

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
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INDEPENDENT SCHOOL DISTRICT NO. 2859  
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## INTRODUCTORY SECTION

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
BOARD OF EDUCATION AND ADMINISTRATION  
JUNE 30, 2020**

**BOARD OF EDUCATION**

<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Jamie Alsleben	January 4, 2021	Chairperson
Jason Lindeman	January 2, 2023	Vice Chairperson
Kevin Kuester	January 4, 2021	Treasurer
Alicia Luckhardt	January 2, 2023	Clerk
Donna VonBerge	January 4, 2021	Director
Jonathan Lemke	January 2, 2023	Director

**ADMINISTRATION**

Christopher Sonju	Superintendent of Schools
Michelle Sander	Business Manager

District Office:	Independent School District No. 2859 Glencoe-Silver Lake Public Schools 1621 E. 16 <sup>th</sup> Street Glencoe, MN 55336 (320) 864-2491
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Independent School District No. 2859  
Glencoe, 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. 2859 (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 respective budgetary comparisons for the General Fund, Food Service Fund, and Community Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

During fiscal year ended June 30, 2020, the District adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (see Note 12). Our auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's net OPEB liability and related ratios, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's 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.



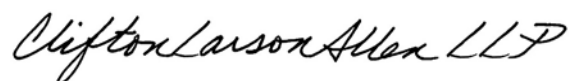
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table, as required by Minnesota Department of Education, is presented for purposes of additional analysis and is 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 and schedule of expenditures of federal awards 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 11, 2020

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

This section of Glencoe-Silver Lake Public Schools – Independent School District No. 2859's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## **FINANCIAL HIGHLIGHTS**

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

- The District has been able to maintain a positive fund balance in all funds.
- The net position of the District decreased by \$616,825 during the year ended June 30, 2020.
- The fund balance in the General Fund increased to \$5,075,305 compared to \$4,846,667 at June 30, 2019. \$68,547 of this increase related to a prior period adjustment to beginning fund balance in the General Fund related to the implementation of GASB 84.
- The ending fund balance within the General Fund remains above the fund balance policy set by the board.
- General Fund restricted accounts having fund balances at June 30, 2020 included Staff Development, Operating Capital, Student Activities, Gifted and Talented, and Teacher Development and Evaluation, Safe Schools.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

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

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

The District has two kinds of funds:

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

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**District-Wide Statements (Continued)**

- *Fiduciary funds* – The District is a trustee, or custodian, for assets that belong to others, such as the scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used for only their intended purposes and by those to whom the assets belong. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets**

The District's *combined* net position was (\$3,756,129). This was a 17.09% decrease from the prior year. (See Table A-1.)

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

	Governmental Activities as of June 30,		Percent Change
	2020	2019	
<b>ASSETS</b>			
Current and Other Assets	\$ 11,967,923	\$ 12,126,036	(1.30)%
Capital Assets	31,706,126	31,385,216	1.02
Total Assets	43,674,049	43,511,252	0.37
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	8,732,326	12,450,053	(29.86)
<b>LIABILITIES</b>			
Current Liabilities	3,190,204	3,158,479	1.00
Long-Term Liabilities	35,649,192	36,228,222	(1.60)
Total Liabilities	38,839,396	39,386,701	(1.39)
<b>DEFERRED INFLOWS OF RESOURCES</b>	17,323,108	19,782,455	(12.43)
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,512,177	7,345,669	2.27
Restricted	1,660,063	1,410,335	17.71
Unrestricted	(12,928,369)	(11,963,855)	8.06
Total Net Position	<u>\$ (3,756,129)</u>	<u>\$ (3,207,851)</u>	17.09

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Changes in Net Position**

The District's total revenues were \$21,948,349 for the year ended June 30, 2020. Property taxes and state formula aid accounted for 70% of total revenues for the year. The remaining 30% came from other general revenues combined with investment earnings and program revenues.

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percent Change
	2020	2019	
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 941,992	\$ 1,217,537	(22.63)%
Operating Grants and Contributions	4,754,851	4,259,975	11.62
Capital Grants and Contributions	461,796	501,144	(7.85)
General Revenues:			
Property Taxes	3,434,330	3,457,359	(0.67)
Unrestricted State Aid	11,922,710	11,969,836	(0.39)
Investment Earnings	312,078	127,286	145.18
Other	120,592	143,747	(16.11)
Total Revenues	21,948,349	21,676,884	1.25
<b>EXPENSES</b>			
Administration	933,872	579,847	61.05
District Support Services	363,583	378,452	(3.93)
Regular Instruction	9,720,207	6,446,110	50.79
Vocational Education Instruction	278,448	170,154	63.64
Special Education Instruction	3,683,647	2,645,132	39.26
Instructional Support Services	699,593	725,445	(3.56)
Pupil Support Services	1,756,560	1,611,378	9.01
Sites and Buildings	2,334,095	1,633,104	42.92
Fiscal and Other Fixed Cost Programs	51,091	62,783	(18.62)
Food Service	982,315	1,008,390	(2.59)
Community Service	818,539	720,962	13.53
Interest and Fiscal Charges on Long-Term Liabilities	943,224	909,378	3.72
Total Expenses	22,565,174	16,891,135	33.59
<b>CHANGE IN NET POSITION</b>	(616,825)	4,785,749	
<b>NET POSITION - BEGINNING</b>	(3,207,851)	(7,993,600)	
Change in Accounting Principle	68,547	-	
<b>NET POSITION - BEGINNING, AS RESTATED</b>	(3,139,304)	(7,993,600)	
<b>NET POSITION - END</b>	<u>\$ (3,756,129)</u>	<u>\$ (3,207,851)</u>	

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

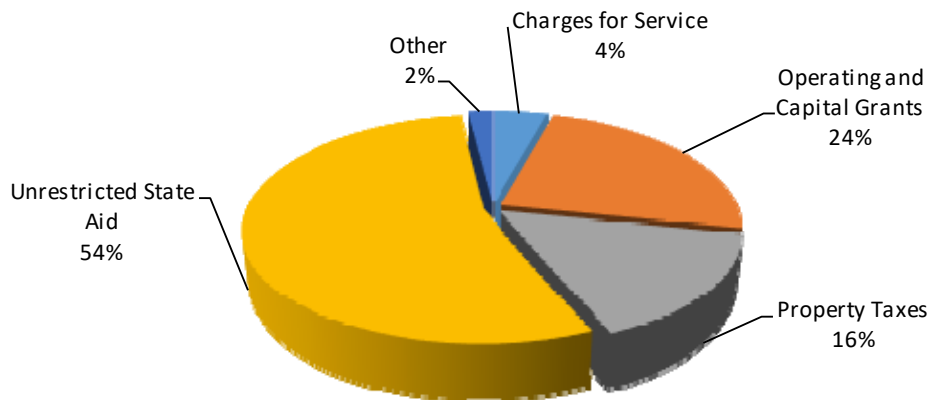
**Changes in Net Position (Continued)**

Total expenses surpassed revenues by \$616,825, mainly due to an increase in pension expense compared to the prior year.

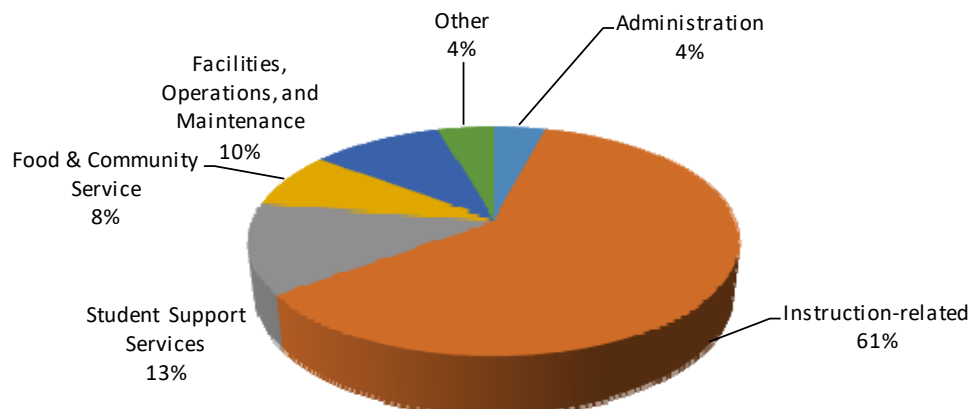
The cost of all *governmental* activities this year was \$22,565,174. The District's expenses are predominantly related to educating and caring for students.

- Some of the cost was paid by the users of the District's programs \$941,992.
- The federal and state governments subsidized certain programs with grants and contributions of \$4,754,851.
- Most of the District's costs, however, were paid for by District taxpayers and the taxpayers of our state.
- This portion of governmental activities was paid for with \$3,434,330 in property taxes and \$11,922,710 in state aid based on the statewide education aid formula. In addition, the District earned additional revenues of \$432,670 related to investment earnings and other general revenues.

**Figure A-1 Sources of District's Revenues for Fiscal 2020**



**Figure A-2 District Expenses for Fiscal 2020**



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

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

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2020	2019		2020	2019	
Administration	\$ 933,872	\$ 579,847	61.05 %	\$ 921,846	\$ 605,120	52.34 %
District Support Services	363,583	378,452	(3.93)	363,188	377,090	(3.69)
Regular Instruction	9,720,207	6,446,110	0.51	7,753,808	4,829,414	60.55
Vocational Education Instruction	278,448	170,154	63.64	266,842	171,216	55.85
Special Education Instruction	3,683,647	2,645,132	39.26	1,538,315	481,444	219.52
Instructional Support Services	699,593	725,445	(3.56)	478,239	510,024	(6.23)
Pupil Support Services	1,756,560	1,611,378	9.01	1,723,918	1,527,102	12.89
Sites and Buildings	2,334,095	1,633,104	42.92	2,115,939	1,382,702	53.03
Fiscal and Other Fixed Cost Programs	51,091	62,783	(18.62)	51,091	62,783	(18.62)
Food Service	982,315	1,008,390	(2.59)	7,504	(882)	(950.79)
Community Service	818,539	720,962	13.53	242,621	57,088	324.99
Interest and Fiscal Charges on Long-Term Liabilities	943,224	909,378	3.72	943,224	909,378	3.72
Total	<u>\$ 22,565,174</u>	<u>\$ 16,891,135</u>	33.59	<u>\$ 16,406,535</u>	<u>\$ 10,912,479</u>	50.35

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$5,992,395, which is less than last year's ending fund balance of \$6,709,234. This is due to the spend down of bonds issued in the prior year.

**GENERAL FUND**

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities and capital operating projects.

Table A-4 and Figure A-3 show the average daily membership for the last five years.

