



Fridley Public Schools School Board Work Session Agenda

Tuesday, December 21, 2021 at 5:30 PM

Fridley Community Center

6085 7th Street NE

Fridley, MN 55432

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FRIDLEY PUBLIC SCHOOLS

Fridley Public Schools Policies Presented for Second Reading December 21, 2021

#	Policy Name	Change/Revision
519	Interviews of Students by Outside Agencies	Added II. C. Added responsible for investigating a report
520	Student Surveys	MSBA recommended changes Revised III. C.



519 Interviews of Students by Outside Agencies

I. Purpose

There are occasions in which persons other than school district officials and employees find it necessary to speak with a student during the school day. The school board values student safety and avoiding disruptions to the educational programs of the school district. The purpose of this policy is to establish the procedures for access to students by authorized individuals during the school day.

II. General Statement of Policy

- A. It shall be the general practice of the school district that students may not be interviewed during the school day by persons other than a student's parents, school district officials, employees and/or agents, except as otherwise provided by law and/or this policy.
- B. Requests from law enforcement officers and those other than a student's parents, school district officials, employees and/or agents to interview students shall be made through the principal's office. Upon receiving a request, it shall be the responsibility of the principal to determine whether the request will be granted. Prior to granting a request, the principal shall attempt to contact the student's parents to inform them of the request, except where otherwise prohibited by law.
- C. Occasionally the media may request to highlight a student. These requests shall be made to the department of communications who will review and grant or deny the request according to FERPA guidelines and parent permission through the district media release form.

III. Interviews Conducted Under the Maltreatment of Minors Act

- A. In the case of an investigation pursuant to the Maltreatment of Minors Act, Minn. Stat. 626.556, Subd. 10, a local welfare agency responsible for investigating the report, and a local law enforcement agency may interview, without parental consent, an alleged victim and any minors who currently reside with or who have resided with the alleged perpetrator. The interview may take place at school and during school hours. School district officials will work with the local welfare agency, responsible for investigating the report, or law enforcement agency to select a place appropriate for the interview. The interview may take place outside the presence of the perpetrator or parent, legal custodian, guardian, or school district official.

- B. If the interview took place or is to take place on school district property, an order of the juvenile court pursuant to Minn. Stat. 626.556, Subd. 10 (c) may specify that school district officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school district property and/or any other related information regarding the interview that may be a part of the child's record. The school district official must receive a copy of the order from the local welfare or law enforcement agency.
- C. When the local welfare agency, local law enforcement agency, or agency responsible for assessing or investigating a report of maltreatment determines that an interview should take place on school district property, school district officials must receive written notification of intent to interview the child on school district property prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school district property. Where the interviews are conducted by the local welfare agency, the notification must be signed by the chair of the local social services agency or the chair's designee. The notification is private educational data on the student. School district officials may not disclose to the parent, legal custodian or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded, unless a school employee or agent is alleged to have maltreated the child. Until school district officials receive said notification, all inquiries regarding the nature of the investigation or assessment should be directed to the local welfare, agency law enforcement agency or the agency responsible for assessing or investigating a report of maltreatment.
- D. School district officials shall have discretion to reasonably schedule the time, place, and manner of an interview by a local welfare or local law enforcement agency on school district premises. However, where the alleged perpetrator is believed to be a school district official or employee, the local welfare or local law enforcement agency will have discretion to determine where the interview will be held. The interview must be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school district officials and the local welfare or law enforcement agency. However, school district officials must yield to the discretion of the local welfare or law enforcement agency concerning other persons in attendance at the interview. School district officials will make every effort to reduce the disruption to the educational program of the child, other students, or school staff when an interview is conducted on school district premises.
- E. Students shall not be taken from school district property without the consent of the principal and without a proper warrant.



A World-Class Community of Learners

Fridley Public Schools is committed to creating a welcoming, respectful environment that provides an equitable and inclusive education for each student, staff and community member by ensuring that opportunities, access, and resources are aligned to support the growth and academic achievement of each student.

Legal References:

Minn. Stat. 13.32 (Educational Data)

Minn. Stat. 626.556, Subd. 10(c) and (d) (Duties of Local Welfare Agency and Local Law enforcement agency upon receipt of a report)

Cross References:

Policy 103 (Complaints-Students, Employees, Parents, Other Persons)

Policy 414 (Mandated Reporting of Child Neglect or physical or Sexual Abuse)

Policy 515 (Protection and Privacy of Pupil Records)

SCHOOL BOARD ACTION:

Adopted on June 18, 2002

Revised December 21, 2021

520 Student Surveys

I. Purpose

Occasionally, the school district utilizes surveys to obtain student opinions and information about students. The purpose of this policy is to establish the parameters of information that may be sought in student surveys.

II. General Statement of Policy

~~It is the policy of the school board that s~~Student surveys may be conducted as determined necessary by the school and/or district administration and subject to the guidelines in this policy. Surveys, analyses and evaluations conducted as part of any program funded through the U.S. Department of Education must comply with 20 U.S.C. 1232h.

III. Guidelines

~~The following are guidelines for protecting student confidentiality and certain personal information about the student:~~

- A. Student surveys will be conducted anonymously and in an undiscernible fashion. No mechanism will be used for identifying the participating student in any way. No attempt will be made in any way to identify a student survey participant. There will be no requirement that the student return the survey, and no record of the student returning a survey will be maintained.
- B. The superintendent may choose not to approve any survey that seeks probing personal and/or sensitive information that could result in identifying the survey participant, or is discriminatory in nature based on age, race, color, sex, disability, religion, or national origin.
- C. Surveys containing questions pertaining to the student's or the student's parent(s) or guardian(s) personal beliefs or practices in sex, family life, morality and religion will not be administered to any student unless the parent or guardian of the student is notified in writing that such survey is to be administered and the parent or guardian of the student gives written permission for the student to participate or has the opportunity to opt out of the survey in such survey. Any and all documents containing the written permission of a parent for a student to participate in a survey will be maintained by the school district in a ~~file~~ separate file from the survey responses.
- D. Although the surveys ~~is~~ are conducted anonymously, potential exists for personally identifiable information to be provided in response thereto. To the extent that personally identifiable information of a student is contained in his or her responses to a survey, the school district will take appropriate steps to ensure the data is protected in accordance with Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act), 20 U.S.C. 1232g (Family Educational Rights and Privacy Act) and 34 C.F.R. Part 99.

- E. The school district must not impose an academic or other penalty on a student who opts out of participating in a student survey.

IV. Student Surveys Conducted as Part of U.S. Department of Education Programs

- A. All instructional materials, including teacher's manuals, films, tapes, or other supplementary material which will be used in connection with any survey, analysis or evaluation as part of any program funded in whole or in part by the U.S. Department of Education, shall be available for inspection by the parents or guardians of the students.
- B. No student shall be required, as part of any program funded in whole or in part by the U.S. Department of Education, without the prior consent of the student (if the student is an adult or emancipated minor), or in the case of an unemancipated minor, without the prior written consent of the parent, to submit to a survey that reveals information concerning:
 - 1. political affiliations or beliefs of the student or student's parents;
 - 2. mental and psychological problems of the student or the student's family;
 - 3. sex behavior and attitudes;
 - 4. illegal, antisocial, self-incriminating and demeaning behavior;
 - 5. critical appraisals of other individuals with whom respondents have close family relationships;
 - 6. legally recognized privileged or analogous relationships, such as those of lawyers, physicians, and ministers
 - 7. religious practices, affiliations, or beliefs of the student or the student's parent; or
 - 8. income (other than that required by law to determine eligibility for participation in a program or for receiving financial assistance under such program).
- C. A school district that receives funds under any program funded by the U.S. Department of Education shall develop local policies consistent with Sections IV.A. and IV.B., above concerning student privacy, parental access to information, and administration of certain physical examinations to minors.
 - 1. The following policies are to be adopted in consultation with parents:
 - a. The right of a parent to inspect, on request, a survey, including an evaluation, created by a third party before the survey is administered or distributed by a school

to a student, including procedures for granting a parent's request for reasonable access to such survey within a reasonable period of time after the request is received.

"Parent" means includes, a legal guardian, or other person acting *in loco parentis* (in place of a parent), such as a grandparent or stepparent with whom the child lives, or a person who is legally responsible for the welfare of the child.

- b. Arrangements to protect student survey privacy in the event of the administration or distribution of a survey, including an evaluation to a student which contains one or more of the items listed in Section IV.B. above, including the right of a parent of a student to inspect, on request, any such survey.
- c. The right of a parent of a student to inspect, on request, any instructional material used as part of the educational curriculum for the student and procedures for granting a request by a parent for such access within a reasonable period of time after the request is received.

"Instructional material" means instructional content that is provided to a student, regardless of format, including printed or representational materials, audio-visual materials, and materials in electronic or digital formats (i.e., materials accessible through the Internet). The term does not include academic tests or academic assessments.

