



South St. Paul School Board Meeting
Monday, December 14, 2020 6:00 PM
Location: Virtual

Agenda

I. ROLL CALL	
II. APPROVAL OF MEETING AGENDA/MINUTES (Strategic Direction 4)	
A. School Board Meeting Agenda, December 14, 2020	
B. School Board Meeting Minutes, November 23, 2020	3
C. School Board Meeting Minutes, December 7, 2020	5
III. QUALITY-IN-ACTION (Strategic Direction 4)	
A. Fall athletics and activity updates and recognitions (C. Sexauer)	7
B. School Board Recognition (D. Webb)	15
IV. REPORTS	
A. Worlds Best Work Force (WBWF) and Achievement and Integration (A & I) Report (C. Schmidt and C. Garling-Squire)	16
B. 2022-2023 Calendar Guiding Change Document (C. Schmidt)	40
C. Public Listening Session (J. McClellan)	43
V. CONSENT ITEMS (Strategic Direction 3)	
A. Financial Claims: Bills Payable (D. Webb)	44
B. Staffing: Appointments, Resignations, Transfers, Retirements, Abolishments, and Leaves (D. Webb)	51
VI. POLICY REVIEW (Strategic Direction 1)	
VII. BUSINESS ITEMS (Strategic Direction 3)	
A. Approval, for the South St. Paul School Board to approve the June 30, 2020 Financial Statements and Management Report. (A. Bushberger and A. Nielsen)	54
B. Approval, for the South St. Paul School Board to approve the 2021 Central Square Operating Budget. (A. Bushberger)	243
C. Approval, for the South St. Paul School Board to approve the Payable 2021 Levy at \$11,070,929.82. (A. Bushberger)	248

D. Approval, for the South St. Paul School Board to approve the Resolution Designating Polling Places for the 2021 Elections. (D. Webb) 273

E. Approval, for the South St. Paul School Board to approve the Acceptance of Gifts Resolution. (D. Webb) 276

VIII. INFORMATIONAL ITEMS (Strategic Direction 4)

A. Superintendent Update (D. Webb) 278

B. Board Members' Reports/Committee Updates/Where Have You Seen a Passion 279

IX. SUPPLEMENTAL AGENDA

X. ADJOURN



SOUTH ST. PAUL PUBLIC SCHOOLS
Special School District No. 6

NOVEMBER 23, 2020

The regular meeting of the Board of Education, Special School District No. 6, South St. Paul, was held virtually on Monday, November 23, 2020. Chair Jeff McClellan called the meeting to order at 6:03 PM with six Board members present: Inspectors Arend, Diaz, Felton, Laliberte, McClellan, and Walker. Inspector Bjorklund was absent. Others present included Superintendent of Schools Dr. Dave Webb and several students and staff.

By Inspector Laliberte

Seconded by Inspector Felton

That the South St. Paul School Board approves the November 23, 2020 School Board meeting agenda, supplemental agenda, and the minutes of the following meetings:

- A. Committee-of-the-Whole Meeting Minutes, November 9, 2020
- B. Regular Board Meeting Minutes, November 9, 2020
- C. Special Board Meeting Minutes, November 12, 2020

Motion carried 6 yeas – Diaz, Walker, Laliberte, Arend, Felton, and McClellan
0 nays

REPORTS AND DISCUSSION

Quality-in-Action: Kaposia Education Center Principal Terry Bretoi along with 5th Grade Teacher Ms. White and two of her students joined the meeting to share how they are embracing distance learning and overcoming some of the challenges of learning together while being apart.

Public Listening Session: The School Board received two Listening Session submissions this evening. The first submission was for insight into the Central Square community feedback sessions. The second submission was from a parent who asked school leaders to engage with constituents to continue our visioning for the future.

Superintendent's Update: Superintendent Dave Webb provided highlights from around the district.

By Inspector Felton

Seconded by Inspector Diaz

- A. Financial Claims—Bills Payable
- B. Staffing: Appointments, Resignations, Transfers, Retirements, Abolishments, and Leaves.

Motion carried 6 yeas – Arend, Felton, Diaz, Walker, Laliberte, and McClellan
0 nays

By Inspector Walker

Seconded by Inspector Laliberte

For the South St. Paul School Board to approve the first series of budget revisions for 2020-21.

Motion carried 6 yeas – Walker, Laliberte, Arend, Felton, Diaz and McClellan
0 nays

By Inspector Felton
For the South St. Paul School Board to approve the Acceptance of Gifts Resolution

Seconded by Inspector Arend

Motion carried 6 yeas – Walker, Laliberte, Arend, Felton, Diaz and McClellan
0 nays

The School Board members reported on various informational items and committees in which they serve.

By Inspector Walker

Seconded by Inspector Laliberte

That the School Board moves to adjourn the November 23, 2020 meeting at 6:51 PM.

Motion carried 6 yeas – Laliberte, Arend, Felton, Diaz, Walker, and McClellan
0 nays

Official Board Minutes are available in the District
Office at 104 – 5th Ave. So. – So. St. Paul

Respectfully Submitted by:

Lisa Brandecker, Acting Secretary-Clerk
School Board



SOUTH ST. PAUL PUBLIC SCHOOLS
Special School District No. 6

DECEMBER 7, 2020

A special meeting of the School Board for Special School District No. 6, South St. Paul, was held virtually on Monday, December 7, 2020. Chair Jeff McClellan called the meeting to order at 4:40 PM with seven Board members present: Inspectors Diaz, Bjorklund, Walker, Laliberte, Arend, Felton and McClellan. Superintendent Dave Webb and Human Resource Director Cathy Miller were also present.

By Inspector Arend Seconded by Inspector Bjorklund
That the South St. Paul School Board approve the December 7, 2020 special meeting agenda.

Motion carried 7 yeas – Felton, Diaz, Bjorklund, Walker, Laliberte, Arend and McClellan
0 nays

By Inspector Walker Seconded by Inspector Felton
For the School Board to move to a closed session at 4:43 PM per Minn. Stat. Sect. 13D.05, subd. 2(b) for the purpose of a preliminary discussion of allegations against an employee.

Motion carried 7 yeas – Arend, Felton, Diaz, Bjorklund, Walker, Laliberte, and McClellan
0 nays

Closed session officially began at 4:49 PM.

*Members present: Inspectors Bjorklund, Diaz, Felton, Laliberte, McClellan and Walker.
Superintendent Dave Webb and Human Resource Director Cathy Miller were also present.
Inspector Arend lost connection and not participate in the closed session.

By Inspector Bjorklund Seconded by Inspector Diaz
For the School Board to adjourn the closed session at 5:11 PM.

Motion carried 6 yeas – Laliberte, Felton, Diaz, Bjorklund, Walker, and McClellan
0 nays
**Inspector Arend lost connection and did not participate in the closed session*

By Inspector Laliberte Seconded by Inspector Diaz
That the School Board approve the resignation agreement discussed in closed session.

Motion carried 6 yeas – Walker, Laliberte, Felton, Diaz, Bjorklund and McClellan
0 nays
1 abstain – Arend
**Inspector Arend rejoined the meeting following the closed session*

By Inspector Bjorklund

Seconded by Inspector Felton

That the School Board move to adjourn the December 7, 2020 special meeting at 5:13 PM.

Motion carried 7 yeas – Bjorklund, Walker, Laliberte, Arend, Felton, Diaz and McClellan
0 nays

Official Board Minutes are available in the District
Office at 104 – 5th Ave. So. – So. St. Paul

Respectfully Submitted by:

Nikki Laliberte, Secretary-Clerk
School Board



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Quality-in-Action

Action Requested: None

Attachment: None

Topic: Fall athletics and activities updates and recognitions
Presenter(s): Activities Director Chad Sexauer
Background: Activities Director Chad Sexauer will provide a recap of the fall activity seasons and highlight the all-conference and all-state recipients.
Recommendation: N/A
Alternatives: N/A

South St. Paul
Public Schools



Quality in Action Update

Chad Sexauer, Activities Director

December 14, 2020

Passionate Learners



Positively Changing Our World

All Conference

Girls Tennis



Lauren Bauer



Emma Cheney



Madysen Krone



Sarah Wincentsen

All Conference

Football



Colten Becker



Jaylin Nieman-Burnett

All Conference

Girls Soccer

All State
Too!



Makenna Deering



Leanna Froeming



Gabby Owens

All Conference

Boys Soccer



Kevin Cuenca Medina



All Conference

Girls Swimming & Diving



Grace Gerten



Theatre Fall Musical

“The Big Bad Musical”

Choreographer



Emma Bauer

Choreographer/Actor



Alyse Boudreau

Lead Actor



Marissa Contreras

Sound Board Operator



Bella Maurer

Choreographer/ Lead Actor



Molly Schmidt

Lead Actor



Steven Sparks



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Quality-in-Action

Action Requested: None

Attachment: None

Topic: School Board Recognition
Presenter(s): Superintendent Dave Webb
Background: School Board members volunteer hundreds of hours and an immeasurable amount of energy to assure that our schools are providing a safe and effective learning environment for our students and staff. As School Board members Patty Bjorklund and Chair Jeff McClellan conclude their terms on the board, Superintendent Dave Webb will share a thanks and appreciation for their commitment and dedication during their terms.
Recommendation: N/A
Alternatives: N/A



2019-20 World's Best Workforce and Achievement & Integration Reports

Dr. Chad Schmidt & Connie Garling-Squire

December 14, 2020



Background

SSPPS Strategic Plan & Roadmap
Annual Report and Update

- WBWF: World's Best Workforce
- A & I: Achievement & Integration



Strategic Plan

Mission

- *Ignite a passion in every learner to inquire, continuously improve and engage in positively changing our world.*

Vision

Strategic Directions



World's Best Workforce

Increase student performance and address the following goals:

- All children are ready for school
- All third-graders can read at grade level
- All racial and economic achievement gaps between students are closed
- All students are ready for career and college
- All students graduate from high school



Achievement & Integration

Purpose

The purpose of the Achievement and Integration (A&I) for Minnesota program is to:

- Pursue racial and economic integration
- Increase student achievement
- Create equitable educational opportunities, and
- Reduce academic disparities based on students' diverse racial, ethnic, and economic backgrounds



Achievement & Integration

Plans/Goals

- 3 Year Plan 2017-2020
 - Yearly Achievement Goal
 - Yearly Integration Goal

- Aligned with WBWF and reported together



WBWF Summary

Annual Plan



1) Kindergarten Readiness



Goal: The percent of incoming kindergarten students performing at or above grade level expectations in literacy will improve from 38.3% in fall 2018-19 to 43.3% in 2019-20 as measured by the fall FAST earlyReading assessment (i.e., earlyReading Composite low risk).

Result: 60.3% of South St. Paul kindergarten students were at or above grade level expectations in literacy at the beginning of the 2019-20 school year.



1) Kindergarten Readiness



Progress:

- Voluntary Preschool (VPK)
- Early Childhood Family Education (ECFE)
- Academic and SEL curriculum
- Integrated supports for all learners and families



2) Read Well by 3rd Grade



Goal: The percent of South St. Paul 3rd grade students reading at or above grade level expectations will improve from 41.4% in spring 2018-19 to 46.4% in spring 2019-20 as measured by MCA Reading assessment.

Result: Unable to report



2) Read Well by 3rd Grade



Progress:

- Literacy Foundational Skills ladder
- Multi-Tiered Systems of Support (MTSS)
- Classwide and Small Group/Individual Interventions



3) Close Gaps



Goal: The percent of South St. Paul students of color and American Indian students and students whose families qualify for free/reduced-price meals who are reading at or above grade level expectations will improve from 35.1% and 33.3% respectively in spring 2018-19 to at least 40.1% in spring 2019-20 as measured by the MCA Reading assessment while the white and non-free/reduced student groups will maintain or improve their rates of proficiency, thereby narrowing existing achievement gaps.

Result: Unable to report



3) Close Gaps



Progress:

- Standards Mastery
- Innocent Classroom, BARR & EOS
- Academic and SEL focus
- Multi-Tiered System of Supports (MTSS)
- Middle School PRESS pilot



4) Career & College Ready



Goal: The percent of South St. Paul 8th grade students who are mathematically proficient per grade level expectations will improve from 29.8% in spring 2018-19 to 34.8% in spring 2019-20 as measured by the MCA Mathematics assessment.

Result: Unable to report



4) Career & College Ready



Progress

- Standards Mastery
- Elementary & Secondary Math Curriculum Review
- NEW Elem Math curriculum materials
- Tri-District College & Career Readiness



5) HS Graduation



Goal: The percent of South St. Paul students graduating on time (i.e., in 4 years) will improve from 81.2% in spring 2017-18 to 86.2% in spring 2018-19 as measured by the Minnesota 4-year graduation rate.

Result: 74.4% of South St. Paul students in the Class of 2019 graduated on time.



5) HS Graduation



Progress:

- Building Assets, Reducing Risks (BARR)
- Multi-Tiered Systems of Support (MTSS)
- Counseling & Academic Advising



A & I Summary

2017-20 Plan



Achievement & Integration

Goal 1



Achievement Goal: All racial and economic student groups' reading achievement will be at least 70% proficient as measured by the spring MCA Reading assessment.

Result: Unable to report

Achievement & Integration

Goal 1



Achievement Goal Progress:

- Standards Alignment
- Tiered Systems of Support
- Social/Emotional Learning
- Breaking down barriers
 - Parent/Family Outreach - Cultural Liaisons & Family Support Workers
 - Food Security



Achievement & Integration

Goal 2



Integration Goal: All racial and economic student groups' reading achievement will be no more than 10% from expected targets (i.e., at least 70% proficient) as measured by the spring MCA Reading assessment.

Result: Unable to report

Achievement & Integration

Goal 2



Integration Goal Progress:

- Student Voice - Student Leadership
 - Affinity Groups & Integration Opportunities
 - Indigenous Leaders Circle
 - Equity Alliance Student Leaders

Questions?

South St. Paul
Public Schools





SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, December 14, 2020

Place on Agenda: Reports

Action Requested: None

Attachment: None

Topic: 2019-20 World’s Best Workforce (WBWF) and Achievement & Integration (A & I) Summary Report

Presenter(s): Learning Director Chad Schmidt and Early Learning/Equity Director Connie Garling-Squire

Background:

The Minnesota Legislature passed the World’s Best Workforce (WBWF) legislation in 2013, requiring school districts to develop plans that address five goal areas:

- All children are ready for school
- All third-graders can read at grade level
- All racial and economic achievement gaps between students are closed
- All students are ready for career and college
- All students graduate from high school

In 2017, additional legislation was passed requiring school district to merge two annual reports, the one for WBWF and A & I into a single report.

On Monday night, Dr. Chad Schmidt and Connie Garling-Squire will provide a brief update and summary report of progress regarding the district’s World’s Best Workforce and Achievement & Integration plans.

Recommendation:

None

Alternatives:

N/A



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, December 14, 2020

Place on Agenda: Reports

Action Requested: None

Attachment: 2022-23 Calendar Guiding Change Document

Topic: 2022-23 Calendar Guiding Change
Presenter(s): Learning Director Chad Schmidt
Background: This document has been developed to provide guidance for development of a school district calendar that meets state and local regulations and priorities. During the Committee-of-the-Whole meeting, time will be provided to discuss the context & reality, unacceptable means, and desired results.
Recommendation: None
Alternatives: N/A

<p>RESULTS: <i>What is our goal?</i></p>	<p>CURRENT REALITY: <i>What are our current conditions?</i></p>	<p>UNACCEPTABLE MEANS: <i>What will we not do?</i></p>
<p>Develop recommendations for a 2022-23 school calendar that:</p> <ol style="list-style-type: none"> 1. has consistent start/end days for all schools 2. includes a minimum of 170 student contact days and 185 days for continuing contract teachers 3. prioritizes Student-Family Connections opportunities to improve proactive communication and partnership (see addendum) 4. creates collaborative learning opportunities throughout the school year as part of the professional learning schedule 5. attempts to maximize instructional days earlier in the school year when scheduling parent-teacher conferences and identifying winter and spring breaks 6. includes near-equal number of days in each term 7. includes minimum of two extra days in case of emergency closings 8. aligns targeted learning services for students in summer months 9. includes articulation of district holidays and SSP Secondary Commencement 	<p>Mission, Vision & Strategic Directions outlined in Strategic Plan, including focus on:</p> <ul style="list-style-type: none"> ● Passionate Learners * Positively Changing Our World ... every day ● Prepare each and every learner ● Provide high-quality programs and personalized learning ● Build capacity in IB Learner Profile ● Partner with families and community ● Ensure access to technology for learning ● Career and College Readiness initiative <p>Recent School Calendars have included:</p> <ul style="list-style-type: none"> ● a minimum of 170 student contact days <ul style="list-style-type: none"> ○ Kindergarten: 168 student days ● 185 days per continuing contract teachers' calendar ● Terms: Elementary - 2 semesters; Secondary - 3 trimesters with: <ul style="list-style-type: none"> ○ end-of-term professional time; ○ 2-day Final Exam schedule for each trimester at High School ● 32 hours for Student-family Connections (i.e., parent-teacher conferences) <ul style="list-style-type: none"> ○ Kindergarten: Addl 8 hours at start of school year ● Winter and Spring Breaks, 7-10 days and 5 days, respectively ● seniors released 2-4 days early 	<ol style="list-style-type: none"> 1. Develop a calendar that violates district policy, work agreements or state statute <ol style="list-style-type: none"> a. 935 hrs (Gr 1-6) b. 1020 hrs (Gr 7-12) 2. Exceed available budget parameters/limits 3. Develop recommendations that negatively impact learning 4. Develop recommendations that do not demonstrate best practices at regional or national levels, including those for parent-teacher conferences 5. Develop recommendations that are insensitive to the representative cultures of our community

Addendum: Student-Family Connection Planning

<p>RESULTS: <i>What is our goal?</i></p>	<p>CURRENT REALITY: <i>What are our current conditions?</i></p>	<p>UNACCEPTABLE MEANS: <i>What will we not do?</i></p>
<p>Develop recommendations for student-family connections plan (i.e., alternative parent- teacher conferencing) that:</p> <ol style="list-style-type: none"> 1. improves proactive communication to and partnership with families and students 2. includes multiple evening opportunities for families to meet face-to-face with teachers 3. includes at least 50% common conference time for all teachers in the school 4. identifies how teachers will document conferences conducted outside the common, school-defined conference times 5. publishes and communicates the conference schedule to families on/before August 15 6. identifies how support staff will be involved in parent-teacher conferences (i.e., counselors, Special Educators, paraprofessionals, interpreters, etc.) 7. guarantees the completion of conferencing prior to the Student-Family Connections Comp time days placed on the District Calendar 	<p>Mission, Vision & Strategic Directions outlined in Strategic Plan, including focus on:</p> <ul style="list-style-type: none"> ● Passionate Learners * Positively Changing Our World ... every day ● Prepare each and every learner ● Provide high-quality programs and personalized learning ● Build capacity in IB Learner Profile ● Partner with families and community ● Ensure access to technology for learning ● Career and College Readiness initiative <p>2019-20 thru 2021-22 District Calendars include:</p> <ul style="list-style-type: none"> ● 8 hours of Student-Family Connections during Opening Days Week ● 24 hours of Parent-Teacher Conferences throughout school year <p>Rationale:</p> <ol style="list-style-type: none"> 1. Schools are best positioned to plan for and meet the partnership and communication needs of their students and families 2. Flexibility within parameters supports creativity and problem-solving at the school level 3. Model aligns with innovative practices developed in area school districts to support improved communication and partnership 	<ol style="list-style-type: none"> 1. Develop an alternative parent-teacher conferencing plan that restricts or limits the ability of families to partner with teachers in supporting student learning 2. Develop a plan without the participation and input of building teacher leaders 3. Exceed available budget parameters/limits 4. Develop recommendations that negatively impact learning 5. Develop recommendations that do not demonstrate best practices at regional or national levels 6. Develop recommendations that are insensitive to the representative cultures of our community



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Regular Meeting Reports

Action Requested: None

Attachment: None

Topic: School Board Listening Session Report

Presenter(s): Chair Jeff McClellan

Background:

Pursuant to Minnesota Statutes section 13D.021, and the current state of emergency declared by the Governor of Minnesota due to the COVID-19 pandemic, the Board Chair and Superintendent of Schools have determined that it is not prudent to conduct an in-person meeting of the School Board nor is it feasible to allow any member of the public to be present at the regular meeting location or any remote sites of any Board Members. All members of the School Board will participate by electronic means.

To allow members of the staff and public the opportunity to provide comments regarding items on the Board Meeting’s agenda, including the Truth-in-Taxation Hearing, the board has established the [Listening Session Sign-up Form](#) on the South St. Paul Public Schools website that must be completed and submitted by 9:00 a.m. the day of the Board meeting. The Board will designate an individual to read a representative sample of the comments at the Board meeting. The public will not be given the opportunity to be heard in person at the Board meetings. This temporarily supersedes Policy 206.

The Board Chair or Superintendent of Schools or their designee, may follow-up, via phone or electronic communication, with the individual submitting the Listening Session Sign-up Form.



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Consent Items

Action Requested: Approval

Attachment: Financials – Bills Payable

Topic: Financials – Bills Payable
Presenter(s): Finance Director Aaron Bushberger
Background: It is the policy of the school district to maintain its records so that they will be available for inspection by members of the general public and to provide for the publication of its official proceedings in compliance with law.
Recommendation: Approve financial statement
Alternatives: N/A

<u>CHECK</u>		<u>CHECK</u>	
<u>NUMBER</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>VENDOR</u>
195427	4,553.35	11/20/2020	ACOUSTICS ASSOCIATES
195428	2,045.00	11/20/2020	ACT
195429	7,160.00	11/20/2020	ACTION MOVING SERVIC
195430	22,820.90	11/20/2020	ALBRECHT COMPANY
195431	448.12	11/20/2020	AMAZON CAPITAL SERVI
195432	89.00	11/20/2020	ANDERSON, ERIC
195433	36,100.00	11/20/2020	ARCHITECTURAL SALES
195434	110.76	11/20/2020	BLICK ART MATERIALS
195435	291.80	11/20/2020	CULLIGAN-MILBERT COM
195436	23,051.75	11/20/2020	CUSTOM DRYWALL
195437	25,612.00	11/20/2020	DECOR-TEC, INC
195438	89.00	11/20/2020	DEMCO, TIMOTHY
195439	1,537.00	11/20/2020	DOOR SERVICE COMPANY
195440	30.00	11/20/2020	FELTON, JASON
195441	947.49	11/20/2020	FILTRATION SYSTEMS I
195442	89.00	11/20/2020	FRANZWA, BRIAN
195443	150.00	11/20/2020	GENCK, JONATHON
195444	529.99	11/20/2020	GERLACH OUTDOOR POWE
195445	27.45	11/20/2020	GERTEN GREENHOUSES &
195446	963.51	11/20/2020	GOODIN COMPANY
195447	320.22	11/20/2020	GRAINGER, INC
195448	9.54	11/20/2020	HY-VEE ACCOUNTS RECE
195449	44,683.60	11/20/2020	INDEPENDENT SCHOOL D
195450	29,593.00	11/20/2020	INDEPENDENT SCHOOL D
195451	270.00	11/20/2020	INTHINKING
195452	9,017.00	11/20/2020	JB OFFICEWORKS, LLC
195453	128.00	11/20/2020	JOHNSON, THOMAS
195454	51.00	11/20/2020	KOSKI, WILLOW
195455	83,239.49	11/20/2020	KRAUS ANDERSON CONST
195456	87,505.16	11/20/2020	LAKETOWN ELECTRIC, I
195457	45,600.00	11/20/2020	LANCE SERVICE, INC
195458	684.98	11/20/2020	LINDENMEYR MUNROE
195459	3,939.00	11/20/2020	LINK INTERPRET
195460	4,185.00	11/20/2020	MALLOY, MONTAGUE, KA
195461	2,171.00	11/20/2020	MANAGEBAC INC
195462	259.06	11/20/2020	MARK'S PLUMBING PART
195463	89.00	11/20/2020	MARX, BENJAMIN
195464	19.31	11/20/2020	MCMASTER-CARR SUPPLY
195465	87,979.50	11/20/2020	MEISINGER CONST. CO.
195466	1,680.00	11/20/2020	MERIDIAN STUDENT PLA
195467	87.95	11/20/2020	MIDWEST IMAGING SOLU
195468	149.99	11/20/2020	MINNESOTA GLOVE, INC
195469	520.00	11/20/2020	MINNESOTA DEPARTMENT
195470	51,233.20	11/20/2020	NAC
195471	4,956.63	11/20/2020	NETWORK SERVICES COM
195472	2,497.71	11/20/2020	NITTI SANITATION
195473	161.24	11/20/2020	OFFICE OF MN IT SERV
195474	89.00	11/20/2020	PFEIFER, TROY
195475	226.08	11/20/2020	PITNEY BOWES, INC
195476	805.00	11/20/2020	PURCHASE POWER
195477	44.88	11/20/2020	QUILL CORPORATION
195478	3,885.88	11/20/2020	SAFEWAY WISCONSIN, I
195479	341.36	11/20/2020	SCHMITT MUSIC
195480	150.00	11/20/2020	SCOTT, ALYSSA
195481	563.04	11/20/2020	SHRED-IT C/O STERICY
195482	2,880.00	11/20/2020	SOLIANT HEALTH

<u>CHECK</u>		<u>CHECK</u>	
<u>NUMBER</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>VENDOR</u>
195483	585.00	11/20/2020	SUCCESS BEYOND THE C
195484	12.50	11/20/2020	TAYLOR PUBLISHING CO
195485	7,873.28	11/20/2020	TEACHERS ON CALL
195486	1,475.59	11/20/2020	TEAM SPORTING GOODS,
195487	3,411.98	11/20/2020	TRIO SUPPLY CO
195488	1,533.28	11/20/2020	TWIN CITY JANITOR SU
195489	26,377.51	11/20/2020	TWIN CITY HARDWARE C
195490	44,168.35	11/20/2020	W.L. HALL CO.
195491	65.00	11/30/2020	EDUCATION MINNESOTA
195492	365.98	11/30/2020	LOCAL #70
195493	909.00	11/30/2020	MINNESOTA CHILD SUPP
195494	80.00	11/30/2020	NCPERS GROUP LIFE IN
195495	397.50	11/30/2020	OFFICE AND PROF EMPL
195496	12,262.90	11/30/2020	SOUTH ST PAUL TEACHE
195497	10.00	11/30/2020	SOUTH ST PAUL OPEN F
195498	151.00	11/30/2020	SOUTH ST PAUL EDUCAT
195499	987.70	11/30/2020	SSP EASRP
195500	140.89	11/24/2020	AMAZON CAPITAL SERVI
195501	5.75	11/24/2020	BASTING, KIM
195502	22.30	11/24/2020	BLICK ART MATERIALS
195503	65.00	11/24/2020	CITICARGO & STORAGE
195504	9,185.25	11/24/2020	CITY OF SOUTH ST PAU
195505	14,000.00	11/24/2020	EDGENUITY
195506	27.04	11/24/2020	GROTH MUSIC CO
195507	57,838.99	11/24/2020	HEALTH PARTNERS
195508	1,660.00	11/24/2020	HILDI INCORPORATED
195509	123,405.00	11/24/2020	HILLER COMMERCIAL FL
195510	32,699.00	11/24/2020	INTERNATIONAL BACCAL
195511	3,692.00	11/24/2020	JB OFFICEWORKS, LLC
195512	51.00	11/24/2020	JOHNSON, THOMAS
195513	51.00	11/24/2020	KOSKI, WILLOW
195514	153.00	11/24/2020	LINK INTERPRET
195515	33,398.20	11/24/2020	NASSEFF MECHANICAL C
195516	480.00	11/24/2020	REGION 4AA
195517	60.00	11/24/2020	RESOURCE TRAINING &
195518	11,459.00	11/24/2020	RUPP, ANDERSON, SQUI
195519	12,820.85	11/24/2020	SPECIAL SCHOOL DISTR
195520	534.00	11/24/2020	STRATEGIC STAFFING S
195521	161.76	11/24/2020	SYNCB/AMAZON
195522	2,032.52	11/24/2020	TRIO SUPPLY CO
195523	12,083.55	11/24/2020	UPPER LAKES FOODS
195524	85.00	11/24/2020	VERDIN, KARINA
195525	3,467.50	11/24/2020	W.L. HALL CO.
195526	1,823.60	11/24/2020	WOLD ARCHITECTS
195527	94.03	12/04/2020	ACE HARDWARE & PAINT
195528	1,186.70	12/04/2020	AMAZON CAPITAL SERVI
195529	65.00	12/04/2020	BSN SPORTS
195530	3,023.01	12/04/2020	CANON FINANCIAL SERV
195531	75.00	12/04/2020	CARRERA, DAVID
195532	149.99	12/04/2020	CATALYST SOURCING SO
195533	17,824.52	12/04/2020	CONVERGINT TECHNOLOG
195534	17.74	12/04/2020	CULLIGAN-MILBERT COM
195535	4,000.00	12/04/2020	CUSTOM DRYWALL
195536	7,630.00	12/04/2020	DAKOTA GLASS & GLAZI
195537	356.00	12/04/2020	DEPT OF HUMAN SERVIC
195538	911.00	12/04/2020	EDTECH TEAM, INC

CHECK NUMBER	AMOUNT	CHECK DATE	VENDOR
195539	346.21	12/04/2020	EDUCATORS BENEFIT CO
195540	3,275.76	12/04/2020	EGAN
195541	2,990.00	12/04/2020	ENERVATION, INC
195542	811.70	12/04/2020	GAME TIME
195543	201.85	12/04/2020	GRAINGER, INC
195544	230.00	12/04/2020	GUTZMAN, DEB
195545	31,458.23	12/04/2020	INDEPENDENT SCHOOL D
195546	29,300.49	12/04/2020	INDEPENDENT SCHOOL D
195547	30.45	12/04/2020	INTEREUM, INC
195548	77.00	12/04/2020	KOSKI, WILLOW
195549	5,359.00	12/04/2020	KRECH IRON WORKS
195550	51.14	12/04/2020	KURITA AMERICA INC
195551	57.60	12/04/2020	LIND MARKETING
195552	34.14	12/04/2020	MARK'S PLUMBING PART
195553	3,413.00	12/04/2020	MARTINEK, MIKE
195554	512.39	12/04/2020	MCMASTER-CARR SUPPLY
195555	2,480.00	12/04/2020	MERIDIAN CONSULTING
195556	558.10	12/04/2020	THE MINNESOTA CHEMIC
195557	159.99	12/04/2020	MINNESOTA GLOVE, INC
195558	7.36	12/04/2020	MINNESOTA LOCKS
195559	150.00	12/04/2020	MN JR HIGH MATH LEAG
195560	26.49	12/04/2020	NAPA AUTO PARTS
195561	525.23	12/04/2020	NASSEFF MECHANICAL C
195562	1,848.59	12/04/2020	NETWORK SERVICES COM
195563	679.98	12/04/2020	OFFICE DEPOT
195564	2,636.84	12/04/2020	PRESIDIO NETWORKED S
195565	150.00	12/04/2020	PURCHASE POWER
195566	122.97	12/04/2020	RITTER, GLEN
195567	120.00	12/04/2020	SAM'S CLUB
195568	79.70	12/04/2020	SAM'S CLUB
195569	1,728.00	12/04/2020	SOLIANT HEALTH
195570	174.12	12/04/2020	ST PAUL PUBLISHING C
195571	9,330.84	12/04/2020	STANDARD INSURANCE C
195572	346.72	12/04/2020	STATE SUPPLY COMPANY
195573	5,229.90	12/04/2020	TAYLOR PUBLISHING CO
195574	10,216.32	12/04/2020	TEACHERS ON CALL
195575	1,004.05	12/04/2020	TEAM SPORTING GOODS,
195576	560.90	12/04/2020	TWIN CITY JANITOR SU
195577	255.85	12/04/2020	TWIN CITY HARDWARE C
195578	75.00	12/04/2020	VERDIN, KARINA
195579	137.91	12/04/2020	WALMART BUSINESS
195580	69.80	12/04/2020	WILLIAM V MACGILL &
195581	11,060.75	12/04/2020	XCEL ENERGY
202000147	42,483.96	11/30/2020	MINNESOTA PAYROLL TA
202000148	255,772.38	11/30/2020	FEDERAL PAYROLL TAXE
202000149	40,825.87	11/30/2020	PERA
202000150	56,482.14	11/30/2020	TSA/ACH DEDUCTION
202000151	127,078.31	11/30/2020	TEACHER RETIREMENT A
202000152	0.00	11/30/2020	MINNESOTA PAYROLL TA
202000153	0.00	11/30/2020	FEDERAL PAYROLL TAXE
202000154	94.84	11/30/2020	MINNESOTA PAYROLL TA
202000155	531.10	11/30/2020	FEDERAL PAYROLL TAXE
202000156	303.37	11/30/2020	PERA
202000157	-84.82	11/30/2020	MINNESOTA PAYROLL TA
202000158	-547.93	11/30/2020	FEDERAL PAYROLL TAXE
202000159	-345.11	11/30/2020	PERA