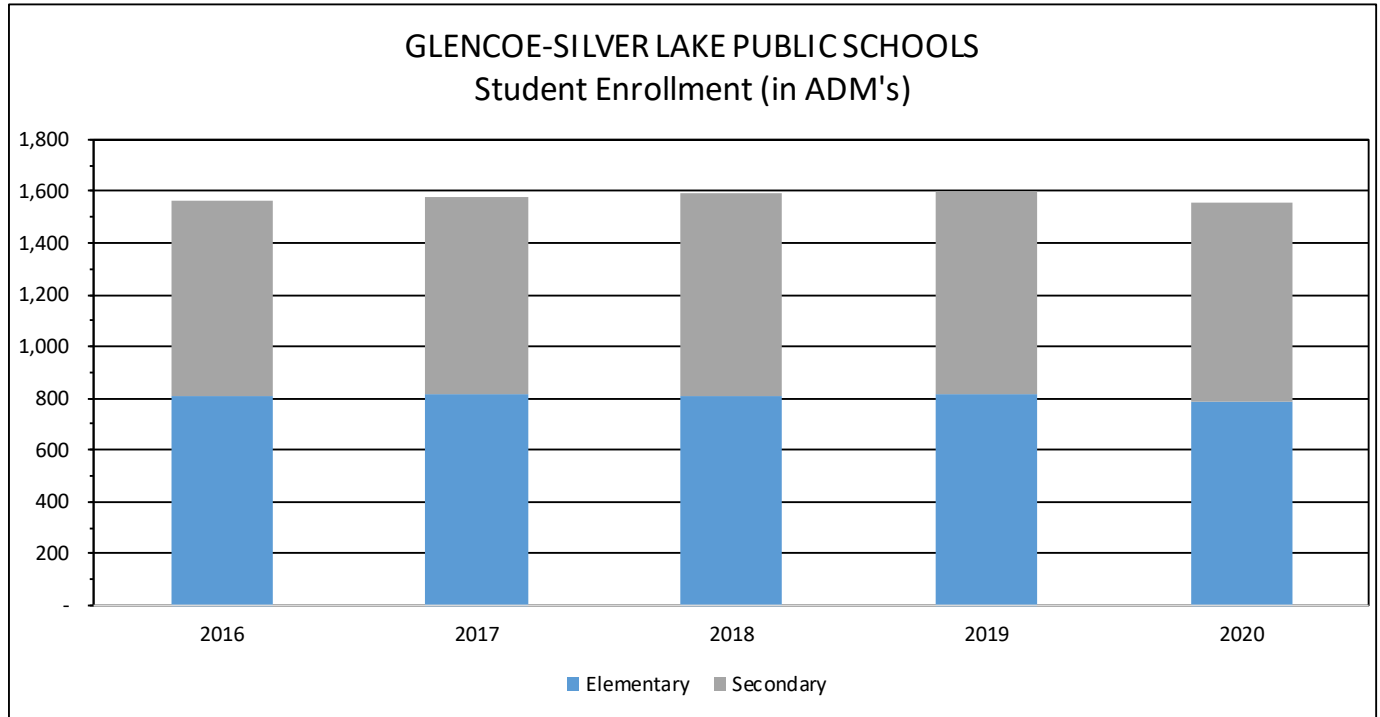
**Table A-4  
Five-Year Enrollment Trend  
Average Daily Membership (ADM)**

	2016	2017	2018	2019	2020
Elementary	808	818	811	813	788
Secondary	752	763	780	784	769
Total Students for Aid	<u>1,560</u>	<u>1,581</u>	<u>1,591</u>	<u>1,597</u>	<u>1,556</u>
Percent Change	(0.26)%	1.35 %	0.63 %	0.38 %	(2.55)%



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**GENERAL FUND (CONTINUED)**



The following schedule presents a summary of General Fund revenues.

**Table A-5  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 2,078,458	\$ 2,187,023	\$ (108,565)	(5.0)%
Earnings on Investments	105,130	93,133	11,997	12.9
Other	699,914	562,795	137,119	24.4
State Sources	15,195,364	15,419,595	(224,231)	(1.5)
Federal Sources	597,696	678,638	(80,942)	(11.9)
Total General Fund Revenue	<u>\$ 18,676,562</u>	<u>\$ 18,941,184</u>	<u>\$ (264,622)</u>	(1.4)

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**GENERAL FUND (CONTINUED)**

Revenues from state and federal sources totaled \$15,793,060 a net decrease of \$305,173. Total General Fund revenues decreased by \$264,622, or 1.4%, from the previous year. Property tax revenue decreased by \$108,565 or 5.0% from the prior year. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue includes excess levy referendum and equity aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenues.

The \$224,231 decrease in state sources for fiscal 2020 is mainly attributable to an increase in general education aid offset by a decrease in enrollment.

Federal funds decreased by \$80,942 which is related to decreased Special Education and Title revenues.

The following Table A-6 represents a summary of General Fund expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2020	June 30, 2019		
Salaries	\$ 9,904,526	\$ 9,910,699	\$ (6,173)	(0.1)%
Employee Benefits	2,942,958	2,902,409	40,549	1.4
Purchased Services	4,134,955	3,589,311	545,644	15.2
Supplies and Materials	847,882	829,166	18,716	2.3
Capital Expenditures	258,223	359,349	(101,126)	(28.1)
Debt Service Expenditures	266,904	268,120	(1,216)	(0.5)
Other Expenditures	162,089	166,495	(4,406)	(2.6)
Total General Fund Expenditures	<u>\$ 18,517,537</u>	<u>\$ 18,025,549</u>	<u>\$ 491,988</u>	2.7

Total General Fund expenditures increased by \$491,988 or 2.7% from the previous year.

Salaries and benefits fall in line with the contract settlements and the additional staff who were hired.

The increases in purchased services is due to an increase in architect fees related to the building project, along with an increase in purchased services for speech therapy and an increased in students placed in care and treatment facilities. The total fund balance of the General Fund increased to \$5,075,305 at June 30, 2020 compared to \$4,915,214 at June 30, 2019, as restated, a total increase of \$160,091. The restated amount is related to student activities as part of GASB 84. \$68,547 was moved to the general fund as part of GASB 84. The District continues to crosswalk the student activity accounts from the internal student activity fund number, Fund 21, to track the activity of those accounts.

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**GENERAL FUND (CONTINUED)**

The School Board and administration have worked extremely hard in monitoring the budget and controlling the spending of the school district. The fund balance policy is reviewed annually by the Business Manager, Superintendent, and School Board. The fund balance policy clarifies to ensure the financial strength and stability of the District. The Board will endeavor to maintain a minimum of 20% of the District's General Fund operating budget, excluding those accounts associated within the restricted category, in the combined total of the General Fund committed, assigned and unassigned fund balances.

The June 30, 2020, ending unassigned and nonspendable General Fund balance, which includes Fund 01 and Fund 10, is \$3,689,427 and is at 25.96% of expenditures per MDE's statutory operating debt (SOD) calculation.

**General Fund Budgetary Highlights**

When budget changes are adopted by the Board they fall into one of the following categories:

- Adjusting for changes in pupil enrollment including revenue and potential staff additions
- Adjustments for utility consumptions and costs or building repairs or maintenance
- Transportation costs
- Implementing budgets for specially funded projects (Health and Safety), and projects which include both federal and state grants
- Special education
- Legislative changes

During fiscal year 2020, the General Fund revenues budgeted were \$18,571,862. Actual revenues received were \$18,676,562. During fiscal year 2020, General Fund revenues were over budgeted amounts by \$104,700. Some of the variances included increased interest earnings of \$70,130 and including student activities in the current year which were not included in the prior year. Total student activity revenues were \$177,074.

The expenditure budget was \$18,668,683. Actual expenditures in the General Fund were \$18,517,537. The General Fund expenditures were under budget by \$151,146. To account for the difference, \$93,894 was related to salaries and benefits, and \$57,252 was related to supplies, purchased services, equipment, dues, and memberships.

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**OTHER MAJOR FUNDS**

**Food Service Fund**

The Food Service Fund experienced a slight decrease of \$4,433 leaving the fund balance at \$304,396. The 2019-2020 school year was the third year of a four-year contract with Chartwell's.

Chartwell's has worked extremely well with the District to increase our food service offerings as well as provide a healthy menu that meets the dietary requirements and stay within the budget. The District continues to offer a free breakfast program for all K-12 students, a milk and snack break for K-6 students and an after school snack program for students involved in an after school activity and a free 6 week summer food service program.

**Community Service**

The Community Service Fund fund balance decreased from \$318,808 at June 30, 2019 to \$314,497 at June 30, 2020. From the standpoint of maintaining current operating expenditures within the range of annual revenues, the Community Service Fund continues to operate on a sound financial basis. The Community Service Fund consists of Community Education, School Readiness, Early Childhood Family Education, and Pre-School Screening and Nonpublic Education. All of these programs are providing a service to varying levels of the community.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2020, the District had invested \$43,502,279 in a broad range of capital assets, including school buildings, athletic facilities, vehicles; computer and audio-visual equipment (see Table A-7). Total depreciation expense for the year was \$971,171. The construction in progress amounts related to expenditures incurred for a new dust collection system in the wood shop. This project was started in the Spring of 2020 and finished in August 2020. Most of the increase in assets relates to the parking lot improvement. Overall accumulated depreciation increased due to the District having a full year of depreciation on the new school building and parking lot.

**Table A-7  
Capital Assets**

	2020	2019	Percent Change
Land	\$ 130,000	\$ 130,000	-
Construction in Progress	59,705	188,149	N/A
Land Improvements	2,336,610	1,140,892	104.8
Buildings and Improvements	35,917,456	35,889,510	0.1
Equipment	5,058,508	4,943,540	2.3
Less: Accumulated Depreciation	(11,796,153)	(10,906,875)	8.2
Total District Capital Assets	<u>\$ 31,706,126</u>	<u>\$ 31,385,216</u>	1.0

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Liabilities**

At year-end, the District had \$22,880,000 in general obligation bonds, \$528,930 in lease purchase and \$144,178 in capital leases, as shown in Table A-8. The District also had \$325,854 in severance benefits payable at June 30, 2020 (more detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements).

**Table A-8  
The District's Long-Term Liabilities**

	<u>2020</u>	<u>2019</u>	<u>Percent Change</u>
General Obligation Bonds	\$ 22,880,000	\$ 23,405,000	(2.2)%
Net Bond Premium and Discount	707,581	740,493	(4.4)
Capital Leases Payable	144,178	244,408	(41.0)
Lease Purchase Payable	528,930	669,726	(21.0)
Compensated Absences Payable	325,854	318,609	2.3
<b>Total Long-Term Liabilities</b>	<b><u>\$ 24,586,543</u></b>	<b><u>\$ 25,378,236</u></b>	<b>(3.1)</b>
Long-Term Liabilities:			
Due Within One Year	\$ 900,688	\$ 809,381	
Due in More Than One Year	<u>23,685,855</u>	<u>24,568,855</u>	
<b>Total</b>	<b><u>\$ 24,586,543</u></b>	<b><u>\$ 25,378,236</u></b>	

The majority of the change in the long-term liabilities relates to principal payments being made on the general obligation bonds, the lease purchase payable, and the notes payable. Capital leases decreased due to principal payments.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

- 2020 – And then there was COVID-19.....Schools as we know them were turned upside down along with so many unknowns that will follow us into the years ahead. On March 15, 2020, school districts were informed by the Governor that they needed to close down and start educating students by Distance Learning due to the Coronavirus Pandemic. Little did we know that it would last the rest of the school year and into the 2020-2021 school year. Classes and activities were cancelled, no spring sports, (but we had to pay coaches), no graduations, no proms, and no spring field trips. Our Field House had to close down. Loss of revenue from activity fees, pre-school fees, and field house memberships started to affect our budgets. We were directed that we had to continue to pay staff their normal salaries, continue to pay transportation, custodians and food service staff because state funding would remain constant and would not be affected.

