



**Independent School District 834**  
**Video Conference**  
**School Board Business Meeting Agenda – December 17, 2020 6:00 p.m.**

- I. **Call to Order**
- II. **Roll Call**
- III. **Approval of Agenda**
- IV. **Superintendent Report**
- V. **Introductory Items**
  - A. Student Report
  - B. Recognition – School Board Members and Distance Learning Staff
- VI. **Open Forum**

Fifteen speakers will be allotted three minutes each to speak
- VII. **Consent Agenda**
  - A. Minutes of December 3, 2020
  - B. Disbursement Register – December 5, 2020 - December 18, 2020
  - C. Human Resources Personnel Report
- VIII. **Reports**
  - A. On the Dial Learning Update – Interim Superintendent Malinda Lansfeldt
  - B. Contract Reviews - December 1, 2020 - December 10, 2020 – Dr. John Thein
- IX. **Action Items**
  - A. Audit presentation – Mr. Dennis Hoogeveen
  - B. Certify the 2020 Payable 2021 Tax Levy – Dr. John Thein
  - C. Memorandum of Agreement with Cafeteria Employees' Organization – Ms. Cindy Gustafson
  - D. Final Reading – Policy 510 – Shared Time Students – Dr. Jennifer Cherry
  - E. Final Reading – Policy 721.1 - Board Approval of Contracts and Expenditures – Chair Stivland
- X. **Board Member Reports**
  - A. Board Chair Report
  - B. Working Group Reports
    - 1. Community Engagement
    - 2. Finance and Operations
    - 3. Legislative
    - 4. Policy
  - C. Board Member Reports
- XI. **Adjournment**
  - A. Adjourn

In response to guidance from the Centers for Disease Control and Prevention (CDC) on social distancing, the school board meeting will be available to the public to watch online only. The meeting will be web streamed live and archived on the district's website. Future board meetings may be conducted electronically until CDC recommendations related to the COVID-19 situation change



**Agenda Item I.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Call to Order  
Meeting Date: December 17, 2020

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*Background:*

The School Board Chair will call the meeting to order.

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*Recommendation:*

Board action is not required.



**Agenda Item II.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Roll Call  
Meeting Date: December 17, 2020

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*Background:*

The School Board Chair will ask the secretary to take the roll. A quorum must be established in order for the meeting to proceed.

**Board Members**

Sarah Stivland, Board Chair

Tina Riehle, Treasurer

Mike Ptacek, Clerk

Jennifer Pelletier, Director

Beverly Petrie, Director

Alison Sherman, Director

Liz Weisberg, Director

Malinda Lansfeldt, Interim Superintendent, Ex-Officio

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**Recommendation:**

Board action is not required.



**Agenda Item III.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Approval of the Agenda  
Meeting Date: December 17, 2020

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*Background:*

Once quorum has been established the School Board Chair will request approval of the meeting agenda.

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*Recommendation:*

A motion and a second to approve the meeting agenda will be requested.

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_



**Agenda Item IV.**

**Date Prepared: December 8, 2020**

**ISD 834 Board Meeting**

Agenda Item: Superintendent Report

Meeting Date: December 17, 2020

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*Background:*

Each meeting the Superintendent will provide an update on items of interest in the announcement category. Many times these topics develop between the time the agenda is prepared and distributed, and the meeting date. Topics generally include announcement of attendance at district events, communications items, informational items and correspondence items worth noting. What is included in this item will vary each meeting depending on the nature of the topics, the school year schedule and time of activities.

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*Recommendation:*

Board action is not required.



**Agenda Item V.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Introductory Items  
Meeting Date: December 17, 2020  
Student Report and District Recognition

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*Background:*

- A. Each meeting the Student Board Members will provide updates on items of interest in the announcement category. Many times these topics develop between the time the agenda is prepared and distributed and the meeting date. Topics generally include announcement of academics, activities, arts and athletics. What is included in this item will vary each meeting depending on the nature of the topics, the school year schedule and time of activities.
- B. Each meeting an individual, team, or program will be recognized for their excellence.

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*Recommendation:*

Board action is not required.



**Agenda Item VI.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Open Forum  
Meeting Date: December 17, 2020

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*Background:*

*Open Forum Expectations during COVID-19 Pandemic*

School board meetings will be held electronically until further notice. If you wish to speak to the School Board, you will be able to do so at the start of the school board meeting during Open Forum. A sign-up for Open Forum speakers will be available online on the board webpage from 3-4 p.m. on the day of the board meeting, to provide time for instructions to connect to the meeting to be sent to speakers.

You may sign in only for yourself, not other individuals or groups. The order of speakers will be established on a first-come, first-served basis. Due to time limitations, we will limit the number of speakers to 15 for 3 minutes each. You will need the ability to join the meeting electronically either by phone or online. You will receive instructions for joining the meeting 30-60 minutes prior to the start of the meeting. If you wish to speak to the School Board, you will be able to do so at the start of the school board meeting during Open Forum. If you spoke at the last meeting, please consider allowing others to speak before you.

Stillwater Area School District welcomes input from citizens as community involvement fosters better decision making and improved learning experiences for all students. While comments and questions are welcome during Open Forum, law prohibits the Board from discussing concerns about individual employees or students in a public meeting. We will stop the proceedings immediately if employee or student privacy issues are raised and direct the speaker to forward comments regarding individual employees or students to the superintendent.

Because we are modeling civil discourse for our community, speakers must present their testimony in a respectful manner. Vulgarity, character attacks, malice or specific complaints identifying staff or students by name or implication will not be permitted.

The Board will not deliberate, discuss, or engage in conversation with speakers during open forum.

However, the Board may ask administration to review the concern(s) presented.

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*Recommendation:*

This is for informational purposes only.



**Agenda Item VIII. A.B.C.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Consent Agenda  
Meeting Date: December 17, 2020  
Contact Person: Varies by item

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**Background:**

The consent agenda is a meeting practice which packages routine reports, Board meeting minutes, and other non-controversial items not requiring discussion or independent action as one agenda item. The Board will approve this 'package' of items together in one motion.

**A. School Board Regular Meeting Minutes December 3, 2020**

Contact Person: Mike Ptacek, Clerk or Joan Hurley, Secretary

A copy of the minutes is included for your review.

**B. School Board Meeting Disbursement Register December 5, 2020 – December 18, 2020**

Contact Person: Dale Sundstrom, Interim Executive Director, Finance

A copy of the register has been distributed to board members.

**C. Human Resources Personnel Report**

Contact Person: Cindy Gustafson, Supervisor of Human Resources

A summary of personnel transactions for the month is included for your review.

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**Recommendation:**

*BE IT RESOLVED by the School Board of Independent School District 834 – Stillwater Area Public Schools that Consent Agenda Items A through C be approved as written, and a copy of the agenda items is attached to the minutes.*

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_





Independent School District No. 834 – Stillwater Area Public Schools  
Video Conference  
December 3, 2020 – 6:00 p.m. Meeting Minutes

I. **Call to Order:** The meeting was called to order at 6: p.m.

II. **Roll Call:** Present: Sarah Stivland, chair; Mike Ptacek, clerk; Tina Riehle, treasurer; Jennifer Pelletier, director; Beverly Petrie, director, Alison Sherman, director, Liz Weisberg, director

III. **Approval of the Agenda**

*Motion to approve the agenda by: Member Riehle; seconded by: Member Ptacek; Vote: 4 ayes, 3 nays (Pelletier, Petrie, Sherman): Motion Carried.*

*Motion by: Member Sherman to amend the motion to move action item H to action item A on the agenda; Seconded by: Member Petrie; Vote: 3 ayes and 4 nays (Ptacek, Riehle, Weisberg, Stivland); Motion fails.*

*Motion by: Member Pelletier to amend the motion to remove action item A and action item B to a subsequent meeting; Seconded by Member Sherman; Vote: 3 ayes and 4 nays (Ptacek, Riehle, Weisberg, Stivland); Motion fails.*

IV. **Superintendent Report**

- Interim Superintendent Lansfeldt attended and spoke at the first Alternative Learning Center (ALC) graduation of the 2020-21 school year.
- Rang the Salvation Army bell with a fellow Stillwater Noon Rotarian.
- MN State High School League board has met and voted on proposals for return to play. Three proposals were approved by the board with three different start dates of December 21, 2020, January 4 and 18, 2021. The winter start decision will depend on when and if Governor Walz decides to lift his executive order. Teams might be able to practice as early as December 21. No changes were made to the competition structures or the number of proposed competitions in October.
- Family Means has been awarded a grant this year through Washington County to help build resilience and the original project did not come through due to COVID. Family Means contacted the district and they will be providing grant dollars to support our district staff virtually.
- The coronavirus has forced a postponement of the national math and reading achievement tests until 2022, due to concerns about student accessibility. The national assessment of educational progress typically occurs every two years and has been slated for early next year for our fourth and eighth grade students.
- The ACT, a college admission assessment, is administered to all 11th grade students in Minnesota each spring. Stillwater is offering ACT testing on March 2, 2022. There are multiple dates in various locations where and when students can register to take the ACT as well. Visit [Stillwater Area High School Testing](#) website for additional information.
- Positive State Budget news - Minnesota now has a projected budget surplus of \$641 million. The previous budget forecast had been for a \$2.4 billion deficit however, the two year overall projected budget deficit for the 2022-23 budget period which starts on July 1 is \$1.273 billion.

## **V. Introductory Items**

### **Student Report**

Mara provided a report on academics

- Sophomores at the high school received their pre ACT test scores. This is a practice test to help them prepare for the ACT test for their junior year.
- SAHS year books are on sale at a reduced price until Jan 29.
- Students can sign up for peer tutoring through the SAHS Facebook page.
- Last week all K-5 students began distance learning, while students in grades 6-12 having been in distance learning for 3 weeks now. It is going very well.

Brynn provided a report on Activities and Student Life

- Key club is hosting a trunk drive from December 2 through December 4, 2020 from 3:00 - 6:00 pm located at the Stillwater Area High School back parking lot. They are asking for donations of hats, gloves and clothing for teenagers in need.
- National Honor Society (NHS) is hosting a blood drive on Friday, December 11, 2020. If you would like to donate blood, please sign at <https://stillwaternhs.wordpress.com/>.

## **VI. Recognition**

Director of Learning and Student Engagement, Ms. Rachel Larson recognized the Huntington Learning Center and Washington County for providing Stillwater Area Schools with the funds to purchase Chromebooks, laptops, and iPads totaling \$578,000.00. These funds were made possible through the Federal COVID Relief Funds. The city of Bayport also donated \$21,000 towards the purchase of Smart Boards at Andersen Elementary School.

## **VII. Open Forum**

- Amy Jungmann, Woodbury - Superintendent Contract
- Matt Onken, 1334 4th S Street, Stillwater, MN -Interim Superintendent contract
- Dawn Beavers, 3297 Osgood Cv N, Baytown Twp. - In Person Learning(Let Them Learn MN)
- Katie Hockert, 1170 Drew Dr. - Contract negotiations for a Superintendent
- Mark Burns, 1877 Oldridge Ave. N, West Lakeland - Superintendent contract negotiation
- Annie Porbeni, 10584 Sterling Dr. - Superintendent contract
- Carl Blondin, 617 Sunrise Avenue Stillwater - Congratulations to the new board members
- Jill Damron, 2117 Dundee Place - Superintendent search and process
- Mandy Iverson, 1049 Gilbert Ct - Superintendent contract

## **VIII. Consent Agenda**

- A. Minutes of November 19, 2020 Business Meeting
- B. Minutes of November 19, 2020 Closed Meeting
- C. Disbursement Register – November 21, 2020 – December 4 , 2020
- D. Human Resources Personnel Report

*Motion by: Member Ptacek to approve the Consent Agenda items; Seconded by: Member Riehle; Vote: Tayes, 0 nays, Motion Carried Unanimously.*

## **IX. Reports**

- A. Truth and Taxation – Mr. Dale Sundstrom

Mr. Sundstrom provided information on the Truth in Taxation Requirements including the current budget, the preliminary revenue, expenditure budgets and the proposed Tax Levy for Taxes payable in 2021.

An opportunity for public comment was provided.

- Carl Blondin shared his concerns on the 2021 preliminary budget and when the 2021 revised budget will be available. Mr. Blondin had questions with reference to the Referendum of Market Value (RMV), the Net Tax Capacity (NTC), increase in transportation costs and re-employment insurance.
- Will Raymond from Afton - No questions pertaining to the tax levy.
- Jim Franklin from West Lakeland, shared concerns and questions on the \$7.6 million Long Term Facility Maintenance costs, RMV and NTC, preliminary budget use versus the revised budget, the reason why the maximum amount leviable wasn't selected, why there wasn't a QComp levy, where were legal fees listed, judgments, and the general fund levy.
- Director Sherman had questions regarding the 2020-21 preliminary budget and why wasn't a nonvoter approved levy for OPEB included.
- Director Pelletier said she thought that we had levied for OPED in the past. She also said, "In regard to QComp making a connection there with PD is inaccurate."

The Board of Education is required to adopt the final levy for Taxes Payable 2021 and certify to the county auditor on or before December 31, 2020. The current 2020 Payable 2021 Tax Levy is as follows:

General Fund	\$30,323,329.85
Community Service Fund	\$1,002,030.99
Debt Service Fund	\$9,146,306.24
<b>Total Levy</b>	<b>\$40,471,667.08</b>

Action to adopt the Taxes Payable 2021 will be taken at the December 17, 2020 school board meeting.

B. On the Dial Learning Update – Interim Superintendent Lansfeldt

Interim Superintendent Lansfeldt shared the learning model update and the COVID-19 Dashboard Data.

- The CDC has shared data from October 8 through November 21, 2020. These numbers of cases are per 10,000 over a 14 day period and by county of residence.
- Washington County rates have gone up. Today we are at 155.97 cases per 10,000, last week we were at 146.8 cases. Rates are lower, because we are in distance learning and not all people are reporting.
- University of Minnesota dashboard - daily COVID rates by counties - The graph shows the rate from November 2, 2020 until November 30, 2020. Today's rate is at 129. The daily rate for our district is at 149.3. Slightly higher than other districts in our county boundaries.
- Dashboard for Stillwater Area Schools shows the one week time frame in our schools for the week of November 20, 2020 through November 26, 2020. The number of individuals who have tested positive is 8 students and 5 staff members. We have 91 students and 25 staff members quarantined. The cumulative totals since the start of the year is 114 students and 70 staff and the cumulative exposure or quarantined since the beginning of the school year, 2,260 students and over 418 staff.
- We had 2 transition dates to prepare to go into distance learning. It was amazing to see the strengths of our teachers and their engagement with students and parents. Parents have commented that distance learning has improved and their children are getting the best learning experience possible. One bus driver dropped off special notes to their students to let them know he was thinking of them.
- We are planning to stay in distance learning through Quarter 2 with a possible return on January 25, 2021. The state committee is currently meeting to consider additional or updated school opening guidance in the coming weeks. District 834 COVID Advisory Team will meet on January 12, 2021. Hoping to have more information from the state at this time. CDC has approved the state to look at quarantine time. All students will continue to receive free breakfast and lunch under the USDA program. There are more sites, times and days for distribution. We will have distribution every day per week. For more information, visit the Nutrition Services page on the district website.

- Thank you to our child care workers, who are going above and beyond what is expected.

C. Second Reading – Policy 510 – Shared Time Students

Dr. Cherry shared this policy with the School Board at the November 19, 2020 School Board meeting. There are no changes from the last reading. It addresses non-public or home-schooled students enrolled part-time in the district. A final reading of this policy will be presented at the December 17, 2020 School Board meeting.

D. Second Reading – Policy 721.1 - Board Approval of Contracts and Expenditures

Chair Stivland presented the policy following a board approved procedure which was approved at the last meeting. The objective of this policy is to apply consistency, maintain a balanced budget, ensure competitive pricing, and to assist the board in oversight, in keeping with its fiduciary duties and obligations. A final reading of this proposed policy will occur at the December 17 Board meeting.

E. Superintendent Evaluation – Chair Sarah Stivland

Chair Stivland shared that upon completion of the evaluation of the Interim Superintendent Lansfeldt, a copy of the evaluation will be placed in her personnel file.

The mid-year evaluation gives the School Board and the Interim Superintendent an opportunity to clarify goals and expectations. The final evaluation is usually conducted in May/June. After a closed superintendent evaluation session, the law requires that a summary to be shared at the next public board meeting.

There are 8 elements of the evaluation tool:

- Governance Team - Interim Superintendent Lansfeldt received high marks and positive feedback from the board.
- School District Finance - Which includes; Budget Development and Asset Protections. Many of the finance areas have not been observed yet, still the marks were high.
- Communications and Community Relationships - She received very positive feedback. She excels in this capacity and continually goes above and beyond the call of duty to respond to all entities in a timely, predictable and reliable manner.
- School Operations – She provided extraordinary care and steadfast leadership. Providing oversight so district buildings are safe and secure.
- Human Resources- Interim Superintendent Lansfeldt maintains and continually keeps staff informed on important matters and allows them opportunities to provide their input. She has an ideal temperament to be the Superintendent. Despite the pandemic, she went out of her way to increase her visibility and made herself readily available and interacted with principals to help support staff in our buildings.
- Teaching and Learning - Interim Superintendent Lansfeldt has a strong knowledge of programs and was able to discuss them with vigor and intelligibility.
- Student Support – She displayed an eagerness to learn and improve her professional abilities. Her temperament has led to an open, trusting environment
- Ethical and Inclusive Leadership – She has a clear understanding of the critical importance of an equitable learning environment for all. She has taken the steps to create the change that is needed in our district and we are already making progress.

We are very lucky to have her leadership during these extraordinary difficult times. Interim Superintendent Lansfeldt wants to work with all parties at the table. She demonstrates high ethical and moral characteristics. She has created an atmosphere of trust and mutual respect and works hard to protect that has greatly improved the relations between the board and her administration.

Chair Stivland requested a motion to approve the Interim Superintendent mid-year evaluation.

*Motion by: Member Riehle to approve the Interim Superintendent mid-year evaluation; seconded by: Member Weisberg; Vote: 4 ayes; 1 nay (Pelletier); 2 abstain (Petrie, Sherman); Motion carries.*

F. Contract Reviews – November 20, 2020 – November 30, 2020 – Mr. Dale Sundstrom  
Below is a list of contracts from November 20, 2020 to November 30, 2020.

- ISD #622 North St. Paul-Maplewood-Oakdale Schools contract for Non-Public Title I Services. ISD #622 has determined it necessary to retain the services of qualified teacher(s) for Title I services to be provided to resident students of ISD #834 attending non-public schools within ISD #622 boundaries. For 2020-2021 per pupil funding rate of \$600.16 per qualifying student resident not to exceed a total of \$1,800.48 (3 students).
- Ripple Effects Mapping (REM) is a program evaluation method that engages program participants, staff, and others who know about a program to reflect upon and visually map the program's impact. These online evaluation sessions will document impacts of the Stillwater Area Public Schools Office of Equity and Integration's collaboration with StoryArk to empower youth to tell stories often absent from mainstream narrative from December 1, 2020 until February 28, 2021. Maximum cost is \$4,800.00.
- Soccer Shots – This is a high-energy program introducing children to fundamental soccer principles and skills using fun games, songs and positive reinforcement. Cost is \$125.00 per child.

G. Community Engagement Services - Mr. Dale Sundstrom

On October 16<sup>th</sup> and October 23<sup>rd</sup>, 2020, Stillwater Area Public Schools advertised for written proposals from Community Engagement Services to provide services for renewal of an operating levy referendum, technology levy and building bond referendum. The selected firm will assist the District in assessing the attitudes and opinions of residents and parents related to possible referendum requests. On Monday, November 2, 2020, Stillwater Area Public Schools received written proposals from four Community Engagement Services. The proposals will include pre-testing (fall 2020) to help measure public perceptions, possible referendum questions, and a second level of research closer to a (spring/summer 2021) election to test referendum messaging and gauge voter support. The district's RFP committee met on November 23 and 24 to review the proposals. The committee recommended Baker, Tilly, Virchow, Krause, LLP as the firm to provide the district Community Engagement Services. Action will be requested at the December 3, 2020 board meeting.

H. Municipal Advisor Services - Mr. Dale Sundstrom

On October 16<sup>th</sup> and 23<sup>rd</sup>, Stillwater Area Public Schools advertised for written proposals from Municipal Advisor Services to provide services for renewal of an operating levy referendum, anticipated technology levy and anticipated building bond referendum to address facility needs related to changing district demographics. On Monday, November 2, 2020, Stillwater Area Public Schools received written proposals from four Municipal Advisor Services who will provide analysis, structure, issuance, and management of debt related to those projects identified in a successful bond referendum. The district's RFP review committee met on November 23, 2020 and 24, to review the proposals. The committee members recommended Ehlers, Public Finance Advisors as the firm to provide the district Municipal Advisor Services. This is a report for action. Action will be requested at the December 3 board meeting.

**X. Action Items**

**A. Community Engagement Services - Mr. Dale Sundstrom**

Mr. Sundstrom presented the Community Engagement Services summary.

*Motion by: Director Weisberg to approve the Baker Tilly Virchow Krause, LLP to provide the district Community Engagement Services; Seconded by: Member Riehle; Vote: 4 ayes, 3 nays (Pelletier, Petrie, Sherman); Motion carries.*

*Motion by: Member Sherman to amend to approve Morris Leatherman to provide the district Community Engagement Services; second by: Member Petrie; Vote: 2 ayes, 5 nays (Pelletier, Ptacek, Riehle, Weisberg, Stivland); Motion fails.*

*Motion by: Member Pelletier to table to approve the Baker Tilly Virchow Krause, LLP to provide the district Community Engagement Services; Seconded by: Member Sherman; Vote 3 ayes, 4 nays (Ptacek, Riehle, Weisberg, Stivland) Motions fails.*

**B. Municipal Advisor Services**

Mr. Sundstrom presented the Municipal Advisor Services summary.

*Motion by: Member Riehle to approve the Ehlers Public Finance Advisor as the firm to provide the district Municipal Advisor; Seconded by: Member Weisberg; Vote: 4 ayes, 3 nays (Pelletier, Petrie, Sherman), Motion carries.*

**C. 2019-2021 Terms and Conditions of Employment for Tech Support and Coordinators/ Supervisors/Specialists (CSS)**

Ms. Moen presented the updated terms and conditions of employment for the period of July 1, 2019 through June 30, 2021 for the Tech Support and Coordinators/Supervisors/Specialist.

*Motion by: Member Ptacek to approve the updated terms and conditions of employment for the Tech Support and Coordinators/Supervisors/Specialists; Seconded by: Member Weisberg; Vote 6 ayes, 0 nays, 1 abstain (Sherman). Motion carries.*

**D. 2019-2021 Terms and Conditions of Employment for District Directors, Managers, and Program Administrators**

Ms. Moen presented the updated terms and conditions of employment for the period of July 1, 2019 through June 30, 2021 for the Directors, Managers, and Program Administrators.

*Motion by: Member Ptacek to approve the updated Terms and Conditions of Employment for the Directors, Managers, and Program Administrators; Seconded by: Member Riehle; Vote: 6 ayes, 0 nays, 1 abstain (Sherman); Motion carries.*

**E. 2020-2022 Terms and Conditions of Employment for Community Ed Leads and Assistants**

Ms. Moen presented the updated terms and conditions of employment for the period of July 1, 2019 through June 30, 2021 for the Community Ed Leads and Assistants.

*Motion by: Member Riehle to approve the updated Terms and Conditions of Employment for the Community Ed Leads and Assistants; Seconded by: Member Weisberg; Vote: 6 ayes, 0 nays, 1 abstain (Sherman); Motion carries.*

F. Course Additions, Revisions, and Deletions

Ms. Larson shared the changes of the courses at the November 19 School Board Meeting. All information stays the same, however the Ethic and Cultural Studies may not stay in the Social Studies department. This is a general global elective. It is not a credit that applies to one area.

The purpose of this report is to share the Curriculum Advisory Council's recommended high school course additions, revisions and changes for the 2021-2022. Every year there is an opportunity to submit Course Approval forms to the Curricular Advisory Council. This year's recommendations included seven course name changes and three course revisions. They also recommended the addition of five new courses including, Social Studies-Ethic and Cultural Studies, Pathways Global Elective- Directed Study, PE/Health-Person Leadership, PE/Health-Careers in Physical Education, Exercise Science and Sport, and Fish and Wildlife II.

*Motion by: Member Pelletier to approve the changes listed for the 2021-2022 school year; Seconded by: Member Riehle; Vote: 7 ayes, 0 nays; Motion carried unanimously*

G. Change School Board meeting time on December 17, 2020 from 8:00 am to 6:00 pm - Chair Stivland

The board approves all meetings at the first January meeting. The December 17, 2020 School Board meeting is currently scheduled for 8:00 am. Due to the many items which need to be addressed before the end of the year, we will change this to a regular board meeting time of 6:00 pm.

