832,140
Total Additions	792,417	832,140
DEDUCTIONS		
Benefits Paid to Participants or Beneficiaries	869,053	-
Purchased Services	-	494,137
Total Deductions	869,053	494,137
CHANGE IN NET POSITION	(76,636)	338,003
Net Position - Beginning of Year	8,665,187	(338,003)
NET POSITION - END OF YEAR	\$ 8,588,551	\$ -

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 623 (the District) 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.

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

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. 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.

Accounting principles generally accepted in the United States of America (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 participants 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. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements. As part of the implementation of GASB Statement No. 84 in the fiscal year ended June 30, 2020, the District's student activity funds were under board control and were moved into the District's General Fund.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The District-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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other 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 purpose for which both restricted and unrestricted net position 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. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. 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 District-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statement of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. The costs of these services are reported in the appropriate functional activity.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 accounting principles generally accepted in the United States of America. 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. Food service sales, community education tuition, and other miscellaneous revenue (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 six-month availability period is generally used for other fund revenue.

2. 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 is as follows:

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. 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.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements, and state aids.

Community Service Special Revenue Fund

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. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state aids.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund

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

Proprietary Funds

Internal Service Fund

The Internal Service Fund is established to account for the District's self-insured dental insurance plan for its employees.

Fiduciary Funds

Other Postemployment Benefit Trust

The Other Postemployment Benefit Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Custodial Fund

The Custodial Fund is established to account for cash and other assets held by the District as the agent for others. This fund is used to account for a local collaborative time study grant.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budget amounts include mid-year budget amendments as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 104,364,613	\$ 983,315	\$ 105,347,928
Special Revenue Fund:			
Food Service Fund	4,547,341	398,606	4,945,947
Community Service Fund	7,881,879	650,260	8,532,139
<u>Expenditures</u>			
General Fund	\$ 104,100,166	\$ 564,398	\$ 104,664,564
Special Revenue Funds:			
Food Service Fund	4,529,516	354,324	4,883,840
Community Service Fund	7,881,955	619,251	8,501,206

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations.

G. 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.

H. Inventories

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted.

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and balance sheet 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 then. The District has two items in this category, one related to pensions (see Note 7 for details), and one related to other postemployment benefits (see Note 8 for details).

In addition to liabilities, the statement of financial position and balance sheet 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 five types of deferred inflows, two of which are related to revenue recognition. The first is property taxes levied for subsequent year. As an imposed nonexchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflow of resources is delinquent property taxes. Governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements. The third type of deferred inflow is for deferred gain on refunding, which is being amortized over the life of the bonds. The fourth type of deferred inflow is related to pensions (see Note 7 for details). The fifth type is related to other postemployment benefits (see Note 8 for details).

K. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Taxes (Continued)

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 year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) 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".

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. 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, 2020, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, 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 20 to 50 years for land improvements and buildings, and five to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Pensions

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

O. Accrued Employee Benefits

Vacation Pay

The District's twelve-month employees are entitled to annual vacations. These benefits are reported as liabilities in the government-wide financial statements and as expenditures when taken in the fund financial statements.

Sick Pay

Substantially all district employees are entitled to sick leave at various rates. For certain employees, unused sick leave is a factor in the calculation of an employee's severance pay upon retirement.

Severance and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments and postemployment health care benefits. Accounting policies for severance and health benefits are described below.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

1. Early Retirement Incentive and Convertible Sick Leave

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. For substantially all employees, early retirement incentive benefits are eliminated if employment with the District occurred subsequent to July 1, 1994. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. If retirement occurs by year-end, the related benefits are included with salaries and other compensated absences as a current liability. See Note 5 for further information.

2. Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach specified age requirements such as Medicare eligibility. These plans are no longer available to employees hired subsequent to July 1, 1994. The long-term portion of the postemployment health care benefits liability is included as Other Postemployment Benefits of long-term debt. See Note 8 for further information.

P. Fund Balance

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

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent or the Superintendent's designee to assign fund balances and its intended uses.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy established a year-end target unassigned fund balance of 3% of the annual budget.

Q. 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; natural disasters and workers compensation. 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. The District is self-insured for dental benefits. See Note 12 for details.

R. Net Position

Net position represents the difference between assets, deferred outflows of resources and liabilities, and deferred inflows of resources 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 are reported as restricted in the District-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Any residual net position/(deficit) is reported as unrestricted.

S. Comparative Data

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2020:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Debt Service Fund	\$ 12,210,163	\$ 12,286,414	\$ 76,251

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The carrying value and bank balance of the District's deposits, excluding fiduciary funds, in banks at June 30, 2020 is \$22,237,698 and \$23,995,799, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2020, the District's petty cash fund totaled \$1,620.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- 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 and received the highest credit rating, is 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 rate “A” or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements 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.

In addition, investments held in the Other Postemployment Benefits Irrevocable Trust Fund may be invested as authorized by Minnesota State Statute 356A.06, Subdivision 7.

At June 30, 2020, the District had the following investments:

	Amortized Cost
MSDLAF+ Liquid Class	\$ 14,335,055
MSDLAF+ MAX Class	18,754,963
Money Market Mutual Fund	54,495
Total Investments at Amortized Cost	\$ 33,144,513

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

MSDLAF's investments are restricted to securities described in Minnesota Statutes §118.04. MSDLAF's Term Series portfolios are separate portfolios with a fixed investment term and a designated maturity. A Term Series portfolio consists of investments in certificates of deposit, obligations of the U.S. Government, its agencies and instrumentalities, and municipal obligations. These investments are reported at amortized cost.

	Fair Value
US Treasury Note	\$ 6,703,250
Federal Home Loan Bank Notes	11,114,317
Federal National Mortgage Association Notes	6,667,173
Federal Home Loan Mortgage Corporation Notes	4,014,375
Commercial Paper	7,315,185
Municipal Bonds	7,472,479
MN State Board of Investments Internal Fixed Pool	9,389,183
Total Investments at Fair Value	\$ 52,675,962

The District has established an Other Postemployment Benefits Irrevocable Trust Fund, which is administered by PERA, in accordance with Minnesota Statute 471.6175. In accordance with this statute, funds must be invested with the State Board of Investments (SBI). The District's trust funds are invested in an external investment pool comprised of fixed income securities. The average years to maturity for this investment pool is less than one year. The SBI investments are unrated. The fair value of the position in the pool is the same as the value of pool shares.

Custodial Credit Risk – For an investment, custodial risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the School District's investments:

	<u>Credit Rating</u>	<u>Amount</u>
Federal Home Loan Bank Notes	AA	\$ 11,114,317
Federal National Mortgage Association Notes	AA	6,667,173
Federal Home Loan Mortgage Corporation Notes	AA	4,014,375
Commercial Paper	A-1	7,315,185
Municipal Bonds	AAA	6,880,059
Municipal Bonds	AA	592,420
MN State Board of Investments Internal Fixed Pool	Not Rated	9,389,183
MSDLAF+ Liquid Class	AAAm	14,335,055
MSDLAF+ MAX Class	Not Rated	18,754,963
Money Market Mutual Fund	AAAm	54,495

Concentration of Credit Risk

The District places no limit on the amount that the District may invest in any one issuer. The District's investments with issuers that individually comprise more than 5% of the District's investments are as follows:

<u>Issuer:</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 11,114,317
Federal National Mortgage Association	6,667,173

The following table shows the distribution of the District's investments by maturity:

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
US Treasury Note	\$ 6,703,250	\$ 3,528,172	\$ 3,175,078	\$ -
Federal Home Loan Bank Notes	11,114,317	7,822,659	3,291,658	-
Federal National Mortgage Association	6,667,173	6,667,173	-	-
Federal Home Loan Mortgage Corporation	4,014,375	4,014,375	-	-
Commercial Paper	7,315,185	7,315,185	-	-
Municipal Bonds	7,472,479	6,701,458	771,021	-
MN SBI Internal Fixed Pool	9,389,183	9,389,183	-	-
MSDLAF+ Liquid Class	14,335,055	14,335,055	-	-
MSDLAF+ MAX Class	18,754,963	18,754,963	-	-
Money Market Mutual Fund	54,495	54,495	-	-
Total	<u>\$ 85,820,475</u>	<u>\$ 78,582,718</u>	<u>\$ 7,237,757</u>	<u>\$ -</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 97,729,808
Cash and Investments - Statement of Fiduciary Net Position	10,309,485
Total Cash and Investments	<u>\$ 108,059,793</u>

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Assets measured at fair valued on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
US Treasury Note	\$ 6,703,250	\$ -	\$ -	\$ 6,703,250
Federal Home Loan Bank Note	-	11,114,317	-	11,114,317
Federal National Mortgage Association Note	-	6,667,173	-	6,667,173
Federal Home Loan Mortgage Corporation Note	-	4,014,375	-	4,014,375
Commercial Paper	-	7,315,185	-	7,315,185
Municipal Bonds	-	7,472,479	-	7,472,479
MN SBI Internal Fixed Pool	9,389,183	-	-	9,389,183
Total	<u>\$ 16,092,433</u>	<u>\$ 36,583,529</u>	<u>\$ -</u>	<u>\$ 52,675,962</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,746,318	\$ -	\$ -	\$ 1,746,318
Construction in Progress	20,939,132	52,753,412	(20,876,161)	52,816,383
Total Capital Assets, Not Being Depreciated	1,746,318	52,753,412	(20,876,161)	54,562,701
Capital Assets, Being Depreciated				
Land Improvements	11,658,238	340,465	-	11,998,703
Buildings and Improvements	118,426,233	57,775,965	-	176,202,198
Equipment	6,347,182	576,657	-	6,923,839
Total Capital Assets, Being Depreciated	136,431,653	58,693,087	-	195,124,740
Accumulated Depreciation for:				
Land Improvements	(4,482,283)	(242,309)	-	(4,724,592)
Buildings and Improvements	(73,369,132)	(2,195,098)	-	(75,564,230)
Equipment	(4,782,759)	(203,330)	-	(4,986,089)
Total Accumulated Depreciation	(82,634,174)	(2,640,737)	-	(85,274,911)
Total Capital Assets, Being Depreciated, Net	53,797,479	56,052,350	-	109,849,829
Governmental Activities Capital Assets, Net	<u>\$ 55,543,797</u>	<u>\$ 108,805,762</u>	<u>\$ (20,876,161)</u>	<u>\$ 164,412,530</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the District as follows:

Governmental Activities

District Support Services	\$ 57,514
Regular Instruction	2,407,619
Special Education Instruction	2,604
Instructional Support Services	25,292
Sites and Buildings	115,468
Food Service	31,852
Community Service	388
Total Depreciation Expense, Governmental Activities	<u><u>\$ 2,640,737</u></u>

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Series Number	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
11/5/2013	2.71%	2013B	\$ 6,850,000	2/1/2026	\$ 570,000	\$ 3,850,000
10/5/2017	1.30-3.125%	2017A	18,420,000	2/1/2029	405,000	17,390,000
12/28/2017	4.00%	2017B	9,995,000	2/1/2032	-	9,995,000
2/1/2018	4.00-5.00%	2018A	130,045,000	2/1/2038	2,620,000	125,425,000
11/6/2019	5.00%	2019A	6,610,000	2/1/2025	1,695,000	6,610,000
4/23/2020	2.00-4.00%	2020A	8,185,000	2/1/2040	160,000	8,185,000
Total General Obligation Bonds					5,450,000	171,455,000
Bond Premiums					-	14,777,286
Bond Discounts					-	(244,844)
Accrued Vacation					-	1,132,704
Other Compensated Absences Payable					153,843	499,040
Total					<u><u>\$ 5,603,843</u></u>	<u><u>\$ 187,619,186</u></u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including severance, health benefits payable, or other compensated absences are as follows:

<u>Year Ending June 30,</u>	General Obligation Bonds Payable	
	Principal	Interest
2020	\$ 5,450,000	\$ 7,017,936
2021	6,690,000	6,735,930
2022	6,990,000	6,419,930
2023	7,460,000	6,102,992
2024	7,460,000	5,775,968
2025-2029	48,950,000	23,253,937
2030-2034	51,475,000	12,654,128
2035-2039	36,980,000	3,064,743
Total	\$ 171,455,000	\$ 71,025,564

C. Description of Long-Term Debt

General Obligation School Building Bonds

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

On February 1, 2018, the District issued \$130,045,000 of General Obligation School Building Bonds, Series 2018A with interest rates ranging between 4.00% and 5.00%. The proceeds will be used to finance the acquisition and betterment of school sites and facilities, as authorized in a referendum on November 7, 2017.