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**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

- The summer of 2020 was spent planning for three different scenarios for the 2020-2021 school year as directed by the Governor. Back to school as normal, all distance learning and some form of hybrid model allowing only half of your students in the building at a time. The plan for which model we would have to follow was given to districts the end of July. The formula that was created to determine which learning model we had to follow was determined by how many Covid cases there were in your home county the week prior. It was determined that our District would be able to start with all students coming back in person and following all social distancing requirements. By the middle of August, we had to change to a hybrid-learning model because of the high case counts in McLeod County. That was how the school year started on September 8, 2020. The Minnesota State High School League determined that the only fall sports that could take place was tennis, soccer and cross-country. No football and no volleyball. Which means loss of revenue for the district and loss of activities for students.
- All of the new requirements regarding face masks, face shields, desk shields, additional technology for distance learning, cleaning supplies, PPE supplies, additional staffing to cover classrooms all come with additional costs and adds a new level of burden on school budgets that are already limited. The state and federal government recognized those additional budgeting costs and passed the CARES Act Funding Bill – Coronavirus Aid, Relief and Economic Security. This funding was distributed to Counties, Cities and School Districts in various forms with various timelines of when the money had to be spent along with what expenditures are allowable. At the time of this audit, the district will receive funds from the City of Glencoe, McLeod County and the Minnesota Department of Education for approximately \$1,026,203 in additional funds \$805,074 of that amount has to be expended by December 1, 2020. \$221,129 can be carried over until September of 2022. The additional funds should help the district sustain their regular budgets. The on-going lingering effects of the pandemic will determine what budgets and fund balances will look like going forward. One example of uncertainty is that because our district had to start in a hybrid model, but the non-public school could start in-person every day, we lost a number of students to the non-public school because parents wanted their children in school every day due to learning options and daycare concerns. Will we get those students back when we return to in-person learning? A number of families chose to home school because of fears of having their children in school during a pandemic. Will we get those students back? Some students left to attend schools in other communities that were in-person learning. Will those students come back? Because funding is driven by enrollment and we cannot adjust staffing once the year starts, the decrease in enrollment could substantially hurt the district. Because of our high fund balance, we should be able to weather the pandemic storm and be able to make the needed adjustments for the 2021-2022 school year.
- The completion of the 2020 Legislative Session brought insignificant changes to schools regarding funding or language changes. Due to the Pandemic, the legislative session was shutdown off and on and the capital was closed. Adjustments were made to school aid formulas so that revenue is not lost to schools due to COVID-19 closures and adjustments to the delivery of education-related services.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

- With the completion of the 2019 Legislative Session, the formula allowance per pupil unit was increased by 2% for each year going from \$6,312 to \$6,438 for 2019-2020 and \$6,567 for 2020-2021. These increases are also linked to other revenues that are linked to the formula allowance. Compensatory, sparsity aid, nonpublic transportation and ECFE. This increase will help the district in maintaining the fund balance policy.
  - Compensatory funding – A percentage of total compensatory revenue must be used and reserved for extended time activities. For FY20 \$29,889 was set aside to help with the after school homework program. This reserved requirement ended as of FY20.
  - The Pathway II funding is continued for FY20 at the 2017 funding level. Established priority for children who have a parent under age 21 and who is pursuing a high school diploma, children that are in foster care or protective services and any child that is homeless. The amount the district receives is \$37,500 which is part of the School Readiness program in Fund 04.
  - The ECFE funding increase that is linked to the general education formula allowance increases the allowance from \$145.18 in FY20 to \$151.04 for FY21.
  - Allows districts to enter into a one-year contract with a food service management company with the option of up to three years for renewal. (Currently, districts were only allowed to renew the contract for up to two years.) The district will not have to enter into the bid process until 2021.
  - School Building Bond Agriculture Credit – Agriculture classified land will receive a 40% credit on the property that is attributable to a school district's bonded debt for taxes payable beginning in 2018. The District started receiving the credits through the State IDEAS payment system after July 1, 2018 for the 2018-2019 school year. Legislators have now increased the Ag Credit to 50% with the Pay 2020 levy, 55% in Pay 21, 60% in Pay 22 and 70% in Pay 23 and after. This will have a huge tax relief impact on our agriculture property owners as it affects all of the districts building bond and abatement bond debt.
- Minnesota school districts are paid based on pupil units served, a decline or increase in enrollment results in variable revenue that is received for operations. The District enrollment for 2018-2019 ended at 1,597 Adjusted Pupil Units compared to 1,591 in 2017-2018. Enrollment for the 2019-2020 school year showed a decrease of 2.55%. Enrollment ended at 1,566.

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**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

- The Administration and School Board continue to work on plans for improving the school facilities. In December of 2012, the School Board approved to move forward with building a 5,000 square foot Early Childhood Learning Center as an addition to the Lincoln Junior High Building. The Review and Comment Plan was submitted to the Minnesota Department of Education and final approval was received in June of 2013. The building houses the Early Childhood Special Education, (ECSE), the Early Childhood Family Education (ECFE), and the School Readiness (SR) programs. Along with office space, Director's office, Speech teacher office and a large motor room that could also be utilized as a classroom. Remodeling of the main level Lincoln restrooms and old kitchen area were included in the project plans. Total project costs are \$1,966,909. The Board moved forward with a 10-year lease levy option for \$1,375,000 that will be spread to the taxpayers over the 10-year period. The additional cost of the project was paid by district funds. The project was completed in January of 2014 and students and staff began using the facility at that time.
- After two failed building referendums in 2011, the School Board voted to hold a special election on May 12<sup>th</sup>, 2015 asking the voters to approve a building bond referendum for \$24,190,000. The ballot question was to authorize the District to issue bonds to provide funds to relocate grades K-2 to the existing Lincoln building, repurpose current program space, construction of new space between the current Lincoln and High school buildings and to complete window upgrades at the Lakeside building. The election was successful with 1,534 yes votes and 908 no votes. The election was successful in the Brownton, Glencoe, Plato, and Silver Lake precincts and failed in the New Auburn precinct.
  - The District sold the bonds on July 13, 2015 with a closing date of August 13, 2015, in the amount of \$23,695,000 with a bond obligation of 29.5 years. \$24,111,934 was wired to Security Bank on behalf of the District and was invested in a guaranteed money market investment account at .77% earnings. Ehlers and Associates was the financial institute that handled the sale of the bonds. All transactions related to the building project were accounted for in Fund 06, Building Construction Fund to be in compliance with state, federal, and UFARS accounting procedures.
  - The building construction project got underway in May of 2016. The project was divided into three separate bid packages. Bid package #1 was the civil package containing the ground and utility work, bid package #2 was the majority of the construction and bid package #3 was the boiler room equipment. The District utilized ARY Architects and Donlar Construction as the construction management company. All construction activity was tracked using Fund 06 and the debt for the project will be posted to Fund 07. The majority of the project was completed at the start of the 2018 school year. Additional punch list items continued until December of 2018. The project did come in over budget by \$1.8 million. The District will utilize a combination of LTFM, Operating Capital and Internal Service Funds to pay off the balance of the project after the construction checking account is depleted. As of June 30, 2018, \$1,815,234 was shown as a negative balance in the Fund 6 construction account. This amount accounts for all construction in progress and amounts payable.



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**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

- At the close of FY19, June 30 the project was closed with only one possible outstanding invoice. Transfers were made utilizing the Operating Capital Fund, Internal Service Fund, and LTFM Revenue to eliminate the negative fund balance in Fund 06.
- At the September 14, 2015 School Board meeting, the Board also held a public hearing and approved a motion to move forward with the sale of the Helen Baker Building. The sale of the Helen Baker building was completed May 31, 2018. The building was sold for \$1.00 to a local contractor.
- The November 2011 election results showed that the renewal of the operating referendum for \$727 per pupil unit was passed by the voters. There were 2,163 yes votes and 1,212 no votes. The passage of this operating referendum is for a period of seven years. The renewal of the referendum was essential to maintain the current level of funding that the District currently has. The successful election shows a positive statement of support from the taxpayers. With the new legislative changes from the 2013 legislative session, the impact to the votes could change dramatically when putting the question to the ballot when the referendum expires in 2020. Which would indicate an election would be held in 2019. The current operating referendum was for \$727 per pupil unit. When all the conversions are completed due to the legislative changes, the new amount of the referendum is \$900.88. The location equity revenue allowance of \$424 is then subtracted from the \$900.88, so the new referendum amount is \$476.88. If the Board moves forward with converting the \$300 of voter approved to Board approved referendum, the amount of the referendum available is \$176.88 without seeking an election. At this time, the School Board approved the \$300 Board levy authority at the August, 2018 Board meeting. A Resolution was also approved to move forward with a referendum election at the November 6, 2018 general Election. The ballot question will ask the voters to approve replacing the \$176.88 levy authority with \$460.00, which is an increase of \$283.12 per pupil unit. The proposed referendum language would include the inflationary language and would be effective for taxes payable beginning in 2020. The ballot question failed by 660 votes. A total of 2,190 Yes votes and 2,850 No votes were cast as part of the general election. The school board is proceeding with a Referendum Election on November 5, 2019 asking the voters for the exact same amount of \$460.00 including the inflationary language effective for taxed payable beginning in 2020. If this election fails, the district will lose approximately \$300,000 in revenue and will have to look at expenditure reductions to maintain the fund balance policy. This could affect staffing and programming moving forward until another election could be held.
- Because of the positive fund balance in both unassigned General Fund and operating capital, a number of building and grounds projects have been completed. The facility committee has been active in addressing the deferred maintenance, health and safety, and operating capital plans and outlining the projects to be completed. Having a positive fund balance again has proven to be a very positive reinforcement for the District, the staff and the community. Facility upgrades will continue to take place as long as the projects stay within our budget means. A number of technology upgrades have also been taking place. Computer labs have been upgraded along with additional interactive boards in more classrooms. Technology upgrades will continue to happen as 21<sup>st</sup> Century Learning continues to focus more and more towards up to date technology capabilities. Along with the construction of the new facility, a number of high school and Lincoln building improvements were made in conjunction with the project.

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YEAR ENDED JUNE 30, 2020**

**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

- During the summer of 2012, the field house gym floors in gym 1 and gym 2 were completely replaced with a wood performance floor at a cost of \$120,000. The field house was also completely re-painted. The Board also approved the replacement of windows and doors on the Lincoln building and the north entrance doors and windows to the high school. The cost of this project was \$520,000.
- During the summer of 2013, additional projects were completed. In addition to the new Early Childhood Learning Center and remodeling that was started, an extension to the garage east of the high school was completed along with new cement and asphalt. A new track surface was installed at the Athletic Complex for \$124,900. Additional playing fields were added west of the Athletic Complex stadium at a cost of \$70,000.
- During the summer of 2014, a new tennis court complex was developed in the north athletic complex. The old 8 courts were demolished and 12 new courts were put in place at a cost of \$693,000. Along with the construction of the courts, lights were installed on the front three courts at a cost of \$61,000. This portion of the project was funded through the Panther Association over a five-year period. The District pursued a \$50,000 lease lighting agreement with the local Glencoe Light and Power similar to the agreement that had been worked out with the football field lights. The lease for the lights was paid off as of June 30, 2018. The football field light lease was paid in full in August of 2014. The football field lights were re-lamped during the summer of 2014 as part of the original warranty. A partial repair and replacement was made to the Field House roof along with new asphalt surfacing in the Lincoln parking lot.
- During the summer of 2015, the District started the replacement of the hallway hall tile at the high school. This project is part of the deferred maintenance schedule and will be phased in over a two or three-year plan. The first phase was \$25,346. During the summer of 2016, another section of hallway tile was completed for \$50,670. During the summer of 2017, another section of hallway tile was completed for \$49,502. In 2018 and 2019, two more sections of hallway tile were completed. As of June 1, 2019 only one section of hallway remains to be completed at the high school. Also completed in 2015 was a special education room remodel in the Lakeside Elementary building for \$48,115. This was funded using federal special education funds. Cement work at the Lakeside site was also completed at a cost of \$11,364. Tuck-pointing was completed at the high school for \$27,770 and \$24,800 was spent in tuck-pointing at the Lakeside building in 2016. The high school gym and hallways were painted in 2016 for a cost of \$9,840. The District spent \$48,470 in painting upgrades during the summer of 2017 in the Lincoln Elementary and at the High School. The District also spent \$44,000 to remodel a special education bathroom for the new Lincoln Elementary in the summer of 2017. The District continues to maintain a fund balance in the operating capital fund while addressing the needs of the District and the building sites.
- Part of the building project included window and door replacement on the Lakeside building. As part of that project, the District decided to move forward with the doors and the windows at the high school in conjunction with the Lakeside project to get better pricing and to get the high school project completed to match the new construction. The total cost of this project is \$511,600. \$260,000 will be paid out of the construction account with the remainder of the amount coming out of LTFMR and Operating Capital. This was completed in 2017.