*Motion by: Member Riehle to approve the time change of the December 17 School Board meeting to 6:00 pm; Seconded by: Member Weisberg; Vote: 7 ayes, 0 nays; Motion carried unanimously*

H. Superintendent Contract Negotiation - Chair Sarah Stivland

The contract for the Interim Superintendent is due to expire June 30, 2020. The recommendation is to authorize the board chair to enter into negotiations to pursue an additional contract that would extend the superintendent for up to three years.

If negotiations are successful, the new contract would come before the board for approval at the December 17, 2020 regular board business meeting.

*Motion to amend by: Member Riehle to approve the authorization for the board chair and board member Petrie to enter into negotiation for a new 3 year Superintendent contract; Seconded by: Member Weisberg; Vote: 4 ayes, 3 nays (Pelletier, Petrie, Sherman); Motion carries.*

*Point of Order: Member Sherman; On June 23, 2020, the board met in a Special Meeting and voted to begin contract negotiations to hire Malinda Lansfeldt as interim superintendent. The board also discussed the process of hiring a permanent superintendent. Director Sherman felt that unless you rescind the former motion, you cannot go forward with this action.*

*Motion to rescind by: Member Sherman the authorization of the board to enter into negotiation for a new Superintendent contract; Motion fails due to no second to the motion*

*Motion to amend by: Member Pelletier to delay the vote and have this discussion on January 21, 2021; Second by: Member Petrie; Vote: 3 ayes, 4 nays (Pelletier, Petrie, Sherman); Motion fails.*

*Motion to amend by: Member Petrie to add the following sentence; “Contract negotiations with Superintendent Lansfeldt will begin after the board issues a call for RFPs from superintendent search firms, and a Board Work Session is scheduled to review and choose the top three companies, which will be asked to give a presentation to the board during the work session, with a decision on a search firm to be made at a board meeting subsequent to the work session; Seconded by: Member Pelletier; Vote: 3 ayes, 4 nays (Ptacek, Riehle, Weisberg, Stivland); Motion fails.*

*Motion to amend by: Member Sherman to approve the authorization of the board chair to enter into negotiation for a new 1 year Superintendent contract; Seconded by: Member Petrie; Vote: 2 ayes, 4 nays (Ptacek, Riehle, Weisberg, Stivland), 1 abstain (Pelletier); Motion fails.*

*Motion to amend by: Member Petrie that Chair Stivland in conjunction with Member Petrie or Member Sherman as incoming board members enter negotiations to pursue an additional contract that would extend the Superintendency for three years; Second by: Member Pelletier; Vote: 4 ayes, 3 nays (Riehle, Weisberg, Stivland); Motion carries.*

*Motion to amend the amendment by: Member Ptacek that Chair Stivland in conjunction with Member Petrie as incoming board members enter negotiations to pursue an additional contract that would extend the Superintendency for three years, Second by: Member Pelletier, Vote: 4 ayes, 3 nays (Riehle, Weisberg Stivland,) Motion carries.*

## **XI. Board Reports**

### **1. Board Chair Report**

Chair Stivland received an email regarding the Stillwater bowling team coached by parent, Jessie Curtis. There are over 25 members on JV and Varsity teams. The Ponies came in 3rd in state last year. The varsity team placed 3rd in the season tournament. This is Cathy Moen's last board meeting. She has worked tirelessly for our students, families and our community. Thank you for all of your years of service.

### **2. Working Group Reports**

1. Community Engagement – Have not met
2. Finance and Operations – There was not a meeting
3. Legislative – AMSD and SEE are submitting final drafts of their legislative platforms for approval to their memberships.
4. Policy – This was covered in the reports.

### **3. Member Reports:**

- Director Riehle - Welcome to John Thein. Thank you to Cathy and good luck
- Director Sherman observed a 4th grade distance learning class at Afton Lakeland. She is looking forward to seeing how the board can support our students and families in distance learning.
- Director Ptacek mentioned Chair Stivland and Director Ptacek attended the Delegated Assembly for Minnesota School Board Association. Chair Stivland had finished a 2 year term and Director Ptacek had finished two 2 year terms.
- The Assembly Delegates voted on 11 different resolutions submitted by school districts all across Minnesota.
  - MSBA advocates for legislation that aligns with the approved resolutions.
  - Prior to her election as a delegate, Chair Stivland, wrote a resolution, referenced in the Delegate Guide book.
  - Stillwater Area Public Schools was recognized because of her advocacy.



- MSBA submitted for passage two bills, one in the House and one in the Senate to expand funding and provisions for gifted and talented programs. Sarah has been a strong proponent and advocate for expanding funding for gifted and talented programs.
- Director Pelletier thanked the “Truth in Taxation” speakers.

**XII. Adjournment**

A. The meeting adjourned at 11:28 p.m.

*Respectfully submitted, Mike Ptacek, Clerk*

(New Hires, Resignations, Retirements, Terminations, Leave Requests)

**RETIREMENT/RESIGNATION/RELEASE**

NAME	STATUS	ASSIGNMENT	GROUP	EFFECTIVE DATE
Fuglestad, Peter	Retirement (25.5 years)	1.0 FTE Science Teacher Stillwater Middle School	SCEA	December 26, 2020
Hansen, Alexa	Resignation	Assistant Girls Basketball Coach Stillwater Area High School	Co-Curricular	November 17, 2020
Kennedy, Chloe	Resignation	Paraprofessional 6.0 hrs/day Lake Elmo Elementary School	SCPA	November 27, 2020
Kummer, Jeanelle	Resignation	Cafeteria 3.0 hrs/day Lake Elmo Elementary School	Cafeteria	December 1, 2020

**HIRES/REHIRES**

NAME	ASSIGNMENT	SALARY PLACEMENT/ HOURLY RATE	REASON	GROUP	EFFECTIVE DATE
Anderson, Christopher	Community Education Casual District Wide	\$50.00 hour	Casual	Casual	November 17, 2020
Kellogg, Olivia	Community Education Casual District Wide	\$14.50 hour	Casual	Casual	November 30, 2020
Olivieri, Sophia	Community Education Casual District Wide	\$14.50 hour	Casual	Casual	November 30, 2020

**LEAVES OF ABSENCE**

NAME	STATUS	ASSIGNMENT	GROUP	EFFECTIVE DATE
Banick, Amanda	Approve	1.0 FTE Math Teacher Stillwater Area High School	SCEA	January 4, 2021 - March 11, 2021
Haynor, Pamela	Approve	Paraprofessional 6.0 hrs/day Stillwater Middle School	SCPA	December 9, 2020 - January 5, 2021
Mielzarek, Sharon	Approve	Cafeteria 4.0 hrs/day Andersen Elementary School	Cafeteria	November 23, 2020 - January 1, 2021

**ASSIGNMENT CHANGES**

NAME	FROM	TO	REASON	GROUP	EFFECTIVE DATE
Durant, Kelly	Community Education Assistant 17.0 hrs/week Andersen Elementary School	Community Education Assistant 27.5 hrs/week Andersen Elementary School	Replacement	CE Leads & Assistants	November 30, 2020
Sindt, Brenna	Community Education Assistant 8.0 hrs/week Afton-Lakeland Elementary School	Community Education Assistant 17.5 hrs/week Afton-Lakeland Elementary School	Replacement	CE Leads & Assistants	November 30, 2020

**ADDITIONAL ASSIGNMENTS**

NAME	Position	Reason	Group	EFFECTIVE DATE
Ryan, Angie	Head Softball Coach Stillwater Area High School	Replacement	Co-Curricular	November 24, 2020



**Agenda Item: VIII. A.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: On the Dial Learning Update  
Meeting Date: December 17, 2020  
Contact Person: Interim Superintendent Malinda Lansfeldt

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*Background:*

Interim Superintendent Lansfeldt will provide an update on the district's learning model.

---

No Action required.



**Agenda Item VIII. B.**  
**Date Prepared: December 9, 2020**  
**ISD 834 Board Meeting**

**Report Agenda:** Contract and Expenditure Reviews

**Meeting Date:** December 17, 2020

**Contact Person:** Dr. John Thein Director of Finance

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**Summary**

The school board requested a change to contract and expenditure procedures to enhance clarity and consistency. At the October 8, 2020 business board meeting it was approved, effective immediately, a new procedure for contracts within the administration's authority less than \$50,000 now must be brought to the Board after execution. All such contracts are brought to the board for informational purposes.

**Below is a list of contracts from December 1, 2020 to December 10, 2020.**

- DreamBox Learning offers software products and services that provide personalized math instruction in an engaging environment for students. DreamBox Learning provides a three-pronged approach to math, focusing on teaching concepts, problem-solving, and procedures, that is underpinned with an intelligent, adaptive engine that sequences and personalizes instruction to meet the needs of each student. This is a seven (7) month subscription for a cost of \$3,500.00.

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**Recommendation:**

This is a report for information.



**Agenda Item IX. A.**  
**Date Prepared: December 4, 2020**  
**ISD 834 Board Meeting**

Action Item: Financial Statements FY2020  
Meeting Date: December 17, 2020  
Contact Person: Dr. John Thein, Director of Finance

---

**Summary:**

The purpose of this report is to present the audited financial statements for the year ending June 30, 2020.

Mr. Denise Hoogeveen of the audit firm CliftonLarsonAllen LLP (CLA) will present the financial statements for the year ending June 30, 2020.

A draft copy of the District's Comprehensive Annual Financial Report was provided.

.

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**Recommendation:**

A motion and a second to approve the Financial Report FY2020 is requested.

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

# **Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2020*



**Stillwater Area Public Schools**  
Independent School District No. 834

Stillwater, Minnesota



# **Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2020*

## **Independent School District No. 834 Stillwater, Minnesota**

1875 South Greeley Street

Stillwater, MN 55082

[www.stillwaterschools.org](http://www.stillwaterschools.org)

651.351.8321

### **Prepared by Finance Department**

Kristen Hoheisel, Executive Director of Finance and Operations

Lynne Ritzer, Supervisor of Financial Services

Kathy Tuenge, District Accountant

Mary Acosta, Student Support Services Accountant

Linda Moncrief, Admin Assistant

Aimee Embree, Accounts Processing Technician

Lorna Wells, Accounts Processing Technician

Tracy Caples-McDonald, Payroll Technician

Amber Schauer, Payroll Technician

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INDEPENDENT SCHOOL DISTRICT NO. 834  
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# Section I

## Introduction





December 9, 2020

To: School Board  
Citizens  
Employees of the School District

State law requires that every public school district publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

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

CLA (Clifton Larson Allen LLP), Certified Public Accountants, have issued an unmodified (“clean”) opinion on Independent School District No. 834’s (the District) financial statements for the year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of this report.

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

#### **PROFILE OF THE ENTITY AND ITS SERVICES**

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12+. These include regular and enriched academic programs, special education programs, and career/vocational education. Food service and transportation are provided as supporting programs. The community education program in the District includes early childhood and family education programs, an adult basic education program, and a variety of classes for lifelong learning experiences for children and adults.

Minnesota’s first schoolhouse was built in Stillwater in 1848, a year before Minnesota became a territory. Located on Olive Street between Second and Third Streets, the schoolhouse was a one-room building with cracks in the walls. Stillwater became the state’s first school district just two years later, a full four years before the City of Stillwater was incorporated. This District, now known as Independent School District No. 834, Stillwater Area Public Schools, has a long tradition of high expectations, high standards, and outstanding achievement. It is also a system dedicated to continuous improvement.

The District served more than 8,400 students for the 2019–2020 school year and is projecting a 275 student decline for the 2020–2021 school year due to the COVID19 pandemic and families choosing other education options than ISD No. 834. The number of students that will return after the pandemic is over is yet to be determined. We have gone from a one-room schoolhouse to seven operating elementary schools (K–5), two middle schools (Grades 6–8), one high school (Grades 9–12), and an alternative learning center for secondary students. An early childhood family center (ECFC) serves families with young children, from birth to age five. The average long-term facilities maintenance age of the District's buildings is approximately 39.31 years; with the original buildings being constructed first in 1919 to the latest construction of Brookview Elementary school in 2017. Building ages include 1910s (1), 1920s (1), 1950s (4), 1960s (2), 1970s (2), 1990s (2), 2000s (1) and 2010s (2).

The District stretches 30 miles along the scenic St. Croix River from Marine on St. Croix south to Afton and covers approximately 150 square miles. The District encompasses 18 communities, including: Afton, Bayport, Baytown Township, Grant, a portion of Hugo, Lake Elmo, Lakeland, Lakeland Shores, Lake St. Croix Beach, Marine on St. Croix, May Township, Oak Park Heights, St. Mary's Point, Stillwater, Stillwater Township, West Lakeland Township, Withrow, and a portion of Woodbury. The total district population is estimated at 68,534.

The District is well known for providing a solid and rigorous curriculum that focuses on the expanded basics of reading, writing, math, logic, and speaking. Student achievement on state and national tests ranks above the state average. The District strives to develop learners who are innovative, creative, and prepared for a rapidly changing world. Expectations are high and students of all abilities are challenged, supported, and motivated at every level—from early childhood through high school. Students regularly earn top awards and recognitions in academics, and performing and visual arts programs. Student athletes also consistently appear in state competitions.

#### **LOCAL ECONOMY**

According to census information from the Washington County website, the county continued to experience growth, increasing 6.3 percent since 2010. The Washington County's estimated population in 2018 was 261,512, making it the fifth largest county in the state of Minnesota, housing approximately 4.5 percent of the state's population and approximately 8.4 percent of the Twin Cities metropolitan area's population. According to the Metropolitan Council, as reported on the county's website, Washington County's population is expected to continue to grow. By the year 2040, the county's population is projected to increase to 335,790.

The District's population has grown from 41,958 in 1996 to 68,534 in 2020. This represents a 63.3 percent increase.

Source data from the U.S. Census Bureau shows that the median household income in 2018 for Washington County was \$95,124 as compared to \$68,411 in 2018 for the state of Minnesota. Source data from the U.S. Census Bureau shows that the per capita income in 2015 for Washington County was \$58,163.

The poverty rate of Washington County continues to be low. Source data from the 2016 American Community Survey, as reported on the county's website, shows that 4.3 percent of Washington County's family population was below the federal poverty level.

Due to its strong and healthy local economy, the District has maintained a credit rating of Aa2 from Moody's Investor Service since 2012.

## LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases are unpredictable and have not been sufficient to meet instructional program needs and increased costs due to inflation. The voter-approved operating referendum expires with the Payable 21 Tax levy so the District will need to seek a renewal by November 2021. The expiring levy was for eight years. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

A bond referendum had been passed by voters in May 2015 that was designed to allow for grade reconfigurations in the school District. The bond paid for a major addition and remodeling at the high school to make room for ninth grade students, as well as other building projects to support the new Grades 6–8 middle schools and pre-kindergarten–Grade 5 elementary schools. It also funded construction of a new elementary school that replaced a shared elementary school in the growing southern portion of the District.

After years of declining enrollment, the District that was once projected to serve nearly 10,000 students was serving just 8,300. While communities in the southern portion of the very long and skinny district are growing, enrollment in central and northern elementary schools has been on the decline for years. This imbalance caused a variety of financial challenges, but the real issue concerning district leaders was that it created vastly different learning experiences for elementary students depending on where they lived. Schools in the south, which had its most diverse learners, faced overcrowding and large class sizes while schools in the north were under capacity, had small class sizes, and few support staff.

Knowing grade configuration changes would result in boundary changes and other disruptions to the system, district leaders decided to also address the need to review capacity issues across the District. During the winter of 2016, administration determined that now was the time to address the inequities in learning and developed a proposal called BOLD, Building Opportunities to Learn and Discover. With a split 4–3 vote in March 2016, the School Board approved the plan to close three of its elementary schools at the start of the 2017–2018 school year in order to better utilize resources, balance class sizes, and increase support for ALL students.

The need for the BOLD proposal to close three elementary schools was supported by significant evidence gathered from demographic studies, county-wide growth trends, a comprehensive strategic planning process, a community-led Facility Use Plan, and district enrollment data.

In an effort to ensure all of our students have learning environments that reflect current and future needs, the district has invited the community to help develop a long-term facilities plan. The design team will consider things like the condition of buildings, and future mechanical/operations and safety/security needs. It will also consider student programming needs and class size information, and the impact any changes in programming and class size would have on building use and capacity among other items. Ultimately, the design team will work to develop a recommendation to present to the school board on how to best utilize existing space within the school district as well as address future growth as a result of demographic and housing patterns. It will also look to enhance existing facilities over the next five years based on improving learning opportunities for all students and identify deferred maintenance projects to ensure the safe and effective operation of existing district facilities for the next ten years.

Recently, the School Board approved the District's strategic plan for 2018–2021. The plan reaffirms the District's mission, defines our vision, and creates the Portrait of a Stillwater Graduate, which outlines the skills and attributes a student should attain by the time they graduate from our district.

Based on feedback from more than 2,000 business leaders, community members, students, teachers, and parents, the plan is designed to develop students who are strong communicators, collaborators, critical thinkers, creators, and self-advocates. The plan will also help ensure all of our learners are ready for kindergarten, can read at grade level by third grade, graduate from high school, and are ready for college and career, while also working to close racial and economic achievement gaps. Learn more at <https://stillwaterschools.org/district/our-mission/strategic-plan-2018-2021>

With the onset of the COVID19 pandemic in the spring, the governor of Minnesota ordered schools into a distance learning model to deliver instruction. This caused a delay in work to determine appropriate attendance boundaries within the district, plan school building improvements, and establish plans to address growth issues in the south end of District No. 834. In late 2020, the district is resuming efforts to resolve overcrowding in the south and enrollment decline in the north of the district

#### **RELEVANT FINANCIAL POLICIES**

The District is required to adopt an annual budget prior to the start of the fiscal year. Legal budgetary control is at the fund level. For the 2019–2020 fiscal year, the District adopted a General Fund original budget estimating adjusted revenues and other financing sources to be less than adjusted expenditures (\$111,535,775 versus \$112,964,436) leading to a deficit of \$1,428,661. School Board policy states the District will maintain a minimum unassigned General Fund balance of 5 percent of the annual projected expenditures. The District’s unassigned fund balance is greater than 5 percent for 2019-2020.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Association of School Business Officials (ASBO) International awarded the Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the 16th consecutive year that the District has achieved this prestigious award.

A Certificate of Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Excellence in Financial Reporting program’s requirements, and we are submitting it to the ASBO International to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business and Administrative Services Division. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Superintendent and the School Board for their unfailing support in maintaining the highest standards of professionalism in the management of the District’s finances.

Respectfully submitted,



Interim Executive Director of Finance and Operations

**STILLWATER AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 834  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2020**

**SCHOOL BOARD**

<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Ms. Sarah Stivland		Chairperson
Ms. Shelley Pearson		Vice Chairperson
Ms. Tina Riehle		Treasurer
Dr. Michael Ptacek		Clerk
Mr. Mark Burns		Director
Ms. Jennifer Pelletier		Director
Ms. Liz Weisberg		Director

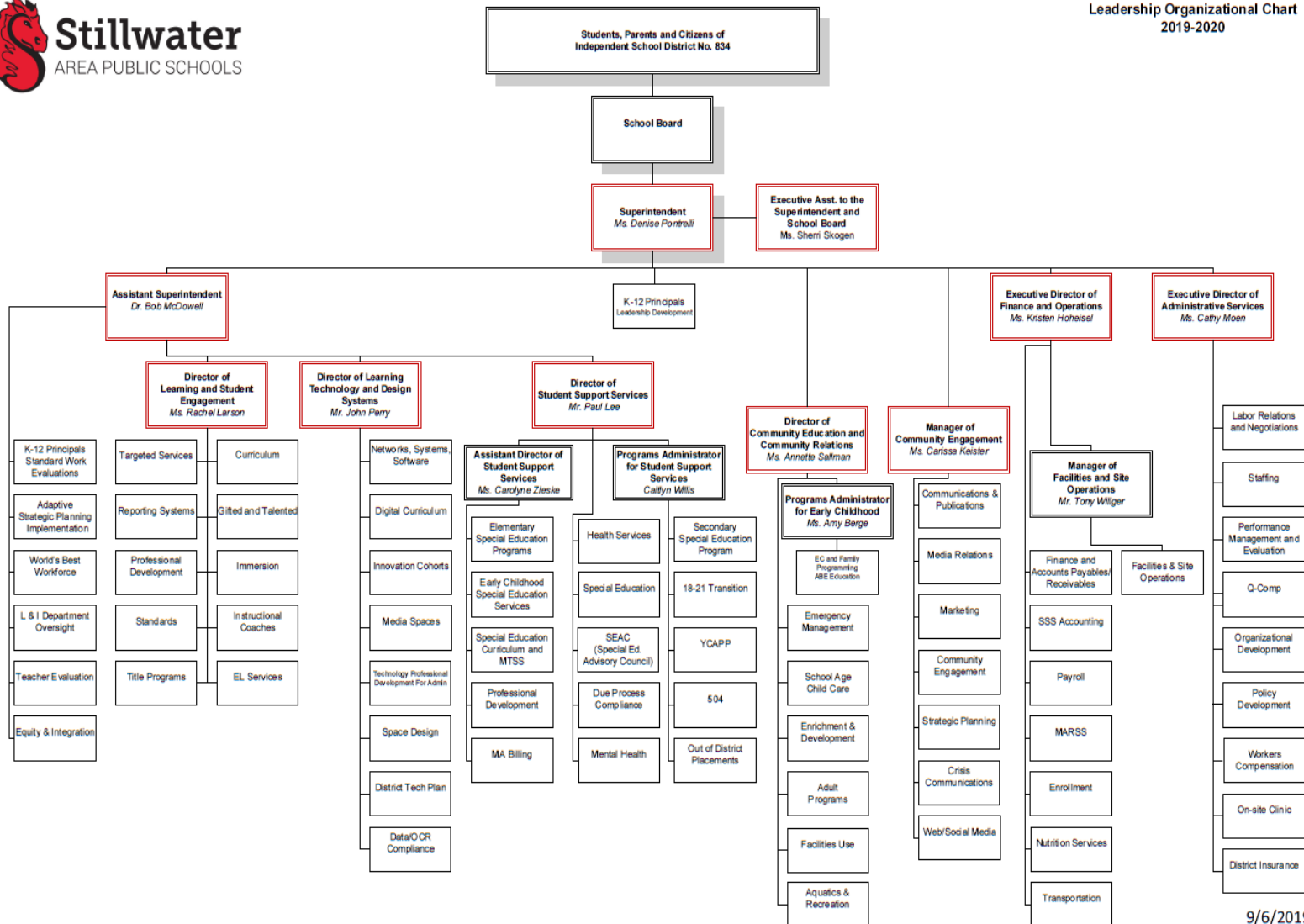
**ADMINISTRATION**

Ms. Denise Pontrelli	Superintendent
Dr. Bob McDowell	Assistant Superintendent
Ms. Kristen Hoheisel	Executive Director of Finance and Operations
Ms. Cathy Moen	Executive Director of Administrative Services
Ms. Rachel Larson	Director of Learning and Student Engagement
Mr. Paul Lee	Director of Student Support Services
Mr. John Perry	Director of Learning, Technology, and Design Systems
Ms. Annette Sallman	Director of Community Education and Community Relations





Leadership Organizational Chart  
2019-2020



9/6/2019

STILLWATER AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 834  
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING  
JUNE 30, 2020



The Certificate of Excellence in Financial Reporting  
is presented to

**Stillwater Area Public Schools -  
Independent School District #834**

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

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



A handwritten signature in black ink, reading 'Claire Hertz'.