- d. The administration of physical examinations or screenings that the school district may administer to a student. This provision does not apply to a survey administered to a student in accordance with the Individuals with Disabilities Education Act (20 U.S.C. § 1400, *et seq.*)
- e. The collection, disclosure or use of personal information collected from students for the purpose of marketing or selling that information (or otherwise providing the information to others for that purpose), including arrangements to protect student privacy that are provided by the school district in the event of such collection, disclosure, or use.
 - 1) "Personal information" means individually identifiable information including a student or parent's first and last name; a home or other physical address (including street name and the name of the city or town); a telephone number; or a Social Security identification number.
 - 2) This provision does not apply to the collection, disclosure, or use of personal information collected from students for the exclusive purpose of developing, evaluating, or providing educational products or services for, or to, students

or educational institutions, such as:

- a) College or other post-secondary education recruitment or military;
 - b) Book clubs, magazines, and programs providing access to low cost literary products;
 - c) Curriculum and instructional materials used by elementary and secondary schools;
 - d) Tests and assessments used by elementary schools and secondary schools to provide cognitive, evaluative, diagnostic, clinical, aptitude, or achievement information about students, or to generate other statistically useful data for the purpose of securing such tests and assessments and the subsequent analysis and public release of the aggregate data from such tests and assessments;
 - e) The sale by students of products or services to raise funds for school-related or education-related activities; and
 - f) Student recognition programs.
- 3) The right of a parent to inspect on request, any instrument used in the collection of information, as described in Section IV.C.1., Subparagraph e, above, before the instrument is administered or distributed to a student and procedures for granting a request by a parent for reasonable access to such an instrument within a reasonable period of time after the request is received.
2. The policies adopted under Section IV.C., Subparagraph 1., above, shall provide for reasonable notice of the adoption or continued use of such policies directly to parents of students enrolled in or served by the school district.
- a. The notice will be provided at least annually, at the beginning of the school year, and within a reasonable period of time after any substantive change in a policy. The notice will provide parents with an opportunity to opt out of participation in the following activities:
 - i. Activities involving the collection, disclosure, or use of personal information collected from students for the purpose of marketing or for selling that information, or otherwise providing that information to others for that purpose.

- ii. The administration of any third-party survey (non-Department of Education funded) containing one or more of the items contained in Section IV.B., above.
- iii. Any nonemergency, invasive physical examination or screening that is required as a condition of attendance, administered by the school and scheduled by the school in advance, and not necessary to protect the immediate health and safety of the student or other students.

“Invasive physical examination” means any medical examination that involves the exposure of private body parts, or act during such examination that includes incision, insertion, or injection into the body, but does not include a hearing, vision, or scoliosis screening.
- c. The notice will advise students of the specific or approximate dates during the school year when the activities in Section IV.C.2., Subparagraph b., above, are scheduled, or expected to be scheduled.
- d. The notice provisions shall not be construed to preempt applicable provisions of state law that require parental notification and do not apply to any physical examination or screening that is permitted or required by applicable state law, including physical examinations or screenings that are permitted without parental notification.

V. Notice

- A. The school district must give parents and students notice of their rights under this section of the policy at the beginning of each school year and after any substantive changes to this policy.
- B. The school district must inform parents at the beginning of the school year if the district or school has identified specific or approximate dates for administering surveys and give parents reasonable notice of planned surveys scheduled after the start of the school year. The school district must give parents direct, timely notice when their students are scheduled to participate in a student survey by United States mail, email, or another direct form of communication.
- C. The school district must give parents the opportunity to review the survey and to opt their students out of participating in the survey.
- D. Notice must be provided in the language of the parent/guardian where necessary.

Legal References:

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)

Minn. Stat § 121A.065 (District Surveys to Collect Student Information: Parent Notice and Opportunity for Opting Out)



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20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
20 U.S.C. § 1232h (Protection of Pupil Rights)
34 C.F.R. Part 99 (Family Educational Rights and Privacy Act Regulations)
Gonzaga University v. Doe, 536 U.S. 273, 122 S.Ct. 2268, 153 L.Ed. 2d 309 (2002)
C.N. v. Ridgewood Bd. Of Educ., 430 F.3d. 159 (3rd Cir. 2005)
Fields v. Palmdale School Dist., 427 F.3d. 1197 (0th Cir. 2005)

Cross References:

MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)
MSBA/MASA Model 522 (Student Sex Nondiscrimination)

School Board Action:

Adopted June 18, 2002
Revised February 16, 2016
Revised September 20, 2016
Revised January 15, 2019

506 STUDENT DISCIPLINE

I. PURPOSE

The purpose of this policy is to ensure that all students are aware of and comply with school district expectations for student conduct. The School Board embraces the philosophy that compliance with established student behavior and disciplinary policies will enhance the school district's ability to maintain order and discipline as well as to ensure that there is no interference with the educational process. The school district will take appropriate disciplinary action when students fail to adhere to the Code of Student Conduct established by this policy.

II. GENERAL STATEMENT OF POLICY

The School Board recognizes that individual responsibility and mutual respect are essential components of the educational process. The School Board establishes that the nurturance of each student's growth and maturation are of primary importance and closely linked with the necessary balance between authority and self-discipline, as the student progresses from a child's dependence on authority to the more mature behavior of self-control.

The School Board further establishes that all students are entitled to learn and develop in a setting which promotes respect of self, others and property. Proper positive discipline can only result from an environment which provides options and stresses student self-direction, decision-making and responsibility. Schools can function effectively only with internal discipline based on mutual understanding of rights and responsibilities.

Students must conduct themselves in an appropriate manner that maintains a climate in which learning can take place. Overall decorum affects student attitudes and influences student behavior. Proper student conduct is necessary to facilitate the education process and to create an atmosphere conducive to high student achievement.

Although this policy emphasizes the development of self-discipline it is recognized that there are instances when it will be necessary to administer disciplinary measures. The position of the school district is that a fair and equitable district-wide student discipline policy will contribute to the quality of the student's educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minn. Stat. §§ 121A.40-121A.56.

In view of the foregoing and in accordance with Minn. Stat. § 121A.55, the school board, with the participation of school district administrators, teachers, employees, students, parents, community members, and such other individuals and organizations as appropriate, has developed this policy which governs student conduct and applies to all students of the school district.

III. DEFINITIONS

A. “Alternative educational services” may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessment, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center.

B. “Alternatives to Suspension” means an action taken by the school to place a student in an alternative setting for a short duration

B.C. “Dismissal” means the denial of the current educational program to any pupil, including exclusion, expulsion, and suspension. It does not include removal from class.

C.D. “Exclusion” means an action taken by the School Board to prevent enrollment or reenrollment of a pupil for a period that shall not extend beyond the school year.

D.E. “Expulsion” means a School Board action to prohibit an enrolled pupil from further attendance for up to 12 months from the date the pupil is expelled.

E.F. “Parent” means (a) one of the pupil’s parents, (b) in the case of divorce or legal separation, the parent or parents with physical custody of the pupil, including a noncustodial parent with legal custody who has provided the district with a current address and telephone number, or (c) a legally appointed guardian. In the case of a pupil with a disability under the age of 18, parent may include a district-appointed surrogate parent.

F.G. “Pupil” means any student: (a) without a disability under 21 years of age; or (b) with a disability until September 1 after the child with a disability becomes 22 years of age; (c) and who remains eligible to attend a public elementary or secondary school.

G.H. “Removal from class” means any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class of activity

period for a period of time.

H.I. “Suspension” means an action by the school administration, under rules promulgated by the School Board, prohibiting a pupil from attending school for a period of no more than ten school days.

IV. AREAS OF RESPONSIBILITY

- A. School Board. The School Board holds all school personnel responsible for the maintenance of order within the school district and supports all personnel acting within the framework of this discipline policy.
- B. Superintendent. The superintendent shall establish guidelines and directives to carry out this policy; hold all school personnel, students and parents responsible for conforming to this policy; and support all school personnel performing their duties within the framework of this policy. The superintendent shall also establish guidelines and directives for using the services of appropriate agencies for assisting students and parents.
- C. Principal. The school principal will have the responsibility and authority to formulate building rules and regulations necessary to enforce this policy. The principal shall give direction and support to all school personnel performing their duties within the framework of this policy. The principal shall consult with parents of students conducting themselves in a manner contrary to the policy. The principal shall also involve other professional employees in the disposition of behavior referrals and shall make use of those agencies appropriate for assisting students and parents. A principal, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.
- D. Teachers. All teachers will be responsible for providing a well-planned teaching/learning environment and shall have primary responsibility for student conduct, with appropriate assistance from the school administration. All teachers shall enforce the code of student conduct. In exercising the teacher’s lawful authority, a teacher may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.
- E. Other School District Personnel. All school district personnel shall be responsible for contributing to the atmosphere of mutual respect within the school. Their responsibilities relating to student behavior shall be as authorized and directed by the superintendent. A school employee, school bus driver, or other agent of a school district, in exercising his or her lawful authority, may use reasonable force

when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

- F. Parents or Legal Guardians. Parents and guardians shall be held responsible for the behavior of their children as determined by law and community practice. They are expected to cooperate with school authorities and to participate regarding the behavior of their children.
- G. Students. All students shall be held individually responsible for their behavior and for knowing and obeying the code of student conduct and this policy.
- H. Community Members. Members of the community are expected to contribute to the establishment of an atmosphere in which rights and duties are effectively acknowledged and fulfilled.