On April 23, 2020, the District issued \$8,185,000 of General Obligation Facilities Maintenance Bonds, Series 2020A with interest rates ranging between 2.00% and 4.00%. The proceeds will be used to finance deferred maintenance projects included in the ten-year facility plan of the District.

General Obligation Taxable OPEB Bonds

These bonds were issued for funding actuarial liabilities to pay other postemployment benefits. Assets of the OPEB Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Taxable OPEB Bonds (Continued)

On October 5, 2017, the District issued \$18,420,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2017A with interest rates ranging between 1.300% and 3.125%. The District issued the bonds to refund, in advance of their stated maturities, \$16,790,000 of the outstanding series 2009A General Obligation Taxable OPEB Bonds with interest rates ranging between 6.00% and 7.25%. The proceeds were used to call, in advance of their maturity, the remaining outstanding maturities of the 2009A bonds on their call date of February 1, 2019.

General Obligation Refunding Bonds

On November 5, 2013, the District issued \$6,850,000 of General Obligation School Building Refunding Bonds, Series 2013B. A total of \$7,185,000 of the proceeds (including bond premium of \$434,145) were used to refund, in advance of their stated maturities, the remaining outstanding maturities of the District's Series 2004 General Obligation School Building Refunding Bonds.

On November 6, 2019, the District issued \$6,610,000 of General Obligation School Building Refunding Bonds, Series 2019A. A total of \$7,195,000 of the proceeds (including bond premium of \$636,594) were used to refund, in advance of their stated maturities, the remaining outstanding maturities of the District's Series 2010B General Obligation School Building Refunding Bonds. This current refunding will reduce total debt service payments over the next 5 years by approximately \$404,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$380,000.

General Obligation Facilities Maintenance Bonds

On December 28, 2017, the District issued \$9,995,000 of General Obligation Facilities Maintenance Bonds, Series 2017B, bearing interest at a rate of 4.00%. The proceeds of this issuance will be used to finance a portion of the costs of deferred maintenance and health and safety projects included in the District's ten-year facility plan approved by the Commissioner of Education.

Severance and Other Postemployment Benefits Payable

Severance and other postemployment benefits payable consist of early retirement incentive payments, administrator experience benefits and postemployment health insurance benefits payable to employees upon retirement.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Debt

	June 30, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	\$ 169,100,000	\$ 14,795,000	\$ 12,440,000	\$ 171,455,000
Bond Premiums	14,876,011	750,873	849,598	14,777,286
Bond Discount	(289,396)	-	(44,552)	(244,844)
Vacation Payable	934,890	867,729	669,915	1,132,704
Other Compensated Absences	721,446	-	222,406	499,040
Total	<u>\$ 185,342,951</u>	<u>\$ 16,413,602</u>	<u>\$ 14,137,367</u>	<u>\$ 187,619,186</u>

Governmental compensated absences and retirement benefits are typically liquidated (paid) by the operating funds.

NOTE 6 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted fund balances at June 30, 2020 are as follows:

- a. Restricted for Operating Capital - The District levies taxes and receives state aid to be used for the purchase of equipment or facilities. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a reservation of fund balance in the General Fund.
- b. Restricted for School Readiness - The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.
- c. Restricted for Adult Basic Education - The fund balance restriction represents the balance of carryover monies for all activity involving Adult Basic Education.
- d. Restricted for Community Education Programs - The fund balance restriction represents accumulated resources available to provide general community education programming.
- e. Restricted for Safe Schools Levy - This fund balance restriction represents unspent resources available from the safe schools levy.
- f. Restricted for Early Childhood and Family Education Programs - This fund balance restricted represents accumulated resources available to provide services for early childhood and family education programming.

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 FUND BALANCES (CONTINUED)

- g. Restricted for Long Term Facilities Maintenance - Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's 10-year plan.
- h. Restricted for Other Purposes - This fund balance represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

NOTE 7 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The District participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA). PERA's and TRA's defined benefit 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 School other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. 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.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.

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

1. General Employees 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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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 or Tier II benefits as described.

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up 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 Up 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) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

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. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members 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.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020 were \$1,285,825. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year were:

	2020	
	Employee	Employer
Basic	11.00%	11.92%
Coordinated	7.50%	7.92%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2020 were \$3,813,848. The District's contributions were equal to the required contributions for each year as set by state statute.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2020, the District reported a liability of \$12,716,185 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 in 2019. 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 \$395,316, for a total net pension liability of \$13,111,501 associated with the District. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the District's proportion was 0.2300%. The District's proportion share at June 30, 2018 was 0.2385%.

For the year ended June 30, 2020, the District recognized pension expense of \$1,202,097 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$29,599 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, 2020, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 352,412	\$ -
Changes in Actuarial Assumptions	-	999,501
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,288,935
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	665,640
District Contributions Subsequent to the Measurement Date	1,285,825	-
Total	<u>\$ 1,638,237</u>	<u>\$ 2,954,076</u>

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

Of the resources related to pensions resulting from District contributions subsequent to the measurement date, \$1,285,825 is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (973,269)
2022	(1,262,081)
2023	(386,805)
2024	20,491
2025	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$53,592,769 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to 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 0.8408% at the end of the measurement period and 0.8493% for 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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 53,592,769
State's Proportionate Share of the Net Pension Liability Associated with the District	4,742,755

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$15,981,328. It also recognized \$360,509 as pension expense and grant revenue for the support provided by direct aid.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 7,619	\$ 1,301,363
Changes in Actuarial Assumptions	45,100,569	71,097,772
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	4,441,185
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	107,832	1,605,118
District Contributions Subsequent to the		
Measurement Date	3,813,848	-
Total	<u>\$ 49,029,868</u>	<u>\$ 78,445,438</u>

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$3,813,848 is reported as deferred outflows and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 2,734,274
2022	(614,963)
2023	(20,516,888)
2024	(14,598,924)
2025	(232,917)
Thereafter	-

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Aggregate Pension Costs

	TRA	GERF	Total
Net Pension Liability	\$ 53,592,769	\$ 12,716,185	\$ 66,308,954
Deferred Outflows of Resources	49,029,868	1,638,237	50,668,105
Deferred Inflows of Resources	78,445,438	2,954,076	81,399,514
Pension Expense	16,341,837	1,231,696	17,573,533

E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per year	2.50%
Active Member Payroll Growth	3.25% per year	2.85% for 10 years and 3.25% Thereafter
Investment Rate of Return	7.50%	7.50%

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

Actuarial assumptions used in the PERA June 30, 2019 valuation were based on the results of actuarial experience studies. The recent four-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.

TRA pre-retirement mortality rates were based on the 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 mortality rates were based on the 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 mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

TRA assumptions are based on the full experience study dated June 2015 and the study of the economic assumptions presented to the Board in November 2017.

Actuarial assumptions used in the June 30, 2019, 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.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2019:

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The following changes in actuarial assumptions for TRA occurred in 2018:

- 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 with 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 0% 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 four years, (7.92% in 2019, 8.13% 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 an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%

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

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.00 %	5.10%
Private Markets	25.00	5.90%
Fixed Income	20.00	0.75%
International Equity	17.50	5.90%
Cash Equivalents	2.00	0.00%
Totals	99.50 %	

F. Discount Rate

The discount rate used to measure the total General Employees Plan pension liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current 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.

The discount rate used to measure the TRA pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year's 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

The following 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 one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 20,904,723	\$ 12,716,185	\$ 5,954,919
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 85,439,977	\$ 53,592,769	\$ 27,335,215

H. Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary's net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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 #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses. The plan includes 1,001 active participants, 271 retired participants, and 115 spouses. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. For fiscal year 2020, the District made no contribution to the plan; the current year benefits were paid from the District's OPEB Trust Fund.

C. Net OPEB Liability (Asset) of the District

The components of the net OPEB liability (asset) of the District at June 30, 2020 were as follows:

Total OPEB Liability	\$	9,047,089
Plan Fiduciary Net Position		8,588,551
District's Net OPEB Liability (Asset)	<u>\$</u>	<u>458,538</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)		95%

D. Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of July 1, 2018. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

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

Inflation		2.50%
Salary Increases		3.00%
Investment Rate of Return		4.30%
20-Year Municipal Bond Yield		2.40%
Health Care Trend Rates		6.00% decreasing to 5.00% over 5 years

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	100.00 %	<u>4.30 %</u>
Net Assumed Investment Return		<u><u>4.30 %</u></u>

The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments.

The expected employer asset return is based on the long-term expected return on short-term/cash-equivalent assets using our capital market assumption model.

Since the most recent valuation, the following changes have been made:

- The discount rate was changed from 3.50% to 3.00%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	\$ 8,824,347	\$ 8,665,187	\$ 159,160
Changes for the Year:			
Service Cost	543,390	-	543,390
Interest Cost	312,793	-	312,793
Assumption Changes	235,612	-	235,612
Contributions-Employer	-	68,417	(68,417)
Net Investment income	-	724,000	(724,000)
Benefit Payments	(869,053)	(869,053)	-
Net Changes	<u>222,742</u>	<u>(76,636)</u>	<u>299,378</u>
Balances at June 30, 2020	<u>\$ 9,047,089</u>	<u>\$ 8,588,551</u>	<u>\$ 458,538</u>

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB Liability (Asset)	\$ 1,031,360	\$ 458,538	\$ (80,803)

**ROSEVILLE AREA SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.00% decreasing to 4.00%) or 1% point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.00% Decreasing to 4.00% over 6 Years)	Current Trend Rates (6.00% Decreasing to 5.00% over 6 Years)	1% Increase (7.00% Decreasing to 6.00% over 6 Years)
Net OPEB Liability (Asset)	\$ (464,966)	\$ 458,538	\$ 1,541,155

For the year ended June 30, 2020, the District recognized OPEB expense of \$693,763. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 227,470	\$ -
Change of Assumptions	358,542	41,851
Net Difference Between Projected and Actual Investment Earnings	-	188,804
Total	<u>\$ 586,012</u>	<u>\$ 230,655</u>

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

Year Ending June 30,	Future Recognition
2021	\$ 209,119
2022	109,704
2023	6,050
2024	(36,833)
2025	33,659
Thereafter	33,658
Total	<u>\$ 355,357</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is July 1 to June 30, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the plan, whether or not such contributions have been made.

