

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**



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INDEPENDENT SCHOOL DISTRICT NO. 861  
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## **INTRODUCTORY SECTION**





**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
BOARD OF EDUCATION AND ADMINISTRATION  
YEAR ENDED JUNE 30, 2020**

**TERM EXPIRES**

Nancy Denzer	2022	Chairperson
Tina Lehnertz	2020	Vice-Chairperson
Michael Hanratty	2022	Clerk
Karl Sonneman	2022	Treasurer
Jim Schul	2020	Director
Allison Quam	2020	Director
Steve Schild	2022	Director

**ADMINISTRATION**

Annette Freiheit	Superintendent
Kristy Millering	Director of Finance

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Winona Area Public Schools  
Independent School District No. 861  
Winona, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861 (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 the budgetary comparison for 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.

### ***Emphasis of a Matter***

During fiscal year ended June 30, 2020, the District adopted GASB Standard No. 84 *Fiduciary Activities*. The previously reported Agency Fund is now reported as a Custodial Fund within the aggregate remaining fund information statements. Our auditors' opinion was not modified with respect to this matter.

### **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 December 2, 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.

### ***Other Matters***

#### ***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 OPEB Plan Assets, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District 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 Uniform Financial Accounting and Reporting Standards Compliance Table, as required by the Minnesota Department of Education, and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the Debt Service Fund and the OPEB Debt Service Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Uniform Financial Accounting and Reporting Standards Compliance Table, the Schedule of Expenditures of Federal Awards, the Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual for the Debt Service Fund and the OPEB Debt Service Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's 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. The 2019 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information included in the Statements of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund and OPEB Debt Service Fund for the year ended June 30, 2019, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements for the year ended June 30, 2019. Such 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 supplementary information for the year ended June 30, 2019 presented in the Statements of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund and OPEB Debt Service Fund is fairly stated, in all material respects, in relation to the basic financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 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 result 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**

Rochester, Minnesota  
November 19, 2020

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

This section of Independent School District No. 861's annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the District's financial statements. This discussion will include key financial highlights and an analysis of the District's finances.

As a reader of the financial statements, it is important to keep in mind that all of the tables are based on the same set of financial data. Although several differences can be noted between the entity wide statements as compared to the fund statements, the statements use the same data and merely present it in different ways as required by the Governmental Accounting Standards Board (GASB). The most significant difference to keep in mind is that the entity wide statements are presented using full accrual accounting and focus on economic resources while the fund financial statements are presented on the modified accrual basis and have more of a current financial focus. Both presentations of the financial statements provide valuable information to the informed reader.

**Key Financial Highlights For Fiscal 2019 – 2020**

- In March 2020, the state of Minnesota locked down to mitigate the risks of Covid-19. This lockdown impacted revenues and expenditures. The district will continue to be impacted by this unprecedented pandemic in future years.

**Financial Analysis of the District as a Whole**

The government-wide financial statements are a component of the audit report which are required by GASB 34. The district-wide financial 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, deferred outflows of resources, liabilities, and deferred inflows of resources for all funds presented on one statement. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid. A summarized version of these statements as well as an analysis follows.

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

	Governmental Activities as of June 30,		Percentage Change
	2020	2019	
Current and Other Assets	\$ 28,884,477	\$ 32,571,232	(11.32)%
Capital Assets	23,268,219	21,348,871	8.99
Total Assets	52,152,696	53,920,103	(3.28)
Deferred Outflows of Resources	19,496,396	29,419,379	(33.73)
Current Liabilities	8,678,231	9,511,006	(8.76)
Long-Term Liabilities	42,251,876	45,432,057	(7.00)
Total Liabilities	50,930,107	54,943,063	(7.30)
Deferred Inflows of Resources	45,852,490	54,346,103	(15.63)
Net Position:			
Net Investment in Capital Assets	17,422,655	17,239,176	1.06
Restricted	3,878,090	2,953,918	31.29
Unrestricted	(46,434,250)	(46,142,778)	0.63
Total Net Position	\$ (25,133,505)	\$ (25,949,684)	(3.15)

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Financial Analysis of the District as a Whole (Continued)**

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2020	2019	
<b>Revenues</b>			
<u>Program Revenues:</u>			
Charges for Services	\$ 1,912,066	\$ 2,580,446	(25.90)%
Operating Grants and Contributions	15,860,900	13,520,730	17.31
Capital Grants and Contributions	469,255	542,968	(13.58)
<u>General Revenues:</u>			
Property Taxes	13,365,707	13,115,984	1.90
Unrestricted State Aid	18,267,031	19,022,295	(3.97)
Investment Earnings	89,799	76,583	17.26
Other	85,241	92,734	(8.08)
Total Revenues	<u>50,049,999</u>	<u>48,951,740</u>	2.24
<b>Expenses</b>			
Administration	1,658,307	1,083,698	53.02
District Support Services	1,415,825	1,424,847	(0.63)
Regular Instruction	16,352,800	11,901,060	37.41
Vocational Education Instruction	499,317	246,604	102.48
Special Education Instruction	10,933,642	7,858,019	39.14
Instructional Support Services	2,139,519	1,895,598	12.87
Pupil Support Services	5,679,534	5,320,300	6.75
Sites and Buildings	6,145,661	4,385,121	40.15
Fiscal and Other Fixed Cost Programs	158,158	125,031	26.50
Food Service	1,796,955	1,743,583	3.06
Community Service	1,861,361	1,611,318	15.52
Interest and Fiscal Charges on Long-Term Liabilities	592,741	325,329	82.20
Total Expenses	<u>49,233,820</u>	<u>37,920,508</u>	29.83
<b>Change in Net Position</b>	816,179	11,031,232	
Net Position - Beginning	(25,949,684)	(36,980,916)	
Net Position - Ending	<u>\$ (25,133,505)</u>	<u>\$ (25,949,684)</u>	

**Changes in Revenue**

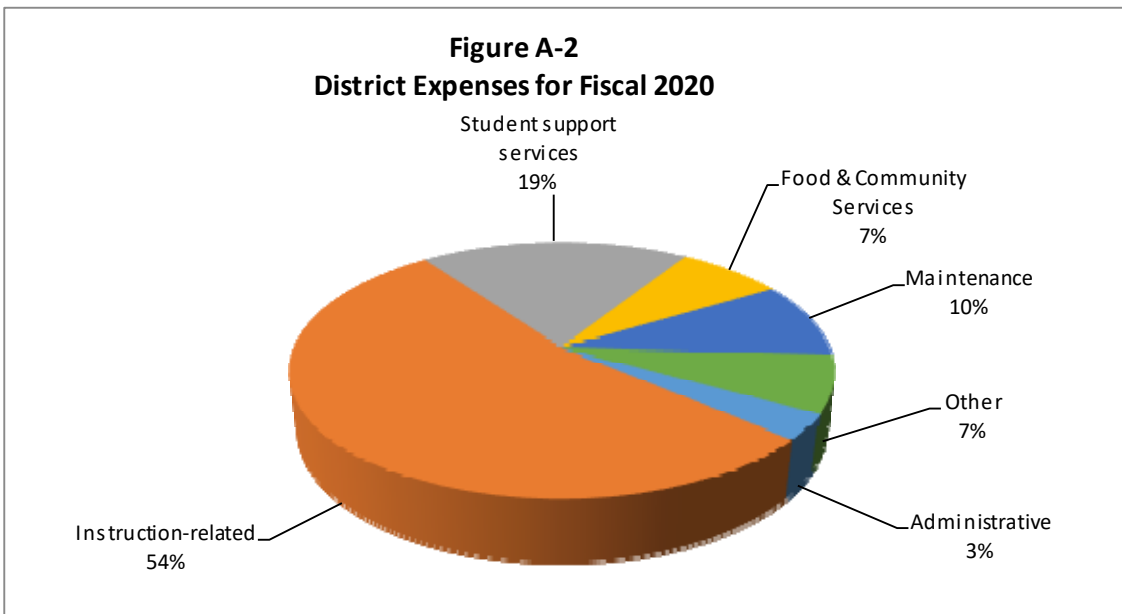
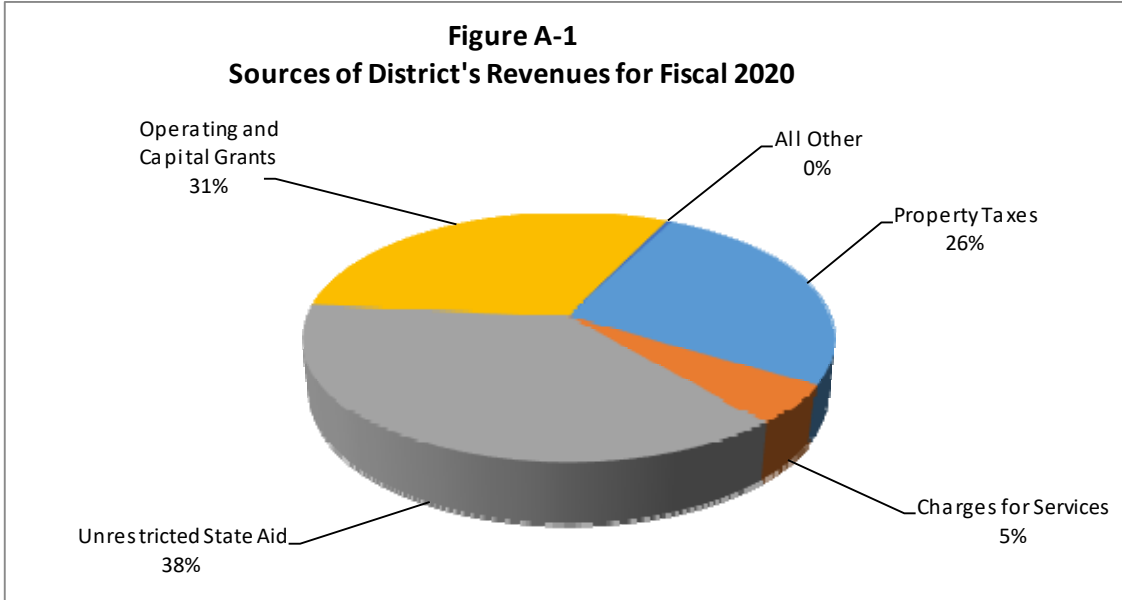
The District's overall revenues increased \$1,098,259 or 2.24% between fiscal years 2019 and 2020. Within the revenue categories, a fluctuation of \$2,340,170 or 17.31% in operating grants can be noted. However, this increase is offset by a 13.58% decrease (or \$73,713) in capital grants and contributions and 25.90% decrease (or \$668,380) in charges for services.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Financial Analysis of the District as a Whole (Continued)**

***Changes in Expenses***

District expenses increased by 29.83% to a total of \$49,233,820. This represents an increase of \$11,313,312. It is important to understand that the district-wide statements include items such as estimated pension costs which government entities are required to do. Expenses included on the district-wide statements do not necessarily represent cash disbursements.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Financial Analysis of the District as a Whole (Continued)  
Governmental Activities**