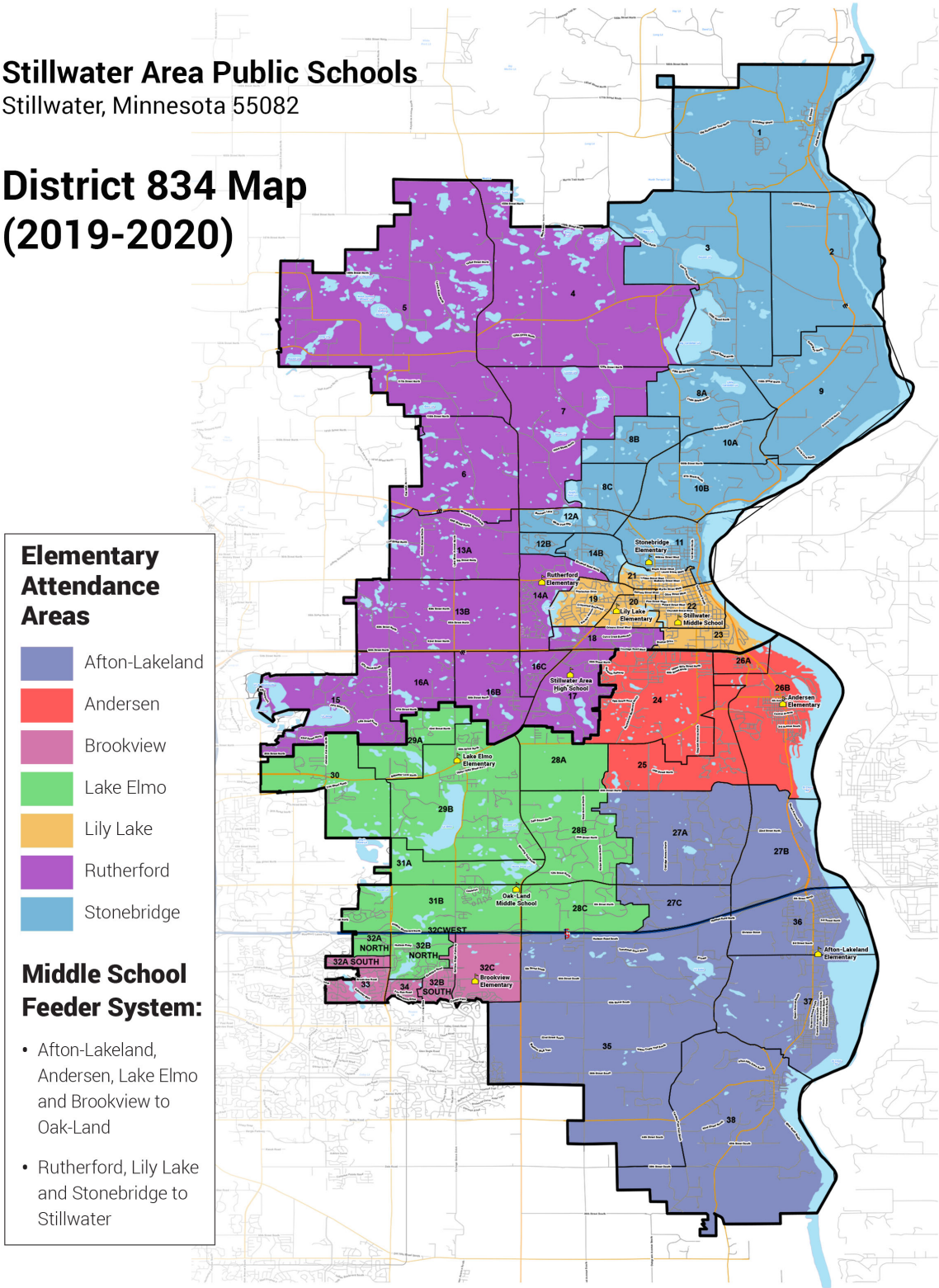
Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

**Stillwater Area Public Schools**  
Stillwater, Minnesota 55082

**District 834 Map  
(2019-2020)**



# Section II

## Financial





## INDEPENDENT AUDITORS' REPORT

School Board and Management  
Independent School District No. 834  
Stillwater Area Public Schools  
Stillwater, Minnesota

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 834 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Independent School District No. 834's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 834 as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended and budgetary comparison for General Fund, Food Service, and Community Service, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

During fiscal year ended June 30, 2020, the District restated its beginning fund balance for the General Fund due to unearned revenue in the prior year being overstated. Though being immaterial to the governmental activities of the District, beginning net position was also restated to reflect this overstatement. See Note 11 for additional information on these restatements.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the district's net OPEB liability (asset) and related ratios, schedule of money-weighted rate of return on plan assets, schedules of district's proportionate share of net pension liability and schedules of district's pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 834's basic financial statements. The introductory section, the individual fund financial statements, the uniform financial accounting and reporting standards compliance table and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and the uniform financial accounting and reporting standards 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

Other Matters (Continued)

*Supplementary Information (Continued)*

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 individual fund financial statements and the uniform financial accounting and reporting standards compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The basic financial statements for the year ended June 30, 2019, were audited by other auditors and are not presented with the accompanying financial statements. In their report dated September 18, 2019, they expressed unmodified opinions on the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 834. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprised the Independent School District No. 834's basic financial statements as a whole. The 2019 information presented in the individual fund statements as listed under supplementary information in the Table of Contents is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of Independent School District No. 834's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 834's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 9, 2020

## REQUIRED SUPPLEMENTARY INFORMATION

DRAFT



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

This section of Independent School District No. 834's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the district's financial statements, which immediately follow this letter.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

### **Financial Highlights**

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

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by \$558,022 (net position deficit). The District's total net position increased by \$4,679,130 during the fiscal year ended June 30, 2020.
- Government-wide revenues totaled \$134,674,623 and were \$4,679,130 more than expenses of \$129,995,493.
- The General Fund's total fund balance increased \$6,784,455 from the prior year, compared to a \$496,363 increase planned in the budget.

### **Overview of the Financial Statements**

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, single and supplementary information. The basic financial statements include several statements that present different views of the District:

- The **district-wide financial statements**, including the *Statement of Net Position* and the *Statement of Activities*, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- **Governmental funds statements** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- **Proprietary funds statements** offer short- and long-term financial information about the activities the District operates like businesses.
- **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

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**Government-Wide Statements**

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

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

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

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

**Fund Financial Statements**

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

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

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The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Fund* – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its dental and health self-insurance programs. These services have been included within the governmental activities in the government-wide financial statements.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial and governmental fund statements because the District cannot use these assets to finance its operations.

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

**Net Position**

The District's *combined* net position was a deficit of \$558,022 on June 30, 2020 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 resulting in the District's net position to be a deficit of \$558,022. The District's total net position was significantly impacted in fiscal 2020 and 2019 by the required actuarial calculation changes included in GASB Statements related to statewide pension plans. The District had \$19,894,112 of net position that was available to meet its ongoing obligations but restricted for specific uses.

A large part of the District's net position is the investment in capital assets (land, buildings and equipment) less depreciation and the related debt outstanding that was used to acquire the assets. The District uses the capital assets to provide educational services to students. These are not capital assets available for future spending. Even though the District's investment in capital assets is reported net of the related debt, the resources needed to repay this debt must be provided from other sources because the capital assets cannot be used to liquidate these liabilities. Another major factor in determining net position as compared to fund balances are the liabilities for long-term severance pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

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

	Governmental Activities as of June 30,		Percentage Change
	2020	2019	
<b>Assets</b>			
Current and Other Assets	\$ 89,523,369	\$ 86,441,229	3.57 %
Capital Assets	161,884,361	162,583,047	(0.43)
Total Assets	251,407,730	249,024,276	0.96
Deferred Outflows of Resources	51,640,085	73,171,120	(29.43)
<b>Liabilities</b>			
Current Liabilities	14,685,468	15,941,661	(7.88)
Net Pension Liability	62,365,913	61,033,877	2.18
Long-Term Liabilities	113,391,543	118,960,361	(4.68)
Total Liabilities	190,442,924	195,935,899	(2.80)
Deferred Inflows of Resources	113,162,913	132,429,779	(14.55)
<b>Net Position:</b>			
Net Investment in Capital Assets	62,505,284	58,929,681	6.07
Restricted	19,894,112	16,107,066	23.51
Unrestricted	(82,957,418)	(81,207,029)	2.16
Total Net Position	\$ (558,022)	\$ (6,170,282)	(90.96)

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**Changes in Net Position**

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2020	2019	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 8,181,102	\$ 10,636,938	(23.09)%
Operating Grants and Contributions	23,892,060	16,705,606	43.02
Capital Grants and Contributions	1,071,842	1,149,012	(6.72)
<u>General Revenues</u>			
Property Taxes	39,912,698	38,214,652	4.44
Unrestricted State Aid	60,073,369	59,591,562	0.81
Investment Earnings	704,641	923,654	(23.71)
Other	838,911	1,543,675	(45.65)
Total Revenues	134,674,623	128,765,099	4.59
<b>Expenses</b>			
Administration	4,163,190	2,761,832	50.74
District Support Services	4,221,324	3,848,441	9.69
Regular Instruction	51,734,965	33,389,523	54.94
Vocational Education Instruction	1,544,708	1,061,396	45.54
Special Education Instruction	22,395,970	15,645,568	43.15
Instructional Support Services	7,480,689	6,355,742	17.70
Pupil Support Services	13,259,915	11,597,906	14.33
Sites and Buildings	14,417,912	11,508,298	25.28
Fiscal and Other Fixed Cost Programs	418,172	298,619	40.04
Food Service	3,717,123	4,178,034	(11.03)
Community Service	3,054,540	6,563,197	(53.46)
Interest and Fiscal Charges on Long-Term Liabilities	3,586,985	3,808,388	(5.81)
Total Expenses	129,995,493	101,016,944	28.69
<b>Change in Net Position</b>	4,679,130	27,748,155	
Beginning Net Position	(6,170,282)	(33,918,437)	
Prior Period Adjustment	933,130	-	
Beginning Net Position, as Restated	(5,237,152)	(33,918,437)	
Ending Net Position	\$ (558,022)	\$ (6,170,282)	

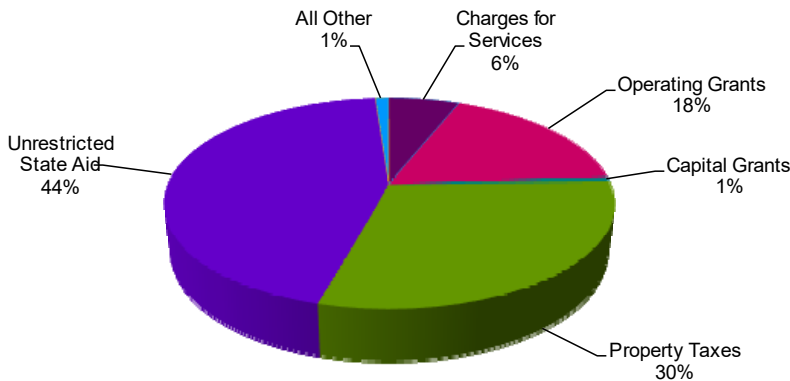
Total revenues were \$134,674,623, while total expenses were \$129,995,493, increasing net position by \$4,679,130.

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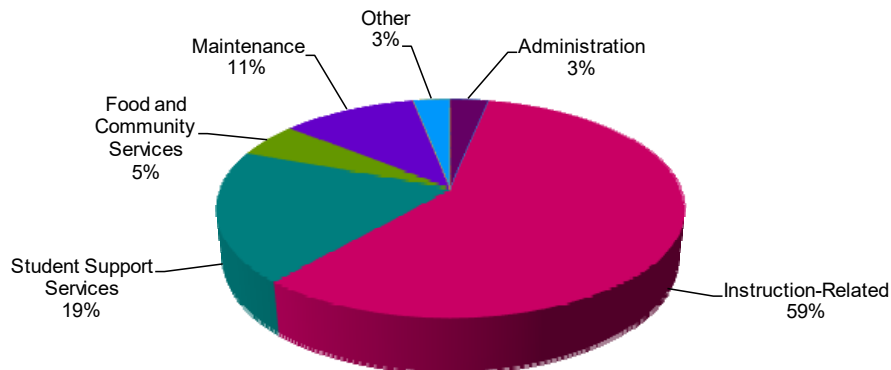
The cost of all *governmental* activities this year was \$129,995,493.

- A portion of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$8,181,102). The majority of this category, \$6.4 million, comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-2, Operating and Capital Grants and Contributions, \$24,963,902).
- Most of the District's costs were supported by local property taxes, unrestricted state aid, investment earnings, and other general revenues. Governmental activities were sustained by accessing \$39,912,698 in property taxes, \$60,073,369 of unrestricted state aid, and with investment earnings and other general revenues.

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



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



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All governmental activities include not only funds received for the general operation of the District, which are used for classroom instruction, but also include resources from Food Service and Community Education funds. Funding for the general operation of the District is controlled by the State and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources.

Table A-3, seen below, presents the cost of twelve major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2020	2019		2020	2019	
Administration	\$ 4,163,190	\$ 2,761,832	50.74 %	\$ 4,148,576	\$ 2,761,832	50.21 %
District Support Services	4,221,324	3,848,441	9.69	4,056,657	3,847,450	5.44
Regular Instruction	51,734,965	33,389,523	54.94	47,442,552	31,175,734	52.18
Vocational Education Instruction	1,544,708	1,061,396	45.54	1,526,247	1,035,124	47.45
Special Education Instruction	22,395,970	15,645,568	43.15	8,332,919	2,402,796	246.80
Instructional Support Services	7,480,689	6,355,742	17.70	3,932,128	4,318,544	(8.95)
Pupil Support Services	13,259,915	11,597,906	14.33	13,090,948	11,404,625	14.79
Sites and Buildings	14,417,912	11,508,298	25.28	13,356,798	11,335,650	17.83
Fiscal and Other Fixed Cost Programs	418,172	298,619	40.04	418,172	298,619	40.04
Food Service	3,717,123	4,178,034	(11.03)	(188,928)	(243,307)	(22.35)
Community Service	3,054,540	6,563,197	(53.46)	(2,852,565)	379,933	(850.81)
Interest and Fiscal Charges on Long-Term Liabilities	3,586,985	3,808,388	(5.81)	3,586,985	3,808,388	(5.81)
<b>Total</b>	<b>\$ 129,995,493</b>	<b>\$ 101,016,944</b>	<b>28.69</b>	<b>\$ 96,850,489</b>	<b>\$ 72,525,388</b>	<b>33.54</b>

The cost of all governmental activities this year was \$129,995,493, a increase of \$28,978,549 from the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$96,861,141 or an increase of \$24,335,753 from the prior year.

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

The financial performance of the District as a whole is reflected in its governmental funds. The General Fund's revenues and other financing sources exceeded expenditures and other financing uses by \$6,784,455. The Food Service Fund's revenues and other financing sources exceeded its expenditures and other financing uses by \$180,084. The Community Service Fund expenditure and other financing uses exceeded its revenues and other financings sources by \$888,394. The Capital Projects-Building Construction Fund, and Debt Service Fund had planned deficit spending. At the end of the 2019-20 fiscal year, the District's governmental funds reported combined fund balances (non-spendable, restricted, committed, assigned, and unassigned) of \$34,668,652, a net increase in fund balances of \$3,936,721 from the prior year.

Revenues were \$134,000,771 plus other financing sources of \$6,055,213 for the District's governmental funds totaled \$140,055,984, while expenditures were \$131,082,393 plus other financing uses of \$5,970,000 for the District's governmental funds total of \$137,052,393. As a result, the District completed the year with a net change in fund balances of \$3,003,591.

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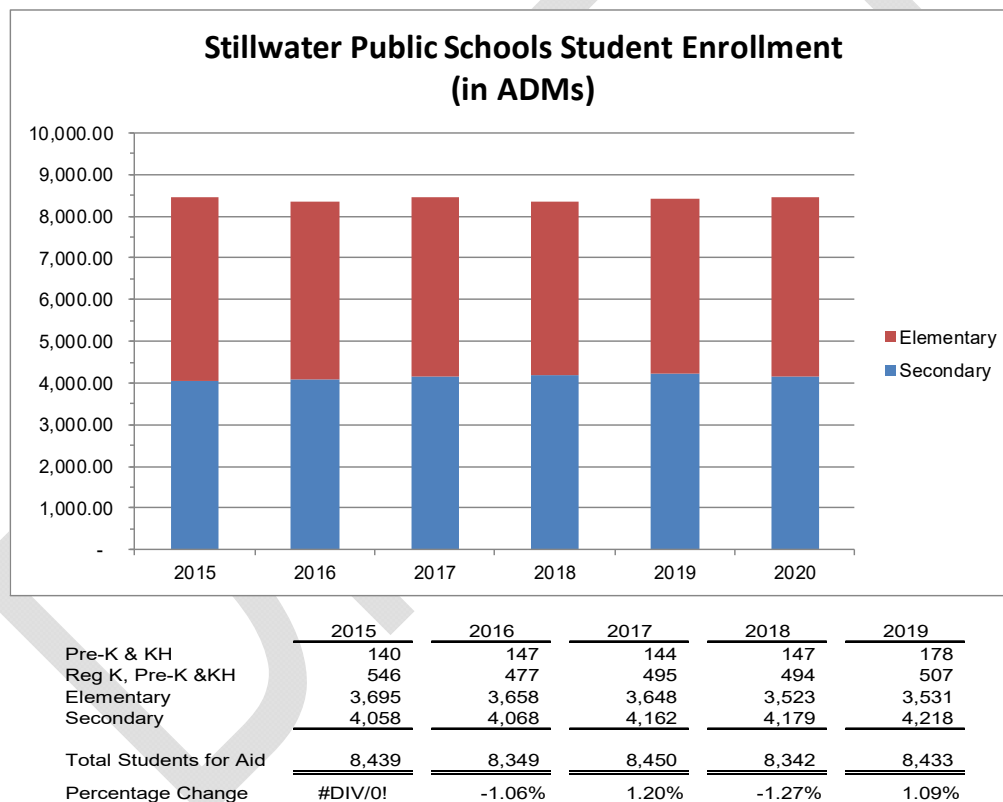
**General Fund**

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities; District instructional and student support programs; expenditures for the superintendent; District administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school District expenditures not specifically designated to be accounted for in any other fund.

**Enrollment**

Enrollment is a critical factor in determining revenue with approximately 70% of General Fund revenue being determined by enrollment. While many Minnesota school districts are facing declining enrollment, during the last ten years, the District has increased in students and anticipates further growth. The following chart shows the number of students served over the past ten years.

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





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The following schedule presents a summary of General Fund Revenues.

**Table A-5  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	% Change
Local Sources:				
Property Taxes	\$ 29,103,776	\$ 27,016,038	\$ 2,087,738	7.7 %
Earnings on Investments	497,750	592,141	(94,391)	(15.9)
Other	3,361,900	3,817,706	(455,806)	(11.9)
State Sources	79,050,190	76,676,591	2,373,599	3.1
Federal Sources	1,861,877	2,018,811	(156,934)	(7.8)
Total General Fund Revenue	<u>\$ 113,875,493</u>	<u>\$ 110,121,287</u>	<u>\$ 3,754,206</u>	3.4

General Fund revenue increased by \$3,754,206 or 3.4% from the previous year. The changes in the major sources of revenue include:

Property Taxes increased by \$2,087,738 or 7.7%.

Earnings on Investments decreased by \$94,391 or 15.9% due to lower interest rates.

Other local revenue decreased by \$455,806 or 11.9%. This category includes such items as rental income, donations, admissions, and fees.

State Sources increased by \$2,373,599 or 3.1% by a number of factors. Minnesota legislation increased the general education aid formula by 2% in the first year of the biennium.

Federal revenue is recorded in the year in which the related expenditure is made. Federal sources decreased by \$156,934 or 4.3%.

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General Fund Revenue is received in two major categories. In summary, the two categories are:

1. State Education Finance Appropriations

- A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
- B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e. special education) or promote certain types of programs (i.e., career and technical aid, adult basic education aid).

2. Property Tax Levies

The largest share of the levy is from voter-approved levies which include the operating referendum, which is enrollment driven.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Salaries	\$ 55,804,102	\$ 56,274,912	\$ (470,810)	(0.8)%
Employee Benefits	25,027,422	25,017,802	9,620	0.0
Purchased Services	17,366,091	19,270,025	(1,903,934)	(9.9)
Supplies and Materials	3,424,780	3,540,961	(116,181)	(3.3)
Capital Expenditures	4,103,614	4,675,635	(572,021)	(12.2)
Debt Service	825,188	822,413	2,775	0.3
Other Expenditures	540,618	458,402	82,216	17.9
Total General Fund Expenditures	<u>\$ 107,091,815</u>	<u>\$ 110,060,150</u>	<u>\$ (2,968,335)</u>	<u>(2.7)</u>

Total General Fund expenditures decreased \$2,968,335 or 2.7% from the previous year. The changes in the major expenditure categories include:

Overall salaries decrease by \$470,810 or 0.8%.

Employee benefits increased \$9,620 or 0.0%.

Purchased Services consist of expenditures for fees for service including transportation contracts, postage, utilities, property insurance, maintenance repairs, leases, travel, telephone, and tuition. The District's decreased of 9.9% or \$1,903,934.

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The Debt Service expenditures consists of principal and interest payments on Certificates of Participation (COPs) issued in June 2011 and the December 2019. The final payment on the COPs will be in fiscal year 2029. See Note 4 for more information.

Capital Expenditures decreased in the General Fund by \$572,021 or 12.2% mainly due to long-term facilities maintenance.

Other expenses which include dues and memberships, taxes and other fees increased by \$82,216.

**General Fund Budgetary Highlights**

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1) and is referred to as the original budget. Over the course of the year, the District revised its annual operating budget to the appropriate levels. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants, adjusting staffing and various instructional allocations to the schools based on actual enrollment and unspent funds carried over from fiscal year 2019-20.
- Increase in appropriations for significant unbudgeted costs.

While the District anticipated that the net change in fund balance would be an increase of \$496,363, total fund balance increased by \$6,784,455. Revenue was under budget by \$88,338 or 0.001% which was partially caused by the \$283,347 in payments made by the state of Minnesota into TRA. Additionally, other revenue which includes donations, interest, fees, miscellaneous was under budget by \$509,912. The District continues to practice conservative budgeting for these types of items as they can fluctuate dramatically from year to year. Overall expenditures were within 5.63% of budget. The unassigned portion of the fund balance in the General Fund is 9.71% of expenditures.

**Food Service Fund**

The Food Service Fund revenue for 2019-20 totaled \$3,924,484 and expenditures were \$3,744,400. The June 30, 2020 fund balance is \$1,133,841, an increase of \$180,084 from fiscal year 2019, which was consistent with budget increase of \$209,709. The COVID-19 pandemic had a significant impact on the Food Services fund. Revenues decreased by \$512,330 or 11.5% compared to fiscal year 2019. Expenditures also decreased by \$258,159 or 6.5%. The main drop in expenditures was in food supplies and materials for serving meals. The District maintained full payment of Food Services salaries and benefits to maintain staff and have them available for fiscal year 2021 as mandated by Executive Order 20-19 of the Governor of Minnesota

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**Community Service Fund**

The Community Service Fund revenue for 2019-20 totaled \$6,133,641 and expenditures were \$7,022,035. The June 30, 2020 total fund balance decreased \$888,394 which was greater than expected and the direct result of the COVID-19 pandemic. Actual revenues were 17.9% or \$1,333,612 under budget and expenditures were 8.3% or \$632,109 under budget. In March of 2020, the Governor of Minnesota announced a stay at home order due to the COVID-19 pandemic. Almost all fee-based programs ended or were scaled back.

**Capital Projects - Building Construction Fund**

The Capital projects – Building Construction Fund ended the year with expenditures exceeding revenues decreasing equity by \$2,970,720, compared to a planned fund balance decrease of \$2,937,980. The overall decrease in equity is a result of the District utilizing the proceeds from the 2015A General Obligation School Building Bonds to finance capital spending at district facilities.

**Debt Service Fund**

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, other postemployment benefits (OPEB) or for initial or refunding bonds. The Debt Service Fund revenue for 2019-20 totaled \$10,023,670. Expenditures were \$10,209,583 for principal and interest payments. The total Debt Service Fund balance is \$2,860,179, a decrease of \$101,834 from fiscal year 2019. Revenue and expenditures were within 0.19% and 0.95% of budget, respectively.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of June 30, 2020, the District has invested just over \$250.6 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year was slightly over \$6.8 million.

**Table A-7  
Capital Assets**

	2020	2019	Percentage Change
Land	\$ 9,819,937	\$ 9,819,937	-
Construction in Progress	1,115,202	1,209,716	(7.8)
Land Improvements	19,753,820	16,712,907	18.2
Buildings and Improvements	209,855,081	206,873,823	1.4
Equipment	10,085,415	9,851,384	2.4
Less: Accumulated Depreciation	(88,745,094)	(81,884,720)	8.4
Total General Fund Expenditures	<u>\$ 161,884,361</u>	<u>\$ 162,583,047</u>	(0.4)

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**Long-Term Liabilities**

At year-end, the District had \$87,205,000 in general obligation bonds outstanding as shown in Note 4 to the financial statements. The District had \$5,630,000 in certificates of participation outstanding. The District also had an estimated \$268,596 in net severance and compensated absences at June 30, 2020, a net decrease of \$65,063 from June 30, 2019, as well as a net OPEB liability of \$11,952,458. The District had an estimated \$62,365,913 in net pension liability related to the District's proportionate share of the net pension liability of the Teachers' Retirement Association (TRA) and Public Employees' Retirement Association (PERA).