All assets of the plan are administered by a third-party administrator, and held with a trustee according to a trust agreement established between the plan administrator and the trustee. Payments are made by the third-party administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant.

NOTE 10 INTERFUND BALANCES

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

	Due from Other Fund	Due to Other Fund
General Fund	\$ 891,712	\$ -
Special Revenue Funds:		
Food Service Fund	15,195	-
Community Service Fund	22,758	-
Capital Projects Fund	-	129,033
Other Postemployment Benefits Trust	-	800,632
Total	\$ 929,665	\$ 929,665

The purpose of these interfund balances is as follows:

The Other Postemployment Benefits Trust owes the General Fund, Food Service Fund, and Community Service Fund for OPEB payments made by those funds. The capital projects fund owes the General Fund for capital project expenses paid out of the General Fund.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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.

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management believes the resolution of these matters will not have a material impact on the District.

C. Commitments

The District has remaining construction contract commitments at June 30, 2020 on ongoing projects of \$60,193,069.

NOTE 12 DENTAL SELF-INSURANCE PLAN

The District established a self-insured plan for dental benefits for District employees effective July 1, 2011, and an Internal Service Fund was created to record related revenues and expenditures. The plan is administered by a third party. Total premiums paid in the year ended June 30, 2020 were \$986,516 while total claims payments and administration fees were \$737,652 and \$54,711, respectively.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2020, there is a reserve of \$602,253.

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 DENTAL SELF-INSURANCE PLAN (CONTINUED)

There were no liabilities in excess of claims paid at June 30, 2020. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$668,027 in cash and investments at June 30, 2020 for payment of claims. Schedule of changes in claims liability is as follows:

	<u>2020</u>	<u>2019</u>
Beginning of Fiscal Year Liability - July 1	\$ 31,720	\$ 40,905
Current Year Claims, Changes in Estimates, and Other Charges	737,652	925,121
Payments on Claims	<u>(754,373)</u>	<u>(934,306)</u>
End of Fiscal Year Liability - June 30	<u>\$ 14,999</u>	<u>\$ 31,720</u>

NOTE 13 GYMNASISTICS GYMNASIUM AGREEMENT

In 1996, the City of Roseville (the City) paid \$920,000 to the District to construct a gymnastics gymnasium. Under the terms of the agreement, the City will allow the District to utilize the gymnasium in turn for the City's ability to use the High School. In addition, the District has borne the costs of constructing a parking lot in proximity to the gymnasium. The agreement is cancelable by either party with 90 days' written notice. In the event of termination, the City will be entitled to the depreciated value of its investment, based on a 50-year life depreciated on a straight-line basis.

REQUIRED SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2020, 2019, 2018 AND 2017**

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 543,390	\$ 491,646	\$ 350,169	\$ 305,193
Interest	312,793	366,477	407,579	415,532
Changes of Benefit Terms	-	23,877	-	-
Differences Between Expected and Actual Experience	-	379,117	-	-
Changes of Assumptions	235,612	(69,751)	313,178	-
Benefit Payments	(869,053)	(787,884)	(892,054)	(956,705)
Net Change in Total OPEB Liability	<u>222,742</u>	<u>403,482</u>	<u>178,872</u>	<u>(235,980)</u>
Total OPEB Liability - Beginning	8,824,347	8,420,865	8,241,993	8,477,973
Total OPEB Liability - Ending (a)	<u>\$ 9,047,089</u>	<u>\$ 8,824,347</u>	<u>\$ 8,420,865</u>	<u>\$ 8,241,993</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ -	\$ -	\$ -	\$ -
Plan Member Contributions	-	-	-	-
Net Investment Income	792,417	730,983	(35,777)	91,284
Benefits Paid	(869,053)	(787,884)	(892,054)	(956,705)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>(76,636)</u>	<u>(56,901)</u>	<u>(927,831)</u>	<u>(865,421)</u>
Plan Fiduciary Net Position - Beginning	8,665,187	8,722,088	9,649,919	10,515,340
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,588,551</u>	<u>\$ 8,665,187</u>	<u>\$ 8,722,088</u>	<u>\$ 9,649,919</u>
District's Net OPEB Liability (Asset) - Ending (a) - (b)	\$ 458,538	\$ 159,160	\$ (301,223)	\$ (1,407,926)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.93%	98.20%	103.58%	117.08%
Covered-Employee Payroll	\$ 61,218,059	\$ 59,435,009	\$ 52,665,303	\$ 51,131,362
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	0.75 %	0.27 %	(0.57)%	(2.75)%

*The District implemented GASB Statement Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB
 JUNE 30, 2020**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.60%
2018	5.00%
2019	8.40%
2020	8.40%

*The District implemented GASB Statements Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST SIX MEASUREMENT DATES**

PERA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2300%	0.2385%	0.2451%	0.2488%	0.2535%	0.2717%
District's Proportionate Share of the Net Pension Liability	\$ 12,716,185	\$ 13,231,002	\$ 15,647,022	\$ 20,201,326	\$ 13,137,686	\$ 12,763,105
State's Proportionate Share of the Net Pension Liability Associated with District	395,231	433,960	196,782	263,785	-	-
Total	<u>\$ 13,111,416</u>	<u>\$ 13,664,962</u>	<u>\$ 15,843,804</u>	<u>\$ 20,465,111</u>	<u>\$ 13,137,686</u>	<u>\$ 12,763,105</u>
District's Covered Payroll	\$ 16,012,200	\$ 16,000,773	\$ 15,790,987	\$ 15,459,267	\$ 14,916,610	\$ 14,186,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	81.88%	85.40%	100.33%	132.38%	88.07%	89.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

TRA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8408%	0.8493%	0.8589%	0.8565%	0.8650%	0.8650%
District's Proportionate Share of the Net Pension Liability	\$ 53,592,769	\$ 53,344,444	\$ 171,452,020	\$ 204,295,686	\$ 53,508,805	\$ 41,287,030
State's Proportionate Share of the Net Pension Liability Associated with District	4,742,755	5,011,862	16,573,240	20,506,603	6,563,362	2,904,390
Total	<u>\$ 58,335,524</u>	<u>\$ 58,356,306</u>	<u>\$ 188,025,260</u>	<u>\$ 224,802,289</u>	<u>\$ 60,072,167</u>	<u>\$ 44,191,420</u>
District's Covered Payroll	\$ 47,629,157	\$ 46,866,133	\$ 46,142,533	\$ 44,692,867	\$ 44,031,293	\$ 44,031,293
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	112.52%	113.82%	371.57%	457.11%	121.52%	93.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST SIX FISCAL YEARS**

PERA Schedule of District Contributions

	Fiscal Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,285,825	\$ 1,200,915	\$ 1,200,058	\$ 1,184,324	\$ 1,159,445	\$ 1,100,100
Contributions in Relation to the Statutorily Required Contribution	(1,285,825)	(1,200,915)	(1,200,058)	(1,184,324)	(1,159,445)	(1,100,100)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 17,144,333	\$ 16,012,200	\$ 16,000,773	\$ 15,790,987	\$ 15,459,267	\$ 14,916,610
Contributions as a Percentage of Covered Payroll	7.500%	7.500%	7.500%	7.500%	7.500%	7.375%

TRA Schedule of District Contributions

	Fiscal Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 3,813,848	\$ 3,672,208	\$ 3,514,960	\$ 3,460,690	\$ 3,351,965	\$ 3,302,347
Contributions in Relation to the Statutorily Required Contribution	(3,813,848)	(3,672,208)	(3,514,960)	(3,460,690)	(3,351,965)	(3,302,347)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 49,466,252	\$ 47,629,157	\$ 46,866,133	\$ 46,142,533	\$ 44,692,867	\$ 44,031,293
Contributions as a Percentage of Covered Payroll	7.71%	7.71%	7.50%	7.50%	7.50%	7.50%

The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

2016

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

A. Coordinated Plan

2019

- No changes.

2018

- 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 with 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 0% 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 four years, (7.92% in 2019, 8.13% 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 an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%

2017

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Post-retirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the year ended June 30:

2020

- The discount rate was changed from 3.50% to 3.00%

2019

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- Pre-age 55 employees on long-term disability (LTD) are assumed to continue on one of the District's medical plans for five years. Previously, they were assumed to continue until age 65.
- The expected long-term investment return was changed from 5.00% to 4.30%
- The discount rate was changed from 4.30% to 3.50%

2018

- The expected long-term investment return was changed from 5.60% to 5.00%
- The discount rate was changed from 5.00% to 4.30%

SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
ASSETS		
Cash and Investments	\$ 6,543,978	\$ 2,961,550
Receivables:		
Current Taxes	14,711,047	14,475,183
Delinquent Taxes	364,623	291,086
Accounts and Interest Receivable	256,523	61,620
Due from Other Minnesota School Districts	2,013	10,541
Due from Minnesota Department of Education	8,406,124	8,776,351
Due from Federal Through the Minnesota Department of Education	1,558,647	2,186,668
Due from Other Governmental Units	714,172	419,277
Due from Other Funds	891,712	882,644
Inventory	40,915	68,812
Prepays	614,408	680,967
	\$ 34,104,162	\$ 30,814,699
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 199,810	\$ 462,623
Payroll Deductions and Employer Contributions Payable	(1,345)	(1,031)
Accounts and Contracts Payable	576,681	1,136,951
Due to Other Minnesota School Districts	413,183	168,463
Due to Other Governmental Units	314,949	87,546
Unearned Revenue	799,994	578,990
Total Liabilities	2,303,272	2,433,542
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	22,612,937	23,283,694
Unavailable Revenue - Delinquent Taxes	337,017	347,390
Total Deferred Inflows of Resources	22,949,954	23,631,084
Fund Balance:		
Nonspendable:		
Inventory	40,915	68,812
Prepays	614,408	680,967
Restricted for:		
Operating Capital	1,563,475	1,146,771
Safe Schools Crime Levy	7,665	-
Unassigned	6,624,473	2,853,523
Total Fund Balance	8,850,936	4,750,073
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 34,104,162	\$ 30,814,699

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 20,533,541	\$ 22,080,685	\$ 1,547,144	\$ 18,702,561
Earnings and Investments	5,000	170,395	165,395	230,915
Other	1,567,000	2,678,115	1,111,115	2,618,594
State Sources	79,641,163	79,312,339	(328,824)	78,013,377
Federal Sources	3,601,224	3,700,151	98,927	3,923,104
Total Revenues	105,347,928	107,941,685	2,593,757	103,488,551
EXPENDITURES				
Current:				
Administration:				
Salaries	3,654,426	3,879,822	225,396	3,322,460
Employee Benefits	1,405,433	1,531,968	126,535	1,315,712
Purchased Services	70,150	81,484	11,334	44,077
Supplies and Materials	7,750	6,847	(903)	7,462
Other Expenditures	68,900	45,104	(23,796)	43,795
Total Administration	5,206,659	5,545,225	338,566	4,733,506
District Support Services:				
Salaries	1,907,697	2,134,127	226,430	1,804,023
Employee Benefits	828,263	886,266	58,003	803,864
Purchased Services	250,962	164,367	(86,595)	369,152
Supplies and Materials	1,280,433	1,218,192	(62,241)	1,173,494
Other Expenditures	(29,544)	(51,067)	(21,523)	(722)
Total District Support Services	4,237,811	4,351,885	114,074	4,149,811
Elementary and Secondary Regular Instruction:				
Salaries	29,057,026	28,609,932	(447,094)	29,146,031
Employee Benefits	11,117,330	11,033,241	(84,089)	11,086,459
Purchased Services	2,006,217	1,774,821	(231,396)	2,504,061
Supplies and Materials	945,131	1,077,669	132,538	1,290,826
Other Expenditures	54,649	69,644	14,995	20,156
Total Elementary and Secondary Regular Instruction	43,180,353	42,565,307	(615,046)	44,047,533