<u>CHECK</u>	<u>CHECK</u>		
<u>NUMBER</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>VENDOR</u>
202000160	-49.30	11/30/2020	TSA/ACH DEDUCTION
202000161	84.82	11/30/2020	MINNESOTA PAYROLL TA
202000162	547.93	11/30/2020	FEDERAL PAYROLL TAXE
202000163	345.11	11/30/2020	PERA
202000164	49.30	11/30/2020	TSA/ACH DEDUCTION
202100058	100.68	11/24/2020	ANDERSON, CONRAD
202100059	90.00	11/24/2020	BRANDECKER, LISA
202100060	60.23	11/24/2020	HOLSEN, ERIC
202100061	50.00	11/24/2020	JERNEY, CAROL
202100062	21.30	11/24/2020	KAUFMAN, LISA
202100063	78.63	11/24/2020	KUNTZ, NADINE
202100064	411.74	11/24/2020	MCKIBBEN, KORI
202100065	18.94	11/24/2020	PETERSON, JESSICA
202100066	215.65	11/24/2020	REINERT, LORI

1,706,567.21 Totals for checks

FUND SUMMARY

<u>FUND</u>	<u>DESCRIPTION</u>	<u>BALANCE SHEET</u>	<u>REVENUE</u>	<u>EXPENSE</u>	<u>TOTAL</u>
01	GENERAL	578,084.85	0.00	164,348.88	742,433.73
02	FOOD SERVICE	7,841.46	0.00	18,405.63	26,247.09
04	COMMUNITY EDUCATION	158,045.28	0.00	3,722.14	161,767.42
05	CAPITAL	0.00	0.00	39,421.98	39,421.98
06	BLDGING CONSTRUCTION	0.00	0.00	730,794.79	730,794.79
50	ACTIVITY ACCOUNT	5,902.20	0.00	0.00	5,902.20
***	Fund Summary Totals ***	749,873.79	0.00	956,693.42	1,706,567.21

***** End of report *****

CHECKRUNS

<u>FUND</u>	<u>DESCRIPTION</u>	<u>November 20, 2020 - December 10, 2020</u>
1	GENERAL	\$742,433.73
2	FOOD SERVICE	\$26,247.09
4	COMMUNITY EDUCATION	\$161,767.42
5	CAPITAL	\$39,421.98
6	CONSTRUCTION	\$730,794.79
7	DEBT SERVICE	\$0.00
47	OPEB	\$0.00
50	ACTIVITY ACCOUNTS	\$5,902.20
	TOTAL	<u>\$1,706,567.21</u>

Check 195427 - 195581

Employee ACH 202100058- 202100066

Wire Payments 202000147 - 2020000164

PAYROLL

11/30/20

Payroll Direct Deposit	900059933 - 900060425	\$726,854.36
Checks		



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Regular Agenda/Consent Items

Action Requested: Approval

Attachment: Staffing

Topic: Staffing
Presenter(s): Human Resource Director Cathy Miller
Background: Human Resource Director Cathy Miller will review the staffing that is recommended for approval at the December 14, 2020, school board meeting.
Recommendation: Administration recommends approval of the proposed staffing.
Alternatives: Amend the motion to remove a certain appointment, resignation, transfer, retirement, abolishment, or leave. Provide administration with directions for next steps.

VII.A.1 Staff Appointments, Resignations, Retirements, Terminations and Leaves (Cathy Miller)

12-14-20

Certified

A. Appointments/Reassignments

1. Megan Philipsek – 1.0 FTE Long-Term Substitute Math Teacher-Middle School, Secondary Building, BA00, Step 1, effective November 30, 2020, through approximately March 11, 2021.

Additional Hours – Special Education Instructional Services

(December 10, 2020 – January 15, 2021; \$29.00 per hour)

Jesse Arvidson – up to 45 hours

Steve Casperson – up to 20 hours

Elizabeth Ritzer – up to 45 hours

Additional Hours – Special Education Due Process

(December 10, 2020 – January 31, 2021; \$29.00 per hour; up to 60 hours)

Carole Pankow

2020-21 Teacher Mentor (\$754 Stipend)

Chris Marquis

2020-21 ECA

DANCE TEAM

Asst Coach

Wilson, Roz**

\$2,737 (\$2,237 plus \$500 Booster Club)

(Reassignment from 50%)

Asst Coach (50%)

Fitzgerald, Jana**

\$1,118.50

(Reassignment from additional coach)

OTHER – Secondary Building

Senior All Night Party Coordinator Macioch, Joleen

\$600

* indicates a non-district employee

** indicates a returning non-district employee

B. Resignations/Retirements/Leaves/Reductions/Other

1. Chad Sexauer – Resignation from his ECA position as Head Football Coach, Secondary Building, effective November 30, 2020.

Classified

A. Appointments/Reassignments

Additional Hours – Phone Calling (Hourly rate of pay; up to 8 hours)

Kaposia

Lisa Boelter

Daisy Medina Cuenca

Julie Ries

Lincoln Center

Kayla Ganje

Gabrielle Nielsen

Secondary Building

Shannon Lippke

Nelly Ross

America Zuniga

Early Learning

Teri Castellanos

Rosie Krumrie

B. Resignations/Retirements/Leaves/Reductions/Other

1. Lisa Dahle – Resignation from her position as Nutrition Assistant, Kaposia Education Center, effective November 20, 2020.



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, December 14, 2020

Place on Agenda: Business Items

Action Requested: Approval

Attachment: MMKR Power Point presentation
South St Paul Power Point presentation
June 30, 2020 Financial Statements
June 30, 2020 Management Report

Topic: Approve 2019-20 Audit Reports

Presenter(s): Aaron Bushberger, Finance Director

Background:

Attached are the Financial Statements and Management Report for the fiscal year ended June 30, 2020. We have received an unmodified or 'clean' opinion on the District's financial statements. Aaron Nielsen, the district's independent auditor from MMKR, will review these reports with the School Board. Aaron has prepared a power point presentation to share with you virtually at the meeting.

Typically, when meeting in person, we are able to review the actual audit reports. The electronic copies are included with this board report. If you are interested in reviewing the electronic audit reports, I would encourage you to review the following pages:

- Pages 6-16 of the Management Report. These include a summary of the district's finances with some comparisons to other Minnesota school districts.
- Pages 70-82 of the Financial Statements. These include the district's financial results and fund balances for the 2019-20 fiscal year for the following funds:
 - General Fund
 - Food Service Fund
 - Community Ed Fund
 - Construction Fund
 - Debt Service Funds
 - Internal Service Funds (Medical and Dental Self-Insurance)

Recommendation: Approve June 30, 2020 Financial Statements and Management Report

Alternatives: N/A

Passionate Learners 🌍 | 🌱 *Positively Changing our World*

SPECIAL SCHOOL DISTRICT NO. 6 SOUTH ST. PAUL, MINNESOTA

**Audit Report
Year Ended June 30, 2020**



AUDITOR'S ROLE

- **Opinion on Financial Statements**
 - **District Audit**
- **Internal Controls and Compliance**
 - **Financial Statement Audits**
 - **Federal "Single Audit"**
 - **State Laws and Regulations**



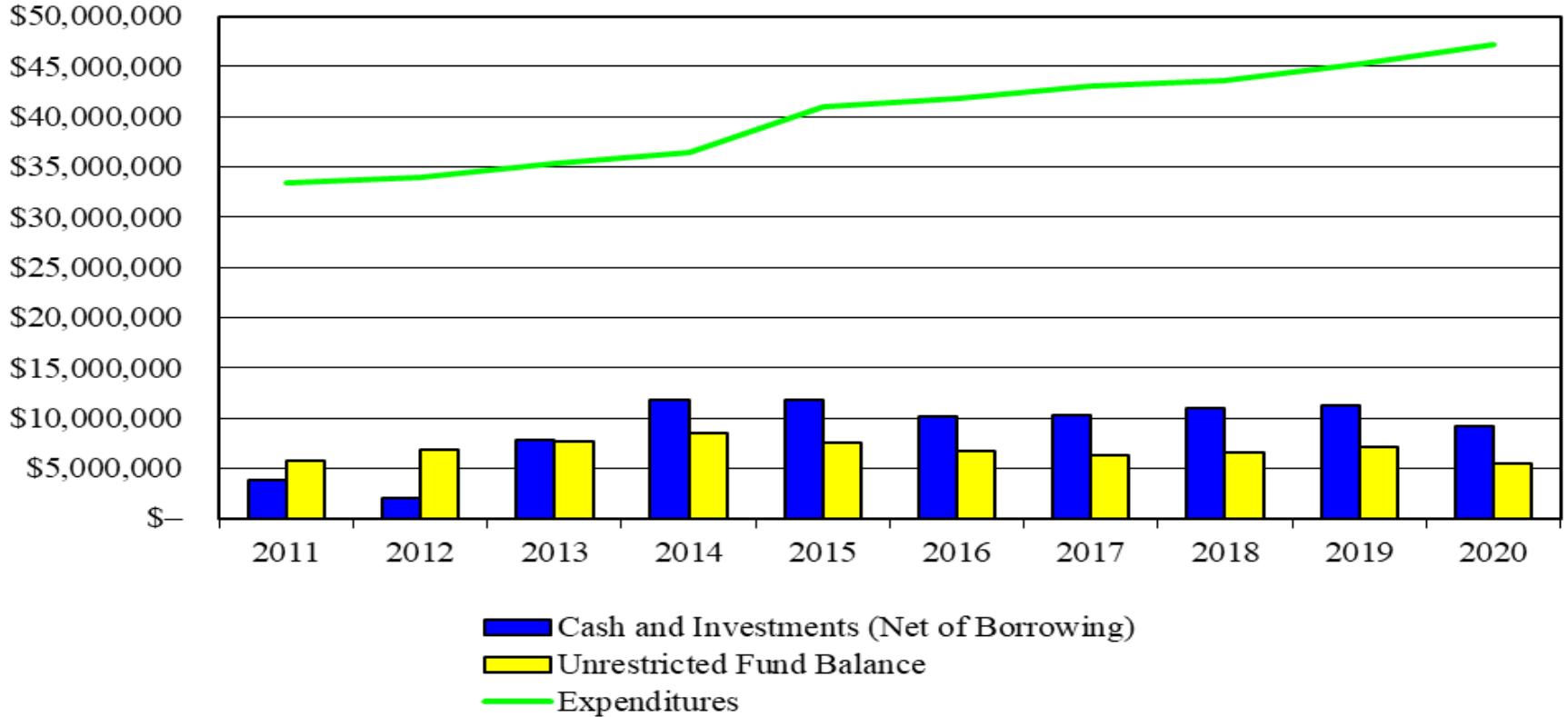
AUDIT RESULTS

■ District Audit

- Unmodified Opinion on Basic Financial Statements with an Emphasis of a Matter Paragraph for GASB #84
- Internal Control and Compliance Reports
 - 2020-001 – Limited Segregation of Duties

GENERAL FUND FINANCIAL POSITION

General Fund Financial Position
 Year Ended June 30,





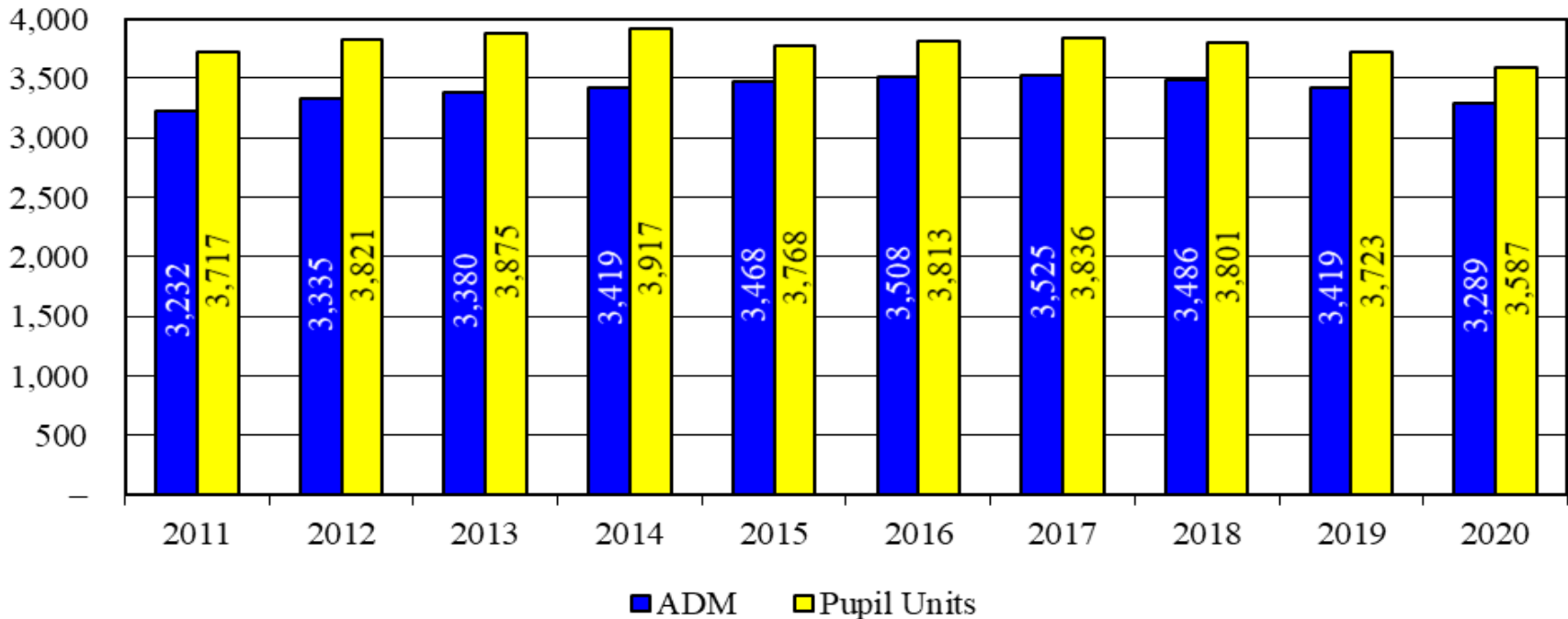
GENERAL FUND FINANCIAL POSITION

	June 30,				
	2016	2017	2018	2019	2020
Nonspendable fund balances	\$ 585,063	\$ 498,225	\$ —	\$ —	\$ —
Restricted fund balances (1)	1,091,763	1,522,587	1,457,515	1,288,366	505,727
Unrestricted fund balances					
Assigned	2,601,398	2,387,848	1,888,230	2,669,807	2,213,778
Unassigned	4,094,477	3,883,649	4,667,938	4,433,711	3,258,226
 Total fund balances	 <u>\$ 8,372,701</u>	 <u>\$ 8,292,309</u>	 <u>\$ 8,013,683</u>	 <u>\$ 8,391,884</u>	 <u>\$ 5,977,731</u>
 Unrestricted fund balances as a percentage of total expenditures	 <u>16.0%</u>	 <u>14.6%</u>	 <u>15.0%</u>	 <u>15.7%</u>	 <u>11.6%</u>
 Unassigned fund balances as a percentage of total expenditures	 <u>9.8%</u>	 <u>9.0%</u>	 <u>10.7%</u>	 <u>9.8%</u>	 <u>6.9%</u>

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

ADJUSTED ADM AND PUPIL UNITS SERVED

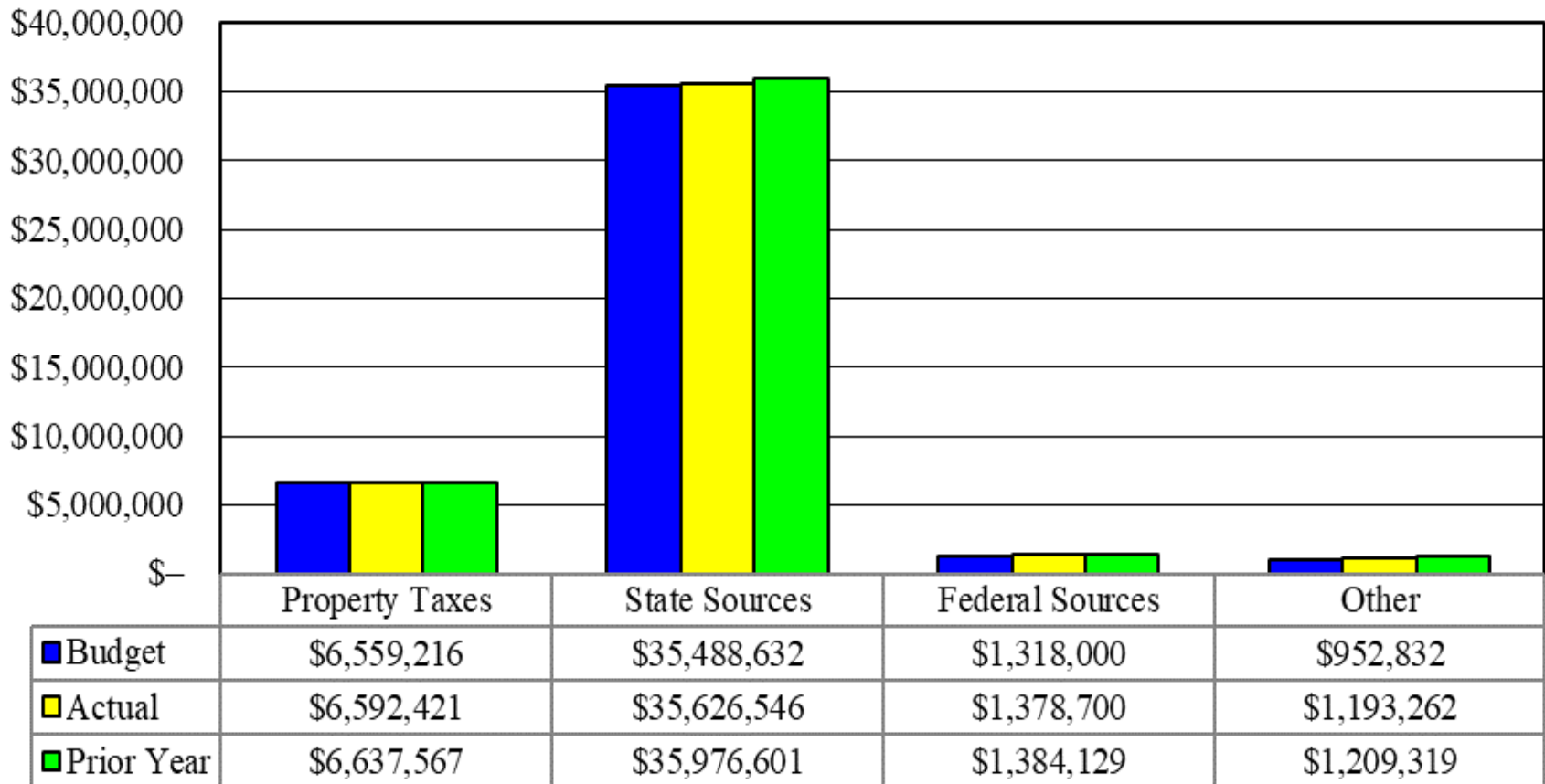
Adjusted ADM and Pupil Units Served



The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

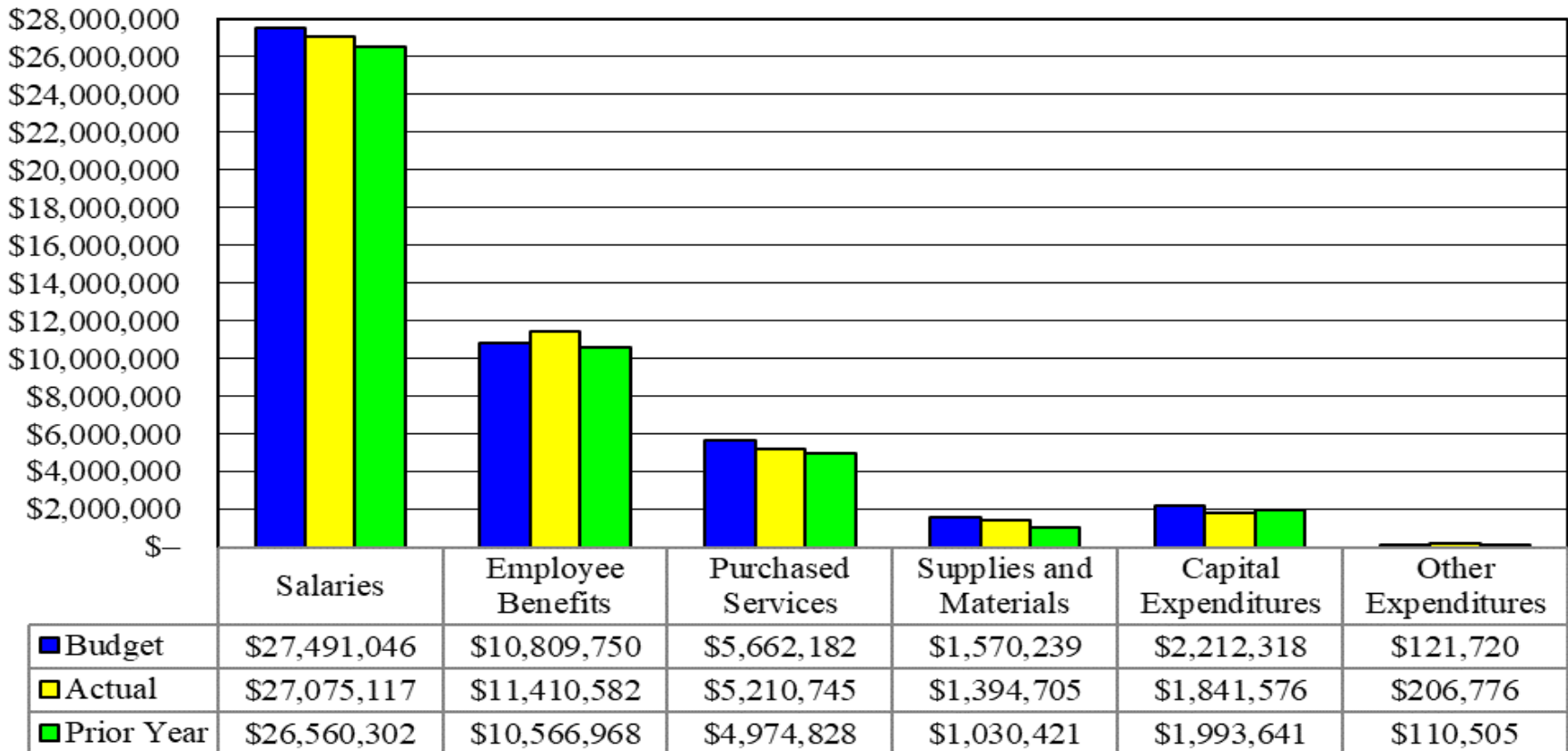
GENERAL FUND REVENUE

General Fund Revenues



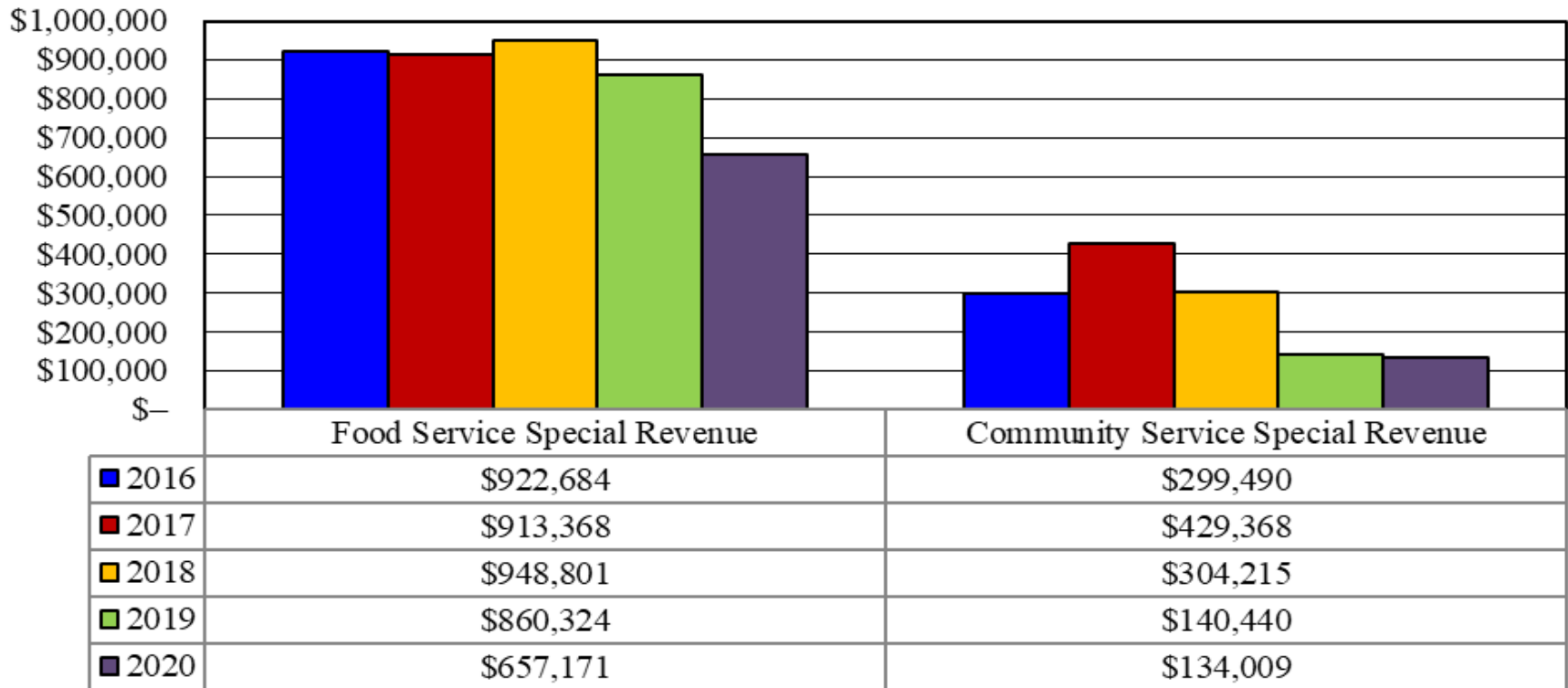
GENERAL FUND EXPENDITURES

General Fund Expenditures



OTHER GOVERNMENTAL FUNDS

Other Operating Funds
 Total Fund Balances





DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		Change
	2020	2019	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 10,123,367	\$ 10,139,807	\$ (16,440)
Total capital assets, net of depreciation	41,859,830	39,429,525	2,430,305
Bonds payable and certificates of participation (including unamortized premium)	(35,000,579)	(31,547,059)	(3,453,520)
Capital lease payable	(327,842)	(406,750)	78,908
Pension adjustments	(42,436,733)	(39,725,526)	(2,711,207)
Other adjustments	(974,583)	(2,579,655)	1,605,072
Total net position – governmental activities	<u>\$ (26,756,540)</u>	<u>\$ (24,689,658)</u>	<u>\$ (2,066,882)</u>
Net position			
Net investment in capital assets	\$ 9,925,751	\$ 9,232,466	\$ 693,285
Restricted	2,352,453	2,620,176	(267,723)
Unrestricted	(39,034,744)	(36,542,300)	(2,492,444)
Total net position	<u>\$ (26,756,540)</u>	<u>\$ (24,689,658)</u>	<u>\$ (2,066,882)</u>

2019-20 Audit Results

Aaron Bushberger
Director of Finance
December 14, 2020




Review of Financial Results

- Review of budget to actual variances and review of ending fund balances
 - General Fund
 - Food Service Fund
 - Community Ed Fund
 - Internal Service Funds



General Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue	\$44,318,680	\$44,793,619	\$474,939
Expenditures	<u>\$47,867,255</u>	<u>\$47,239,501</u>	<u>-\$627,754</u>
Net Change	-\$3,548,575	-\$2,445,882	\$1,102,693

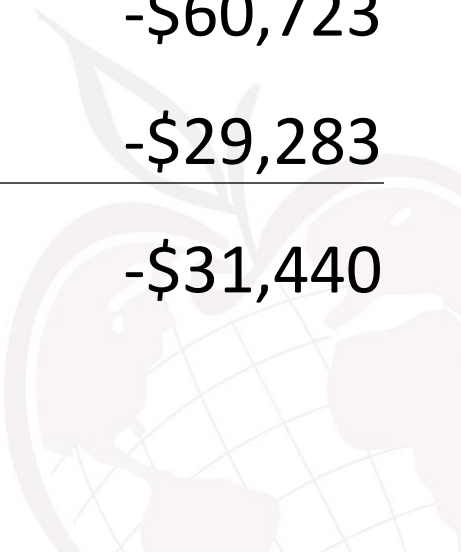


General Fund

	<u>2019-20 Audit</u>
Beginning Fund Balance	\$8,423,613
Net Change	<u>-\$2,445,882</u>
Ending Fund Balance	<u><u>\$5,977,731</u></u>
Fund Balance Policy %	11.6%
Restricted Fund Balance %	1.1%
Total Fund Balance %	12.7%

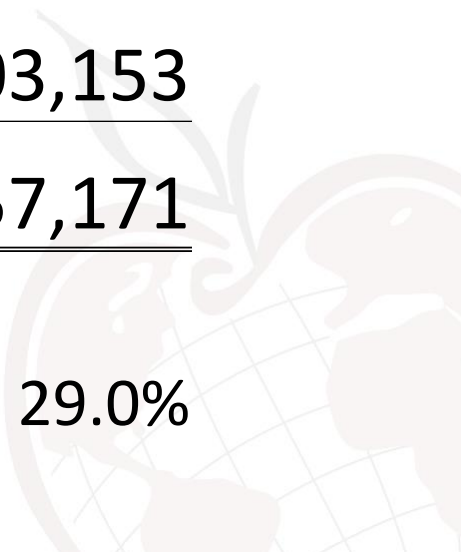
Food Service Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue	\$2,125,673	\$2,064,950	-\$60,723
Expenditures	<u>\$2,297,386</u>	<u>\$2,268,103</u>	<u>-\$29,283</u>
Net Change	-\$171,713	-\$203,153	-\$31,440