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

	2020	2019	Percentage Change
General Obligation Bonds	\$ 87,205,000	\$ 93,370,000	(6.6)%
Net Bond Premium and Discount	7,816,244	8,106,286	(3.6)
Certificates of Participation Payable	5,630,000	6,520,000	(13.7)
Net Pension Liability	62,365,913	61,033,877	2.2
Net Other Postemployment Benefits Liability	11,952,458	10,305,528	16.0
Severance Benefits Payable	268,596	333,659	(19.5)
Compensated Absences Payable	519,245	324,888	59.8
Total Long-Term Liabilities	<u>\$ 175,757,456</u>	<u>\$ 179,994,238</u>	(2.4)
Long-Term Liabilities:			
Due Within One Year	\$ 7,697,494	\$ 7,167,191	
Due in More Than One Year	168,059,962	172,827,047	
Total	<u>\$ 175,757,456</u>	<u>\$ 179,994,238</u>	

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

With the exception of the voter-approved excess operating referendum, the District is dependent on the state of Minnesota for 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 an additional \$126, or 2%, per pupil to the basic general education funding formula for fiscal year 2020, and an additional \$129, or 2%, per pupil to the formula for fiscal year 2021.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Independent School District No. 834, 1875 South Greeley Street, Stillwater, Minnesota 55082.

## **BASIC FINANCIAL STATEMENTS**

DRAFT

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 58,717,654
Cash with Fiscal Agent	3,050
Receivables:	
Property Taxes	21,140,407
Other Governments	8,456,002
Other	953,075
Prepaid Items	178,129
Inventories	75,052
Capital Assets:	
Capital Assets Not Being Depreciated	10,935,139
Other Capital Assets, Net of Depreciation	150,949,222
Total Assets	<u>251,407,730</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows - Pensions	51,197,256
Deferred Outflows - Other Postemployment Benefits	442,829
Total Deferred Outflows	<u>51,640,085</u>
<b>LIABILITIES</b>	
Salaries Payable	7,831,829
Accounts and Contracts Payable	3,019,370
Accrued Interest	1,633,202
Due to Other Governmental Units	196,803
Due to OPEB Trust	111,772
Unearned Revenue	1,892,492
Long-Term Liabilities:	
Net Pension Liability	62,365,913
Net Other Postemployment Benefits Liability	11,952,458
Portion Due Within One Year	7,697,494
Portion Due in More Than One Year	93,741,591
Total Liabilities	<u>190,442,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Levied for Subsequent Year	36,234,930
Gains on Debt Refunding	100,033
Deferred Inflows - Pensions	75,146,069
Deferred Inflows - Other Postemployment Benefits	1,681,881
Total Deferred Inflows of Resources	<u>113,162,913</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	62,505,284
Restricted for:	
General Fund State-Mandated Reserves	8,565,497
Food Service	1,133,841
Community Service	585,308
Debt Service	2,860,179
Capital Projects - Building Construction	6,246,890
Other purpose (state funding restrictions)	502,397
Unrestricted	(82,957,418)
Total Net Position	<u><u>\$ (558,022)</u></u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Total Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Administration	\$ 4,163,190	\$ -	\$ 14,614	\$ -	\$ (4,148,576)
District Support Services	4,221,324	180	46,260	118,227	(4,056,657)
Regular Instruction	51,734,965	1,161,617	3,057,127	73,669	(47,442,552)
Vocational Education Instruction	1,544,708	-	18,461	-	(1,526,247)
Special Education Instruction	22,395,970	397,576	13,665,475	-	(8,332,919)
Instructional Support Services	7,480,689	8	3,548,553	-	(3,932,128)
Pupil Support Services	13,259,915	154,240	14,727	-	(13,090,948)
Sites and Buildings	14,417,912	96,424	84,744	879,946	(13,356,798)
Fiscal and Other Fixed Cost Programs	418,172	-	-	-	(418,172)
Food Service	3,717,123	2,402,682	1,503,369	-	188,928
Community Service	3,054,540	3,968,375	1,938,730	-	2,852,565
Interest and Fiscal Charges on Long-Term Liabilities	3,586,985	-	-	-	(3,586,985)
Total School District	<u>\$ 129,995,493</u>	<u>\$ 8,181,102</u>	<u>\$ 23,892,060</u>	<u>\$ 1,071,842</u>	<u>(96,850,489)</u>
<b>GENERAL REVENUES</b>					
Property Taxes Levied for:					
General Purposes					29,140,145
Community Service					937,773
Debt Service					9,834,780
State Aid Not Restricted to Specific Purposes					60,073,369
Earnings on Investments					704,641
Miscellaneous					838,911
Total General Revenues					<u>101,529,619</u>
<b>CHANGE IN NET POSITION</b>					4,679,130
Net Position - Beginning					(6,170,282)
Change in Accounting Principle - See Note 11					<u>933,130</u>
Net Position - Beginning, as Restated					<u>(5,237,152)</u>
<b>NET POSITION - ENDING</b>					<u>\$ (558,022)</u>

See accompanying Notes to Basic Financial Statements.



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
<b>ASSETS</b>						
Cash and Investments	\$ 40,067,946	\$ 1,115,163	\$ 1,465,272	\$ 1,389,845	\$ 7,524,788	\$ 51,563,014
Receivables:						
Current Property Taxes	14,588,140	-	522,789	-	5,639,287	20,750,216
Delinquent Property Taxes	279,649	-	9,472	-	101,070	390,191
Due from Other Minnesota School Districts	54,267	58,263	511	-	-	113,041
Due from Minnesota Department of Education	7,266,291	-	188,573	-	8,938	7,463,802
Due from Federal through Minnesota Department of Education	568,683	110,674	8,889	-	-	688,246
Due from Other Governmental Units	189,413	1,500	-	-	-	190,913
Accounts and Interest Receivable	222,252	37	-	-	-	222,289
Prepays	176,979	-	1,150	-	-	178,129
Inventory	-	75,052	-	-	-	75,052
<b>Total Assets</b>	<b>\$ 63,416,670</b>	<b>\$ 1,360,689</b>	<b>\$ 2,196,656</b>	<b>\$ 1,389,845</b>	<b>\$ 13,274,083</b>	<b>\$ 81,637,943</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Liabilities:						
Salaries and Compensated Absences Payable	\$ 6,323,039	\$ 17,620	\$ 255,749	\$ -	\$ -	\$ 6,596,408
Payroll Deductions and Employer Contributions Payable	1,189,669	3,334	42,418	-	-	1,235,421
Accounts and Contracts Payable	1,729,711	30,071	90,960	17,645	1,536	1,869,923
Due to Other Governmental Units	190,007	-	177	-	-	190,184
Due to OPEB Trust	111,772	-	-	-	-	111,772
Unearned Revenue	-	175,823	249,593	-	-	425,416
<b>Total Liabilities</b>	<b>9,544,198</b>	<b>226,848</b>	<b>638,897</b>	<b>17,645</b>	<b>1,536</b>	<b>10,429,124</b>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes Levied for Subsequent Year	24,937,533	-	964,995	-	10,332,402	36,234,930
Unavailable Revenue - Delinquent Property Taxes	217,815	-	7,456	-	79,966	305,237
<b>Total Deferred Inflows of Resources</b>	<b>25,155,348</b>	<b>-</b>	<b>972,451</b>	<b>-</b>	<b>10,412,368</b>	<b>36,540,167</b>
Fund Balance:						
Nonspendable:						
Prepays	176,979	-	1,150	-	-	178,129
Inventory	-	75,052	-	-	-	75,052
Restricted for:						
Student Activities	72,862	-	-	-	-	72,862
Scholarships	280,751	-	-	-	-	280,751
Staff Development	350,694	-	-	-	-	350,694
Achievement and Integration	151,703	-	-	-	-	151,703
Community Education	-	-	996,170	-	-	996,170
Early Childhood and Family Education	-	-	5,242	-	-	5,242
Long-Term Facility Maintenance	7,376,822	-	-	-	-	7,376,822
Operating Capital	6,246,890	-	-	-	-	6,246,890
Safe Schools Levy	259,243	-	-	-	-	259,243
School Readiness	-	-	(417,254)	-	-	(417,254)
Other Purposes	-	1,058,789	-	1,372,200	2,860,179	5,291,168
Committed for:						
Technology	983,815	-	-	-	-	983,815
Assigned for:						
Transportation	2,423,807	-	-	-	-	2,423,807
Unassigned	10,393,558	-	-	-	-	10,393,558
<b>Total Fund Balance</b>	<b>28,717,124</b>	<b>1,133,841</b>	<b>585,308</b>	<b>1,372,200</b>	<b>2,860,179</b>	<b>34,668,652</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 63,416,670</b>	<b>\$ 1,360,689</b>	<b>\$ 2,196,656</b>	<b>\$ 1,389,845</b>	<b>\$ 13,274,083</b>	<b>\$ 81,637,943</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

**Total Fund Balance for Governmental Funds** \$ 34,668,652

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

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

Land	9,819,937
Construction in Progress	1,115,202
Land Improvements, Net of Accumulated Depreciation	11,055,570
Buildings and Improvements, Net of Accumulated Depreciation	137,876,480
Equipment, Net of Accumulated Depreciation	2,017,172

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds. 305,237

The District's Net Other Postemployment Benefits Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Other Postemployment Benefits Liability	(11,952,458)
Deferred Inflows of Resources - Other Postemployment Benefits	(1,681,881)
Deferred Outflows of Resources - Other Postemployment Benefits	442,829

When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred outflows and deferred inflows.

Gains on Debt Refunding	(100,033)
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (1,633,202)

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

Net Pension Liability	(62,365,913)
Deferred Inflows of Resources - Pensions	(75,146,069)
Deferred Outflows of Resources - Pensions	51,197,256

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

Bonds Payable	(87,205,000)
Unamortized Premiums	(7,816,244)
Certificates of Participation Payable	(5,630,000)
Severance Benefits Payable	(268,596)
Compensated Absences Payable	(519,245)

Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:

5,262,284

**Total Net Position of Governmental Activities** \$ (558,022)

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
<b>REVENUES</b>						
Local Sources:						
Property Taxes	\$ 29,103,776	\$ -	\$ 937,211	\$ -	\$ 9,830,382	\$ 39,871,369
Earnings and Investments	497,750	18,076	33,490	43,840	104,828	697,984
Other	3,361,900	2,410,360	4,315,883	-	-	10,088,143
State Sources	79,050,190	126,211	843,954	-	88,460	80,108,815
Federal Sources	1,861,877	1,369,480	3,103	-	-	3,234,460
Total Revenues	113,875,493	3,924,127	6,133,641	43,840	10,023,670	134,000,771
<b>EXPENDITURES</b>						
Current:						
Administration	3,596,442	-	-	-	-	3,596,442
District Support Services	3,641,489	-	-	-	-	3,641,489
Elementary and Secondary Regular Instruction	45,094,688	-	-	-	-	45,094,688
Vocational Education Instruction	1,380,782	-	-	-	-	1,380,782
Special Education Instruction	20,222,013	-	-	-	-	20,222,013
Instructional Support Services	6,454,349	-	-	-	-	6,454,349
Pupil Support Services	12,089,424	-	-	-	-	12,089,424
Sites and Buildings	9,265,654	-	-	-	-	9,265,654
Fiscal and Other Fixed Cost Programs	418,172	-	-	-	-	418,172
Food Service	-	3,666,975	-	-	-	3,666,975
Community Education Services	-	-	6,998,035	-	-	6,998,035
Capital Outlay	4,103,614	77,425	24,000	3,014,560	-	7,219,599
Debt Service:						
Principal	550,000	-	-	-	6,165,000	6,715,000
Interest and Fiscal Charges	275,188	-	-	-	4,044,583	4,319,771
Total Expenditures	107,091,815	3,744,400	7,022,035	3,014,560	10,209,583	131,082,393
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	6,783,678	179,727	(888,394)	(2,970,720)	(185,913)	2,918,378
<b>OTHER FINANCING SOURCES</b>						
Sale of Equipment	777	357	-	-	-	1,134
Sale of Bonds	-	-	-	-	5,630,000	5,630,000
Bond Premium	-	-	-	-	424,079	424,079
Payment to Refunded Bond Escrow Agent	-	-	-	-	(5,970,000)	(5,970,000)
Total Other Financing Sources	777	357	-	-	84,079	85,213
<b>NET CHANGE IN FUND BALANCE</b>	6,784,455	180,084	(888,394)	(2,970,720)	(101,834)	3,003,591
<b>FUND BALANCES</b>						
Beginning of Year	20,999,539	953,757	1,473,702	4,342,920	2,962,013	30,731,931
Prior Period Restatement	933,130	-	-	-	-	933,130
Beginning of Year - as Restated	21,932,669	953,757	1,473,702	4,342,920	2,962,013	31,665,061
End of Year	\$ 28,717,124	\$ 1,133,841	\$ 585,308	\$ 1,372,200	\$ 2,860,179	\$ 34,668,652

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

**Net Change in Fund Balance - Total Governmental Funds** **\$ 3,003,591**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:

Capital Outlays	6,161,688
Depreciation Expense	(6,860,374)

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.	41,329
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Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expense in the statement of activities is measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	(5,952,440)
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In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(129,294)
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Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.	(776,740)
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation and Certificates of Participation Bond Proceeds	(5,630,000)
Bond Premium or Discount	(424,079)
Payment to Refunded Bond Escrow Agent	5,970,000
Repayment of Bond Principal	6,165,000
Repayment of Certificates of Participation Payable	550,000
Change in Accrued Interest	118,698
Amortization of Bond Premium	714,121
Deferred Charges on Refunding Bonds	(100,033)

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.

Total	1,827,663
	<b>\$ 4,679,130</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 29,144,542	\$ 29,137,972	\$ 29,103,776	\$ (34,196)
Earnings and Investments	242,500	476,000	497,750	21,750
Other	3,570,814	3,871,812	3,361,900	(509,912)
State Sources	76,260,228	78,076,890	79,050,190	973,300
Federal Sources	2,330,691	2,401,157	1,861,877	(539,280)
Total Revenues	111,548,775	113,963,831	113,875,493	(88,338)
<b>EXPENDITURES</b>				
Current:				
Administration	3,705,652	3,526,499	3,596,442	69,943
District Support Services	3,102,020	3,117,959	3,641,489	523,530
Elementary and Secondary Regular Instruction	46,150,666	45,997,125	45,094,688	(902,437)
Vocational Education Instruction	1,439,011	1,378,405	1,380,782	2,377
Special Education Instruction	19,850,295	20,273,855	20,222,013	(51,842)
Instructional Support Services	6,989,607	6,913,022	6,454,349	(458,673)
Pupil Support Services	12,720,662	12,728,231	12,089,424	(638,807)
Sites and Buildings	10,375,105	10,511,552	9,265,654	(1,245,898)
Fiscal and Other Fixed Cost Programs	338,740	326,000	418,172	92,172
Capital Outlay	7,492,490	7,881,530	4,103,614	(3,777,916)
Debt Service:				
Principal	-	550,102	550,000	(102)
Interest and Fiscal Charges	-	275,188	275,188	-
Total Expenditures	112,164,248	113,479,468	107,091,815	(6,387,653)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(615,473)	484,363	6,783,678	6,299,315
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	12,000	12,000	777	(11,223)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (603,473)</u>	<u>\$ 496,363</u>	6,784,455	<u>\$ 6,288,092</u>
<b>FUND BALANCE</b>				
Beginning of Year			20,999,539	
Prior Period Restatement - See Note 11			933,130	
Beginning of Year - as Restated			<u>21,932,669</u>	
End of Year			<u>\$ 28,717,124</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 4,600	\$ 15,700	\$ 18,076	\$ 2,376
Other - Primarily Meal Sales	2,958,375	3,066,990	2,410,360	(656,630)
State Sources	171,050	182,275	126,211	(56,064)
Federal Sources	1,166,000	1,202,436	1,369,480	167,044
Total Revenues	<u>4,300,025</u>	<u>4,467,401</u>	<u>3,924,127</u>	<u>(543,274)</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	4,027,531	4,062,942	3,666,975	(395,967)
Capital Outlay	91,000	195,000	77,425	(117,575)
Total Expenditures	<u>4,118,531</u>	<u>4,257,942</u>	<u>3,744,400</u>	<u>(513,542)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	181,494	209,459	179,727	(29,732)
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	<u>500</u>	<u>250</u>	<u>357</u>	<u>107</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 181,994</u>	<u>\$ 209,709</u>	180,084	<u>\$ (29,625)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>953,757</u>	
End of Year			<u>\$ 1,133,841</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 938,576	\$ 964,179	\$ 937,211	\$ (26,968)
Earnings and Investments	3,000	3,000	33,490	30,490
Other - Primarily Tuition and Fees	5,346,361	5,687,136	4,315,883	(1,371,253)
State Sources	798,779	810,338	843,954	33,616
Total Revenues	<u>7,089,316</u>	<u>7,467,253</u>	<u>6,133,641</u>	<u>(1,333,612)</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	7,065,302	7,617,527	6,998,035	(619,492)
Capital Outlay	44,500	36,617	24,000	(12,617)
Total Expenditures	<u>7,109,802</u>	<u>7,654,144</u>	<u>7,022,035</u>	<u>(632,109)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (20,486)</u>	<u>\$ (186,891)</u>	<u>(888,394)</u>	<u>\$ (701,503)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>1,473,702</u>	
End of Year			<u>\$ 585,308</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
JUNE 30, 2020**

**ASSETS**

Cash and Cash Equivalents	\$ 7,154,640
Accounts Receivable	730,786
Total Assets	<u>7,885,426</u>

**LIABILITIES**

Accounts Payable	429,547
Due to Other Governmental Units	6,619
Claims Payable - Medical	719,900
Unearned Revenue	<u>1,467,076</u>
Total Liabilities	<u>2,623,142</u>

**NET POSITION**

Unrestricted	<u><u>\$ 5,262,284</u></u>
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*See accompanying Notes to Basic Financial Statements.*



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

**OPERATING REVENUES**

Charges for Services:	
Health Insurance Premiums	\$ 16,099,025
Dental Insurance Premiums	1,032,225
Total Operating Revenues	<u>17,131,250</u>

**OPERATING EXPENSES**

Health Insurance Claim Payments	13,071,635
Dental Insurance Claim Payments	863,345
General Administration Fees	1,375,264
Total Operating Expenses	<u>15,310,244</u>

**OPERATING INCOME**

1,821,006

**NONOPERATING INCOME**

Earnings on Investments	<u>6,657</u>
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**CHANGE IN NET POSITION**

1,827,663

Net Position - Beginning

3,434,621

**NET POSITION - ENDING**

\$ 5,262,284

*See accompanying Notes to Basic Financial Statements.*

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Interfund Services Provided	\$ 16,430,293
Payments for Administrative Costs	(1,375,264)
Payments for Medical Claims	(13,341,528)
Payments for Dental Claims	(838,206)
Net Cash Provided by Operating Activities	<u>875,295</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received	<u>6,657</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

881,952

Cash and Cash Equivalents - Beginning

6,272,688

**CASH AND CASH EQUIVALENTS - ENDING**

\$ 7,154,640

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 1,821,006
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Decrease in Accounts Receivable	(700,957)
Increase in Accounts Payable	(70,233)
Decrease in Claims Payable	(101,700)
Increase in Due to Governmental Units	213
Decrease in Unearned Revenue	(73,034)
Total Adjustments	<u>(945,711)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 875,295</u></u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	Scholarship Private-Purpose Trust	OPEB Irrevocable Trust
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 68,877	\$ -
Investments	-	6,620,926
Accounts Receivable	-	162,161
Due from Other Funds		111,772
Total Assets	<u>68,877</u>	<u>6,894,859</u>
<b>LIABILITIES</b>		
Accounts and Contracts Payable	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for Employee Benefits and OPEB	<u>\$ 68,877</u>	<u>\$ 6,894,859</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020**

	Scholarship Private-Purpose Trust	OPEB Irrevocable Trust
<b>ADDITIONS</b>		
Contributions	\$ 82,409	\$ -
Employee	-	122,940
Investment Income	-	191,580
Investment Expense	-	-
Net Investment Income	<u>-</u>	<u>314,520</u>
Total Additions	82,409	314,520
<b>DEDUCTIONS</b>		
Benefits Paid to Plan Members	-	1,011,168
Scholarships Awarded	13,532	-
Total Deductions	<u>13,532</u>	<u>1,011,168</u>
<b>NET INCREASE IN NET POSITION</b>	68,877	(696,648)
Net Position - Beginning of Year	<u>-</u>	<u>7,591,507</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 68,877</u>	<u>\$ 6,894,859</u>

See accompanying Notes to Basic Financial Statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

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**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 834 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Financial Reporting Entity**

Independent School District No. 834 is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements. As part of the implementation of GASB Statement No. 84 in the fiscal year ended June 30, 2020, the District's student activity funds were under board control and were moved into the District's General Fund.

**C. Basic Financial Statement Presentation**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the statements of Fiduciary Net Position at the fund financial statement level.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**C. Basic Financial Statement Presentation (Continued)**

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

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

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

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. Internal payments received in the internal service funds are eliminated on the government-wide statements as reductions to expenses and the net 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 for service in the form of insurance premiums. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

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

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

**1. Revenue Recognition**

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

**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 liabilities, 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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

**Description of Funds**

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

*Major Governmental Funds*

General Fund

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

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues recorded in this fund include meal sales to pupils along with state and federal reimbursements for meals.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues recorded in this fund include property taxes restricted for Community Service purposes and tuition and fees charged for Community Education.

Capital Projects Fund – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

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 postemployment benefits (OPEB) debt service account. The OPEB debt service account was used for the issuance, repayment, and refunding of taxable OPEB bond issues.



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

*Proprietary Fund*

Internal Service Fund

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 health insurance benefits offered by the District to its employees as a self-insured plan.

*Fiduciary Funds*

Employee Benefit Trust Fund

The Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for employees participating in the District's flexible benefit plan (Internal Revenue Code § 125 Cafeteria Plan).

Scholarship Private-Purpose Trust Fund

The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties to award scholarships to students.

Other Postemployment Benefit Trust

The Other Postemployment Benefit Trust Fund is used to administer resources received and held by the District as the trustee for others. The Postemployment Benefits Trust Fund includes assets held in an irrevocable trust to fund postemployment insurance benefits of eligible employees.

**E. Budgeting**

The School Board adopts an annual budget for all governmental 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.

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**E. Budgeting (Continued)**

	Original Budget	Amendments	Amended Budget
<b>Revenues</b>			
General Fund	\$ 111,548,775	\$ 2,427,056	\$ 113,975,831
Special Revenue Fund:			
Food Service Fund	4,300,525	167,126	4,467,651
Community Service Fund	7,089,316	377,937	7,467,253
Capital Projects Fund	-	75,000	75,000
Debt Service Fund	10,042,887	-	10,042,887
<b>Expenditures</b>			
General Fund	\$ 112,164,248	\$ 1,315,220	\$ 113,479,468
Special Revenue Fund:			
Food Service Fund	4,118,531	139,411	4,257,942
Community Service Fund	7,109,802	544,342	7,654,144
Capital Projects Fund	1,278,516	1,734,464	3,012,980
Debt Service Fund	10,113,258	-	10,113,258

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

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

**F. Cash and Investments**

Cash 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. Bond 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 Postemployment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for postemployment insurance benefits. Interest earned on these investments is allocated directly to the escrow accounts.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**F. Cash and Investments (Continued)**

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 equivalent. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in 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.

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. Accounts Receivable**

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

**H. Inventories**

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

**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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**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 \$2,031,287 of the property tax levy collectible in 2019 as revenue to the District in fiscal year 2018–2019. The remaining portion of the taxes collectible in 2019 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.

**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 \$5,000 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 purpose by the District, no salvage value is taken into consideration for depreciation purposes.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**K. Capital Assets (Continued)**

Useful lives vary from 20 to 50 years for land improvements and buildings 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. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

**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 in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

**N. Severance Benefits**

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, which reduce future severance benefits. Retirement benefits for certain employee groups are paid into a post-employment tax sheltered annuity account.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**N. Severance Benefits (Continued)**

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.

**O. Pensions**

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

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 8.

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. Other Postemployment Benefits (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**Q. 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 insurance coverage in the 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.

**R. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**R. Deferred Outflows/Inflows of Resources (Continued)**

Property taxes levied for subsequent years, which represent 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.

**S. Net Position**

In the government-wide and 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.

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



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**T. Fund Balance Classifications (Continued)**

- **Restricted** – funds are constrained by outside parties (statute, grantors, contributors, bond agreements, etc.).
- **Committed** – funds are established and modified by a resolution approved by the Board of Education.
- **Assigned** – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent and Director of Business Affairs to assign fund balances and their intended uses.
- **Unassigned** – is 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.

**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 year ended June 30, 2019, 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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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JUNE 30, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. Deposits**

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

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

At June 30, 2020, the District's deposits had a bank balance of \$12,059,277 and a carrying amount of \$10,207,937.