V. STUDENT RIGHTS AND RESPONSIBILITIES

- A. All students have the right to an education and the right to learn.
- B. All students have the following responsibilities:
 - 1. For their behavior and for knowing and obeying all school rules, regulations, policies and procedures;
 - 2. To attend school daily, except when excused, and to be on time to all classes and other school functions;
 - 3. To pursue and attempt to complete the courses of study prescribed by the state and local school authorities;
 - 4. To make necessary arrangements for making up work when absent from school;
 - 5. To assist the school staff in maintaining a safe school for all students;
 - 6. To be aware of all school rules, regulations, policies and procedures, including those in this policy, and to conduct themselves in accordance with them;
 - 7. To assume that until a rule or policy is specifically waived, altered or repealed, it is in full force and effect;
 - 8. To be aware of and comply with federal, state and local laws;

9. To volunteer information in disciplinary cases should they have any knowledge relating to such cases and to cooperate with school staff as appropriate;
10. To respect and maintain the school's property and the property of others;
11. To dress and groom in a manner which meets standards of safety and health and common standards of decency and which is consistent with applicable school district policy;
12. To avoid inaccuracies in student newspapers or publications and refrain from indecent or obscene language;
13. To conduct themselves in an appropriate physical or verbal manner;
14. To recognize and respect the rights of others.

VI. CODE OF STUDENT CONDUCT

- A. The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be an exclusive list. Any student who engages in any of these activities shall be disciplined in accordance with this policy. This policy applies to all school buildings, school grounds, and school property or property immediately adjacent to school grounds; school-sponsored activities or trips; school bus stops; school buses, school vehicles, school contracted vehicles, or any other vehicles approved for school district purposes; the area of entrance or departure from school premises or events; and all school-related functions, school-sponsored activities, events, or trips. School district property also may mean a student's walking route to or from school for purposes of attending school or school-related functions, activities, or events. While prohibiting unacceptable behavior subject to disciplinary action at these locations and events, the school district does not represent that it will provide supervision or assume liability at these locations and events. This policy also applies to any student whose conduct at any time or in any place interferes with or obstructs the mission or operations of the school district or the safety or welfare of the student, other students, or employees.
 1. Violations against property including, but not limited to, damage to or destruction of school property or the property of others, failure to compensate for damage or destruction of such property, arson, breaking

and entering, theft, robbery, possession of stolen property, extortion, trespassing, unauthorized usage, or vandalism;

2. The use of profanity or obscene language, or the possession of obscene materials;
3. Gambling, including, but not limited to, playing a game of chance for stakes;
4. Hazing;
5. Attendance problems including, but not limited to, truancy, absenteeism, tardiness, skipping classes, or leaving school grounds without permission;
6. Opposition to authority using physical force or violence;
7. Using, possessing or distributing tobacco, tobacco-related devices, electronic cigarettes, or tobacco paraphernalia in violation of the school district's Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices Policy;
8. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of alcohol or other intoxicating substances or look-alike substances;
9. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of narcotics, drugs or other controlled substances (except as prescribed by a physician), or look-alike substances, (these prohibitions include medical marijuana or medical cannabis, even when prescribed by a physician, and one student sharing prescription medication with another student.
10. Using, possessing or distributing items or articles that are illegal or harmful to persons or property including, but not limited to, drug paraphernalia;
- ~~11. Using, possessing or distributing weapons, or look-alike weapons or other dangerous objects;~~
- 12.11. Violation of the school district weapons policy;
- ~~13. Possession of ammunition including, but not limited to, bullets or other projectiles designed to be used in or as a weapon;~~

- ~~14. Possession, use or distribution of explosives or any compound or mixture, the primary or common purpose or intended use of which is to function as an explosive;~~
- ~~15. Possession, use or distribution of fireworks or any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation;~~
- ~~16. Using an ignition device, including a butane or disposable lighter or matches, inside an educational building and under circumstances where there is a risk of fire, except where the device is used in a manner authorized by the school;~~
- ~~17.~~12. Violation of any local, state or federal law as appropriate;
- ~~18.~~13. Acts disruptive of the educational process, including, but not limited to, disruptive or disrespectful behavior, defiance of authority, cheating, insolence, insubordination, failure to identify oneself, improper activation of fire alarms, or bomb threats;
- ~~19.~~14. Violation of the school district's Internet Acceptable Use Policy;
- ~~20.~~15. Violation of the district's Bullying Prohibition Policy;
- ~~21.~~16. Violation of the school district's Violence Prevention Policy;
- ~~22.~~17. Actions, including fighting or any other assaultive behavior, which causes or could cause injury to the student or other persons or which otherwise endangers the health, safety, or welfare of teachers, students, other school district personnel, or other persons;
- ~~23.~~18. Committing an act which inflicts bodily harm upon another person, even though accidental or a result of poor judgment;
- ~~24.~~19. Violations against persons, including, but not limited to, assault or threatened assault, fighting, harassment, interference or obstruction, attack with a weapon, or look-alike weapon, sexual assault, illegal or inappropriate sexual conduct, or indecent exposure;
- ~~25.~~20. Verbal assaults, or verbally abusive behavior, including, but not limited to, use of words, symbols, acronyms, or language, whether oral or written that

are discriminatory, abusive, obscene, threatening, intimidating degrading to other people, or threatening to school property;

~~26:~~21. Physical or verbal threats including, but not limited to, the staging or reporting of dangerous or hazardous situations that do not exist;

~~27:~~22. Inappropriate, abusive, threatening, or demeaning actions based on race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, national origin or sexual orientation;

~~28:~~23. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;

~~29.~~ ~~Insubordination to teachers or other school district personnel;~~

~~30:~~24. Violation of the school district's one-to-one device rules and regulations;

~~31:~~25. Violation of any local, state or federal law as appropriate;

~~32:~~26. Possession of nuisance devices or objects which cause distractions and may facilitate cheating including, but not limited to laser pointers, pagers, radios and phones, including picture phones.

~~33:~~27. Violation of school bus or transportation rules or the district's bus safety policy;

~~34:~~28. Violation of parking or school traffic rules and regulations, including, but not limited to, driving on school property in such a manner as to endanger persons or property;

~~35:~~29. Violation of directives or guidelines relating to lockers or improperly gaining access to a school locker;

~~36.~~ ~~Possession or distribution of slanderous, libelous or pornographic materials;~~

~~37.~~

~~38:~~30. Student attire or personal grooming which creates a danger to health or safety or creates a disruption to the educational process, including clothing which bears a message which is lewd, vulgar, or obscene, apparel promoting products or activities that are illegal for use by minors, or clothing containing objectionable emblems, signs, words, objects, or pictures communicating a message that is racist, sexist, or otherwise

derogatory to a protected minority group or which connotes gang membership;

~~39.31.~~ Criminal activity;

~~40.32.~~ Falsification of any records, documents, notes or signatures;

~~41.33.~~ Tampering with, changing, or altering records or documents of the school district by any method including, but not limited to, computer access or other electronic means.

~~42.34.~~ Scholastic dishonesty which includes, but is not limited to, cheating on a school assignment or test, plagiarism or collusion, including the use of picture phones or other technology to accomplish this end;

~~43.35.~~ Impertinent or disrespectful words, symbols, acronyms, or language, whether oral or written, related to teachers or other school district personnel;

~~44.36.~~ Sexual abuse and/or harassment;

~~45. — Violation of school rules, regulations, policies or procedures; including but not limited to, those policies specifically enumerated in this policy;~~

~~46.37.~~ Other acts, as determined by the school principal, which are disruptive of the educational process or dangerous or detrimental to the student or other students, school district personnel or surrounding persons, or which violate the rights of others or which damage or endanger the property of the school, or which otherwise interferes with or obstruct the mission or operations of the school district or the safety or welfare of students or employees.

VII. DISCIPLINARY ACTIONS

The general policy of the school district is to utilize progressive discipline, to the extent reasonable and appropriate, based upon the specific circumstances and seriousness of student misconduct. The specific form of discipline chosen in a particular case is solely within the discretion of the teachers and administrators, or designee, who are responsible to enforce this policy. At a minimum, violation of school district rules, regulations, policies or procedures will result in discussion of the violation and a verbal warning. The school district shall, however, impose more severe disciplinary sanctions for any violation, including exclusion or expulsion, if warranted by the student's misconduct, as determined by the school district administration.