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YEAR ENDED JUNE 30, 2020**

**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

- In June of 2019, the District sold \$1,035,000 in General Obligation Tax Abatement Bonds for the purpose of parking lot upgrades at the high school and at Lakeside Elementary in Silver Lake. The project was bid and awarded to Duinink Construction for a bid price of \$965,768. There were six bidders for the project. AJA (Anderson-Johnson Associates) was the design engineer for the project. Work was started in June of 2019 and completed in September of 2019. The project is recorded in Fund 06 – Construction Fund.
- During the summer of 2019, the pool at the school was drained for work to be completed in the pool including step replacements, replacement of the gaskets around the lights, acid washing the pool, and painting of the poolroom walls and tile.
- During the summer of 2020, the parking lot in front of the high school, the bus lane and the west parking lot by the Lincoln building was seal coated, and restriped. Cement work was completed in front of the Lincoln building and the front of the Lakeside building.
- A new dust collection system was installed in the high school wood shop during the summer of 2020. One set of bathrooms were remodeled at Lakeside along with new ceilings and lights in three classrooms at Lakeside.
- Future LTFM projects will include, bathroom remodels at the high school and Lakeside, hallway lights and ceilings at Lakeside and ceiling lights and tile at the high school and at Lakeside. Additional cement work at the high school and a parking area for the athletic complex east of the ball fields.
- As of June of 2020, all employee contracts are settled. Contracts for teachers, local 284, support staff, principals all expire on June 30, 2021.
- The District continues to contract with the South West/West Central Service Cooperative – Region 4 (the Coop) for a number of services including finance, payroll, and student assistance (MARRS) and Special Education. The Coop also offers a Special Education Level IV Program in Cosmos that our district is able to use for a limited number of students that require additional services when we are unable to meet their needs. This poses an additional transportation cost for the District but allows us to be in compliance with state and federal regulations regarding the individual learning plans for students. With all the changes in Special Education, including the statewide tuition billing, this continues to be a difficult area to monitor in the budget. The Coop continues to be a great resource for the District to be able to be a part of to assist in all of these areas of budget and financing.
- Glencoe-Silver Lake Public Schools is a very stable district with strong community support. The District provides a full range of public education services for Pre-school through grade 12. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood, school readiness along with adult learning opportunities. The public school also provides some shared time services for the nonpublic schools in the District. There is currently a K-8 Lutheran School in Glencoe.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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YEAR ENDED JUNE 30, 2020**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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 contact the District Office, Independent School District No. 2859, 1621 East 16<sup>th</sup> Street, Glencoe, MN 55336.

## **BASIC FINANCIAL STATEMENTS**

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

Cash and Investments	\$ 7,933,943
Receivables:	
Property Taxes	2,213,313
Other Governments	1,724,648
Other	57,562
Inventories	38,457
Capital Assets:	
Land and Construction in Progress	189,705
Other Capital Assets, Net of Depreciation	31,516,421
Total Assets	<u>43,674,049</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows - Pensions	8,609,886
Deferred Outflows - Other Postemployment Benefits	122,440
Total Deferred Outflows	<u>8,732,326</u>

**LIABILITIES**

Salaries Payable	1,338,572
Accounts and Contracts Payable	516,556
Accrued Interest	387,746
Due to Other Governmental Units	49
Unearned Revenue	46,593
Long-Term Liabilities:	
Portion Due Within One Year	900,688
Portion Due in More Than One Year	23,685,855
Net Pension Liability	10,609,130
Other Postemployment Benefits Liability	1,354,207
Total Liabilities	<u>38,839,396</u>

**DEFERRED INFLOWS OF RESOURCES**

Property Taxes Levied for Subsequent Year	4,044,822
Deferred Inflows - Other Postemployment Benefits	212,540
Deferred Inflows - Pensions	13,065,746
Total Deferred Inflows of Resources	<u>17,323,108</u>

**NET POSITION**

Net Investment in Capital Assets	7,512,177
Restricted for:	
General Fund Operating Capital Purposes	703,673
General Fund State-Mandated Reserves	282,205
Food Service	304,396
Community Service	369,789
Unrestricted	(12,928,369)
Total Net Position	<u><u>\$ (3,756,129)</u></u>

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

					Net (Expense) Revenue and Change in Net Position
Functions	Expenses	Program Revenues			Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Administration	\$ 933,872	\$ 123	\$ 11,903	\$ -	\$ (921,846)
District Support Services	363,583	-	395	-	(363,188)
Regular Instruction	9,720,207	153,118	1,563,845	249,436	(7,753,808)
Vocational Education Instruction	278,448	-	11,606	-	(266,842)
Special Education Instruction	3,683,647	-	2,145,332	-	(1,538,315)
Instructional Support Services	699,593	-	221,354	-	(478,239)
Pupil Support Services	1,756,560	-	32,642	-	(1,723,918)
Sites and Buildings	2,334,095	5,746	50	212,360	(2,115,939)
Fiscal and Other Fixed Cost Programs	51,091	-	-	-	(51,091)
Food Service	982,315	392,646	582,165	-	(7,504)
Community Service	818,539	390,359	185,559	-	(242,621)
Interest and Fiscal Charges on Long-Term Liabilities	943,224	-	-	-	(943,224)
Total School District	<u>\$ 22,565,174</u>	<u>\$ 941,992</u>	<u>\$ 4,754,851</u>	<u>\$ 461,796</u>	<u>(16,406,535)</u>
<b>GENERAL REVENUES</b>					
Property Taxes Levied for:					
General Purposes					2,075,398
Community Service					152,528
Debt Service					1,206,404
State Aid Not Restricted to Specific Purposes					11,922,710
Earnings on Investments					312,078
Miscellaneous					120,592
Total General Revenues					<u>15,789,710</u>
<b>CHANGE IN NET POSITION</b>					(616,825)
Net Position - Beginning of Year					(3,207,851)
Change in Accounting Principle - See Note 12					68,547
Net Position - Beginning, as Restated					<u>(3,139,304)</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (3,756,129)</u>

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2020**

			Major Funds
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 6,309,724	\$ 319,008	\$ 370,830
Receivables:			
Current Property Taxes	1,209,228	-	76,307
Delinquent Property Taxes	18,946	-	1,478
Accounts and Interest Receivable	56,629	-	933
Due from Other Minnesota School Districts	-	-	8,780
Due from Minnesota Department of Education	1,527,324	-	17,419
Due from Federal through Minnesota Department of Education	89,660	55,379	-
Inventory	16,095	22,362	-
Total Assets	<u>\$ 9,227,606</u>	<u>\$ 396,749</u>	<u>\$ 475,747</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Salaries and Compensated Absences Payable	\$ 734,524	\$ -	\$ -
Payroll Deductions and Employer Contributions Payable	604,048	-	-
Accounts and Contracts Payable	470,767	45,760	29
Due to Other Governmental Units	49	-	-
Unearned Revenue	-	46,593	-
Total Liabilities	<u>1,809,388</u>	<u>92,353</u>	<u>29</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	2,323,967	-	159,743
Unavailable Revenue - Delinquent Property Taxes	18,946	-	1,478
Total Deferred Inflows of Resources	<u>2,342,913</u>	<u>-</u>	<u>161,221</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Inventory	16,095	22,362	-
Restricted for:			
Staff Development	116,487	-	-
Operating Capital	703,673	-	-
Community Education	-	-	353,259
Early Childhood and Family Education	-	-	15,051
Student Activities	45,614	-	-
Gifted and Talented	5,954	-	-
Teacher Development and Evaluation	11,470	-	-
Safe Schools Levy	102,680	-	-
Restricted for Other Purposes	-	282,034	-
Assigned for:			
Severance Benefits	400,000	-	-
Unassigned	3,673,332	-	(53,813)
Total Fund Balance	<u>5,075,305</u>	<u>304,396</u>	<u>314,497</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,227,606</u>	<u>\$ 396,749</u>	<u>\$ 475,747</u>

See accompanying Notes to Basic Financial Statements.



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2020**

Capital Projects	Debt Service	Total Governmental Funds
\$ -	\$ 934,381	\$ 7,933,943
-	898,842	2,184,377
-	8,512	28,936
-	-	57,562
-	-	8,780
-	26,086	1,570,829
-	-	145,039
-	-	38,457
<u>\$ -</u>	<u>\$ 1,867,821</u>	<u>\$ 11,967,923</u>
\$ -	\$ -	\$ 734,524
-	-	604,048
-	-	516,556
-	-	49
-	-	46,593
<u>-</u>	<u>-</u>	<u>1,901,770</u>
-	1,561,112	4,044,822
-	8,512	28,936
<u>-</u>	<u>1,569,624</u>	<u>4,073,758</u>
-	-	38,457
-	-	116,487
-	-	703,673
-	-	353,259
-	-	15,051
-	-	45,614
-	-	5,954
-	-	11,470
-	-	102,680
-	298,197	580,231
-	-	400,000
-	-	3,619,519
<u>-</u>	<u>298,197</u>	<u>5,992,395</u>
<u>\$ -</u>	<u>\$ 1,867,821</u>	<u>\$ 11,967,923</u>

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

<b>Total Fund Balance for Governmental Funds</b>	\$ 5,992,395
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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	130,000
Construction in Progress	59,705
Land Improvements, Net of Accumulated Depreciation	1,875,738
Buildings and Improvements, Net of Accumulated Depreciation	28,175,061
Equipment, Net of Accumulated Depreciation	1,465,622

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 unavailable revenue in the funds.	28,936
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	(387,746)
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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	(10,609,130)
Deferred Inflows of Resources - Pensions	(13,065,746)
Deferred Outflows of Resources - Pensions	8,609,886

The District's OPEB liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Other Postemployment Benefit Liability	(1,354,207)
Deferred Inflows of Resources - Other Postemployment Benefits	(212,540)
Deferred Outflows of Resources - Other Postemployment Benefits	122,440

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	(22,880,000)
Unamortized Premiums	(707,581)
Capital Leases Payable	(144,178)
Lease Purchase Payable	(528,930)
Severance Benefits Payable	(325,854)

<b>Total Net Position of Governmental Activities</b>	<b><u>\$ (3,756,129)</u></b>
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**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