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 1,146,039	\$ 1,123,097	\$ (22,942)	\$ 1,000,568
Employee Benefits	457,984	440,705	(17,279)	409,451
Purchased Services	496,763	462,204	(34,559)	383,011
Supplies and Materials	7,000	13,209	6,209	29,827
Total Vocational Education Instruction	2,107,786	2,039,215	(68,571)	1,822,857
Special Education Instruction:				
Salaries	13,401,832	13,258,302	(143,530)	12,971,559
Employee Benefits	5,784,641	5,761,467	(23,174)	5,751,042
Purchased Services	1,674,538	1,221,660	(452,878)	1,081,340
Supplies and Materials	184,752	115,357	(69,395)	124,150
Other Expenditures	5,625	2,739	(2,886)	4,997
Total Special Education Instruction	21,051,388	20,359,525	(691,863)	19,933,088
Community Education and Services:				
Purchased Services	12,072	12,303	231	11,802
Instructional Support Services:				
Salaries	6,321,386	6,405,582	84,196	6,081,202
Employee Benefits	2,437,271	2,411,632	(25,639)	2,384,624
Purchased Services	339,364	299,884	(39,480)	277,673
Supplies and Materials	292,751	217,692	(75,059)	229,892
Other Expenditures	35,314	58,178	22,864	29,427
Total Instructional Support Services	9,426,086	9,392,968	(33,118)	9,002,818
Pupil Support Services:				
Salaries	2,191,997	2,044,132	(147,865)	1,957,410
Employee Benefits	922,206	907,428	(14,778)	836,231
Purchased Services	933,476	343,312	(590,164)	430,280
Supplies and Materials	19,195	113,355	94,160	20,895
Other Expenditures	550	(315)	(865)	256
Total Pupil Support Services	4,067,424	3,407,912	(659,512)	3,245,072

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 2,884,130	\$ 2,840,333	\$ (43,797)	\$ 2,870,003
Employee Benefits	1,349,088	1,394,067	44,979	1,375,988
Purchased Services	1,686,350	1,685,786	(564)	2,149,189
Supplies and Materials	983,500	1,022,904	39,404	1,203,695
Other Expenditures	17,000	3,994	(13,006)	14,018
Total Sites and Buildings	<u>6,920,068</u>	<u>6,947,084</u>	<u>27,016</u>	<u>7,612,893</u>
Fiscal and Other Fixed Costs:				
Employee Benefits	40,000	3,600	(36,400)	-
Purchased Services	260,000	284,894	24,894	270,532
Total Fiscal and Other Fixed Costs	<u>300,000</u>	<u>288,494</u>	<u>(11,506)</u>	<u>270,532</u>
Transportation:				
Salaries	98,124	93,928	(4,196)	91,401
Employee Benefits	41,124	43,101	1,977	38,660
Purchased Services	6,338,975	6,878,089	539,114	6,774,266
Supplies and Materials	4,500	486	(4,014)	1,108
Other Expenditures	450	811	361	555
Total Transportation	<u>6,483,173</u>	<u>7,016,415</u>	<u>533,242</u>	<u>6,905,990</u>
Capital Outlay:				
District Support Services	310,000	183,169	(126,831)	287,298
Regular Instruction	171,998	178,928	6,930	178,715
Vocational Education Instruction	5,000	2,000	(3,000)	5,738
Special Education Instruction	10,850	219	(10,631)	-
Instructional Support Services	64,026	113,461	49,435	89,736
Pupil Support Services	290,870	377,448	86,578	64,791
Sites and Buildings	819,000	1,104,421	285,421	693,855
Total Capital Outlay	<u>1,671,744</u>	<u>1,959,646</u>	<u>287,902</u>	<u>1,320,133</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Total Expenditures	\$ 104,652,492	\$ 103,885,979	\$ (778,585)	\$ 103,056,035
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	695,436	4,055,706	3,372,342	432,516
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	-	316
Insurance Recovery	-	45,157	45,157	99,935
Total Other Financing Sources	-	45,157	45,157	100,251
NET CHANGE IN FUND BALANCE	<u>\$ 695,436</u>	4,100,863	<u>\$ 3,417,499</u>	532,767
FUND BALANCE				
Beginning of Year		4,750,073		4,217,306
End of Year		<u>\$ 8,850,936</u>		<u>\$ 4,750,073</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Investments	\$ 141,741	\$ 234,401
Receivables:		
Accounts and Interest Receivable	132,814	89,299
Due from Other Minnesota School Districts	27,365	22,094
Due from Minnesota Department of Education	-	6,615
Due from Federal Through the Minnesota Department of Education	244,343	99,826
Due from Other Funds	15,195	12,004
Inventory	46,932	50,320
Prepays	11,166	17,907
	<u>619,556</u>	<u>532,466</u>
Total Assets	<u>\$ 619,556</u>	<u>\$ 532,466</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 38,368	\$ 4,993
Payroll Deductions and Employer Contributions Payable	1,076	662
Accounts and Contracts Payable	27,582	62,094
Unearned Revenue	172,609	116,722
Total Liabilities	<u>239,635</u>	<u>184,471</u>
Fund Balance:		
Nonspendable:		
Inventory	46,932	50,320
Prepays	11,166	17,907
Restricted for:		
Other Purposes	321,823	279,768
Total Fund Balance	<u>379,921</u>	<u>347,995</u>
	<u>\$ 619,556</u>	<u>\$ 532,466</u>
Total Liabilities and Fund Balance	<u>\$ 619,556</u>	<u>\$ 532,466</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 1,469,356	\$ 1,113,318	\$ (356,038)	\$ 1,407,903
State Sources	309,320	168,141	(141,179)	249,029
Federal Sources	3,167,271	2,987,516	(179,755)	3,154,300
Total Revenues	<u>4,945,947</u>	<u>4,268,975</u>	<u>(676,972)</u>	<u>4,811,232</u>
EXPENDITURES				
Current:				
Salaries	1,804,396	1,430,747	(373,649)	1,570,789
Employee Benefits	830,379	680,263	(150,116)	803,173
Purchased Services	165,750	101,686	(64,064)	162,526
Supplies and Materials	2,009,555	1,886,518	(123,037)	1,992,025
Other Expenditures	13,760	7,415	(6,345)	7,004
Capital Outlay	60,000	130,420	70,420	160,483
Total Expenditures	<u>4,883,840</u>	<u>4,237,049</u>	<u>(646,791)</u>	<u>4,696,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 62,107</u>	31,926	<u>\$ (30,181)</u>	115,232
FUND BALANCE				
Beginning of Year		<u>347,995</u>		<u>232,763</u>
End of Year		<u>\$ 379,921</u>		<u>\$ 347,995</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)

	2020	2019
ASSETS		
Cash and Investments	\$ 677,538	\$ 1,149,367
Receivables:		
Current Taxes	544,477	590,962
Delinquent Taxes	15,420	12,513
Accounts and Interest Receivable	29,133	72,664
Due from Other Minnesota School Districts	483,964	379,300
Due from Minnesota Department of Education	121,118	250,273
Due from Federal Through the Minnesota Department of Education	153,706	-
Due from Other Governmental Units	43,340	32,206
Due from Other Funds	22,758	24,779
Prepays	1,310	4,588
Total Assets	\$ 2,092,764	\$ 2,516,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 76,212	160,820
Payroll Deductions and Employer Contributions Payable	(656)	(701)
Accounts and Contracts Payable	73,997	175,145
Due to Other Minnesota School Districts	21,421	16,469
Due to Other Governmental Units	-	248
Unearned Revenue	202,187	77,255
Total Liabilities	373,161	429,236
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	964,946	1,086,683
Unavailable Revenue - Delinquent Taxes	14,114	15,097
Total Deferred Inflows of Resources	979,060	1,101,780
Fund Balance:		
Nonspendable:		
Prepays	1,310	4,588
Restricted for:		
Community Education	-	230,671
Early Childhood and Family Education	190,710	161,735
School Readiness	57,383	88,256
Adult Basic Education	316,570	228,031
Other Purposes	174,570	272,355
Total Fund Balance	740,543	985,636
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,092,764	\$ 2,516,652

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019
	Actual	Over (Under)	Actual
	Amounts	Final Budget	Amounts
	Final Budget	Final Budget	
REVENUES			
Local Sources:			
Property Taxes	\$ 1,080,839	\$ 1,069,855	\$ (10,984)
Other - Primarily Tuition and Fees	5,697,436	4,565,427	(1,132,009)
State Sources	1,128,773	1,081,217	(47,556)
Federal Sources	625,091	505,109	(119,982)
Total Revenues	<u>8,532,139</u>	<u>7,221,608</u>	<u>(1,310,531)</u>
EXPENDITURES			
Current:			
Salaries	4,942,912	4,700,092	(242,820)
Employee Benefits	1,657,224	1,548,866	(108,358)
Purchased Services	1,354,412	890,065	(464,347)
Supplies and Materials	414,286	275,275	(139,011)
Other Expenditures	43,576	10,370	(33,206)
Capital Outlay	88,796	42,033	(46,763)
Total Expenditures	<u>8,501,206</u>	<u>7,466,701</u>	<u>(1,034,505)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 30,933</u>	<u>(245,093)</u>	<u>\$ (276,026)</u>
FUND BALANCE			
Beginning of Year	<u>985,636</u>		<u>853,773</u>
End of Year	<u>\$ 740,543</u>		<u>\$ 985,636</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
ASSETS		
Cash and Investments	\$ 82,359,285	\$ 134,306,370
Cash with Fiscal Agent	20,500	-
Receivables:		
Accounts and Interest Receivable	84,500	237,009
Prepays	-	417,132
Total Assets	\$ 82,464,285	\$ 134,960,511
LIABILITIES AND FUND BALANCE		
Liabilities:		
Payroll Deductions and Employer Contributions Payable	\$ (348)	\$ (348)
Accounts and Contracts Payable	21,284,517	7,315,585
Due to Other Funds	129,033	131,543
Total Liabilities	21,413,202	7,446,780
Fund Balance:		
Nonspendable:		
Prepays	-	417,132
Restricted for:		
Long Term Facilities Maintenance	6,840,015	7,345,854
Restricted for Other Purposes	54,211,068	119,750,745
Total Fund Balance	61,051,083	127,513,731
Total Liabilities and Fund Balance	\$ 82,464,285	\$ 134,960,511