Disciplinary action may include, but is not limited to, one or more of the following:

- A. Student conference with teacher, principal, counselor or other school district personnel, and verbal warning;
- B. Confiscation by school district personnel and/or by law enforcement of any item, article, object, or thing, prohibited by, or used in the violation of, any school district policy, rule, regulation, procedure, or state or federal law. If confiscated by the school district, the confiscated item, article, object, or thing will be released only to the parent/guardian following the completion of any investigation or disciplinary action instituted or taken related to the violation.
- C. Parent contact;
- D. Parent conference;
- E. Removal from class;
- F. In-school suspension;
- G. Suspension from extracurricular activities;
- H. Detention ~~or restriction of privileges~~;
- I. Loss or restriction of school privileges;
- J. ~~In-school monitoring or revised class schedule~~ Alternatives to Suspension Program;
- K. Referral to in-school support services;
- L. Referral to community resources or outside agency services;
- L.M. Restorative Practices / Mediation
- M.N. Financial + Restitution;
- N.O. Referral to police, other law enforcement agencies, or other appropriate authorities;
- ~~O. — Petition County Court for juvenile delinquency adjudication;~~
- P. Out-of-school suspension under the Pupil Fair Dismissal Act;

- Q. Preparation of an admission or readmission plan;
- R. Expulsion under the Pupil Fair Dismissal Act;
- S. Exclusion under the Pupil Fair Dismissal Act;
- T. Other disciplinary action as deemed appropriate by the school district.

VIII. REMOVAL OF STUDENTS FROM CLASS

- A. The teacher of record shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, ~~assigning detention or other consequences~~, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy.

Grounds for removal from class shall include any of the following:

1. Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;
2. Willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school;
3. Willful violation of any school rules, regulations, policies or procedures, including the Code of Student Conduct in this policy; or
4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.

A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or

attempt to inflict, bodily harm upon another. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

- B. If a student ~~shows a pattern of being removed from class~~~~is removed from class more than ten (10) times in a school year~~, the school district shall notify the parent or guardian of the student's tenth removal from class and make reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.
- C. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy. Such removal shall be for at least one (1) activity period or class period of instruction for a given course of study and shall not exceed five (5) such periods.
- ~~D. Grounds for removal from class shall include any of the following:~~
- ~~1. Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;~~
 - ~~2. Willful conduct that endangers school district employees, surrounding persons, the student or other students, or the property of the school;~~
 - ~~3. Willful violation of any school rules, regulations, policies or procedures, including the code of student conduct in this policy; or~~
 - ~~4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.~~
- ~~A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.~~
- ~~E. If a student is removed from class more than 10 times in a school year, the school district shall notify the parent or guardian of the student's tenth removal from class~~

~~and made reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.~~

F. Teacher Procedures for Removal of a Student from a Class. Teachers are required to follow the legal procedures prescribed in law if and when they exercise their authority to remove a student from class. Those procedures will be specified by the school principal in writing and available to teachers who select to exercise this authority. The school procedures for teachers will include the following:

1. Specify procedures to be followed by a teacher, administrator or other school district employee to remove a student from a class;
2. Specify required approvals necessary;
3. Specify paperwork and reporting procedures.
4. Designation of where student is to go when removed;
5. Designation of how student is to get to designated destination;
6. Whether student must be accompanied;
7. Statement of what student is to do when and while removed;
8. Designation of who has control over and responsibility for student after removal from class.

G. Teacher Procedures for Return of a Student to the Class after Removal. The school procedures for the teacher will include the following:

1. Specification of procedures;
2. Actions or approvals required such as notes, conferences, readmission plans.

H. Teacher Procedures for Notification.

1. Specify procedures for notifying students and parents/guardians of violations of the rules of conduct and resulting disciplinary action;
2. Actions or approvals required, such as notes, conferences, readmission plans.

I. Teacher Procedures for Disabled students; special provisions.

1. Procedures for consideration of whether there is a need for further assessment;
 2. Procedures for consideration of whether there is a need for a review of the adequacy of the current Individualized Education Program (IEP) of a disabled student who is removed from class or disciplined; and
 3. Any procedures determined appropriate for referring students in need of special education services to those services.
- J. Teacher Procedures for Detecting and Addressing Chemical Abuse Problems of Students While on School Premises.
1. Establishment of a chemical abuse preassessment team pursuant to Minnesota state statute.
 2. Establishment of teacher reporting procedures to the chemical abuse preassessment team pursuant to Minnesota state statute.
- K. Teacher Procedures for Immediate and Appropriate Interventions Tied to Violations of the Code of Student Conduct.

IX. DISMISSAL

- A. Dismissal involves the denial of the current educational program to any student, including suspension, exclusion, and expulsion. Dismissal does not include removal from class.

The school district shall not deny due process or equal protection of the law to any student involved in a dismissal proceeding which may result in suspension, exclusion or expulsion.

The school district shall not dismiss any student without attempting to provide alternative educational services before dismissal proceedings, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property.

- B. Violations leading to suspension, based upon severity, may also be grounds for actions leading to exclusion and/or expulsion from school. A student may be dismissed from school on any of the following grounds:

1. Willful violation of any reasonable School Board regulation, including those found in this policy;
 2. Willful conduct that materially and substantially disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or
 3. Willful conduct that endangers the student or other students, or surrounding persons, including school district employees, or property of the school.
- C. Suspension procedures.
1. "Suspension" means an action by the school administration, under rules promulgated by the School Board, prohibiting a student from attending school for a period of no more than ten (10) school days; provided, however, if a suspension is longer than five (5) school days, the suspending administrator shall provide the superintendent with a reason for the longer term of suspension. This definition does not apply to dismissal for one (1) school day or less where a student with a disability does not receive regular or special education instruction during that dismissal period.
 2. If a student's total days of removal from school exceed ten (10) cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the student and the student's parent or guardian before subsequently removing the student from school and, with the permission of the parent or guardian, arrange for a mental health screening for the student at the parent or guardian's expense. The purpose of this meeting is to attempt to determine the pupil's need for assessment or other services or whether the parent or guardian should have the student assessed or diagnosed to determine whether the student needs treatment for a mental health disorder.
 3. Each suspension action may include a readmission plan. The plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. A readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School administration must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening, or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect, or medical or educational neglect. The

school administration may not impose consecutive suspensions against the same student for the same course of conduct, or incident of misconduct, except where the student will create an immediate and substantial danger to self or to surrounding persons or property or where the school district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of fifteen (15) days.

4. A child with a disability may be suspended. When a child with a disability has been suspended for more than five (5) consecutive days or ten (10) cumulative school days in the same year, and that suspension does not involve a recommendation for expulsion or exclusion or other change in placement under federal law, relevant members of the child's IEP team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's IEP. That meeting must occur as soon as possible, but no more than ten (10) days after the sixth (6th) consecutive day of suspension or the tenth (10th) cumulative day of suspension has elapsed.
5. The school administration shall implement alternative educational services when the suspension exceeds five (5) days. Alternative educational services may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessments, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center under Minnesota state statute selected to allow the pupil to progress toward meeting graduation standards under Minnesota state statute 2, although in a different setting.
6. The school administration shall not suspend a student from school without an informal administrative conference with the student. The informal administrative conference shall take place before the suspension, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension. At the informal administrative conference, a school administrator shall notify the student of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the student may present the student's version of the facts. A separate administrative conference is required for each period of suspension.

7. After school administration notifies a student of the grounds for suspension, school administration may, instead of imposing the suspension, do one or more of the following:
 - a. strongly encourage a parent or guardian of the student to attend school with the student for one day;
 - b. petition the juvenile court that the student is in need of services under Minn. Stat. Ch. 260C.
8. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of the Minnesota Pupil Fair Dismissal Act shall be personally served upon the student at or before the time the suspension is to take effect, and upon the student's parent or guardian by mail within forty-eight (48) hours of the conference.
9. The school administration shall make reasonable efforts to notify the student's parent or guardian of the suspension by telephone as soon as possible following suspension.
10. In the event a student is suspended without an informal administrative conference on the grounds that the student will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served upon the student and the student's parent or guardian within forty-eight (48) hours of the suspension. Service by mail shall be complete upon mailing.
11. Notwithstanding the foregoing provisions, the student may be suspended pending the School Board's decision in an expulsion or exclusion proceeding, provided that alternative educational services are implemented to the extent that suspension exceeds five (5) days.

D. Expulsion and Exclusion Procedures.

1. "Expulsion" means a School Board action to prohibit an enrolled student from further attendance for up to 12 months from the date the student is expelled. The authority to expel rests with the School Board.
2. "Exclusion" means an action taken by the School Board to prevent enrollment or reenrollment of a student for a period that shall not extend beyond the school year. The authority to exclude rests with the School Board.