			Major Funds
	General	Food Service	Community Service
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 2,078,458	\$ -	\$ 152,790
Earnings and Investments	105,130	6,502	6,709
Other	699,914	392,646	463,091
State Sources	15,195,364	46,552	172,400
Federal Sources	597,696	535,613	-
Total Revenues	<u>18,676,562</u>	<u>981,313</u>	<u>794,990</u>
<b>EXPENDITURES</b>			
Current:			
Administration	853,850	-	-
District Support Services	366,790	-	-
Elementary and Secondary Regular Instruction	8,346,804	-	-
Vocational Education Instruction	255,484	-	-
Special Education Instruction	3,486,085	-	-
Instructional Support Services	640,424	-	-
Pupil Support Services	1,664,431	-	-
Sites and Buildings	2,294,539	-	-
Fiscal and Other Fixed Cost Programs	84,003	-	-
Food Service	-	972,669	-
Community Service	-	-	787,444
Capital Outlay	258,223	13,077	8,422
Debt Service:			
Principal	238,199	-	2,827
Interest and Fiscal Charges	28,705	-	608
Total Expenditures	<u>18,517,537</u>	<u>985,746</u>	<u>799,301</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	159,025	(4,433)	(4,311)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Equipment	<u>1,066</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	160,091	(4,433)	(4,311)
<b>FUND BALANCES</b>			
Beginning of Year	4,846,667	308,829	318,808
Change in Accounting Principle	68,547	-	-
Beginning of Year - Restated	<u>4,915,214</u>	<u>308,829</u>	<u>318,808</u>
End of Year	<u>\$ 5,075,305</u>	<u>\$ 304,396</u>	<u>\$ 314,497</u>

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,207,169	\$ 3,438,417
3,830	12,834	135,005
-	-	1,555,651
-	260,849	15,675,165
-	-	1,133,309
<u>3,830</u>	<u>1,480,852</u>	<u>21,937,547</u>
-	-	853,850
-	-	366,790
-	-	8,346,804
-	-	255,484
-	-	3,486,085
-	-	640,424
-	-	1,664,431
-	-	2,294,539
-	-	84,003
-	-	972,669
-	-	787,444
993,647	-	1,273,369
-	525,000	766,026
-	902,768	932,081
<u>993,647</u>	<u>1,427,768</u>	<u>22,723,999</u>
(989,817)	53,084	(786,452)
-	-	1,066
<u>(989,817)</u>	<u>53,084</u>	<u>(785,386)</u>
989,817	245,113	6,709,234
-	-	68,547
<u>989,817</u>	<u>245,113</u>	<u>6,777,781</u>
<u>\$ -</u>	<u>\$ 298,197</u>	<u>\$ 5,992,395</u>

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCES – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

**Net Change in Fund Balance - Total Governmental Funds** **\$ (785,386)**

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	1,294,841
Gain (Loss) on Disposal of Capital Assets	(2,760)
Depreciation Expense	(971,171)

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. (4,087)

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.

Change in Accrued Interest - Capital Leases	2,009
Principal Payments - Capital Leases	100,230

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources. (917,203)

Payments to the District's OPEB liability are recognized as expenditures at the fund level while the change in the OPEB obligation and the related deferred inflows and outflows of resources are recognized in the statement of net position. (11,609)

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). (7,245)

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:

Repayment of Bond Principal	525,000
Repayment of Lease Purchase Payable	140,796
Change in Accrued Interest - General Obligation Bonds	(15,000)
Change in Accrued Interest - Lease Purchase Payable	1,848
Amortization of Bond Premium	32,912

**Change in Net Position of Governmental Activities** **\$ (616,825)**

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,096,795	\$ 2,065,190	\$ 2,078,458	\$ 13,268
Earnings and Investments	35,000	35,000	105,130	70,130
Other	427,550	606,100	699,914	93,814
State Sources	15,219,954	15,261,671	15,195,364	(66,307)
Federal Sources	549,000	603,901	597,696	(6,205)
Total Revenues	<u>18,328,299</u>	<u>18,571,862</u>	<u>18,676,562</u>	<u>104,700</u>
<b>EXPENDITURES</b>				
Current:				
Administration	942,630	937,688	853,850	(83,838)
District Support Services	416,935	415,417	366,790	(48,627)
Elementary and Secondary Regular Instruction	8,205,505	8,332,069	8,346,804	14,735
Vocational Education Instruction	230,254	206,909	255,484	48,575
Special Education Instruction	3,723,583	3,646,534	3,486,085	(160,449)
Instructional Support Services	674,566	646,694	640,424	(6,270)
Pupil Support Services	2,089,819	1,756,156	1,664,431	(91,725)
Sites and Buildings	2,045,929	2,066,650	2,294,539	227,889
Fiscal and Other Fixed Cost Programs	134,700	127,857	84,003	(43,854)
Capital Outlay	157,000	303,850	258,223	(45,627)
Debt Service:				
Principal	208,796	206,233	238,199	31,966
Interest and Fiscal Charges	19,996	22,626	28,705	6,079
Total Expenditures	<u>18,849,713</u>	<u>18,668,683</u>	<u>18,517,537</u>	<u>(151,146)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(521,414)	(96,821)	159,025	255,846
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Equipment	<u>-</u>	<u>600</u>	<u>1,066</u>	<u>466</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (521,414)</u>	<u>\$ (96,221)</u>	160,091	<u>\$ 256,312</u>
<b>FUND BALANCE</b>				
Beginning of Year			4,846,667	
Restatement of Fund Balance			68,547	
Beginning of Year - Restated			<u>4,915,214</u>	
<b>END OF YEAR</b>			<u>\$ 5,075,305</u>	

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL – FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ -	\$ -	\$ 6,502	\$ 6,502
Other - Primarily Meal Sales	504,283	444,380	392,646	(51,734)
State Sources	60,462	47,980	46,552	(1,428)
Federal Sources	382,789	477,962	535,613	57,651
Total Revenues	<u>947,534</u>	<u>970,322</u>	<u>981,313</u>	<u>10,991</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	933,732	825,562	972,669	147,107
Capital Outlay	<u>4,500</u>	<u>14,556</u>	<u>13,077</u>	<u>(1,479)</u>
Total Expenditures	<u>938,232</u>	<u>840,118</u>	<u>985,746</u>	<u>145,628</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 9,302</u>	<u>\$ 130,204</u>	(4,433)	<u>\$ (134,637)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>308,829</u>	
<b>END OF YEAR</b>			<u>\$ 304,396</u>	

See accompanying Notes to Basic Financial Statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –  
BUDGET AND ACTUAL – COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 159,181	\$ 152,604	\$ 152,790	\$ 186
Earnings and Investments	2,000	2,000	6,709	4,709
Other - Primarily Tuition and Fees	464,220	434,590	463,091	28,501
State Sources	<u>168,018</u>	<u>175,811</u>	<u>172,400</u>	<u>(3,411)</u>
Total Revenues	<u>793,419</u>	<u>765,005</u>	<u>794,990</u>	<u>29,985</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	807,328	799,315	787,444	(11,871)
Capital Outlay	17,100	9,266	8,422	(844)
Debt Service				
Principal	-	-	2,827	2,827
Interest	<u>-</u>	<u>-</u>	<u>608</u>	<u>608</u>
Total Expenditures	<u>824,428</u>	<u>808,581</u>	<u>799,301</u>	<u>(9,280)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (31,009)</u></u>	<u><u>\$ (43,576)</u></u>	<u>(4,311)</u>	<u><u>\$ 39,265</u></u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>318,808</u>	
<b>END OF YEAR</b>			<u><u>\$ 314,497</u></u>	

See accompanying Notes to Basic Financial Statements.



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	Custodial Fund
<b>ASSETS</b>	
Cash and Investments	\$ 911,847
Interest Receivable	8,278
Total Assets	<u>\$ 920,125</u>
<b>NET POSITION</b>	
Restricted for Individuals	<u>\$ 920,125</u>

*See accompanying Notes to Basic Financial Statements.*

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020**

	Custodial Fund
<b>ADDITIONS</b>	
Gifts and Donations	\$ 7,900
Earnings on Investments	13,254
Total Additions	<u>21,154</u>
<b>DEDUCTIONS</b>	
Scholarships Awarded	<u>18,700</u>
<b>CHANGE IN NET POSITION</b>	2,454
Net Position - Beginning of Year	<u>917,671</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 920,125</u></u>

*See accompanying Notes to Basic Financial Statements.*

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 2859 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. 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**

Independent School District No. 2859 (the District) is an instrumentality of the state of Minnesota established to function as an educational institution. The elected board of education (the 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 require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

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

**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 Fund. The Fiduciary Fund is only reported in the statement of fiduciary net position at the fund financial statement level.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: Custodial Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third-party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Measurement Focus and Basis of Accounting**

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

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:

- a. Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenues.
- b. 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.

**1. 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:

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**1. Description of Funds (Continued)**

Major Governmental Funds

*General Fund*

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

*Food Service Special Revenue Fund*

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund come from user fees, and reimbursements from the Federal and State governments.

*Community Service Special Revenue Fund*

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, and State credits.

*Capital Projects – Building Construction Fund*

The Building Construction Fund is used to account for financial resources restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities. The Fund was established for building construction activity authorized by specific voter-approved bond issues.

*Debt Service Fund*

The Debt Service Fund is used to account for and report financial resources restricted committed, or assigned to pay general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond debt service.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

**1. Description of Funds (Continued)**

Fiduciary Fund

*Custodial Fund*

The Custodial Fund is used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

**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 board of education adopts an annual budget for the following fiscal year for the General, Food Service, and Community Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the original budget as adopted by the board of education. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the board of education 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 board of education action. Revisions to budgeted amounts must be approved by the board of education.

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

Budgeted amounts include mid-year budget amendments that amended revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
Revenues:			
General Fund	\$ 18,328,299	\$ 243,563	\$ 18,571,862
Special Revenue Funds:			
Food Service Fund	947,534	22,788	970,322
Community Service Fund	793,419	(28,414)	765,005
Expenditures:			
General Fund	\$ 18,849,713	\$ (181,030)	\$ 18,668,683
Special Revenue Funds:			
Food Service Fund	938,232	(98,114)	840,118
Community Service Fund	824,428	(15,847)	808,581

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**E. Budgeting (Continued)**

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

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

**F. Cash and Investments**

Cash balances consist of interest bearing accounts, deposits in the Minnesota Trust Investment Shares Portfolio and negotiable certificates of deposit. 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 receivables 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 wood shop supplies and paper in the General Fund and purchased food, supplies, and surplus commodities received from the federal government within the Food Service Fund. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Expenses are allocated over the periods benefited.



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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JUNE 30, 2020**

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

**J. Property Taxes**

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

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 a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

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 levy, which is frozen at \$168,353 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2020, are included in "Property Taxes Levied for Subsequent Year" to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**K. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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JUNE 30, 2020**

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

**K. Capital Assets (Continued)**

Capital assets are recorded in the District-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land.

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

**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 of resources (expense) until that time.

**M. Long-Term Obligations**

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

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

**N. Pensions**

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

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**O. Accrued Employee Benefits**

Vacation Pay

Since vacation pay does not vest to employees, no long-term portion of vacation liabilities are recorded in the financial statements.

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 Health Benefits

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

Early Retirement Incentive and Convertible Sick Leave

Certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions.

Full-time employees, other than teachers, who have completed at least 15 years of continuous service with the District and who are at least 55 years of age are eligible for severance pay. Eligible employees, upon early retirement, receive as severance pay, an amount representing 66% of their unused accumulation of sick leave days.

During fiscal year 2020, the District's expenditures for convertible sick leave expenditures for convertible sick leave totaled \$18,965. At June 30, 2020, the long-term portion of the convertible sick leave liability is included as part of severance payable in the long-term debt.