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020	2019
	Actual	Actual
	Over (Under)	
	Final Budget	Final Budget
	Amounts	Amounts
REVENUES		
Local Sources:		
Property Taxes	\$ 5,880,721	\$ 4,756,765
Earnings and Investments	1,475,000	1,815,526
Total Revenues	<u>7,355,721</u>	<u>6,572,291</u>
		(783,430)
		<u>10,333,975</u>
EXPENDITURES		
Current:		
Salaries	-	89,000
Employee Benefits	-	40,033
Purchased Services	25,000,000	12,618,721
Supplies and Materials	-	45,867
Capital Outlay	65,000,000	68,254,658
Debt Service:		
Interest and Fiscal Charges	-	285,939
Total Expenditures	<u>90,000,000</u>	<u>81,334,218</u>
		<u>(8,665,782)</u>
		<u>34,324,356</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(82,644,279)	(74,761,927)
		7,882,352
		(23,990,381)
OTHER FINANCING SOURCES		
Issuance of Bonds	-	8,185,000
Bond Premium	-	114,279
Total Other Financing Sources	<u>-</u>	<u>8,299,279</u>
		<u>8,299,279</u>
		<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (82,644,279)</u>	<u>(66,462,648)</u>
		<u>\$ 16,181,631</u>
		<u>(23,990,381)</u>
FUND BALANCE		
Beginning of Year		<u>127,513,731</u>
End of Year		<u>\$ 61,051,083</u>
		<u>151,504,112</u>
		<u>\$ 127,513,731</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Regular Debt Service	OPEB Debt Service	Totals	
			2020	2019
ASSETS				
Cash and Investments	\$ 6,734,873	\$ 604,366	\$ 7,339,239	\$ 7,229,222
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Current Taxes	6,772,505	506,500	7,279,005	6,900,079
Delinquent Taxes	136,875	15,409	152,284	108,250
Due from Minnesota Department of Education	3,023	-	3,023	5,841
	<u>\$ 13,647,276</u>	<u>\$ 1,126,275</u>	<u>\$ 14,773,551</u>	<u>\$ 14,243,392</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	\$ 12,002,393	\$ 897,641	\$ 12,900,034	\$ 12,688,015
Unavailable Revenue - Delinquent Taxes	130,328	14,001	144,329	122,835
Total Deferred Inflows of Resources	<u>12,132,721</u>	<u>911,642</u>	<u>13,044,363</u>	<u>12,810,850</u>
Fund Balance:				
Restricted for:				
Restricted for Other Purposes	<u>1,514,555</u>	<u>214,633</u>	<u>1,729,188</u>	<u>19,134,689</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 13,647,276</u>	<u>\$ 1,126,275</u>	<u>\$ 14,773,551</u>	<u>\$ 14,243,392</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020				2019	
	Final Budgeted Amounts	Regular Debt Service	Actual OPEB Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 12,688,015	\$ 11,651,744	\$ 819,877	\$ 12,471,621	\$ (216,394)	\$ 12,366,295
Earnings and Investments	-	29,637	-	29,637	29,637	334,082
State Sources	-	30,208	-	30,208	30,208	58,412
Total Revenues	<u>12,688,015</u>	<u>11,711,589</u>	<u>819,877</u>	<u>12,531,466</u>	<u>(156,549)</u>	<u>12,758,789</u>
EXPENDITURES						
Debt Service:						
Bond Principal	5,245,000	4,855,000	390,000	5,245,000	-	4,790,000
Bond Interest	6,957,663	6,442,950	514,713	6,957,663	-	8,378,663
Paying Agent Fees and Other	7,500	83,751	-	83,751	76,251	6,178
Total Expenditures	<u>12,210,163</u>	<u>11,381,701</u>	<u>904,713</u>	<u>12,286,414</u>	<u>76,251</u>	<u>13,174,841</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	477,852	329,888	(84,836)	245,052	(232,800)	(416,052)
OTHER FINANCING SOURCES						
Sale of Bonds	-	6,610,000	-	6,610,000	6,610,000	-
Bond Premium	-	636,594	-	636,594	636,594	-
Payment to Refunded Bond Escrow Agent	-	(7,195,000)	-	(7,195,000)	(7,195,000)	(16,790,000)
Total Other Financing Sources	<u>-</u>	<u>51,594</u>	<u>-</u>	<u>51,594</u>	<u>51,594</u>	<u>(16,790,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 477,852</u>	<u>381,482</u>	<u>(84,836)</u>	<u>296,646</u>	<u>\$ (181,206)</u>	<u>(17,206,052)</u>
FUND BALANCE						
Beginning of Year		<u>1,133,073</u>	<u>299,469</u>	<u>1,432,542</u>		<u>18,638,594</u>
End of Year		<u>\$ 1,514,555</u>	<u>\$ 214,633</u>	<u>\$ 1,729,188</u>		<u>\$ 1,432,542</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 107,986,842	\$ 107,986,842	-
Total Expenditures	103,885,979	103,885,975	4
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	655,323	655,323	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
403 Staff Development	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	1,563,475	1,563,475	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	7,665	7,665	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
459 Basic Skills Extended Time	-	-	-
467 Long Term Facilities Maintenance	-	-	-
472 Medical Assistance	-	-	-
464 Restricted Fund Balance	-	-	-
475 Title VII Impact Aid	-	-	-
476 Payments in Lieu of Taxes	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	-	-	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	6,624,473	6,624,473	-
02 FOOD SERVICE			
Total Revenue	4,268,975	4,268,975	-
Total Expenditures	4,237,049	4,237,048	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	58,098	58,098	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	321,823	321,823	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	7,221,608	7,221,608	-
Total Expenditures	7,466,701	7,466,697	4
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,310	1,310	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	(114,799)	(114,799)	-
432 E.C.F.E.	190,710	190,710	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	57,383	57,383	-
447 Adult Basic Education	316,570	316,570	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	289,369	289,371	(2)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 6,572,291	\$ 6,572,290	\$ 1
Total Expenditures	81,334,218	81,334,216	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long Term Facilities Maintenance	6,840,015	6,840,015	-
464 Restricted Fund Balance	54,211,068	54,211,068	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	11,711,589	11,711,588	1
Total Expenditures	11,381,701	11,381,700	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	1,514,555	1,514,555	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	832,140	832,140	-
Total Expenditures	494,137	494,138	(1)
<i>Restricted/Reserved:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
20 INTERNAL SERVICE			
Total Revenue	986,516	986,515	1
Total Expenditures	792,363	792,363	-
<i>Net Position:</i>			
422 Net Position	602,253	602,252	1
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	792,417	792,418	(1)
Total Expenditures	869,053	869,049	4
<i>Net Position:</i>			
422 Net Position	8,588,551	8,588,557	(6)
47 OPEB DEBT SERVICE			
Total Revenue	819,877	819,876	1
Total Expenditures	904,713	904,713	-

STATISTICAL SECTION (UNAUDITED)

This part of Roseville Area Schools' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	106
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	114
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	125
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	127

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net Investment in Capital Assets	\$ 25,211,164	\$ 25,560,177	\$ 25,398,962	\$ 26,165,652
Restricted	2,870,959	1,997,901	1,903,236	1,497,091
Unrestricted	<u>(2,021,172)</u>	<u>(277,773)</u>	<u>(2,325,474)</u>	<u>(3,729,980)</u>
 Total Governmental Activities Net Position	 <u>\$ 26,060,951</u>	 <u>\$ 27,280,305</u>	 <u>\$ 24,976,724</u>	 <u>\$ 23,932,763</u>

Source: District's financial records.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 29,454,388	\$ 29,788,218	\$ 31,082,118	\$ 20,772,076	\$ 24,551,012	\$ 35,487,015
12,897,412	14,755,133	4,595,020	154,103,599	8,718,947	6,099,942
<u>(74,933,447)</u>	<u>(73,654,824)</u>	<u>(101,604,940)</u>	<u>(272,898,615)</u>	<u>(100,347,122)</u>	<u>(91,611,628)</u>
<u>\$ (32,581,647)</u>	<u>\$ (29,111,473)</u>	<u>\$ (65,927,802)</u>	<u>\$ (98,022,940)</u>	<u>\$ (67,077,163)</u>	<u>\$ (50,024,671)</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities:				
Administration	\$ 3,604,600	\$ 4,441,721	\$ 4,138,752	\$ 4,331,253
District Support Services	2,821,902	2,797,026	2,684,018	2,817,125
Regular Instruction	37,362,283	36,765,581	39,613,915	43,259,223
Vocational Education Instruction	1,235,455	1,387,203	999,290	1,388,308
Special Education Instruction	13,694,565	14,382,497	15,337,200	17,297,056
Instructional Support Services	5,604,954	5,982,597	6,235,762	6,550,718
Pupil Support Services	7,576,023	7,595,594	7,937,372	8,676,305
Sites and Buildings	6,079,221	6,532,662	6,903,881	7,871,563
Fiscal and Other Fixed Cost Programs	167,531	174,663	189,790	213,642
Food Service	3,465,370	3,684,765	3,777,339	3,759,035
Community Service	7,480,620	7,573,088	6,398,580	6,552,021
Interest on Long-Term Debt	2,210,419	3,009,673	2,551,467	1,835,857
Total Governmental Activities Expenses	<u>\$ 91,302,943</u>	<u>\$ 94,327,070</u>	<u>\$ 96,767,366</u>	<u>\$ 104,552,106</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$ 10,720	\$ -	\$ -	\$ -
District Support Services	1,785	1,580	1,374	1,207
Regular Instruction	1,085,422	917,423	1,109,881	4,051,031
Vocational Education Instruction	848	-	-	1,110
Special Education Instruction	472,599	82,477	-	1,104,224
Instructional Support Services	27,607	35,505	22,199	17,284
Pupil Support Services	45,835	50,054	134,438	61,775
Sites and Buildings	107,343	149,836	56,216	137,281
Food Service	1,615,225	1,656,987	1,639,631	1,566,787
Community Service	3,512,639	3,879,287	3,992,644	4,187,507
Operating Grants and Contributions	14,917,596	18,670,294	15,169,327	16,867,030
Capital Grants and Contributions	1,709,070	1,746,319	1,787,465	1,806,308
Total Governmental Activities Program Revenue	<u>\$ 23,506,689</u>	<u>\$ 27,189,762</u>	<u>\$ 23,913,175</u>	<u>\$ 29,801,544</u>
Net Expense				
Governmental Activities	<u>\$ (67,796,254)</u>	<u>\$ (67,137,308)</u>	<u>\$ (72,854,191)</u>	<u>\$ (74,750,562)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 21,545,589	\$ 16,298,666	\$ 16,607,319	\$ 11,749,696
Community Service	1,294,956	809,446	845,137	420,050
Debt Service	4,275,019	3,977,225	4,236,089	4,337,948
Unrestricted Grants and Contributions	39,657,476	45,624,932	47,178,684	55,742,398
Unrestricted Investment Earnings	5,655	6,541	7,077	7,150
Miscellaneous	1,334,212	1,639,852	1,676,304	1,449,359
Gain on Sale of Capital Assets	-	-	-	-
Total Governmental Activities	<u>\$ 68,112,907</u>	<u>\$ 68,356,662</u>	<u>\$ 70,550,610</u>	<u>\$ 73,706,601</u>
Change in Net Position	\$ 316,653	\$ 1,219,354	\$ (2,303,581)	\$ (1,043,961)
Net Position - Beginning	25,744,298	26,060,951	27,280,305	24,976,724
Change in Accounting Principle	-	-	-	-
Net Position - Ending	<u>\$ 26,060,951</u>	<u>\$ 27,280,305</u>	<u>\$ 24,976,724</u>	<u>\$ 23,932,763</u>