**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	\$ 1,658,307	\$ 1,083,698	53.02 %	\$ 1,651,619	\$ 1,140,174	44.86 %
District Support Services	1,415,825	1,424,847	(0.63)	1,316,991	1,321,709	(0.36)
Regular Instruction	16,352,800	11,901,060	37.41	11,807,182	7,932,350	48.85
Vocational Education Instruction	499,317	246,604	102.48	493,361	255,937	92.77
Special Education Instruction	10,933,642	7,858,019	39.14	3,223,932	596,381	440.58
Instructional Support Services	2,139,519	1,895,598	12.87	1,746,861	1,532,583	13.98
Pupil Support Services	5,679,534	5,320,300	6.75	3,819,262	4,092,049	(6.67)
Sites and Buildings	6,145,661	4,385,121	40.15	5,628,630	3,666,286	53.52
Fiscal and Other Fixed Cost Programs	158,158	125,031	26.50	158,158	125,031	26.50
Food Service	1,796,955	1,743,583	3.06	97,689	93,930	4.00
Community Service	1,861,361	1,611,318	15.52	455,173	194,605	133.90
Interest and Fiscal Charges on Long-Term Liabilities	592,741	325,329	82.20	592,741	325,329	82.20
<b>Total</b>	<b>\$ 49,233,820</b>	<b>\$ 37,920,508</b>	<b>29.83</b>	<b>\$ 30,991,599</b>	<b>\$ 21,276,364</b>	<b>45.66</b>

**Financial Analysis of the District's Funds**

The fund financial statements provide more detailed information about the District's funds — focusing on the most significant or “major” funds. The governmental funds statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources than can be spent in the near term to finance the District's programs. The governmental funds statements are the figures used by the district for budgeting purposes. This information does not encompass the additional long-term focus of the government-wide statements. Therefore, a reconciliation of the two statements is provided within the financial report to summarize the differences. A summarized version of the General Fund statements as well as an analysis of all funds follows.

**General Fund**

**Table A-4  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 9,101,295	\$ 10,122,823	\$ (1,021,528)	(10.1)%
Earnings on Investments	14,282	11,735	2,547	21.7
Other	1,606,032	1,798,973	(192,941)	(10.7)
State Sources	30,125,608	30,267,135	(141,527)	(0.5)
Federal Sources	1,552,275	1,482,204	70,071	4.7
<b>Total General Fund Revenue</b>	<b>\$ 42,399,492</b>	<b>\$ 43,682,870</b>	<b>\$ (1,283,378)</b>	<b>(2.9)</b>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Financial Analysis of the District as a Whole (Continued)**

**General Fund (Continued)**

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12. The general fund also includes operations such as transportation, operating capital, long-term facilities maintenance, and student activities. The total fund balance increased by \$1,303,377 to a total of \$5,441,675. Of the total fund balance, \$2,803,266 is restricted and \$133,560 is non-spendable (represents amount of prepaid expenditures included on the District's balance sheet). The remaining \$2,504,849 is unassigned.

**Table A-5  
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2020	June 30, 2019		
Salaries	\$ 23,181,654	\$ 23,682,641	\$ (500,987)	(2.1)%
Employee Benefits	7,997,956	8,366,911	(368,955)	(4.4)
Purchased Services	7,387,108	7,708,539	(321,431)	(4.2)
Supplies and Materials	1,564,207	1,674,768	(110,561)	(6.6)
Capital Expenditures	276,647	124,331	152,316	122.5
Other Expenditures	688,543	744,875	(56,332)	(7.6)
Total Expenditures	<u>\$ 41,096,115</u>	<u>\$ 42,302,065</u>	<u>\$ (1,205,950)</u>	(2.9)

Overall assets and liabilities increased slightly over the prior year. Assets increased 2.96% (or \$539,492) and liabilities decreased 22.71% (or \$1,222,812). The increase in assets was driven primarily by an increase in receivables due from property taxes and the Minnesota Department of Education. The decrease in liabilities was largely in part to the decrease in accounts and contracts payable by \$1,159,967. Additionally, the reserve accounts did fluctuate. The reserve for capital projects increased by \$314,253. The Operating Capital fund balance grew by \$323,301. Differently, the Reserve for Long Term Facilities Maintenance (LTFM) decreased by \$442,442. The change in those two fund balances are primarily related to fluctuations in project costs.

**General Fund Budgetary Highlights**

Following approval of the preliminary budget (which happens prior to the beginning of the fiscal year), the District officially revised the annual operating budget one time during the year with a formal budget update presented to the board in June 2020. During the course of the year, if significant projects were approved, separate budget approvals were received on those projects and these special pre-approved amounts were then included in the official budget update subsequently presented to the board in June. Budget amendments generally fall into two categories:

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

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Financial Analysis of the District as a Whole (Continued)**

***General Fund Budgetary Highlights (Continued)***

Actual revenues were \$1,225,908 more than the final board approved revenue budget of \$41,173,584 which represents a 3.00% positive variance from the approved budget.

The actual expenditures were \$173,919 less than the final approved budget. This represents less than a 1% variance from the approved budget.

***Food Service Fund***

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the goal of the School Nutrition program is to be self-contained and not to pull resources away from direct K-12 instruction.

The fund recorded a \$107,967 deficiency of revenues under expenditures for the fiscal year resulting in a total ending fund balance of \$29,577. This is attributable to a decrease in the number of meals served because of distance learning during the COVID pandemic. The School Nutrition Program is well run and continues to not only cover its costs but also maintain a healthy fund balance. By maintaining a fund balance, the program has the resources needed to continue to make improvements to the program through equipment purchases and food offerings that are both nutritious and appealing to the students of Winona Area Public Schools.

***Community Service Fund***

The Community Service Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on year-to-year basis so that it does not pull resources away from K-12 instruction. The Community Education fund balance increased from \$392,494 to \$528,517. This final fund balance is slightly higher than had been budgeted for the year. Community Education management has been proactive in its approach to budgets maintaining a healthy fund balance which protects future programming.

***Debt Service Fund***

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the district to construct school facilities, improve buildings and grounds, or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for the upcoming fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise. The debt service fund balance is also monitored by the Minnesota Department of Education for accumulation of excess fund balance. If the debt service fund balance is deemed to be at a level in excess of what is needed to make debt payments, a levy adjustment is made to reduce revenue. During fiscal year 2020 the total debt service fund balance increased from \$455,907 to \$608,176. This represents an increase of approximately 33.4% as compared to the prior fiscal year.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Financial Analysis of the District as a Whole (Continued)**

***Capital Projects Fund***

The Capital Projects Fund accounts for the costs of school construction, addition, and renovation projects. When bonds (or certificates of participation) are issued in connection with a building project, the bond proceeds are recorded as revenue in the Capital Projects Fund. The funds are then drawn down as the payments are made for work completed on the building project. The proceeds of bonds (or certificates of participation) can only be used for the purpose for which they were issued. The total fund balance as of June 30, 2020 is \$4,126,251. This amount is related to a bond referendum passed in November 2018 and is to be used to facilitate improvement projects to enhance safety and security, improve accessibility for persons with disabilities, and critical asset preservations.

***OPEB Debt Service***

The Other Post-Employment Benefit (OPEB) Debt Service Fund is required to be used to record activity related to the levy proceeds and the repayment of OPEB bonds. The OPEB Debt Service fund balance increased from a deficit of \$261,684 to a deficit of \$2,732 during fiscal year 2020. The deficit is related to a cross-over refunding which was not adequately levied for. This was corrected on the 18PAY19 levy certification and will continued to be cleared from the district's general ledger in fiscal year 2021.

***Custodial Fund***

Winona Area Public Schools continue to serve as the fiscal host for the Winona County Collaborative. This is an arrangement which commenced during fiscal year 2012. This activity is monitored using what is called a Custodial Fund. A Custodial Fund is used to account for assets where the school district has a formal agency agreement with another entity. The District simply holds the funds and performs certain duties as directed by the decision makers of the other entity. In the case of the Winona County Collaborative, a board makes the decisions regarding how to expend the dollars.

**Contacting the District's Financial Management**

This financial report is designed to provide District 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, Winona Area Public Schools, 903 Gilmore Avenue, Winona, Minnesota 55987, visit the District Website at [www.winona.k12.mn.us](http://www.winona.k12.mn.us), or call 507-494-0800.

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## **BASIC FINANCIAL STATEMENTS**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF NET POSITION  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Governmental Activities	
	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 16,306,262	\$ 21,422,011
Receivables:		
Property Taxes	8,053,641	7,587,461
Other Governments	4,248,793	3,044,764
Other	121,302	213,247
Prepaid Items	136,287	291,964
Inventories	18,192	11,785
Capital Assets:		
Land and Construction in Progress	4,581,703	1,577,658
Other Capital Assets, Net of Depreciation	18,686,516	19,771,213
Total Assets	52,152,696	53,920,103
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Debt Refunding	468,570	522,121
Pension Related	18,754,372	28,875,103
OPEB Related	273,454	22,155
Total Deferred Outflows	19,496,396	29,419,379
<b>LIABILITIES</b>		
Salaries Payable	3,883,286	3,943,980
Accounts Payable	1,238,302	1,755,804
Accrued Interest	253,355	286,866
Due to Other Governmental Units	20,928	65,165
Unearned Revenue	173,693	124,600
Long-Term Liabilities:		
Portion Due Within One Year	3,108,667	3,334,591
Portion Due in More Than One Year	12,595,156	15,789,057
Other Postemployment Benefits Liability	4,138,488	3,291,524
Net Pension Liability	25,518,232	26,351,476
Total Liabilities	50,930,107	54,943,063
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	12,704,543	13,029,927
Other Postemployment Benefits Related	831,773	926,411
Pension Related	32,316,174	40,389,765
Total Deferred Inflows of Resources	45,852,490	54,346,103
<b>NET POSITION</b>		
Net Investment in Capital Assets	17,422,655	17,239,176
Restricted for:		
Operating Capital Purposes	931,924	608,623
State-Mandated Reserves	1,429,316	1,433,030
Facility Improvements	441,914	127,661
Food Service	29,577	137,544
Community Service	533,731	396,996
Capital Projects	131,884	63,401
Debt Service	379,744	186,663
Unrestricted	(46,434,250)	(46,142,778)
Total Net Position	\$ (25,133,505)	\$ (25,949,684)

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

2020			
Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>			
Administration	\$ 1,658,307	\$ 102	\$ 6,586
District Support Services	1,415,825	71,509	22,104
Regular Instruction	16,352,800	590,127	3,764,647
Vocational Education Instruction	499,317	3,497	2,459
Special Education Instruction	10,933,642	149,350	7,560,360
Instructional Support Services	2,139,519	4,631	388,027
Pupil Support Services	5,679,534	55,216	1,805,056
Sites and Buildings	6,145,661	-	243,841
Fiscal and Other Fixed Cost Programs	158,158	-	-
Food Service	1,796,955	422,974	1,276,292
Community Service	1,861,361	614,660	791,528
Interest and Fiscal Charges on Long-Term Liabilities	592,741	-	-
Total School District	\$ 49,233,820	\$ 1,912,066	\$ 15,860,900