Other Postemployment Benefits Payable

Under the terms of certain collectively bargained employment contracts, including the teachers' contract, the District is required to pay \$150 per month or \$250 per month, if the employee has 25 or more years of service and 34 or more years of teaching, toward the premium cost of the individual health insurance for 96 months. The employee pays the difference toward the full premium for any coverage elected. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75. See Note 8 for further information.

**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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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JUNE 30, 2020**

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

**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 for the school lunch deposits.

**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 doesn't report any committed fund balances. The Board of Education passed a resolution authorizing the Finance Committee and the Business Manager the ability to assign fund balances and its intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

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 total of committed, assigned, and unassigned fund balance in the General Fund as 20% of the District's operating budgeted expenditures.

**S. 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 accumulation depreciation, reduced by the outstanding balance of any 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 its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Budget**

Expenditures exceeded budgeted amounts in the following funds:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 840,118	\$ 985,746	\$ 145,628

These overages were considered by District management to be the result of necessary expenditures critical to operations.

**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 does not have a deposit policy for custodial credit risk and follows Minnesota statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with applicable Minnesota statutes, the District maintains deposits at depository banks authorized by the 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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**B. Investments**

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

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

External Investment Pools

	External Investment Pools
MN Trust Investment Shares Portfolio	<u>\$ 3,468,162</u>

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from the maturities to meet cash requirements for ongoing operations. 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:

Type	Total	Maturity Duration in Years	
		Less Than 1	1 to 2
Negotiable CD's	\$ 1,254,684	\$ 495,434	\$ 759,250
MN Trust Investments Shares Portfolio	3,468,162	3,468,162	-
Total	<u>\$ 4,722,846</u>	<u>\$ 3,963,596</u>	<u>\$ 759,250</u>

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that insurance of all balances held with each investment account. As of June 30, 2020, the investment balances were fully covered by insurance for each brokerage firm.

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 District's investments as rated by Moody's.

Type	Rating
MN Trust Investments Shares Portfolio	AAAM

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JUNE 30, 2020**

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

**C. Balance Sheet Presentation**

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

Deposits	\$ 4,122,106
Certificates of Deposit	1,254,684
MN Trust Investments Shares Portfolio	3,468,162
Cash on Hand	838
Total Pooled Cash and Investments	<u>\$ 8,845,790</u>
 Cash and Investments - Statement of Net Position	 \$ 7,933,943
Cash and Investments	
- Statement of Fiduciary Net Position	911,847
Total Cash and Investments	<u>\$ 8,845,790</u>

**D. Fair Value Measurement**

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. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**D. Fair Value Measurement (Continued)**

*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
Negotiable Certificates of Deposit	\$ -	\$ 1,254,684	\$ -	\$ 1,254,684
Total	<u>\$ -</u>	<u>\$ 1,254,684</u>	<u>\$ -</u>	<u>1,254,684</u>
Investments Measured at Amortized Cost				<u>3,468,162</u>
Total District Investments				<u><u>\$ 4,722,846</u></u>

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 4 CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Construction in Progress	188,149	59,705	(188,149)	59,705
Total Capital Assets, Not Being Depreciated	318,149	59,705	(188,149)	189,705
Capital Assets, Being Depreciated:				
Land Improvements	1,140,892	1,195,718	-	2,336,610
Buildings and Improvements	35,889,510	27,946	-	35,917,456
Equipment	4,943,540	199,621	(84,653)	5,058,508
Total Capital Assets, Being Depreciated	41,973,942	1,423,285	(84,653)	43,312,574
Less Accumulated Depreciation for:				
Land Improvements	(374,154)	(86,718)	-	(460,872)
Buildings and Improvements	(7,087,987)	(654,408)	-	(7,742,395)
Equipment	(3,444,734)	(230,045)	81,893	(3,592,886)
Total Accumulated Depreciation	(10,906,875)	(971,171)	81,893	(11,796,153)
Total Capital Assets, Being Depreciated, Net	31,067,067	452,114	(2,760)	31,516,421
Governmental Activities Capital Assets, Net	<u>\$ 31,385,216</u>	<u>\$ 511,819</u>	<u>\$ (190,909)</u>	<u>\$ 31,706,126</u>

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

Governmental Activities:	
Administration	\$ 13,427
District Support Services	299
Regular Instruction	791,882
Special Education Instruction	6,096
Community Ed & Services	9,588
Instructional Support Services	30,707
Pupil Support Services	19,994
Sites and Buildings	69,349
Food Service	29,829
Total Depreciation Expense, Governmental Activities	<u>\$ 971,171</u>

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 5 LONG-TERM LIABILITIES**

**A. Components of Long-Term Liabilities**

Long-term liabilities consisted of the following at June 30, 2020:

Issue Date	Net Interest Rate	Series Number	Original Issue	Maturity Date	Principal Outstanding	
					Due Within One Year	Total
8/13/2015	3.0% - 4.0%	2015A	\$ 23,695,000	2/1/2045	\$ 540,000	\$ 21,845,000
6/6/2019	5%	2019A	1,035,000	2/1/2029	95,000	1,035,000
Total General Obligation Bonds					635,000	22,880,000
Bond Premiums					-	707,581
Lease Purchase Payable					145,266	528,930
Capital Leases Payable					101,457	144,178
Severance Benefits Payable					18,965	325,854
Total					<u>\$ 900,688</u>	<u>\$ 24,586,543</u>

**B. Future Minimum Debt Payments**

Minimum annual principal and interest payments necessary to retire bonds payable and lease purchase payable are as follows:

Year Ending June 30,	G.O. Building Bonds Series 2015A		Lease Purchase Payable	
	Principal	Interest	Principal	Interest
2021	\$ 540,000	\$ 852,288	\$ 145,266	\$ 15,526
2022	555,000	836,088	149,878	10,914
2023	575,000	819,438	154,637	6,156
2024	590,000	802,188	79,149	1,247
2025	615,000	778,588	-	-
2026-2030	3,460,000	3,503,738	-	-
2031-2035	4,210,000	2,754,538	-	-
2036-2040	5,100,000	1,860,338	-	-
2041-2045	6,200,000	763,400	-	-
Total	<u>\$ 21,845,000</u>	<u>\$ 12,970,604</u>	<u>\$ 528,930</u>	<u>\$ 33,843</u>

Year Ending June 30,	GO Tax Abatement Bonds 2019A		Total	
	Principal	Interest	Principal	Interest
2021	\$ 95,000	\$ 51,750	\$ 780,266	\$ 919,564
2022	100,000	47,000	804,878	894,002
2023	100,000	42,000	829,637	867,594
2024	110,000	37,000	779,149	840,435
2025	115,000	31,500	730,000	810,088
2026-2030	515,000	66,000	3,975,000	3,569,738
2031-2035	-	-	4,210,000	2,754,538
2036-2040	-	-	5,100,000	1,860,338
2041-2045	-	-	6,200,000	763,400
Total	<u>\$ 1,035,000</u>	<u>\$ 275,250</u>	<u>\$ 23,408,930</u>	<u>\$ 13,279,697</u>

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**B. Future Minimum Debt Payments (Continued)**

Description of Long-Term Liabilities

*Lease Purchase Payable*

On September 12, 2013, the District entered into a lease-purchase agreement for \$1,375,000. The debt was issued to help fund the construction of the new Early Childhood Center, along with necessary equipment and other site improvements. The District will use General Fund levy in future years to pay for the debt payments.

*Capital Leases Payable*

Capital leases are utilized by the District as a means to finance the Facility projects that are too small for issuing bonds and too large for the operating capital funds to cover the costs. These projects over the years have included modifications to the field house, equipment for the field house, technology throughout the District, stadium lights, and improvements to the Helen Baker Elementary. Total cost of assets capitalized and held under capital leases is \$181,144. Related accumulated depreciation of assets under capital leases at June 30, 2020 is \$108,686.

The following is a schedule of the 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	\$ 110,339
2022	42,272
Total Minimum Lease Payments	152,611
Less: Amounts Representing Interest	(8,433)
Present Value of Net Minimum Lease Payments	<u>\$ 144,178</u>

*General Obligation School Building Bonds, Series 2015A*

On August 13, 2015, the District issued \$23,695,000 of General Obligation School Building Bonds, Series 2015A. The proceeds of the issues will be used to finance the betterment of school facilities.

*General Obligation Tax Abatement Bonds, Series 2019A*

On June 6, 2019, the District issued \$1,035,000 of General Obligation Tax Abatement Bonds, Series 2019A. The proceeds of the issues will be used to finance the construction of and improvements to parking lots at Glencoe-Silver Lake Junior/Senior High School and Lakeside Elementary School as well as parking lot maintenance and improvements at school sites districtwide.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**B. Future Minimum Debt Payments (Continued)**

Description of Long-Term Liabilities (Continued)

*Severance Benefits Payable*

Severance benefits payable consist of convertible sick leave payable to employees upon retirement. Severance benefits have been paid by the General and Special Revenue Funds. Annual payments to retire the severance benefits liability have not been determined and will depend on actual employee turnover.

**C. Changes in Long-Term Liabilities**

	June 30, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	\$ 23,405,000	\$ -	\$ 525,000	\$ 22,880,000
Bond Premiums	740,493	-	32,912	707,581
Lease Purchase Payable	669,726	-	140,796	528,930
Capital Leases Payable	244,408	-	100,230	144,178
Severance Benefits Payable	318,609	7,245	-	325,854
Total	<u>\$ 25,378,236</u>	<u>\$ 7,245</u>	<u>\$ 798,938</u>	<u>\$ 24,586,543</u>

**NOTE 6 RESTRICTED FUND BALANCES**

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds:

**A. Restricted for Staff Development**

Restricted for staff development represents general education aid resources to be expended for staff development programs.

**B. Restricted for Operating Capital**

Restricted for operating capital represents available resources to be used only for operating capital purposes, including but not limited to the purchase, lease, repair and improvement of school buildings, and the purchase or lease of computers, vehicles, textbooks, and telecommunications equipment.

**C. Restricted for Community Education Programs**

The fund balance restriction represents accumulated resources available to provide general community education programming.

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

**D. Restricted for Early Childhood and Family Education Programs**

This fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

**E. Restricted for Student Activities**

This fund balance restriction represents accumulated resources available to provide student activity programs.

**F. Restricted for Gifted and Talented**

The fund balance restriction represents accumulated resources available to be spent on the Gifted and Talented program within the District.

**G. Restricted for Teacher Development and Evaluation**

The fund balance restriction represents accumulated resources available for teacher development and evaluation uses.

**I. Restricted for Safe Schools – Crime Levy**

The fund balance restriction represents accumulated resources available to provide for safe schools programs in accordance with funding made available for that purpose.

**J. Restricted for Long Term Facilities Maintenance (LTFM)**

Represents available resources to be used for LTFM capital projects in accordance with the 10-year plan.

**K. Restricted for Other Purposes**

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Other Restricted:

Restricted for Food Service	\$ 282,034
Restricted for Bond Payments	298,197
Total Other Restricted	<u><u>\$ 580,231</u></u>

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 7    DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Plan (General Employees Plan)**

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

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

The Teacher's Retirement Association (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).

**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. General Employees Plan 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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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JUNE 30, 2020**

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

**B. Benefits Provided (Continued)**

**1. General Employees Plan Benefits (Continued)**

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.

**2. TRA Benefits**

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

**Tier 1 Benefits**

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year



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

**B. Benefits Provided (Continued)**

**2. TRA Benefits (Continued)**

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.

Tier 1 Benefits (Continued)

- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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.