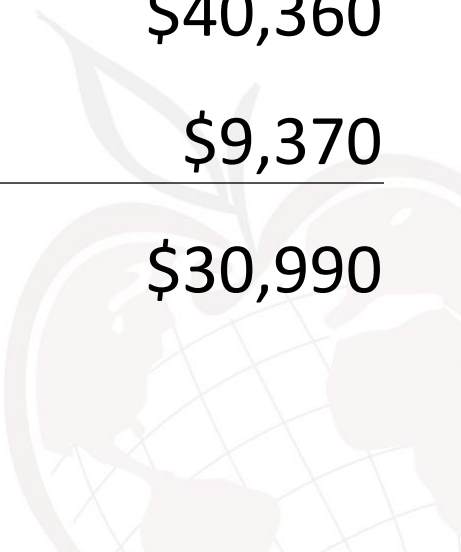
Food Service Fund

	<u>2019-20 Audit</u>
Beginning Fund Balance	\$860,324
Net Change	<u>-\$203,153</u>
Ending Fund Balance	<u>\$657,171</u>
Fund Balance %	29.0%



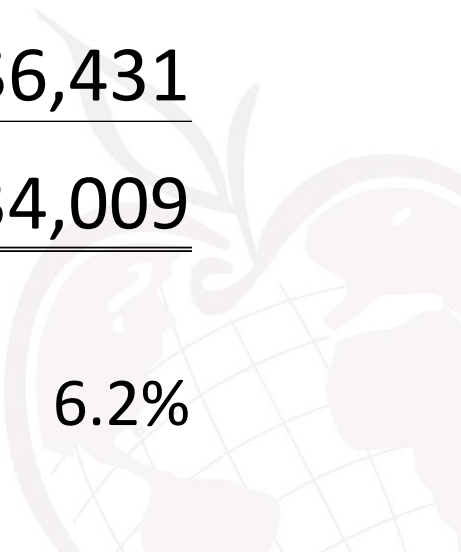
Community Ed Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue	\$2,122,344	\$2,162,704	\$40,360
Expenditures	<u>\$2,159,765</u>	<u>\$2,169,135</u>	<u>\$9,370</u>
Net Change	-\$37,421	-\$6,431	\$30,990



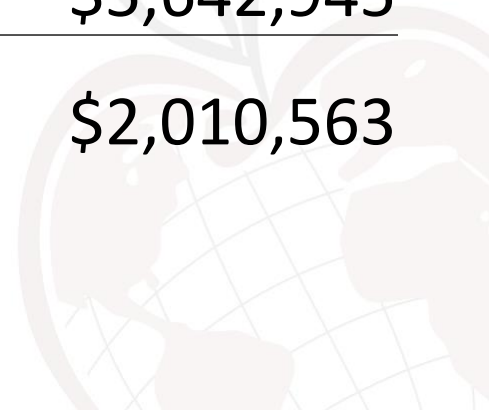
Community Education Fund

	<u>2019-20 Audit</u>
Beginning Fund Balance	\$140,440
Net Change	<u>-\$6,431</u>
Ending Fund Balance	<u>\$134,009</u>
Fund Balance %	6.2%



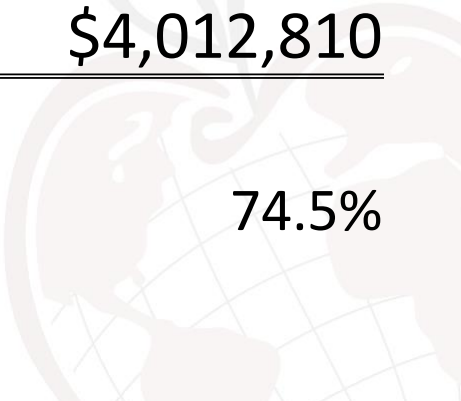
Self Insurance Funds

	Dental	Medical	Total
Revenue	\$327,011	\$7,326,497	\$7,653,508
Expenditures	\$255,907	\$5,387,038	\$5,642,945
Net Change	\$71,104	\$1,939,459	\$2,010,563



Self Insurance Funds

	<u>Dental</u>	<u>Medical</u>
Beginning Net Position	\$116,368	\$2,073,351
Net Change	<u>\$71,104</u>	<u>\$1,939,459</u>
Ending Net Position	<u><u>\$187,472</u></u>	<u><u>\$4,012,810</u></u>
Fund Balance %	73.2%	74.5%



Next Steps

- Dec 14, 2020 – approve 2019-20 audit results
- Dec 14, 2020 – approve Pay 21 property tax levy
- January, 2021 – begin budget planning process for 2021-22



SPECIAL SCHOOL DISTRICT NO. 6
SOUTH ST. PAUL, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

Table of Contents

	Page
INTRODUCTORY SECTION	
SCHOOL BOARD AND ADMINISTRATION	1
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	2–4
MANAGEMENT’S DISCUSSION AND ANALYSIS	5–16
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Proprietary Funds	
Internal Service Funds	
Statement of Net Position	26
Statement of Revenue, Expenses, and Changes in Net Position	27
Statement of Cash Flows	28
Notes to Basic Financial Statements	29–59
REQUIRED SUPPLEMENTARY INFORMATION	
Public Employees Retirement Association Pension Benefits Plan	
Schedule of District’s and Nonemployer Proportionate Share of Net Pension Liability	60
Schedule of District Contributions	60
Teachers Retirement Association Pension Benefits Plan	
Schedule of District’s and Nonemployer Proportionate Share of Net Pension Liability	61
Schedule of District Contributions	61
Other Post-Employment Benefits Plan	
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	62
Notes to Required Supplementary Information	63–67

SPECIAL SCHOOL DISTRICT NO. 6

Table of Contents (continued)

	Page
SUPPLEMENTAL INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	68
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	69
General Fund	
Comparative Balance Sheet	70
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	71
Food Service Special Revenue Fund	
Comparative Balance Sheet	72
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	73
Community Service Special Revenue Fund	
Comparative Balance Sheet	74
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	75
Capital Projects – Building Construction Fund	
Balance Sheet	76
Schedule of Revenue, Expenditures, and Changes in Fund Balances	77
Debt Service Fund	
Balance Sheet by Account	78
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account – Budget and Actual	79–80
Proprietary Funds	
Internal Service Funds	
Combining Statement of Net Position	81
Combining Statement of Revenue, Expenses, and Changes in Net Position	82
Combining Statement of Cash Flows	83
OTHER DISTRICT INFORMATION (UNAUDITED)	
Government-Wide Revenue by Type	84
Government-Wide Expenses by Function	85–86
General Fund Revenue by Source	87
General Fund Expenditures by Function	88–89
School Tax Levies and Tax Rates by Fund	90
Tax Capacities and Market Values	91
Property Tax Levies and Receivables	92–93
Students Served	94

SPECIAL SCHOOL DISTRICT NO. 6

Table of Contents (continued)

	Page
SINGLE AUDIT AND OTHER REQUIRED REPORTS	
Schedule of Expenditures of Federal Awards	95
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	96–97
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	98–99
Independent Auditor's Report on Minnesota Legal Compliance	100
Schedule of Findings and Questioned Costs	101–102
Uniform Financial Accounting and Reporting Standards Compliance Table	103–104

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

School Board and Administration
Year Ended June 30, 2020

SCHOOL BOARD

	<u>Board Position</u>
Jeff McClellan	Chair
Linda Diaz	Vice Chair
Nikki Laliberte	Clerk
Patricia Bjorklund	Treasurer
Bill Arend	Inspector
Wendy Felton	Inspector
Chris Walker	Inspector

ADMINISTRATION

David Webb	Superintendent of Schools
Aaron Bushberger	Finance Director
Lynne Welsh	Assistant Business Manager

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and other district information, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the District. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

(continued)

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

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 7, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 7, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

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

This section of Special School District No. 6's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by \$26,756,540 (net position deficit). The District's total net position decreased by \$2,098,611 during the fiscal year ended June 30, 2020, excluding the change in accounting principle as discussed below.
- The District recorded a change in accounting principle in the current year with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of this standard changed the way the District reported fiduciary activities. The implementation of this standard increased beginning net position in the government-wide statements and beginning fund balance in the governmental funds by \$31,729. The District's fiduciary fund net position was reduced by \$31,729 and eliminated with the implementation of this standard.
- Government-wide revenues totaled \$52,549,248 and were \$2,098,611 less than expenses of \$54,647,859.
- The General Fund's total fund balance (under the governmental fund presentation) decreased by \$2,445,882 from the prior year, compared to a decrease of \$3,548,575 planned in the budget, excluding the change in accounting principle discussed above.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of district employees' dental claims, medical claims, and its other post-employment benefits (OPEB) liabilities. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2020	2019
Assets		
Current and other assets	\$ 37,149,149	\$ 33,113,576
Capital assets, net of depreciation	41,859,830	39,429,525
Total assets	\$ 79,008,979	\$ 72,543,101
Deferred outflows of resources		
Pension plan deferments	\$ 22,355,843	\$ 32,926,511
OPEB plan deferments	640,220	349,560
Total deferred outflows of resources	\$ 22,996,063	\$ 33,276,071
Liabilities		
Current and other liabilities	\$ 8,247,973	\$ 6,567,559
Long-term liabilities, including due within one year	73,235,245	68,298,151
Total liabilities	\$ 81,483,218	\$ 74,865,710
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 10,054,668	\$ 9,495,539
Pension plan deferments	35,897,775	44,674,335
OPEB plan deferments	1,325,921	1,473,246
Total deferred inflows of resources	\$ 47,278,364	\$ 55,643,120
Net position		
Net investment in capital assets	\$ 9,925,751	\$ 9,232,466
Restricted	2,352,453	2,620,176
Unrestricted	(39,034,744)	(36,542,300)
Total net position	\$ (26,756,540)	\$ (24,689,658)

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

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

The District's decrease in net position restricted for capital asset acquisition, food service, community service, and other state funding restrictions contributed to the change in restricted net position.

The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. A budgeted spend-down also contributed to the decrease in unrestricted net position.

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

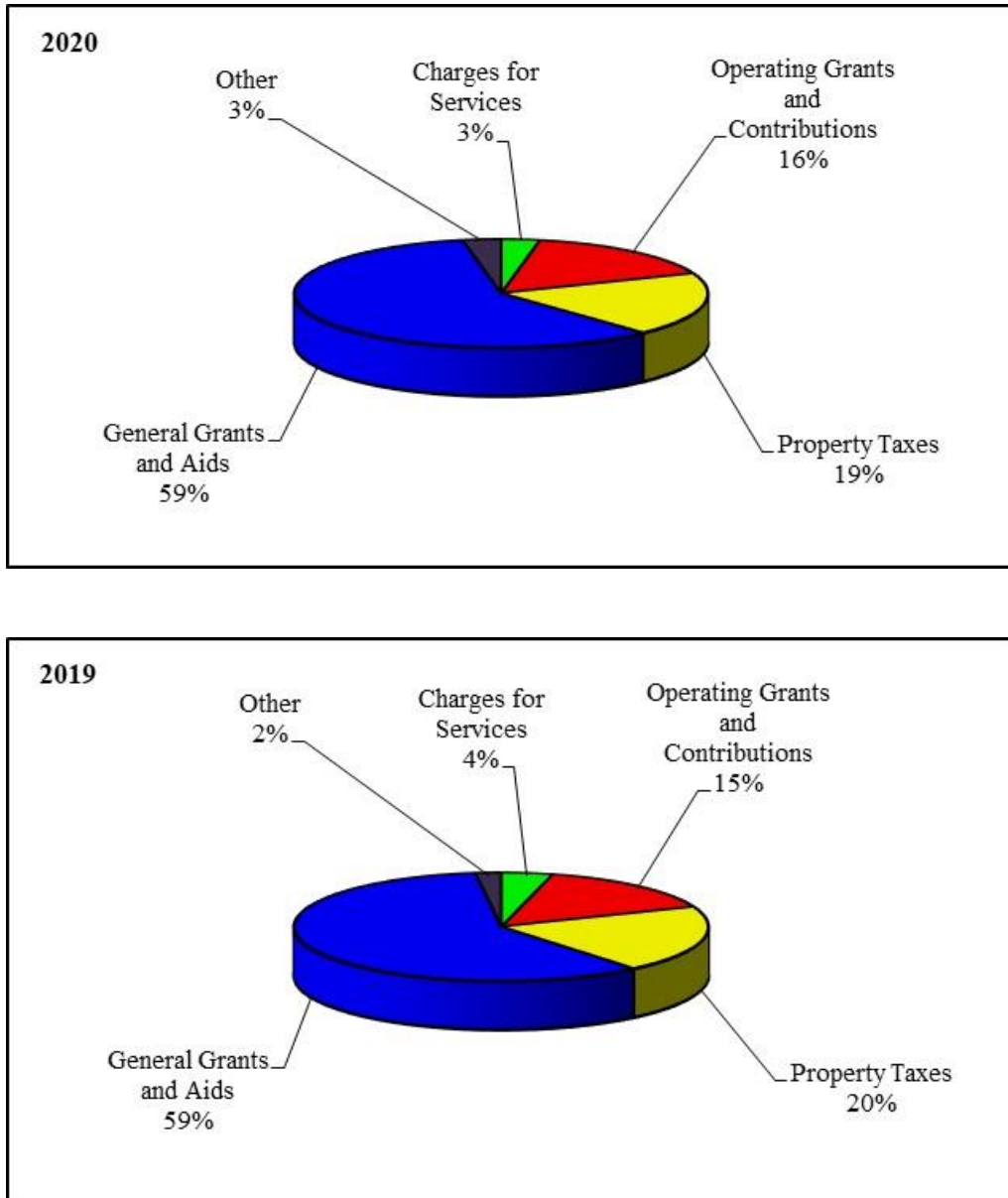
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 1,524,857	\$ 2,056,463
Operating grants and contributions	8,560,643	8,013,083
General revenues		
Property taxes	10,075,483	10,221,464
General grants and aids	31,125,163	30,218,525
Other	1,263,102	903,820
Total revenues	52,549,248	51,413,355
Expenses		
Administration	1,225,243	827,315
District support services	1,857,405	1,816,877
Elementary and secondary regular instruction	22,905,668	13,714,316
Vocational education instruction	167,804	107,757
Special education instruction	8,740,605	5,586,492
Instructional support services	4,233,607	2,997,694
Pupil support services	3,378,207	2,640,535
Sites and buildings	4,741,466	4,912,325
Fiscal and other fixed cost programs	250,147	173,521
Food service	2,267,479	2,108,072
Community service	2,191,682	2,118,791
Depreciation not allocated to other functions	1,460,300	1,459,823
Interest and fiscal charges	1,228,246	1,054,808
Total expenses	54,647,859	39,518,326
Change in net position	(2,098,611)	11,895,029
Net position – beginning, as previously reported	(24,689,658)	(36,584,687)
Change in accounting principle	31,729	–
Net position – beginning, as restated	(24,657,929)	(36,584,687)
Net position – ending	\$ (26,756,540)	\$ (24,689,658)

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The significant increase in expenses reflects the change in the PERA and the TRA multiple-employer defined benefit pension plans, impacting functional areas based on salary and benefit levels. The decrease in charges for services was largely due to the change with distance learning caused by the COVID-19 pandemic.

Figure A shows further analysis of these revenue sources:

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

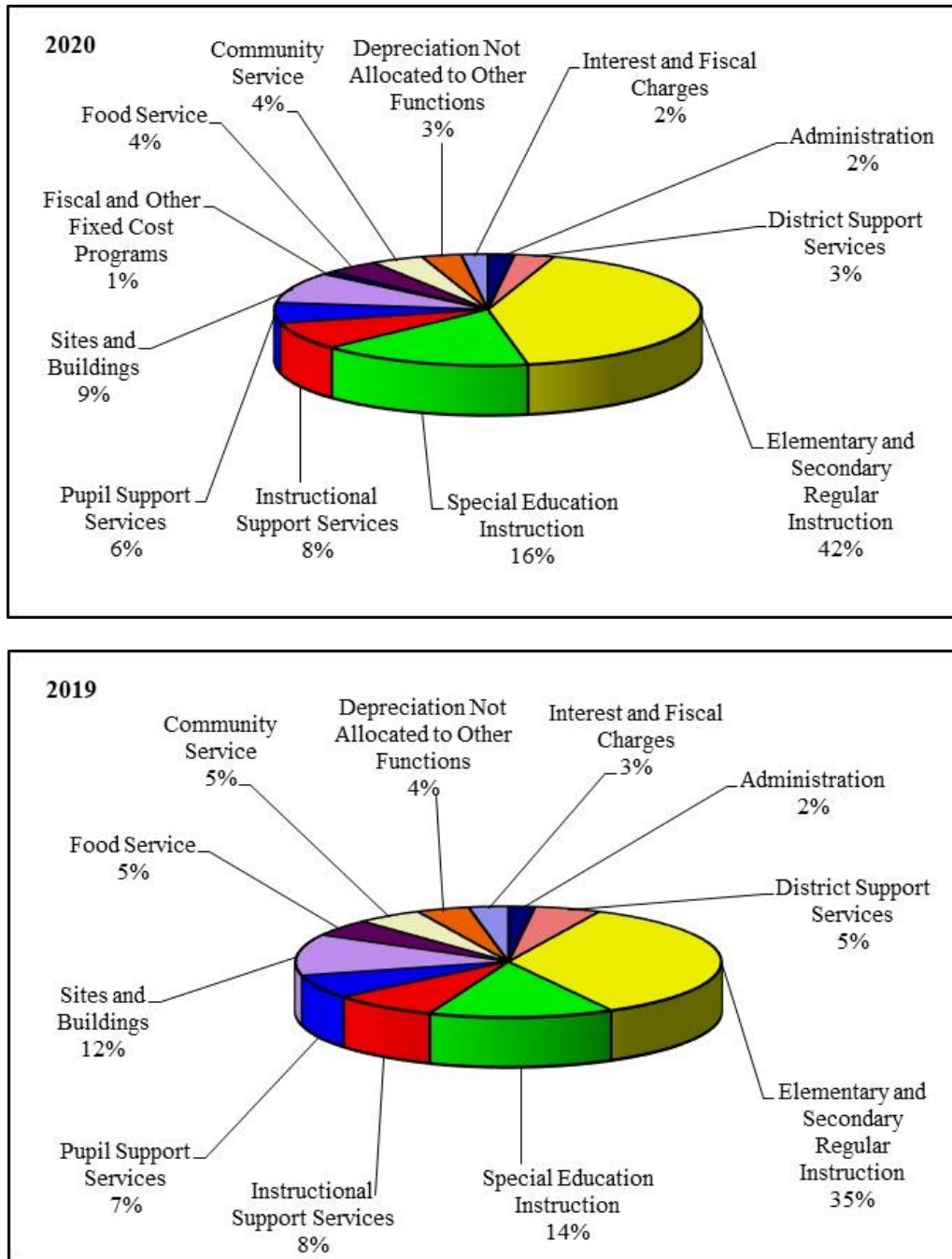


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2020 and 2019



The District’s expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above was attributable to the change in expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Major funds			
General	\$ 5,977,731	\$ 8,391,884	\$ (2,414,153)
Capital Projects – Building Construction	2,386,500	–	2,386,500
Debt Service	967,956	747,159	220,797
Nonmajor funds			
Food Service Special Revenue	657,171	860,324	(203,153)
Community Service Special Revenue	134,009	140,440	(6,431)
Total governmental funds	<u>\$ 10,123,367</u>	<u>\$ 10,139,807</u>	<u>\$ (16,440)</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2020, the District's governmental funds reported combined fund balances of \$10,123,367, a decrease of \$16,440 in comparison with the prior year, which includes a \$31,729 increase for a change in accounting principle as previously discussed. Approximately 27.4 percent of this amount (\$2,772,804) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$58,799), 2) restricted for particular purposes (\$5,077,986), or 3) assigned for particular purposes (\$2,213,778).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 45,265,601</u>	<u>\$ 44,318,680</u>	<u>\$ (946,921)</u>	<u>(2.1%)</u>
Expenditures	<u>\$ 46,372,680</u>	<u>\$ 47,867,255</u>	<u>\$ 1,494,575</u>	<u>3.2%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2020 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 44,790,929	\$ 472,249	1.1%	\$ (416,687)	(0.9%)
Expenditures	<u>47,139,501</u>	<u>(727,754)</u>	(1.5%)	<u>1,902,836</u>	4.2%
Excess (deficiency) of revenue over expenditures	(2,348,572)	1,200,003		(2,319,523)	
Net other financing sources (uses)	<u>(97,310)</u>	<u>(97,310)</u>		<u>(504,560)</u>	
Net change in fund balances	<u>\$ (2,445,882)</u>	<u>\$ 1,102,693</u>		<u>\$ (2,824,083)</u>	

The fund balance of the General Fund decreased \$2,445,882, compared to a decrease of \$3,548,575 approved in the final budget.

General Fund revenues were close to budget, coming in 1.1 percent over the amended projection. Other local sources and state sources were over budget by \$269,032 and \$137,914, respectively. The decrease in revenue was largely due to a decline in the number of students served in the current year.

General Fund expenditures were also close to budget, coming in 1.5 percent under budget, with the variance spread across several programs and object categories. Spending was less than anticipated in purchased services in multiple instructional program areas. Additionally, spending was under budget in capital expenditures for sites and buildings. Expenditures increased from the prior year, with the majority of the increase in salaries and benefits, as approved by contract and anticipated in the budget.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund reported a year-end fund balance of \$2,386,500. The District issued \$5,265,000 of certificates of participation in the current year to purchase and renovate a new site for educational purposes. The year-end fund balance is restricted for projects funded by certificates of participation.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The Debt Service Fund revenues exceeded expenditures by \$220,797 in the current year. The year-end fund balance of \$967,956 at June 30, 2020 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by \$203,153, compared to a planned fund balance reduction of \$171,713.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, reducing equity by \$6,431, compared to a planned fund balance reduction of \$37,421.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains internal service funds to account for the District's self-insured dental plan, the District's self-insured medical plan, and for the District's OPEB obligations.

The combined total net position balance for the internal service funds as of June 30, 2020 was a deficit \$223,687. Current year operations increased net position by \$1,680,700.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District’s capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 2,444,143	\$ 1,590,642	\$ 853,501
Construction in progress	1,828,699	–	1,828,699
Buildings	52,008,215	51,193,219	814,996
Building improvements	6,364,141	6,466,877	(102,736)
Furniture and equipment	5,259,976	5,008,290	251,686
Less accumulated depreciation	<u>(26,045,344)</u>	<u>(24,829,503)</u>	<u>(1,215,841)</u>
 Total	 <u>\$ 41,859,830</u>	 <u>\$ 39,429,525</u>	 <u>\$ 2,430,305</u>
 Depreciation expense	 <u>\$ 1,460,300</u>	 <u>\$ 1,459,823</u>	 <u>\$ 477</u>

By the end of 2020, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2020, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page and the capital spending in the General Fund.

The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
General obligation bonds payable	\$ 29,110,000	\$ 31,105,000	\$ (1,995,000)
Certificates of participation	5,265,000	–	5,265,000
Unamortized premium/discount	625,579	442,059	183,520
Capital lease payable	327,842	406,750	(78,908)
Compensated absences payable	231,595	220,293	11,302
Severance benefits payable	108,180	116,343	(8,163)
Net pension liability	28,894,801	27,977,702	917,099
Total OPEB liability	<u>8,672,248</u>	<u>8,030,004</u>	<u>642,244</u>
 Total	 <u>\$ 73,235,245</u>	 <u>\$ 68,298,151</u>	 <u>\$ 4,937,094</u>

The decrease in bonds and capital lease payable in the table above is primarily due to the planned repayment schedules reflecting principal payments during fiscal year 2020. The increase in certificates of participation and unamortized premium/discount is consistent with the previous discussion of debt issued for a new District education site.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. The increase in the total OPEB liability was due in part to a change in assumptions used to calculate this obligation.

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

District's market value	\$ 1,784,759,825
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 267,713,974</u>

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$129, or 2 percent, per pupil to the formula for fiscal year 2021.

The COVID-19 pandemic has impacted how the District provides instruction. The District completed the 2019–2020 school year with distance learning. Increased expenditures for personal protective equipment, sanitation supplies, and technology are expected in the upcoming fiscal year.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Department, Special School District No. 6, 104 – 5th Avenue South, South St. Paul, Minnesota 55075.

BASIC FINANCIAL STATEMENTS

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Net Position
as of June 30, 2020

(With Partial Comparative Information as of June 30, 2019)

	Governmental Activities	
	2020	2019
Assets		
Cash and temporary investments	\$ 21,678,849	\$ 18,081,584
Receivables		
Current taxes	6,453,611	6,080,637
Delinquent taxes	190,227	181,595
Accounts and interest	46,986	96,080
Due from other governmental units	3,723,421	3,498,302
Inventory	58,599	32,226
Prepaid items	63,476	83,568
Restricted assets		
Cash and investments for OPEB	4,933,980	5,059,584
Capital assets		
Not depreciated	4,272,842	1,590,642
Depreciated, net of accumulated depreciation	37,586,988	37,838,883
Total capital assets, net of accumulated depreciation	<u>41,859,830</u>	<u>39,429,525</u>
Total assets	79,008,979	72,543,101
Deferred outflows of resources		
Pension plan deferments	22,355,843	32,926,511
OPEB plan deferments	640,220	349,560
Total deferred outflows of resources	<u>22,996,063</u>	<u>33,276,071</u>
Total assets and deferred outflows of resources	<u>\$ 102,005,042</u>	<u>\$ 105,819,172</u>
Liabilities		
Salaries payable	\$ 1,986,152	\$ 1,829,007
Accounts and contracts payable	3,451,608	1,770,550
Accrued interest payable	523,606	460,736
Due to other governmental units	453,553	574,064
Unearned revenue	1,369,634	1,530,463
Claims incurred, but not reported	463,420	402,739
Long-term liabilities		
Due within one year	2,589,459	2,294,201
Due in more than one year	70,645,786	66,003,950
Total long-term liabilities	<u>73,235,245</u>	<u>68,298,151</u>
Total liabilities	81,483,218	74,865,710
Deferred inflows of resources		
Property taxes levied for subsequent year	10,054,668	9,495,539
Pension plan deferments	35,897,775	44,674,335
OPEB plan deferments	1,325,921	1,473,246
Total deferred inflows of resources	<u>47,278,364</u>	<u>55,643,120</u>
Net position		
Net investment in capital assets	9,925,751	9,232,466
Restricted for		
Capital asset acquisition	2,894	39,653
Debt service	565,035	325,253
Food service	657,171	860,324
Community service	139,098	146,233
Other purposes (state funding restrictions)	988,255	1,248,713
Unrestricted	<u>(39,034,744)</u>	<u>(36,542,300)</u>
Total net position	<u>(26,756,540)</u>	<u>(24,689,658)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 102,005,042</u>	<u>\$ 105,819,172</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

Functions/Programs	Expenses	2020		2019	2019
		Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
			Governmental Activities	Governmental Activities	
Governmental activities					
Administration	\$ 1,225,243	\$ -	\$ -	\$ (1,225,243)	\$ (827,315)
District support services	1,857,405	-	-	(1,857,405)	(1,816,877)
Elementary and secondary regular instruction	22,905,668	356,890	953,952	(21,594,826)	(12,654,896)
Vocational education instruction	167,804	-	-	(167,804)	(107,757)
Special education instruction	8,740,605	140,100	4,838,450	(3,762,055)	(450,976)
Instructional support services	4,233,607	-	-	(4,233,607)	(2,997,694)
Pupil support services	3,378,207	-	98,349	(3,279,858)	(2,605,282)
Sites and buildings	4,741,466	7,684	-	(4,733,782)	(4,891,067)
Fiscal and other fixed cost programs	250,147	-	-	(250,147)	(173,521)
Food service	2,267,479	283,501	1,770,651	(213,327)	(71,622)
Community service	2,191,682	736,682	899,241	(555,759)	(337,142)
Depreciation not allocated to other functions	1,460,300	-	-	(1,460,300)	(1,459,823)
Interest and fiscal charges	1,228,246	-	-	(1,228,246)	(1,054,808)
Total governmental activities	\$ 54,647,859	\$ 1,524,857	\$ 8,560,643	(44,562,359)	(29,448,780)
General revenues					
Taxes					
Property taxes, levied for general purposes				6,585,158	6,658,949
Property taxes, levied for community service				416,101	434,154
Property taxes, levied for debt service				3,074,224	3,128,361
General grants and aids				31,125,163	30,218,525
Other general revenues				788,190	334,753
Investment earnings				474,912	569,067
Total general revenues				42,463,748	41,343,809
Change in net position				(2,098,611)	11,895,029
Net position – beginning, as previously reported				(24,689,658)	(36,584,687)
Change in accounting principle				31,729	-
Net position – beginning, as restated				(24,657,929)	(36,584,687)
Net position – ending				\$ (26,756,540)	\$ (24,689,658)

SPECIAL SCHOOL DISTRICT NO. 6

Balance Sheet
Governmental Funds
as of June 30, 2020

(With Partial Comparative Information as of June 30, 2019)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 9,177,308	\$ 3,976,402	\$ 2,041,466
Receivables			
Current taxes	4,371,212	–	1,746,111
Delinquent taxes	120,128	–	61,690
Accounts and interest	13,682	–	–
Due from other governmental units	3,432,511	–	–
Inventory	–	–	–
Prepaid items	–	–	–
	<u>17,114,841</u>	<u>3,976,402</u>	<u>3,849,267</u>
	<u>\$ 17,114,841</u>	<u>\$ 3,976,402</u>	<u>\$ 3,849,267</u>
Liabilities			
Salaries payable	\$ 1,944,435	\$ –	\$ –
Accounts and contracts payable	1,791,882	1,589,902	–
Due to other governmental units	225,550	–	–
Unearned revenue	442,145	–	–
Total liabilities	<u>4,404,012</u>	<u>1,589,902</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	70,218	–	37,178
Property taxes levied for subsequent year	6,662,880	–	2,844,133
Total deferred inflows of resources	<u>6,733,098</u>	<u>–</u>	<u>2,881,311</u>
Fund balances			
Nonspendable	–	–	–
Restricted	991,149	2,386,500	967,956
Assigned	2,213,778	–	–
Unassigned	2,772,804	–	–
Total fund balances	<u>5,977,731</u>	<u>2,386,500</u>	<u>967,956</u>
	<u>\$ 17,114,841</u>	<u>\$ 3,976,402</u>	<u>\$ 3,849,267</u>
	<u>\$ 17,114,841</u>	<u>\$ 3,976,402</u>	<u>\$ 3,849,267</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,114,841</u>	<u>\$ 3,976,402</u>	<u>\$ 3,849,267</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 1,003,083	\$ 16,198,259	\$ 14,803,289
336,288	6,453,611	6,080,637
8,409	190,227	181,595
12,749	26,431	78,349
290,910	3,723,421	3,498,302
58,599	58,599	32,226
200	200	1,388
<u>\$ 1,710,238</u>	<u>\$ 26,650,748</u>	<u>\$ 24,675,786</u>
\$ 41,717	\$ 1,986,152	\$ 1,829,007
69,824	3,451,608	1,769,503
228,003	453,553	574,064
26,770	468,915	745,762
<u>366,314</u>	<u>6,360,228</u>	<u>4,918,336</u>
5,089	112,485	122,104
547,655	10,054,668	9,495,539
<u>552,744</u>	<u>10,167,153</u>	<u>9,617,643</u>
58,799	58,799	33,614
732,381	5,077,986	3,002,675
–	2,213,778	2,669,807
–	2,772,804	4,433,711
<u>791,180</u>	<u>10,123,367</u>	<u>10,139,807</u>
<u>\$ 1,710,238</u>	<u>\$ 26,650,748</u>	<u>\$ 24,675,786</u>