**GENERAL REVENUES**

Property Taxes Levied for:  
     General Purposes  
     Community Service  
     Debt Service  
 State Aid Not Restricted to Specific Purposes  
 Earnings on Investments  
 Miscellaneous  
     Total General Revenues

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

2020	2019
Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
Total Governmental Activities	Total Governmental Activities
Capital Grants and Contributions	
\$ -	\$ (1,140,174)
5,221	(1,321,709)
190,844	(7,932,350)
-	(255,937)
-	(596,381)
-	(1,532,583)
-	(4,092,049)
273,190	(3,666,286)
-	(125,031)
-	(93,930)
-	(194,605)
-	(325,329)
<u>\$ 469,255</u>	<u>(21,276,364)</u>
	9,110,505
	10,099,315
	548,628
	2,468,041
	19,022,295
	76,583
	92,734
	<u>32,307,596</u>
	816,179
	11,031,232
	<u>(25,949,684)</u>
	<u>(36,980,916)</u>
	<u>\$ (25,133,505)</u>
	<u>\$ (25,949,684)</u>

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Major		
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 8,606,424	\$ 110,554	\$ 794,300
Receivables:			
Current Property Taxes	5,536,343	-	329,595
Delinquent Property Taxes	94,322	-	5,214
Accounts Receivable	114,532	1,096	5,674
Due from Other Minnesota School Districts	58,015	-	15,847
Due from Minnesota Department of Education	3,154,818	42,336	63,693
Due from Federal through Minnesota Department of Education	860,775	1,158	-
Due from Other Governmental Units	255	-	35,724
Inventory	-	18,192	-
Prepays	133,560	627	2,100
Total Assets	\$ 18,559,044	\$ 173,963	\$ 1,252,147
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Salaries and Payroll Deductions Payable	\$ 3,674,280	\$ 67,952	\$ 141,054
Accounts and Contracts Payable	358,753	33,207	11,167
Due to Other Governmental Units	4,177	-	16,733
Unearned Revenue	122,848	43,227	7,618
Total Liabilities	4,160,058	144,386	176,572
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes Levied for Subsequent Year	8,862,989	-	541,844
Unavailable Revenue - Delinquent Property Taxes	94,322	-	5,214
Total Deferred Inflows of Resources	8,957,311	-	547,058
Fund Balance:			
Nonspendable:			
Inventory	-	18,192	-
Prepays	133,560	627	2,100
Restricted for:			
Student Activities	138,176	-	-
Staff Development	214,615	-	-
Capital Projects Levy	441,914	-	-
Operating Capital	931,924	-	-
Learning and Development	-	-	-
Community Education	-	-	353,958
Early Childhood and Family Education	-	-	69,121
Gifted and Talented	-	-	-
School Readiness	-	-	40,497
Basic Skills Extended Time	69,111	-	-
Adult Basic Education	-	-	6,153
Long-Term Facilities Maintenance	852,189	-	-
Medical Assistance	155,225	-	-
Restricted for Other Purposes	112	10,758	56,688
Assigned for:			
Student Activities	-	-	-
Unassigned	2,504,849	-	-
Total Fund Balance	5,441,675	29,577	528,517
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 18,559,044	\$ 173,963	\$ 1,252,147

See accompanying Notes to Financial Statements.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

Funds			Total Governmental Funds	
Capital Projects	Debt Service	OPEB Debt Service	2020	2019
\$ 4,961,444	\$ 1,568,449	\$ 265,091	\$ 16,306,262	\$ 21,422,011
-	1,637,382	418,060	7,921,380	7,474,572
-	24,923	7,802	132,261	112,889
-	-	-	121,302	213,247
-	-	-	73,862	90,169
-	14,779	1,393	3,277,019	2,488,178
-	-	-	861,933	418,659
-	-	-	35,979	47,758
-	-	-	18,192	11,785
-	-	-	136,287	291,964
<u>\$ 4,961,444</u>	<u>\$ 3,245,533</u>	<u>\$ 692,346</u>	<u>\$ 28,884,477</u>	<u>\$ 32,571,232</u>
\$ -	\$ -	\$ -	\$ 3,883,286	\$ 3,943,980
835,193	-	-	1,238,320	1,755,804
-	-	-	20,910	65,165
-	-	-	173,693	124,600
<u>835,193</u>	<u>-</u>	<u>-</u>	<u>5,316,209</u>	<u>5,889,549</u>
-	2,612,434	687,276	12,704,543	13,029,927
-	24,923	7,802	132,261	112,889
-	<u>2,637,357</u>	<u>695,078</u>	<u>12,836,804</u>	<u>13,142,816</u>
-	-	-	18,192	11,785
-	-	-	136,287	291,964
-	-	-	138,176	-
-	-	-	214,615	122,669
-	-	-	441,914	127,661
-	-	-	931,924	608,623
-	-	-	-	5,748
-	-	-	353,958	247,654
-	-	-	69,121	51,269
-	-	-	-	188
-	-	-	40,497	108,557
-	-	-	69,111	-
-	-	-	6,153	7,663
-	-	-	852,189	1,294,631
-	-	-	155,225	9,794
4,126,251	608,176	-	4,801,985	8,952,332
-	-	-	-	152,434
-	-	(2,732)	2,502,117	1,545,895
<u>4,126,251</u>	<u>608,176</u>	<u>(2,732)</u>	<u>10,731,464</u>	<u>13,538,867</u>
<u>\$ 4,961,444</u>	<u>\$ 3,245,533</u>	<u>\$ 692,346</u>	<u>\$ 28,884,477</u>	<u>\$ 32,571,232</u>

See accompanying Notes to Financial Statements.

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>Total Fund Balance for Governmental Funds</b>	\$ 10,731,464	\$ 13,538,867
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	1,278,092	1,278,092
Construction in Progress	3,303,611	299,566
Land Improvements, Net of Accumulated Depreciation	1,707,468	1,883,525
Buildings and Improvements, Net of Accumulated Depreciation	15,703,149	16,454,852
Equipment, Net of Accumulated Depreciation	1,275,899	1,432,836
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 unearned revenue in the funds.		
	132,261	112,889
When a bond refunding occurs, the difference between the amount paid to the refunded bond escrow and the principal of the refunded debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred charges.		
	468,570	522,121
The District's Other Postemployment Benefits liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Other Postemployment Benefits Liability	(4,138,488)	(3,291,524)
Deferred Outflows of Resources - OPEB	273,454	22,155
Deferred Inflows of Resources - OPEB	(831,773)	(926,411)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.		
	(253,355)	(286,866)
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	(25,518,232)	(26,351,476)
Deferred Outflows of Resources - Pensions	18,754,372	28,875,103
Deferred Inflows of Resources - Pensions	(32,316,174)	(40,389,765)
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	(13,680,000)	(16,490,000)
Unamortized Premiums	(649,942)	(785,136)
Certificates of Participation Payable	(285,830)	(490,206)
Capital Lease Payable	(522,563)	(758,767)
Severance and Health Benefits Payable	(402,788)	(439,000)
Compensated Absences Payable	(162,700)	(160,539)
<b>Total Net Position of Governmental Activities</b>	<u>\$ (25,133,505)</u>	<u>\$ (25,949,684)</u>

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Major		
	General	Food Service	Community Service
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 9,101,295	\$ -	\$ 550,706
Earnings and Investments	14,282	278	1,979
Other	1,606,032	455,284	634,995
State Sources	30,125,608	123,080	756,892
Federal Sources	1,552,275	1,119,890	22,839
Total Revenues	<u>42,399,492</u>	<u>1,698,532</u>	<u>1,967,411</u>
<b>EXPENDITURES</b>			
Current:			
Administration	1,588,369	-	-
District Support Services	1,402,993	-	-
Elementary and Secondary Regular Instruction	14,454,787	-	-
Vocational Education Instruction	444,074	-	-
Special Education Instruction	10,335,557	-	-
Instructional Support Services	2,056,405	-	-
Pupil Support Services	5,434,957	-	-
Sites and Buildings	4,435,308	-	-
Fiscal and Other Fixed Cost Programs	158,158	-	-
Food Service	-	1,735,378	-
Community Service	-	-	1,822,724
Capital Outlay	276,647	71,121	8,664
Debt Service:			
Principal	440,580	-	-
Interest and Fiscal Charges	68,280	-	-
Total Expenditures	<u>41,096,115</u>	<u>1,806,499</u>	<u>1,831,388</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,303,377	(107,967)	136,023
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Real Property	-	-	-
Long-Term Debt Issued	-	-	-
Bond Premium	-	-	-
Transfers Out	-	-	-
Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,303,377	(107,967)	136,023
<b>FUND BALANCES</b>			
Beginning of Year	<u>4,138,298</u>	<u>137,544</u>	<u>392,494</u>
End of Year	<u>\$ 5,441,675</u>	<u>\$ 29,577</u>	<u>\$ 528,517</u>

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

Funds			Total Governmental Funds	
Capital Projects	Debt Service	OPEB Debt Service	2020	2019
\$ -	\$ 2,799,266	\$ 895,068	\$ 13,346,335	\$ 13,149,363
68,482	3,529	1,248	89,798	76,585
1	-	-	2,696,312	3,236,812
-	147,789	13,936	31,167,305	31,117,795
-	-	-	2,695,004	2,413,170
<u>68,483</u>	<u>2,950,584</u>	<u>910,252</u>	<u>49,994,754</u>	<u>49,993,725</u>
-	-	-	1,588,369	1,583,595
-	-	-	1,402,993	1,537,171
-	-	-	14,454,787	15,239,101
-	-	-	444,074	387,925
-	-	-	10,335,557	10,873,600
-	-	-	2,056,405	2,200,650
-	-	-	5,434,957	5,646,902
-	-	-	4,435,308	4,020,507
-	-	-	158,158	125,031
-	-	-	1,735,378	1,674,719
-	-	-	1,822,724	1,909,405
4,618,540	-	-	4,974,972	797,635
-	2,325,000	485,000	3,250,580	3,001,118
-	473,315	166,300	707,895	365,082
<u>4,618,540</u>	<u>2,798,315</u>	<u>651,300</u>	<u>52,802,157</u>	<u>49,362,441</u>
(4,550,057)	152,269	258,952	(2,807,403)	631,284
-	-	-	-	378,055
-	-	-	-	8,460,000
-	-	-	-	663,741
-	-	-	-	(1,645)
-	-	-	-	53,663
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,553,814</u>
(4,550,057)	152,269	258,952	(2,807,403)	10,185,098
<u>8,676,308</u>	<u>455,907</u>	<u>(261,684)</u>	<u>13,538,867</u>	<u>3,353,769</u>
<u>\$ 4,126,251</u>	<u>\$ 608,176</u>	<u>\$ (2,732)</u>	<u>\$ 10,731,464</u>	<u>\$ 13,538,867</u>