3. All expulsion and exclusion proceedings will be held pursuant to and in accordance with the provisions of the Minnesota Pupil Fair Dismissal Act.
4. No expulsion or exclusion shall be imposed without a hearing, unless the right to a hearing is waived in writing by the student and parent or guardian.
5. The student and parent or guardian shall be provided written notice of the school district's intent to initiate expulsion or exclusion proceedings. This notice shall be served upon the student and his or her parent or guardian personally or by mail, and shall contain a complete statement of the facts; a list of the witnesses and a description of their testimony; state the date, time and place of hearing; be accompanied by a copy of the Pupil Fair Dismissal Act; describe alternative educational services accorded the student in an attempt to avoid the expulsion proceedings; and inform the student and parent or guardian of their right to: (1) have a representative of the student's own choosing, including legal counsel at the hearing; (2) examine the student's records before the hearing; (3) present evidence; and (4) confront and cross-examine witnesses. The school district shall advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department Education.
6. The hearing shall be scheduled within ten (10) days of the service of the written notice unless an extension, not to exceed five (5) days, is requested for good cause by the school district, student, parent or guardian.
7. All hearings shall be held at a time and place reasonably convenient to the student, parent or guardian and shall be closed, unless the student, parent or guardian requests an open hearing.
8. The school district shall record the hearing proceedings at district expense and a party may obtain a transcript at its own expense.
9. The student shall have a right to a representative of the student's own choosing, including legal counsel, at the student's sole expense. The school district shall advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department of Education. The School Board may appoint an attorney to represent the school district in any proceeding.

10. If the student designates a representative other than the parent or guardian, the representative must have a written authorization from the student and the parent or guardian providing them with access to the student's records and/or copies of the student's records.
11. All expulsion or exclusion hearings shall take place before and be conducted by an independent hearing officer designated by the school district. The hearing shall be conducted in a fair and impartial manner. Testimony shall be given under oath and the hearing officer shall have the power to issue subpoenas and administer oaths.
12. At a reasonable time prior to the hearing, the student, parent or guardian, or authorized representative shall be given access to all school district records pertaining to the student, including records upon which the proposed dismissal action may be based.
13. The student, parent or guardian, or authorized representative, shall have the right to compel the presence of any school district employee or agent or any other person who may have evidence upon which the proposed dismissal action may be based, and to confront and cross-examine any witnesses testifying for the school district.
14. The student, parent or guardian, or authorized representative, shall have the right to present evidence and testimony, including expert psychological or educational testimony.
15. The student cannot be compelled to testify in the dismissal proceedings.
16. The hearing officer shall prepare findings and a recommendation based solely upon substantial evidence presented at the hearing, which must be made to the School Board and served upon the parties within two (2) days after the close of the hearing.
17. The School Board shall base its decision upon the findings and recommendation of the hearing officer and shall render its decision at a meeting held within five (5) days after receiving the findings and recommendation. The School Board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's findings and recommendation provided that neither party presents any evidence not admitted at the hearing. The decision by the School Board must be based on the record, must be in writing, and must state the controlling facts on which the decision is made in sufficient detail to apprise the parties and the Minnesota Department of Education of the basis and reason for the decision.

18. A party to an expulsion or exclusion decision made by the School Board may appeal the decision to the Commissioner within 21 calendar days of School Board action pursuant to Minnesota state statute. The decision of the School Board shall be implemented during the appeal to the Commissioner.
19. The school district shall report any suspension, expulsion or exclusion action taken to the appropriate public service agency, when the student is under the supervision of such agency.
20. The school district must report through the MDE electronic reporting system, each expulsion or exclusion within thirty (30) days of the effective date of the action to the Commissioner. This report must include a statement of alternative educational services given the student and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status. The dismissal report must include state student identification numbers of affected students.
21. Whenever a student fails to return to school within ten (10) school days of the termination of dismissal, a school administrator shall inform the student and his/her parent or guardian by mail of the student's right to attend and to be reinstated in the school district.

X. ADMISSION OR READMISSION PLAN

A school administrator shall prepare and enforce an admission or readmission plan for any student who is excluded or expelled from school. The plan may include measures to improve the student's behavior, including completing a character education program consistent with Minnesota state statute, participation in restorative practices or mediation and require parental involvement in the admission or readmission process, and may indicate the consequences to the student of not improving the student's behavior. The readmission plan must not obligate parents to provide a sympathomimetic medication for their child as a condition of readmission.

XI. NOTIFICATION OF POLICY VIOLATIONS

Notification of any violation of this policy and resulting disciplinary action shall be as provided herein, or as otherwise provided by the Pupil Fair Dismissal Act or other Minnesota state statute. The teacher, principal or other school district official may provide additional notification as deemed appropriate.

In addition, the school district must report, through the MDE electronic reporting system, each physical assault of a school district employee by a student within thirty (30) days of the assault. This report must include a statement of the alternative educational services or other sanction, intervention, or resolution given to the student in response to the assault and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the student's age, grade, gender, race and special education status.

XII. STUDENT DISCIPLINE RECORDS

The policy of the school district is that complete and accurate student discipline records be maintained. The collection, dissemination, and maintenance of student discipline records shall be consistent with applicable school district policies and federal and state law, including the Minnesota Government Data Practices Act and Minnesota state statutes.

XIII. DISABLED STUDENTS

Students who are currently identified as eligible under the IDEA or Section 504 will be subject to the provisions of this policy, unless the student's IEP or 504 plan specifies a necessary modification.

Before initiating an expulsion or exclusion of a student with a disability, relevant members of the child's IEP team and the child's parent shall, consistent with federal law, conduct a manifestation determination and determine whether the child's behavior was (i) caused by or had a direct and substantial relationship to the child's disability and (ii) whether the child's conduct was a direct result of a failure to implement the child's IEP. If the student's educational program is appropriate and the behavior is not a manifestation of the student's disability, the school district will proceed with discipline – up to and including expulsion – as if the student did not have a disability, unless the student's educational program provides otherwise. If the team determines that the behavior subject to discipline is a manifestation of the student's disability, the team shall conduct a functional behavioral assessment and implement a behavioral intervention plan for such student provided that the school district had not conducted such assessment prior to the manifestation determination before the behavior that resulted in a change of placement. Where a behavioral intervention plan previously has been developed, the team will review the behavioral intervention plan and modify it as necessary to address the behavior.

When a student who has an IEP is excluded or expelled for misbehavior that is not a manifestation of the student's disability, the school district shall continue to provide special education and related services during the period of expulsion or exclusion.

XIV. OPEN ENROLLED STUDENTS

The school district may terminate the enrollment of a nonresident student enrolled under an Enrollment Option Program or Enrollment in Nonresident District under Minnesota state statutes at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy and the student's case has been referred to juvenile court. The school district may also terminate the enrollment of a nonresident student over the age of seventeen (17) enrolled under an Enrollment Options Program if the student is absent without lawful excuse for one or more periods on fifteen (15) school days and has not lawfully withdrawn from school.

XV. DISTRIBUTION OF POLICY

The school district will notify students and parents of the existence and contents of this policy in such manner as it deems appropriate. Copies of this discipline policy shall be made available to all students and parents at the commencement of each school year and to all new students and parents upon enrollment. This policy shall also be available upon request in each principal's office.

XVI. REVIEW OF POLICY

The principal and representatives of parents, students and staff in each school building shall confer at least annually to review this discipline policy, determine if the policy is working as intended, and to assess whether the discipline policy has been enforced. Any recommended changes shall be submitted to the superintendent for consideration by the School Board, which shall conduct an annual review of this policy.

Legal References:

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 120B.02 (Educational Expectations for Minnesota Students)
Minn. Stat. § 120B.232 (Character Development Education)
Minn. Stat. § 121A.26 (School Preassessment Teams)
Minn. Stat. § 121A.29 (Reporting; Chemical Abuse)
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 121A.575 (Alternatives to Pupil Suspension)
Minn. Stat. § 121A.582 (Reasonable Force)
Minn. Stat. §§ 121A.60-121A.61 (Removal From Class)
Minn. Stat. § 122A.42 (General Control of Schools)
Minn. Stat. § 123A.05 (Area Learning Center Organization)
Minn. Stat. § 124D.03 (Enrollment Options Program)
Minn. Stat. § 124D.08 (Enrollment in Nonresident District)
Minn. Stat. Ch.125A (Students With Disabilities)
Minn. Stat. § 152.22 (Medical Cannabis; Definitions)

Minn. Stat. § 152.22 (Medical Cannabis; Limitations)
Minn. Stat. Ch. 260A (Truancy)
Minn. Stat. Ch. 260C (Juvenile Court Act)
20 U.S.C. §§ 1400-1487 (Individuals with Disabilities Education Improvement Act of 2004)
29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)
34 C.F.R. § 300.530(e) (1) (Manifestation Determination)

Cross References:

MSBA/MASA Model Policy 413 (Harassment and Violence)
MSBA/MASA Model Policy 409 (Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices)
MSBA/MASA Model Policy 501 (School Weapons)
MSBA/MASA Model Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)
MSBA/MASA Model Policy 503 (Student Attendance)
MSBA/MASA Model Policy 505 (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)
MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)
MSBA/MASA Model Policy 524 (Internet Acceptable Use and Safety Policy)
MSBA/MASA Model Policy 525 (Violence Prevention)
MSBA/MASA Model Policy 526 (Hazing Prohibition)
MSBA/MASA Model Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)
MSBA/MASA Model Policy 610 (Field Trips)
MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)
MSBA/MASA Model Policy 711 (Video Recording on School Buses)
MSBA/MASA Model Policy 712 (Video Surveillance Other Than on Buses)

School Board Action:

Revised as Policy 8.301
Revised as Policy 506 June 18, 2002
Revised July 15, 2008
Revised September 21, 2010
Revised February 18, 2014
Revised June 21, 2016
Revised September 20, 2016
Revised December 18, 2018
Revised April 21, 2020
Revised June 15, 2021

599 STUDENT ACCELERATION POLICY

I. PURPOSE

The purpose of this policy is to provide guidance to professional staff, parents and students regarding expectations for whole-grade acceleration.