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2020

(With Partial Comparative Information as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
Total fund balances – governmental funds	\$ 10,123,367	\$ 10,139,807
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	67,905,174	64,259,028
Accumulated depreciation	(26,045,344)	(24,829,503)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(29,110,000)	(31,105,000)
Certificates of participation	(5,265,000)	–
Unamortized premium/discount	(625,579)	(442,059)
Capital lease payable	(327,842)	(406,750)
Compensated absences payable	(231,595)	(220,293)
Severance benefits payable	(108,180)	(116,343)
Net pension liability	(28,894,801)	(27,977,702)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(523,606)	(460,736)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	(223,687)	(1,904,387)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	22,355,843	32,926,511
Deferred inflows of resources – pension plan deferments	(35,897,775)	(44,674,335)
Deferred inflows of resources – unavailable revenue – delinquent taxes	112,485	122,104
Total net position – governmental activities	<u>\$ (26,756,540)</u>	<u>\$ (24,689,658)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 6,592,421	\$ –	\$ 3,075,876
Investment earnings	121,398	9,119	26,508
Other	1,071,864	–	221,000
State sources	35,626,546	–	–
Federal sources	1,378,700	–	–
Total revenue	<u>44,790,929</u>	<u>9,119</u>	<u>3,323,384</u>
Expenditures			
Current			
Administration	1,183,514	–	–
District support services	1,882,854	–	–
Elementary and secondary regular instruction	21,927,804	–	–
Vocational education instruction	160,800	–	–
Special education instruction	8,541,448	–	–
Instructional support services	4,137,689	–	–
Pupil support services	3,353,482	–	–
Sites and buildings	5,613,410	–	–
Fiscal and other fixed cost programs	250,147	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	3,022,795	–
Debt service			
Principal	78,908	–	1,995,000
Interest and fiscal charges	9,445	133,683	1,107,587
Total expenditures	<u>47,139,501</u>	<u>3,156,478</u>	<u>3,102,587</u>
Excess (deficiency) of revenue over expenditures	(2,348,572)	(3,147,359)	220,797
Other financing sources (uses)			
Debt issued	–	5,265,000	–
Premium on debt issued	–	268,859	–
Capital lease issued	–	–	–
Sale of capital assets	2,690	–	–
Transfer in	–	–	–
Transfer (out)	(100,000)	–	–
Total other financing sources (uses)	<u>(97,310)</u>	<u>5,533,859</u>	<u>–</u>
Net change in fund balances	(2,445,882)	2,386,500	220,797
Fund balances			
Beginning of year, as previously reported	8,391,884	–	747,159
Change in accounting principle	31,729	–	–
Beginning of year, as restated	<u>8,423,613</u>	<u>–</u>	<u>747,159</u>
End of year	<u>\$ 5,977,731</u>	<u>\$ 2,386,500</u>	<u>\$ 967,956</u>

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 416,805	\$ 10,085,102	\$ 10,189,622
20,774	177,799	300,222
1,020,183	2,313,047	2,390,716
1,047,330	36,673,876	37,004,251
1,622,562	3,001,262	2,771,923
<u>4,127,654</u>	<u>52,251,086</u>	<u>52,656,734</u>
–	1,183,514	1,161,013
–	1,882,854	1,891,938
–	21,927,804	21,225,940
–	160,800	180,823
–	8,541,448	8,066,259
–	4,137,689	3,950,967
–	3,353,482	3,009,831
–	5,613,410	5,576,373
–	250,147	173,521
2,166,237	2,166,237	2,142,169
2,169,135	2,169,135	2,393,301
101,866	3,124,661	5,817
–	2,073,908	1,935,000
–	1,250,715	1,156,598
<u>4,437,238</u>	<u>57,835,804</u>	<u>52,869,550</u>
(309,584)	(5,584,718)	(212,816)
–	5,265,000	–
–	268,859	–
–	–	406,750
–	2,690	500
100,000	100,000	–
–	(100,000)	–
<u>100,000</u>	<u>5,536,549</u>	<u>407,250</u>
(209,584)	(48,169)	194,434
1,000,764	10,139,807	9,945,373
–	31,729	–
<u>1,000,764</u>	<u>10,171,536</u>	<u>9,945,373</u>
<u>\$ 791,180</u>	<u>\$ 10,123,367</u>	<u>\$ 10,139,807</u>

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>2020</u>	<u>2019</u>
Total net change in fund balances – governmental funds	\$ (48,169)	\$ 194,434
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	3,941,691	572,223
Depreciation expense	(1,460,300)	(1,459,823)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(51,086)	–
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
	(5,265,000)	(406,750)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	1,995,000	1,935,000
Capital lease payable	78,908	–
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(183,520)	76,376
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(11,302)	(10,953)
Severance benefits payable	8,163	(12,119)
Net pension liability	(917,099)	52,335,588
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(62,870)	25,414
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	1,680,700	1,256,918
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(10,570,668)	(11,117,231)
Deferred inflows of resources – pension plan deferments	8,776,560	(31,525,890)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(9,619)	31,842
Change in net position – governmental activities	<u>\$ (2,098,611)</u>	<u>\$ 11,895,029</u>

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 6,559,216	\$ 6,559,216	\$ 6,592,421	\$ 33,205
Investment earnings	200,000	150,000	121,398	(28,602)
Other	847,832	802,832	1,071,864	269,032
State sources	36,340,553	35,488,632	35,626,546	137,914
Federal sources	1,318,000	1,318,000	1,378,700	60,700
Total revenue	<u>45,265,601</u>	<u>44,318,680</u>	<u>44,790,929</u>	<u>472,249</u>
Expenditures				
Current				
Administration	1,173,181	1,192,262	1,183,514	(8,748)
District support services	2,239,155	2,084,383	1,882,854	(201,529)
Elementary and secondary regular instruction	21,535,120	21,945,795	21,927,804	(17,991)
Vocational education instruction	—	153,464	160,800	7,336
Special education instruction	8,713,623	8,765,165	8,541,448	(223,717)
Instructional support services	4,231,341	4,269,564	4,137,689	(131,875)
Pupil support services	2,915,518	3,173,266	3,353,482	180,216
Sites and buildings	5,344,742	6,043,356	5,613,410	(429,946)
Fiscal and other fixed cost programs	220,000	240,000	250,147	10,147
Debt service				
Principal	—	—	78,908	78,908
Interest and fiscal charges	—	—	9,445	9,445
Total expenditures	<u>46,372,680</u>	<u>47,867,255</u>	<u>47,139,501</u>	<u>(727,754)</u>
Excess (deficiency) of revenue over expenditures	(1,107,079)	(3,548,575)	(2,348,572)	1,200,003
Other financing sources (uses)				
Sale of capital assets	—	—	2,690	2,690
Transfer (out)	—	—	(100,000)	(100,000)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(97,310)</u>	<u>(97,310)</u>
Net change in fund balances	<u>\$ (1,107,079)</u>	<u>\$ (3,548,575)</u>	<u>(2,445,882)</u>	<u>\$ 1,102,693</u>
Fund balances				
Beginning of year, as previously reported			8,391,884	
Change in accounting principle			<u>31,729</u>	
Beginning of year, as restated			<u>8,423,613</u>	
End of year			<u>\$ 5,977,731</u>	

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 5,480,590	\$ 3,278,295
Receivables		
Accounts and interest	20,555	17,731
Prepaid items	<u>63,276</u>	<u>82,180</u>
Total current assets	5,564,421	3,378,206
Long-term assets		
Restricted assets		
Cash and cash equivalents	1,807,753	3,014,464
Investments	<u>3,126,227</u>	<u>2,045,120</u>
Total long-term assets	<u>4,933,980</u>	<u>5,059,584</u>
Total assets	10,498,401	8,437,790
Deferred outflows of resources		
OPEB plan deferments	640,220	349,560
Liabilities		
Current liabilities		
Accounts and contracts payable	-	1,047
Unearned revenue	900,719	784,701
Claims incurred, but not reported	<u>463,420</u>	<u>402,739</u>
Total current liabilities	1,364,139	1,188,487
Long-term liabilities		
Total OPEB liability	<u>8,672,248</u>	<u>8,030,004</u>
Total liabilities	10,036,387	9,218,491
Deferred inflows of resources		
OPEB plan deferments	<u>1,325,921</u>	<u>1,473,246</u>
Net position		
Unrestricted	<u>\$ (223,687)</u>	<u>\$ (1,904,387)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>2020</u>	<u>2019</u>
Operating revenue		
Contributions from governmental funds	\$ 7,694,809	\$ 7,221,598
Operating expenses		
Dental benefit claims	255,907	284,141
Medical benefit claims	5,387,038	4,998,199
OPEB	668,277	951,185
Total operating expenses	<u>6,311,222</u>	<u>6,233,525</u>
Operating income	1,383,587	988,073
Nonoperating revenue		
Investment earnings	<u>297,113</u>	<u>268,845</u>
Change in net position	1,680,700	1,256,918
Net position		
Beginning of year	<u>(1,904,387)</u>	<u>(3,161,305)</u>
End of year	<u>\$ (223,687)</u>	<u>\$ (1,904,387)</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2020

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

	2020	2019
Cash flows from operating activities		
Received from assessments made to other funds	\$ 7,808,003	\$ 7,310,597
Payment for dental claims	(255,848)	(276,389)
Payment for medical claims	(5,308,559)	(5,089,477)
Post-employment benefit payments	(464,018)	(349,560)
Net cash flows from operating activities	1,779,578	1,595,171
Cash flows from investing activities		
Purchase of investments	(1,355,546)	(734,004)
Sale of investments	274,439	500,714
Interest on investments	297,113	268,845
Net cash flows from investing activities	(783,994)	35,555
Net change in cash and cash equivalents	995,584	1,630,726
Cash and cash equivalents		
Beginning of year	6,292,759	4,662,033
End of year	\$ 7,288,343	\$ 6,292,759
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,383,587	\$ 988,073
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows		
Accounts and interest receivable	(2,824)	27,599
Prepaid items	18,904	(4,941)
Deferred outflows – OPEB plan deferments	(290,660)	261,331
Accounts and contracts payable	(1,047)	1,047
Unearned revenue	116,018	61,400
Claims incurred, but not reported	60,681	(79,632)
Total OPEB liability	642,244	(1,132,952)
Deferred inflows – OPEB plan deferments	(147,325)	1,473,246
Net cash flows from operating activities	\$ 1,779,578	\$ 1,595,171
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 5,480,590	\$ 3,278,295
Cash and cash equivalents	1,807,753	3,014,464
Total cash and cash equivalents	\$ 7,288,343	\$ 6,292,759

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Basic Financial Statements Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Special School District No. 6 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's boundaries and the City of South St. Paul's boundaries are nearly the same, fostering a feeling of family, with many opportunities for parent and community involvement. The mission of the District is delivering lifelong education by providing opportunities for learners of all ages, backgrounds, and needs. In 2009, the District became Minnesota's first K–12 International Baccalaureate (IB) World Schools District after successfully being authorized in the IB Middle Years Program, serving all students in Grades 7–10, and the Primary Years Program, which serves all students in Grades K–6. The District has been offering the IB Diploma Program at the high school since 1986.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 internally directed revenues are reported instead as general revenues.

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

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

D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary (internal service funds) are presented in the proprietary fund financial statements. Because the principal users of internal services are the District's governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's Internal Service Fund is charges to customers (other district funds) for services. Operating expenses for the Internal Service Fund include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition, construction, or improvement of capital facilities authorized by bond or other debt issue.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the taxable OPEB bond issues.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District’s internal service funds are used to account for dental and medical insurance benefits offered by the District to its employees as a self-insured plan and for the payment and financing of its OPEB liabilities, including the administration of assets held in a revocable trust to finance these liabilities.

E. Budgetary Information

The School Board adopts an annual budget for the General, Food Service Special Revenue, Community Service Special Revenue, and Debt Service Funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures in the Community Service Special Revenue Fund exceeded budgeted appropriations by \$9,370 and in the Debt Service Fund by \$49 during the year ended June 30, 2020. Revenues in excess of budget, along with available fund balance, financed these variances.

F. Cash and Temporary Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Internal Service Fund, this represents assets held in a revocable trust established to finance the District’s liability for other post-employment insurance benefits. Interest earned on these investments is allocated directly to these accounts.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary (internal service) fund’s equity in the government-wide cash and investment management pool is considered cash equivalent.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

G. Receivables

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

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$455,155 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2019–2020. The remaining portion of the taxes collectible in 2020 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals, as they are collected.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is considered for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building improvements, and 5 to 20 years for furniture and equipment. Land and construction in progress are not depreciated.

The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

L. Long-Term Obligations

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

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

M. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end, due to employee termination or similar circumstances.

N. Severance

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. The amount of any severance or retirement benefit due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. State-Wide Pension Plans

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

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

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

P. Deferred Outflows/Inflows of Resources

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

The District reports deferred outflows and inflows of resources related to pensions and OPEB plans reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

R. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent of schools is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide and proprietary (internal service) fund financial statements.

T. Risk Management and Self-Insurance

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

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

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 8,103	\$ 284,141	\$ 276,355	\$ 15,889
2020	\$ 15,889	\$ 255,907	\$ 255,664	\$ 16,132

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 474,268	\$ 4,998,199	\$ 5,085,617	\$ 386,850
2020	\$ 386,850	\$ 5,387,038	\$ 5,326,600	\$ 447,288

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

V. Prior Period Comparative Financial Information/Reclassification

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

W. Deficit Net Position

As of June 30, 2020, the District has a net position deficit of \$4,423,969 in its Other Post-Employment Benefits Internal Service Fund. This deficit will be eliminated through contributions and investment earnings.

X. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for the Employee Benefits Trust Fund in the General Fund and its governmental activities, rather than as a separate fiduciary fund as it has in the past. This standard required retroactive implementation, which resulted in the restatement of fund balance in the General Fund and Net Position of Governmental Activities as of June 30, 2019. The restatement resulted in an increase in fund balance and net position of \$31,729 as of July 1, 2019 and the elimination of the separately presented Employee Benefits Trust Fund.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$4,765,375, while the balance on the bank records was \$4,939,679. At June 30, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

B. Investments

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the District’s revocable OPEB trust accounted for in its OPEB Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

The following table presents the District’s deposit and investment balances, and information relating to potential investment risks:

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. treasury note	N/A	N/A	Level 1	\$ –	\$ 1,285,570	\$ 1,285,570
Corporate obligations	A	S&P	Level 1	\$ 65,775	\$ 896,192	961,967
Corporate obligations	A	Moody’s	Level 1	\$ –	\$ 104,682	104,682
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 635,008	635,008
Corporate obligations	BBB	Moody’s	Level 1	\$ –	\$ 139,000	139,000
Equities	N/R	N/R	Level 1	N/A	N/A	901,024
Investment pools/mutual funds						
OPEB mutual funds	N/R	N/R	Level 1	N/A	N/A	640,661
Real estate investment trust	N/R	N/R	Level 1	N/A	N/A	8,989
Real asset funds	N/R	N/R	Level 2	N/A	N/A	257,079
First American government obligations fund	AAA	S&P	Level 1	N/A	N/A	3,584,277
Minnesota School District Liquid Asset Fund (MSDLAF)						
Liquid Class	AAA	S&P	Amortized cost	N/A	N/A	10,224,138
Max Class	AAA	S&P	Amortized cost	N/A	N/A	1,105,059
Term Series	AAA	Fitch	Amortized cost	\$ 2,000,000	\$ –	2,000,000
Total investments						<u>21,847,454</u>
Total deposits						<u>4,765,375</u>
Total deposits and investments						<u>\$ 26,612,829</u>

N/A – Not Applicable

N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The District’s investment in this pool is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF Liquid Class investment pool. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to 1 year and early withdrawal may result in substantial early redemption penalties.

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

Statement of Net Position	
Cash and temporary investments	\$ 21,678,849
Restricted assets	
Cash and investments for OPEB	<u>4,933,980</u>
Total deposits and investments	<u>\$ 26,612,829</u>

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the current year ended is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,590,642	\$ 853,501	\$ –	\$ –	\$ 2,444,143
Construction in progress	–	1,828,699	–	–	1,828,699
Total capital assets, not depreciated	<u>1,590,642</u>	<u>2,682,200</u>	<u>–</u>	<u>–</u>	<u>4,272,842</u>
Capital assets, depreciated					
Buildings	51,193,219	814,996	–	–	52,008,215
Building improvements	6,466,877	–	(102,736)	–	6,364,141
Furniture and equipment	5,008,290	444,495	(192,809)	–	5,259,976
Total capital assets, depreciated	<u>62,668,386</u>	<u>1,259,491</u>	<u>(295,545)</u>	<u>–</u>	<u>63,632,332</u>
Less accumulated depreciation for					
Buildings	(19,431,588)	(951,822)	–	–	(20,383,410)
Building improvements	(2,705,272)	(247,360)	102,736	–	(2,849,896)
Furniture and equipment	(2,692,643)	(261,118)	141,723	–	(2,812,038)
Total accumulated depreciation	<u>(24,829,503)</u>	<u>(1,460,300)</u>	<u>244,459</u>	<u>–</u>	<u>(26,045,344)</u>
Net capital assets, depreciated	<u>37,838,883</u>	<u>(200,809)</u>	<u>(51,086)</u>	<u>–</u>	<u>37,586,988</u>
Total capital assets, net	<u>\$ 39,429,525</u>	<u>\$ 2,481,391</u>	<u>\$ (51,086)</u>	<u>\$ –</u>	<u>\$ 41,859,830</u>

Capital assets of the District are used by multiple functions, therefore depreciation expense for the year is reported as depreciation not allocated to other functions as a separate function in the Statement of Activities.

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
Series 2010A – Refunding	03/04/2010	2.00–3.00%	\$ 4,105,000	02/01/2021	\$ 500,000
Series 2013A – Refunding	06/05/2013	2.00%	\$ 5,280,000	02/01/2021	710,000
Series 2013B – Building	08/13/2013	2.00–4.00%	\$ 16,675,000	02/01/2029	16,505,000
Series 2014A – Building	01/29/2014	1.00–3.75%	\$ 10,000,000	02/01/2033	9,920,000
Series 2015A – Capital Facilities	04/09/2015	2.00%	\$ 1,520,000	02/01/2025	795,000
Series 2017A – OPEB Refunding	11/07/2017	2.00%	\$ 1,995,000	02/02/2021	680,000
Total general obligation bonds payable					<u>\$ 29,110,000</u>

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

B. Certificates of Participation Payable

The District currently has the following certificates of participation outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2019A Certificates of participation	12/30/2019	2.00–4.00%	\$ 5,265,000	04/01/2035	<u>\$ 5,265,000</u>

The certificates of participation were issued to finance the acquisition and renovation of a building for educational programming purposes. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. The certificates of participation are being paid by the General Fund.

C. Capital Lease

The District has one capital lease outstanding at year-end for computers. The lease has a five-year term, bears an interest rate of 3.40 percent, and has a final maturity of February 2024. The capital lease will be repaid by the General Fund. The District did not capitalize the computers as the cost of each individual computer did not meet the capitalization threshold policy.

D. Other Long-Term Liabilities

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

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans, administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2020:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 6,203,286	\$ 946,384	\$ 1,153,866	\$ 815,154
TRA	22,691,515	21,409,459	34,743,909	4,273,977
Total	<u>\$ 28,894,801</u>	<u>\$ 22,355,843</u>	<u>\$ 35,897,775</u>	<u>\$ 5,089,131</u>

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation		Capital Lease Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,045,000	\$ 1,056,238	\$ 235,000	\$ 199,184	\$ 77,864	\$ 10,490
2022	1,975,000	1,010,338	285,000	149,594	80,533	7,821
2023	2,040,000	934,438	295,000	138,194	83,295	5,059
2024	2,115,000	856,038	305,000	126,394	86,150	2,203
2025	2,180,000	794,188	320,000	114,194	–	–
2026–2030	11,160,000	2,760,800	1,795,000	375,669	–	–
2031–2035	7,595,000	577,688	2,030,000	137,575	–	–
	<u>\$ 29,110,000</u>	<u>\$ 7,989,728</u>	<u>\$ 5,265,000</u>	<u>\$ 1,240,804</u>	<u>\$ 327,842</u>	<u>\$ 25,573</u>

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 31,105,000	\$ –	\$ 1,995,000	\$ 29,110,000	\$ 2,045,000
Certificates of participation	–	5,265,000	–	5,265,000	235,000
Unamortized premium/discount	442,059	268,859	85,339	625,579	–
Capital lease payable	406,750	–	78,908	327,842	77,864
Compensated absences payable	220,293	457,996	446,694	231,595	231,595
Severance benefits payable	116,343	7,095	15,258	108,180	–
Net pension liability	27,977,702	3,206,301	2,289,202	28,894,801	–
Total OPEB liability	<u>8,030,004</u>	<u>975,674</u>	<u>333,430</u>	<u>8,672,248</u>	<u>–</u>
	<u>\$ 68,298,151</u>	<u>\$ 10,180,925</u>	<u>\$ 5,243,831</u>	<u>\$ 73,235,245</u>	<u>\$ 2,589,459</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30 are included in unassigned fund balance in the District’s financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At year-end, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 58,599	\$ 58,599
Prepaid items	–	–	–	200	200
Total nonspendable	–	–	–	58,799	58,799
Restricted					
Student activities	232,200	–	–	–	232,200
Staff development	112,244	–	–	–	112,244
Capital projects levy	1,509	–	–	–	1,509
Operating capital	1,385	–	–	–	1,385
Gifted and talented	178,739	–	–	–	178,739
Safe schools	106,589	–	–	–	106,589
Medical Assistance	145,723	–	–	–	145,723
Debt reduction	166,508	–	–	–	166,508
Flexible benefits	46,252	–	–	–	46,252
Projects funded by					
certificates of participation	–	2,386,500	–	–	2,386,500
Debt service	–	–	967,956	–	967,956
Food service	–	–	–	598,572	598,572
Community education programs	–	–	–	41,516	41,516
Early childhood family education programs	–	–	–	11,900	11,900
School readiness	–	–	–	77,423	77,423
Adult basic education	–	–	–	2,970	2,970
Total restricted	991,149	2,386,500	967,956	732,381	5,077,986
Assigned					
Subsequent year budget	990,165	–	–	–	990,165
Alternative Teacher Performance Pay System	263,613	–	–	–	263,613
Separation benefits	335,000	–	–	–	335,000
Curriculum	250,000	–	–	–	250,000
Staff development	75,000	–	–	–	75,000
Construction	200,000	–	–	–	200,000
Building maintenance	100,000	–	–	–	100,000
Total assigned	2,213,778	–	–	–	2,213,778
Unassigned					
Long-term facilities maintenance restricted account deficit	(485,422)	–	–	–	(485,422)
Unassigned	3,258,226	–	–	–	3,258,226
Total unassigned	2,772,804	–	–	–	2,772,804
Total	\$ 5,977,731	\$ 2,386,500	\$ 967,956	\$ 791,180	\$ 10,123,367

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unrestricted fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unrestricted General Fund balance of 12.0 percent of the annual budget. At June 30, 2020, the unrestricted fund balance (excluding restricted account deficits) of the General Fund was 11.6 percent of fiscal 2020 actual expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by the state of Minnesota.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with the minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit at least one month but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

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

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.20 %
All years after	2.70 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.20 %
First 10 years if service years are July 1, 2006 or after	1.40 %
All other years of service if service years are up to July 1, 2006	1.70 %
All other years of service if service years are up to July 1, 2006 or after	1.90 %

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) Three percent per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

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

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

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

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GEF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GEF for the year ended June 30, 2020, were \$585,902. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2018		2019		2020	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.71 %	11.00 %	11.92 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.71 %	7.50 %	7.92 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2020, were \$1,621,284. The District’s contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA’s Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA’s CAFR Statement of Changes in Fiduciary Net Position	\$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA’s contributions not included in allocation	(486)
Total employer contributions	402,126
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 437,714</u>

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations, due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2020, the District reported a liability of \$6,203,286, for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.1122 percent at the end of the measurement period and 0.1093 percent for the beginning of the period.

The District's net pension liability reflected a reduction, due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	6,203,286
State's proportionate share of the net pension liability associated with the District	\$	192,825

For the year ended June 30, 2020, the District recognized pension expense of \$800,713 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$14,441 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 170,806	\$ –
Changes in actuarial assumptions	–	480,793
Difference between projected and actual investment earnings	–	625,193
Changes in proportion	189,676	47,880
District's contributions to the GERF subsequent to the measurement date	585,902	–
Total	<u>\$ 946,384</u>	<u>\$ 1,153,866</u>

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

A total of \$585,902 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERP pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (248,714)
2022	\$ (474,059)
2023	\$ (80,608)
2024	\$ 9,997

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$22,691,515 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.3560 percent at the end of the measurement period and 0.3489 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 22,691,515
State's proportionate share of the net pension liability associated with the District	\$ 2,008,105

For the year ended June 30, 2020, the District recognized pension expense of \$4,121,337. It also recognized \$152,640 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 559,333
Changes in actuarial assumptions	19,416,553	29,804,872
Difference between projected and actual investment earnings	–	1,877,508
Changes in proportion	371,622	2,502,196
District’s contributions to the TRA subsequent to the measurement date	<u>1,621,284</u>	<u>–</u>
Total	<u>\$ 21,409,459</u>	<u>\$ 34,743,909</u>

A total of \$1,621,284 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 837,893
2022	\$ (351,340)
2023	\$ (9,027,432)
2024	\$ (6,447,113)
2025	\$ 32,258

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

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

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

Actuarial assumptions used in the June 30, 2019 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP plan was completed in 2019. Economic assumptions were updated in 2018, based on a review of inflation and investment return assumptions. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

1. GERP

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30/5.90 %
Cash equivalents	2.00	– %
Total	<u>100.00 %</u>	

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

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

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

G. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	\$ 10,197,869	\$ 6,203,286	\$ 2,904,965
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 36,175,823	\$ 22,691,515	\$ 11,573,902

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

H. Pension Plan Fiduciary Net Position

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

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

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

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

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

A. Plan Description

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District’s contributions in the current year totaled \$464,018 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section. The District has established a separate Internal Service Fund to finance these OPEB obligations.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	68
Active plan members	<u>438</u>
Total members	<u><u>506</u></u>

E. Total OPEB Liability of the District

The District’s total OPEB liability of \$8,672,248 as of year-end was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2018.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2018 and measurement date as of July 1, 2019, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.10%
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.25% in 2019 grading to 5.00% over 5 years
Dental trend rate	4.00%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

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

The retirement and withdrawal assumptions used to value GASB Statement No. 75 liabilities are similar to those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

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

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 8,030,004
Changes for the year	
Service cost	489,454
Interest	292,396
Assumption changes	193,824
Benefit payments	(333,430)
Total net changes	<u>642,244</u>
Ending balance	<u>\$ 8,672,248</u>

Assumption changes since the prior measurement date include the following:

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

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.10%	3.10%	4.10%
Total OPEB liability	\$ 9,261,792	\$ 8,672,248	\$ 8,115,418

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Medical trend rate	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	\$ 8,052,374	\$ 8,672,248	\$ 9,411,478

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

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of \$668,277. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 1,147,139
Changes in actuarial assumptions	176,202	178,782
District’s contributions subsequent to the measurement date	464,018	–
Total	<u>\$ 640,220</u>	<u>\$ 1,325,921</u>

A total of \$464,018 reported as deferred outflows of resources related to OPEB contributions, subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2021	\$ (129,704)
2022	\$ (129,704)
2023	\$ (129,704)
2024	\$ (129,704)
2025	\$ (129,704)
Thereafter	\$ (501,199)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a cafeteria plan (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependent care are accounted for by a district employee who serves as the plan administrator. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee. The medical reimbursement and dependent care activity are included in the General Fund.

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

NOTE 9 – INTERFUND TRANSACTIONS

The District approved a transfer of \$100,000 from the General Fund to the Community Service Special Revenue Fund to support operations impacted by the COVID-19 pandemic. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

At year-end, the District had commitments totaling \$2,165,911 under various construction contracts for which the work was not yet completed.

B. Federal and State Programs

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

C. Legal Claims

The District had the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 11 – SUBSEQUENT EVENTS

Technology Lease Agreement – In July 2020, the District entered into a lease agreement with Vantage Financial, LLC for computer equipment. The agreement has a lease term of 48 months with a monthly lease charge of \$4,556.

Purchase Power Agreement – The District is negotiating a solar power purchase agreement with Innovative Power Systems, Inc. The initial agreement had an initial term of 20 years, with up to 3 additional terms of 5 years each.