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020	2019
<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ (2,807,403)	\$ 10,185,098
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	3,635,714	440,508
Gain (Loss) on Disposal of Capital Assets	(299,566)	(966,050)
Proceeds from the Sales of Capital Assets	-	(378,055)
Depreciation Expense	(1,416,800)	(1,603,799)
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.		
	19,372	(33,379)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Principal Payments - Capital Leases	236,204	284,914
Other postemployment benefits (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expense on the statement of activities is measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.		
	(501,027)	(392,307)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expense on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	(1,213,896)	9,795,484
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).		
	34,051	57,898
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	-	(8,460,000)
Bond Premium or Discount	-	(663,741)
Repayment of Bond Principal	2,810,000	2,530,000
Change in Accrued Interest - General Obligation Bonds	33,511	(95,575)
Repayment of Certificates of Participation Payable	204,376	192,735
Amortization of Bond Premium	135,194	170,572
Amortization of Deferred Charges on Refunding Bonds	(53,551)	(41,775)
Internal service funds are used by the District to charge the costs of employee dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
	-	8,704
Total	\$ 816,179	\$ 11,031,232

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES — BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 9,027,107	\$ 9,027,107	\$ 9,101,295	\$ 74,188
Earnings and Investments	7,500	7,500	14,282	6,782
Other	1,044,718	1,152,091	1,606,032	453,941
State Sources	29,503,545	29,503,545	30,125,608	622,063
Federal Sources	1,486,914	1,483,341	1,552,275	68,934
Total Revenues	<u>41,069,784</u>	<u>41,173,584</u>	<u>42,399,492</u>	<u>1,225,908</u>
<b>EXPENDITURES</b>				
Current:				
Administration	1,461,419	1,461,963	1,588,369	126,406
District Support Services	1,108,975	1,102,352	1,402,993	300,641
Elementary and Secondary				
Regular Instruction	14,085,843	13,977,519	14,454,787	477,268
Vocational Education Instruction	293,334	293,334	444,074	150,740
Special Education Instruction	10,973,700	10,875,514	10,335,557	(539,957)
Instructional Support Services	2,254,911	2,243,409	2,056,405	(187,004)
Pupil Support Services	5,408,777	5,357,713	5,434,957	77,244
Sites and Buildings	4,051,536	4,467,890	4,435,308	(32,582)
Fiscal and Other Fixed				
Cost Programs	157,819	157,819	158,158	339
Capital Outlay	400,029	473,729	276,647	(197,082)
Debt Service:				
Principal	442,995	442,995	440,580	(2,415)
Interest and Fiscal Charges	67,959	67,959	68,280	321
Total Expenditures	<u>40,707,297</u>	<u>40,922,196</u>	<u>41,096,115</u>	<u>173,919</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 362,487</u>	<u>\$ 251,388</u>	1,303,377	<u>\$ 1,051,989</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>4,138,298</u>	
End of Year			<u>\$ 5,441,675</u>	

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES — BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 500	\$ 500	\$ 278	\$ (222)
Other - Primarily Meal Sales	679,500	691,248	455,284	(235,964)
State Sources	87,500	110,267	123,080	12,813
Federal Sources	988,000	988,000	1,119,890	131,890
Total Revenues	<u>1,755,500</u>	<u>1,790,015</u>	<u>1,698,532</u>	<u>(91,483)</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	1,742,334	1,742,335	1,735,378	(6,957)
Capital Outlay	45,000	45,000	71,121	26,121
Total Expenditures	<u>1,787,334</u>	<u>1,787,335</u>	<u>1,806,499</u>	<u>19,164</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (31,834)</u>	<u>\$ 2,680</u>	(107,967)	<u>\$ (110,647)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>137,544</u>	
End of Year			<u>\$ 29,577</u>	

See accompanying Notes to Financial Statements.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES — BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 550,766	\$ 519,310	\$ 550,706	\$ 31,396
Earnings and Investments	1,000	1,000	1,979	979
Other - Primarily Tuition and Fees	734,748	652,940	634,995	(17,945)
State Sources	728,606	725,530	756,892	31,362
Federal Sources	3,676	3,676	22,839	19,163
Total Revenues	<u>2,018,796</u>	<u>1,902,456</u>	<u>1,967,411</u>	<u>64,955</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	1,963,991	1,964,526	1,822,724	(141,802)
Capital Outlay	3,850	3,850	8,664	4,814
Total Expenditures	<u>1,967,841</u>	<u>1,968,376</u>	<u>1,831,388</u>	<u>(136,988)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 50,955</u>	<u>\$ (65,920)</u>	136,023	<u>\$ 201,943</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>392,494</u>	
End of Year			<u>\$ 528,517</u>	

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	Irrevocable OPEB Trust	Winona CO Collaborative
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,246,943	\$ 279
Total Assets	3,246,943	279
<b>LIABILITIES</b>		
Accounts and Contracts Payable	-	279
Total Liabilities	-	279
<b>NET POSITION</b>		
Held In Trust	\$ 3,246,943	\$ -

**INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020**

	Irrevocable OPEB Trust	Winona CO Collaborative
<b>ADDITIONS</b>		
Earnings on Investments	\$ 236,826	\$ (14)
Other Local Revenue	-	124,928
Total Additions	236,826	124,914
<b>DEDUCTIONS</b>		
Administration Fees	20,511	-
Benefit Payments	587,432	-
Winona County Collaborative Purchases	-	124,914
Total Deductions	607,943	124,914
<b>CHANGE IN NET POSITION</b>	(371,117)	-
Net Position - Beginning of Year	3,618,060	-
<b>NET POSITION - END OF YEAR</b>	\$ 3,246,943	\$ -

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 861 (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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

**B. Financial Reporting Entity**

The District is an instrumentality of the state of Minnesota established to function as an education 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 included all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate 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. These financial statements include all funds of the District. 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 of school hours. The Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities, as well as controls and is financially accountable for these activities. Accordingly, the accounts and transactions for the student activity funds are included in these financial statements within the General Fund.

**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 reported in the statement of fiduciary net position at the fund financial statement level.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Basic Financial Statement Presentation (Continued)

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 a purpose for which both restricted and unrestricted net position is available. Depreciation expenses that can be specifically identified by function are 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; custodial fund and irrevocable OPEB trust. 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.

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 the 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Measurement Focus and Basis of Accounting (Continued)

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 the 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 revenue 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 each fund included in this report is as follows:

*Major Governmental Funds*

General Fund – The General Fund is used to account for all financial resources except those 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 in the Food Service Fund consist of user fees and state and federal reimbursements restricted for the Food Service program.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Measurement Focus and Basis of Accounting (Continued)

**Description of Funds (Continued)**

Community Service Special Revenue Fund – The Community Service Fund is used to account for service provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenue in the Community Service Fund consist of local property taxes, use fees, and state tax credits and aids restricted for the Community Service programs.

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

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term obligation bond principal, interest, and related costs.

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

*Fiduciary Funds*

Irrevocable OPEB Trust Fund – The Irrevocable OPEB Fund is used for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

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 accounts for money held and and/or receivable from Minnesota Department of Education under agency agreements with the Winona County Collaborative.

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, Building Construction Fund, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budgeted amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgeting (Continued)**

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

**F. Cash and Investments**

Cash and investments consist of interest bearing accounts, money market accounts, mutual funds, and cash on hand.

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.

**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. The only receivable not expected to be collected within one year are current property taxes receivable.

**H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of surplus commodities received from the federal government. Surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**I. Prepaid Items**

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

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. 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. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits, which are included in revenue from state sources in the financial statements.

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 unavailable revenue (property taxes levied for subsequent year).

The majority of District revenue in the General (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."

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 pay 2001 operating referendum, which is frozen at \$163,276 for the District. Certain other portions of the District's 2019 pay 2020 levy, normally revenue for the 2020-21 fiscal year, are also advance recognized at June 30, 2020, as required by state statute to match revenue with the same fiscal year as the related expenditures.

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 the 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.

**K. Capital Assets**

Capital assets are capitalized as historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$4,000 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.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

Capital assets are recorded in the District-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 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 building or other improvable property.

**L. Deferred Outflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense) until that time. The District has three type of items that qualifies as this reporting element which include pension related, OPEB related and loss on bond refunding.

**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. Bond issuance costs are reported as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

N. Accrued Employee Benefits

**Compensated Absences**

Employees earn annual vacation at rates dependent upon each employee group labor contract. At June 30, 2020, unpaid vacation pay totaling \$162,700 is recorded in the statement of net position.

**Sick Pay**

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

**Severance and Other Postemployment Benefits**

Accounting policies for severance and other postemployment benefits are described as follows:

**1. Severance Payment – Nonaffiliated Employees, Plant Operation and Maintenance Employees**

A severance payment is available to nongroup employees and plant operation and maintenance employees who have completed at least 15 consecutive years of full or part time service with the District and are at least age 55 or employees who qualify for early retirement under the rule of 90 as prescribed by PERA. An eligible individual will receive an amount equal to \$5.00 an hour for each unused hour of sick leave, reduced by the 403b matching dollars paid by the District over the employee's employment.

**2. Severance Payment – Educational Office Professionals, and Paraprofessionals**

A severance payment is available to educational office professionals and paraprofessionals that have 15 years of service and who are at least 55 years of age, or employees who qualify for early retirement under the rule of 90 as prescribed by PERA. Qualified employees receive a severance payment equal to \$4.50 an hour for each hour of unused sick leave, reduced by the amount of 403b matching dollars paid by the District over the employee's employment.

**3. Severance Payment – School Nutrition Personnel**

A severance payment is available to food service personnel that have completed at least 15 years of continuous service with the District and are at least age 55 or employees who qualify for early retirement under the rule of 90 as prescribed by PERA. Qualified employees receive a severance payment equal to \$5.00 an hour for each unused hour of sick leave.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

N. Accrued Employee Benefits (Continued)

**Severance and Other Postemployment Benefits (Continued)**

**4. Severance Payment – Teachers**

A severance payment is available to teachers who have taught a minimum of 15 years in the District and are at least 55 years of age. An eligible individual will receive an amount equal to \$10 per day for each day of unused sick leave, up to 195 days, directly into the retiree's 403b account.

**5. Other Postemployment Benefits — Educational Office Professionals, Teachers, and Paraprofessionals**

Upon retirement, employees with at least 15 years of continuous service with the District and are at least age 55 will receive \$40,000, which will be placed into a postretirement healthcare account. If the employee is less than full time, the \$40,000 benefit is prorated based on the employee's FTE status for the last 5 years of their employment with the District.

Starting with the 2005-2006 school year, teachers starting the school year who are age 50 with a minimum of 15 years of full-time service, the District will contribute \$2,000 annually for teachers and \$840 annually for paraprofessionals and educational office professionals into a healthcare savings account administered by the Minnesota State Retirement Association. Upon retirement, the cumulative amount of the deposits made for the teacher into the account will be subtracted from the \$40,000 retirement incentive mentioned above.