Source: District's financial records.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 4,926,467	\$ 5,302,720	\$ 6,722,609	\$ 6,220,212	\$ 3,482,502	\$ 5,948,248	
3,537,993	3,101,677	3,353,697	3,775,704	4,208,383	4,347,348	
44,469,287	46,210,131	62,326,785	61,376,632	31,908,065	48,407,934	
1,157,265	1,229,949	2,159,314	2,314,266	1,339,143	2,187,037	
18,486,701	18,513,528	25,951,953	25,045,146	14,632,985	21,823,100	
8,453,869	9,216,623	12,155,864	11,859,599	6,820,861	9,723,062	
9,076,026	8,943,604	10,843,988	11,099,498	9,546,883	10,808,725	
7,058,049	7,458,334	9,700,258	12,288,900	14,613,380	263,203	
227,700	231,433	131,630	246,882	270,532	288,494	
4,362,884	4,937,762	4,593,511	4,500,950	4,595,988	4,156,549	
6,598,502	7,064,253	8,388,465	8,625,757	7,002,228	7,534,582	
1,964,096	1,960,336	1,833,746	5,440,437	6,907,002	6,440,655	
<u>\$ 110,318,839</u>	<u>\$ 114,170,350</u>	<u>\$ 148,161,820</u>	<u>\$ 152,793,983</u>	<u>\$ 105,327,952</u>	<u>\$ 121,928,937</u>	
\$ -	\$ -	\$ 15,783	\$ 15,215	\$ 15,512	\$ -	
205	75	25,356	29,533	76,847	47,113	
969,210	1,004,708	984,464	989,088	922,188	644,160	
-	-	-	-	-	-	
643,797	651,906	676,517	744,332	726,628	376,011	
20,513	3,803	9,759	12,087	10,768	2,734	
49,199	54,892	47,477	47,520	45,864	23,451	
171,413	7,724	63,825	57,390	27,197	5,559	
1,483,473	1,401,588	1,344,572	1,318,093	1,407,903	1,113,318	
3,996,088	4,250,797	4,418,110	4,732,671	4,942,040	3,971,509	
18,621,151	21,306,839	31,494,304	33,432,300	34,386,287	35,629,136	
1,806,308	1,931,813	995,835	1,225,343	1,291,198	1,184,933	
<u>\$ 27,761,357</u>	<u>\$ 30,614,145</u>	<u>\$ 40,076,002</u>	<u>\$ 42,603,572</u>	<u>\$ 43,852,432</u>	<u>\$ 42,997,924</u>	
<u>\$ (82,557,482)</u>	<u>\$ (83,556,205)</u>	<u>\$ (108,085,818)</u>	<u>\$ (110,190,411)</u>	<u>\$ (61,475,520)</u>	<u>\$ (78,931,013)</u>	
\$ 18,359,024	\$ 20,648,918	\$ 20,492,568	\$ 19,987,128	\$ 24,839,630	\$ 26,827,077	
907,044	958,531	966,329	927,889	933,720	1,068,872	
4,341,458	4,161,665	4,427,647	4,313,325	12,433,541	12,493,115	
57,049,466	57,322,680	53,320,699	52,091,085	49,254,050	53,533,726	
4,052	6,310	7,375	587,862	4,860,105	2,015,558	
3,528,872	3,928,275	571,429	187,984	99,935	45,157	
-	-	-	-	316	-	
<u>\$ 84,189,916</u>	<u>\$ 87,026,379</u>	<u>\$ 79,786,047</u>	<u>\$ 78,095,273</u>	<u>\$ 92,421,297</u>	<u>\$ 95,983,505</u>	
\$ 1,632,434	\$ 3,470,174	\$ (28,299,771)	\$ (32,095,138)	\$ 30,945,777	\$ 17,052,492	
23,932,763	(32,581,647)	(29,111,473)	(65,927,802)	(98,022,940)	(67,077,163)	
(58,146,844)	-	(8,516,558)	-	-	-	
<u>\$ (32,581,647)</u>	<u>\$ (29,111,473)</u>	<u>\$ (65,927,802)</u>	<u>\$ (98,022,940)</u>	<u>\$ (67,077,163)</u>	<u>\$ (50,024,671)</u>	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 249,672	\$ 327,413	\$ 622,786	\$ 231,631
Restricted	888,351	790,143	415,021	(7,362)
Unassigned	4,107,993	5,423,035	3,335,634	2,704,376
Total General Fund	<u>5,246,016</u>	<u>6,540,591</u>	<u>4,373,441</u>	<u>2,928,645</u>
All Other Governmental Funds				
Nonspendable	31,793	52,980	57,749	59,343
Restricted, Reported in:				
Food Service Fund	484,934	487,694	491,554	560,849
Community Service Fund	955,787	974,561	1,216,969	1,012,157
Capital Projects Fund	101,571	118,875	117,910	123,970
Debt Service Funds	732,665	629,914	638,021	687,524
All Other Governmental Funds	<u>2,306,750</u>	<u>2,264,024</u>	<u>2,522,203</u>	<u>2,443,843</u>
Total All Funds	<u>\$ 7,552,766</u>	<u>\$ 8,804,615</u>	<u>\$ 6,895,644</u>	<u>\$ 5,372,488</u>

Source: District's financial records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

		Fiscal Year					
		2015	2016	2017	2018	2019	2020
\$	541,338	\$ 734,087	\$ 869,406	\$ 792,020	\$ 749,779	\$ 655,323	
	(881,704)	2,472,900	1,645,357	1,199,824	1,146,771	1,571,140	
	1,051,272	2,055,938	2,285,861	2,225,462	2,853,523	6,624,473	
	<u>710,906</u>	<u>5,262,925</u>	<u>4,800,624</u>	<u>4,217,306</u>	<u>4,750,073</u>	<u>8,850,936</u>	
	86,394	68,270	54,514	68,904	489,947	59,408	
	475,029	362,728	266,283	165,934	279,768	321,823	
	1,098,652	1,281,314	1,218,168	851,698	981,048	739,233	
	120,057	115,743	115,743	151,504,112	127,096,599	61,051,083	
	760,474	714,080	936,447	18,638,594	1,432,542	1,729,188	
	<u>2,540,606</u>	<u>2,542,135</u>	<u>2,591,155</u>	<u>171,229,242</u>	<u>130,279,904</u>	<u>63,900,735</u>	
<u>\$</u>	<u>3,251,512</u>	<u>\$ 7,805,060</u>	<u>\$ 7,391,779</u>	<u>\$ 175,446,548</u>	<u>\$ 135,029,977</u>	<u>\$ 72,751,671</u>	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Local Sources:				
Property Taxes	\$ 27,061,453	\$ 20,893,715	\$ 21,789,796	\$ 16,518,719
Earnings on Investments	5,655	6,541	7,077	7,150
Other	8,214,235	8,421,426	8,641,112	12,585,990
State Sources	49,698,719	57,988,461	58,593,040	69,163,769
Federal Sources	6,585,423	8,053,084	5,542,436	5,251,967
Total Revenues	<u>91,565,485</u>	<u>95,363,227</u>	<u>94,573,461</u>	<u>103,527,595</u>
Expenditures				
Current:				
Administration	4,027,508	4,132,232	4,404,939	4,491,136
District Support Services	2,475,886	2,656,063	2,490,235	2,609,928
Regular Instruction	34,488,498	34,788,043	36,240,638	41,102,939
Vocational Education Instruction	1,202,308	1,189,367	1,194,943	1,362,393
Special Education Instruction	13,806,467	13,935,237	15,348,390	16,997,532
Instructional Support Services	5,282,663	5,636,187	5,545,977	6,050,378
Pupil Support Services	7,231,068	7,936,642	7,700,478	8,553,768
Sites and Buildings	5,595,160	5,903,894	5,911,419	6,708,539
Fiscal and Other Fixed Cost Programs	167,531	174,663	189,790	213,642
Food Service	3,255,761	3,577,503	3,750,638	4,015,452
Community Service Fund	7,639,933	7,167,438	6,275,411	6,463,018
Capital Outlay	1,876,963	2,692,273	3,031,387	2,180,649
Debt Service:				
Principal	1,665,000	1,755,000	1,995,000	2,095,000
Interest and Fiscal Charges	2,804,755	2,567,336	2,407,886	2,254,784
Total Expenditures	<u>91,519,501</u>	<u>94,111,878</u>	<u>96,487,131</u>	<u>105,099,158</u>
Deficiency of Revenues Under Expenditures	45,984	1,251,349	(1,913,670)	(1,571,563)
Other Financing Sources (Uses)				
Proceeds from Sale of Equipment	2,790	500	500	-
Proceeds from Sale of Real Property	10,720	-	-	-
Insurance Recovery	-	-	4,199	2,303
Face Value of Bonds Issued	21,450,000	-	-	6,850,000
Bond Premium (Discount)	1,673,247	-	-	381,104
Payment to Refunded Bond Escrow Agent	(23,065,000)	-	-	(7,185,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>71,757</u>	<u>500</u>	<u>4,699</u>	<u>48,407</u>
Net Change in Fund Balances	117,741	1,251,849	(1,908,971)	(1,523,156)
Fund Balance - Beginning	7,435,025	7,552,766	8,804,615	6,895,644
Fund Balance - Ending	<u>\$ 7,552,766</u>	<u>\$ 8,804,615</u>	<u>\$ 6,895,644</u>	<u>\$ 5,372,488</u>
Debt Service as a Percentage of Noncapital Expenditures	8.60%	14.70%	10.60%	10.00%