**B. Investments**

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

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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JUNE 30, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
- Investments related to the OPEB Revocable Trust Fund may be invested in accordance with Minnesota Statute 356A.06

At June 30, 2020, the District’s investment balances were as follows:

Investments Measured at Fair Value	Fair Value
Municipal Bonds	\$ 557,080
Negotiable Certificates of Deposit	482,300
	Amortized
Investments Measured at Amortized Cost	Cost
MN Trust Investment Shares	\$ 11,098,628
Negotiable Certificates of Deposit	12,369,200
Money Markets	30,695,364
Total Investments Held with Broker	<u>\$ 55,202,572</u>

**Credit Risk** – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District’s investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

The credit ratings and maturities of the District’s investments are as follows:

Type	Total	Maturity Duration in Years			No Maturities	Rating
		Less Than 1	1 to 5	6 to 10		
Municipal Bonds	\$ 557,080	\$ 283,228	\$ 273,852	\$ -	\$ -	AA
Negotiable Certificates of Deposit	12,851,500	12,369,200	482,300	-	-	N/R
MN Trust Investment Shares	11,098,628	-	-	-	11,098,628	N/R
Money Market	30,695,364	-	-	-	30,695,364	AAA
Total	<u>\$ 55,202,572</u>	<u>\$ 12,652,428</u>	<u>\$ 756,152</u>	<u>\$ -</u>	<u>\$ 41,793,992</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Concentration of Credit Risk** – The District places no limit on the amount that the District may invest in any one issuer. The District had no investments at June 30, 2020 which individually comprised more than 5% of total investments.

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

Cash and Investments - Statement of Net Position	\$ 58,717,654
Cash and Investments Held by Trustee - Statement of Net Position	3,050
Cash and Cash Equivalents - Statement of Fiduciary Net Position	6,689,803
Total Cash and Investments	<u>\$ 65,410,507</u>

**Cash and Investments Held by Trustee** – Cash and investments held by trustee are held by an escrow agent in accordance with escrow agreements established with the sale of various refunding bonds and capitalized interest.

**C. Fair Value Measurements**

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

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

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

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

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

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JUNE 30, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

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

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

Assets of the District measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$ -	\$ 557,080	\$ -	\$ 557,080
Negotiable Certificates of Deposit	-	482,300	-	482,300
Total	<u>\$ -</u>	<u>\$ 1,039,380</u>	<u>\$ -</u>	<u>1,039,380</u>
Investments Measured at Amortized Cost				54,163,192
Total				<u>\$ 55,202,572</u>

**NOTE 3 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,819,937	\$ -	\$ -	\$ 9,819,937
Construction in Progress	1,209,716	5,016,457	(5,110,971)	1,115,202
Total Capital Assets, Not Being Depreciated	<u>11,029,653</u>	<u>5,016,457</u>	<u>(5,110,971)</u>	<u>10,935,139</u>
Capital Assets, Being Depreciated:				
Land Improvements	16,712,907	3,040,913	-	19,753,820
Buildings and Improvements	206,873,823	2,981,258	-	209,855,081
Equipment	9,851,384	234,031	-	10,085,415
Total Capital Assets, Being Depreciated	<u>233,438,114</u>	<u>6,256,202</u>	<u>-</u>	<u>239,694,316</u>
Accumulated Depreciation for:				
Land Improvements	(7,795,532)	(902,718)	-	(8,698,250)
Buildings and Improvements	(66,523,969)	(5,454,632)	-	(71,978,601)
Equipment	(7,565,219)	(503,024)	-	(8,068,243)
Total Accumulated Depreciation	<u>(81,884,720)</u>	<u>(6,860,374)</u>	<u>-</u>	<u>(88,745,094)</u>
Total Capital Assets, Being Depreciated, Net	<u>151,553,394</u>	<u>(604,172)</u>	<u>-</u>	<u>150,949,222</u>
Governmental Activities Capital Assets, Net	<u>\$ 162,583,047</u>	<u>\$ 4,412,285</u>	<u>\$ (5,110,971)</u>	<u>\$ 161,884,361</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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JUNE 30, 2020**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

Administration	\$ 268,927
District Support Services	191,404
Regular Instruction	2,989,065
Vocational Education Instruction	76,150
Special Education Instruction	1,094,916
Instructional Support Services	407,506
Pupil Support Services	644,189
Sites and Buildings	633,898
Food Service	251,776
Community Service	302,543
Total Depreciation Expense, Governmental Activities	<u>\$ 6,860,374</u>

**NOTE 4 LONG-TERM LIABILITIES**

**A. Components of General Long-Term Debt**

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

Issue	Issue Date	Net Interest Rate	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
2010A GO Building Refunding Bonds	9/30/2010	2.65%-4.00%	\$ 4,630,000	2010-2022	\$ 530,000	\$ 1,075,000
2014A GO Capital Facilities Bonds	3/1/2014	2.00%	3,360,000	2014-2022	420,000	820,000
2015A GO School Building Bonds	8/19/2015	3.00%-5.00%	90,565,000	2015-2028	5,520,000	85,310,000
Total General Obligation Bonds					6,470,000	87,205,000

Issue	Issue Date	Net Interest Rate	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
2019A Refunding Certificates of Participation	12/11/2019	2.00%-4.00%	5,630,000	2021-2029	595,000	5,630,000
					595,000	5,630,000
Bond Premiums					-	7,816,244
Severance Benefits Payable					113,253	268,596
Compensated Absences Payable					519,241	519,245
Total					<u>\$ 7,697,494</u>	<u>\$ 101,439,085</u>

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

The 2010A, 20114A, and 2015A bonds were issued to finance acquisition, construction, and/or improvements of capital facilities, or to finance the retirement (refunding) of prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized equal 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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JUNE 30, 2020**

**NOTE 4 LONG-TERM LIABILITIES (CONTINUED)**

**B. Description of Long-Term Liabilities (Continued)**

In December 2019, the District sold \$5,630,000 of Refunding Certificates of Participation 2019A. The proceeds of this issue were used to refund the Certificates of Participation 2011A

**C. Minimum Debt Payments**

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 6,470,000	\$ 3,655,108	\$ 595,000	\$ 224,589	\$ 7,065,000	\$ 3,879,697
2022	6,735,000	3,356,663	550,000	173,400	7,285,000	3,530,063
2023	6,645,000	3,044,175	570,000	151,400	7,215,000	3,195,575
2024	6,975,000	2,711,925	595,000	128,600	7,570,000	2,840,525
2025	7,325,000	2,363,175	615,000	104,800	7,940,000	2,467,975
2026-2030	34,960,000	6,796,225	2,705,000	176,900	37,665,000	6,973,125
2031-2035	12,450,000	2,617,838	-	-	12,450,000	2,617,838
2036-2040	5,645,000	340,200	-	-	5,645,000	340,200
Total	\$ 87,205,000	\$ 24,885,309	\$ 5,630,000	\$ 959,689	\$ 92,835,000	\$ 25,844,998

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

	June 30, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	\$ 93,370,000	\$ -	\$ 6,165,000	\$ 87,205,000
Certificates of Participations	6,520,000	5,630,000	6,520,000	5,630,000
Bond Premiums	8,106,286	424,079	714,121	7,816,244
Total bonds and Certificates Payable	107,996,286	6,054,079	13,399,121	100,651,244
Severance Benefits Payable	333,659	38,949	104,012	268,596
Compensated Absences Payable	324,888	854,478	660,121	519,245
Total	\$ 108,654,833	\$ 6,947,506	\$ 14,163,254	\$ 101,439,085

**NOTE 5 FUND BALANCES**

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 FUND BALANCES (CONTINUED)**

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

- A. Restricted for Projects Funded by Certificates of Participation  
Represents resources available from issuance of certificates of participation.
- B. Restricted for Operating Capital  
The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.
- C. Restricted for Student Activities  
Represents resources available for the extracurricular activity funds raised by students.
- D. Restricted for Scholarships  
Represents accumulated resources available for scholarship funds.
- E. Restricted for Community Education Programs  
Represents accumulated resources available to provide general community education programming.
- F. Restricted for Early Childhood and Family Education  
Represents accumulated resources available to provide for services for early childhood family education programming.
- G. Restricted for School Readiness  
Represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.
- H. Restricted for Adult Basic Education  
Represents accumulated resources available to provide adult basic education services.
- I. Restricted for Long-Term Facilities Maintenance  
Represents resources received from the capital projects levy to be used for long-term facilities maintenance.
- J. Restricted for Other Purposes  
Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- K. Restricted for Medical Assistance  
Represents available resources to be used for medical assistance expenditures.
- L. Assigned for Q Comp  
Represents dollars assigned for the Quality Compensation – Alternative Teacher Professional Pay program.



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 FUND BALANCES (CONTINUED)**

M. Assigned for Athletic Equipment

Represents dollars assigned for Athletic Fees and Athletic Equipment.

N. Assigned for Operating Capital Deferred Use

Represents amounts which are assigned for Operating Capital but are not restricted or committed.

O. Assigned for Special Purposes

Represents amounts which were either donated to the District or funds to be utilized for specific purposes.

**NOTE 6 DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

Substantially all employees of the District are required by state law to belong to the pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

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**

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Benefits Provided**

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**1. General Employees Plan Benefits**

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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JUNE 30, 2020**

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

B. Benefits Provided (Continued)

**2. TRA Benefits**

TRA provides retirement benefits, as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota 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.

**Tier I Benefits**

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

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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JUNE 30, 2020**

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

B. Benefits Provided (Continued)

**2. TRA Benefits (Continued)**

**Tier II Benefits**

For years of service prior to July 1, 2006, a level formula of 1.7% per year for Coordinated Plan members and 2.7% per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated Plan members and 2.7% 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.

C. Contributions

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

**1. General Employees Fund Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020 were \$1,152,137. The District's contributions were equal to the required contributions as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

C. Contributions (Continued)

**2. TRA Contributions**

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for fiscal year 2020 were:

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

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2020, were \$3,59,701. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

**1. General Employees Plan Pension Costs**

At June 30, 2020, the District reported a liability of \$11,615,958 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a nonemployer contributing District and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$361,151, for a total net pension liability of \$11,977,109 associated with the District. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2019, the District's proportion was 0.2101%, which was an decrease of .0046 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$1,320,000 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$27,047 as pension expenditures (and corresponding grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

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

**D. Pension Costs (Continued)**

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

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$     321,921	\$           -
Changes in Actuarial Assumptions	-	913,022
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,177,414
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	161,581	240,449
District Contributions Subsequent to the		
Measurement Date	1,152,137	-
Total	<u>\$   1,635,639</u>	<u>\$   2,330,885</u>

Deferred outflows of resources reported \$1,152,137 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:

<u>Year Ending June 30.</u>	Pension Expense Amount
2021	\$     (542,535)
2022	(1,019,461)
2023	(304,106)
2024	18,719
Thereafter	-

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

D. Pension Costs (Continued)

**2. TRA Pension Costs**

At June 30, 2020, the District reported a liability of \$50,749,955 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 0.7962% at the end of the measurement period and 0.7821% 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:

Description	Amount
District's Proportionate Share of the TRA	
Net Pension Liability	\$ 50,749,955
State's Proportionate Share of the Net Pension	
Liability Associated with the District	4,491,418
Total	<u>\$ 55,241,373</u>

For the year ended June 30, 2020, the District recognized pension expense of \$15,869,564. It also recognized \$341,386 as a decrease to pension expense for the support provided by direct aid.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 7,216	\$ 1,232,318
Changes in Actuarial Assumptions	42,708,222	67,326,400
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	4,205,622
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	3,249,478	50,844
District Contributions Subsequent to the		
Measurement Date	3,596,701	-
Total	<u>\$ 49,561,617</u>	<u>\$ 72,815,184</u>

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

D. Pension Costs (Continued)

**2. TRA Pension Costs**

A total of \$3,596,701 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	\$ 3,769,967
2022	598,389
2023	(18,301,117)
2024	(13,044,932)
2025	127,425
Thereafter	-

E. Actuarial Assumptions

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

<u>Assumptions</u>	<u>General Employees Plan</u>	<u>TRA</u>
Inflation	2.50% per Year	2.50% per Year
Salary Growth	3.25% per Year	2.85% for 10 years and 3.25% thereafter
Investment Rate of Return	7.50%	7.50%

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



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

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

TRA preretirement mortality rates were based on the RP-2014 white-collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale. Postretirement mortality rates were based on the RP-2014 white-collar annuitant table, male rates set back three years, and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

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

The following changes for General Employees Fund occurred in 2019:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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

- The COLA was reduced from 2.0% each January 1 to 1.0% effective January 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

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

E. Actuarial Assumptions (Continued)

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10 %
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.50	5.90
Cash	2.00	-
Totals	100.00 %	

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

**F. Discount Rate**

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

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

**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:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>General Employees Plan Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 19,096,010	\$ 11,615,958	\$ 5,439,689
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 80,907,838	\$ 50,749,955	\$ 25,885,226

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

H. Pension Plan Fiduciary Net Position

Detailed information about the GERF'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](http://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 at the TRA website at [www.MinnesotaTRA.org](http://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.

**NOTE 7 OTHER POSTEMPLOYMENT 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 District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

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 and date of hire, 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.

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**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**B. Benefits Provided (Continued)**

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.

**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.

**D. Membership**

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

Retirees and Beneficiaries Receiving Benefits	150
Active Plan Members	967
Total Members	<u>1,117</u>

**E. Net OPEB Liability of the District**

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB Liability	\$ 18,847,317
Plan Fiduciary Net Position	<u>6,894,859</u>
District's net OPEB Liability (Asset)	<u>\$ 11,952,458</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	37%

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**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**F. Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.40%
Expected long-term investment return	2.10% (net of investment expenses)
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare trend rate	6.25% grading to 5.00% over 6 years

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statute. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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

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**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Domestic Equity	10.00 %	3.00 %
Fixed Income	85.00	2.00
Private Equity	-	5.20
Cash and Equivalents	5.00	1.00
Total	<u>100.00 %</u>	
Reduced for Assumed Investment Expense		-
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		<u>2.10 %</u>

**G. Concentrations**

At year-end, the District's OPEB plan held investments in the states of Louisiana and California that represented 5% or more of the OPEB plan's fiduciary net position.

**H. Rate of Return**

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 2.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**I. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.40%. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been taken into account. The District discount rate used in the prior measurement date was 3.10%.

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**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**J. Changes in the Net OPEB Liability**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning Balance	\$ 17,897,035	\$ 7,591,507	\$ 10,305,528
Changes for the Year:			
Service Cost	836,134	-	836,134
Interest	567,066	-	567,066
Assumption Changes	435,311	-	435,311
Contributions - Member	-	122,939	(122,939)
Net Investment Income	-	191,581	(191,581)
Benefit Payments - Employer Financed	(888,229)	(888,229)	-
Benefit Payments - Member Financed	-	(122,939)	122,939
Total Net Changes	<u>950,282</u>	<u>(696,648)</u>	<u>1,646,930</u>
Ending Balance	<u>\$ 18,847,317</u>	<u>\$ 6,894,859</u>	<u>\$ 11,952,458</u>

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 2.60% to 2.10%.
- The discount rate was changed from 3.10% to 2.40%.

**K. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (1.40%)	Discount Rate (2.40%)	1% Increase (3.40%)
Net OPEB Liability (Asset)	\$ 12,688,529	\$ 11,952,458	\$ 11,206,940

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

	Healthcare Cost		
	1% Decrease (5.25%) Decreasing to 4.00% over 5 Years)	Current Trend Rates (6.25%) Decreasing to 5.00% over 5 Years)	1% Increase (7.25%) Decreasing to 6.00% over 5 Years)
Net OPEB Liability (Asset)	\$ 10,371,114	\$ 11,952,458	\$ 13,743,231



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**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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

For the current year ended, the District recognized OPEB expense of \$745,214. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 1,444,921
Change of Assumptions	442,829	211,259
Net Difference Between Projected and Actual Investment Earnings	-	25,701
Contributions Between Measurement Date and Reporting Date	N/A	N/A
Total	<u>\$ 442,829</u>	<u>\$ 1,681,881</u>

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

<u>Year Ending June 30.</u>	<u>Future Recognition</u>
2020	\$ (467,037)
2021	(475,433)
2022	(377,212)
2023	80,630
Total	<u>\$ (1,239,052)</u>

**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.

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**NOTE 8 FLEXIBLE BENEFIT PLAN (CONTINUED)**

Before the beginning of the Plan year, which is from July 1 to June 30, 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 total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held in a separate bank account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a timely basis and are accounted for primarily in the District's self-insurance funds. The medical reimbursement and dependent care activity in the financial statements is accounted for 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 the 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 BALANCES AND TRANSACTIONS**

Interfund Receivables and Payables

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

	Due from Other Fund	Due to Other Fund
General Fund	\$ -	\$ 111,772
Fiduciary Funds:		
OPEB Irrevocable Trust Fund	111,772	-
Total	<u>\$ 111,772</u>	<u>\$ 111,772</u>

These balances represent interfund amounts due to the General Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2020. Such interfund balances are reported in the fund financial statements but are eliminated as necessary in the government-wide financial statements.

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**NOTE 10 COMMITMENTS AND CONTINGENCIES**

**A. Legal Claims**

The District has 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 claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

**B. Federal and State Revenues**

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 agency cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**NOTE 11 PRIOR PERIOD RESTATEMENT**

During fiscal year ended June 30, 2019 the District restated its beginning fund balance in the General Fund to reflect an overstatement of unearned revenue in the prior year. Beginning net position was also restated to reflect this overstatement. The effects of the prior period restatement are below.

	<u>Governmental Activities</u>	<u>General Fund</u>
Net Position, June 30, 2019, as Previously Reported	\$ (6,170,282)	\$ -
Fund Balance, June 30, 2019, as Previously Reported	-	20,999,539
Cumulative Affect of Prior Period Restatement for Overstatement of Unearned Revenue	<u>933,130</u>	<u>933,130</u>
Net Position, June 30, 2019, as Restated	<u>\$ (5,237,152)</u>	
Fund Balance, June 30, 2020, as Restated		<u>\$ 21,932,669</u>

## REQUIRED SUPPLEMENTARY INFORMATION

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**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET)  
AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>				
Service Cost	\$ 836,134	\$ 730,634	\$ 800,160	\$ 863,315
Interest	567,066	702,071	575,132	577,783
Differences Between Expected and Actual Experience	-	(2,408,201)	-	-
Changes of Assumptions	453,311	157,634	(528,148)	-
Benefit Payments	(888,229)	(1,216,843)	(1,302,349)	(1,640,555)
<b>Net Change in Total OPEB Liability</b>	<b>968,282</b>	<b>(2,034,705)</b>	<b>(455,205)</b>	<b>(199,457)</b>
Total OPEB Liability - Beginning	17,897,035	19,931,740	20,386,945	20,586,402
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 18,865,317</b>	<b>\$ 17,897,035</b>	<b>\$ 19,931,740</b>	<b>\$ 20,386,945</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 122,939	\$ 216,843	\$ 302,349	\$ 640,555
Contributions - Member	-	144,241	148,839	151,727
Net Investment Income	191,582	216,739	299,433	185,453
Differences Between Expected and Actual Experience	-	38,645	(37,045)	-
Benefit Payments - Employer Financed	(888,229)	(1,216,843)	(1,302,349)	(1,640,555)
Administrative Expense - Member Financed	(122,939)	(144,241)	(148,839)	(151,727)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(696,647)</b>	<b>(744,616)</b>	<b>(737,612)</b>	<b>(814,547)</b>
Plan Fiduciary Net Position - Beginning	7,591,507	8,336,123	9,073,735	9,888,282
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 6,894,860</b>	<b>\$ 7,591,507</b>	<b>\$ 8,336,123</b>	<b>\$ 9,073,735</b>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 11,970,457</b>	<b>\$ 10,305,528</b>	<b>\$ 11,595,617</b>	<b>\$ 11,313,210</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	36.55%	42.42%	41.82%	44.51%
Covered-Employee Payroll	\$ 57,830,306	\$ 56,145,928	\$ 55,190,947	\$ 53,583,444
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	20.70%	18.35%	21.01%	21.11%

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB  
LAST FOUR FISCAL YEARS**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	1.9%
2018	2.9%
2019	3.1%
2020	2.5%

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST SIX MEASUREMENT DATES\***

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Collective Net Pension Liability						
District's Proportionate Share of the Collective Net Pension Liability	0.7962%	0.7821%	7.6970%	0.7442%	0.7468%	0.8297%
State's Proportionate Share of the Collective Net Pension Liability Associated with District Total	\$ 50,749,955	\$ 49,123,200	\$ 153,646,083	\$ 177,509,457	\$ 46,196,966	\$ 38,231,979
	4,491,418	4,615,379	14,852,396	17,817,356	5,666,484	2,689,665
	\$ 55,241,373	\$ 53,738,579	\$ 168,498,479	\$ 195,326,813	\$ 51,863,450	\$ 40,921,644
District's Covered Payroll	\$ 45,202,937	\$ 43,206,143	\$ 41,374,215	\$ 38,687,289	\$ 37,891,347	\$ 37,874,556
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	112.27%	113.69%	371.36%	458.83%	121.92%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS  
LAST SIX FISCAL YEARS\***

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 3,596,701	\$ 3,485,150	\$ 3,240,764	\$ 3,108,168	\$ 2,901,919	\$ 2,841,307
Contributions in Relation to the Statutorily						
Required Contribution	(3,596,701)	(3,485,150)	(3,240,764)	(3,108,168)	(2,901,919)	(2,841,307)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 47,956,013	\$ 45,202,937	\$ 43,206,143	\$ 41,374,215	\$ 38,687,289	\$ 37,891,347
Contributions as a Percentage of Covered Payroll	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%

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



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST SIX MEASUREMENT DATES\***

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2101%	0.2147%	0.2155%	0.2049%	0.2182%	0.2238%
District's Proportionate Share of the Net Pension Liability	\$ 11,615,958	\$ 11,910,677	\$ 13,757,377	\$ 16,636,863	\$ 11,308,257	\$ 10,513,003
State's Proportionate Share of the Net Pension Liability						
Associated with the District	361,151	390,616	172,995	217,204	-	-
Total	\$ 11,977,109	\$ 12,301,293	\$ 13,930,372	\$ 16,854,067	\$ 11,308,257	\$ 10,513,003
District's Covered Payroll	\$ 14,747,378	\$ 14,395,567	\$ 13,876,160	\$ 12,677,690	\$ 12,805,931	\$ 11,750,557
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	78.77%	82.74%	99.14%	131.23%	88.30%	89.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
GERF SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
LAST SIX FISCAL YEARS\***

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,152,137	\$ 1,105,637	\$ 1,079,322	\$ 1,040,531	\$ 952,090	\$ 946,168
Contributions in Relation to the Statutorily Required Contribution	(1,152,137)	(1,105,637)	(1,079,322)	(1,040,531)	(952,090)	(946,168)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 15,361,827	\$ 14,747,378	\$ 14,395,567	\$ 13,876,160	\$ 12,677,690	\$ 12,805,931
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

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

**A. General Employees Fund**

**2019 Changes**

**Changes in Actuarial Assumptions**

- The morality 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.

**2018 Changes**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2017 Changes**

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.

Changes in Plan Provisions

- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.
- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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

**A. Coordinated Plan**

**2019 Changes**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

- The employer contribution rate is increased each July 1 over the next five years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**2017 Changes**

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

**2016 Changes (Continued)**

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2014 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER POSTEMPLOYMENT BENEFITS PLAN**

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS:**

- The expected long-term investment return was changed from 2.60% to 2.10%.
- The discount rate was changed from 3.10% to 2.40%.

**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 retiree plan participation assumption for participants not eligible for a pre-65 subsidy was changed from 50.00% to 40.00%.
- The expected long-term investment return was changes from 3.30% to 2.60%.
- The discount rate was changes from 3.50% to 3.10%.

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS:**

- The expected long-term investment return was changed from 2.30% to 3.30%.
- The discount rate was changed from 2.80% to 3.50%.

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS:**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and retirement tables for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00% to 2.80%.