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

**C. Contributions**

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020, were \$173,146. The District's contributions were equal to the required contributions 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 \$619,171. The District's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At June 30, 2020, the District reported a liability of \$1,774,737 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a 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 totaled \$55,164, for a total net pension liability of \$1,829,901 associated with the District. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportionate share 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 proportionate share was .0321% which was a decrease of .0008% from its proportionate share measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$162,246 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$4,131 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

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JUNE 30, 2020**

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

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

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 related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 49,185	\$ -
Changes in Actuarial Assumptions	-	139,496
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	179,891
Changes in Proportion	-	76,475
District Contributions Subsequent to the Measurement Date	173,146	-
Total	<u>\$ 222,331</u>	<u>\$ 395,862</u>

\$173,146 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (136,599)
2022	(164,962)
2023	(47,975)
2024	2,859

**2. TRA Pension Costs**

At June 30, 2019 the District reported a liability of \$8,834,393 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 .1386% at the end of the measurement period and .1363% at the beginning of the period.

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

**D. Pension Costs (Continued)**

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

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 8,834,393
State's Proportionate Share of the Net Pension Liability Associated with the District	781,995
Total	<u>\$ 9,616,388</u>

For the year ended June 30, 2020, the District recognized pension expense of \$1,541,493. It also recognized \$59,427 as pension expense and grant revenue for the support provided by direct aid.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,256	\$ 214,521
Changes in Actuarial Assumptions	7,434,513	11,719,978
Net Difference Between Projected and Actual Earnings on Plan Investments	-	732,092
Changes in Proportion	332,615	3,293
District Contributions Subsequent to the Measurement Date	619,171	-
Total	<u>\$ 8,387,555</u>	<u>\$ 12,669,884</u>

\$619,171 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**D. Pension Costs (Continued)**

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

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$    602,392
2022	50,294
2023	(3,257,765)
2024	(2,316,822)
2025	20,401
Thereafter	-

The District's total pension expense for all plans for the year ended June 30, 2020 was \$1,767,297.

**E. Actuarial Assumptions**

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

<u>Assumptions</u>	<u>General Employees Plan</u>	<u>TRA</u>
Inflation	2.50% per Year	2.50% per Year
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	7.50%	7.50%

PERA Salary increases were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually for TRA.

TRA pre-retirement mortality rates were based on 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. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates.

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

**E. Actuarial Assumptions (Continued)**

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 four-year experience study in the General Employees Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes for PERA occurred in 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, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

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

- 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 zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 3 years, (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.

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

**E. Actuarial Assumptions (Continued)**

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.

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 Stocks	36 %	5.10 %
International Stocks	17	5.30
Bonds (Fixed Income)	20	0.75
Alternative Assets (Private Markets)	25	5.90
Cash	2	-
Totals	<u>100 %</u>	

**F. Discount Rate**

The discount rate used to measure the PERA General Employees Plan liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund were 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 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 contribution 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 in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	6.50%	7.50%	8.50%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 2,917,572	\$ 1,774,737	\$ 831,099
TRA Discount Rate	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 14,084,183	\$ 8,834,393	\$ 4,506,019

**H. Pension Plan Fiduciary Net Position**

Detailed information about General Employees Plan'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).

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 #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 7    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**I.    Defined Contribution Plan**

The District provides eligible employees future retirement benefits 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 amounts 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 years ended June 30, 2020, 2019 and 2018 are \$129,100, \$128,350, and \$114,700, respectively. The related employee contributions were \$230,569, \$242,788, and \$202,662, for the years ended June 30, 2020, 2019 and 2018, respectively.

**NOTE 8    OTHER POSTEMPLOYMENT BENEFIT PLAN**

**A.    Plan Description**

The District operates a single-employer postemployment defined benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 212 active participants and 12 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. The Plan does not issue a publicly available financial report.

**B.    Funding Policy**

The District does not have assets accumulated in a trust to pay for OPEB related costs. Contribution requirements are negotiated between the District and union representatives. The District contributes \$150 per month or \$250 per month, with 25 years of service and 34 years of teaching, of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2020, the District contributed \$82,881 to the plan.

**C.    Actuarial Methods and Assumptions**

The District's OPEB liability was measured as of July 1, 2018, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2018.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
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**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**C. Actuarial Methods and Assumptions (Continued)**

The total 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	3.00%
20-Year Municipal Bond Yield	3.50%
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on the MP-2017 Generational Improvement Scale and other adjustments.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017.

The discount rate used to measure the total OPEB liability was 3.10%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

Since the most recent GASB Statement No. 75 Other Postemployment Benefits valuation, the following changes have been made:

- The discount rate was changed from 3.50% to 3.10%.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Changes in the OPEB Liability**

The following table shows the components of the changes in the District's OPEB liability:

	Total OPEB Liability
Balances at July 1, 2018	\$ 1,275,864
Changes for the Year:	
Service Cost	88,658
Interest Cost	46,320
Assumption Changes	26,246
Net Investment Income	-
Benefit Payments	(82,881)
Net Changes for the Year	<u>78,343</u>
Balances at July 1, 2019	<u>\$ 1,354,207</u>

**E. OPEB Liability Sensitivity**

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

	1% Decrease (2.1%)	Discount Rate (3.1%)	1% Increase (4.1%)
Net OPEB Liability (Asset)	\$ 1,354,207	\$ 1,354,207	\$ 1,275,311

The following presents the OPEB liability of the Districts, as well as what the District's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00% over 6 years) or 1% point higher (7.50% decreasing to 6.00% over 6 years) than the current healthcare cost trend rates:

	Healthcare Cost		
	Current Trend		
	1% Decrease (5.50%) Decreasing to 4.00% over 6 Years)	Rates (6.50%) Decreasing to 5.00% over 6 Years)	1% Increase (7.50%) Decreasing to 6.00% over 6 Years)
Net OPEB Liability (Asset)	\$ 1,224,232	\$ 1,354,207	\$ 1,506,736

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**F. OPEB Liability Costs**

For the year ended June 30, 2020, the District recognized OPEB expense of \$96,219. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 194,305
Change of Assumptions	22,496	18,235
Net Difference Between Projected and Actual Investment Earnings	-	-
Contributions Between Measurement Date and Reporting Date	99,944	-
Total	<u>\$ 122,440</u>	<u>\$ 212,540</u>

At June 30, 2020, the District reported \$99,944 of deferred outflows of resources resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021.

Other 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	\$ (38,759)
2022	(38,759)
2023	(38,759)
2024	(38,759)
2025	(38,754)
Thereafter	3,746
Total	<u>\$ (190,044)</u>

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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. In addition, there have been no settlements in excess of the District's insurance coverage in any of the prior three years.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 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 fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**Disputed Payable**

The District still has a payable to and is in negotiations with the contractors that worked on building construction in the amount of \$390,554 from fiscal year 2018. The District is negotiating to not pay this due to large overages incurred by the contractor as part of the related building project over agreed upon amounts.

**NOTE 11 JOINTLY GOVERNED ORGANIZATION**

The District is a member of the Little Crow Special Education Cooperative. The Little Crow Special Education Cooperative was established for the primary objective to provide specialized services for special education students, as defined by state law, and to provide other programs and services as approved by the Joint Powers Governing Board. The Cooperative was established by 13 separate member districts. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources.

**NOTE 12 RESTATEMENT OF BEGINNING NET POSITION**

During fiscal year ended June 30, 2020, the District adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle of \$68,547 in the general fund and governmental activities.

Description	Governmental Activities	General Fund
Net Position/Fund Balance, June 30, 2019, as Previously Reported	\$ (3,207,851)	\$ 4,846,667
Cumulative Affect of GASB 84	68,547	68,547
Net Position/Fund Balance, July 1, 2019, as Restated	<u>\$ (3,139,304)</u>	<u>\$ 4,915,214</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
JUNE 30, 2020**

Measurement Date:	<u>July 1, 2019</u>	<u>July 1, 2018</u>	<u>July 1, 2017</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 88,658	\$ 80,751	\$ 88,740
Interest	46,320	53,264	51,497
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(272,029)	-
Changes of Assumptions	26,246	(25,529)	-
Benefit Payments	<u>(82,881)</u>	<u>(92,116)</u>	<u>(68,613)</u>
<b>Net Change in Total OPEB Liability</b>	78,343	(255,659)	71,624
Total OPEB Liability - Beginning	<u>1,275,864</u>	<u>1,531,523</u>	<u>1,459,899</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 1,354,207</u></u>	<u><u>\$ 1,275,864</u></u>	<u><u>\$ 1,531,523</u></u>
 Covered-Employee Payroll	 <u><u>\$ 9,733,906</u></u>	 <u><u>\$ 9,450,394</u></u>	 <u><u>\$ 9,373,030</u></u>
 District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	 13.9%	 13.5%	 16.3%

NOTE: The District implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
<b>PERA - General Employees Fund</b>						
District's Proportion of the Net Pension Liability	0.0321%	0.0329%	0.0335%	0.0348%	0.0358%	0.0368%
District's Proportionate Share of the Net Pension Liability	\$ 1,774,737	\$ 1,825,157	\$ 2,138,618	\$ 2,825,587	\$ 1,855,342	\$ 1,728,680
State's Proportionate Share of the Net Pension Liability Associated with District	55,164	59,905	26,925	36,951	-	-
Total	<u>\$ 1,829,901</u>	<u>\$ 1,885,062</u>	<u>\$ 2,165,543</u>	<u>\$ 2,862,538</u>	<u>\$ 1,855,342</u>	<u>\$ 1,728,680</u>
District's Covered Payroll	\$ 2,282,133	\$ 2,197,067	\$ 2,179,539	\$ 2,174,745	\$ 2,142,717	\$ 1,933,600
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	77.77%	83.07%	98.12%	129.93%	86.59%	89.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.20%	79.45%	75.90%	68.90%	78.20%	78.20%
	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
<b>TRA</b>						
District's Proportion of the Net Pension Liability	0.1386%	0.1363%	0.1363%	0.1336%	0.1322%	0.1480%
District's Proportionate Share of the Net Pension Liability	\$ 8,834,393	\$ 8,558,346	\$ 27,207,953	\$ 31,866,788	\$ 8,177,877	\$ 6,819,733
State's Proportionate Share of the Net Pension Liability Associated with District	781,995	804,291	2,630,533	3,198,377	1,002,989	479,724
Total	<u>\$ 9,616,388</u>	<u>\$ 9,362,637</u>	<u>\$ 29,838,486</u>	<u>\$ 35,065,165</u>	<u>\$ 9,180,866</u>	<u>\$ 7,299,457</u>
District's Covered Payroll	\$ 7,957,354	\$ 7,618,773	\$ 7,159,960	\$ 7,399,129	\$ 7,211,486	\$ 6,788,143
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	111.02%	112.33%	380.00%	430.68%	113.40%	100.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.07%	78.07%	51.57%	44.90%	76.80%	81.50%

NOTE: Information is presented prospectively and an accumulation of ten years will be provided.