**6. Other Postemployment Benefits — School Nutrition Personnel**

Upon retirement, employees with a minimum of 15 years of full-time service in the District and are at least 55 years of age are eligible to receive a postemployment health care benefit. The benefit is an amount equal to \$40,000, reduced by 403(b) matching dollars paid by the District over the employee's employment.

Part-time employees with a minimum of 15 years of service in the District, working in a capacity in which the employee was eligible for insurance benefits, and who are at least 55 years of age is eligible to receive a postemployment health care benefit. The benefit is equal to a prorated payment of the \$40,000 based on the employee's fractional time.

The District budgets for payments of severance pay for the year when it anticipates the retirement of personnel requires a severance payment. The payment of severance pay is recorded as a current expenditure in the year of the payment. Expenditures for severance pay made in 2020 were \$36,212. The liability for severance totaled \$402,788 and is recorded in the statement of net position.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

O. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and 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.

P. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The District has four types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third is pension related. The fourth is other postemployment benefits related.

Q. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues in the General Fund for a variety of unexpended local grants and unearned fees. In the Food Service Fund, unearned revenues have been recorded for school lunch deposits. The District also recorded unearned revenue in the Community Service Fund related to unexpended local grants and fees.

R. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable portions of fund balance relate to prepaids and inventories. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The District currently does not report any committed fund balances. The Board of Education passed a resolution authorizing the Director of Finance the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Fund Balance (Continued)**

In accordance with the District's fund balance policy, 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 fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

The District has a minimum fund balance policy, which identifies a minimum unassigned fund balance in the General Fund of two months of budgeted operating expenditures. In the Food Service Fund and Community Service Fund the District has a minimum fund balance policy, which identifies a minimum total fund balance of two months of budgeted operating expenditures.

**S. Risk Management**

The District is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; error 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.

**T. Net Position**

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

**U. Summarized Comparative Information**

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Some of the prior year balances were reclassified to conform with the current year presentation.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO 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>
General Fund	\$ 40,922,196	\$ 41,096,115	\$ 173,919
Special Revenue Funds:			
Food Service Fund	\$ 1,787,335	\$ 1,806,499	\$ 19,164
Capital Projects Fund	\$ 3,945,912	\$ 4,618,540	\$ 672,628

The amount of expenditures in excess of budget was covered by existing fund balances in each fund.

**Deficit Fund Balance**

The OPEB Debt Service Fund has a deficit fund balance of (\$2,732) as of June 30, 2020. This deficit will be eliminated going forward using property tax levies and other sources.

**NOTE 3 DEPOSITS AND INVESTMENTS**

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds, except the OPEB Irrevocable Trust Fund. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Cash and Investments.” In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School District’s Board.

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.

The District’s deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO 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, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations rated “A” or better; revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rated “A” or better.
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed Investment Contracts guaranteed by United States commercial banks, domestic branches of a foreign bank 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 OPEB Irrevocable Trust Fund may be invested as authorized by Minnesota state statute 356A.06, Subdivision 7.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District’s investment policy does not set specific limits on instruments, diversification, and maturity scheduling. However, the Board’s policy does require that funds be available to meet immediate payment requirements. In addition, the policy states that investments be managed in a manner to obtain market rates of return through various economic and budget cycles. The Director of Finance is designated as the District’s investment officer. Investment activity is reported monthly to the School Board.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

***Interest Rate Risk (Continued)***

Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Type</u>	<u>Total</u>	<u>Less Than One Year</u>	<u>More Than Five Years</u>
Mutual Funds - Fixed Income	\$ 1,989,259	\$ 1,989,259	\$ -
Municipal Bonds	2,005,125	500,917	1,504,208
Total	<u>\$ 3,994,384</u>	<u>\$ 2,490,176</u>	<u>\$ 1,504,208</u>

The Director of Finance generally schedules investment maturities to coincide with projected school district cash flow needs. Within these parameters, portfolio maturities are generally staggered to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates.

***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>Investment</u>	<u>Credit Rating</u>
Mutual Funds - Equity	Not Rated
Mutual Funds - Fixed Income	Not Rated
Municipal Bonds	AAA

***Concentration of Credit Risk***

The District's investment policy does not set specific limits on instruments, diversification, and maturity scheduling. It is the District's policy to diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments. The following chart summarizes the concentrations for the School District's investments:

<u>Type</u>	<u>Percentage</u>
Arlington County, Virginia, GO Public Improvement Bonds	5.74%
Corpus Christi, Texas, Utility System Revenue Bonds	5.72%
Hillborough County, Florida Utility Revenue Bonds	5.73%
Honolulu, Hawaii, City & County Wastewater System Rev Bonds	5.71%



**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

***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 and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
Mutual Funds - Equity	\$ 4,755,349	\$ -	\$ -	\$ 4,755,349
Mutual Funds - Fixed Income	1,989,259	-	-	1,989,259
Municipal Bonds	-	2,005,125	-	2,005,125
Total	<u>\$ 6,744,608</u>	<u>\$ 2,005,125</u>	<u>\$ -</u>	<u>\$ 8,749,733</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

C. Balance Sheet Presentation

Total cash and investments at June 30, 2020 consist of:

Deposits	\$ 10,799,201
Cash on Hand	4,550
Mutual Funds - Equity	4,755,349
Mutual Funds - Fixed Income	1,989,259
Municipal Bonds	2,005,125
Total Cash and Investments	<u>\$ 19,553,484</u>
Cash and Investments - Statement of Net Position	\$ 16,306,262
Cash and Investments - Statement of Fiduciary Net Position	3,247,222
Total Cash and Investments	<u>\$ 19,553,484</u>

**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,278,092	\$ -	\$ -	\$ 1,278,092
Construction in Progress	299,566	3,303,611	(299,566)	3,303,611
Total Capital Assets, Not Being Depreciated	1,577,658	3,303,611	(299,566)	4,581,703
Capital Assets, Being Depreciated:				
Land Improvements	4,765,906	-	-	4,765,906
Buildings and Improvements	42,957,137	203,684	-	43,160,821
Equipment	6,771,231	128,419	-	6,899,650
Total Capital Assets, Being Depreciated	54,494,274	332,103	-	54,826,377
Accumulated Depreciation for:				
Land Improvements	(2,882,381)	(176,057)	-	(3,058,438)
Buildings and Improvements	(26,502,285)	(955,387)	-	(27,457,672)
Equipment	(5,338,395)	(285,356)	-	(5,623,751)
Total Accumulated Depreciation	(34,723,061)	(1,416,800)	-	(36,139,861)
Total Capital Assets, Being Depreciated, Net	19,771,213	(1,084,697)	-	18,686,516
Governmental Activities Capital Assets, Net	<u>\$ 21,348,871</u>	<u>\$ 2,218,914</u>	<u>\$ (299,566)</u>	<u>\$ 23,268,219</u>

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

Administration	\$ 23,252
District Support Services	22,609
Regular Instruction	962,190
Vocational Education Instruction	18,904
Special Education Instruction	28,731
Instructional Support Services	47,920
Pupil Support Services	169,959
Sites and Buildings	96,104
Food Service	45,921
Community Service	<u>1,210</u>
Total Depreciation Expense, Governmental Activities	<u><u>\$ 1,416,800</u></u>

**NOTE 5 LONG-TERM LIABILITIES**

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitation imposed by Minnesota law.

Issue Date	Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
2/14/2019	5.00%	2019A	\$ 8,460,000	2/1/2023	\$ 1,980,000	\$ 6,380,000
2/5/2013	2% - 2.15%	2013A	1,580,000	2/1/2028	105,000	885,000
11/13/2013	2% - 3.05%	2013B	2,140,000	2/1/2028	145,000	1,275,000
4/17/2016	6.40%	2016A	6,495,000	2/1/2029	505,000	5,140,000
Total General Obligation Bonds					<u>2,735,000</u>	<u>13,680,000</u>
Bond Premiums					-	649,942
Certificates of Participation Payable					50,665	285,830
Capital Lease Payable					250,852	522,563
Severance Payable					72,150	402,788
Compensated Absences Payable					-	162,700
Total					<u><u>\$ 3,108,667</u></u>	<u><u>\$ 15,703,823</u></u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO 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 vacation payable and severance and health benefits payable are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation OPEB Refunding Bonds Payable</u>		<u>General Obligation Capital Facilities Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,230,000	\$ 373,810	\$ 505,000	\$ 151,750
2022	2,355,000	269,448	520,000	136,600
2023	2,560,000	158,598	535,000	121,000
2024	265,000	36,848	550,000	104,950
2025	270,000	29,998	570,000	88,450
2026-2029	860,000	46,490	2,460,000	181,663
Total	<u>\$ 8,540,000</u>	<u>\$ 915,192</u>	<u>\$ 5,140,000</u>	<u>\$ 784,413</u>

**C. Description of Long-Term Liabilities**

**General Obligation Bonds**

On February 5, 2013, the District issued \$1,580,000 of General Obligation Capital Facilities Bonds, Series 2013A. The proceeds of the issue were used to finance the betterment of capital projects in the District. Future ad valorem tax levies are dedicated to retire these bonds.

On November 13, 2013, the District issued \$2,140,000 of General Obligation Capital Facilities Bonds, Series 2013B. The proceeds of the issue were used to finance the betterment of capital projects in the District. Future ad valorem tax levies are dedicated to retire these bonds.

On April 17, 2016, the District issued \$6,495,000 in General Obligation Taxable OPEB Bonds, Series 2016A. Net proceeds of these bonds were used to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments on the Series 2009A bonds. As a result, \$5,970,000 of the Series 2009A Bonds were considered defeased. The reacquisition price exceeded the net carrying amount of the old debt by \$696,161. This amount is reported as deferred outflows of resources in the statement of net position and amortized over the remaining life of the new bond. The advanced refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,284,686 and resulted in an economic gain (difference between the present values of the old and net debt service payments) of \$1,074,288.

On February 14, 2019, the District issued \$8,460,000 in General Obligation School Building Bonds, Series 2019A. The proceeds of the issue are to be used to finance the acquisition and betterment of school sites and facilities in the District. Future ad valorem tax levies are dedicated to retire these bonds.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

C. Description of Long-Term Liabilities (Continued)

**Certificates of Participation**

The District raised funds through the issuance of a certificate of participation during the year ended June 30, 2009. The loan in the amount of \$1,855,000, dated May 13, 2009 was used to finance the construction of a track facility. This loan is structured as governmental lease purchase agreements for facility improvements. Repayment of principal is made through rental payments, which are structured to correspond to the related debt service requirements. Annual debt service payments go through August 1, 2024.

**Capital Leases**

The District raised funds through the issuance of a loan payable during the year ended June 30, 2007. The loan in the amount of \$2,421,480, dated June 13, 2007 was used to finance the construction of an alternative learning center. This loan is structured as governmental lease purchase agreements for facility improvements. Repayment of principal is made through rental payments, which are structured to correspond to the related debt service requirements. The loan is included in capital leases in the financial statements.