## **SUPPLEMENTARY INFORMATION**

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**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 40,067,946	\$ 32,817,597
Cash with Fiscal Agent	3,050	374
Receivables:		
Current Taxes	14,588,140	15,313,834
Delinquent Taxes	279,649	276,085
Accounts and Interest Receivable	222,252	266,927
Due from Other Minnesota School Districts	54,267	49,964
Due from Minnesota Department of Education	7,266,291	7,893,907
Due from Federal Through the Minnesota Department of Education	568,683	639,171
Due from Other Governmental Units	189,413	123,986
Due from Other Funds	-	1,000,000
Prepays	176,979	133,500
Total Assets	<u>\$ 63,416,670</u>	<u>\$ 58,515,345</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 6,323,039	\$ 5,974,852
Payroll Deductions and Employer Contributions Payable	1,189,669	1,213,306
Accounts and Contracts Payable	1,729,711	2,080,521
Due to Other Minnesota School Districts	97,290	40,752
Due to Other Governmental Units	92,717	153,970
Due to OPEB Trust	111,772	-
Unearned Revenue	-	933,130
Total Liabilities	<u>9,544,198</u>	<u>10,396,531</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	24,937,533	26,937,829
Unavailable Revenue - Delinquent Taxes	217,815	181,446
Total Deferred Inflows of Resources	<u>25,155,348</u>	<u>27,119,275</u>
Fund Balance:		
Nonspendable:		
Prepays	176,979	133,500
Restricted for:		
Student Activities	72,862	-
Scholarships	280,751	-
Staff Development	350,694	274,038
Achievement and Integration	151,703	11,490
Long-Term Facility Maintenance	7,376,822	6,550,976
Operating Capital	6,246,890	5,550,528
Safe Schools Levy	259,243	-
Committed for:		
Separation/Retirement Benefits	983,815	-
Assigned for:		
Severance Benefits	2,423,807	470,000
Facility Use Improvements	-	389,379
Q comp	-	370,493
Learning and Innovation	-	186,618
Unassigned	<u>10,393,558</u>	<u>7,062,517</u>
Total Fund Balance	<u>28,717,124</u>	<u>20,999,539</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 63,416,670</u>	<u>\$ 58,515,345</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 29,137,972	\$ 29,103,776	\$ (34,196)	\$ 27,016,038
Earnings and Investments	476,000	497,750	21,750	592,141
Other	3,871,812	3,361,900	(509,912)	3,817,706
State Sources	78,076,890	79,050,190	973,300	76,676,591
Federal Sources	2,401,157	1,861,877	(539,280)	2,018,811
Total Revenues	113,963,831	113,875,493	(88,338)	110,121,287
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	2,384,050	2,352,042	(32,008)	2,511,808
Employee Benefits	898,023	920,593	22,570	943,003
Purchased Services	189,771	256,379	66,608	108,098
Supplies and Materials	11,355	7,270	(4,085)	9,520
Other Expenditures	43,300	60,158	16,858	55,809
Total Administration	3,526,499	3,596,442	69,943	3,628,238
District Support Services:				
Salaries	1,748,169	1,699,595	(48,574)	1,712,481
Employee Benefits	851,656	818,511	(33,145)	850,476
Purchased Services	166,731	239,517	72,786	384,289
Supplies and Materials	333,453	867,082	533,629	658,302
Other Expenditures	17,950	16,784	(1,166)	21,164
Total District Support Services	3,117,959	3,641,489	523,530	3,626,712
Elementary and Secondary Regular Instruction:				
Salaries	29,209,161	29,022,578	(186,583)	29,364,966
Employee Benefits	12,253,351	12,209,799	(43,552)	12,374,924
Purchased Services	2,664,597	2,061,850	(602,747)	2,462,488
Supplies and Materials	1,849,836	1,599,342	(250,494)	1,759,999
Other Expenditures	20,180	201,119	180,939	223,738
Total Elementary and Secondary Regular Instruction	45,997,125	45,094,688	(902,437)	46,186,115

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 814,371	\$ 795,522	\$ (18,849)	\$ 806,173
Employee Benefits	361,238	362,165	927	354,945
Purchased Services	189,483	203,040	13,557	177,001
Supplies and Materials	13,287	15,312	2,025	27,457
Other Expenditures	26	4,743	4,717	5,077
Total Vocational Education Instruction	1,378,405	1,380,782	2,377	1,370,653
Special Education Instruction:				
Salaries	12,540,006	12,484,684	(55,322)	11,792,297
Employee Benefits	5,922,099	6,309,895	387,796	5,993,784
Purchased Services	1,639,863	1,232,629	(407,234)	1,555,703
Supplies and Materials	156,887	127,489	(29,398)	103,045
Other Expenditures	15,000	67,316	52,316	73,894
Total Special Education Instruction	20,273,855	20,222,013	(51,842)	19,518,723
Instructional Support Services:				
Salaries	4,670,987	4,124,821	(546,166)	4,483,104
Employee Benefits	1,671,661	1,663,107	(8,554)	1,664,498
Purchased Services	361,182	389,561	28,379	699,294
Supplies and Materials	187,992	226,130	38,138	341,013
Other Expenditures	21,200	50,730	29,530	45,856
Total Instructional Support Services	6,913,022	6,454,349	(458,673)	7,233,765
Pupil Support Services:				
Salaries	2,553,848	2,487,061	(66,787)	2,522,902
Employee Benefits	1,167,779	1,189,567	21,788	1,211,087
Purchased Services	8,962,254	8,360,663	(601,591)	8,321,900
Supplies and Materials	44,350	38,184	(6,166)	42,346
Other Expenditures	-	13,949	13,949	14,293
Total Pupil Support Services	12,728,231	12,089,424	(638,807)	12,112,528

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 2,961,725	\$ 2,837,799	\$ (123,926)	\$ 3,006,181
Employee Benefits	1,498,021	1,553,785	55,764	1,625,085
Purchased Services	5,371,560	4,313,776	(1,057,784)	5,262,633
Supplies and Materials	601,150	543,971	(57,179)	599,279
Other Expenditures	79,096	16,323	(62,773)	18,571
Total Sites and Buildings	10,511,552	9,265,654	(1,245,898)	10,511,749
Fiscal and Other Fixed Costs:				
Purchased Services	310,000	308,676	(1,324)	298,619
Other Expenditures	16,000	109,496	93,496	-
Total Fiscal and Other Fixed Costs	326,000	418,172	92,172	298,619
Capital Outlay:				
District Support Services	723,190	343,832	(379,358)	148,018
Regular Instruction	98,626	123,019	24,393	248,164
Vocational Education Instruction	-	162	162	-
Special Education Instruction	23,468	18,615	(4,853)	8,978
Instructional Support Services	205,000	944	(204,056)	15,233
Sites and Buildings	6,831,246	3,617,042	(3,214,204)	4,255,242
Total Capital Outlay	7,881,530	4,103,614	(3,777,916)	4,675,635
Debt Service:				
Principal	550,102	550,000	(102)	530,000
Interest and Fiscal Charges	275,188	275,188	-	292,413
Total Debt Service	825,290	825,188	(102)	822,413
Total Expenditures	113,479,468	107,091,815	(6,387,653)	110,060,150
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	484,363	6,783,678	6,299,315	61,137
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	12,000	777	(11,223)	10,561
Total Other Financing Sources	12,000	777	(11,223)	899,758
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 496,363</u>	<u>6,784,455</u>	<u>\$ 6,288,092</u>	<u>960,895</u>
<b>FUND BALANCE</b>				
Beginning of Year		20,999,539		20,038,644
Prior Period Restatement - See Note 11		933,130		-
Beginning of Year - as Restated		21,932,669		20,038,644
End of Year		<u>\$ 28,717,124</u>		<u>\$ 20,999,539</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FOOD SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,115,163	\$ 885,368
Receivables:		
Accounts and Interest Receivable	37	6,750
Due from Other Minnesota School Districts	58,263	133,801
Due from Federal Through the Minnesota Department of Education	110,674	-
Inventory	<u>75,052</u>	<u>52,710</u>
Total Assets	<u><u>\$ 1,360,689</u></u>	<u><u>\$ 1,078,629</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 17,620	\$ 1,808
Payroll Deductions and Employer Contributions Payable	3,334	339
Accounts and Contracts Payable	30,071	11,781
Unearned Revenue	<u>175,823</u>	<u>110,944</u>
Total Liabilities	<u>226,848</u>	<u>124,872</u>
Fund Balance:		
Nonspendable:		
Inventory	75,052	52,710
Restricted for:		
Food Service	<u>1,058,789</u>	<u>901,047</u>
Total Fund Balance	<u>1,133,841</u>	<u>953,757</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,360,689</u></u>	<u><u>\$ 1,078,629</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 15,700	\$ 18,076	\$ 2,376	\$ 15,516
Other - Primarily Meal Sales	3,066,990	2,410,360	(656,630)	3,044,082
State Sources	182,275	126,211	(56,064)	180,573
Federal Sources	1,202,436	1,369,480	167,044	1,196,286
Total Revenues	<u>4,467,401</u>	<u>3,924,127</u>	<u>(543,274)</u>	<u>4,436,457</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	1,400,159	1,415,871	15,712	1,362,144
Employee Benefits	641,767	653,054	11,287	623,048
Purchased Services	281,010	210,329	(70,681)	271,166
Supplies and Materials	1,734,791	1,385,456	(349,335)	1,669,935
Other Expenditures	5,215	2,265	(2,950)	4,929
Capital Outlay	<u>195,000</u>	<u>77,425</u>	<u>(117,575)</u>	<u>71,337</u>
Total Expenditures	<u>4,257,942</u>	<u>3,744,400</u>	<u>(513,542)</u>	<u>4,002,559</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	209,459	179,727	(29,732)	433,898
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	<u>250</u>	<u>357</u>	<u>107</u>	<u>1,154</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>\$ 209,709</u>	180,084	<u>\$ (29,625)</u>	435,052
<b>FUND BALANCE</b>				
Beginning of Year		<u>953,757</u>		<u>518,705</u>
End of Year		<u>\$ 1,133,841</u>		<u>\$ 953,757</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
COMMUNITY SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,465,272	\$ 2,516,659
Receivables:		
Current Taxes	522,789	499,229
Delinquent Taxes	9,472	10,234
Accounts and Interest Receivable	-	11,873
Due from Minnesota Department of Education	188,573	114,156
Prepays	<u>1,150</u>	<u>650</u>
Total Assets	<u><u>\$ 2,196,656</u></u>	<u><u>\$ 3,169,912</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 255,749	\$ 267,474
Payroll Deductions and Employer Contributions Payable	42,418	40,819
Accounts and Contracts Payable	90,960	78,606
Due to Other Minnesota School Districts	-	3,505
Due to Other Governmental Units	177	3,551
Unearned Revenue	<u>249,593</u>	<u>354,635</u>
Total Liabilities	638,897	748,590
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	964,995	940,726
Unavailable Revenue - Delinquent Taxes	<u>7,456</u>	<u>6,894</u>
Total Deferred Inflows of Resources	972,451	947,620
Fund Balance:		
Nonspendable:		
Prepays	1,150	650
Restricted for:		
Community Education	996,170	1,432,504
Early Childhood and Family Education	5,242	11,310
School Readiness	<u>(417,254)</u>	<u>29,238</u>
Total Fund Balance	<u><u>585,308</u></u>	<u><u>1,473,702</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 2,196,656</u></u>	<u><u>\$ 3,169,912</u></u>



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
COMMUNITY SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 964,179	\$ 937,211	\$ (26,968)	\$ 941,837
Earnings and Investments	3,000	33,490	30,490	46,416
Other - Primarily Tuition and Fees	5,687,136	4,315,883	(1,371,253)	5,318,825
State Sources	810,338	843,954	33,616	786,039
Total Revenues	7,467,253	6,133,641	(1,333,612)	7,096,517
<b>EXPENDITURES</b>				
Current:				
Salaries	4,585,796	4,377,103	(208,693)	4,150,629
Employee Benefits	1,357,865	1,307,589	(50,276)	1,221,307
Purchased Services	1,302,867	1,049,335	(253,532)	1,170,951
Supplies and Materials	344,141	241,934	(102,207)	378,850
Other Expenditures	26,858	22,074	(4,784)	24,811
Capital Outlay	36,617	24,000	(12,617)	16,759
Total Expenditures	7,654,144	7,022,035	(632,109)	6,963,307
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (186,891)</u>	(888,394)	<u>\$ (701,503)</u>	133,210
<b>FUND BALANCE</b>				
Beginning of Year		1,473,702		1,340,492
End of Year		\$ 585,308		\$ 1,473,702

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	<u>\$ 1,389,845</u>	<u>\$ 4,393,291</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts and Contracts Payable	\$ 17,645	\$ 50,371
Fund Balance:		
Restricted for:		
Restricted for Capital Projects	<u>1,372,200</u>	<u>4,342,920</u>
Total Fund Balance	<u>1,372,200</u>	<u>4,342,920</u>
Total Liabilities and Fund Balance	<u>\$ 1,389,845</u>	<u>\$ 4,393,291</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 75,000	\$ 43,840	\$ (31,160)	\$ 126,867
<b>EXPENDITURES</b>				
Current:				
Purchased Services	20,000	170,000	150,000	130,078
Supplies and Materials	-	750	750	-
Capital Outlay	<u>2,992,980</u>	<u>2,843,810</u>	<u>(149,170)</u>	<u>5,277,385</u>
Total Expenditures	<u>3,012,980</u>	<u>3,014,560</u>	<u>1,580</u>	<u>5,407,463</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,937,980)</u>	<u>(2,970,720)</u>	<u>\$ (32,740)</u>	<u>(5,280,596)</u>
<b>FUND BALANCE</b>				
Beginning of Year		<u>4,342,920</u>		<u>9,623,516</u>
End of Year		<u>\$ 1,372,200</u>		<u>\$ 4,342,920</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Regular Debt Service	Totals	
		2020	2019
<b>ASSETS</b>			
Cash and Investments	\$ 7,524,788	\$ 7,524,788	\$ 7,549,588
Receivables:			
Current Taxes	5,639,287	5,639,287	5,314,455
Delinquent Taxes	101,070	101,070	112,040
Due from Minnesota Department of Education	8,938	8,938	5,452
	<u>13,274,083</u>	<u>13,274,083</u>	<u>12,981,535</u>
Total Assets			
	<u>\$ 13,274,083</u>	<u>\$ 13,274,083</u>	<u>\$ 12,981,535</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities:			
Accounts and Contracts Payable	\$ 1,536	\$ 1,536	\$ 1,501
Deferred Inflows:			
Property Taxes Levied for Subsequent Year	10,332,402	10,332,402	9,942,453
Unavailable Revenue - Delinquent Taxes	79,966	79,966	75,568
Total Deferred Inflows of Resources	<u>10,412,368</u>	<u>10,412,368</u>	<u>10,018,021</u>
Fund Balance:			
Restricted for Debt Service	<u>2,860,179</u>	<u>2,860,179</u>	<u>2,962,013</u>
Total Fund Balance	<u>2,860,179</u>	<u>2,860,179</u>	<u>2,962,013</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 13,274,083</u>	<u>\$ 13,274,083</u>	<u>\$ 12,981,535</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019	
		Actual			
	Final Budgeted Amounts	Regular Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>					
Local Sources:					
Property Taxes	\$ 9,940,887	\$ 9,830,382	\$ 9,830,382	\$ (110,505)	\$ 10,239,037
Earnings and Investments	60,000	104,828	104,828	44,828	136,795
State Sources	42,000	88,460	88,460	46,460	54,538
Total Revenues	10,042,887	10,023,670	10,023,670	(19,217)	10,430,370
<b>EXPENDITURES</b>					
Debt Service:					
Bond Principal	6,165,000	6,165,000	6,165,000	-	5,795,000
Bond Interest	3,946,258	3,946,258	3,946,258	-	4,049,920
Paying Agent Fees and Other	2,000	98,325	98,325	96,325	2,490
Total Expenditures	10,113,258	10,209,583	10,209,583	96,325	9,847,410
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>					
	(70,371)	(185,913)	(185,913)	(115,542)	582,960
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Bonds	-	5,630,000	5,630,000	5,630,000	-
Bond Premium	-	424,079	424,079	424,079	-
Payment to Refunded Bond Escrow Agent	-	(5,970,000)	(5,970,000)	(5,970,000)	-
Transfers In	-	-	-	-	1,148,081
Transfers Out	-	-	-	-	(1,148,081)
Total Other Financing Sources (Uses)	-	84,079	84,079	84,079	-
<b>NET CHANGE IN FUND BALANCE</b>					
	\$ (70,371)	(101,834)	(101,834)	\$ (31,463)	582,960
<b>FUND BALANCE</b>					
Beginning of Year		2,962,013	2,962,013		2,379,053
End of Year		\$ 2,860,179	\$ 2,860,179		\$ 2,962,013

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
YEAR ENDED JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 114,808,623	\$ 114,808,623	\$ -
Total Expenditures	107,091,815	107,091,813	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	176,979	176,979	-
<i>Restricted:</i>			
401 Student Activities	72,862	72,862	-
402 Scholarships	280,751	280,751	-
403 Staff Development	350,694	350,694	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	6,246,890	6,246,890	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	151,703	151,703	-
449 Safe Schools Crime Levy	259,243	259,243	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
467 LTFM	7,376,822	7,376,822	-
472 Medical Assistance	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	983,815	983,815	-
<i>Assigned:</i>			
462 Assigned Fund Balance	2,423,807	2,423,807	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	10,393,558	10,393,560	(2)
<b>02 FOOD SERVICE</b>			
Total Revenue	3,924,127	3,924,127	-
Total Expenditures	3,744,400	3,744,400	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	75,052	75,052	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	1,058,789	1,058,789	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	6,133,641	6,133,641	-
Total Expenditures	7,022,035	7,022,035	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,150	1,150	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	996,170	996,170	-
432 E.C.F.E.	5,242	5,242	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	(417,254)	(417,254)	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 43,840	\$ 43,840	\$ -
Total Expenditures	3,014,560	3,014,559	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 LTFM	-	-	-
464 Restricted Fund Balance	1,372,200	1,372,200	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	10,023,670	10,023,670	-
Total Expenditures	10,209,583	10,209,582	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	2,860,179	2,860,179	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>18 CUSTODIAL</b>			
Total Revenue	82,409	82,409	-
Total Expenditures	13,532	13,532	-
401 Student Activities	-	-	-
402 Scholarships	68,877	68,877	-
448 Achievement & Integration	-	-	-
464 Restricted Fund Balance	-	-	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	17,137,907	17,137,906	1
Total Expenditures	15,310,244	15,310,244	-
<i>Net Position:</i>			
422 Net Position	5,262,284	5,262,283	1
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	314,520	314,521	(1)
Total Expenditures	1,011,168	1,011,168	-
<i>Net Position:</i>			
422 Net Position	6,894,859	6,894,859	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

# Section III

## Statistical





## STATISTICAL SECTION (UNAUDITED)

This part of Independent School District No. 834 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	103
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	111
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	117
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	121
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	123

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 32,496,605	\$ 37,806,325	\$ 42,915,472	\$ 48,412,468
Restricted	5,741,270	6,583,887	6,729,217	6,604,074
Unrestricted	14,300,543	13,994,929	13,185,342	10,995,216
Total Governmental Activities Net Position	<u>\$ 52,538,418</u>	<u>\$ 58,385,141</u>	<u>\$ 62,830,031</u>	<u>\$ 66,011,758</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
NET POSITION BY COMPONENT (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 56,387,161	\$ 65,414,063	\$ 66,141,043	\$ 60,554,744	\$ 58,929,681	\$ 62,505,284
5,665,080	9,743,503	9,753,511	13,123,335	16,107,066	19,894,112
<u>(44,814,567)</u>	<u>(40,407,600)</u>	<u>(84,709,936)</u>	<u>(107,596,516)</u>	<u>(81,207,029)</u>	<u>(82,957,418)</u>
<u>\$ 17,237,674</u>	<u>\$ 34,749,966</u>	<u>\$ (8,815,382)</u>	<u>\$(33,918,437)</u>	<u>\$ (6,170,282)</u>	<u>\$ (558,022)</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Expenses				
Administration	\$ 3,126,960	\$ 3,235,785	\$ 3,445,881	\$ 3,361,947
District support services	3,579,239	2,932,763	2,980,841	3,298,447
Elementary and secondary regular instruction	44,039,863	45,399,734	46,704,006	44,867,231
Vocational education instruction	717,896	764,276	762,936	948,370
Special education instruction	14,350,898	15,518,727	15,619,428	16,207,958
Instructional support services	4,751,164	5,040,679	4,820,342	5,461,838
Pupil support services	8,835,330	9,975,054	9,667,145	9,780,943
Sites and buildings	9,678,797	9,266,384	9,201,362	10,583,746
Fiscal and other fixed cost programs	190,063	217,758	252,417	274,552
Food service	4,012,862	3,945,136	4,039,562	3,952,305
Community service	3,908,861	3,960,982	4,204,796	4,213,278
Interest and fiscal charges	2,722,908	2,728,948	2,164,229	1,580,073
Total governmental activities expenses	99,914,841	102,986,226	103,862,945	104,530,688
Program revenues				
Charges for services				
District support services	17,538	17,895	15,740	8,805
Elementary and secondary regular instruction	1,441,187	1,424,263	1,856,271	1,645,165
Vocational education instruction	691	1,814	216	—
Special education instruction	162,129	71,507	107,767	192,412
Instructional support services	47,521	61,216	110,769	196,225
Pupil support services	51,999	53,037	49,321	46,004
Sites and buildings	236,885	414,364	450,136	439,878
Food service	2,766,860	2,735,673	2,660,858	2,550,935
Community service	2,385,426	2,339,041	2,708,941	2,767,116
Operating grants and contributions	13,079,813	14,762,025	12,402,761	13,766,818
Capital grants and contributions	—	1,006,442	260,000	—
Total governmental activities program revenues	20,190,049	22,887,277	20,622,780	21,613,358
Net (expense) revenue	(79,724,792)	(80,098,949)	(83,240,165)	(82,917,330)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	22,515,640	17,490,729	17,123,931	9,620,050
Property taxes, levied for community service	1,292,504	862,659	876,061	443,538
Property taxes, levied for building construction	2,984,614	2,957,788	2,996,024	2,214,866
Property taxes, levied for debt service	9,665,222	9,753,374	9,983,309	9,618,842
General grants and aids	45,798,915	53,389,125	55,057,375	62,828,789
Other general revenues	1,149,074	1,440,494	1,607,275	1,334,369
Investment earnings	47,447	51,503	41,080	38,603
Gain on sale of capital assets	—	—	—	—
Special item – joint school proceeds	—	—	—	—
Total general revenues and other changes in net position	83,453,416	85,945,672	87,685,055	86,099,057
Change in net position	\$ 3,728,624	\$ 5,846,723	\$ 4,444,890	\$ 3,181,727

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,469,001	\$ 3,835,257	\$ 5,045,515	\$ 4,859,694	\$ 2,761,832	\$ 4,163,190
2,879,688	4,930,575	4,428,888	4,866,422	3,848,441	4,221,324
45,526,927	45,403,156	64,048,509	63,695,632	33,389,523	51,734,965
1,142,699	1,293,897	1,589,857	1,814,893	1,061,396	1,544,708
16,441,733	17,032,647	23,701,150	24,272,246	15,645,568	22,395,970
6,112,684	5,748,010	8,648,249	9,138,084	6,355,742	7,480,689
9,807,046	10,113,009	12,473,301	13,277,132	11,597,906	13,259,915
11,582,408	9,363,699	11,735,283	14,715,947	11,508,298	14,417,912
188,265	263,329	238,724	282,149	298,619	418,172
3,883,245	3,983,097	4,095,413	4,225,459	4,178,034	3,717,123
4,586,087	4,807,513	6,181,362	7,040,015	6,563,197	3,054,540
1,362,338	4,793,187	3,932,639	3,920,205	3,808,388	3,586,985
106,982,121	111,567,376	146,118,890	152,107,878	101,016,944	129,995,493
1,594	635	390	505	991	180
1,340,698	1,733,392	2,062,685	1,841,634	1,674,506	1,161,617
636	428	266	—	—	—
106,819	716,816	276,329	349,799	417,106	397,576
55,502	3,613	4,706	4,707	3,155	8
9,559	9,697	6,833	8,620	5,225	154,240
362,283	309,365	310,726	216,217	172,648	96,424
2,559,430	2,591,822	2,647,891	2,951,523	3,044,482	2,402,682
3,121,607	3,340,816	3,731,436	4,708,102	5,318,825	3,968,375
13,909,704	15,073,801	16,342,406	15,985,953	17,854,618	23,892,060
—	—	—	—	—	1,071,842
21,467,832	23,780,385	25,383,668	26,067,060	28,491,556	33,145,004
(85,514,289)	(87,786,991)	(120,735,222)	(126,040,818)	(72,525,388)	(96,850,489)
21,050,994	21,857,533	26,077,926	26,662,509	27,029,172	29,140,145
883,576	879,475	924,206	936,351	942,286	937,773
3,556,087	3,504,044	—	—	—	—
9,524,095	10,418,158	9,853,545	9,991,344	10,243,194	9,834,780
57,947,379	58,466,733	62,239,860	61,151,385	59,591,562	60,073,369
1,100,896	1,222,650	1,409,761	1,501,148	1,543,674	704,641
33,423	406,428	505,982	695,026	923,655	838,911
—	—	349,350	—	—	—
—	8,918,771	—	—	—	—
94,096,450	105,673,792	101,360,630	100,937,763	100,273,543	101,529,619
\$ 8,582,161	\$ 17,886,801	\$ (19,374,592)	\$ (25,103,055)	\$ 27,748,155	\$ 4,679,130