COVID-19 – The COVID-19 pandemic has caused economic and financial market volatility in the United States and around the world, along with significant business and operational disruptions for many organizations. Due to the unknown breadth and duration of this pandemic, any potential impact it may have on the District's future operations and financial condition cannot be determined at this time and has not been reflected in these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

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

District Fiscal Year-End	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1107%	\$ 5,200,131	\$ -	\$ 5,200,131	\$ 5,796,603	89.71%	78.70%
06/30/2016	06/30/2015	0.1091%	\$ 5,654,128	\$ -	\$ 5,654,128	\$ 6,430,677	87.92%	78.20%
06/30/2017	06/30/2016	0.1074%	\$ 8,720,346	\$ 113,888	\$ 8,834,234	\$ 6,666,940	130.80%	68.90%
06/30/2018	06/30/2017	0.1108%	\$ 7,073,396	\$ 88,931	\$ 7,162,327	\$ 7,141,483	99.05%	75.90%
06/30/2019	06/30/2018	0.1093%	\$ 6,063,516	\$ 198,744	\$ 6,262,260	\$ 7,332,178	82.70%	79.50%
06/30/2020	06/30/2019	0.1122%	\$ 6,203,286	\$ 192,825	\$ 6,396,111	\$ 7,939,979	78.13%	80.20%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2020

District Fiscal Year-End	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 474,641	\$ 474,641	\$ -	\$ 6,430,677	7.38%
06/30/2016	\$ 499,908	\$ 499,908	\$ -	\$ 6,666,940	7.50%
06/30/2017	\$ 535,497	\$ 535,497	\$ -	\$ 7,141,483	7.50%
06/30/2018	\$ 549,688	\$ 549,688	\$ -	\$ 7,332,178	7.50%
06/30/2019	\$ 595,495	\$ 595,495	\$ -	\$ 7,939,979	7.50%
06/30/2020	\$ 585,902	\$ 585,902	\$ -	\$ 7,816,070	7.50%

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

SPECIAL SCHOOL DISTRICT NO. 6

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	Minnesota's Proportionate Share of the Net Pension Liability	Minnesota's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3819%	\$ 17,597,677	\$ 1,238,076	\$ 18,835,753	\$ 17,434,323	100.94%	81.50%
06/30/2016	06/30/2015	0.3716%	\$ 22,987,135	\$ 2,819,725	\$ 25,806,860	\$ 18,878,949	121.76%	76.80%
06/30/2017	06/30/2016	0.3670%	\$ 87,538,256	\$ 8,785,747	\$ 96,324,003	\$ 19,304,901	453.45%	44.88%
06/30/2018	06/30/2017	0.3669%	\$ 73,239,894	\$ 7,080,446	\$ 80,320,340	\$ 19,744,761	370.93%	51.57%
06/30/2019	06/30/2018	0.3489%	\$ 21,914,186	\$ 2,059,012	\$ 23,973,198	\$ 19,279,005	113.67%	78.07%
06/30/2020	06/30/2019	0.3560%	\$ 22,691,515	\$ 2,008,105	\$ 24,699,620	\$ 20,206,696	112.30%	78.21%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2020

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,415,929	\$ 1,415,929	\$ -	\$ 18,878,949	7.50%
06/30/2016	\$ 1,448,037	\$ 1,448,037	\$ -	\$ 19,304,901	7.50%
06/30/2017	\$ 1,481,077	\$ 1,481,077	\$ -	\$ 19,744,761	7.50%
06/30/2018	\$ 1,445,979	\$ 1,445,979	\$ -	\$ 19,279,005	7.50%
06/30/2019	\$ 1,557,835	\$ 1,557,835	\$ -	\$ 20,206,696	7.71%
06/30/2020	\$ 1,621,284	\$ 1,621,284	\$ -	\$ 20,470,746	7.92%

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

SPECIAL SCHOOL DISTRICT NO. 6

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Total
 OPEB Liability and Related Ratios
 Year Ended June 30, 2020

	District Fiscal Year-End Date		
	2018	2019	2020
Total OPEB liability			
Service cost	\$ 442,920	\$ 444,251	\$ 489,454
Interest	311,019	316,347	292,396
Assumption changes	-	(218,512)	193,824
Plan changes	-	337,912	-
Differences between expected and actual experience	-	(1,402,059)	-
Benefit payments	(586,475)	(610,891)	(333,430)
Net change in total OPEB liability	167,464	(1,132,952)	642,244
Total OPEB liability – beginning balance	8,995,492	9,162,956	8,030,004
Total OPEB liability – ending balance	<u>\$ 9,162,956</u>	<u>\$ 8,030,004</u>	<u>\$ 8,672,248</u>
Covered-employee payroll	<u>\$ 24,641,269</u>	<u>\$ 24,372,096</u>	<u>\$ 25,103,259</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>37.19%</u>	<u>32.95%</u>	<u>34.55%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2020

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a 5 year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2020

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2020

OTHER POST-EMPLOYMENT BENEFITS PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive of \$5,000 per year paid to a healthcare savings plan, payable until the earlier of five years or Medicare eligibility (or a one-time payment of \$5,000 if already eligible for Medicare), was elected by nine teachers who retired by June 30, 2019. The retirement rates for these nine teachers were adjusted to assume all retire on July 1, 2019.
- The director of community education now has the same post-employment subsidies as other directors. Her eligibility start date for these post-employment subsidies is July 1, 2017.
- The post-employment subsidies for principals hired after July 1, 2004 are no longer frozen at retirement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.
- The percentage of future retired custodians, meet and confer nonunion employees without special agreements, office professional employees, and support staff eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment, was changed from 100 percent to 75 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.40 percent.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTAL INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 699,534	\$ 303,549	\$ 1,003,083
Receivables			
Current taxes	-	336,288	336,288
Delinquent taxes	-	8,409	8,409
Accounts and interest	-	12,749	12,749
Due from other governmental units	125,447	165,463	290,910
Inventory	58,599	-	58,599
Prepaid items	-	200	200
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 883,580</u>	<u>\$ 826,658</u>	<u>\$ 1,710,238</u>
Liabilities			
Salaries payable	\$ 33,024	\$ 8,693	\$ 41,717
Accounts and contracts payable	46,923	22,901	69,824
Due to other governmental units	136,599	91,404	228,003
Unearned revenue	9,863	16,907	26,770
Total liabilities	<u>226,409</u>	<u>139,905</u>	<u>366,314</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	-	5,089	5,089
Property taxes levied for subsequent year	-	547,655	547,655
Total deferred inflows of resources	<u> </u>	<u>552,744</u>	<u>552,744</u>
Fund balances			
Nonspendable	58,599	200	58,799
Restricted	598,572	133,809	732,381
Total fund balances	<u>657,171</u>	<u>134,009</u>	<u>791,180</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 883,580</u>	<u>\$ 826,658</u>	<u>\$ 1,710,238</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 416,805	\$ 416,805
Investment earnings	10,798	9,976	20,774
Other	283,501	736,682	1,020,183
State sources	160,577	886,753	1,047,330
Federal sources	1,610,074	12,488	1,622,562
Total revenue	<u>2,064,950</u>	<u>2,062,704</u>	<u>4,127,654</u>
Expenditures			
Current			
Food service	2,166,237	-	2,166,237
Community service	-	2,169,135	2,169,135
Capital outlay	101,866	-	101,866
Total expenditures	<u>2,268,103</u>	<u>2,169,135</u>	<u>4,437,238</u>
Excess (deficiency) of revenue over expenditures	(203,153)	(106,431)	(309,584)
Other financing sources			
Transfers in	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balances	(203,153)	(6,431)	(209,584)
Fund balances			
Beginning of year	<u>860,324</u>	<u>140,440</u>	<u>1,000,764</u>
End of year	<u>\$ 657,171</u>	<u>\$ 134,009</u>	<u>\$ 791,180</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 9,177,308	\$ 11,289,908
Receivables		
Current taxes	4,371,212	3,955,125
Delinquent taxes	120,128	117,031
Accounts and interest	13,682	28,581
Due from other governmental units	<u>3,432,511</u>	<u>3,271,400</u>
Total assets	<u>\$ 17,114,841</u>	<u>\$ 18,662,045</u>
Liabilities		
Salaries payable	\$ 1,944,435	\$ 1,777,304
Accounts and contracts payable	1,791,882	1,696,943
Due to other governmental units	225,550	240,579
Unearned revenue	<u>442,145</u>	<u>486,084</u>
Total liabilities	4,404,012	4,200,910
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	70,218	77,481
Property taxes levied for subsequent year	<u>6,662,880</u>	<u>5,991,770</u>
Total deferred inflows of resources	6,733,098	6,069,251
Fund balances (deficit)		
Restricted for student activities	232,200	–
Restricted for staff development	112,244	97,622
Restricted for capital projects levy	1,509	2,657
Restricted for operating capital	1,385	7,790
Restricted for learning and development	–	101,410
Restricted for gifted and talented	178,739	184,604
Restricted for basic skills	–	438,905
Restricted for safe schools	106,589	556
Restricted for long-term facilities maintenance	–	29,206
Restricted for Medical Assistance	145,723	293,423
Restricted for debt reduction	166,508	132,193
Restricted for flexible benefits	46,252	–
Assigned for subsequent year budget	990,165	1,107,079
Assigned for ATPPS program	263,613	365,037
Assigned for student activities	–	237,691
Assigned for separation benefits	335,000	335,000
Assigned for curriculum	250,000	250,000
Assigned for staff development	75,000	75,000
Assigned for construction	200,000	200,000
Assigned for building maintenance	100,000	100,000
Unassigned – long-term facilities maintenance restricted account deficit	(485,422)	–
Unassigned	<u>3,258,226</u>	<u>4,433,711</u>
Total fund balances	<u>5,977,731</u>	<u>8,391,884</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,114,841</u>	<u>\$ 18,662,045</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 6,559,216	\$ 6,592,421	\$ 33,205	\$ 6,637,567
Investment earnings	150,000	121,398	(28,602)	221,258
Other	802,832	1,071,864	269,032	988,061
State sources	35,488,632	35,626,546	137,914	35,976,601
Federal sources	1,318,000	1,378,700	60,700	1,384,129
Total revenue	<u>44,318,680</u>	<u>44,790,929</u>	<u>472,249</u>	<u>45,207,616</u>
Expenditures				
Current				
Administration	1,192,262	1,183,514	(8,748)	1,161,013
District support services	2,084,383	1,882,854	(201,529)	1,891,938
Elementary and secondary regular instruction	21,945,795	21,927,804	(17,991)	21,225,940
Vocational education instruction	153,464	160,800	7,336	180,823
Special education instruction	8,765,165	8,541,448	(223,717)	8,066,259
Instructional support services	4,269,564	4,137,689	(131,875)	3,950,967
Pupil support services	3,173,266	3,353,482	180,216	3,009,831
Sites and buildings	6,043,356	5,613,410	(429,946)	5,576,373
Fiscal and other fixed cost programs	240,000	250,147	10,147	173,521
Debt service				
Principal	—	78,908	78,908	—
Interest and fiscal charges	—	9,445	9,445	—
Total expenditures	<u>47,867,255</u>	<u>47,139,501</u>	<u>(727,754)</u>	<u>45,236,665</u>
Excess (deficiency) of revenue over expenditures	(3,548,575)	(2,348,572)	1,200,003	(29,049)
Other financing sources (uses)				
Capital lease issued	—	—	—	406,750
Sale of capital assets	—	2,690	2,690	500
Transfer (out)	—	(100,000)	(100,000)	—
Total other financing sources (uses)	<u>—</u>	<u>(97,310)</u>	<u>(97,310)</u>	<u>407,250</u>
Net change in fund balances	<u>\$ (3,548,575)</u>	<u>(2,445,882)</u>	<u>\$ 1,102,693</u>	<u>378,201</u>
Fund balances				
Beginning of year, as previously reported		8,391,884		8,013,683
Change in accounting principle		31,729		—
Beginning of year, as restated		<u>8,423,613</u>		<u>8,013,683</u>
End of year		<u>\$ 5,977,731</u>		<u>\$ 8,391,884</u>

SPECIAL SCHOOL DISTRICT NO. 6

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 699,534	\$ 965,489
Receivables		
Accounts and interest	-	28,026
Due from other governmental units	125,447	45,637
Inventory	<u>58,599</u>	<u>32,226</u>
Total assets	<u>\$ 883,580</u>	<u>\$ 1,071,378</u>
Liabilities		
Salaries payable	\$ 33,024	\$ 23,289
Accounts and contracts payable	46,923	28,422
Due to other governmental units	136,599	134,020
Unearned revenue	<u>9,863</u>	<u>25,323</u>
Total liabilities	226,409	211,054
Fund balances		
Nonspendable for inventory	58,599	32,226
Restricted for food service	<u>598,572</u>	<u>828,098</u>
Total fund balances	<u>657,171</u>	<u>860,324</u>
Total liabilities and fund balances	<u>\$ 883,580</u>	<u>\$ 1,071,378</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 5,000	\$ 10,798	\$ 5,798	\$ 21,325
Other – primarily meal sales	489,003	283,501	(205,502)	503,165
State sources	141,620	160,577	18,957	159,698
Federal sources	1,490,050	1,610,074	120,024	1,373,587
Total revenue	<u>2,125,673</u>	<u>2,064,950</u>	<u>(60,723)</u>	<u>2,057,775</u>
Expenditures				
Current				
Salaries	638,432	595,823	(42,609)	604,479
Employee benefits	246,727	219,540	(27,187)	225,836
Purchased services	191,594	168,141	(23,453)	193,135
Supplies and materials	945,308	1,015,818	70,510	975,558
Other expenditures	158,325	166,915	8,590	143,161
Capital outlay	117,000	101,866	(15,134)	4,083
Total expenditures	<u>2,297,386</u>	<u>2,268,103</u>	<u>(29,283)</u>	<u>2,146,252</u>
Net change in fund balances	<u>\$ (171,713)</u>	<u>(203,153)</u>	<u>\$ (31,440)</u>	<u>(88,477)</u>
Fund balances				
Beginning of year		<u>860,324</u>		<u>948,801</u>
End of year		<u>\$ 657,171</u>		<u>\$ 860,324</u>

SPECIAL SCHOOL DISTRICT NO. 6

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 303,549	\$ 383,320
Receivables		
Current taxes	336,288	253,409
Delinquent taxes	8,409	8,220
Accounts and interest	12,749	21,742
Due from other governmental units	165,463	181,265
Prepaid items	<u>200</u>	<u>1,388</u>
Total assets	<u>\$ 826,658</u>	<u>\$ 849,344</u>
Liabilities		
Salaries payable	\$ 8,693	\$ 28,414
Accounts and contracts payable	22,901	44,138
Due to other governmental units	91,404	199,465
Unearned revenue	<u>16,907</u>	<u>13,355</u>
Total liabilities	139,905	285,372
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	5,089	5,793
Property taxes levied for subsequent year	<u>547,655</u>	<u>417,739</u>
Total deferred inflows of resources	552,744	423,532
Fund balances		
Nonspendable for prepaid items	200	1,388
Restricted for community education programs	41,516	8,338
Restricted for early childhood family education programs	11,900	28,469
Restricted for school readiness	77,423	89,202
Restricted for adult basic education	<u>2,970</u>	<u>13,043</u>
Total fund balances	<u>134,009</u>	<u>140,440</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 826,658</u>	<u>\$ 849,344</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 417,575	\$ 416,805	\$ (770)	\$ 432,817
Investment earnings	10,000	9,976	(24)	16,794
Other – primarily tuition and fees	605,000	736,682	131,682	899,490
State sources	877,769	886,753	8,984	867,952
Federal sources	12,000	12,488	488	14,207
Total revenue	<u>1,922,344</u>	<u>2,062,704</u>	<u>140,360</u>	<u>2,231,260</u>
Expenditures				
Current				
Salaries	1,329,232	1,321,225	(8,007)	1,508,737
Employee benefits	474,362	494,297	19,935	530,806
Purchased services	283,455	292,802	9,347	270,664
Supplies and materials	72,716	59,576	(13,140)	82,059
Other expenditures	–	1,235	1,235	1,035
Capital outlay	–	–	–	1,734
Total expenditures	<u>2,159,765</u>	<u>2,169,135</u>	<u>9,370</u>	<u>2,395,035</u>
Excess (deficiency) of revenue over expenditures	(237,421)	(106,431)	130,990	(163,775)
Other financing sources				
Transfers in	<u>200,000</u>	<u>100,000</u>	<u>(100,000)</u>	<u>–</u>
Net change in fund balances	<u>\$ (37,421)</u>	<u>(6,431)</u>	<u>\$ 30,990</u>	<u>(163,775)</u>
Fund balances				
Beginning of year		<u>140,440</u>		<u>304,215</u>
End of year		<u>\$ 134,009</u>		<u>\$ 140,440</u>

SPECIAL SCHOOL DISTRICT NO. 6

Capital Projects – Building Construction Fund
Balance Sheet
as of June 30, 2020

	<u>2020</u>
Assets	
Cash and temporary investments	<u>\$ 3,976,402</u>
Liabilities	
Accounts and contracts payable	\$ 1,589,902
Fund balances	
Restricted for projects funded by certificates of participation	<u>2,386,500</u>
Total liabilities and fund balances	<u>\$ 3,976,402</u>

SPECIAL SCHOOL DISTRICT NO. 6

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2020

	<u>2020</u>
Revenue	
Local sources	
Investment earnings	\$ 9,119
Expenditures	
Capital outlay	
Purchased services	240,601
Capital expenditures	2,759,760
Other expenditures	22,434
Debt service	
Fiscal charges and other	133,683
Total expenditures	<u>3,156,478</u>
Excess (deficiency) of revenue over expenditures	(3,147,359)
Other financing sources	
Debt issued	5,265,000
Premium on debt issued	268,859
Total other financing sources	<u>5,533,859</u>
Net change in fund balances	2,386,500
Fund balances	
Beginning of year	<u>—</u>
End of year	<u><u>\$ 2,386,500</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

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

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2020	2019
Assets				
Cash and temporary investments	\$ 1,609,598	\$ 431,868	\$ 2,041,466	\$ 2,164,572
Receivables				
Current taxes	1,329,444	416,667	1,746,111	1,872,103
Delinquent taxes	47,621	14,069	61,690	56,344
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,986,663</u>	<u>\$ 862,604</u>	<u>\$ 3,849,267</u>	<u>\$ 4,093,019</u>
Liabilities				
Unearned revenue	\$ -	\$ -	\$ -	\$ 221,000
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	28,613	8,565	37,178	38,830
Property taxes levied for subsequent year	2,165,456	678,677	2,844,133	3,086,030
Total deferred inflows of resources	<u>2,194,069</u>	<u>687,242</u>	<u>2,881,311</u>	<u>3,124,860</u>
Fund balances				
Restricted for debt service	<u>792,594</u>	<u>175,362</u>	<u>967,956</u>	<u>747,159</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,986,663</u>	<u>\$ 862,604</u>	<u>\$ 3,849,267</u>	<u>\$ 4,093,019</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	2020		
	Budget	Regular Debt Service Account	Actual OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 3,085,294	\$ 2,384,771	\$ 691,105
Investment earnings	-	20,384	6,124
Other sources	-	221,000	-
Total revenue	<u>3,085,294</u>	<u>2,626,155</u>	<u>697,229</u>
Expenditures			
Debt service			
Principal	1,995,000	1,325,000	670,000
Interest	1,100,938	1,073,938	27,000
Fiscal charges and other	6,600	6,174	475
Total expenditures	<u>3,102,538</u>	<u>2,405,112</u>	<u>697,475</u>
Net change in fund balances	<u>\$ (17,244)</u>	221,043	(246)
Fund balances			
Beginning of year		<u>571,551</u>	<u>175,608</u>
End of year		<u>\$ 792,594</u>	<u>\$ 175,362</u>

		2019	
Total	Over (Under) Budget	Actual	
\$ 3,075,876	\$ (9,418)	\$ 3,119,238	
26,508	26,508	40,845	
221,000	221,000	—	
<u>3,323,384</u>	<u>238,090</u>	<u>3,160,083</u>	
1,995,000	—	1,935,000	
1,100,938	—	1,153,548	
6,649	49	3,050	
<u>3,102,587</u>	<u>49</u>	<u>3,091,598</u>	
220,797	<u>\$ 238,041</u>	68,485	
<u>747,159</u>		<u>678,674</u>	
<u>\$ 967,956</u>		<u>\$ 747,159</u>	

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Totals	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2020	2019
Assets					
Current assets					
Cash and temporary investments	\$ 230,171	\$ 5,250,419	\$ -	\$ 5,480,590	\$ 3,278,295
Receivables					
Accounts and interest	3,321	17,234	-	20,555	17,731
Prepaid items	2,219	61,057	-	63,276	82,180
Total current assets	<u>235,711</u>	<u>5,328,710</u>	<u>-</u>	<u>5,564,421</u>	<u>3,378,206</u>
Long-term assets					
Restricted assets					
Cash and cash equivalents	-	-	1,807,753	1,807,753	3,014,464
Investments	-	-	3,126,227	3,126,227	2,045,120
Total long-term assets	<u>-</u>	<u>-</u>	<u>4,933,980</u>	<u>4,933,980</u>	<u>5,059,584</u>
Total assets	235,711	5,328,710	4,933,980	10,498,401	8,437,790
Deferred outflows of resources					
OPEB plan deferments	-	-	640,220	640,220	349,560
Liabilities					
Current liabilities					
Accounts and contracts payable	-	-	-	-	1,047
Unearned revenue	32,107	868,612	-	900,719	784,701
Claims incurred, but not reported	16,132	447,288	-	463,420	402,739
Total current liabilities	<u>48,239</u>	<u>1,315,900</u>	<u>-</u>	<u>1,364,139</u>	<u>1,188,487</u>
Long-term liabilities					
Total OPEB liability	<u>-</u>	<u>-</u>	<u>8,672,248</u>	<u>8,672,248</u>	<u>8,030,004</u>
Total liabilities	48,239	1,315,900	8,672,248	10,036,387	9,218,491
Deferred inflows of resources					
OPEB plan deferments	-	-	1,325,921	1,325,921	1,473,246
Net position					
Unrestricted	<u>\$ 187,472</u>	<u>\$ 4,012,810</u>	<u>\$ (4,423,969)</u>	<u>\$ (223,687)</u>	<u>\$ (1,904,387)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits	Totals	
				2020	2019
Operating revenue					
Contributions from governmental funds	\$ 324,825	\$ 7,280,967	\$ 89,017	\$ 7,694,809	\$ 7,221,598
Operating expenses					
Dental benefit claims	255,907	—	—	255,907	284,141
Medical benefit claims	—	5,387,038	—	5,387,038	4,998,199
OPEB	—	—	668,277	668,277	951,185
Total operating expenses	<u>255,907</u>	<u>5,387,038</u>	<u>668,277</u>	<u>6,311,222</u>	<u>6,233,525</u>
Operating income (loss)	68,918	1,893,929	(579,260)	1,383,587	988,073
Nonoperating revenue					
Investment earnings	<u>2,186</u>	<u>45,530</u>	<u>249,397</u>	<u>297,113</u>	<u>268,845</u>
Change in net position	71,104	1,939,459	(329,863)	1,680,700	1,256,918
Net position					
Beginning of year	<u>116,368</u>	<u>2,073,351</u>	<u>(4,094,106)</u>	<u>(1,904,387)</u>	<u>(3,161,305)</u>
End of year	<u>\$ 187,472</u>	<u>\$ 4,012,810</u>	<u>\$ (4,423,969)</u>	<u>\$ (223,687)</u>	<u>\$ (1,904,387)</u>

SPECIAL SCHOOL DISTRICT NO. 6

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

	Dental	Medical	Other	Total	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2020	2019
Cash flows from operating activities					
Received from assessments made to other funds	\$ 327,682	\$ 7,391,304	\$ 89,017	\$ 7,808,003	\$ 7,310,597
Payment for dental claims	(255,848)	–	–	(255,848)	(276,389)
Payment for medical claims	–	(5,308,559)	–	(5,308,559)	(5,089,477)
Post-employment benefit payments	–	–	(464,018)	(464,018)	(349,560)
Net cash flows from operating activities	<u>71,834</u>	<u>2,082,745</u>	<u>(375,001)</u>	<u>1,779,578</u>	<u>1,595,171</u>
Cash flows from investing activities					
Purchase of investments	–	–	(1,355,546)	(1,355,546)	(734,004)
Sale of investments	–	–	274,439	274,439	500,714
Interest on investments	2,186	45,530	249,397	297,113	268,845
Net cash flows from investing activities	<u>2,186</u>	<u>45,530</u>	<u>(831,710)</u>	<u>(783,994)</u>	<u>35,555</u>
Net change in cash and cash equivalents	74,020	2,128,275	(1,206,711)	995,584	1,630,726
Cash and cash equivalents					
Beginning of year	<u>156,151</u>	<u>3,122,144</u>	<u>3,014,464</u>	<u>6,292,759</u>	<u>4,662,033</u>
End of year	<u>\$ 230,171</u>	<u>\$ 5,250,419</u>	<u>\$ 1,807,753</u>	<u>\$ 7,288,343</u>	<u>\$ 6,292,759</u>
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ 68,918	\$ 1,893,929	\$ (579,260)	\$ 1,383,587	\$ 988,073
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets, liabilities, and deferred outflows/inflows					
Accounts and interest receivable	(1,476)	(1,348)	–	(2,824)	27,599
Prepaid items	(184)	19,088	–	18,904	(4,941)
Deferred outflows – OPEB plan deferments	–	–	(290,660)	(290,660)	261,331
Accounts and contracts payable	–	(1,047)	–	(1,047)	1,047
Unearned revenue	4,333	111,685	–	116,018	61,400
Claims incurred, but not reported	243	60,438	–	60,681	(79,632)
Total OPEB liability	–	–	642,244	642,244	(1,132,952)
Deferred inflows – OPEB plan deferments	–	–	(147,325)	(147,325)	1,473,246
Net cash flows from operating activities	<u>\$ 71,834</u>	<u>\$ 2,082,745</u>	<u>\$ (375,001)</u>	<u>\$ 1,779,578</u>	<u>\$ 1,595,171</u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:					
Cash and temporary investments	\$ 230,171	\$ 5,250,419	\$ –	\$ 5,480,590	\$ 3,278,295
Cash and cash equivalents	–	–	1,807,753	1,807,753	3,014,464
Total cash and cash equivalents	<u>\$ 230,171</u>	<u>\$ 5,250,419</u>	<u>\$ 1,807,753</u>	<u>\$ 7,288,343</u>	<u>\$ 6,292,759</u>

OTHER DISTRICT INFORMATION

(UNAUDITED)

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2011	\$ 2,827,857 7%	\$ 6,148,088 15%	\$ 11,420,169 27%	\$ 20,101,699 49%	\$ 716,341 2%	\$ 41,214,154 100%
2012	2,661,679 6%	5,695,085 14%	8,923,422 22%	23,757,188 58%	124,340 -	41,161,714 100%
2013	2,686,319 6%	6,435,504 15%	8,310,930 20%	24,614,074 58%	616,600 1%	42,663,427 100%
2014	2,502,597 6%	6,428,553 15%	5,660,896 13%	28,358,725 65%	745,221 1%	43,695,992 100%
2015	2,668,863 5%	6,909,688 15%	8,617,083 18%	28,799,116 61%	314,619 1%	47,309,369 100%
2016	2,679,050 5%	7,276,738 15%	8,644,541 18%	30,313,012 62%	120,499 -	49,033,840 100%
2017	2,593,395 5%	7,945,568 15%	9,068,563 18%	31,866,738 61%	641,089 1%	52,115,353 100%
2018	2,252,264 4%	8,030,824 16%	8,923,410 18%	31,301,712 61%	702,894 1%	51,211,104 100%
2019	2,056,463 4%	8,013,083 15%	10,221,464 20%	30,218,525 59%	903,820 2%	51,413,355 100%
2020	1,524,857 3%	8,560,643 16%	10,075,483 19%	31,125,163 59%	1,263,102 3%	52,549,248 100%

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

SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2011	\$ 936,969 2%	\$ 571,894 2%	\$ 16,706,339 42%	\$ 253,389 1%	\$ 6,069,374 15%	\$ 2,982,567 8%	\$ 1,834,422 5%
2012	864,544 2%	684,754 2%	17,014,454 44%	265,411 1%	6,085,145 15%	2,869,793 7%	1,629,324 4%
2013	942,689 2%	762,764 2%	17,971,803 44%	171,539 1%	6,411,286 15%	3,083,373 7%	1,714,132 4%
2014	870,834 2%	1,216,403 3%	18,349,953 42%	236,672 1%	6,816,750 16%	3,012,807 7%	1,806,707 4%
2015	1,033,622 2%	1,360,462 3%	19,102,239 40%	245,692 1%	7,330,447 16%	3,573,162 8%	2,093,948 4%
2016	1,153,014 2%	1,612,075 3%	20,230,015 41%	150,444 -	7,934,604 16%	3,743,950 8%	2,624,337 5%
2017	1,493,074 2%	1,788,939 3%	28,839,252 46%	251,888 1%	10,463,569 17%	4,493,422 7%	3,007,484 5%
2018	1,460,342 2%	1,803,755 3%	27,957,766 46%	252,554 1%	9,984,693 17%	4,517,900 7%	2,930,048 5%
2019	827,315 2%	1,816,877 5%	13,714,316 35%	107,757 -	5,586,492 14%	2,997,694 8%	2,640,535 7%
2020	1,225,243 2%	1,857,405 3%	22,905,668 42%	167,804 -	8,740,605 16%	4,233,607 8%	3,378,207 6%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 4,123,103 10%	\$ 121,761 -	\$ 1,676,808 4%	\$ 2,676,777 7%	\$ 776,791 2%	\$ 819,610 2%	\$ 39,549,804 100%
4,523,908 11%	113,771 -	1,722,078 4%	2,361,546 6%	785,438 2%	610,425 2%	39,530,591 100%
4,634,278 11%	118,911 -	1,674,627 4%	2,450,631 6%	773,799 2%	674,622 2%	41,384,454 100%
4,465,638 10%	130,887 -	1,720,704 4%	2,432,466 5%	761,628 2%	1,604,152 4%	43,425,601 100%
5,899,085 12%	139,313 -	1,784,294 4%	2,547,479 5%	907,695 2%	1,343,443 3%	47,360,881 100%
5,130,866 10%	145,114 -	1,868,409 4%	2,278,869 5%	1,349,560 3%	1,277,194 3%	49,498,451 100%
4,803,238 8%	155,560 -	2,081,770 3%	2,759,987 4%	1,342,250 2%	1,219,318 2%	62,699,751 100%
4,527,741 8%	182,420 -	1,985,158 3%	2,693,355 4%	1,427,210 2%	1,197,044 2%	60,919,986 100%
4,912,325 12%	173,521 -	2,108,072 5%	2,118,791 5%	1,459,823 4%	1,054,808 3%	39,518,326 100%
4,741,466 9%	250,147 1%	2,267,479 4%	2,191,682 4%	1,460,300 3%	1,228,246 2%	54,647,859 100%

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Taxes	State	Federal	Other Local	Total
2011	\$ 9,020,408 26%	\$ 22,451,939 65%	\$ 2,186,889 6%	\$ 884,680 3%	\$ 34,543,916 100%
2012	6,320,046 18%	26,467,481 77%	1,154,065 3%	868,163 2%	34,809,755 100%
2013	5,993,422 17%	28,046,726 77%	1,362,961 4%	883,566 2%	36,286,675 100%
2014	3,444,981 10%	31,513,967 85%	1,221,561 3%	854,343 2%	37,034,852 100%
2015	5,398,296 14%	32,342,678 81%	1,218,316 3%	916,987 2%	39,876,277 100%
2016	5,064,027 12%	34,259,165 83%	1,257,276 3%	844,992 2%	41,425,460 100%
2017	5,452,392 13%	35,121,981 82%	1,325,739 3%	1,007,095 2%	42,907,207 100%
2018	5,177,387 12%	35,710,305 82%	1,333,323 3%	1,139,108 3%	43,360,123 100%
2019	6,637,567 15%	35,976,601 79%	1,384,129 3%	1,209,319 3%	45,207,616 100%
2020	6,592,421 15%	35,626,546 79%	1,378,700 3%	1,193,262 3%	44,790,929 100%

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

SPECIAL SCHOOL DISTRICT NO. 6

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2011	\$ 967,662 2%	\$ 562,321 2%	\$ 16,229,465 48%	\$ 247,033 1%	\$ 5,888,748 18%
2012	843,583 2%	675,281 2%	16,542,521 49%	259,121 1%	5,906,391 17%
2013	890,024 2%	748,850 2%	17,448,094 49%	166,422 -	6,198,625 18%
2014	916,594 2%	1,191,400 3%	17,833,876 49%	229,287 1%	6,603,735 18%
2015	995,335 2%	1,355,193 3%	19,001,794 46%	244,040 1%	7,278,906 18%
2016	1,079,698 2%	1,593,886 4%	19,997,954 48%	147,844 -	7,832,449 19%
2017	1,072,918 2%	1,704,901 4%	20,410,135 48%	187,501 -	7,751,666 18%
2018	1,127,343 3%	1,764,843 4%	20,746,253 48%	180,445 -	7,737,139 18%
2019	1,161,013 3%	1,891,938 4%	21,225,940 47%	180,823 -	8,066,259 18%
2020	1,183,514 2%	1,882,854 4%	21,927,804 47%	160,800 -	8,541,448 18%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Other Programs</u>	<u>Total</u>
\$ 2,928,809 9%	\$ 1,810,118 5%	\$ 4,630,580 14%	\$ 188,338 1%	\$ 33,453,074 100%
2,816,592 8%	1,605,272 5%	5,008,509 15%	297,210 1%	33,954,480 100%
3,023,767 9%	1,689,984 5%	4,876,894 14%	330,844 1%	35,373,504 100%
2,961,199 8%	1,783,217 5%	4,640,689 13%	321,762 1%	36,481,759 100%
3,596,957 9%	2,093,077 5%	6,107,057 15%	267,150 1%	40,939,509 100%
3,707,592 9%	2,609,229 6%	4,649,362 11%	262,554 1%	41,880,568 100%
3,492,275 8%	2,689,663 6%	5,461,050 13%	220,708 1%	42,990,817 100%
3,677,803 8%	2,663,758 6%	5,565,648 13%	182,420 –	43,645,652 100%
3,950,967 9%	3,009,831 7%	5,576,373 12%	173,521 –	45,236,665 100%
4,137,689 9%	3,353,482 7%	5,613,410 12%	338,500 1%	47,139,501 100%

SPECIAL SCHOOL DISTRICT NO. 6

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

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2011	\$ 5,974,094	\$ 302,297	\$ 2,455,196	\$ 8,731,587
	2012	5,885,823	300,211	1,988,390	8,174,424
	2013	5,859,808	359,131	2,040,956	8,259,895
	2014	5,360,648	313,666	2,916,376	8,590,690
	2015	5,018,970	446,220	3,101,405	8,566,595
	2016	5,072,061	499,299	3,176,475	8,747,835
	2017	4,971,240	511,504	3,247,353	8,730,097
	2018	6,489,708	431,979	3,114,579	10,036,266
	2019	6,426,941	417,739	3,086,030	9,930,710
	2020	7,117,919	547,781	2,844,122	10,509,822
Tax capacity rates					
	2011	13.715	1.860	15.106	30.681
	2012	16.907	2.020	13.379	32.306
	2013	17.855	2.637	14.986	35.478
	2014	20.025	2.379	22.118	44.522
	2015	13.836	2.773	19.272	35.881
	2016	12.591	3.278	20.850	36.719
	2017	12.815	3.137	19.916	35.868
	2018	11.991	2.360	17.016	31.367
	2019	11.229	2.193	16.200	29.622
	2020	12.730	2.608	13.540	28.878
Market value rates					
	2011	0.21687	—	—	0.21687
	2012	0.19530	—	—	0.19530
	2013	0.21801	—	—	0.21801
	2014	0.14862	—	—	0.14862
	2015	0.16295	—	—	0.16295
	2016	0.18667	—	—	0.18667
	2017	0.14734	—	—	0.14734
	2018	0.23734	—	—	0.23734
	2019	0.19630	—	—	0.19630
	2020	0.19271	—	—	0.19271

Note: A tax rate based on market value is used primarily for the District's referendum levy.