II. GENERAL STATEMENT OF POLICY

The mission of Fridley Public Schools is to guide students in the development of learning skills to help them reach their full potential. To accomplish this academic aim, Fridley Schools strives to meet students' needs by developing exemplary educational programs. Given that each student is an individual comprised of unique strengths, abilities and potential, it is the goal of Fridley Public Schools to provide a range of opportunities appropriate for all students, including those with exceptional abilities. Therefore the differentiation of instruction is a critical element of all instructional offerings in the Fridley Public Schools and it is the foundation of programming for exceptional learners. There are a variety of options available to ~~highly capable students~~ exceptional learners including, but not limited to whole-grade acceleration.

III. DEFINITIONS

- A. "Whole-grade Acceleration" refers to the placement of a student a whole-grade level ahead of his or her peers. This practice is commonly known as "grade skipping."
- B. "Differentiated instruction" refers to the alignment of instructional goals with the individual needs of each learner.
- C. Exceptional ~~students~~ learners are often defined as those students performing 2 standard deviations above the norm, those at or above the 98th percentile.

IV. WHOLE-GRADE ACCELERATION REQUIREMENTS

Fridley Public Schools will provide whole-grade acceleration options to exceptional ~~students~~ learners that meet the standards set by the district. Students that do not meet the standards for whole-grade acceleration, may be eligible to participate in the other forms of acceleration offered in Fridley.

Students may be considered only if the following can be clearly demonstrated and confirmed.

- A. Academic achievement in all areas of the curriculum
- B. Intellectual ability
- C. Social and emotional maturity
- D. Persistence and motivation
- E. Acceleration is determined to be in the best interest of the student

V. DIRECTIVES AND GUIDELINES

The superintendent shall develop guidelines which articulate the processes and procedures for implementing whole-grade acceleration within the elementary, middle, and high schools. These guidelines should define the application, data collection, decision-making, notification and record-keeping processes. Procedures should include a means of monitoring and supporting accelerated students.

Legal References:

Minn. Stat. § 120B.15 (Gifted and Talented Students Programs)

School Board Action:

Adopted as Policy 599 May 20, 2008

Revised February 16, 2016

697 Assessment Policy

I. — PURPOSE

~~The purpose of this policy is to define assessment practices in Fridley Public Schools.~~

II. — STATEMENT OF POLICY

~~Each building will establish appropriate assessment practices, strategies and tools to use at grade levels and within subject areas. These practices, strategies and tools will follow the guidelines set forth below.~~

III. — DEFINITIONS

- ~~A. Summative assessment — aimed at determining a student's achievement level, generally at the end of a course of study or unit of work.~~
- ~~B. Formative assessment — aimed at identifying the learning needs of students and informing teaching and learning.~~

IV. — PURPOSE OF ASSESSMENT

~~The primary purpose of assessment is to inform instruction. Assessment informs teachers of what students understand, guides classroom instruction, shows which concepts need to be re-taught, and where there may be gaps in learning and curriculum. Assessment provides students with feedback on their learning, identifies areas of strength and weakness, and allows them to set goals for future learning. Assessment provides parents with an understanding of their child's progress and helps them better support and celebrate their child's learning. It should also inform parents about student progress against a given standard.~~

V. — PRINCIPLES OF ASSESMENT

~~Assessments are varied in type and serve different purposes. They allow students multiple opportunities to demonstrate their understanding. Assessment is an ongoing process and does not happen just at the end of a course or a unit of study. Results inform both students and teachers and are easily understood by all stakeholders. There is an emphasis on both formative and summative assessment.~~

~~Regardless of the purpose of an assessment, high quality assessments:~~

- ~~• Measure progress toward the instructional goals.~~
- ~~• Align with clear criteria given to students prior to an assessment.~~

- ~~Provide timely feedback to students.~~
- ~~Allow opportunities for students to reflect on their learning.~~
- ~~Provide students with an understanding of areas for growth and allow for reassessment.~~
- ~~Provide opportunities for students to share their learning with others.~~
- ~~Challenge all students through differentiation.~~
- ~~Include modifications when necessary.~~

~~VI. DISTRICT ASSESSMENT REQUIREMENTS~~

~~Each building will articulate the district assessment requirements for their grade levels and subject areas. These will include, but are not limited to, assessments mandated by the state and the International Baccalaureate.~~

~~VII. REVIEW OF ASSESMENT POLICY AND PRACTICES~~

~~Each building will review this policy and its own assessment practices during the regularly scheduled International Baccalaureate evaluation process, or on an as needed basis. The review committee will be made up of the building principal, IB coordinator, and representatives from the building leadership team.~~

Cross References:

~~MSBA/MASA Model Policy 601 (School District Curriculum Instructional Goals)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 618 (Assessment of Student Achievement)
MSBA/MASA Model Policy 619 (Staff Development)~~

School Board Action:

~~Revised June 21, 2016
Revised November 19, 2019~~

698 District Language Policy

I. PURPOSE

The purpose of this policy is to establish the framework of language instruction in Fridley Public Schools, including learning an additional language, valuing the linguistic diversity of our community, and working to support the mother-tongue development of our students and families.

II. STATEMENT OF POLICY

Each building will establish appropriate language practices to use at grade levels and within subject areas. These language practices will follow the guidelines set forth below.

III. DEFINITIONS

A. **Primary Language Instruction** refers to the language of instruction in all subject areas. In Fridley Public Schools, the primary language of instruction is English.

B. **Mother-Tongue** Describes the language(s) students use at home or outside the school environment. Many of our students use more than one mother tongue language outside the classroom environment.

C. **Language Acquisition** describes a language learned subsequently to a mother tongue language. Our primary instructional language (English) can also be considered language acquisition for students who speak another mother tongue.

IV. MOTHER-TONGUE SUPPORT

The Fridley School District supports families whose native language is not English. We encourage our parents and students to speak and develop their mother tongue at home. This strengthens the child's language skills while instilling a sense of importance about his/her culture. We also provide families with translation services as needed, through the use of interpreters and/or translated documents.

V. REVIEW COMMITTEE

Each building will review this policy and its own language practices during their regularly scheduled International Baccalaureate evaluation process, or on an as needed basis. The review committee will be made up of the building principal, IB coordinator, and representatives from the building leadership team.

School Board Action:

Adopted May 19, 2009



A World-Class Community of Learners

~~Revised June 21, 2016~~

Fridley Public Schools is committed to creating a welcoming, respectful environment that provides an equitable and inclusive education for each student, staff and community member by ensuring that opportunities, access, and resources are aligned to support the growth and academic achievement of each student.