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TAX REVENUES BY SOURCE AND LEVY TYPE  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year	Property Tax					Total
	General Purposes	Community Service	Capital Projects – Building Construction	Debt Service		
2011	\$ 22,515,640	\$ 1,292,504	\$ 2,984,614	\$ 9,665,222	\$ 36,457,980	
2012	17,490,729	862,659	2,957,788	9,753,374	31,064,550	
2013	17,123,931	876,061	2,996,024	9,983,309	30,979,325	
2014	9,620,050	443,538	2,214,866	9,618,842	21,897,296	
2015	21,050,994	883,576	3,556,087	9,524,095	35,014,752	
2016	21,857,533	879,475	3,504,044	10,418,158	36,659,210	
2017	26,077,926	924,206	—	9,853,545	36,855,677	
2018	26,662,509	936,351	—	9,991,344	37,590,204	
2019	27,029,172	942,286	—	10,243,194	38,214,652	
2020	29,140,145	937,773	—	9,834,780	39,912,698	

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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Reserved	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—
Nonspendable	481,158	492,250	341,429	380,847
Restricted	2,985,708	3,200,215	1,696,761	1,931,056
Committed	—	—	—	—
Assigned	10,313,846	7,498,781	9,434,577	5,992,778
Unassigned	6,736,831	8,381,132	5,200,321	4,672,888
Total General Fund	<u>\$ 20,517,543</u>	<u>\$ 19,572,378</u>	<u>\$ 16,673,088</u>	<u>\$ 12,977,569</u>
All other governmental funds				
Reserved	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in				
Special revenue funds	—	—	—	—
Debt service funds	—	—	—	—
Nonspendable	74,943	83,198	94,083	84,210
Restricted	18,100,245	17,696,287	5,768,672	7,651,218
Unassigned	—	—	—	(22,087)
Total all other governmental funds	<u>\$ 18,175,188</u>	<u>\$ 17,779,485</u>	<u>\$ 5,862,755</u>	<u>\$ 7,713,341</u>
Total all governmental funds	<u>\$ 38,692,731</u>	<u>\$ 37,351,863</u>	<u>\$ 22,535,843</u>	<u>\$ 20,690,910</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
271,178	180,717	132,997	261,833	133,500	176,979
2,467,558	2,590,464	8,070,793	10,603,252	12,387,032	14,738,965
—	3,783,815	1,883,815	983,815	983,815	983,815
2,125,946	1,851,841	3,351,587	3,974,155	1,416,490	2,423,807
9,137,032	7,753,286	7,852,065	4,215,589	6,078,702	10,393,558
<u>\$ 14,001,714</u>	<u>\$ 16,160,123</u>	<u>\$ 21,291,257</u>	<u>\$ 20,038,644</u>	<u>\$ 20,999,539</u>	<u>\$ 28,717,124</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
70,214	69,555	43,739	73,814	53,360	76,202
3,560,116	90,781,630	27,083,056	13,787,952	9,679,032	5,875,326
(586,713)	—	—	—	—	—
<u>\$ 3,043,617</u>	<u>\$ 90,851,185</u>	<u>\$ 27,126,795</u>	<u>\$ 13,861,766</u>	<u>\$ 9,732,392</u>	<u>\$ 5,951,528</u>
<u>\$ 17,045,331</u>	<u>\$ 107,011,308</u>	<u>\$ 48,418,052</u>	<u>\$ 33,900,410</u>	<u>\$ 30,731,931</u>	<u>\$ 34,668,652</u>



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Local sources				
Taxes	\$ 36,599,588	\$ 31,112,428	\$ 31,003,085	\$ 21,663,695
Investment earnings	47,447	51,503	36,529	35,494
Other	8,259,310	9,565,746	9,567,294	9,180,909
State sources	53,970,507	63,275,666	64,012,306	72,763,704
Federal sources	4,908,221	4,875,484	3,447,830	3,831,903
Total revenues	103,785,073	108,880,827	108,067,044	107,475,705
Expenditures				
Current				
Administration	3,050,424	3,122,053	3,265,990	3,221,578
District support services	3,559,455	2,962,763	2,898,262	3,276,874
Elementary and secondary regular instruction	42,882,425	43,734,096	45,045,025	44,249,081
Vocational education instruction	681,283	725,446	714,976	897,800
Special education instruction	14,098,745	15,078,470	15,163,821	15,696,438
Instructional support services	4,727,331	4,872,233	4,760,457	5,333,225
Pupil support services	8,554,839	9,664,270	9,316,324	9,436,480
Sites and buildings	8,001,032	7,402,105	7,606,240	8,386,809
Fiscal and other fixed cost programs	190,063	217,758	252,417	274,552
Food service	3,897,203	3,834,043	3,906,007	3,824,528
Community service	3,733,145	3,757,693	4,002,997	4,035,871
Capital outlay	4,831,964	12,561,991	3,090,147	4,257,222
Debt service				
Principal	6,851,862	7,097,360	7,864,472	7,875,000
Interest and fiscal charges	2,817,000	3,097,454	2,808,570	2,022,272
Total expenditures	107,876,771	118,127,735	110,695,705	112,787,730
Excess of revenues over (under) expenditures	(4,091,698)	(9,246,908)	(2,628,661)	(5,312,025)
Other financing sources (uses)				
Debt issued (bonds, COPs, and leases)	10,568,694	—	—	3,360,000
Refunding debt issued	4,630,000	11,815,000	—	—
Premium (discount) on debt issued	780,261	826,040	—	96,586
Payment on refunding bonds	—	(4,735,000)	(12,210,000)	—
Sale of capital assets	—	—	22,641	10,506
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total other financing sources (uses)	15,978,955	7,906,040	(12,187,359)	3,467,092
Net change in fund balances before special item	11,887,257	(1,340,868)	(14,816,020)	(1,844,933)
Special item – joint school proceeds	—	—	—	—
Net change in fund balances	\$ 11,887,257	\$ (1,340,868)	\$ (14,816,020)	\$ (1,844,933)
Debt service as a percentage of noncapital expenditures	9.4%	9.5%	9.9%	9.0%

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 35,304,525	\$ 36,717,544	\$ 36,882,419	\$ 37,672,798	\$ 38,196,912	\$ 39,871,369
28,739	400,302	499,727	690,063	917,736	697,984
8,659,024	9,929,234	10,451,023	11,582,255	12,180,612	10,088,143
67,778,735	69,753,786	72,643,686	74,119,502	77,697,741	80,108,815
3,961,017	3,786,748	3,689,765	3,041,466	3,218,497	3,234,460
115,732,040	120,587,614	124,166,620	127,106,084	132,211,498	134,000,771
3,315,207	3,730,271	3,687,102	3,544,839	3,628,235	3,596,442
2,799,843	4,988,023	4,273,631	4,580,746	3,774,731	3,641,489
44,369,591	44,391,220	45,818,551	46,326,515	46,434,301	45,094,688
1,118,757	1,269,046	1,178,394	1,418,503	1,370,650	1,380,782
16,053,961	16,718,523	17,660,774	18,706,782	19,527,685	20,222,013
6,006,701	5,579,197	7,055,599	7,170,917	7,248,996	6,454,349
9,466,764	9,827,309	11,098,053	11,854,935	12,112,530	12,089,424
8,515,322	16,709,425	8,813,285	12,572,733	14,766,990	9,265,654
188,265	263,329	238,724	282,149	298,619	418,172
3,730,236	3,728,962	3,851,332	3,958,441	3,931,222	3,666,975
4,418,275	4,650,156	5,313,353	6,127,808	7,021,549	6,998,035
9,013,201	16,748,548	59,322,612	14,443,268	5,495,558	7,219,599
8,570,000	8,825,000	9,595,000	6,255,000	6,325,000	6,715,000
1,818,709	2,212,828	6,391,505	4,447,910	4,344,823	4,319,771
119,384,832	139,641,837	184,297,915	141,690,546	136,280,889	131,082,393
(3,652,792)	(19,054,223)	(60,131,295)	(14,584,462)	(4,069,391)	2,918,378
—	90,565,000	—	—	—	—
—	14,695,000	—	—	—	5,630,000
—	9,381,096	—	—	—	424,079
—	(14,545,000)	—	—	—	(5,970,000)
7,213	5,333	1,538,039	66,820	900,912	1,134
453,548	—	—	—	—	—
(453,548)	—	—	—	—	—
7,213	100,101,429	1,538,039	66,820	900,912	85,213
(3,645,579)	81,047,206	(58,593,256)	(14,517,642)	(3,168,479)	3,003,591
—	8,918,771	—	—	—	—
\$ (3,645,579)	\$ 89,965,977	\$ (58,593,256)	\$ (14,517,642)	\$ (3,168,479)	\$ 3,003,591
9.2%	9.6%	12.6%	8.3%	8.4%	8.8%

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TAX REVENUES BY SOURCE AND LEVY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Property Tax				
	General Fund	Capital Projects –	Debt	Community	Total
		Building		Service Special	
		Construction	Service Fund	Revenue Fund	
	Fund	Fund			
2011	\$ 22,605,469	\$ 2,984,614	\$ 9,712,279	\$ 1,297,226	\$ 36,599,588
2012	17,514,085	2,957,788	9,775,753	864,802	31,112,428
2013	17,134,315	2,996,024	9,995,503	877,243	31,003,085
2014	9,471,422	2,214,866	9,540,818	436,589	21,663,695
2015	21,228,874	3,556,087	9,626,968	892,596	35,304,525
2016	21,894,121	3,504,044	10,437,895	881,484	36,717,544
2017	26,092,174	–	9,865,167	925,078	36,882,419
2018	26,718,149	–	10,016,080	938,569	37,672,798
2019	27,016,038	–	10,239,037	941,837	38,196,912
2020	29,103,776	–	9,830,382	937,211	39,871,369

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.

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TAX CAPACITIES AND MARKET VALUE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation			
	Agricultural	Nonagricultural	Fiscal Disparities	
			Contribution	Distribution
2011	\$ 2,549,868	\$ 88,348,989	\$ (7,309,552)	\$ 6,824,429
2012	2,244,531	82,304,899	(7,491,704)	6,203,175
2013	2,247,330	78,962,711	(7,455,679)	5,635,681
2014	2,274,352	80,305,216	(7,438,018)	5,569,812
2015	2,601,918	90,112,548	(7,063,639)	5,859,176
2016	2,600,534	92,862,246	(7,156,893)	5,841,005
2017	2,593,669	95,774,839	(7,588,432)	6,408,262
2018	2,613,556	102,233,253	(7,966,063)	6,782,970
2019	2,731,036	108,532,963	(8,572,046)	7,316,060
2020	—	—	—	—

Note: The District has presented taxable market value, which is the best information available to represent estimated actual value of property.

Source: State of Minnesota School Tax Report

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TAX CAPACITIES AND MARKET VALUE (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (3,226,292)	\$ 87,187,442	20.30 %	\$ 7,641,521,000	1.14 %
(2,196,517)	81,064,384	22.33	7,299,137,400	1.11
(2,299,050)	77,090,993	22.02	6,988,425,700	1.10
(1,515,947)	79,195,415	23.15	7,122,885,600	1.11
(1,615,626)	89,894,377	21.12	8,025,467,500	1.12
(1,610,290)	92,536,602	19.85	8,263,498,200	1.12
(1,603,853)	95,584,485	20.39	8,487,566,000	1.13
(1,750,111)	101,913,605	19.35	9,031,232,600	1.13
(2,005,329)	108,002,684	18.44	9,583,871,800	1.13
—	—	—	—	#DIV/0!

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
PROPERTY TAX RATES – DIRECT AND OVERLAPPING  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Rate	Tax Collection Calendar Year	ISD No. 834	Overlapping Rates Municipalities (1)				
			Stillwater	Oak Park Heights	Bayport	Marine	Afton
Tax capacity rate	2011	20.300%	52.539%	45.028%	35.650%	38.842%	27.044%
Market value rate	2011	0.15894%	–	–	–	–	–
Tax capacity rate	2012	22.333%	54.674%	51.710%	40.571%	45.202%	30.078%
Market value rate	2012	0.17625%	–	–	–	–	–
Tax capacity rate	2013	22.018%	61.503%	54.898%	43.923%	53.537%	30.059%
Market value rate	2013	0.16569%	–	–	–	–	–
Tax capacity rate	2014	23.150%	58.359%	59.641%	41.699%	57.734%	30.092%
Market value rate	2014	0.22687%	–	–	–	–	–
Tax capacity rate	2015	21.124%	54.916%	56.804%	40.468%	55.427%	27.737%
Market value rate	2015	0.19995%	–	–	–	–	–
Tax capacity rate	2016	19.849%	57.016%	57.726%	37.107%	56.752%	29.373%
Market value rate	2016	0.20618%	–	–	–	–	–
Tax capacity rate	2017	20.390%	56.927%	56.143%	39.410%	60.678%	32.300%
Market value rate	2017	0.19504%	–	–	–	–	–
Tax capacity rate	2018	19.349%	53.421%	54.462%	36.017%	55.060%	32.255%
Market value rate	2018	0.18938%	–	–	–	–	–
Tax capacity rate	2019	18.442%	54.288%	50.031%	33.954%	56.705%	32.983%
Market value rate	2019	0.19352%	–	–	–	–	–
Tax capacity rate	2020	15.321%	53.474%	50.176%	31.644%	56.338%	30.795%
Market value rate	2020	0.17594%	–	–	–	–	–

(1) Municipalities listed include those with district learning sites (current and former).

(2) The miscellaneous other levy includes the Washington County HRA, Metropolitan Council, Metropolitan Mosquito, Transit District, Valley Branch Watershed, Rice Creek Watershed, Carnelian-Marine Watershed, South Washington Watershed, Browns Creek Watershed, Woodbury HRA, and Regional Rail Authority.

Source: Washington County

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
PROPERTY TAX RATES – DIRECT AND OVERLAPPING (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Lake Elmo	Lakeland	Woodbury	Washington County	Miscellaneous Other (2)	Total Stillwater Resident
21.832%	40.375%	34.921%	28.511%	15.237%	116.587%
–	–	0.02572%	–	–	0.15894%
27.272%	44.462%	35.921%	30.265%	17.478%	124.750%
–	–	0.02565%	–	–	0.17625%
27.818%	48.194%	39.440%	32.328%	18.948%	134.797%
–	–	0.02699%	–	–	0.16569%
27.761%	47.028%	38.076%	31.051%	18.145%	130.705%
–	–	0.02594%	–	–	0.22687%
23.798%	43.489%	34.657%	28.441%	16.640%	121.122%
–	–	0.01308%	–	–	0.19995%
23.121%	42.451%	35.287%	28.745%	16.586%	122.196%
–	–	0.01216%	–	–	0.20618%
20.018%	44.213%	35.122%	28.697%	15.025%	121.039%
–	–	0.01187%	–	–	0.19504%
22.442%	36.540%	33.670%	28.994%	17.723%	119.487%
–	–	0.01111%	–	–	0.18938%
22.927%	31.800%	33.177%	28.661%	19.659%	121.050%
–	–	0.00664%	–	–	0.19352%
23.477%	36.149%	32.489%	27.770%	18.916%	115.481%
–	–	0.00615%	–	–	0.17594%

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Xcel Energy	\$ 7,862,398	1	6.66 %	\$ 5,823,312	1	6.68 %
City Walk TIC I, LLC et al	1,309,487	2	1.11	—	4	—
VSSA Boutwells Landing, LLC	1,119,802	3	0.95	610,720	2	0.70
Wal-Mart Real Estate Business Trust	885,096	4	0.75	854,033	10	0.98
Stillwater Health System	643,193	5	0.54	449,952	3	0.52
Andersen Corporation	543,048	6	0.46	673,203		0.77
Oak Park Heights VAL, LLC	506,326	7	0.43	—	—	—
Crossroads Commerce Center, LLC	495,355	8	0.42	501,257	—	0.57
Target Corporation	452,541	9	0.38	—	8	—
Rivertown Trading Company	434,412	10	0.37	419,148	—	0.48
OPH PAT, LLC & OPH VAL, LLC	—	—	—	443,188	5	0.51
Woodbury Partners, LLC	—	—	—	432,627	6	0.50
SC Mall, LLC	—	—	—	414,834	7	0.48
Total	<u>\$ 14,251,658</u>		<u>12.07 %</u>	<u>\$10,622,274</u>		<u>12.18 %</u>



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized	
					Amount	Percentage of Levy
2011	\$ 27,998,728	\$ 2,133,322	\$ 485,327	\$ 30,617,377	\$ 30,165,859	98.5 %
2012	29,596,378	2,196,745	—	31,793,123	31,387,467	98.7
2013	27,325,101	2,227,189	—	29,552,290	29,194,108	98.8
2014	33,219,281	2,128,942	—	35,348,223	35,019,746	99.1
2015	33,800,881	2,642,422	—	36,443,303	36,086,850	99.0
2016	34,215,394	2,349,208	—	36,564,602	36,332,635	99.4
2017	34,736,744	2,531,306	—	37,268,050	37,108,753	99.6
2018	35,455,695	2,642,264	—	38,097,959	37,885,063	99.4
2019	37,019,474	2,730,961	101,861	39,852,296	18,724,778	47.0
2020	—	—	—	—	—	#####

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

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Received in Subsequent Years	Total to Date		Uncollected Taxes Receivable as of June 30, 2020			
	Amount	Percentage of Levy	Delinquent		Current	
			Amount	Percent	Amount	Percent
\$ 451,518	\$ 30,617,377	100.0 %	\$ —	— %	\$ —	— %
405,656	31,793,123	100.0	—	—	—	—
286,775	29,480,883	99.8	71,407	0.2	—	—
314,648	35,334,394	100.0	13,829	0.0	—	—
334,827	36,421,677	99.9	21,626	0.1	—	—
205,270	36,537,905	99.9	26,697	0.1	—	—
107,393	37,216,146	99.9	51,904	0.1	—	—
—	37,885,063	99.4	212,896	0.6	—	0.0
—	18,724,778	47.0	—	—	21,127,518	53.0
—	—	#####	—	#####	—	#####
			<u>\$ 398,359</u>		<u>\$ 21,127,518</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Governmental Activities					Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Capital Leases	Total Primary Government		
2011	\$62,980,000	\$ 1,283,018	\$10,000,000	\$ 371,832	\$74,634,850	8.21 %	\$ 1,255
2012	63,145,000	1,921,745	10,000,000	189,472	75,256,217	7.76	1,265
2013	43,730,000	1,443,936	9,530,000	—	54,703,936	5.54	891
2014	39,690,000	1,187,586	9,055,000	—	49,932,586	4.91	810
2015	31,605,000	847,879	8,570,000	—	41,022,879	3.57	649
2016	113,990,000	9,637,255	8,075,000	—	131,702,255	12.85	2,062
2017	104,900,000	9,090,910	7,570,000	—	121,560,910	9.67	1,898
2018	99,165,000	8,598,598	7,050,000	—	114,813,598	N/A	1,793
2019	93,370,000	8,106,286	6,520,000	—	107,996,286	N/A	1,639
2020	87,205,000	7,816,244	5,630,000	—	100,651,244	N/A	1,469

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and total ISD No. 834 population data.

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO MARKET VALUE  
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2011	\$ 64,263,018	\$ 6,819,183	\$ 57,443,835	\$ 7,641,521,000	0.75 %	59,454	966
2012	65,066,745	14,445,949	50,620,796	7,299,137,400	0.69	59,484	851
2013	45,173,936	1,996,200	43,177,736	6,988,425,700	0.62	61,379	703
2014	40,877,586	1,869,211	39,008,375	7,122,885,600	0.55	61,609	633
2015	32,452,879	1,772,888	30,679,991	8,025,467,500	0.38	63,225	485
2016	123,627,255	7,341,354	116,285,901	8,263,498,200	1.41	63,865	1,821
2017	113,990,910	2,151,560	111,839,350	8,487,566,000	1.32	64,046	1,746
2018	107,763,598	2,379,053	105,384,545	9,031,232,600	1.17	64,046	1,645
2019	101,476,286	2,962,013	98,514,273	9,583,871,800	1.03	65,883	1,495
2020	95,021,244	2,860,179	92,161,065	10,474,238,500	0.88	68,534	1,345

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

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2020  
(UNAUDITED)**

Governmental Unit	2019-2020 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 834	Portion Allocable to ISD No. 834
Independent School District No. 834	\$ 118,074,816	\$ 95,021,244	100.00 %	\$ 95,021,244
Overlapping debt				
City of Afton	7,657,266	9,336,076	94.72	8,843,131
City of Bayport	4,339,235	1,705,000	100.00	1,705,000
City of Hugo	21,722,365	2,045,000	5.13	104,909
City of Lake Elmo	21,109,191	38,306,000	71.73	27,476,894
City of Lakeland	2,792,940	985,000	100.00	985,000
City of Marine	1,669,169	970,000	100.00	970,000
City of Oak Park Heights	10,490,911	6,210,000	100.00	6,210,000
City of Scandia	7,710,339	4,059,000	0.29	11,771
City of Stillwater	27,580,246	34,630,000	100.00	34,630,000
City of Woodbury	113,842,053	55,915,000	14.90	8,331,335
Northeast Metropolitan Intermediate School District No. 916	391,890,297	77,200,000	30.10	23,237,200
South Washington Watershed District	153,532,183	3,070,000	10.70	328,490
Washington County	344,797,210	136,685,000	34.24	46,800,944
Total overlapping debt				<u>159,634,674</u>
Total direct and overlapping debt				<u>\$ 254,655,918</u>

Note 1: The percentage of overlapping debt applicable is estimated using taxable net tax capacity values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable net tax capacity value that is within the District's boundaries and dividing it by the overlapping government's total taxable net tax capacity value.

Note 2: The Washington County HRA, Metropolitan Council, and Metropolitan Airports Commission are governmental units with overlapping debt applicable to the District. Overlapping debt information for these units of government applicable to the District was not readily available.

Source: Washington County

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Debt limit	\$ 1,146,228,150	\$ 1,094,870,610	\$ 1,048,263,855	\$ 1,068,432,840
Total net debt applicable to limit	<u>56,160,817</u>	<u>48,699,051</u>	<u>41,733,800</u>	<u>37,820,789</u>
Legal debt margin	<u>\$ 1,090,067,333</u>	<u>\$ 1,046,171,559</u>	<u>\$ 1,006,530,055</u>	<u>\$ 1,030,612,051</u>
Total net debt applicable to limit as a percentage of debt limit	4.90%	4.45%	3.98%	3.54%

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
LEGAL DEBT MARGIN INFORMATION (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,203,820,125	\$ 1,239,524,730	\$ 1,273,134,900	\$ 1,354,684,890	\$ 1,437,580,770	\$ 1,571,135,775
29,832,112	106,648,646	102,748,440	96,785,947	90,407,987	84,344,821
<u>\$ 1,173,988,013</u>	<u>\$ 1,132,876,084</u>	<u>\$ 1,170,386,460</u>	<u>\$ 1,257,898,943</u>	<u>\$ 1,347,172,783</u>	<u>\$ 1,486,790,954</u>
2.48%	8.60%	8.07%	7.14%	6.29%	5.37%

Legal Debt Margin Calculation for Fiscal Year 2020	
Market value	\$10,474,238,500
Debt limit (15% of market value)	1,571,135,775
Debt applicable to limit	
General obligation bonds	87,205,000
Less amount set aside for repayment of general obligation debt	(2,860,179)
Total net debt applicable to limit	<u>84,344,821</u>
Legal debt margin	<u>\$ 1,486,790,954</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	City of Stillwater			Total ISD No. 834 Population (3)	School Enrollment (4)	Washington County Unemployment Rate (5)
	Population (1)	Personal Income (1)	Per Capita Personal Income (2)			
2011	18,299	\$ 908,619,000	\$ 49,654	59,454	8,697	6.2
2012	18,638	970,257,000	52,058	59,484	8,556	5.3
2013	18,970	987,578,000	52,060	61,379	8,489	4.6
2014	18,892	1,017,013,000	53,833	61,609	8,497	3.6
2015	19,754	1,148,952,000	58,163	63,225	8,439	3.2
2016	19,693	1,025,218,000	52,060	63,865	8,352	3.4
2017	19,748	1,257,572,000	63,681	64,046	8,450	3.5
2018	19,915	N/A	N/A	64,046	8,342	2.5
2019	20,600	1,311,829,000	63,681	65,883	8,433	3.2
2020	N/A	N/A	N/A	68,534	8,453	5.6

N/A – Not Available

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

Note 2: Unemployment rate for 2019 is an average through June 2019.

Sources:

- (1) City of Stillwater's comprehensive annual financial report for the year ended December 31, 2018
- (2) The per capita personal income used is for that of Washington County, in which the City of Stillwater resides
- (3) Annual school district census and U.S. Census
- (4) The District
- (5) Minnesota Department of Employment and Economic Development



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Employer	Fiscal Year			
	2020		2011	
	Employees	Rank	Employees	Rank
Andersen Corporation	2,622	1	3,500	1
Washington County	1,300	2	970	3
Independent School District No. 834	1,149	3	1,074	2
Lakeview Memorial Hospital	902	4	500	4
Minnesota Correctional Facility-Stillwater	514	5	280	7
DiaSorin, Inc.	355	6	—	—
Minnesota Correctional Facility-OPH	352	7	—	—
Stillwater Medical Group and Clinic	325	8	—	—
Wal-Mart	300	9	236	8
Target	225	10	—	—
Design Fabricated Parts, Inc.			330	5
Cub Foods			300	6
Stillwater Medical Group, PA	—	—	220	9
Stillwater Medical Clinic	—	—	200	10
Total	<u>8,044</u>		<u>7,610</u>	
Total ISD No. 834 population (see the Schedule of Demographic and Economic Statistics)	<u>68,534</u>		<u>59,454</u>	
Percent of principal employers to total ISD No. 834 population	<u>11.7%</u>		<u>12.8%</u>	

Note 1: Total number of employees working for employers within the District's boundaries is not readily available. The District has provided total population to provide a comparison base to reference between current year and nine years ago.