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Tax Capacities and Market Values
Last Ten Fiscal Years

Taxes Collectible	Tax Capacity Valuation					Market Value
	Agricultural and Nonagricultural	Net Fiscal Disparities Distribution	Tax Increment	Total Taxable		
2011	\$ 15,567,450	\$ 2,723,445	\$ (1,548,398)	\$ 16,742,497	\$ 1,329,568,050	
2012	13,872,371	2,658,809	(1,480,108)	15,051,072	1,294,977,350	
2013	12,878,501	2,506,969	(1,445,441)	13,940,029	1,202,553,350	
2014	12,885,732	2,606,084	(1,556,699)	13,935,117	1,199,668,500	
2015	14,232,820	2,550,076	(1,568,940)	15,213,956	1,322,540,825	
2016	14,486,492	2,491,955	(1,661,773)	15,316,674	1,333,685,325	
2017	15,213,174	2,736,665	(1,732,491)	16,217,348	1,394,111,550	
2018	16,741,700	2,801,054	(1,816,971)	17,725,783	1,526,948,025	
2019	17,887,397	2,881,747	(1,971,353)	18,797,791	1,617,423,625	
2020	19,647,746	3,182,514	(1,948,178)	20,882,082	1,784,759,825	

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Property Tax Levies and Receivables
Last Ten Fiscal Years

Taxes Collectible	Original Levy			
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread
2011	\$ 6,477,594	\$ 1,898,153	\$ 355,840	\$ 8,731,587
2012	6,179,907	1,994,517	–	8,174,424
2013	6,295,738	1,964,157	–	8,259,895
2014	6,346,937	2,243,753	–	8,590,690
2015	6,306,926	2,259,669	–	8,566,595
2016	6,791,300	1,956,535	–	8,747,835
2017	6,468,534	2,261,563	–	8,730,097
2018	7,923,706	2,112,560	–	10,036,266
2019	7,499,706	2,431,004	–	9,930,710
2020	8,139,687	2,370,135	–	10,509,822

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

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

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2020

Delinquent		Current	
Amount	Percent	Amount	Percent
\$	-	-	%
	-		-
	-		-
20,557	0.24		-
4,332	0.05		-
10,342	0.12		-
15,791	0.18		-
37,461	0.37		-
101,744	1.02		-
-	-	6,453,611	61.41
\$ 190,227		\$ 6,453,611	

SPECIAL SCHOOL DISTRICT NO. 6

Students Served
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2011	61.50	237.02	1,476.23	1,457.05	3,231.80	3,716.55
2012	67.40	267.58	1,509.01	1,490.83	3,334.82	3,820.66
2013	79.48	245.08	1,584.80	1,470.86	3,380.22	3,874.81
2014	67.30	251.99	1,621.44	1,477.92	3,418.65	3,917.20
2015	55.54	251.13	1,657.25	1,503.79	3,467.71	3,768.45
2016	70.67	230.04	1,681.05	1,526.21	3,507.97	3,813.22
2017	119.07	198.26	1,654.38	1,553.52	3,525.23	3,835.94
2018	162.21	194.39	1,558.43	1,571.45	3,486.48	3,800.76
2019	182.30	189.49	1,526.59	1,520.91	3,419.29	3,723.48
2020	181.03	190.93	1,427.26	1,489.56	3,288.78	3,586.69

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

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

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

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Noncash Assistance
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
School Breakfast Program	10.553	\$ 259,346	
National School Lunch Program	10.555	660,964	\$ 141,404
Summer Food Service Program for Children	10.559	\$ 50,562	
COVID-19 – Summer Food Service Program for Children	10.559	<u>616,058</u>	
Subtotal CFDA 10.559		<u>666,620</u>	
Total child nutrition cluster			\$ 1,586,930
Child and Adult Care Food Program	10.558		23,143
U.S. Department of Transportation			
Passed through Minnesota Department of Transportation			
Highway Planning and Construction	20.205		20,053
U.S. Department of Education			
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	676,234	
Special Education Preschool Grants	84.173	<u>22,470</u>	
Total special education cluster			698,704
Adult Education – Basic Grants to States	84.002		12,488
Title I Grants to Local Educational Agencies	84.010		517,654
Special Education – Grants for Infants and Families	84.181		26,041
English Language Acquisition State Grants	84.365		31,198
Supporting Effective Instruction State Grants	84.367		77,702
Passed through Intermediate School District No. 917			
Career and Technical Education – Basic Grants to States	84.048		<u>7,348</u>
Total federal awards			<u><u>\$ 3,001,261</u></u>

Note 1: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 2: The District did not elect to use the 10 percent de minimis indirect cost rate.

THIS PAGE INTENTIONALLY LEFT BLANK



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

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

To the School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

(continued)

COMPLIANCE AND OTHER MATTERS

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

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

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

Minneapolis, Minnesota
December 7, 2020



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

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

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Special School District No. 6’s (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2020. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT’S RESPONSIBILITY

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

AUDITOR’S RESPONSIBILITY

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

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

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 7, 2020

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2020.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 7, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

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

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

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

U.S. Department of Agriculture – child nutrition cluster Unmodified

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

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Agriculture – child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
– Summer Food Service Program for Children	10.559

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

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

SPECIAL SCHOOL DISTRICT NO. 6

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

B. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2020-001 Segregation of Duties

Criteria – Internal control over financial reporting.

Condition – Special School District No. 6 (the District) has limited segregation of duties in several areas, including the processing of receipts, payroll transactions, and certain computer controls.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas as noted above.

Repeat Finding – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the District's business office staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected and corrected in a timely manner in the normal course of business.

Recommendation – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost-beneficial.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review policies, procedures, and transaction cycles, and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. The District has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL SCHOOL DISTRICT NO. 6

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

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 44,790,929	\$ 44,790,929	\$ –
Total expenditures		\$ 47,139,501	\$ 47,139,501	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
401	Student activities	\$ 232,200	\$ 232,200	\$ –
402	Scholarships	\$ –	\$ –	\$ –
403	Staff development	\$ 112,244	\$ 112,244	\$ –
407	Capital projects levy	\$ 1,509	\$ 1,509	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
424	Operating capital	\$ 1,385	\$ 1,385	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ 178,739	\$ 178,739	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
449	Safe schools levy	\$ 106,589	\$ 106,589	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459	Basic skills extended time	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ (485,422)	\$ (485,422)	\$ –
472	Medical Assistance	\$ 145,723	\$ 145,723	\$ –
473	PPP loans	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 212,760	\$ 212,760	\$ –
475	Title VII – Impact Aid	\$ –	\$ –	\$ –
476	PILT	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 2,213,778	\$ 2,213,778	\$ –
Unassigned				
422	Unassigned fund balance	\$ 3,258,226	\$ 3,258,226	\$ –
Food Service				
Total revenue		\$ 2,064,950	\$ 2,064,950	\$ –
Total expenditures		\$ 2,268,103	\$ 2,268,103	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 58,599	\$ 58,599	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 598,572	\$ 598,572	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 2,062,704	\$ 2,062,704	\$ –
Total expenditures		\$ 2,169,135	\$ 2,169,135	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 200	\$ 200	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 41,516	\$ 41,516	\$ –
432	ECFE	\$ 11,900	\$ 11,900	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ 77,423	\$ 77,423	\$ –
447	Adult basic education	\$ 2,970	\$ 2,970	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
473	PPP loans	\$ –	\$ –	\$ –
474	EIDL loans	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

SPECIAL SCHOOL DISTRICT NO. 6

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

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ 9,119	\$ 9,119	\$ –
Total expenditures	\$ 3,156,478	\$ 3,156,479	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ 2,386,500	\$ 2,386,500	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 2,626,155	\$ 2,626,155	\$ –
Total expenditures	\$ 2,405,112	\$ 2,405,113	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 792,594	\$ 792,594	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 7,653,508	\$ 7,653,508	\$ –
Total expenditures	\$ 5,642,945	\$ 5,642,945	\$ –
422 Net position	\$ 4,200,282	\$ 4,200,282	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ 338,414	\$ 338,413	\$ 1
Total expenditures	\$ 668,277	\$ 668,277	\$ –
422 Net position	\$ (4,423,969)	\$ (4,423,969)	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ 697,229	\$ 697,229	\$ –
Total expenditures	\$ 697,475	\$ 697,475	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 175,362	\$ 175,362	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

THIS PAGE INTENTIONALLY LEFT BLANK

Management Report

for

Special School District No. 6
South St. Paul, Minnesota

June 30, 2020

THIS PAGE INTENTIONALLY LEFT BLANK



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

We have prepared this management report in conjunction with our audit of Special School District No. 6's (the District) financial statements for the year ended June 30, 2020. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Legislative Summary
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 7, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2020:

- We have issued an unmodified opinion on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during the year. Our opinion was not modified with respect to this matter. This change is further described in Note 1 to basic financial statements.
- In regard to the District's internal controls over financial reporting, we have reported one material weakness:
 - Due to the limited size of the District's office staff, the District has limited segregation of duties in several areas. An ideal system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to completion. While we recognize that your organization may not be large enough to permit an adequate segregation of duties in all respects, it is important that you are aware of this condition.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported no deficiencies in the District’s internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no findings based on our testing of the District’s compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Impact of Novel Coronavirus (COVID-19)

Starting in March 2020, the onset of the novel coronavirus (COVID-19) pandemic caused substantial volatility in economic conditions and tremendous disruption in the way schools, governments, businesses, and individuals function. Minnesota school districts may experience the impact of this pandemic in a myriad of financial areas, such as: declines in investment rates of return, cash flow issues, significant increases in the number and frequency of employees working remotely, challenges in processing general and payroll disbursements, disruption of prescribed internal control procedures, delays in internal and external financial reporting, and new compliance requirements attached to current and potential federal relief subsidies. As your District continues to adapt to the new normal of operating in a post-COVID-19 world, the assessment of and responses to new risks that may accompany operational changes will be critical to the safeguarding of resources and sound financial stewardship. We encourage management and governance to include a robust financial risk assessment process when planning responses to these challenges, and to reassess and adapt internal controls over financial transactions and reporting to align with significant changes made to daily operations, even those intended to be temporary.

Electronic Funds Transfer Fraud

As the use of electronic funds transfers and payment methods has become more prevalent, we have seen increases in both the incidences of fraud related to these transactions and the dollar amounts involved. Unfortunately, operational changes related to the COVID-19 pandemic, including greater reliance on technology and more employees working remotely, tend to increase risk in this area. We urge districts to carefully review controls over these transactions, and consider best practices to address this risk, such as:

- Ensuring segregation of duties over these transactions by involving more than one employee in the process.
- Requiring multi-factor authentication of requests for electronic payments from new vendors or for changes in wiring instructions for existing vendors. It is recommended that changes for existing vendors be verified with the vendor through trusted contact information used previously for that vendor, not as provided in the change request, to verify the accuracy of the change.
- Educate employees on the controls in place to protect the organization’s financial assets and ensure management is supportive and accepting of the processes in place. These scams are often initiated using the profile of a supervisor. Employees must be comfortable questioning unusual transactions or requests, and instructed not to circumvent internal control procedures regardless of whom they believe initiated the transaction.
- Recommended cyber security measures, such as limiting network access and requiring robust passwords that are changed regularly, should be implemented and followed by all district employees, not just those directly involved with financial transactions.
- Review insurance policies to understand the coverage provided for financial losses due to cybersecurity risks, and evaluate whether they provide adequate coverage based on management’s assessment of these risks.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2020. However, the District implemented the following governmental accounting standard during the fiscal year ended June 30, 2020:

- GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying fiduciary activities of local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above and on the previous page in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 7, 2020.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information, the Schedule of Expenditures of Federal Awards, and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table accompanying the financial statements, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and other district information, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

THIS PAGE INTENTIONALLY LEFT BLANK

FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. A summary of legislative changes affecting school districts included later in this report gives an indication of how complicated the funding system is. This section provides selected state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

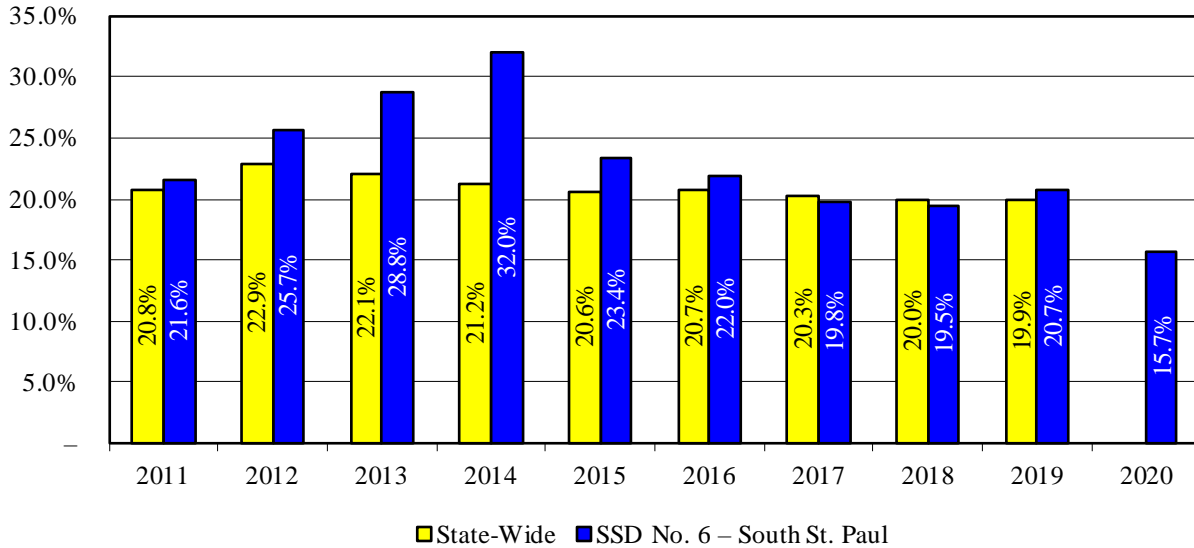
The table below presents a summary of the formula allowance for the past decade and as approved for the next year. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.0 percent, state-wide.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 %
2016	\$ 5,948	2.0 %
2017	\$ 6,067	2.0 %
2018	\$ 6,188	2.0 %
2019	\$ 6,312	2.0 %
2020	\$ 6,438	2.0 %
2021	\$ 6,567	2.0 %

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2020.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

During the economic downturn that began in 2008, the average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts increased, peaking at 22.9 percent at the end of fiscal 2012. This trend reflected districts' efforts to limit budget cuts, retain educational programs, and maintain adequate operating cash flow during a period of uncertain funding. As the state's economic condition improved and funding stabilized in subsequent years, this ratio decreased gradually to 19.9 percent at the end of fiscal 2019.

As of June 30, 2019, this ratio was 20.7 percent for the District, as compared to a state-wide average of 19.9 percent. The District's unrestricted operating fund balance as a percentage of operating expenditures was 15.7 percent at the end of the current year.

Having an appropriate fund balance is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served							
	State-Wide		Metro Area		SSD No. 6 – South St. Paul		
	2018	2019	2018	2019	2018	2019	2020
General Fund							
Property taxes	\$ 2,024	\$ 2,140	\$ 2,638	\$ 2,796	\$ 1,449	\$ 1,909	\$ 1,975
Other local sources	520	556	433	454	319	348	357
State	9,614	9,883	9,625	9,885	9,992	10,347	10,673
Federal	450	475	474	499	373	398	413
Total General Fund	<u>12,608</u>	<u>13,054</u>	<u>13,170</u>	<u>13,634</u>	<u>12,133</u>	<u>13,002</u>	<u>13,418</u>
Special revenue funds							
Food Service	559	559	554	556	567	592	619
Community Service	642	676	752	797	647	642	618
Debt Service Fund	<u>1,128</u>	<u>1,229</u>	<u>1,120</u>	<u>1,287</u>	<u>716</u>	<u>709</u>	<u>787</u>
Total revenue	<u>\$ 14,937</u>	<u>\$ 15,518</u>	<u>\$ 15,596</u>	<u>\$ 16,274</u>	<u>\$ 14,063</u>	<u>\$ 14,945</u>	<u>\$ 15,442</u>
ADM served per MDE School District Profiles Report (current year estimated)					<u>3,574</u>	<u>3,477</u>	<u>3,338</u>
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.							
Source of state-wide and metro area data: School District Profiles Report published by the MDE							

ADM used in the table above is based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables. Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The mix of local and state revenues vary from year to year primarily based on funding formulas and the state’s financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

The District’s revenues per ADM have been below both the metro area and state-wide averages in recent years.

The District earned \$51,544,738 in the governmental funds reflected above in fiscal 2020, a decrease of \$416,687 (0.8 percent) from the prior year, largely caused by declining enrollment. Total revenue per ADM served increased by \$497 (3.3 percent) per student, with declining enrollment. The increase in the basic formula allowance, as discussed earlier and improved special education funding, along with additional revenues for safe schools, contributed to the change in General Fund sources. Significant programing changes with the COVID-19 pandemic contributed to the adjustment in the Food Service Special Revenue Fund. The pandemic required a decrease in program participation resulting in a reduction in other local revenues in the Community Service Special Revenue Fund. A one-time inflow in other sources contributed to the increase in the Debt Service Fund.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served							
	State-Wide		Metro Area		SSD No. 6 – South St. Paul		
	2018	2019	2018	2019	2018	2019	2020
General Fund							
Administration and district support	\$ 1,031	\$ 1,065	\$ 1,045	\$ 1,078	\$ 808	\$ 878	\$ 919
Elementary and secondary regular instruction	5,646	5,787	5,976	6,112	5,785	6,087	6,558
Vocational education instruction	170	180	154	165	50	52	48
Special education instruction	2,298	2,380	2,418	2,505	2,163	2,320	2,557
Instructional support services	658	669	748	751	1,029	1,135	1,240
Pupil support services	1,118	1,178	1,209	1,282	745	866	1,005
Sites, buildings, and other	936	960	896	907	1,075	1,099	1,244
Total General Fund – noncapital	11,857	12,219	12,446	12,800	11,655	12,437	13,571
General Fund capital expenditures	658	721	636	675	556	573	552
Total General Fund	<u>12,515</u>	<u>12,940</u>	<u>13,082</u>	<u>13,475</u>	<u>12,211</u>	<u>13,010</u>	<u>14,123</u>
Special revenue funds							
Food Service	553	561	545	556	557	617	679
Community Service	640	675	750	799	682	689	650
Debt Service Fund	<u>1,308</u>	<u>1,313</u>	<u>1,230</u>	<u>1,308</u>	<u>673</u>	<u>689</u>	<u>721</u>
Total expenditures	<u>\$15,016</u>	<u>\$15,489</u>	<u>\$15,607</u>	<u>\$16,138</u>	<u>\$14,123</u>	<u>\$15,005</u>	<u>\$16,173</u>
ADM served per MDE School District Profiles Report (current year estimated)					<u>3,574</u>	<u>3,477</u>	<u>3,338</u>
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.							
Source of state-wide and metro area data: School District Profiles Report published by the MDE							

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District’s expenditures per ADM have also been below the averages presented above in recent years.

The District spent \$53,981,851 in the governmental funds reflected above in fiscal 2020, an increase of \$1,806,986 (3.5 percent) from the prior year. On a per student basis, this represents an increase of \$1,168 (7.8 percent). General Fund expenditures increased \$1,113 per student, with growth in most program areas. The largest changes were in elementary and secondary regular instruction and special education instruction, which increased by \$471 and \$237 per ADM, respectively. As previously mentioned, the decline in enrollment also impacted the expenditures on a per student basis, with increases in Food Service and the Debt Service Fund. Community service was down, consistent with the decrease in revenues with fewer program offerings, due to the ongoing pandemic.

SUMMARY

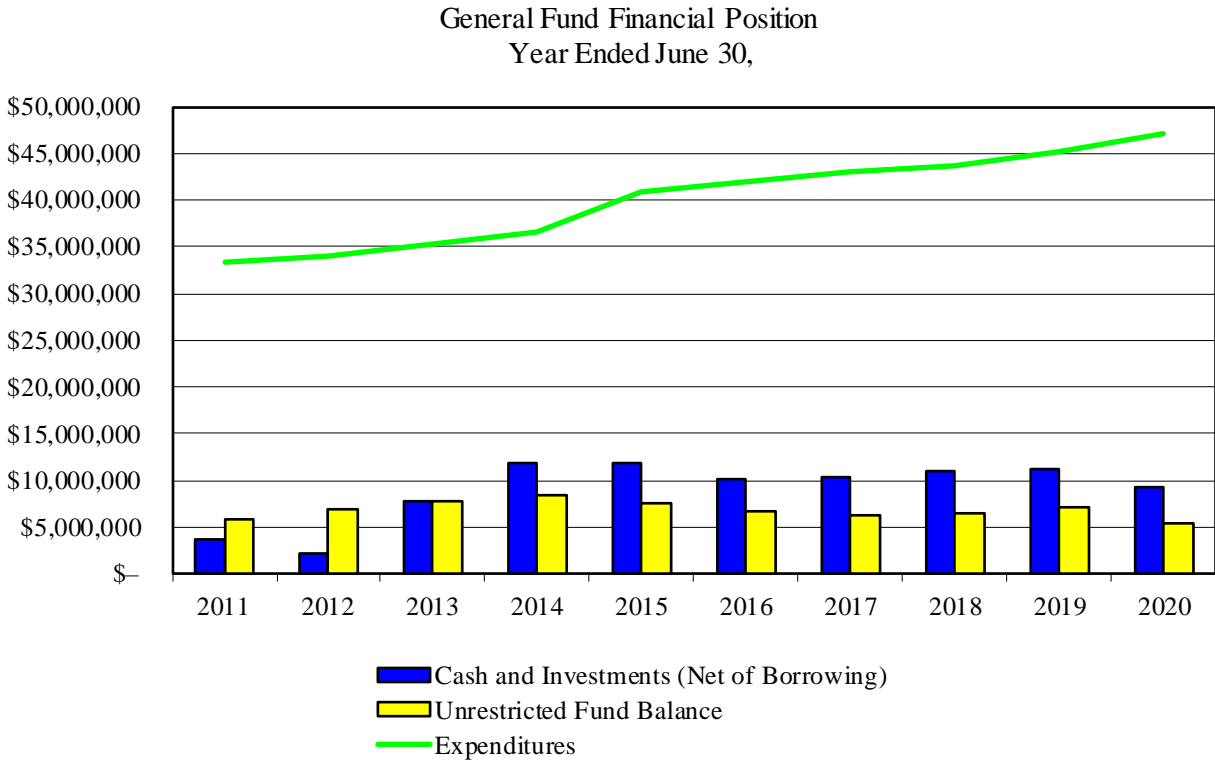
Funding for Minnesota school districts generally has not kept pace with inflation and an increasing need for services, despite recent enhancements to the basic general education state aid formula and other categorical aids. This has increased reliance on local revenue sources like voter-approved operating referenda and user fees to maintain district programs. The recent COVID-19 pandemic has and will continue to create additional financial challenges, as districts struggle to provide a safe and effective learning experience for their students under unprecedented circumstances.

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District’s General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2020 with a General Fund cash and investments balance of \$9,177,308 (net of borrowing), a decrease of \$2,112,600 from the previous year. Unrestricted fund balance (consisting of any assigned and unassigned fund balances) at year-end totaled \$5,472,004, a decrease of \$1,631,514. Total fund balance of the General Fund decreased by \$2,445,882, compared to a decrease of \$3,548,575 approved in the final budget.

The District also reported a change in accounting principle in the current year, as previously discussed, which increased beginning fund balance by \$31,729.

Legislatively-approved changes in the metering of state aid payments to school districts and in the tax shift significantly impacted cash and investment balances in certain years presented in the graph above.

GENERAL FUND COMPONENTS OF FUND BALANCE

The following table presents the components of the General Fund balance for the past five years:

	June 30,				
	2016	2017	2018	2019	2020
Nonspendable fund balances	\$ 585,063	\$ 498,225	\$ –	\$ –	\$ –
Restricted fund balances (1)	1,091,763	1,522,587	1,457,515	1,288,366	505,727
Unrestricted fund balances					
Assigned	2,601,398	2,387,848	1,888,230	2,669,807	2,213,778
Unassigned	4,094,477	3,883,649	4,667,938	4,433,711	3,258,226
Total fund balances	\$8,372,701	\$8,292,309	\$8,013,683	\$8,391,884	\$5,977,731
Unrestricted fund balances as a percentage of total expenditures	16.0%	14.6%	15.0%	15.7%	11.6%
Unassigned fund balances as a percentage of total expenditures	9.8%	9.0%	10.7%	9.8%	6.9%
(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.					

The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula.

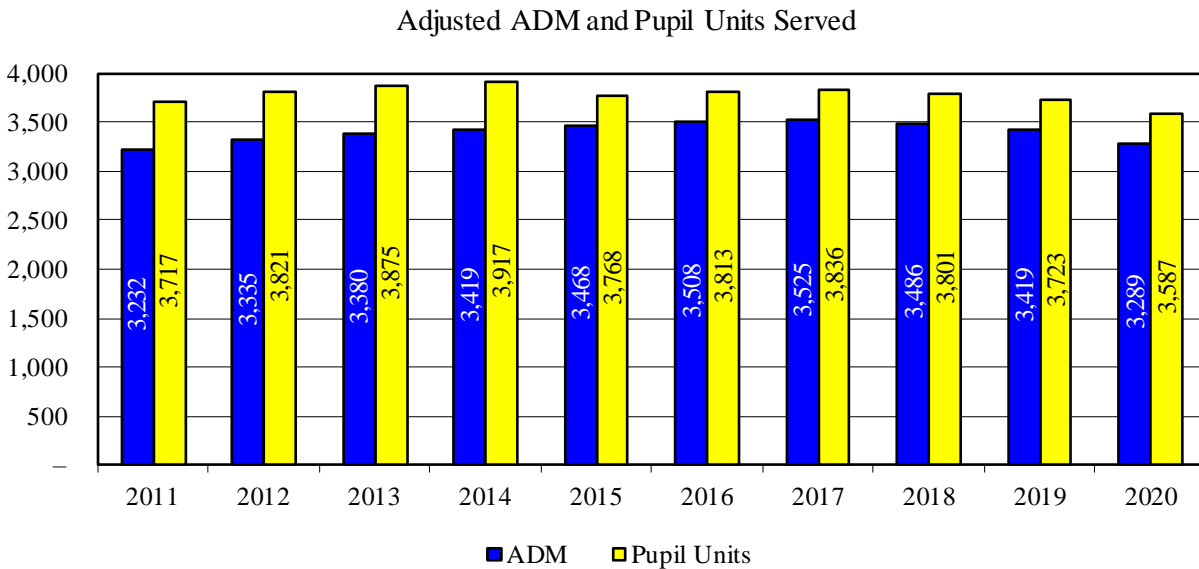
The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

The School Board has formally adopted a fund balance policy regarding the minimum unrestricted fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unrestricted General Fund balance of 12.0 percent of the annual budget.