On September 18, 2017, the District entered into a lease agreement for copiers. The lease term is for 5 years. The lease amounts were for a total of \$146,215.

The capital assets related to the above capital leases have a cost of \$2,420,567 and accumulated depreciation of \$679,279. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 278,512
2022	276,971
2023	<u>8,160</u>
Total Minimum Lease Payments	563,643
Less Amounts Representing Interest	<u>41,080</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 522,563</u></u>

**Severance Payable**

Severance payable consists of severance pay, which is convertible sick leave payable to employees upon retirement. Severance benefits have been paid by the General Fund, Food Service Fund, and Community Service Fund.

**Compensated Absences**

Compensated absences consist of unused vacation at June 30, 2020. In prior years, the General Fund, Food Service Fund, and Community Service Fund have been used to liquidate vacation payable.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

D. Changes in Long-Term Liabilities

	June 30, 2019	Additions	Retirements	June 30, 2020
General Obligation Bonds	\$ 16,490,000	\$ -	\$ 2,810,000	\$ 13,680,000
Bond Premiums	785,136	-	135,194	649,942
Certificates of Participation Payable	490,206	-	204,376	285,830
Capital Lease Payable	758,767	-	236,204	522,563
Severance Payable	439,000	-	36,212	402,788
Compensated Absences Payable	160,539	2,161	-	162,700
Total	<u>\$ 19,123,648</u>	<u>\$ 2,161</u>	<u>\$ 3,421,986</u>	<u>\$ 15,703,823</u>

**NOTE 6 RESTRICTED FUND BALANCES**

**Restricted Fund Equity**

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. The following is a summary of the restricted fund balances for the governmental funds.

A. Restricted for Student Activities

In accordance with state statute, represents available resources dedicated exclusively for student activities.

B. Restricted for Staff Development

In accordance with state statute, represents available resources dedicated exclusively for staff development.

C. Restricted for Capital Projects Levy

The fund balance restriction represents available resources from the capital projects levy to be used for building construction and other projects under Minnesota Statutes.

D. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment, books and vehicles and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)**

**Restricted Fund Equity (Continued)**

- E. Restricted for Learning and Development  
The fund balance restriction represents the available general education revenues for learning and development, which is mainly for reducing the pupil-to-staff ratio.
- F. Restricted for Community Education  
The fund balance restriction represents accumulated resources available to provide general community education programming.
- G. Restricted for Early Childhood and Family Education  
The fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.
- H. Restricted for Gifted and Talented  
The fund balance restriction represents general education aid resources to be expended for gifted and talented programs.
- I. 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.
- J. Restricted for Basic Skills Extended Time  
The fund balance restriction represents general education aid resources to be expended for basic skills extended time programs.
- K. Restricted for Adult Basic Education  
The fund balance restriction represents accumulated resources available to provide services for adult basic education programs.
- L. Restricted for Long Term Facilities Maintenance (LTFM)  
The fund balance restriction represents accumulated resources available to be used for LTFM projects in accordance with the District's 10-year plan.
- M. Restricted for Medical Assistance  
The fund balance restriction represents resources to be used for Medical Assistance expenditures.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)**

**Restricted Fund Equity (Continued)**

N. Restricted for Other Purposes

The fund balance restriction represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation, as follows:

Other	\$	112
Food Service		10,758
Community Service		56,688
Capital Projects		4,126,251
Debt Service		608,176
Total	<u>\$</u>	<u>4,801,985</u>

**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 Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA 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 (GERF)**

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

**2. Teachers Retirement Fund (TRA)**

TRA is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a board of trustees. The board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or University of Minnesota System).



**WINONA AREA PUBLIC SCHOOLS  
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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. 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. GERS Benefits**

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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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 10 Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First 10 Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First 10 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 is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% 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. Contribution Rate

**1. GERF Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. 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 Retirement Fund for the year ended June 30, 2020 were \$527,214. 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 rates for the fiscal year for coordinated were 7.5% for the employee and 7.92% for the employer. Basic rates were 11.00% for the employee and 11.92% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2020 were \$1,348,130. The District's contributions were equal to the required contributions for each year as set by state statute.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs

**1. GERP Pension Costs**

At June 30, 2020, the District reported a liability of \$5,650,409 for its proportionate share of the General Employees Plan'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 fiscal year 2020. The state of Minnesota is considered a nonemployer 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 was \$175,659. 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 .1022%, which was a decrease of .0099% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$276,352 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$13,155 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Plan.

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, 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	\$ 156,594	\$ -
Changes in Actuarial Assumptions	-	444,126
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	572,736
Changes in Proportion	-	813,312
District Contributions Subsequent to the Measurement Date	527,214	-
Total	<u>\$ 683,808</u>	<u>\$ 1,830,174</u>

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**1. GERS Pension Costs (Continued)**

\$527,214 reported as deferred outflows related to pensions resulting from District contributions to the General Employees Plan subsequent to the measurement date 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 pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ (685,957)
2022	(729,598)
2023	(267,132)
2024	9,107

**2. TRA Pension Costs**

At June 30, 2020, the District reported a liability of \$19,867,823 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 .3117% at the end of the measurement period and .3205% for the beginning of the measurement 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:

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 19,867,823
State's Proportionate Share of the Net Pension Liability Associated with the District	1,758,323

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2020, the District recognized pension expense of \$2,817,064. It also recognized a \$133,647 increase to pension expense and grant revenue for the support provided by direct aid.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2020**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**2. TRA Pension Costs (Continued)**

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	\$ 2,825	\$ 482,449
Changes in Actuarial Assumptions	16,719,609	26,357,238
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,646,435
Changes in Proportion	-	1,999,878
District Contributions Subsequent to the Measurement Date	1,348,130	-
Total	<u>\$ 18,070,564</u>	<u>\$ 30,486,000</u>

\$1,348,130 reported as deferred outflows related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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	\$ 647,217
2022	(594,406)
2023	(7,972,955)
2024	(5,668,307)
2025	(175,115)

**3. Aggregate Pension Costs**

At June 30, 2020, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	TRA	PERA	Total
Net Pension Liability	\$ 19,867,823	\$ 5,650,409	\$ 25,518,232
Deferred Outflows of Resources	18,070,564	683,808	18,754,372
Deferred Inflows of Resources	30,486,000	1,830,174	32,316,174
Pension Expense	2,950,711	289,507	3,240,218

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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%
Salary Growth	11.25% after 1 year of service decreasing to 3.25% per year after 26 years	2.85% for 10 years and 3.25% thereafter
Investment Rate of Return	7.5% per year	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.

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.

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.

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

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

The following changes in plan provisions for PERA occurred in 2019:

- 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.

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

E. Actuarial Assumptions (Continued)

There were no changes in plan provisions or in actuarial assumptions for the TRA plan for 2019.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5 %	5.10 %
International Equity	17.5	5.30 %
Private Markets	25.0	5.90 %
Fixed Income	20.0	0.75 %
Cash	2.0	- %
Totals	<u>100.0 %</u>	

F. Discount Rate

The discount rate used to measure the total GERP pension liability 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total TRA pension liability was 7.50%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).



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**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
<u>GERF Discount Rate</u>	6.50 %	7.50 %	8.50 %
District's Proportionate Share of the GERF Net Pension Liability	\$ 9,288,968	\$ 5,650,409	\$ 2,646,055
<u>TRA Discount Rate</u>	6.50 %	7.50 %	8.50 %
District's Proportionate Share of the TRA Net Pension Liability	\$ 31,674,169	\$ 19,867,823	\$ 10,133,666

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](http://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](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN**

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses. There are 514 active participants and 21 retired participants. 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. Assets are accumulated in a trust that meet the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52, *Postemployment Benefits Other than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*. Therefore, the District reports a "net OPEB liability" in accordance with GASB Statement No. 75. The Plan does not issue a publicly available financial report.

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**B. Benefits Provided**

Teachers, who are at least 55 years of age upon retirement and have been employed by the District for a minimum of 15 years at a minimum of 60% of a full contract, and their spouses are eligible to remain on the District's health insurance at their own cost until reaching age 65. Certain other non-teaching staff who are at least 55 years of age upon retirement and have been employed by the District full-time for a minimum of 15 years, and their spouses are eligible to remain on the District's health insurance at their own cost until reaching age 65.

The District contributes up to \$40,000 to a health retirement account for eligible retired administration, teachers, office professionals, paraprofessionals, food service, and nonaffiliated plan members. For retired maintenance plan members, the District contributes the single health insurance premium, up to \$40,000. The District also contributes 10% the final salary for retired administrators and teachers to the health retirement account. The District contributes eight days for each year of service (up to a maximum of 130 days) to a health retirement account for retired directors.

**C. Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2020, and the net OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	n/a
Health Care Cost Trend Rates	6.25%
	Decreasing to 5.00% Over 6 Years

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

Discount Rate

The discount rate used to measure the net OPEB liability was 2.5%. The discount rate is based on the estimated investment return on the irrevocable trust for the funded portion of the OPEB liability and the estimated yield of 20-Year AA-rated municipal bonds for the unfunded portion.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2020**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

D. Changes in the Net OPEB Liability

	Increase (Decrease)		Net OPEB Liability (Asset) (a) - (b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2019	\$ 6,909,584	\$ 3,618,060	\$ 3,291,524
Changes for the Year:			
Service Cost	521,378	-	521,378
Interest Cost	257,203	-	257,203
Assumption Changes	281,956	-	281,956
Projected Investment Return	-	238,648	(238,648)
Benefit Payments	(582,751)	(587,432)	4,681
Administrative Expense	-	(20,394)	20,394
Net Changes	<u>477,786</u>	<u>(369,178)</u>	<u>846,964</u>
Balances at June 30, 2020	<u>\$ 7,387,370</u>	<u>\$ 3,248,882</u>	<u>\$ 4,138,488</u>

E. Net OPEB Liability Sensitivity

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 (1.5%)	Discount Rate (2.5%)	1% Increase (3.5%)
Net OPEB Liability	\$ 4,472,450	\$ 4,138,488	\$ 3,812,495

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 rate that is one percentage lower or one percentage higher than the current healthcare cost trend rate:

	Healthcare Cost		
	1% Decrease (5.25% Decreasing to 4.00% Over 6 Years)	Current Trend Rates (6.25% Decreasing to 5.00% Over 6 Years)	1% Increase (7.25% Decreasing to 6.00% Over 6 Years)
Net OPEB Liability	\$ 3,757,835	\$ 4,138,488	\$ 4,591,105

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
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JUNE 30, 2020**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

F. OPEB Expense

For the year ended June 30, 2020, the District recognized OPEB expense of \$496,561. 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
Differences Between Expected and Actual Economic Experience	\$ -	\$ 487,310
Changes in Actuarial Assumptions	273,454	118,830
Net Difference Between Projected and Actual Earnings on Plan Investments	-	225,633
Total	<u>\$ 273,454</u>	<u>\$ 831,773</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	\$ (157,690)
2022	(108,587)
2023	(82,268)
2024	(66,017)
2025	(47,232)
Thereafter	(96,525)

G. Trust Fund Financial Statements

The condensed financial statements of the District's OPEB trust fund is as follows:

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 3,246,943
Total Assets	<u>\$ 3,246,943</u>
<b>NET POSITION</b>	
Held in Trust for Payment of OPEB Benefits	<u>\$ 3,246,943</u>
<b>ADDITIONS</b>	
Earnings on Investments	\$ 236,826
Total Additions	<u>236,826</u>
<b>DEDUCTIONS</b>	
Administration Fees	20,511
Benefit Payments	<u>587,432</u>
Total Deductions	<u>607,943</u>
Change in Net Position	(371,117)
Net Position - Beginning of Year	3,618,060
Net Position - End of Year	<u>\$ 3,246,943</u>

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 DEFINED CONTRIBUTION PLAN**

The District provides eligible employees future retirements benefit through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amount set forth in their respective collective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions for the year ended June 30, 2020 are \$73,466. The related employee contributions were \$440,383 for the year ended June 30, 2020.