First Reading

Personnel Changes 2021-22 School Year

New Contracts and Amendments per Master Agreements (2021-2022)

First Name	Last Name	Assignment	Step/Lane/Salary	School
Ashley	Anderberg	Girls Basketball – Assistant Coach	Schedule C	FHS
Eric	Anderson	Wrestling – Head Coach	Schedule C	FHS
Lance	Bailey	Wrestling – Assistant Coach	Schedule C	FHS
Mary	Becker	Fall Musical – Choreographer	Schedule C	FHS
Benjamin	Beckman	PE Teacher	BA+30/Step 8	FMS
Blair	Berger	Musical Director FMS Musical	Schedule C	FMS
Zackery	Bobick	Girls Basketball – Head Coach	Schedule C	FMS
Jonathan	Conyers	Boys Basketball – Assistant Coach	Schedule C	FHS
Blake	Cook	Boys Basketball – Assistant Coach	Schedule C	FHS
Elizabeth	Emmel	Girls Basketball – Assistant Coach	Schedule C	FHS
Kahnnie	Gbor	Cheerleading – Head Coach	Schedule C	FHS
Ryan	Gerhard	Wrestling – Assistant Coach	Schedule C	FHS
Lucas	Gerhard	Wrestling – Assistant Coach	Schedule C	FMS
Joseph	Herder	Speech – Assistant Coach	Schedule C	FHS
Joseph	Herder	Director – One Act Play	Schedule C	FHS
Trevor	Hess	Winter Strength Training Head	Schedule C	FHS
Jeffrey	Johnson	Costumes/Make up – FMS Musical	Schedule C	FMS
Jeffrey	Johnson	Musical Director – FMS Musical	Schedule C	FMS
Jeffrey	Johnson	Choreographer – FMS Musical	Schedule C	FMS
Angela	Laine	Building Sub	\$30.00/hour	FHS
Tom	Larson	Fall Musical–Costumes & Makeup	Schedule C	FHS
Tom	Larson	Speech – Head Coach	Schedule C	FHS
Harrison	Lucas	Girls Basketball – Assistant Coach	Schedule C	FHS
Lily	MacKenzie-Olson	Early Bird Choir	Schedule C	RLS
Madison	Morrissey	Boys Swim/Dive – Assistant Coach	Schedule C	FHS
Andrew	Nawrocki	Winter Play Director	Schedule C	CE
Justin	Reese	Boys Basketball – Assistant Coach	Schedule C	FHS
Andrew	Reiter	Girls Basketball – Head Coach	Schedule C	FHS
Steve	Reiter	Girls Basketball – Assistant Coach	Schedule C	FHS
Kari	Reiter	Boys Diving – Coach	Schedule C	FHS
Bryce	Richter	Boys Basketball – Head Coach	Schedule C	FHS
Christopher	Rost	Boys Diving – Coach	Schedule C	FHS
Amy	Rouzer	Club Advisor	Schedule C	Hayes
Ahmad	Samadi	Boys Swim/Dive – Assistant Coach	Schedule C	FHS
Jonathan	Schuh	Boys Basketball – Assistant Coach	Schedule C	FHS
Jim	Stangler	Wrestling Coach	Schedule C	FMS
Kyle	Syversen	Boys Swim/Dive – Head Coach	Schedule C	FHS
Laura	Wavra	Teacher – Lang A	MA/Step 8	FHS
Dan	Wold	Technical Director – FMS Musical	Schedule C	FMS
Eric	Wright	Boys Basketball – Assistant Coach	Schedule C	FHS

Individual Contracts (2021-2022)

First Name	Last Name	Assignment	Step/Lane/Salary	School
Jason	Bruns	Buildings & Grounds Coordinator	Individual Contract	District
Keyana	Felder	Student Achievement Specialist	\$28.38/hour	District

Leave Requests (2021-2022)

- Andrea Baker has requested a leave of absence from her finance specialist position from December 1, 2021 through January 5, 2022.
- Emma Smith has requested a leave of absence from her teacher position at Hayes Elementary from March 16, 2022 through June 8, 2022.

Resignations (2021-2022)

- Jason Carver resigned his assistant principal position at Fridley Middle School, effective December 10, 2021.
- Casey Nelson resigned his custodian position at Fridley Public Schools, effective December 16, 2021.
- Jada Probasco resigned her paraeducator position at Fridley High School, effective January 6, 2022.
- Jael McLemore resigned her director of communications position at Fridley Public Schools, effective January 7, 2022.
- Andrea Sarkauskas resigned her teacher position at Hayes Elementary, effective December 3, 2021, she has not been released from her contractual obligation.
- Octavia Smith resigned her paraeducator position at Fridley Middle School, effective October 29, 2021.

Retirements (2021-2022)

- Cheryl Burgess-Burghardt will retire from her teacher position at Fridley High School, effective January 31, 2022.
- Diane Polski will retire from her clerical position at Fridley Middle School, effective January 7, 2022.



FRIDLEY PUBLIC SCHOOLS

Barbie Roessler, Director of Finance & Operations barbie.roessler@fridley.k12.mn.us
763-502-5004

MEMORANDUM

TO: Members of the School Board and Dr. Hiel

FROM: Barbie Roessler, Director of Finance and Operations

DATE: December 21, 2021

RE: Approve the 2021 Payable 2022 Property Tax Levy

Recommendation

For the Board of Education to approve and certify the final property tax levy for taxes payable in 2022 in the amount of \$12,763,464.80.

Attachments:

Pay 2022 Fund Summary
Pay 2022 Levy Summary



Fridley Public School District, ISD 14

Comparison of Actual Tax Levy Payable in 2021 to Proposed Levy Payable in 2022

Fund Levy Category	Actual Levy Payable in 2021	Proposed Levy Payable in 2022	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$1,537,773	\$1,581,327	\$43,554	
Local Optional Revenue (LOR)	1,867,084	1,904,592	37,508	
Equity	425,446	425,488	42	
Capital Project Referendum	987,134	1,044,275	57,140	
Operating Capital	195,250	212,504	17,254	
Alternate Teacher Compensation	280,026	269,309	(10,717)	
Safe Schools	154,336	154,530	194	
Long Term Facilities Maintenance	1,154,778	1,154,903	125	
Instructional Lease	584,730	592,847	8,117	
Other	462,591	482,569	19,978	
Prior Year Adjustments	(46,508)	194,172	240,679	
Total, General Fund	\$7,602,641	\$8,016,515	\$413,874	5.4%
Community Service				
Basic Community Education	\$120,409	\$132,835	\$12,426	
Early Childhood Family Education	50,437	50,242	(195)	
School-Age Child Care	175,000	160,000	(15,000)	
Other	1,244	1,291	47	
Prior Year Adjustments	74,607	31,603	(43,005)	
Total, Community Service Fund	\$421,698	\$375,971	(\$45,727)	-10.8%
Debt Service				
Voter Approved	\$2,253,775	\$2,271,781	\$18,006	
Other	263,183	261,818	(1,365)	
Long-Term Facility Maintenance	1,451,430	1,429,502	(21,928)	
Other Post Employment Benefits	572,623	566,491	(6,132)	
Reduction for Debt Excess	(304,391)	(140,399)	163,991	
Prior Year Adjustments	51,098	(18,213)	(69,312)	
Total, Debt Service Fund	\$4,287,719	\$4,370,979	\$83,261	1.9%
Total Levy, All Funds	\$12,312,057	\$12,763,465	\$451,408	3.7%
Subtotal by Truth in Taxation Categories:				
Voter Approved	4,671,343	4,908,997	237,654	
Other	7,640,714	7,854,468	213,754	
Total	\$12,312,057	\$12,763,465	\$451,408	3.7%

LINE #	LIMITATION COMPONENTS	2020 PAY 2021 LIMITATION	2020 PAY 2021 CERTIFIED LEVY	2021 PAY 2022 LIMITATION	2021 PAY 2022 PROPOSED LEVY	2021 PAY 2022 CERTIFIED LEVY NOTES
SUBTOTALS BY LEVY CATEGORY						
(5001)	GENERAL-RMV VOTER-JOBZ EXEMPT	1,543,767.56	1,543,767.56	1,648,296.30	1,648,296.30	1,648,296.30
(5002)	GENERAL-RMV OTHER-JOBZ EXEMPT	2,238,435.40	2,238,435.40	2,464,249.68	2,464,249.68	2,464,249.68
(5003)	GENERAL-NTC VOTER-JOBZ EXEMPT	987,134.11	987,134.11	1,044,274.53	1,044,274.53	1,044,274.53
(5004)	GENERAL-NTC OTHER-GENED-EXEMPT	N/A	N/A	N/A	N/A	N/A *1
(5005)	GENERAL-NTC OTHER-JOBZ EXEMPT	2,833,304.15	2,833,304.15	2,859,694.33	2,859,694.33	2,859,694.33
(5011)	COMMUNITY SERV-NTC OTHER-EXEMPT	421,697.50	421,697.50	375,970.62	375,970.62	375,970.62
(5016)	GENL DEBT-NTC VOTER-NONEXEMPT	2,140,441.44	2,140,441.44	2,216,425.89	2,216,425.89	2,216,425.89 *2
(5017)	GENL DEBT-NTC OTHER-NONEXEMPT	1,607,440.57	1,607,440.57	1,607,317.18	1,607,317.18	1,607,317.18 *2
(5023)	OPEB DEBT-NTC VOTER-NONEXEMPT					
(5024)	OPEB DEBT-NTC OTHER-NONEXEMPT	539,836.52	539,836.52	547,236.27	547,236.27	547,236.27
SUBTOTALS BY FUND						
(5006)	GENERAL FUND	7,602,641.22	7,602,641.22	8,016,514.84	8,016,514.84	
(5011)	COMMUNITY SERVICES FUND	421,697.50	421,697.50	375,970.62	375,970.62	375,970.62
(5018)	GENERAL DEBT SERVICE FUND	3,747,882.01	3,747,882.01	3,823,743.07	3,823,743.07	
(5025)	OPEB/PENSION DEBT SERVICE FUND	539,836.52	539,836.52	547,236.27	547,236.27	
SUBTOTALS BY TAX BASE						
	REFERENDUM MARKET VALUE	3,782,202.96	3,782,202.96	4,112,545.98	4,112,545.98	
	NET TAX CAPACITY	8,529,854.29	8,529,854.29	8,650,918.82	8,650,918.82	
SUBTOTALS BY TRUTH IN TAXATION CATEGORY						
	VOTER APPROVED	4,671,343.11	4,671,343.11	4,908,996.72	4,908,996.72	
	OTHER	7,640,714.14	7,640,714.14	7,854,468.08	7,854,468.08	
TOTAL LEVY						
	TOTAL LEVY	12,312,057.25	12,312,057.25	12,763,464.80	12,763,464.80	12,763,464.80
ALLOWABLE INCREASE						
	ALLOWABLE INCREASE AMOUNT					
	MAXIMUM ALLOWABLE CERTIFIED LEVY				12,763,464.80	