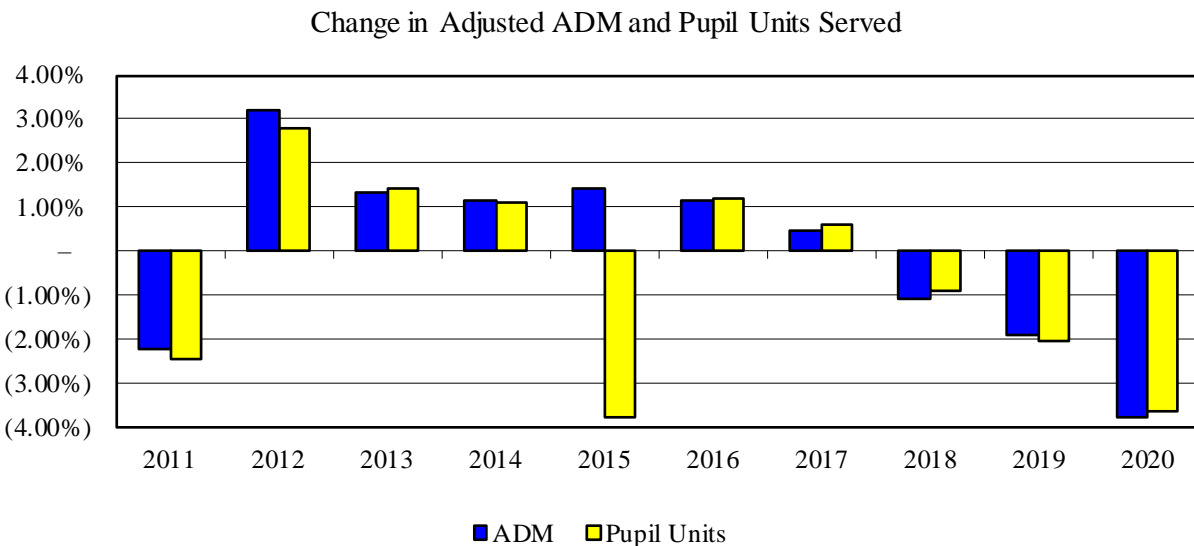
At June 30, 2020, unrestricted fund balance in the General Fund represented 11.6 percent of annual expenditures, or about six weeks of operations, assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

The following graph presents the District's ADM and resulting pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year-to-year, along with the change in the resulting pupil units:



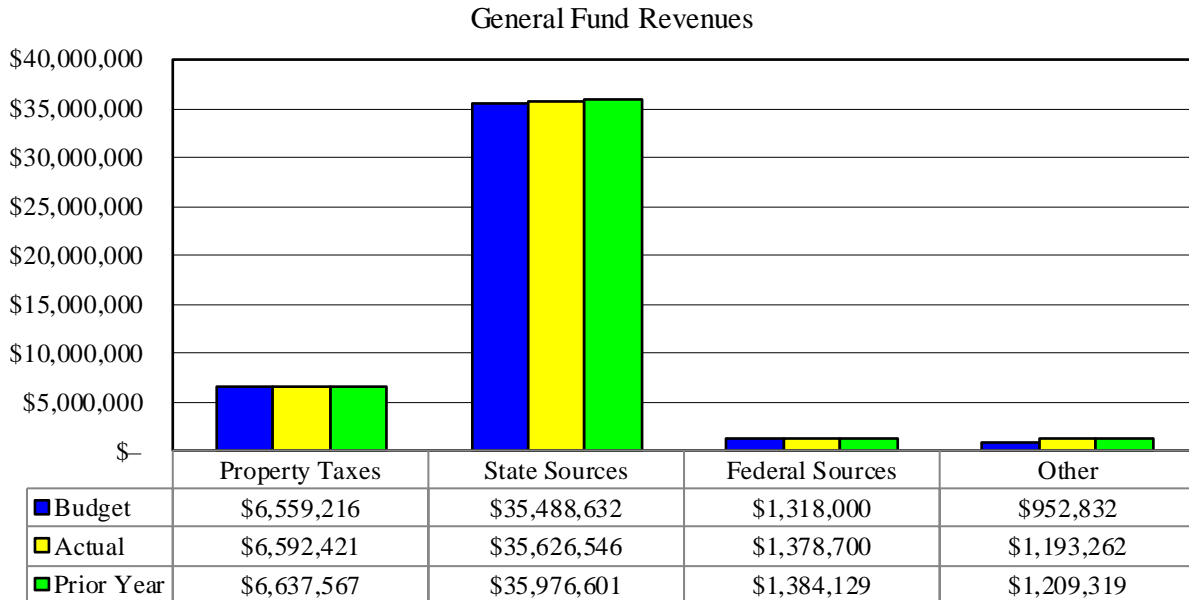
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated ADM of 3,289 in 2020, a decrease of 130 ADM (about 3.8 percent) from the prior year.

GENERAL FUND REVENUES

The following graph presents the District's General Fund revenues for 2020:



Total General Fund revenues were \$44,790,929 for the year ended June 30, 2020, which was \$472,249 (1.1 percent) over the final budget, and \$416,687 (0.9 percent) less than the prior year.

As mentioned in the previous paragraph, revenues were close to amounts anticipated in the final budget. The variance was spread across each category above with favorable variances in each funding source.

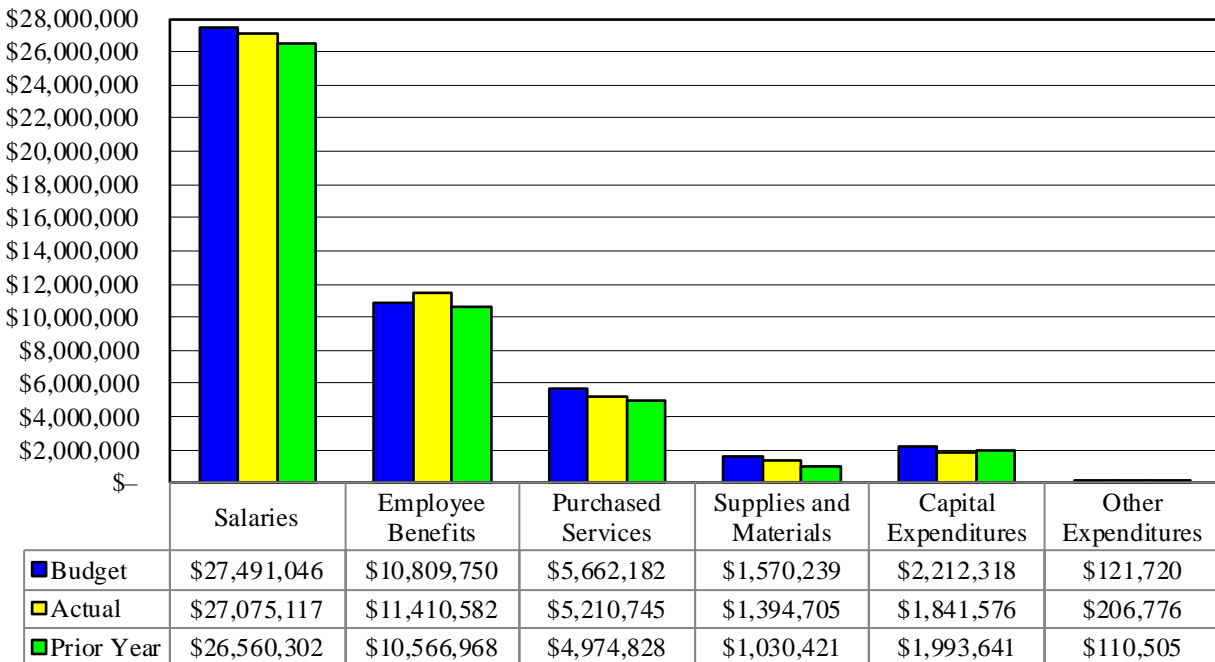
Increases in funding formulas were more than offset by the impact of declining enrollment in the current year. The decrease was primarily in state sources, which were \$350,055 less than the prior year.

The graph above reflects the concentration of state sources (79.5 percent), followed by property taxes (14.7 percent) recognized to finance General Fund operations.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2020:

General Fund Expenditures



Total General Fund expenditures were \$47,139,501 for the year ended June 30, 2020, which was \$727,754 (1.5 percent) under the final budget and \$1,902,836 (4.2 percent) more than the prior year.

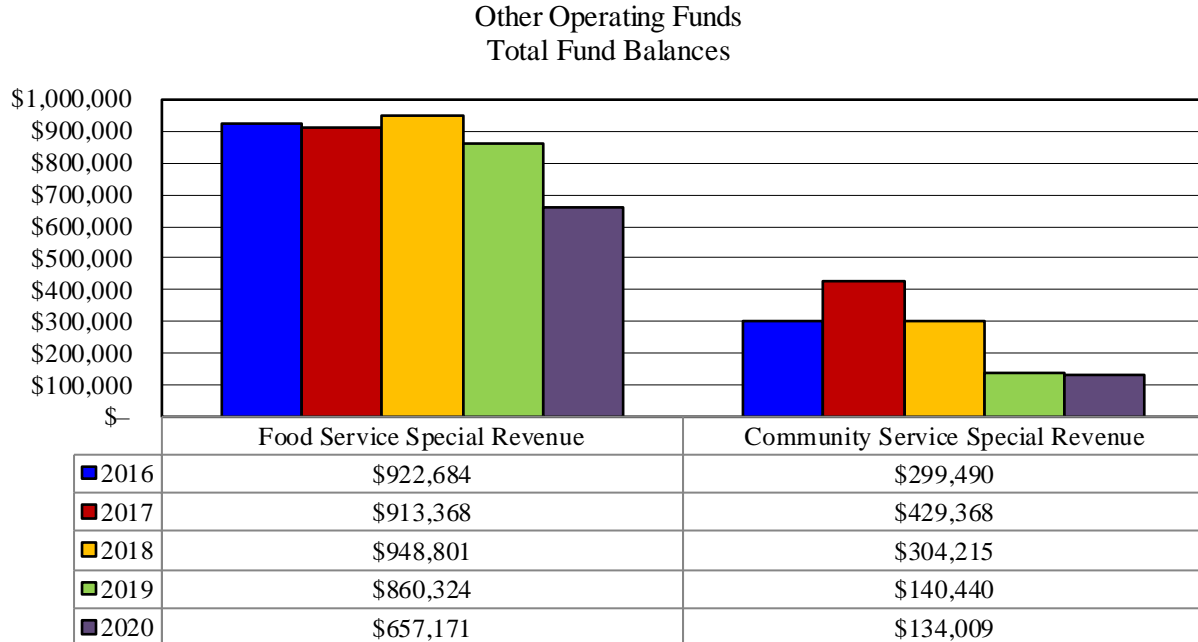
As presented in the graph above, expenditures variances to budget were both favorable and unfavorable and spread across all district programs. General Fund spending variances were within 1.5 percent of total budgeted appropriations. Conservative budgeting and spending delays, due to the COVID-19 pandemic, contributed to the budget savings presented in the above graph.

Expenditure increases were primarily due to planned program enhancements and contractual salary and benefit increases.

Salary and employee benefits, which account for 81.6 percent of General Fund spending, were \$1,358,429 (3.7 percent) over the prior year and \$184,903 (0.5 percent) over budget.

OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels are not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended the year with a decrease in fund balance of \$203,153 in 2020, compared to a budgeted decrease of \$171,713. Revenues were \$60,723 under budget, while expenditures were under budget by \$29,283. The Food Service Special Revenue Fund had a year-end fund balance of \$657,171, representing 29.0 percent of annual expenditures totaling \$2,268,103. The District planned for an increase in capital spending that reduced fund balance in the current year. The ongoing COVID-19 pandemic also significantly impacted the operations of the Food Service Special Revenue Fund in the current year.

This operation has maintained a healthy fund balance for several years and has also been able to assist in funding a portion of several capital improvements to food service facilities in recent years. The District should continue reviewing upcoming capital needs of the operation and incorporate that information in establishing an optimal level of fund balance that is also within state and federal fund balance limits.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with a decrease in fund balance of \$6,431, compared to a budgeted decrease of \$37,421. Revenues were \$140,360 over budget, while expenditures were over budget by \$9,370. The Community Service Special Revenue Fund had a year-end fund balance of \$134,009, representing 6.2 percent of annual expenditures totaling \$2,169,135. This fund reported a transfer from the General Fund in the current year of \$100,000, to support programming.

The Community Service Special Revenue Fund, like the Food Service Special Revenue Fund, needs to be self-sustaining. In addition to cost controls, financial analysis of the costs of providing programs, including overhead, is important. Fees and tuition charges should be sufficient to cover these costs, as well as potential funding shortfalls from state, federal, or property tax sources.

Capital Projects – Building Construction Fund

The activity of this fund is largely controlled by various debt issues used for the acquisition, construction, or improvement of major capital facilities. Total fund balance increased by \$2,386,500, with revenues and other financing sources exceeding spending for capital outlay in the current year. At year-end, this fund reported \$2,386,500 restricted for projects funded by certificates of participation.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. It is important to remember that resources of the Debt Service Fund are restricted to the payment of outstanding debt obligations of the District. As of June 30, 2020, the District has \$967,956 available for the payment of debt.

Internal Service Funds

Dental Self-Insurance

The District established an internal service fund to account for the District's self-insured dental plan. As of June 30, 2020, net position totaled \$187,472, an increase of \$71,104 over the prior year.

Medical Self-Insurance

The District established an internal service fund to account for the District's self-insured medical plan. As of June 30, 2020, net position totaled \$4,012,810, an increase of \$1,939,459 over the prior year.

Other Post-Employment Benefits

In fiscal year 2010, the District established an internal service fund to finance the costs of retiree health (other post-employment benefits [OPEB]) as they accrue. The proceeds of the District's \$5.4 million OPEB bonds were contributed into this fund from the District's governmental funds. The assets in this fund are being held in a revocable trust account the District established to finance its OPEB liabilities, and can only be used to pay OPEB costs. However, because the District elected to make the trust revocable (meaning that under certain specific and very restrictive circumstances, the District may take the assets back out of the trust and use them for other purposes), these assets must be accounted for in the internal service funds, which are included in the District's government-wide financial statements.

The District's Other Post-Employment Benefits Internal Service Fund ended the year with cash and investments of \$4,933,980 available to pay future OPEB benefits. Net position decreased from the prior year deficit balance of \$4,094,106 as previously reported, to a net position deficit of \$4,423,969 at the end of the current year. This is a decrease of \$329,863 from current year activity.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		Change
	2020	2019	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 10,123,367	\$ 10,139,807	\$ (16,440)
Total capital assets, net of depreciation	41,859,830	39,429,525	2,430,305
Bonds payable and certificates of participation (including unamortized premium)	(35,000,579)	(31,547,059)	(3,453,520)
Capital lease payable	(327,842)	(406,750)	78,908
Pension adjustments	(42,436,733)	(39,725,526)	(2,711,207)
Other adjustments	(974,583)	(2,579,655)	1,605,072
Total net position – governmental activities	<u>\$ (26,756,540)</u>	<u>\$ (24,689,658)</u>	<u>\$ (2,066,882)</u>
Net position			
Net investment in capital assets	\$ 9,925,751	\$ 9,232,466	\$ 693,285
Restricted	2,352,453	2,620,176	(267,723)
Unrestricted	<u>(39,034,744)</u>	<u>(36,542,300)</u>	<u>(2,492,444)</u>
Total net position	<u>\$ (26,756,540)</u>	<u>\$ (24,689,658)</u>	<u>\$ (2,066,882)</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g. Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as vacation payable, severance payable, net pension, and net OPEB liabilities.

Total net position decreased by \$2,066,882 during fiscal 2020, which includes a change in accounting principle of \$31,729, as previously discussed. The District's net investment in capital assets increased \$693,285 this year. The change in this category of net position typically depends on the relationship between the rate at which the District's capital assets are being depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

The restricted portion of the District's net position decreased, primarily in amounts restricted for capital asset acquisition, food service, community service, and for other state funding restrictions. The change in unrestricted net position includes changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension plan liabilities and related deferments. The operating results of the General Fund, as previously discussed, also contributed to the change in unrestricted net position.

THIS PAGE INTENTIONALLY LEFT BLANK

LEGISLATIVE SUMMARY

The 2020 Minnesota Legislature session was expected to be short and focused on making tweaks to the biennial budget. By early March, it became clear the session would unfold differently than anyone could have predicted. As the novel coronavirus (COVID-19) spread reached Minnesota, Governor Walz issued an Executive Order declaring a peacetime emergency. The declaration was enacted, which allowed his administration to quickly impose measures aimed at mitigating the COVID-19 health threat. These measures, which were issued through dozens of executive orders over the months that would follow, included: closing schools and requiring instruction be provided through distance learning; allowing schools to offer summer programs and extended school year services through distance learning or a hybrid model; requiring districts to deliver meals and instructional materials; requiring districts to provide childcare for essential workers, and authorizing fund transfers and flexibility in the use of revenues for districts to cover school-age care, transportation, and other COVID-19 related costs.

The following is a brief summary of specific legislative changes from the 2020 regular and special sessions or previous legislative sessions impacting Minnesota school districts in future years.

Coronavirus Aid, Relief, and Economic Security (CARES) Act – The CARES Act provides federal economic relief to protect the American people from the public health and economic impacts of COVID-19.

This CARES funding includes an Education Stabilization Fund, which in turn contains two major sources of funding for schools that may be used for expenditures incurred from March 13, 2020 through September 30, 2022:

1. Governor’s Emergency Education Relief (GEER) Fund

These funds were allocated to support efforts in getting children back to school in the fall, while prioritizing the safety of students and staff. These funds support operational costs, such as: cleaning supplies and disinfectant sprayers, screening supplies, personal protective equipment, and increased transportation costs associated with transporting students in a socially distant manner. These funds also support student, family, and educator needs, such as technology devices and internet access, technology training, tutors or mentors to address learning loss, translation services, school-age care for essential workers, and professional development focused on learning models. To spend funds from this source, an expenditure must be a reasonably necessary expense that is directly related to the COVID-19 pandemic, and the expenditure must not be one that was planned for in the current school year budget.

2. Elementary and Secondary School Emergency Relief (ESSER) Fund

These funds are divided into two streams: a formula-based allocation and state-directed grants. The formula-based allocation to districts and charter schools is based on their allocations under Title I, Part A of the Elementary and Secondary Education Act (ESEA). These funds can be used for a wide range of expenses to meet local needs.

State-directed grants, provided to districts and charter schools that do not receive a formula-based allocation, districts and charter schools that receive less than \$10,000 from their formula-based allocation, and districts and charter schools whose share of students from historically underserved populations is more than their share of other ESSER funds, can be used for a combination of supplementing GEER funds for summer school programming, supporting mental health, and meeting the needs of historically underserved populations.

The CARES Act also provided funding through the Coronavirus Relief Fund (CRF). These funds were allocated to districts and charter schools based on a two-part formula: 1) 60 percent for operating costs based on average daily membership (ADM) as reported for the 2018–2019 school year, and 2) 40 percent for student, family and staff support costs allocated based 40 percent on ADM and 60 percent on the historically underserved population of students each district or charter school serves. The expenditure of these funds is not required to match the 60 percent/40 percent allocation breakdown, and may be used for costs incurred between July 1, 2020 and December 31, 2020.

General Education Revenue – The Legislature had previously approved annual increases of 2 percent to the basic general education formula allowance for the fiscal year (FY) 2020–2021 biennium. The per pupil allowance will increase \$129 to \$6,567 for FY 2021.

Compensatory Revenue – The requirement to reserve a portion of compensatory revenue for extended time programming is eliminated beginning in FY 2021.

Special Education Revenue – The Legislature had previously approved enhancements to special education funding designed to hold the state average cross subsidy per pupil constant at the FY 2019 level of \$82 per ADM for FY 2021. The changes included:

- Establishing a new component of the state special education funding formula, known as cross subsidy reduction aid. Cross subsidy reduction aid will equal a percentage of each district’s “initial cross subsidy” for the prior fiscal year, with the percentages set at 6.43 percent for 2021. Initial cross subsidy is defined as the district’s nonfederal special education costs, including transportation, less state special education aid after tuition adjustments and general education aid attributable to students receiving special education services outside of the regular classroom for at least 60.00 percent of the school day. Charter schools are not eligible for cross subsidy reduction aid.
- Updating the pupil-driven portion of the initial special education aid formula to use FY 2018 data beginning in FY 2021, rather than continuing to use 2011 data adjusted for inflation.
- Phasing out the special education aid cap over two years, with the cap eliminated for FY 2021 and beyond.
- Reducing the tuition rate paid by the resident school district for open enrolled special education students served by another district or charter school from 90.00 percent of unfunded costs to 80.00 percent for FY 2021 and later. Charter schools will be eligible for additional special education aid from the state to fully offset the impact of the tuition rate change.
- Reducing the hold harmless guarantee by changing the formula to reduce reliance on the FY 2016 base year so that schools where special education expenditures have fallen or grown slowly since FY 2016 do not benefit disproportionately from the hold harmless guarantee compared to other schools. The percentage of FY 2019 regular program costs used to calculate the hold harmless will decrease to 85.00 percent for FY 2021, 80.00 percent for FY 2022, and 75.00 percent for FY 2023. In addition, the annual inflation adjustment used to calculate the hold harmless will be reduced by 0.20 percent annually from the 4.60 percent factor used in FY 2019 until the adjustment reaches 2.00 percent.
- The 2020 Legislature added that for FY 2020, expenditures for employees and contracted services that would have been eligible for state aid in the absence of school closure due to COVID-19 must be included as eligible expenditures for calculation of aid and for tuition billing, regardless of whether special education services were actually provided during the closure.

Achievement and Integration Revenue – School districts are authorized to carry over any unspent balance of their approved achievement and integration budget from FY 2020 into FY 2021. If spent for approved purposes in FY 2021, the districts would generate additional FY 2021 revenue over and above the regular formula limitations.

Operating Referendum/Local Optional Revenue – Effective for the tax levy payable in FY 2021, the operating referendum and local optional revenue (LOR) levies were simplified by transferring \$300 per pupil unit (PU) of referendum revenue to LOR, thereby eliminating the board-approved referendum levy and increasing the LOR levy authority to \$724 per PU. The referendum cap is reduced by the \$300 per PU transferred to LOR. The annual recalculation of referendum allowances approved prior to FY 2014 based on the amount of LOR a district opts to receive is also eliminated. Inflation adjusted referendum authority transferred to LOR will continue to be adjusted for the life of the referendum. This change is revenue neutral for all districts.

Operating Referendum Equalization – Effective for the tax levy payable in FY 2021, the equalizing factor for Tier 2 of the referendum (New Tier 1) is increased from \$510,000 to \$567,000. This is expected to provide \$9.4 million of property tax relief to taxpayers, and result in \$600,000 of additional referendum state aid for charter schools.

Fund Transfers – For fiscal years 2020 and 2021 only, a school district, charter school, or a cooperative unit may transfer any funds not already assigned or encumbered by staff salary and benefits, or otherwise encumbered by federal law, from any accounts or operating fund to the undesignated balance in any other operating fund. A fund transfer is allowed if the transfer meets the following criteria from Minnesota Laws 2020, Chapter 116/House File 4415 Article 3 Section 8:

1. The transfer does not increase state aid obligations to the district or school or result in additional property tax authority for the district.
2. A transfer is limited to the operating funds of a school district, charter school, or cooperative unit.
3. A school board must approve any fund or account transfer before the reporting deadline for the respective fiscal year.
4. A school district, charter school, or cooperative unit must maintain accounting records for the purposes of this section that are sufficient to document both the specific funds transferred and use of those funds. The accounting records are subject to auditor review.
5. Any execution of this flexibility must not interfere with or jeopardize funding per federal requirements.
6. Any transfer must not interfere with the equitable delivery of distance learning or social distancing models.

Debt Service Payments – For FY 2021 only, a school district unable to make a required debt service payment due to a delay in property tax receipts may apply for modified cash flow payments from the state under Minnesota Statutes, Section 127A.45.

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state. Employer contribution rates were increased for the Teachers Retirement Association (TRA) plan (a total increase of 1.25 percent phased in over a 6-year period beginning in FY 2019) and the St. Paul Teachers Retirement Fund Association (SPTRFA) plan (a total increase of 2.50 percent phased in over a 6-year period beginning in FY 2019). Employee contribution rates were also increased by 0.25 percent beginning in FY 2024 for the TRA plan and beginning in FY 2023 for the SPTRFA plan. The pension adjustment component of the general education aid formula was increased by an amount equal to the product of the salaries paid to members of these two plans times the district's pension adjustment rate for the fiscal year to help offset the cost of the employer contribution increases.

Workers' Compensation Claims – COVID-19 Presumption – The Legislature added several provisions to state unemployment statutes related to COVID-19, including a presumption that an employee who contracts COVID-19 has an occupational disease arising out of and in the course of employment if the employee works in one of the specified occupations and has a confirmed case of COVID-19. Covered occupations include nurses, healthcare workers, and workers required to provide childcare for first responders and healthcare workers under Executive Orders 20-02 and 20-19.

THIS PAGE INTENTIONALLY LEFT BLANK

ACCOUNTING AND AUDITING UPDATES

The following is a summary of GASB standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of the four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for fiscal years beginning after June 15, 2021.

GASB STATEMENT NO. 92, *OMNIBUS 2020*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to post-employment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

This statement provides an exception for short-term SBITAs with a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB STATEMENT NO. 97, CERTAIN COMPONENT UNIT CRITERIA, AND ACCOUNTING AND FINANCIAL REPORTING FOR INTERNAL REVENUE CODE SECTION 457 DEFERRED COMPENSATION PLANS—AN AMENDMENT OF GASB STATEMENT NO. 14 AND NO. 84, AND A SUPERSESSION OF GASB STATEMENT NO. 32

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that (1) exempt primary governments that perform the duties that a government board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

THIS PAGE INTENTIONALLY LEFT BLANK



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, December 14, 2020

Place on Agenda: Business Items

Action Requested: Approval

Attachment: Central Square Community Center Budget 2021 (City document)

Topic: 2021 Central Square Budget
Presenter(s): Aaron Bushberger, Finance Director and Jeanne Zehnder, Community Education Director
Background: As the School District is a partner with the City of South St Paul in the Central Square Community Center Management Agreement, the School Board annually approves the Central Square budget. Attached is a summary budget document (prepared by the City), that was presented to the City Council. The City's budgets typically run on a calendar – January 1 – December 31. The proposed Central Square budget is from January 1 – June 30, 2021. This budget was approved by the Central Square Board at their November 5, 2020 meeting and approved by the City Council at their December 7, 2020 meeting.
Recommendation: Approval
Alternatives: N/A

CENTRAL SQUARE COMMUNITY CENTER
SUMMARY OF REVENUES AND EXPENDITURES

Description	2018 Actual	2019 Actual	2020		2021		Change 2021 vs 2020
			Original	Revised	Request	Final	
Operations Only:							
REVENUES	361,226	354,890	386,478	386,478	119,509	119,509	(266,969)
EXPENDITURES							
Operational	332,071	344,465	378,022	384,837	132,833	132,833	(252,004)
Total Expenditures	332,071	344,465	378,022	384,837	132,833	132,833	(252,004)
FUND BALANCE							
Operational Surplus(deficit)	29,155	10,425	8,456	1,641	(13,324)	(13,324)	(14,965)
Capital Outlay Expenses (covered by Fund Balances)	63,205	-	-	-	-	-	-
Net Change in Fund Balance	(34,050)	10,425	8,456	1,641	(13,324)	(13,324)	(14,965)
Beginning Fund Balance	92,997	58,947	69,372	69,372	71,013	71,013	1,641
Ending Fund Balance	58,947	69,372	77,828	71,013	57,689	57,689	(13,324)

**** - Per management agreement - fund balance is considered "Capital Funds"**

2021 Budget assumes the management agreement will end on June 30, 2021.

CENTRAL SQUARE							
SUMMARY OF EXPENDITURES							
Description	2018 Actual	2019 Actual	2020 Original Budget	October 2020 Actual	2020 Revised Budget	2021 Requested Budget	2021 Final Budget
20250 - CENTRAL SQUARE EXPENDITURES							
PERSONNEL SERVICES							
6101 - FULL-TIME EMPLOYEES-REG	151,411	158,018	160,416	140,064	159,547	80,942	80,942
6104 - TEMPORARY EMPLOYEES-REG	96,477	96,674	102,000	35,147	102,000	18,000	18,000
6105 - TEMPORARY EMPLOYEES-OVERTIME	11	17	0	0	0	0	0
6108 - ACCUMULATED VACATION/COMP LEAV	2,531	3,650	4,172	0	4,172	0	0
6112 - SERVICE RECOGNITION	900	0	1,934	1,934	1,934	0	0
6120 - EMPLOYER CONTR FOR RETIREMENT	35,509	35,107	32,949	24,879	32,817	12,261	12,261
6130 - EMPLOYER PAID INSURANCE	9,630	6,348	6,857	12,418	14,682	7,145	7,145
6140 - UNEMPLOYMENT COMP INS.	0	344	0	1,314	0	0	0
6150 - WORKERS COMPENSATION	3,209	5,387	3,304	2,017	3,304	771	771
6170 - EMPLOYER CONTR TO HCSP	1,648	1,579	1,787	1,399	1,778	1,494	1,494
PERSONNEL SERVICES	301,327	307,125	313,419	219,172	320,234	120,613	120,613
SUPPLIES							
6210 - OPERATING SUPPLIES	4,985	8,092	8,600	1,925	8,600	2,000	2,000
6240 - MINOR EQUIPMENT AND FURNITURE	0	228	0	0	0	0	0
SUPPLIES	4,985	8,320	8,600	1,925	8,600	2,000	2,000
OTHER SERVICES AND CHARGES							
6331 - CONFERENCES, TRAINING, TRAVEL	500	147	500	0	500	500	500
6341 - ADVERTISING	400	4,606	4,000	75	4,000	2,250	2,250
6344 - NEWSLETTER/BROCHURE	7,353	8,250	7,500	1,978	7,500	3,750	3,750
6371 - REPAIRS & MAINT CONTRACTUAL	1,335	150	1,000	300	1,000	500	500
6375 - OTHER CONTRACTED SERVICES	9,684	9,871	16,035	2,792	16,035	1,200	1,200
6378 - COPIER MAINTENANCE AGREEMENT	881	832	1,080	320	1,080	540	540
6381 - OTHER RENTALS	2,134	1,320	22,128	18,439	22,128	0	0
6388 - TECHNOLOGY EQUIP CHARGE	264	660	660	550	660	330	330
6390 - POSTAGE AND TELEPHONE	1,026	1,126	1,000	780	1,000	500	500
OTHER SERVICES AND CHARGES	23,577	26,961	53,903	25,233	53,903	9,570	9,570

CENTRAL SQUARE							
SUMMARY OF EXPENDITURES							
Description	2018 Actual	2019 Actual	2020 Original Budget	October 2020 Actual	2020 Revised Budget	2021 Requested Budget	2021 Final Budget
MISCELLANEOUS							
6412 - CREDIT CARD/ACH/BANK FEE	2,182	2,059	2,100	871	2,100	650	650
MISCELLANEOUS	2,182	2,059	2,100	871	2,100	650	650
CAPITAL OUTLAY							
6560 - BUILDING FIXTURES AND IMPRS	0	0	0	7,914	0	0	0
6580 - OTHER EQUIPMENT	63,205	0	0	0	0	0	0
CAPITAL OUTLAY	63,205	0	0	7,914	0	0	0
TOTAL EXPENDITURES	395,276	344,465	378,022	255,115	384,837	132,833	132,833
CHANGE 2020 REVISED TO 2021 FINAL							(252,004)
PERCENT CHANGE 2020 REVISED TO 2021 FINAL							(65.48)%

Meeting Date: Monday, December 14, 2020

Place on Agenda: Business Items

Action Requested: Approval

Attachment: Summary of Payable 2021 Property Tax Levy
Public Hearing PowerPoint

Topic: Approval of Payable 2021 Levy at \$11,070,929.82
Presenter(s): Aaron Bushberger, Finance Director
<p>Background: Attached is the Payable 2021 Property Tax Levy. At the regular meeting, I will be asking for Board approval to set the levy at \$11,070,929.82. This is an increase of 5.36% from last year's levy.</p> <p>Below is the levy timeline for the Payable 2021 Levy:</p> <ul style="list-style-type: none"> • September 28 – Board of Education approved preliminary levy • September 30 – Levy due to Dakota County and Minnesota Department of Education • Mid-November – Dakota County mailed proposed property tax statements to South St. Paul property owners • December 14 – Board of Education holds Public Hearing for Taxes Payable in 2021 and approves the final payable 2021 levy certification <p>During the regular meeting, we will hold the Public Hearing for Taxes Payable in 2021. I will make a presentation of the levy and provide required information on:</p> <ul style="list-style-type: none"> • School district funding overview • District budget • Payable 2021 property tax levy and reasons for the change in levy • After the presentation, the public will be able to make comments regarding the levy <p>The public will have the following two opportunities to provide comment regarding the proposed property tax levy:</p> <ul style="list-style-type: none"> • Online: Members of the public may submit a Public Listening Session Comment form by clicking on this link. Comments will be referenced on air during the meeting. A staff member may follow-up with individuals submitting a comment form. • In-Person: Members of the public may attend the hearing in-person which begins at 7:15 PM in the SSP City Hall Council Chambers, 125 – 3rd Avenue North.
Recommendation: Approval
Alternatives: N/A