**NOTE 10 FLEXIBLE BENEFIT PLAN**

The District has a flexible benefit plan that is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible 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 from January 1 to December 31, 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 for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amount withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

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

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 11 JOINTLY GOVERNED ORGANIZATION**

The District and 13 other school districts in Minnesota have entered into a Joint Powers Agreement to form the Minnesota Schools Wind Energy Cooperative (the Cooperative). The purpose of the cooperative is to acquire, develop, construct, finance, operate, and maintain a wind energy project to be located in Minnesota. The Cooperative is governed by a Joint Powers Board, which consists of two members (a school board member and the superintendent or another district employee) from each of the participating districts. Any district may withdraw from the Cooperative prior to the issuance of any project financing instruments, provided that the withdrawing district reimburses the Cooperative for its pro rata portion of the total development or other project costs other than obligations incurred by the Cooperative. Once financing instruments, other than Clean Renewable Energy Bonds (CREBs), have been issued, a district may withdraw provided it prepays the outstanding balance of its pro rata portion of any outstanding financing instruments. Upon issuance of the CREBs, no district may withdraw membership until the CREBs have been repaid in full. The District has not committed any financial resources to the Cooperative as of June 30, 2020.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Federal and State Receivables**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
LAST FOUR FISCAL YEARS**

	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service Cost	\$ 521,378	\$ 434,904	\$ 499,410	\$ 527,922
Interest Cost	257,203	268,611	236,236	236,395
Plan Changes	-	9,843	-	-
Differences Between Expected and Actual Economic Experience	-	(609,137)	-	-
Assumption Changes	281,956	24,617	(169,757)	-
Benefit Payments	(582,751)	(745,025)	(824,373)	(659,108)
<b>Net Change in Total OPEB Liability</b>	<u>477,786</u>	<u>(616,187)</u>	<u>(258,484)</u>	<u>105,209</u>
<b>Total OPEB Liability - Beginning</b>	6,909,584	7,525,771	7,784,255	7,679,046
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 7,387,370</u></u>	<u><u>\$ 6,909,584</u></u>	<u><u>\$ 7,525,771</u></u>	<u><u>\$ 7,784,255</u></u>
<b>Plan Fiduciary Net Position</b>				
Net Investment Income	\$ 238,648	\$ 258,744	\$ 330,462	\$ 453,392
Benefit Payments	(587,432)	(745,025)	(824,373)	(659,108)
Administrative Expense	(20,394)	(23,324)	(3,275)	(3,714)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(369,178)</u>	<u>(509,605)</u>	<u>(497,186)</u>	<u>(209,430)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,618,060</u>	<u>4,127,665</u>	<u>4,624,851</u>	<u>4,834,281</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 3,248,882</u></u>	<u><u>\$ 3,618,060</u></u>	<u><u>\$ 4,127,665</u></u>	<u><u>\$ 4,624,851</u></u>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	\$ 4,138,488	\$ 3,291,524	\$ 3,398,106	\$ 3,159,404
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	43.98 %	52.36 %	54.85 %	59.41 %
Covered-Employee Payroll	\$ 26,064,533	\$ 25,305,372	\$ 25,522,037	\$ 24,778,677
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	15.88 %	13.01 %	13.31 %	12.75 %

\* The District implemented GASB' Statement No. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**WINONA AREA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 861  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON OPEB PLAN ASSETS  
 LAST FOUR FISCAL YEARS**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2020	4.00 %
2019	4.30 %
2018	4.30 %
2017	4.30 %

\* The District implemented GASB Statements No. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST SIX FISCAL YEARS**

	2020	2019	2018	2017	2016	2015
<b>Measurement Date</b>	June 30, 2019	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
<b>PERA</b>						
District's Proportion of the Net Pension Liability	0.1022 %	0.1121 %	0.1196 %	0.1268 %	0.1292 %	0.1460 %
District's Proportionate Share of the Net Pension Liability	\$ 5,650,409	\$ 6,218,848	\$ 7,635,185	\$ 10,295,531	\$ 6,695,815	\$ 6,861,686
State's Proportionate Share of the Net Pension Liability Associated with District	175,659	204,030	96,010	134,405	-	-
Total	<u>\$ 5,826,068</u>	<u>\$ 6,422,878</u>	<u>\$ 7,731,195</u>	<u>\$ 10,429,936</u>	<u>\$ 6,695,815</u>	<u>\$ 6,861,686</u>
District's Covered Payroll	\$ 7,219,750	\$ 7,523,270	\$ 7,697,016	\$ 7,853,650	\$ 7,660,610	\$ 7,651,708
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	80.70 %	85.37 %	100.44 %	132.80 %	87.41 %	89.68 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.50 %	79.50 %	75.90 %	68.90 %	78.20 %	78.70 %
<b>TRA</b>						
District's Proportion of the Net Pension Liability	0.3117 %	0.3205 %	0.3324 %	0.3389 %	0.3420 %	0.3735 %
District's Proportionate Share of the Net Pension Liability	\$ 19,867,823	\$ 20,132,628	\$ 66,353,070	\$ 80,835,736	\$ 21,156,082	\$ 17,202,274
State's Proportionate Share of the Net Pension Liability Associated with District	1,758,242	1,891,248	6,413,575	8,113,435	2,594,660	1,210,819
Total	<u>\$ 21,626,065</u>	<u>\$ 22,023,876</u>	<u>\$ 72,766,645</u>	<u>\$ 88,949,171</u>	<u>\$ 23,750,742</u>	<u>\$ 18,413,093</u>
District's Covered Payroll	\$ 17,641,875	\$ 17,639,727	\$ 18,004,839	\$ 17,627,133	\$ 17,404,261	\$ 17,048,760
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	112.62 %	114.13 %	368.53 %	458.59 %	121.56 %	100.90 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.07 %	78.01 %	51.57 %	44.88 %	76.80 %	81.50 %

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
LAST SIX FISCAL YEARS**

	2019	2018	2017	2016	2015	2015
<b>PERA</b>						
Statutorily Required Contribution	\$ 527,214	\$ 541,483	\$ 564,247	\$ 577,277	\$ 589,026	\$ 566,623
Contributions in Relation to the Statutorily Required Contribution	(527,214)	(541,483)	(564,247)	(577,277)	(589,026)	(566,623)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,029,514	\$ 7,219,750	\$ 7,523,270	\$ 7,697,016	\$ 7,853,650	\$ 7,660,610
Contributions as a Percentage of Covered Payroll	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.40 %
<b>TRA</b>						
Statutorily Required Contribution	\$ 1,348,143	\$ 1,365,273	\$ 1,328,233	\$ 1,350,368	\$ 1,325,653	\$ 1,305,316
Contributions in Relation to the Statutorily Required Contribution	(1,348,143)	(1,365,273)	(1,328,233)	(1,350,368)	(1,325,653)	(1,305,316)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 16,960,040	\$ 17,641,875	\$ 17,639,727	\$ 18,004,839	\$ 17,675,351	\$ 17,404,261
Contributions as a Percentage of Covered Payroll	7.95 %	7.74 %	7.53 %	7.50 %	7.50 %	7.50 %

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**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:

**2019**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased 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**

Changes in Actuarial Assumption

- 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 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2017**

Changes in Actuarial Assumption

- 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.

Changes in Plan Provisions

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**2016**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

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

**2019**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2018 (Continued)**

Changes in Plan Provisions (Continued)

- The employer contribution rate is increased each July 1 over the next 4 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.

**2017**

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- 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 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016**

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2016 (Continued)**

Changes in Actuarial Assumptions (Continued)

- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

**2014**

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

**2019**

Changes in Plan Provisions

- There were no changes to plan provisions.

Changes in Actuarial Assumptions

- The expected long-term investment return assumption was changed from 4.30% to 4.00%.
- The discount rate was changed from 3.60% to 2.50%.

**2018**

Changes in Plan Provisions

- A GASB 74/75 subsidy was added for the new superintendent.

Changes in Actuarial Assumptions

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

**2017**

Changes in Plan Provisions

- There were no changes to plan provisions.

Changes in Actuarial Assumptions

- The discount rate was changed from 3.00% to 3.60%.

## **SUPPLEMENTARY INFORMATION**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES — BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,916,596	\$ 2,799,266	\$ (117,330)	\$ 1,845,127
Earnings and Investments	3,600	3,529	(71)	3,357
State Sources	37,800	147,789	109,989	99,396
Total Revenues	<u>2,957,996</u>	<u>2,950,584</u>	<u>(7,412)</u>	<u>1,947,880</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	2,325,000	2,325,000	-	2,065,000
Bond Interest	467,435	467,435	-	82,760
Paying Agent Fees and Other	6,500	5,880	(620)	8,988
Total Expenditures	<u>2,798,935</u>	<u>2,798,315</u>	<u>(620)</u>	<u>2,156,748</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	159,061	152,269	(6,792)	(208,868)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	1,645
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 159,061</u>	152,269	<u>\$ (6,792)</u>	(207,223)
<b>FUND BALANCE</b>				
Beginning of Year		455,907		663,130
End of Year		<u>\$ 608,176</u>		<u>\$ 455,907</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES — BUDGET AND ACTUAL  
OPEB DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 900,946	\$ 895,068	\$ (5,878)	\$ 631,742
Earnings and Investments	758	1,248	490	(92)
State Sources	12,542	13,936	1,394	10,705
Total Revenues	<u>914,246</u>	<u>910,252</u>	<u>(3,994)</u>	<u>642,355</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	485,000	485,000	-	465,000
Bond Interest	166,300	166,300	-	180,250
Paying Agent Fees and Other	450	-	(450)	950
Total Expenditures	<u>651,750</u>	<u>651,300</u>	<u>(450)</u>	<u>646,200</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 262,496</u>	258,952	<u>\$ (3,544)</u>	(3,845)
<b>FUND BALANCE</b>				
Beginning of Year		<u>(261,684)</u>		<u>(257,839)</u>
End of Year		<u>\$ (2,732)</u>		<u>\$ (261,684)</u>