Source: Telephone survey by district finance staff

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FULL-TIME EQUIVALENT DISTRICT LICENSED EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Employees (1)	Fiscal Year			
	2011	2012	2013	2014
District directors/superintendent	10	10	10	10
Principals	18	18	17	17
Teachers	542	554	542	548
Coordinators, supervisors, specialists, and technical support	105	98	104	105
Paraprofessionals	200	183	180	197
Food service	77	76	75	74
Custodians	57	56	52	52
Community education leads and assistants	65	51	52	56
Total	<u>1,074</u>	<u>1,046</u>	<u>1,032</u>	<u>1,059</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FULL-TIME EQUIVALENT DISTRICT LICENSED EMPLOYEES BY TYPE (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
11	12	12	14	14	13
17	18	19	17	17	17
523	522	524	566	564	568
105	99	105	116	111	109
191	205	208	177	187	196
72	68	68	66	70	78
52	53	52	56	56	53
59	72	88	85	124	115
<u>1,030</u>	<u>1,049</u>	<u>1,076</u>	<u>1,097</u>	<u>1,143</u>	<u>1,149</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TEACHER DATA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Salary Schedule				
	BA	BA + 15	BA + 30	BA + 45	BA + 60
Low range	\$ 43,728	\$ 45,347	\$ 46,987	\$ 48,660	\$ 50,361
High range	\$ 65,247	\$ 67,953	\$ 73,434	\$ 76,581	\$ 83,727
Number of teachers	53	15	15	9	38
Average salary	\$ 76,019				
Average education	MA				
Number of full-time equivalents	536				

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
TEACHER DATA (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

MA		MA + 15		MA + 30		MA + 45		MA + 60		Total
\$	50,361	\$	51,195	\$	52,036	\$	52,875	\$	53,725	N/A
\$	83,727	\$	85,619	\$	87,131	\$	88,667	\$	90,211	N/A
	144		52		47		45		137	555

DRAFT

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STUDENT TO STAFF RATIOS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	ISD No. 834 Student to Teacher Ratios (1)	Minnesota Department of Education Student to Staff Ratio (2)		
		ISD No. 834	Washington County Average	State Average
2011	19.36	16.40	14.57	13.04
2012	18.09	15.20	14.48	13.04
2013	18.16	15.32	14.17	12.93
2014	17.86	15.01	13.85	12.82
2015	18.99	15.75	14.21	12.56
2016	19.25	16.00	14.42	12.69
2017	18.53	15.37	13.66	12.49
2018	18.01	14.90	13.92	12.45
2019	18.36	15.17	14.07	12.36
2020	N/A	N/A	N/A	N/A

(1) This data is computed using only full-time equivalent licensed classroom teaching staff.

(2) This data is computed by dividing total students (Minnesota Department of Education enrollment numbers pre-kindergarten through Grade 12) by total certified staff. Certified staff includes classroom teachers, administrators, special education teachers, and all other licensed professionals measured in full-time equivalents.

Source: Minnesota Department of Education

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STANDARDIZED TESTING AND GRADUATION RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Standardized tests				
MCA Reading (1)				
Grade 3	90 %	88 %	75 %	68 %
Grade 5	87	86	76	78
Grade 7	76	86	67	68
Grade 10	89	88	74	68
MCA Math (1)				
Grade 3	90	90	82	81
Grade 5	69	74	71	67
Grade 7	67	74	70	67
Grade 11	65	53	70	65
ACT (2)				
Average composite score	24.1	24.0	24.1	24.5
Graduation data (3)				
ISD No. 834's graduation rate	96	86	88	89
State graduation rate	93	78	80	81
Post-graduation student survey				
Four-year college/university	65	72	79	80
Two-year college	15	15	11	10
Vocational/technical college	—	—	—	—
Employment	—	3	3	3
Military	—	3	1	2
No response/undecided	20	6	6	5
	100 %	100 %	100 %	100 %

N/A – Not Available

- (1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test (II).
- (2) For 2019 11th grade only.
- (3) Starting in 2012, Minnesota began using the federally-required adjusted cohort graduation rate model. This model follows students in a cohort throughout high school and determines if they graduate within four, five, or six years. The four-year graduation rate shows the number of students graduating from high school within four years after entering Grade 9.

Source: Minnesota Department of Education, the District's Testing Department, and the District's Registrar and ACT Corporation

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STANDARDIZED TESTING AND GRADUATION RATES (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
73 %	68 %	68 %	63 %	59 %	N/A %
76	81	75	80	77	N/A
70	70	68	64	70	N/A
72	67	71	73	73	N/A
83	83	80	76	73	N/A
65	68	66	59	57	N/A
68	68	65	64	68	N/A
60	52	62	58	51	N/A
24.7	21.9	22.6	22.2	22.5	23.1
87	86	89	92	N/A	N/A
82	83	83	83	N/A	N/A
73	73	75	73	70	N/A
16	15	16	15	17	N/A
—	—	—	—	—	N/A
4	5	2	5	4	N/A
3	2	6	2	3	N/A
5	5	1	5	6	N/A
100 %	100 %	100 %	100 %	100 %	— %



**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
SCHOOL FACILITIES  
JUNE 30, 2020  
(UNAUDITED)**

Facility	Use	Constructed	Acres	Classrooms	Square Footage	Capacity	Enrollment (1)
Afton Lakeland Elementary	School	1951/1954/1965 1968/1980/2001	17.00	24	63,368	525	479
Andersen Elementary	School	1919/1937/1946 1980/1997/2014	1.13	16	49,830	375	364
Brookview Elementary	School	2017	20.00	20	74,616	500	480
Central Services	Office/ warehouse	1975	6.50	N/A	16,139	N/A	N/A
Early Childhood Family Center	School	2012	2.00	17	45,685	255	N/A
Lake Elmo Elementary	School	1920/1952/1954 1959/1963/1969 1976/1987/1988 1996/2010	8.70	36	82,570	725	697
Lily Lake Elementary	School	1963/1966/1969 1990/1993	12.00	31	73,088	650	477
Oak Park Elementary	School	1956/1963/1975 1996/2001/2014	12.70	26	65,781	500	N/A
Oak-Land Middle	School	1967/1969/2016	40.00	45	135,238	1,050	973
Rutherford Elementary	School	1998	16.00	29	106,998	725	567
Stillwater Area High	School	1993/2001/2017	131.88	110	491,125	3,300	2,831
Stillwater Middle	School	1959/1965/1969 1979/1993/2014	40.00	51	212,924	1,530	1,079
Stonebridge Elementary	School	1971/1997	12.00	28	65,089	650	433
Transportation Facility	Office/ Maintenance	2001	11.00	N/A	17,100	N/A	N/A
Withrow Elementary	School	1954/1965/1975 1997	9.00	13	33,034	250	N/A

N/A – Not Available

(1) Enrollment data from October 1, 2018

Source: The District's Operations and Maintenance Department and Enrollment Department, and MDE school ADM served report

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
FOOD SERVICE – SCHOOL LUNCH PROGRAM DATA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Total Lunches Served	Days	Average Daily Participation	Free Lunch		Reduced Lunch	
				Number Served	Percent of Total	Number Served	Percent of Total
2011	923,824	175	5,279	134,898	14.60	44,748	4.84
2012	873,497	174	5,020	136,847	15.67	42,542	4.87
2013	811,103	172	4,716	131,341	16.19	43,232	5.33
2014	769,864	167	4,610	130,637	16.97	41,084	5.34
2015	762,295	173	4,406	134,115	17.59	46,416	6.09
2016	750,615	173	4,344	131,892	17.57	40,893	5.45
2017	718,089	171	4,199	131,214	18.27	39,860	5.55
2018	685,616	171	4,009	128,479	18.74	43,997	6.42
2019	695,879	167	4,167	125,912	18.09	46,955	6.75
2020	581,250	218	2,666	174,770	30.07	38,819	6.68

Source: The District's Food Service Department

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
STUDENT ENROLLMENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2011	141.39	480.43	3,869.63	4,205.46	8,696.91	10,132.59
2012	147.06	506.98	3,775.38	4,126.54	8,555.96	9,949.02
2013	139.37	456.27	3,801.29	4,091.82	8,488.75	9,892.79
2014	145.28	465.49	3,808.19	4,078.24	8,497.20	9,890.12
2015	139.50	546.31	3,694.85	4,058.48	8,439.14	9,250.82
2016	149.69	477.26	3,657.63	4,067.90	8,352.48	9,166.06
2017	144.04	495.45	3,648.54	4,161.82	8,449.85	9,282.13
2018	146.66	493.72	3,522.57	4,179.34	8,342.29	9,178.17
2019	174.99	507.31	3,531.82	4,218.60	8,432.72	9,276.43
2020	194.00	487.48	3,621.74	4,149.87	8,453.09	9,283.07

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	Secondary
Fiscal 2011 through 2015	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2016 through 2020	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
EXPENDITURES PER STUDENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenditures per student (ADM) (1)				
General Fund				
District level administration	\$ 384	\$ 398	\$ 408	\$ 428
School level administration	339	353	349	348
Regular instruction	4,646	4,788	4,998	4,827
Career and technical instruction	77	83	84	104
Special education	1,597	1,738	1,767	1,831
Student activities/athletics	192	199	218	221
Instructional support services	442	472	464	527
Pupil support services	292	367	375	385
Operations, maintenance, and other	723	730	855	802
Student transportation	682	752	715	715
Equipment	236	225	217	329
Land and buildings	112	113	91	202
	<u>112</u>	<u>113</u>	<u>91</u>	<u>202</u>
Total General Fund expenditures	<u>\$ 9,723</u>	<u>\$ 10,220</u>	<u>\$ 10,540</u>	<u>\$ 10,718</u>
ADM used per profile model format	<u>8,781</u>	<u>8,631</u>	<u>8,543</u>	<u>8,546</u>

**INDEPENDENT SCHOOL DISTRICT NO. 834  
STILLWATER AREA PUBLIC SCHOOLS  
LAST TEN FISCAL YEARS (CONTINUED)  
JUNE 30, 2020  
(UNAUDITED)**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 424	\$ 473	\$ 599	\$ 675	\$ 557	\$ 558
355	394	407	387	399	396
4,885	4,970	5,099	5,217	5,190	5,042
132	151	138	169	161	162
1,884	1,990	2,074	2,226	2,298	2,379
225	237	237	249	253	258
607	573	718	754	751	658
373	389	441	490	523	507
812	804	824	939	958	902
740	780	866	924	907	918
226	1,443	166	274	553	484
239	224	263	468	415	337
<u>\$ 10,902</u>	<u>\$ 12,429</u>	<u>\$ 11,832</u>	<u>\$ 12,772</u>	<u>\$ 12,965</u>	<u>\$ 12,600</u>
<u>8,499</u>	<u>8,392</u>	<u>8,482</u>	<u>8,376</u>	<u>8,462</u>	<u>8,474</u>



**Agenda Item IX. B.**  
**Date Prepared: December 4, 2020**  
**ISD 834 Board Meeting**

**Action Item:** Certify the 2020 Payable 2021 Tax Levy  
Meeting Date: December 17, 2020  
Contact Person: Dr. John Thein, Director of Finance

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**Summary:**

The Board of Education certified \$40,471,667.08 for 2020 Payable 2021 levy on September 24, 2020. At the Board business meeting held on December 3, 2020, Dale Sundstrom, Interim Executive Director of Finance and Operations, provided information on the Truth in Taxation Requirements including the current budget and the proposed Tax Levy for Taxes Payable 2021. The public had an opportunity to comment.

The Board of Education is required to adopt the final levy for Taxes Payable 2021 and certify to the county auditor on or before December 28, 2020. One change was made to the levy in the Community Education Fund. The district no longer operates an Adults with Disabilities program so the \$2,000 amount was removed from the levy. Administration recommends that the Board of Education certify the 2020 Payable 2021 Tax Levy as follows:

General Fund	\$ 30,323,329.85
Community Service Fund	\$ 1,000,030.99
Debt Service Fund	\$ 9,146,306.24
<b>Total Levy</b>	<b>\$ 40,469,667.08</b>

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**Recommendation:**

A motion and a second to adopt the final levy for Taxes Payable 2021 is requested.

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

# Totals

	Pay 2020 RMV Information	Pay 2020 NTC Information	Total	Est. Pay 2021 RMV Information	Est. Pay 2021 NTC Information	Total
General	19,906,134.63	7,043,116.39	26,949,251.02	19,423,495.28	10,899,834.57	30,323,329.85
Community Service	0.00	964,995.14	964,995.14	0.00	1,000,030.99	1,000,030.99
Debt Service	0.00	10,332,401.91	10,332,401.91	0.00	9,146,306.24	9,146,306.24
Total	19,906,134.63	18,340,513.44	38,246,648.07	19,423,495.28	21,046,171.80	40,469,667.08



**Stillwater**  
AREA PUBLIC SCHOOLS

*Curiosity Thrives Here*

Validate/Certify Levy

You have successfully validated your Levy data! You are ready to submit it.

### District Levy Summary

#### Subtotals By Levy Category

Title	Limit	Proposed	Certified
GENERAL - RMV VOTER - JOBZ EXEMPT	11,820,852.20	11,820,852.20	11,820,852.20
GENERAL - RMV OTHER - JOBZ EXEMPT	7,602,643.08	7,602,643.08	7,602,643.08
GENERAL - NTC VOTER - JOBZ EXEMPT	0.00	0.00	0.00
GENERAL - NTC OTHER GENED - EXEMPT	0.00	0.00	0.00
GENERAL - NTC OTHER - JOBZ EXEMPT	11,726,186.04	10,899,834.57	10,899,834.57
COMMUNITY SERVICE - NTC OTHER - JOBZ EXEMPT	1,002,030.99	1,002,030.99	1,000,030.99
GENERAL DEBT - NTC VOTER - JOBZ NONEXEMPT	8,269,506.92	8,269,506.92	8,269,506.92
GENERAL DEBT - NTC OTHER - JOBZ NONEXEMPT	876,799.32	876,799.32	876,799.32
OPEB DEBT - NTC VOTER - JOBZ NONEXEMPT	0.00	0.00	0.00
OPEB DEBT - NTC OTHER - JOBZ NONEXEMPT	0.00	0.00	0.00

#### Subtotals By Fund

Title	Limit	Proposed	Certified
GENERAL FUND	31,149,681.32	30,323,329.85	30,323,329.85
COMMUNITY SERVICES FUND	1,002,030.99	1,002,030.99	1,000,030.99
GENERAL DEBT SERVICE FUND	9,146,306.24	9,146,306.24	9,146,306.24
OPEB/PENSION DEBT SERVICE FUND	0.00	0.00	0.00

#### Subtotals By Tax Base

Title	Limit	Proposed	Certified
REFERENDUM MARKET VALUE	19,423,495.28	19,423,495.28	19,423,495.28
NET TAX CAPACITY	21,874,523.27	21,048,171.80	21,046,171.80

#### Subtotals By Truth In Taxation Category

Title	Limit	Proposed	Certified
VOTER APPROVED	20,090,359.12	20,090,359.12	20,090,359.12
OTHER	21,207,659.43	20,381,307.96	20,379,307.96

#### Total Levy

Title	Limit	Proposed	Certified
TOTAL LEVY	41,298,018.55	40,471,667.08	40,469,667.08





**Agenda Item IX. C.**  
**Date Prepared: December 9, 2020**  
**ISD 834 Board Meeting**

Action Item: Memorandum of Agreement with Cafeteria Employees' Organization  
Meeting Date: December 17, 2020  
Contact Person: Cindy Gustafson, Supervisor of Human Resources

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*Background:*

The District and the Cafeteria Employees Organization (hereinafter referred to as the "CEO") reached agreement on the terms of the 2019-2021 Master Contract in November 2019 and the Board took action to approve the CEO 2019-2021 Master Contract on December 19, 2019.

After approval of the Master Contract, it was determined that the parameters set for all employee groups would be revised. At the time of the change, the Board stated a desire to provide salary and benefit increases comparable to those of other groups for members of the CEO.

Information regarding the updates will be provided to the Board. Administration recommends approval of the Memorandum of Agreement with Cafeteria Employees' Organization.

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*Recommendation:*

A motion and second will be requested to approve a Memorandum of Agreement with Cafeteria Employees' Organization.

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_



**Agenda Item IX. D.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Action Item: Policy for Final Reading  
Meeting Date: December 17, 2020  
Contact Person(s): Dr. Jennifer Cherry

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*Summary:*

The Policy Working Group will be presenting Policy 510 – Share-Time Students. This is a new policy Minn Stat § 126C.19 Shared Time Aid.

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*Recommendation:*

*A motion and a second to approve Policy 510 – Share-Time Students.*

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

POLICY TITLE	POLICY NUMBER	ADOPTED	REVIEW FREQUENCY
<b>Shared-Time Students</b>	<b>510</b>	<b>Adopted:</b>	

## **I. PURPOSE**

To address non-public or homeschooled students to be enrolled part-time in Independent School District 834.

## **II. GENERAL STATEMENT OF POLICY**

Shared-Time students are students who are enrolled part-time in the District and the remainder of the time in a non-public school or a homeschool.

## **III. SHARED TIME STUDENT REGULATIONS**

### **A. Student Eligibility**

1. Students who are residents of the District who attend homeschools full time which are in compliance with the Minnesota Compulsory Instruction Law may apply for limited shared-time enrollment privileges in the District.
2. Shared-time privileges are available to all nonpublic students in grades 1-12 per the following limitations. Students in grades 7-12 may access any curricular offering and students in grades 1-6 may access music and physical education instruction.
3. Shared-time students must attend the public school at the school in their attendance area.
4. Nothing in these regulations is intended to exclude students with disabilities from receiving special education services.

### **B. Limitations**

1. Shared-time enrollment at the high schools will be limited to four (4) courses per year.
2. No more than one (1) science laboratory course may be enrolled in per term at the high school level.
3. Shared-time enrollment will be limited to courses that generate shared-time foundation aid from the state.
4. Shared-time students may enroll in a course, which requires co-curriculum participation.
5. Priority for course enrollment will be given to full-time public school students.

### **C. Courses/Programs/Tests**

1. To be approved for a specific course, a student must have completed all pre-requisite course requirements and may be required to demonstrate appropriate skill and/or knowledge levels.
2. When participating in a shared-time course, shared-time homeschool students will be subject to all the same school and District policies, regulations and rules which apply to public school students, including student rights and responsibilities, grading, and attendance and performance expectations.

3. Shared-time students enrolled for courses that are not offered consecutively must leave school property when not in class or may attend a supervised study hall (if available) in between the courses. (A study hall does not count as a course a homeschool student may take each term).
4. If the school lunch period falls between the two courses, the shared-time student may purchase a school lunch and eat in the student eating area. Shared-time students whose families fall within the income guidelines for free or reduced-price meals may qualify for a free or reduced-price lunch.
5. Homeschool shared-time students may take state basic standards tests and nationally norm-referenced tests at the public school, as arranged with the principal.
  - a. The homeschool will be charged for the cost of the test and scoring.
  - b. Homeschool student test results will be reported separately from the public school student tests.

#### D. Process

1. Students accepted for shared-time enrollment will be counted as enrolled in the District for the purpose of calculating state aid.
2. All inquiries for shared-time enrollment shall be directed to the principal of the District school where enrollment is desired.
3. Inquiries will be accepted from students who are residents of Stillwater Area Public School District 834 only.
4. The principal will make a recommendation for approval or disapproval.
5. Specific communications about class scheduling should take place between the shared-time student and the school principal or designee.
6. Principals of schools, which shared-time students attend, are responsible for calculating the proportion of classroom time in the District's system of pupil unit accounting.

#### E. Transportation

1. Students accepted for shared-time enrollment are eligible for District transportation from home to school if they are at an existing bus stop at the regularly-scheduled bus stop time, if space is available on the bus, and if they meet District Policy guidelines for distance from school.
2. Students accepted for shared-time enrollment are eligible for District transportation from school to home if they are at the school bus departure location at the end of the school day, if there is room on the bus, if they get off the bus at a regularly-scheduled bus stop, and if they meet District Policy guidelines for distance from school.
3. Students must be eligible for state transportation aid.
4. Transportation arrangements will be made by the Transportation Department, at the request of the homeschool.

Legal Reference: Minn Stat § 126C.19 Shared Time Aid



**Agenda Item IX. E.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Action Item: Policy for Final Reading  
Meeting Date: December 17, 2020  
Contact Person(s): Chair Stivland

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*Summary:*

*Summary:*

The Policy Working Group will be presenting Policy 721.1 – Board Approval of Contracts and Expenditures. This is a new policy Minn Statute 123B.09 subd, 6

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**Recommendation:**

*A motion and a second to approve Policy 721.1 – Board Approval of Contracts and Expenditures.*

**Motion by:** \_\_\_\_\_ **Seconded by:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

POLICY TITLE	POLICY NUMBER	ADOPTED	REVIEW FREQUENCY
<b>Board Approval of Contracts and Expenditures</b>	<b>721.1</b>	<b>Adopted:</b>	

## **I. PURPOSE**

To provide a clear and consistent process for Board required approval of contracts and expenditures.

## **II. GENERAL STATEMENT OF POLICY**

- A. Pursuant to MN Statute 123B.09 subd. 6, “no contract shall be made or authorized, except at a regular meeting of the board or at a special meeting at which all members are present or of which all members have had notice”. This policy provides the process by which District Administration shall provide proposed contracts or expenditures, above \$50,000 in value, prior to execution, to the board for consideration. This process applies to all contracts and expenditures, including, but not limited to contracts for goods and services, purchase agreements, construction projects, real estate, and new staff positions.
- B. All projects whose total value in sum exceeds \$50,000 are subject to this process.
- C. The **Expenditure Approval Form** will be used to facilitate this process. See attached.
- D. Contracts which fall within the board authorized administrative authority, those less than \$50,000, shall also be brought to the board for information in a report format.

## **III. OBJECTIVES**

- A. The objectives of this policy are as follows:
- B. To apply consistent standards for consideration of contracts and expenditures
- C. To maintain a balanced budget, ensure program sustainability; consider return on investments and impact on student achievement.
- D. To ensure competitive pricing, strengthen internal controls, and enhance transparency.
- E. To assist the board in oversight, in keeping with its fiduciary duties and obligations.

## **IV. PROCESS**

1. An administrator with budgetary authority will submit a request to the appropriate Board Working Group for initial review.
2. The administrator(s) attends the Board Working Group meeting to present the request.
3. The Working Group and administrators submit the request to the School Board, along with a recommendation for approval or non-approval. The request appears on a board agenda as an action item or consent item.
4. Prior to the board meeting at which the request will be considered, the administrators must provide to the board:
  - a. A completed Expenditure Approval Form
  - b. All pertinent documentation and information, including any requests for bids, request for proposals, request for quotes, along with the rubrics, scoring, responses, etc. for the replies to these.
  - c. Proposals and other information who is a party to the proposed contract or expenditure.

- d. Data classified as private data under the Minnesota Government Data Practices Act (i.e. contracts subject to the competitive bidding law under MN Stat. Section 471.345) must be submitted to the board separate from the public board packet, and in a manner that protects private data.
5. Upon approval, the board may also set expectations for regular progress reports and information regarding the project or purchase.

Attachment: Expenditure Form

Legal Reference: MN statutes: 471.345; 123B.09



**Agenda Item X. A. B. C.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: School Board Reports  
Meeting Date: December 17, 2020

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*Background:*

- A. Board Chair Report
- B. Working Group Reports
  - 1. Community Engagement
  - 2. Finance and Operations
  - 3. Legislative
  - 4. Policy
- C. Board Member Reports

Each meeting the Board Chair and the members of the school board will provide updates on items of interest in the announcement category. Many times these topics develop between the time the agenda is prepared and distributed, and the meeting date. Topics generally include announcement of attendance at district events, working group updates, communications items, informational items and correspondence items worth noting. What is included in this item will vary each meeting depending on the nature of the topics, the school year schedule and time of activities.

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*Recommendation:*

Board action is not required.





**Agenda Item XI. A.**  
**Date Prepared: December 8, 2020**  
**ISD 834 Board Meeting**

Agenda Item: Adjournment  
Meeting Date: December 17, 2020  
Contact Person: School Board Chair

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The meeting must formally adjourn.