**South St Paul Public Schools
Proposed Payable 2021 Levy**

PROPOSED PAY 2021 LEVY	FINAL Payable 2020	FINAL Payable 2021	Dollar Change	Percent Change
<u>General Fund:</u>				
Referendum	\$2,115,902	\$2,217,271	\$101,369	
Local Optional	\$2,001,571	\$2,077,592	\$76,021	
Equity	\$436,019	\$442,630	\$6,611	
Transition	\$97,724	\$98,931	\$1,207	
Capital Projects Referendum	\$693,121	\$770,836	\$77,715	
Operating Capital	\$205,758	\$228,270	\$22,512	
Alternative Teacher Compensation	\$317,032	\$316,624	-\$408	
Achievement and Integration	\$186,517	\$182,542	-\$3,975	
Reemployment Insurance	\$25,000	\$30,000	\$5,000	
Safe Schools	\$131,961	\$122,011	-\$9,950	
Safe Schools Intermediate	\$54,984	\$50,838	-\$4,146	
Career and Technical	\$47,180	\$51,534	\$4,354	
Long Term Facilities Maintenance	\$741,500	\$729,137	-\$12,363	
Building/Land Lease	\$596,089	\$639,451	\$43,362	
Capital Facilities Bonds	-\$179,445	-\$176,190	\$3,255	
Adjustments/Abatements	-\$354,529	-\$291,931	\$62,598	
Total General Fund	\$7,116,384	\$7,489,546	\$373,162	
<u>Community Service Fund:</u>				
Basic Community Education	\$157,536	\$157,536	\$0	
Early Childhood Family Education	\$58,855	\$60,948	\$2,093	
Home Visiting	\$1,652	\$1,971	\$319	
School Age Care - Disabled	\$300,000	\$300,000	\$0	
Adjustments/Abatements	\$29,508	\$75,438	\$45,930	
Total Community Service Fund	\$547,551	\$595,893	\$48,342	
<u>Debt Service Fund:</u>				
Initial Debt Service	\$3,076,855	\$2,958,415	-\$118,440	
Capital Facilities Bonds	\$179,445	\$176,190	-\$3,255	
Reduction for Debt Excess	-\$433,452	-\$150,000	\$283,452	
Adjustments/Abatements	\$20,744	\$886	-\$19,858	
Total Debt Service Fund	\$2,843,592	\$2,985,491	\$141,899	
Total All Levies	\$10,507,527	\$11,070,930	\$563,403	5.36%

South St. Paul
Public Schools



Public Hearing for Taxes Payable in 2021

Aaron Bushberger
Director of Finance
December 14, 2020



Overview



1. School District Funding Overview
2. District Budget
3. Payable 2021 Property Tax Levy
4. Public Comments



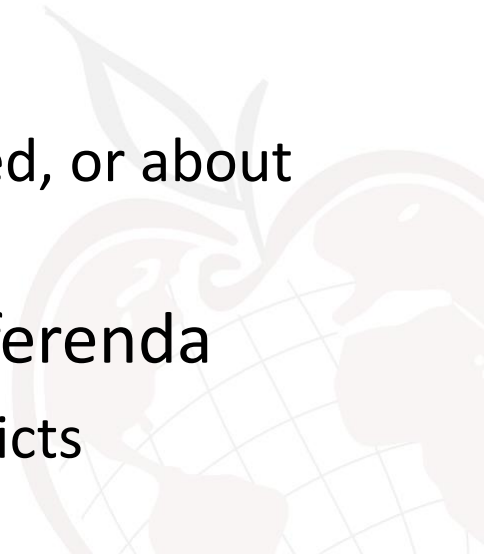
School District Funding Overview

- Funding is highly regulated
 - Formulas that determine revenue, most based on specified amounts per pupil
 - Tax policy for local school districts
 - Maximum authorized property tax levy
 - State also authorizes school board to submit referendums for operating and capital needs to voters for approval



School District Funding Challenges

- General Education revenue
 - Formula would have to increase by \$503 per pupil to have kept pace with inflation since 2002-03
- Special Education revenue
 - State and Federal funding is 40% underfunded, or about \$822 million statewide
- Reliance on voter-approved operating referenda
 - Growing inequities between MN school districts



Levy / Budget Overview

- Tax levy is based on many state-determined formulas plus voter approved referendums
- Some increases in tax levies are revenue neutral, offset by reductions in state aid (***equalization***)
- Change in tax levy does not determine change in budget



District Budget

- All school district budgets are divided into separate funds, as required by law
- District establishes budgets for four funds:
 - General Fund
 - Food Service Fund
 - Community Service Fund
 - Debt Service Funds

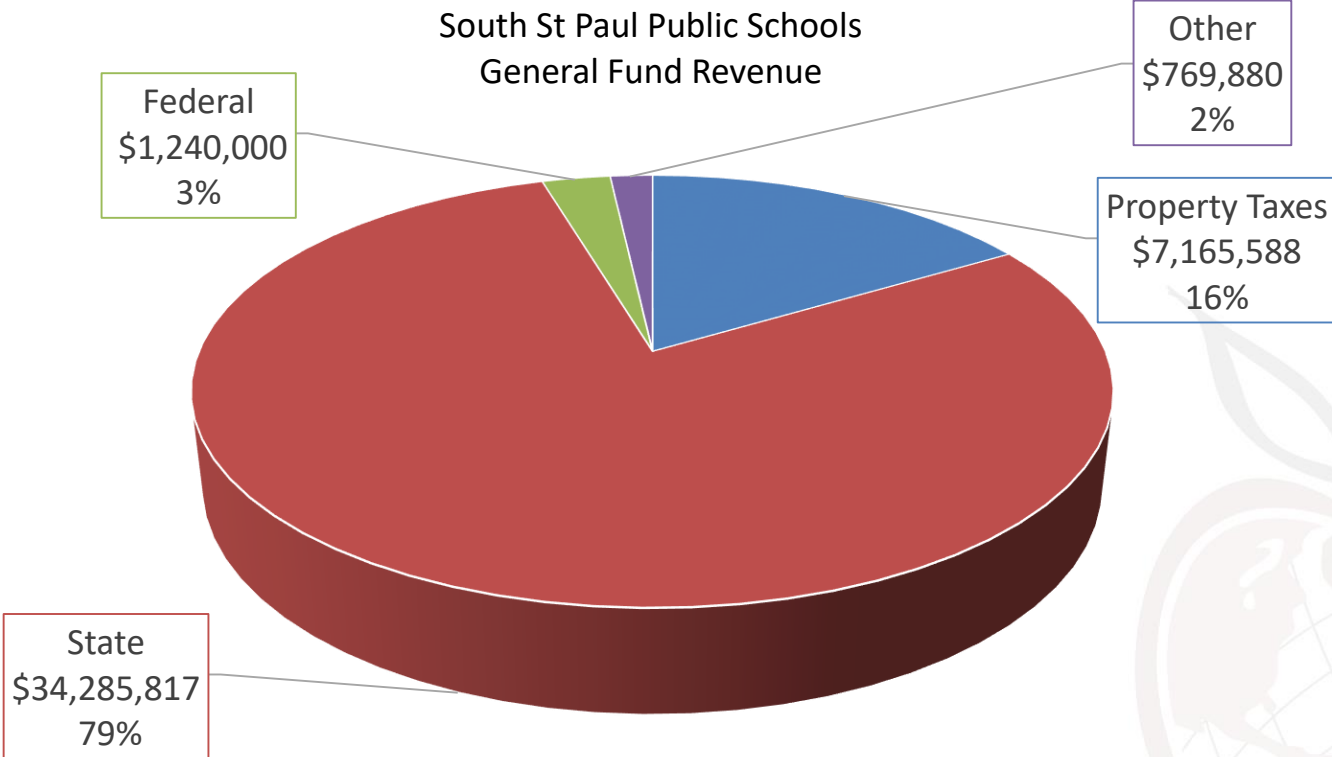


2020-21 Budgets

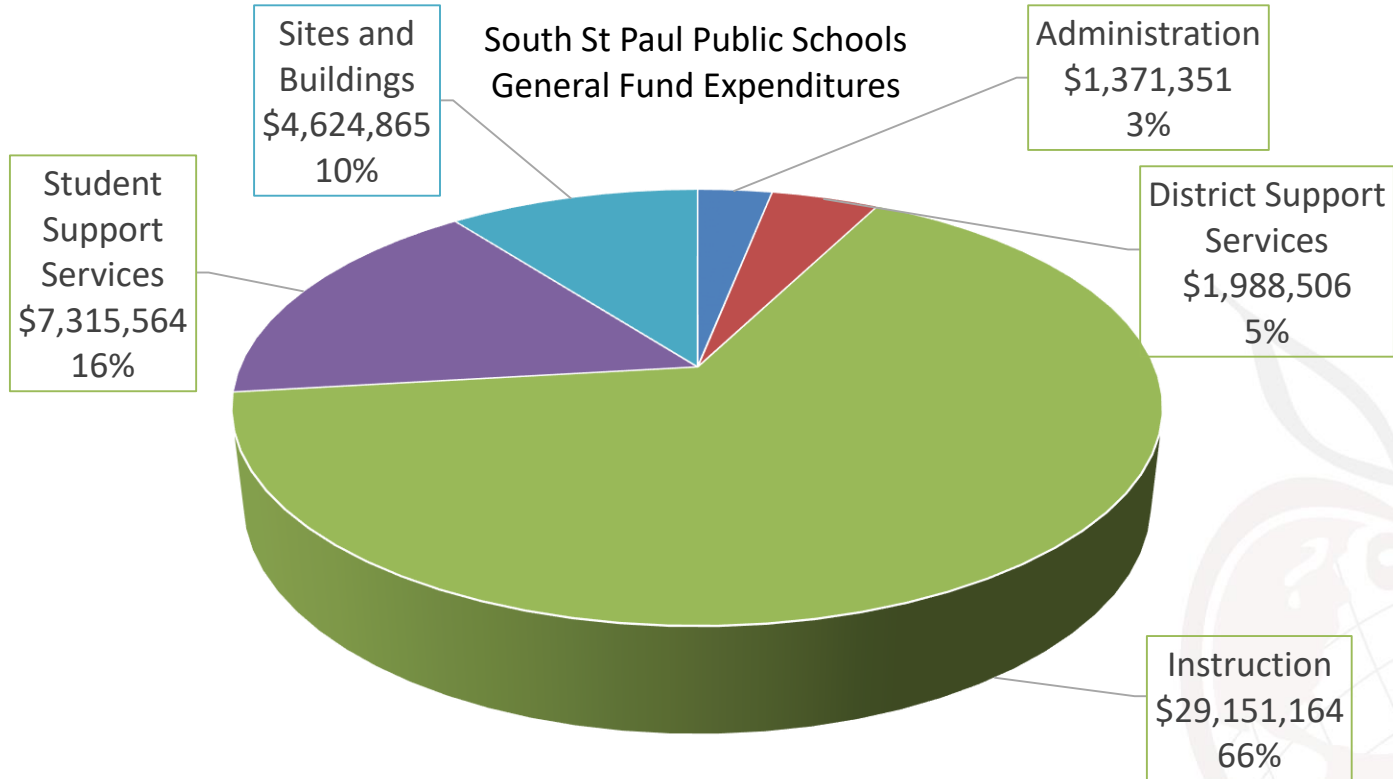
	<u>Revenue</u>	<u>Expenditures</u>
General Fund	\$43,461,285	\$44,451,450
Food Service Fund	\$2,211,757	\$2,405,169
Community Service Fund	\$2,347,913	\$2,380,368
Debt Service Fund	\$3,064,592	\$3,107,838
TOTAL ALL FUNDS	<u>\$51,085,547</u>	<u>\$52,344,825*</u>

*Existing fund balances will cover the difference between revenues and expenditures

Revenue – General Fund



Expenditures – General Fund

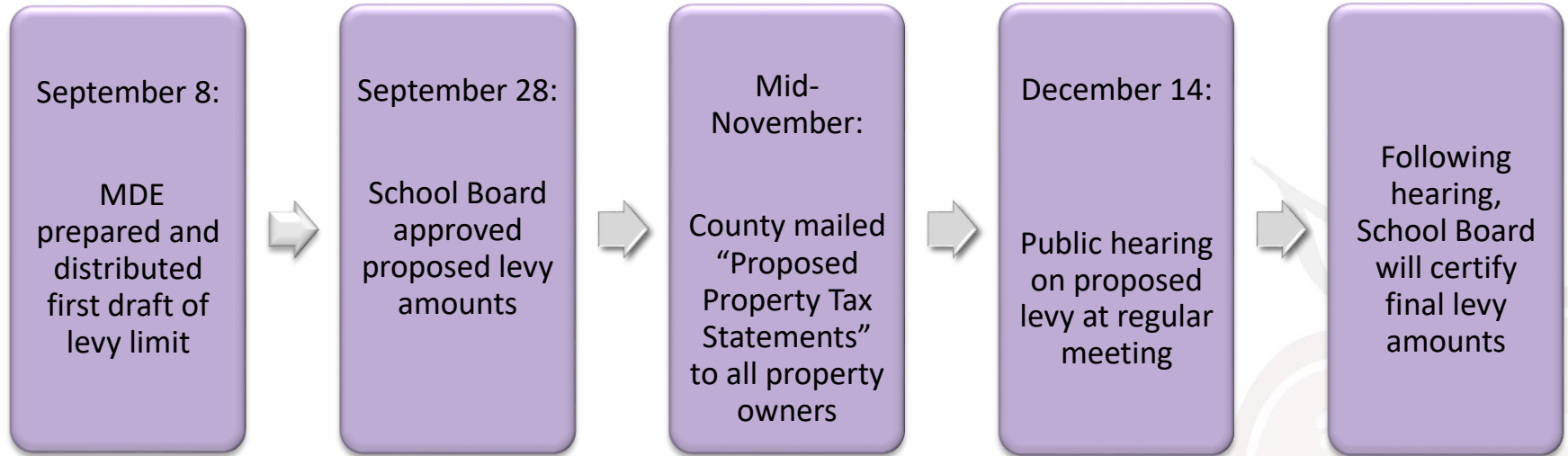


Payable 2021 Property Tax Levy

- Minnesota School Districts can levy in different categories
 - Voter approved levies
 - Other local levies
- Minnesota Department of Education (MDE) calculates levy limits for each district

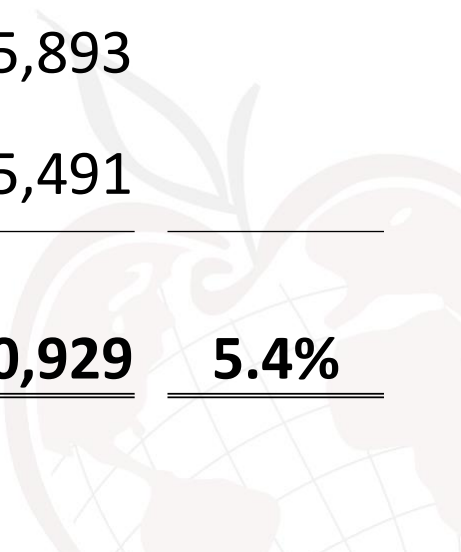


Property Tax Levy Schedule



Payable 2020 Levy

	<u>Pay 2020</u>	<u>Pay 2021</u>	<u>Change</u>
General Fund	\$7,116,385	\$7,489,545	
Community Service Fund	\$547,551	\$595,893	
Debt Service Fund	\$2,843,592	\$2,985,491	
TOTAL ALL FUNDS	<u><u>\$10,507,528</u></u>	<u><u>\$11,070,929</u></u>	<u><u>5.4%</u></u>



Property Tax Factors

Many factors can cause tax bill for an individual property to increase or decrease from year to year

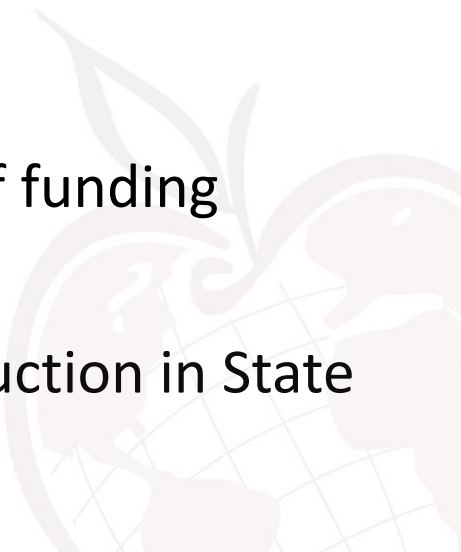
- Changes in value of individual property
- Changes in total value of all property in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

Explanation of Levy Changes

Categories: Voter Approved Operating Referendum and Local Optional Revenue (LOR)

Changes: +\$101,369 and +\$76,021 (total change +\$177,390)

Reasons for Changes:

- District's total property value increased, share of funding provided through tax levy increased
 - Increase in levy share of funding is offset by reduction in State aid (**equalization**)
- 

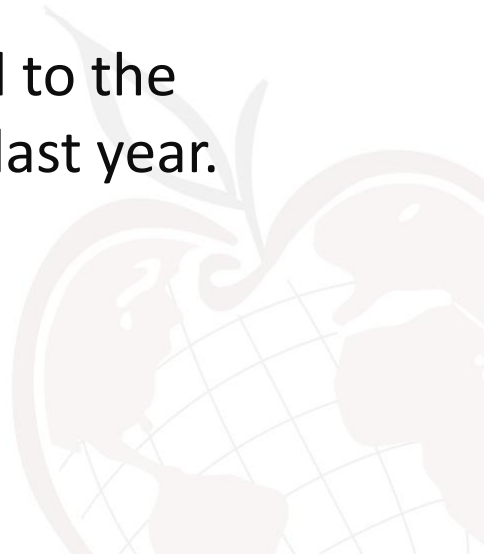
Explanation of Levy Changes

Category: Voter Approved Capital Project/Technology Levy

Change: +\$77,715

Reason for Change:

- Levy is based on voter approved tax rate applied to the district's tax base. The tax base increased from last year.

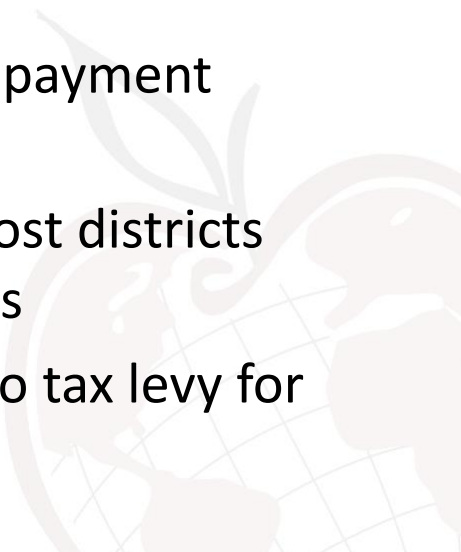


Explanation of Levy Changes

Category: Debt Service – Reduction for Debt Excess

Change: +\$283,452

Reasons for Change:

- Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections
 - Because delinquencies are generally less than 5%, most districts gradually build up fund balances in debt service funds
 - Formulas in state law determine initial adjustments to tax levy for debt excess balances
- 

Explanation of Levy Changes

Category: Debt Service – Voter Approved and OPEB

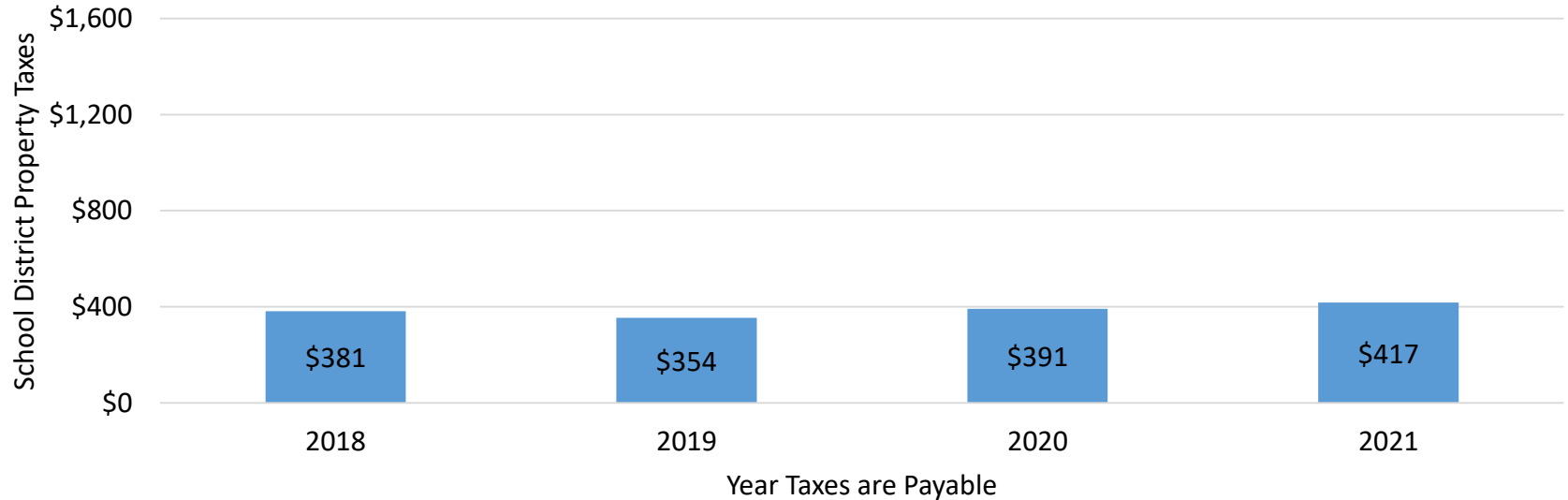
Change: +\$609,840 and -\$728,280 (net change = -\$118,440)

Reasons for Changes:

- When voter approved bonds were issued after May 21, 2013 referendum, increase in principal payments was planned to maintain a level tax rate on debt and capital levies and minimize total interest costs
- Final payment on OPEB bonds is due Feb. 1, 2021, so final levy for the bond issue was included with taxes payable in 2020

Property Taxes

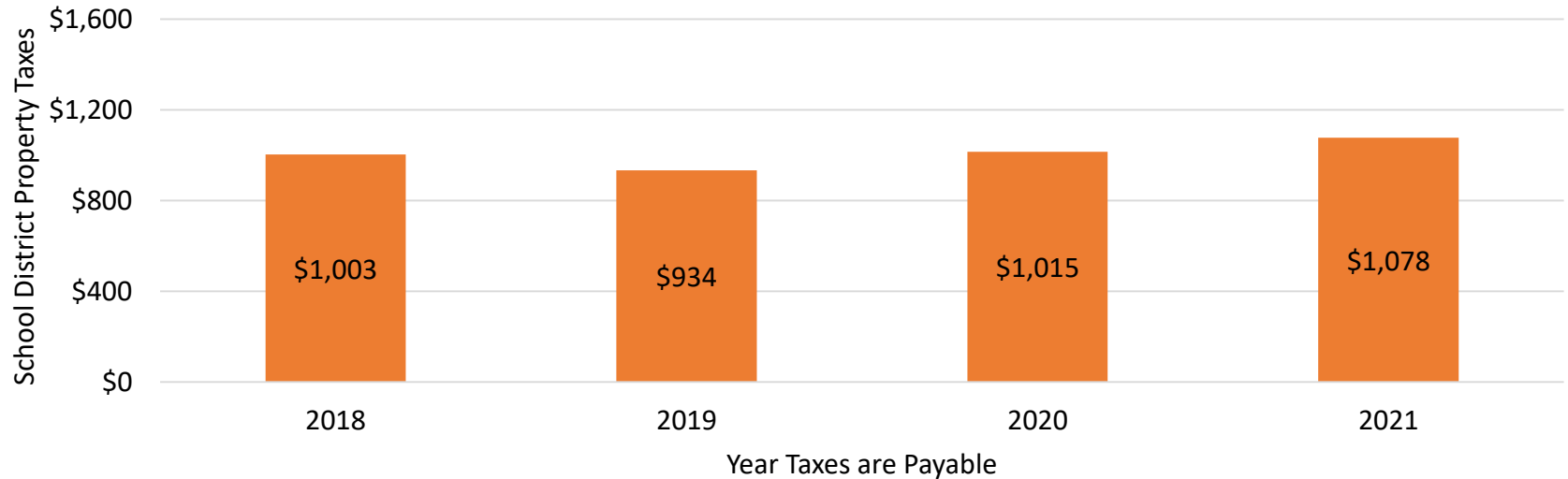
\$100,000* Residential Homestead Property



*The value shown in the title of the chart is the estimated market value for taxes payable in 2021. Taxes are calculated based on changes in market value of 4% from 2018 to 2019 taxes, 10% from 2019 to 2020, and 1.7% from 2020 to 2021.

Property Taxes

\$225,000* Residential Homestead Property



*The value shown in the title of the chart is the estimated market value for taxes payable in 2021. Taxes are calculated based on changes in market value of 4% from 2018 to 2019 taxes, 10% from 2019 to 2020, and 1.7% from 2020 to 2021.

Property Tax Refund/Deferrals

1. Minnesota Homestead Credit Refund

- Available each year to owners of homestead property
- Annual income must be approximately \$115,020 or less (income limit is higher if you have dependents)
- Also available to renters
- Complete state tax form M-1PR



Property Tax Refund/Deferrals

2. Minnesota Special Property Tax Refund

- Available each year to owners of homestead property with a gross tax increase of at least 12% and \$100 over prior year
- No income limits
- Complete state tax form M-1PR



Property Tax Refund/Deferrals

3. Senior Citizen Property Tax Deferral

- Available to people age 65 and older, with a household income of \$60,000 or less to defer a portion of property taxes on their home
- Must have lived in home for the last 15 years
- Taxes are deferred, not forgiven



Next Steps



- Public Comments
- Board will certify Pay 2021 Property Tax Levy





SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Business Items

Action Requested: Approval

Attachment: Resolution Designating Polling Places for the 2021 Elections

Topic: Polling Place Designation
Presenter(s): Superintendent Dave Webb
Background: Minnesota Statutes 204B.16, Subd 1, states that by December 31 of each year, the governing body of each municipality/school district and of each county with precincts, must designate by ordinance or resolution, a polling place for each election precinct. The polling places designated in the resolution are the polling places for the following calendar year.
Recommendation: Approve of the resolution designating polling places for the 2021 elections
Alternatives: N/A



Special School District No. 6
(South St. Paul Public Schools)
State of Minnesota

Pursuant to due call and notice thereof, a regular meeting of the School Board of Special School District No. 6 (South St. Paul Public Schools), State of Minnesota, was duly held in said school district on the 14th day of December, 2020, at 6:00 p.m.

Member _____ introduced the following Resolution and moved its adoption:

RESOLUTION DESIGNATING POLLING PLACES FOR THE 2021 ELECTIONS

WHEREAS, Minnesota Statutes 204B.16, Subd. 1 requires the School District, by ordinance or resolution, to designate polling places for the upcoming year; and

WHEREAS, changes to the polling place locations may be made at least 90 days before the next election if one or more of the authorized polling places become unavailable for use; and

WHEREAS, changes to the polling place locations may be made in the case of an emergency when it is necessary to ensure a safe and secure location for voting; and

NOW, THEREFORE, BE IT RESOLVED, that the School Board for South St. Paul Public Schools, Special School District 6 hereby designates the following polling places for elections conducted in 2021:

Precinct 1:	St. John Vianney 789 17 th Avenue North	Precinct 2:	First Presbyterian Church 535 20 th Avenue North
Precinct 3:	Luther Memorial Church 315 15 th Avenue North	Precinct 4:	Dakota County Museum 130 3 rd Avenue North
Precinct 5:	Concordia Lutheran Church 225 West Douglas Street		

AND BE IT FURTHER RESOLVED, that the School Board Clerk is hereby authorized to designate a replacement meeting the requirements of the Minnesota Election Law for any polling place designated in this Resolution that becomes unavailable for use by the City;

AND BE IT FURTHER RESOLVED, that the School Board Clerk is hereby authorized to designate an emergency replacement polling place meeting the requirements of the Minnesota Election Law for any polling place designated in this Resolution when necessary to ensure a safe and secure location for voting:

AND BE IT FURTHER RESOLVED, that the School District is directed to send a copy of this resolution and any subsequent polling place designations to the Dakota County Elections Office.

The motion for the adoption of the foregoing resolution was duly seconded by _____ and upon a vote being taken thereon, the following voted in favor thereof:

And the following voted against the resolution:

Whereupon this Resolution was declared duly passed and adopted this 14th day of December, 2020.

Secretary-Clerk, School Board



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Business Items

Action Requested: Approval

Attachment: Acceptance of Gifts Resolution

Topic: Acceptance of Gifts
Presenter(s): Superintendent Dave Webb
Background: Per school board policy, the School Board may receive and accept, for the benefit of the school district, bequests, donations or gifts for any proper purpose. All gifts received by the District must comply with applicable fire codes, health guidelines, and safety regulations (i.e. furniture, technology, and appliances). Gifts may only be accepted by the adoption of a resolution approved by two-thirds of its members.
Recommendation: Administration recommends the approval of. the Acceptance of Gifts Resolution
Alternatives: Do not approve the Acceptance of Gifts Resolution and direct administration with next steps.



**Special School District No. 6
(South St. Paul Public Schools)
State of Minnesota**

**ACCEPTANCE OF GIFTS
RESOLUTION**

Board Meeting Date: **December 14, 2020**

Member _____ introduced the following resolution and moved its adoption:

Be it Resolved, that the School Board of South St. Paul Public Schools, Special School District No 6, accept the following donations as indicated in the detailed background listed below:

MONETARY

Donation Amount	Designated To	Donation From	Purpose
\$2,045	SSP Theater	SSP Lion's Club	Equipment

VALUE IN KIND

Donation Item	Designated To	Donation From	Purpose
Weber grand piano	SSP Secondary	Jenny Prochnow	Music department

The motion for the adoption of the foregoing resolution was duly seconded by Member _____ and upon vote being taken thereon, the following voted in favor thereof:

And the following voted against:

Whereupon said resolution was declared duly passed and adopted



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Informational Items

Action Requested: None

Attachment: None

Topic: Superintendent's Update
Presenter(s): Superintendent Dave Webb
Background: Superintendent Dave Webb will provide highlights from around the District.
Recommendation: N/A
Alternatives: N/A



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: December 14, 2020

Place on Agenda: Informational Items

Action Requested: None

Attachment: None

Topic: Board Members' Reports/Committee Updates/Where Have You Seen a Passion
Presenter(s): School Board Members
Background: School Board members will provide a report on the various committees in which they serve as well as share where they have seen a passion.
Recommendation: N/A
Alternatives: N/A