**SINGLE AUDIT AND OTHER REQUIRED REPORTS**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Amount	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
Pass-Through Minnesota Department of Education					
Child Nutrition Cluster:					
Non-Cash Assistance (Commodities):					
National School Lunch Program	10.555	1-861-0000	\$ 112,294	\$ -	
Cash Assistance:					
After School Snack Program	10.555	1-861-0000	17,356	-	
National School Lunch Program	10.555	1-861-0000	363,079	-	
Subtotal CFDA No. 10.555			<u>492,729</u>	-	
School Breakfast Program	10.553	1-861-0000	117,701	-	
Summer Food Service Program	10.559	1-861-0000	514,456	-	
Total Child Nutrition Cluster					\$ 1,124,886
U.S. Department of Education					
Pass-Through Minnesota Department of Education					
Cash Assistance:					
Special Education Cluster:					
Special Education - Preschool Grants	84.173	1-861-0000	28,005	-	
Special Education - Grants to States	84.027	1-861-0000	850,216	-	
Total Special Education Cluster					878,221
Title I, Part A - Grants to Local Educational Agencies	84.010	1-861-0000		-	488,354
Title II, Part A - Supporting Effective Instruction State Grant	84.367	1-861-0000		-	105,042
Title III, Part A - English Language Acquisition Grants	84.365	1-861-0000		-	12,622
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.424	1-861-0000		-	6,696
Special Education - Grants for Infants and Families	84.181	1-861-0000		-	40,742
COVID-19 - Governors Emergency Relief Fund	84.425C	1-861-0000		-	12,095
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	1-861-0000		-	21,143
Pass-Through Goodhue County Education District					
Cash Assistance:					
Carl Perkins Vocational Education Basic Grants to States	84.048	**		-	3,497
Pass-Through Winona County					
Cares Act					
COVID-19 - Cares Act Funding	21.019	**		-	4,077
Pass-Through Owatonna Public Schools					
Cash Assistance:					
Adult Education Basic Grants to States	84.002	**		-	4,825
Total Federal Awards Expended					<u>\$ 2,702,200</u>

\*\* Not Available

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Independent School District No. 861 under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Winona Area Public Schools  
Independent School District No. 861  
Winona, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a material weakness.

**Compliance and Other Matters**


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

**The District’s Response to Finding**

The District’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Rochester, Minnesota  
November 19, 2020



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

Board of Education  
Winona Area Public Schools  
Independent School District No. 861  
Winona, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited Independent School District No. 861's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

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


### **Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Rochester, Minnesota  
November 19, 2020



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education  
Winona Area Public Schools  
Independent School District No. 861  
Winona, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated November 19, 2020.

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Rochester, Minnesota  
November 19, 2020

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     X     yes            no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?            yes     X     none reported
3. Noncompliance material to financial statements noted?            yes     X     no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?            yes     X     no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?            yes     X     none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?            yes     X     no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.173, 84.027	Special Education Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$     750,000
- Auditee qualified as low-risk auditee            yes     X     no

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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**Section II – Financial Statement Findings**

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<b>FINDING: 2020-001</b>	<b>ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)</b>
<b>Type of Finding:</b>	Material Weakness in Internal Control over Financial Reporting.
<b>Condition:</b>	The District has adopted an internal control to review the financial statements prepared by the auditors. However, the District has not adopted a control over disclosures included in the annual financial report therefore, the potential exists that a material misstatement related to the disclosures in the annual financial statements could occur and not be prevented or detected by the District's internal controls.
<b>Criteria:</b>	The District should have controls in place to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.
<b>Context:</b>	The District informed us that they will engage the audit firm to prepare the financial statements and related footnote disclosures, and will review and approve these prior to the issuance of the financial statements.
<b>Effect:</b>	The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the District's internal controls.
<b>Cause:</b>	The District has not adopted an internal control policy over the annual financial reporting; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.
<b>Repeat Finding:</b>	See prior year finding number 2019-001
<b>Recommendation:</b>	We recommend the District continue to evaluate their internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	There is no disagreement with the finding. The District will continue to engage the audit firm to prepare the District's financial statements and related disclosures. The District will continue to review the financial statements and related disclosures prior to issuance.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with the *OMB Compliance Supplement*.

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**Section IV – Findings and Questioned Costs – Minnesota Legal Compliance**

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Our audit did not disclose any matters required to be reported in accordance with the *Minnesota Legal Compliance Audit Guide for School Districts*.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
YEAR ENDED JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 42,399,492	\$ 42,399,459	\$ 33	Total Revenue	\$ 68,483	\$ 68,482	\$ 1
Total Expenditures	\$ 41,096,115	\$ 41,096,084	\$ 31	Total Expenditures	\$ 4,618,540	\$ 4,618,540	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 133,560	\$ 133,560	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activities	\$ 138,176	\$ 138,175	\$ 1	407 Capital Projects Levy	\$ -	\$ -	\$ -
402 Scholarships	\$ -	\$ -	\$ -	413 Projects Funded by COP	\$ -	\$ -	\$ -
403 Staff Development	\$ 214,615	\$ 214,615	\$ -	467 LTFM	\$ -	\$ -	\$ -
406 Health and Safety	\$ -	\$ -	\$ -	<i>Restricted:</i>			
407 Capital Project Levy	\$ 441,914	\$ 441,914	\$ -	464 Restricted Fund Balance	\$ 4,126,251	\$ 4,126,250	\$ 1
408 Cooperative Programs	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
413 Projects Funded by COP	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -				
416 Levy Reduction	\$ -	\$ -	\$ -	<b>07 DEBT SERVICE</b>			
417 Taconite Building Maintenance	\$ -	\$ -	\$ -	Total Revenue	\$ 2,950,584	\$ 2,950,585	\$ (1)
424 Operating Capital	\$ 931,924	\$ 931,924	\$ -	Total Expenditures	\$ 2,798,315	\$ 2,798,315	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	<i>Nonspendable:</i>			
427 Disabled Accessibility	\$ -	\$ -	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
428 Learning and Development	\$ -	\$ -	\$ -	<i>Restricted/Reserved:</i>			
434 Area Learning Center	\$ -	\$ -	\$ -	425 Bond Refunding	\$ -	\$ -	\$ -
435 Contracted Alternative Programs	\$ -	\$ -	\$ -	451 QZAB and QSCB Payments	\$ -	\$ -	\$ -
436 State Approved Alternative Programs	\$ -	\$ -	\$ -	<i>Restricted:</i>			
438 Gifted and Talented	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 608,176	\$ 608,176	\$ -
440 Teacher Development and Evaluations	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
441 Basic Skills Programs	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
445 Career and Technical Programs	\$ -	\$ -	\$ -				
448 Achievement and Integration	\$ -	\$ -	\$ -	<b>08 TRUST</b>			
449 Safe Schools Crime Levy	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
450 Pre-Kindergarten	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -	<i>Net Position:</i>			
452 OPEB Liability Not Held in Trust	\$ -	\$ -	\$ -	422 Net Position	\$ -	\$ -	\$ -
453 Unfunded Severance & Retirement Levy	\$ -	\$ -	\$ -				
459 Basic Skills Extended Time	\$ 69,111	\$ 69,111	\$ -	<b>18 CUSTODIAL</b>			
467 LTFM	\$ 852,189	\$ 852,189	\$ -	Total Revenue	\$ 124,914	\$ 124,913	\$ 1
472 Medical Assistance	\$ 155,225	\$ 155,225	\$ -	Total Expenditures	\$ 124,914	\$ 124,913	\$ 1
<i>Restricted:</i>				<i>Net Position:</i>			
464 Restricted Fund Balance	\$ 112	\$ 112	\$ -	422 Net Position	\$ -	\$ -	\$ -
<i>Committed:</i>							
418 Committed for Separation	\$ -	\$ -	\$ -	<b>20 INTERNAL SERVICE</b>			
461 Committed Fund Balance	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
<i>Assigned:</i>				Total Expenditures	\$ -	\$ -	\$ -
462 Assigned Fund Balance	\$ -	\$ -	\$ -	<i>Net Position:</i>			
<i>Unassigned:</i>				422 Net Position	\$ -	\$ -	\$ -
422 Unassigned Fund Balance	\$ 2,504,849	\$ 2,504,848	\$ 1				
				<b>25 OPEB REVOCABLE TRUST</b>			
<b>02 FOOD SERVICE</b>				Total Revenue	\$ -	\$ -	\$ -
Total Revenue	\$ 1,698,532	\$ 1,698,532	\$ -	Total Expenditures	\$ -	\$ -	\$ -
Total Expenditures	\$ 1,806,499	\$ 1,806,496	\$ 3	<i>Net Position:</i>			
<i>Nonspendable:</i>				422 Net Position	\$ -	\$ -	\$ -
460 Nonspendable Fund Balance	\$ 18,819	\$ 18,820	\$ (1)				
<i>Restricted/Reserved:</i>				<b>45 OPEB IRREVOCABLE TRUST</b>			
452 OPEB Liability Not Held in Trust	\$ -	\$ -	\$ -	Total Revenue	\$ 236,826	\$ 236,826	\$ -
<i>Restricted:</i>				Total Expenditures	\$ 607,943	\$ 607,943	\$ -
464 Restricted Fund Balance	\$ 10,758	\$ 10,758	\$ -	<i>Net Position:</i>			
<i>Unassigned:</i>				422 Net Position	\$ 3,246,943	\$ 3,246,943	\$ -
463 Unassigned Fund Balance	\$ -	\$ -	\$ -				
				<b>47 OPEB DEBT SERVICE</b>			
<b>04 COMMUNITY SERVICE</b>				Total Revenue	\$ 910,252	\$ 910,252	\$ -
Total Revenue	\$ 1,967,411	\$ 1,967,413	\$ (2)	Total Expenditures	\$ 651,300	\$ 651,300	\$ -
Total Expenditures	\$ 1,831,388	\$ 1,831,390	\$ (2)	<i>Nonspendable:</i>			
<i>Nonspendable:</i>				460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
460 Nonspendable Fund Balance	\$ 2,100	\$ 2,100	\$ -	<i>Restricted:</i>			
<i>Restricted/Reserved:</i>				425 Bond Refunding	\$ -	\$ -	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ -	\$ -	\$ -
431 Community Education	\$ 353,958	\$ 353,958	\$ -	<i>Unassigned:</i>			
432 E.C.F.E.	\$ 69,121	\$ 69,121	\$ -	463 Unassigned Fund Balance	\$ (2,732)	\$ (2,732)	\$ -
440 Teacher Development and Evaluations	\$ -	\$ -	\$ -				
444 School Readiness	\$ 40,497	\$ 40,497	\$ -				
447 Adult Basic Education	\$ 6,153	\$ 6,153	\$ -				
452 OPEB Liability Not Held in Trust	\$ -	\$ -	\$ -				
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ 56,688	\$ 56,691	\$ (3)				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	\$ -	\$ -	\$ -				