Sources: District's financial records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 23,424,439	\$ 25,958,825	\$ 26,014,153	\$ 25,198,641	\$ 38,038,250	\$ 40,378,926
4,052	6,310	7,375	587,862	4,860,105	2,015,558
8,921,401	8,893,649	9,042,739	9,656,164	9,503,264	8,356,860
71,227,671	74,731,949	74,631,015	77,762,409	79,415,571	80,591,905
6,249,254	5,829,383	6,780,960	6,952,531	7,584,384	7,192,776
<u>109,826,817</u>	<u>115,420,116</u>	<u>116,476,242</u>	<u>120,157,607</u>	<u>139,401,574</u>	<u>138,536,025</u>
4,876,865	5,176,243	5,046,403	4,877,844	4,733,506	5,545,225
3,034,400	3,048,934	3,013,071	3,406,152	4,149,811	4,351,885
42,288,193	42,727,091	43,190,679	42,655,871	44,047,533	42,565,307
1,116,633	1,214,382	1,646,034	1,782,455	1,822,857	2,039,215
18,414,938	18,397,284	19,390,490	19,470,686	19,933,088	20,359,525
8,159,483	8,501,344	8,746,361	8,745,629	9,002,818	9,392,968
8,939,811	8,897,544	9,457,968	10,007,799	10,151,062	10,424,327
6,678,180	6,686,092	7,426,505	11,342,637	19,863,670	19,740,705
227,700	231,433	131,630	246,882	270,532	288,494
4,366,088	4,564,590	4,589,410	4,498,018	4,535,517	4,106,629
6,392,397	6,933,921	7,413,838	7,997,568	7,871,819	7,436,971
3,225,049	2,588,834	3,175,365	5,618,572	23,530,946	70,386,757
2,115,000	2,215,000	2,275,000	2,760,000	4,790,000	5,245,000
2,118,759	2,096,785	1,958,198	3,164,107	8,425,237	7,327,353
<u>111,953,496</u>	<u>113,279,477</u>	<u>117,460,952</u>	<u>126,574,220</u>	<u>163,128,396</u>	<u>209,210,361</u>
(2,126,679)	2,140,639	(984,710)	(6,416,613)	(23,726,822)	(70,674,336)
-	2,790	-	-	316	-
-	2,393,240	-	-	-	-
5,703	16,879	571,429	187,984	99,935	45,157
-	-	-	158,460,000	-	14,795,000
-	-	-	15,823,398	-	750,873
-	-	-	-	(16,790,000)	(7,195,000)
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,703</u>	<u>2,412,909</u>	<u>571,429</u>	<u>174,471,382</u>	<u>(16,689,749)</u>	<u>8,396,030</u>
(2,120,976)	4,553,548	(413,281)	168,054,769	(40,416,571)	(62,278,306)
5,372,488	3,251,512	7,805,060	7,391,779	175,446,548	135,029,977
<u>\$ 3,251,512</u>	<u>\$ 7,805,060</u>	<u>\$ 7,391,779</u>	<u>\$ 175,446,548</u>	<u>\$ 135,029,977</u>	<u>\$ 72,751,671</u>
12.40%	10.10%	8.20%	4.82%	4.82%	10.60%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation						Taxable Market Value	Tax Capacity as a Percentage of Market Value
	Agricultural	Non-Agricultural	Fiscal Disparities		Tax Increment	Total Taxable		
			Contribution	Distribution				
2011	\$ 5,361	\$ 67,930,060	\$ (9,449,933)	\$ 7,966,066	\$ (1,964,037)	\$ 64,487,517	\$ 5,422,616,400	1.19
2012	5,331	62,578,991	(9,000,072)	6,916,716	(1,877,119)	58,623,847	5,228,376,100	1.12
2013	9,127	59,584,897	(8,025,680)	7,048,370	(1,912,582)	56,704,132	4,951,329,500	1.15
2014	2,219	60,319,379	(8,056,622)	6,513,595	(1,628,353)	57,150,218	5,013,905,800	1.14
2015	1,456	63,716,481	(8,141,263)	6,569,476	(1,720,772)	60,425,378	5,333,812,300	1.13
2016	1,456	64,655,443	(7,894,090)	6,670,314	(1,413,807)	62,019,316	5,423,990,600	1.14
2017	2,716	67,191,992	(7,954,475)	7,349,115	(1,430,888)	65,158,460	5,705,909,900	1.14
2018	2,903	72,611,117	(8,649,546)	8,032,789	(1,027,494)	70,969,769	6,033,507,500	1.18
2019	2,995	77,362,316	(9,168,590)	8,319,736	(1,004,278)	75,512,179	6,431,234,700	1.17
2020	3,191	81,645,627	(9,729,174)	8,886,632	(1,072,923)	79,733,353	6,800,952,800	1.17

Source: School Tax Report issued by the Minnesota Department of Education and Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Rate	Tax Collection Calendar Fiscal Year	ISD No. 623	Overlapping Rates			
			Municipalities			
			Roseville	Maplewood	Shoreview	Little Canada
Tax Capacity Rate	2011	0.14566	0.30511	0.39050	0.30869	0.26533
Market Value Rate	2011	0.00197	0.00020	0.00021		
Tax Capacity Rate	2012	0.17065	0.34280	0.44056	0.33506	0.28062
Market Value Rate	2012	0.00196	0.00021	0.00020		
Tax Capacity Rate	2013	0.15464	0.40613	0.48659	0.37259	0.30935
Market Value Rate	2013	0.00246	0.00022	0.00022		
Tax Capacity Rate	2014	0.16251	0.41743	0.48378	0.37835	0.31407
Market Value Rate	2014	0.00258	0.00022	0.00020		
Tax Capacity Rate	2015	0.17180	0.40471	0.46353	0.35196	0.30696
Market Value Rate	2015	0.00259	0.00019	0.00009		
Tax Capacity Rate	2016	0.20958	0.39324	0.48507	0.35689	0.30331
Market Value Rate	2016	0.00210	0.00019	0.00009		
Tax Capacity Rate	2017	0.18894	0.38552	0.47248	0.34627	0.28903
Market Value Rate	2017	0.00193	0.00018	0.00008		
Tax Capacity Rate	2018	0.34396	0.38177	0.45911	0.33935	0.26664
Market Value Rate	2018	0.00220	0.00017	0.00007		
Tax Capacity Rate	2019	0.31687	0.37422	0.44693	0.32960	0.26131
Market Value Rate	2019	0.00253	0.01574	0.00657		
Tax Capacity Rate	2020	0.30668	0.39201	0.44646	0.32626	0.25773
Market Value Rate	2020	0.00198	0.09531	0.00633		

Source: Ramsey County Department of Property Tax and Public Records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Overlapping Rates					
Municipalities			County	Misc.	Total
Arden Hills	Falcon Heights	Lauderdale	Ramsey	Other (1)	Roseville Resident
0.24187	0.21521	0.26866	0.54678	0.08642	1.08397 0.00217
0.25544	0.23515	0.31192	0.61316	0.09705	1.22366 0.00217
0.27931	0.27884	0.31851	0.65240	0.11913	1.33230 0.00268
0.27950	0.24819	0.63735	0.63735	0.11447	1.33176 0.00280
0.27294	0.23470	0.28856	0.58922	0.10742	1.27315 0.00278
0.26539	0.25866	0.29042	0.58885	0.09052	1.28219 0.00229
0.27211	0.26342	0.28678	0.55850	0.08669	1.21965 0.00211
0.25532	0.31780	0.29919	0.53962	0.09086	1.35621 0.00236
0.25555	0.37356	0.29347	0.48565	0.25210	1.42884 0.01827
0.25414	0.35635	0.29330	0.52302	0.09270	1.31441 0.09729

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
PPF RTL Rosedale Shopping Ctr LLC	\$ 2,547,968	1	3.29%	\$ 2,499,250	2	3.38%
Xcel Energy	1,327,495	2	1.72%	5,618,352	1	7.61%
St. Jude Medical Inc.	883,644	3	1.14%	714,708	5	
Gateway Washington Inc. & Co	787,944	4	1.02%	943,112	3	1.28%
Wilcal Crossroads LLC	671,684	5	0.87%	410,000	10	0.55%
PPF RTL Rosedale Shopping Ctr & C/O Morgan Stanley Re Advisor	550,388	6	0.71%	879,250	4	1.20%
Arrow Lexington Apartments, LLC	537,625	7	0.69%		N/A	
Rosedale Commons LP	437,166	8	0.57%	489,268	6	0.66%
Rosedale Marketplace Associate & C/O Tanurb Developments Inc.	425,816	9	0.55%	479,250	8	0.65%
Roseville Properties	373,282	10	0.48%	488,500	7	0.66%
Total	\$ 8,543,012		11.04%	\$ 10,022,440		12.61%

Source: Current Property Valuations, Net Tax Capacity by Classification. Trend Valuations and Larger Taxpayers have been furnished by Ramsey County

1) 2020A Official Statement Document, dated March 19, 2020

2) 2010B Official Statement Document, dated October 12, 2010 based on Current Property Valuations, Net Tax Capacity by Classification, Trend Valuations and Larger Taxpayers furnished by Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Original Levy				First Year Levy Recognized	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy
2011	\$ 18,923,448	\$ 2,591,706	\$ 253,433	\$ 21,768,587	\$ 21,113,279	97.0%
2012	19,066,617	2,315,701	224,881	21,607,199	20,643,534	95.5%
2013	19,835,718	2,599,020	268,242	22,702,980	21,789,795	96.0%
2014	21,177,786	2,601,943	270,074	24,049,803	23,220,186	96.6%
2015	23,082,763	2,747,542	262,018 *	26,092,323	25,961,837	99.5%
2016	23,014,487	2,858,884	243,935	26,117,306	26,013,744	99.6%
2017	22,147,148	3,055,799	218,646	25,421,593	25,198,644	99.1%
2018	34,891,855	3,026,465	200,048	38,118,368	19,736,321	51.8%
2019	35,779,776	4,612,447	197,120	40,589,343	18,426,000	45.4%
2020	35,204,430	4,732,099	213,160	40,149,689	17,402,000	43.3%

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Only a portion of calendar year 2020 taxes are collectible by June 30, 2020. A total of \$18,426,000 of 2020 taxes were collected by June 30, 2020.

Note 3: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PROPERTY TAX LEVIES AND COLLECTIONS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Collections Received in Subsequent Years	Total Collections to Date		Uncollected Taxes Receivable as of June 30, 2020	
	Amount	Percentage of Levy	Delinquent	
			Amount	Percent
\$ 655,308	\$ 21,768,587	100.0 %	\$ -	- %
963,665	21,607,199	100.0	-	- %
895,950	22,685,745	99.9	17,235	0.1 %
820,388	24,040,574	100.0	9,229	0.0 %
119,764	26,081,601	100.0	10,722	0.0 %
69,751	26,083,495	99.9	33,811	0.1 %
176,437	25,375,081	99.8	46,512	0.2 %
18,293,599	38,029,920	99.8	88,448	0.2 %
21,836,973	40,262,973	99.2	326,370	0.8 %
			\$ 532,327	

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities		Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Total Primary Government		
2011	\$ 48,718,064	\$ 48,718,064	0.02 %	\$ 890
2012	47,119,167	47,119,167	0.02	861
2013	45,280,270	45,280,270	0.02	827
2014	42,698,583	42,698,583	0.02	780
2015	40,487,320	40,487,320	0.02	740
2016	38,176,006	38,176,006	0.01	698
2017	35,804,694	35,804,694	0.01	654
2018	206,883,978	206,883,978	0.07	3,781
2019	183,686,615	183,686,615	0.06	3,198
2020	185,987,442	185,987,442	N/A	3,244

N/A - Not Available

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

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2020
(UNAUDITED)**

Governmental Unit	2019/2020 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 623	Portion Allocable to ISD No. 623
Independent School District No. 623	\$ 75,512,179	\$ 185,987,442	100.00 %	\$ 185,987,442
Overlapping Debt				
Ramsey County	625,979,268	94,028,237	1.81 %	11,342,671
Ramsey County Library	314,595,096	25,044,690	1.91 %	6,011,470
Metro Watershed	143,647,871	4,110,000	0.62 %	894,689
Arden Hills	15,412,509	2,415,000	0.58 %	89,028
Falcon Heights	5,448,885	805,248	14.78 %	805,428
Lauderdale	2,751,311	942,700	34.26 %	942,700
Little Canada	12,746,439	2,607,069	18.51 %	2,359,431
Maplewood	48,686,636	46,361,500	31.31 %	15,241,621
Roseville	56,719,853	14,975,918	21.47 %	12,177,176
Shoreview	36,819,031	43,828,300	8.83 %	3,251,030
Metropolitan Council	4,268,355,428	1,363,814,945	0.57 %	24,127,475
Total Overlapping Debt				<u>49,864,214</u>
Total Direct and Overlapping Debt				<u>\$ 235,851,656</u>

Note: The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios.