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	Fiscal Year Ending June 30,						
	2020	2019	2018	2017	2016	2015	2014
<b>PERA - General Employees Fund</b>							
Statutorily Required Contribution	\$ 173,146	\$ 171,160	\$ 164,780	\$ 160,741	\$ 157,669	\$ 155,347	\$ 140,186
Contributions in Relation to the Statutorily Required Contribution	(173,146)	(171,160)	(164,780)	(160,741)	(157,669)	(155,347)	(140,186)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,308,613	\$ 2,282,133	\$ 2,197,067	\$ 2,179,539	\$ 2,174,745	\$ 2,142,717	\$ 1,933,600
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.38%	7.25%	7.25%	7.25%
	Fiscal Year Ending June 30,						
	2020	2019	2018	2017	2016	2015	2014
<b>TRA</b>							
Statutorily Required Contribution	\$ 619,171	\$ 613,512	\$ 571,408	\$ 536,997	\$ 517,939	\$ 504,804	\$ 475,170
Contributions in Relation to the Statutorily Required Contribution	(619,171)	(613,512)	(571,408)	(536,997)	(517,939)	(504,804)	(475,170)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,817,816	\$ 7,957,354	\$ 7,618,773	\$ 7,159,960	\$ 7,399,129	\$ 7,211,486	\$ 6,788,143
Contributions as a Percentage of Covered Payroll	7.92%	7.71%	7.50%	7.50%	7.00%	7.00%	7.00%

NOTE: Information is presented prospectively and an accumulation of ten years will be provided.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 1 CHANGES IN SIGNIFICANT OPEB PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

Since the most recent GASB Statement No. 45 Other Postemployment Benefits valuation, the following changes have been made:

**2020**

- The discount rate was changed from 3.50% to 3.10%.

**2019**

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.
- The percentage of future retirees not eligible for a subsidy who are assumed to continue on one of the District's medical plans postemployment was reduced from 30% to 25%.

**NOTE 2 CHANGES IN SIGNIFICANT PENSION 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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2018 (Continued)**

Changes in Plan Provisions (Continued)

- 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.

**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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**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.

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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2018 (Continued)**

Changes in Plan Provisions (Continued)

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 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 non-vested 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 ten 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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**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 white 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.
- 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.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**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.

## **SINGLE AUDIT AND OTHER REQUIRED REPORTS**





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

Board of Education  
Independent School District No. 2859  
Glencoe, 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. 2859 (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 September 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs as item 2020-001, we identified a deficiency in internal control that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 it.

### **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 result 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 11, 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  
Independent School District No. 2859  
Glencoe, Minnesota

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

We have audited Independent School District No. 2859's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 2859's major federal programs for the year ended June 30, 2020. Independent School District No. 2859'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 Independent School District No. 2859'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 Independent School District No. 2859'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 Independent School District No. 2859's compliance.

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

In our opinion, Independent School District No. 2859 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.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings 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 compliance and, accordingly, we express no opinion on the response.

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

Management of Independent School District No. 2859 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 Independent School District No. 2859'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 Independent School District No. 2859'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a significant deficiency.

Independent School District No. 2859's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Independent School District No. 2859's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Education  
Independent School District No. 2859

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 11, 2020

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Agriculture:				
Noncash Assistance (Commodities):				
National School Lunch Program	# 10.555	1-2859-000	\$ 65,866	\$ -
Cash Assistance:				
School Breakfast Program	# 10.553	1-2859-000	54,431	
National School Lunch Program	# 10.555	1-2859-000	211,050	
After School Snack Program	# 10.555	1-2859-000	5,031	-
Special Milk Program for Children	# 10.556	1-2859-000	1,146	-
Summer Food Service Program for Children	# 10.559	1-2859-000	198,090	-
Total Cash Assistance			<u>469,748</u>	<u>-</u>
Total Child Nutrition Cluster			<u>535,614</u>	<u>-</u>
Total U.S. Department of Agriculture			535,614	-
<b>U.S. Department of Education</b>				
Passed Through Minnesota Department of Education:				
Cash Assistance:				
Title I, Part A - Grants to Local Educational Agencies	84.010	S010A160023A	240,147	-
Title I, Part C - Migrant Education State Grant Program	84.011	4706	95,730	-
Perkins Basic State Grants	84.048	@	7,867	-
Title III - English Language Acq Grants	84.365	S365A160023A	13,001	-
Title II, Part A - Improving Teacher Quality	84.367	S367A160022	48,869	-
Title IV, Part A - Student Support and Academic Enrichment Program	84.424	S424A180024	14,071	-
Passed Through SW/WC Service Cooperative #991:				
Cash Assistance:				
Special Education - Grants to States	& 84.027	83-0991-000	176,644	-
Special Education - Preschool Incentive	& 84.173	83-0991-000	1,368	-
Total Special Education Cluster			<u>178,012</u>	<u>-</u>
Total U.S. Department of Education			<u>597,697</u>	<u>-</u>
Total Federal Financial Assistance Expended			<u>\$ 1,133,311</u>	<u>\$ -</u>

# - Child Nutrition Cluster

& - Special Education Cluster

@ - Unknown Agency or Pass-Through Number

The total of CFDA 10.555 is \$354,987.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

**NOTE 1    GENERAL**

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal financial assistance programs of Independent School District No. 2859. The reporting entity is defined in Note 1 to the financial statements. The District did not pass amounts to subrecipients.

**NOTE 2    BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Independent School District No. 2859's financial statements. The District has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education  
Independent School District No. 2859  
Glencoe, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2859, as of 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 September 11, 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 contract and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and the uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the 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 report is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 11, 2020



**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**PART I: SUMMARY OF AUDITOR'S RESULTS**

**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)?     x     yes            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 2 CFR 200.516(a)?     x     yes            no

***Identification of Major Federal Programs***

**CFDA Number(s)**

10.553, 10.555, 10.556, and 10.559

**Name of Federal Program or Cluster**

Child Nutrition Cluster

Dollar threshold used to distinguish between

Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee pursuant to Uniform Guidance?

           yes     x     no

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**PART II: FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS:**

**FINDING: 2020-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

**Condition:** The District has a control in place for the review of the drafted financial statements. However, the District does not have the expertise to ensure all disclosures required by generally accepted accounting principles are included in the annual financial statements.

**Criteria:** The District must be able to prevent or detect the omission of a material disclosure in the annual financial statements.

**Effect:** The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the District's controls.

**Cause:** The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, management has reviewed and approved the annual financial statements and the related footnote disclosures.

**Repeat Finding:** Yes, see finding 2019-001.

**Recommendation:** The District should continue to evaluate its internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

**Contact Person**

Michelle Sander, Business Manager

**Corrective Action Planned**

A corrective action plan is in place.

**Anticipated Completion Date**

June 30, 2021

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**PART III: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

**Finding Number:** 2020-002

**Federal Agency:** U.S. Department of Agriculture

**Federal Program:** Child Nutrition Cluster

**CFDA Numbers:** 10.553, 10.555, 10.556, and 10.559

**Pass Through Agency:** Minnesota Department of Agriculture

**Pass Through Number:** 1-2859-000

**Award Periods:** Year ended June 30, 2020

**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Criteria:** The District should have controls in place to ensure the accuracy of the classifications of all applicants.

**Condition:** During eligibility testing of 40 applicants, it was noted that 1 of the 40 applications tested was incorrectly classified.

**Questioned Costs:** None noted.

**Cause:** There was an error on the calculation of the total income.

**Repeat Finding:** No.

**Effect:** Applicants are incorrectly classified between free, reduced and paid.

**Recommendation:** We recommend that the District ensures that its controls over the review of applications is working and that all applicants are correctly classified.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**PART IV: FINDINGS – MN LEGAL COMPLIANCE FINDINGS**

None noted

**GLENCOE-SILVER LAKE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 2859  
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	\$ 18,676,562	\$ 18,676,567	\$ (5)	Total Revenue	\$ 3,830	\$ 3,830	\$ -
Total Expenditures	18,517,537	18,517,486	51	Total Expenditures	993,647	993,647	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	16,095	16,095	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	45,614	45,614	-	407 Capital Projects Levy	-	-	-
403 Staff Development	116,487	116,487	-	409 Alternative Facility Program	-	-	-
407 Capital Project Levy	-	-	-	413 Projects Funded by COP	-	-	-
408 Cooperative Programs	-	-	-	464 Restricted Fund Balance	-	-	-
413 Projects Funded by COP	-	-	-	<i>Unassigned:</i>			
414 Operating Debt	-	-	-	463 Unassigned Fund Balance	-	-	-
416 Levy Reduction	-	-	-				
417 Taconite Building Maintenance	-	-	-	<b>07 DEBT SERVICE</b>			
424 Operating Capital	703,673	703,673	-	Total Revenue	1,480,852	1,480,852	-
426 \$25 Taconite	-	-	-	Total Expenditures	1,427,768	1,427,769	(1)
427 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
428 Learning and Development	-	-	-	460 Nonspendable Fund Balance	-	-	-
434 Area Learning Center	-	-	-	<i>Restricted:</i>			
435 Contracted Alternative Programs	-	-	-	425 Bond Refunding	-	-	-
436 State-Approved Alternative Programs	-	-	-	451 QZAB and QSCB Payments	-	-	-
438 Gifted and Talented	5,954	5,954	-	464 Restricted Fund Balance	298,197	298,197	-
440 Teacher Development and Evaluations	11,470	11,470	-	<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	102,680	102,680	-	Total Revenue	21,154	21,154	-
451 QZAB Payments	-	-	-	Total Expenditures	18,700	18,700	-
452 OPEB Liability Not Held in Trust	-	-	-	<i>Net Position:</i>			
453 Unfunded Severance & Retirement Levy	-	-	-	464 Net Position	920,125	920,125	-
467 LTFM	(49,391)	(49,391)	-				
464 Restricted Fund Balance	-	-	-	<b>20 INTERNAL SERVICE</b>			
<i>Committed:</i>				Total Revenue	-	-	-
418 Committed for Separation	-	-	-	Total Expenditures	-	-	-
461 Committed Fund Balance	-	-	-	<i>Net Position:</i>			
<i>Assigned:</i>				422 Net Position	-	-	-
462 Assigned Fund Balance	400,000	400,000	-				
<i>Unassigned:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
422 Unassigned Fund Balance	3,722,723	3,722,725	(2)	Total Revenue	-	-	-
				Total Expenditures	-	-	-
<b>02 FOOD SERVICE</b>				<i>Net Position:</i>			
Total Revenue	981,313	981,316	(3)	422 Net Position	-	-	-
Total Expenditures	985,746	985,749	(3)				
<i>Nonspendable:</i>				<b>45 OPEB IRREVOCABLE TRUST</b>			
460 Nonspendable Fund Balance	22,362	22,362	-	Total Revenue	-	-	-
<i>Restricted:</i>				Total Expenditures	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-	<i>Net Position:</i>			
464 Restricted Fund Balance	282,034	282,033	1	422 Net Position	-	-	-
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-	<b>47 OPEB DEBT SERVICE</b>			
				Total Revenue	-	-	-
<b>04 COMMUNITY SERVICE</b>				Total Expenditures	-	-	-
Total Revenue	794,990	794,991	(1)	<i>Nonspendable:</i>			
Total Expenditures	799,301	799,302	(1)	460 Nonspendable Fund Balance	-	-	-
<i>Nonspendable:</i>				<i>Restricted:</i>			
460 Nonspendable Fund Balance	-	-	-	425 Bond Refunding	-	-	-
<i>Restricted:</i>				464 Restricted Fund Balance	-	-	-
426 \$25 Taconite	-	-	-	<i>Unassigned:</i>			
431 Community Education	353,259	353,259	-	463 Unassigned Fund Balance	-	-	-
432 E.C.F.E.	15,051	15,051	-				
440 Teacher Development and Evaluations	-	-	-				
444 School Readiness	(53,813)	(53,814)	1				
447 Adult Basic Education	-	-	-				
452 OPEB Liability Not Held in Trust	-	-	-				
464 Restricted Fund Balance	-	-	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				