Source: Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT
TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of Estimated Actual Market Value of Property (1)	Estimated Population	Net Bonded Debt per Capita
2011	\$ 48,718,064	\$ 2,406,269	\$ 46,311,795	\$ 67,836,837	68.27	0.85%	54,737	846
2012	47,119,167	2,492,741	44,626,426	64,487,517	69.20	0.85%	54,737	815
2013	45,280,270	2,608,610	42,671,660	58,623,847	72.79	0.86%	54,737	780
2014	42,698,583	2,557,059	40,141,524	56,704,132	70.79	0.80%	54,723	734
2015	40,487,320	2,738,124	37,749,196	57,150,218	66.05	0.71%	54,723	690
2016	38,176,006	2,892,601	35,283,405	60,425,378	58.39	0.65%	54,723	645
2017	35,804,694	2,892,697	32,911,997	62,019,316	53.07	0.58%	54,723	601
2018	206,883,978	24,629,902	182,254,076	65,158,460	279.71	3.02%	54,723	3,330
2019	183,686,615	7,229,222	176,457,393	70,969,769	248.64	2.74%	57,443	3,072
2020	185,987,442	7,339,239	178,648,203	75,512,179	236.58	2.63%	57,325	3,116

(1) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

Source: Annual school district census and U.S. census

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2011	2012	2013	2014
Debt Limit	\$ 813,392,460	\$ 784,256,415	\$ 742,699,425	\$ 752,085,870
Total Net Debt Applicable to Limit	46,311,795	44,626,426	42,671,660	40,141,524
Legal Debt Margin	<u>\$ 767,080,665</u>	<u>\$ 739,629,989</u>	<u>\$ 700,027,765</u>	<u>\$ 711,944,346</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.69%	5.69%	5.75%	5.34%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year									
2015	2016	2017	2018	2019	2020				
\$ 800,071,845	\$ 814,498,590	\$ 855,886,485	\$ 905,026,125	\$ 964,685,205	\$ 1,020,142,920				
37,749,196	35,283,405	32,911,997	182,254,076	182,254,076	176,457,393				
<u>\$ 762,322,649</u>	<u>\$ 779,215,185</u>	<u>\$ 822,974,488</u>	<u>\$ 722,772,049</u>	<u>\$ 782,431,129</u>	<u>\$ 843,685,527</u>				
4.72%	4.33%	3.85%	20.14%	18.89%	17.30%				

Legal Debt Margin Calculation for Fiscal Year 2020

Market Value	(1)	\$	6,800,952,800
Debt Limit (15% of Market Value)			1,020,142,920
Debt Applicable to Limit:			
General Obligation Bonds			183,686,615
Less: Amount Set Aside for Repayment of			
General Obligation Debt			<u>(7,229,222)</u>
Total Net Debt Applicable to Limit			<u>176,457,393</u>
Legal Debt Margin		\$	<u><u>843,685,527</u></u>

(1) Economic Market Value for School Districts. Assessment Year 2019 for taxes payable in 2020. Minnesota Department of Revenue.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (2)	Per Capita Personal Income (2)	Median Age	School Enrollment (3)	City of Roseville Unemployment Rate (4)
2010	54,737	\$ 2,500,221,949	\$ 45,677	43.0	6,795	5.5%
2011	54,737	2,574,487,136	47,034	43.1	6,916	4.4%
2012	54,737	2,663,338,209	48,657	43.1	7,061	4.4%
2013	54,737	2,524,689,388	46,124	42.0	7,196	4.3%
2014	54,723	2,546,206,467	46,529	41.3	7,271	3.2%
2015	54,723	2,573,020,737	47,019	40.8	7,500	3.0%
2016	54,723	2,651,712,411	48,457	39.8	7,550	3.0%
2017	54,723	2,723,384,555	49,767	40.1	7,615	3.0%
2018	54,723	2,861,520,393	52,291	39.9	7,664	2.9%
2019	57,443	2,937,060,590	\$ 51,130	39.6	7,580	3.0%
2020	57,325		N/A		7,580	3.0%

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

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

- (1) MDE's Levy Limitation Reports
- (2) Estimated personal income is calculated by multiplying the per capital personal income by the estimated population per census
- (3) MDE's Levy Limitation Reports
- (4) United States Department of Agriculture/Economic Research Service

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2020		2011	
	Employees	Rank	Employees	Rank
University of Minnesota (St. Paul Campus)	6,882	1	4,691	1
Minnesota State Fair	3,243 (1)	2	2,670	2
Abbott-St. Jude Medical	1,126	3	1,126	3
ISD No 623 (Roseville Area Schools)	1,120	4	1,113	4
Minnesota Department of Transportation	800	5	700	5
Minnesota Department of Education	400	6	500	6
Slumberland Inc.	400 (2)	7	296 (2)	8
TSI	400	8	N/A	
Lunds & Byerlys	377	9	N/A	
Old Dutch Foods	250	10	400	7
Total	14,998		11,496	

Source: ReferenceUSA, written and telephone survey February 2020), and the Minnesota Department of Employment and Economic Development.

Note: Information regarding the percentage of total employment for each employer was not available.

(1) Includes Seasonal Employees

(2) Includes Corporate office, Distribution Center and Clearance Showroom

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Administrative Staff	22.01	20	19	19
Support Service Staff	66.88	66.86	71.45	79.85
Classroom Teachers	337.06	357.48	366.09	385.5
Special Education Teachers	55.93	62.15	65.21	70.6

Source: STAR reports

**ROSEVILLE AREA SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 623
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE (CONTINUED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
22	23	22	26	27	28
91.78	90.76	85.05	85.2	86.1	86.3
406.61	388.73	401.64	405.28	401.4	406.8
75.84	74.49	78.41	72.09	73.6	70.8

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Facility	Use	Constructed	Acres	Additions	Square Footage	Enrollment (1)
Brimhall Elementary	School	1957	16.80	1957, 1958, 1959, 1972 1994, 2019	101,342	613
Central Park Elementary	School	1966	9.40	1968, 1996, 2019	88,801	425
District Center	Administration	1968	5.00		16,952	
Edgerton Elementary	School	1952	13.00	1955, 1961 1967, 1969, 1996, 2004, 2019	86,880	490
Fairview Community Center	Community	1956	21.70	1957, 1969, 1973	171,170	N/A
Falcon Heights Elementary	School	1951	8.80	1951, 1961, 1969, 1995, 1998, 2015	71,226	531
Harambee Elementary	School	1996	27.30		76,530	319
Little Canada Elementary	School	1968	16.00	1989, 1995, 2019	88,796	594
Williams Elementary	School	1963	13.60	1966, 1969, 1997	75,268	444
Parkview Center School	School	1967	26.30	1969, 1975, Renovated in 1997	164,669	743
Roseville Area Middle School	School	1963	41.00	1963, 1966, 1970, 1972 1975, 1990 2004	240,747	962
Roseville Area High School	School	1952	40.00	1962, 1969, 1970, 1975, 1985, 1993-1996 2003, 2005, 2019-2021	460,465	2,221

N/A - Not Available

(1) Source: 2019-20 MN Department of Education School ADM Served Report

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STANDARDIZED TESTING
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Standardized Tests										
MCA Reading (See Note 1)										
Grade 3	77.1 %	74.1 %	54.6 %	58.4 %	57.3 %	52.9 %	51.4 %	53.1 %	47.8%	N/A
Grade 5	81.7 %	76.0 %	60.7 %	65.1 %	66.3 %	64.1 %	63.2 %	61.6 %	60.1%	N/A
Grade 7	69.0 %	68.7 %	52.3 %	56.5 %	46.2 %	48.3 %	51.2 %	58.3 %	60.6%	N/A
Grade 10	82.0 %	75.2 %	67.4 %	59.8 %	57.3 %	54.8 %	57.8 %	53.1 %	55.4%	N/A
MCA Math (See Note 1)										
Grade 3	61.7 %	63.1 %	71.4 %	64.1 %	66.1 %	62.7 %	62.6 %	61.7 %	57.1%	N/A
Grade 5	57.9 %	53.3 %	55.6 %	60.2 %	60.0 %	50.8 %	48.7 %	48.0 %	46.3%	N/A
Grade 7	51.2 %	53.1 %	51.3 %	58.3 %	46.5 %	49.6 %	47.3 %	44.5 %	52.8%	N/A
Grade 11	53.1 %	46.2 %	49.3 %	47.1 %	43.9 %	38.8 %	45.2 %	45.1 %	35.6%	N/A
ACT										
Independent School District No. 623										
Average Composite Score	23.6 %	23.7 %	23.1 %	23.3 %	23.1 %	20.6 %	21.1 %	20.8 %	20.2%	N/A
State Average Composite Score	22.9 %	22.8 %	23.0 %	22.9 %	22.7 %	21.1 %	21.5 %	21.3 %	21.4%	N/A

N/A - Not Available

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

Note 2: MCAs were not administered in the 2019-2020 school year due to COVID-19 Pandemic

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SUMMARY OF MEALS SERVED
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percent of Average Daily Attendance	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2011	6,467	732,391	173.0	4,233	65.46 %	316,648	43.23 %	74,751	10.21 %
2012	6,602	747,846	173.0	4,323	65.48	350,485	46.87	71,599	9.57
2013	6,728	753,392	173.0	4,355	64.73	366,425	48.64	72,404	9.61
2014	6,798	792,227	173.0	4,579	67.36	404,177	51.02	75,399	9.52
2015	7,012	854,397	173.0	4,939	70.43	430,054	50.33	69,909	8.18
2016	7,059	869,259	173.0	5,025	71.18	440,887	50.72	81,054	9.32
2017	7,120	868,930	173.0	5,023	70.54	430,019	49.49	84,893	9.77
2018	7,166	844,827	173.0	4,883	68.14	405,578	48.01	85,311	10.10
2019	7,087	820,170	170.0	4,825	68.07	374,353	45.64	102,462	12.49
2020	7,087	583,066	116.0	5,026	70.92	248,842	42.68	69,867	11.98

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 93.5 percent of enrollment.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2020
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 182,408,396
Unscheduled Locations- Property in Open	Included in Blanket
Blanket Valuable Papers and Records	\$ 500,000
Accounts Receivable - On Premises	\$ 500,000
Liability Coverages:	
General:	
Each Occurrence	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Medical Expense Limit - Any One Person excluding students	\$ 15,000
Professional Liability (Nurses, Occupational Therapists, Psychologists):	
Limit Each Claim	Included in Liability
Aggregate	Included in Liability
Umbrella Liability:	
Each Occurrence	\$ 3,000,000
Aggregate	\$ 3,000,000
Crime Coverage:	
Employee Dishonesty	\$ 500,000
Forgery or Alteration	\$ 50,000
Computer Fraud	\$ 250,000
Theft, Disappearance, and Destruction	\$ 100,000
eCrime Breach Coverage	\$ 1,000,000
Business Automobile Coverage:	
Bodily Injury and Property Damage	\$ 1,000,000
Personal Injury Protection	Statutory
Uninsured Motorists	\$ 1,000,000
Underinsured Motorists	\$ 1,000,000
Collision deductible	\$ 500
Comprehensive deductible	\$ 500
School Leaders Errors and Omissions	\$ 1,000,000
Aggregate	\$ 1,000,000
Boiler and Machinery Coverage:	
	Included in Building Limit
Property Damage	
Extra Expense	\$ 100,000
Expediting Expense	\$ 100,000
Pollutant Cleanup and Removal - Aggregate	\$ 100,000
Spoilage	\$ 100,000