FOOTNOTES:

*1 STUDENT ACHIEVEMENT (GENED) LEVY PHASED OUT AFTER PAY 2017

*2 SCHOOL BUILDING BOND AGRICULTURAL CREDIT WILL BE CALCULATED USING THE GENERAL DEBT SERVICE LEVY CATEGORIES

NOTE TO SCHOOL DISTRICTS: MUST CERTIFY PROPOSED AND FINAL LEVIES VIA THE WEB-BASED LEVY CERTIFICATION SYSTEM AVAILABLE ON THE MDE WEBSITE, HTTP://EDUCATION.STATE.MN.US.

Minnesota Department of Education
Levy Limitation and Certification Report
2021 Payable 2022

District Number-Type: 0014-01
District Name: Fridley Public School District
Home County: ANOKA

Date Printed: 12/15/21
Limits Updated: 11/30/21
Certified Submitted: 12/14/21

	LIMIT	PROPOSED	CERTIFIED
SUBTOTALS BY LEVY CATEGORY			
GENERAL - RMV VOTER - JOBZ EXEMPT	1,648,296.30	1,648,296.30	1,648,296.30
GENERAL - RMV OTHER - JOBZ EXEMPT	2,464,249.68	2,464,249.68	2,464,249.68
GENERAL - NTC VOTER - JOBZ EXEMPT	1,044,274.53	1,044,274.53	1,044,274.53
GENERAL - NTC OTHER GENED - EXEMPT	0.00	0.00	0.00
GENERAL - NTC OTHER - JOBZ EXEMPT	2,859,694.33	2,859,694.33	2,859,694.33
COMMUNITY SERVICE - NTC OTHER - JOBZ EXEMPT	375,970.62	375,970.62	375,970.62
GENERAL DEBT - NTC VOTER - JOBZ NONEXEMPT	2,216,425.89	2,216,425.89	2,216,425.89
GENERAL DEBT - NTC OTHER - JOBZ NONEXEMPT	1,607,317.18	1,607,317.18	1,607,317.18
OPEB DEBT - NTC VOTER - JOBZ NONEXEMPT	0.00	0.00	0.00
OPEB DEBT - NTC OTHER - JOBZ NONEXEMPT	547,236.27	547,236.27	547,236.27
SUBTOTALS BY FUND			
GENERAL FUND	8,016,514.84	8,016,514.84	8,016,514.84
COMMUNITY SERVICES FUND	375,970.62	375,970.62	375,970.62
GENERAL DEBT SERVICE FUND	3,823,743.07	3,823,743.07	3,823,743.07
OPEB/PENSION DEBT SERVICE FUND	547,236.27	547,236.27	547,236.27
SUBTOTALS BY TAX BASE			
REFERENDUM MARKET VALUE	4,112,545.98	4,112,545.98	4,112,545.98
NET TAX CAPACITY	8,650,918.82	8,650,918.82	8,650,918.82
SUBTOTALS BY TRUTH IN TAXATION CATEGORY			
VOTER APPROVED	4,908,996.72	4,908,996.72	4,908,996.72
OTHER	7,854,468.08	7,854,468.08	7,854,468.08
TOTAL LEVY			
TOTAL LEVY	12,763,464.80	12,763,464.80	12,763,464.80

The school district must submit the completed original of this form to the home county auditor by December 28, 2021. A duplicate form must be submitted to Minnesota Department of Education, School Finance Division, 1500 Highway 36 West, Roseville, MN 55113, by January 7, 2022.

The certified levy listed above is the levy voted by the school board for taxes payable in 2022.

Signature of School Board Clerk

Date of Certification



FRIDLEY PUBLIC SCHOOLS

Barbie Roessler, Director of Finance and Operations | Barbie.roessler@fridley.k12.mn.us | 763-502-5004

To: Members of the School Board and Superintendent Hiel

From: Barbie Roessler, Director of Finance and Operations

Date: December 21, 2021

Subject: Approval to advertise for bids

Bryan Brown, Director of Buildings and Grounds, and I are requesting School Board approval to advertise for an upcoming boiler project.

The project includes converting our boiler system from steam to a condensing hot water boiler. This conversion will provide cost savings as well as efficiency of boiler production.

We are seeking approval from the board to request sealed bids for three boilers for the high school. The cost for these boilers (as one project) exceeds the \$175,000 threshold mandating the need for sealed bids and advertising in our official newspaper per § 123B.52 subd. 1 & 3 including advertising specifications.

The plan is to have the bid opening on Thursday, January 13, 2022 at 10:00 AM at the Fridley Community Center. This will provide the necessary time needed to approve a contractor so the work can begin as soon as possible. The project is anticipated to be completed in August 2022.

If the sealed bids received are not conducive to our needs or budget estimates, we have the right to reject all bids and advertise again for this project.



Request for Proposals
Purchase of New Hot Water Heating Boilers

The Fridley Public School District is seeking competitive proposals for the purchase of new hot water heating boilers for the Fridley High School.

The requirements for this proposal are as follows:

- Total plant size is 12,000,000 btuh
- Three 4,000,000 btuh input boilers are required
- Boilers shall be gas-only fueled
- Minimum thermal efficiency is 94%
- Minimum turn down ratio of 10:1 is required
- Boilers must interface seamlessly with existing Mod Sync boiler control system
- Boiler controls must be Modbus or BacNet configurable
- Boiler width must not exceed 34 inches to fit through standard doorway
- Must be manufactured in the USA
- Include minimum two-year warranty on all equipment
- Provide additional five-year warranty on burner and burner-related equipment
- Provide all required operating, safety, and control components including, but not limited to, safety valves, remote emergency stops, gas regulators, low water cutouts combustion air filters (if required), and any other required accessories for a complete operating system.

Provide the following in your proposal:

- Itemized pricing of boilers and additional components required for a complete install
- Pricing to reflect cost for immediate purchase by the school district
- Documentation of proposed equipment that demonstrates compliance with system requirements
- Documentation of life-cycle cost of proposed equipment, including required maintenance frequencies and current costs of those maintenance items
- Documentation of equipment useful-life history – including like-equipment and number of years in service
- Any additional features and benefits data that may be relevant

Provide two (2) hard copies and an electronic PDF copy of the completed response. Response must be received no later than: January 13, 2022 at 10:00 AM.

Proposal and questions to:

Mr. Bryan Brown
Fridley High School
6000 West Moore Lake Drive
Fridley, MN 55432
Bryan.brown@fridley.k12.mn.us

O 763.502.5008
C 320.248.4440

**Independent School District No. 14
Fridley, Minnesota**

Communications Letter

June 30, 2021

Independent School District No. 14
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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

To the School Board and Management
Independent School District No. 14
Fridley, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 14, Fridley, Minnesota, as of and for the year ended June 30, 2021, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated December 6, 2021, on such statements.

This communication is intended solely for the information and use of management, the School Board, and others within the District and state oversight agencies is not intended to be, and should not be, used by anyone other than these specified parties.

BergankDV, Ltd.

Minneapolis, Minnesota
December 6, 2021

Independent School District No. 14 Significant Deficiency

Lack of Segregation of Accounting Duties

The District has a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Accounts Payable Clerk enters invoices into the system and prepares the checks.
- The Accounting Supervisor has access to all areas of the accounting system.
- The Accounting Supervisor and Payroll Specialist have overlapping duties within the payroll process

This lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements.

Management is aware of this condition and will take certain steps to compensate for the lack of segregation but due to the number of accounting staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

Independent School District No. 14 Required Communication

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2021. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Independent School District No. 14 Required Communication

Our Responsibility in Relation to Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the District's compliance with those requirements.

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

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

Depreciation – The District is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Independent School District No. 14 Required Communication

Qualitative Aspects of Significant Accounting Practices (Continued)

Significant Accounting Estimates (Continued)

General Education and Special Education Aid – General Education Aid is an estimate until average daily membership (ADM) values are final. Since this is normally not done until after the reporting deadline, this Aid is an estimate. Special Education Aid is dependent on the availability of funds and complex formulas that are finalized after reporting deadlines.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the District for post employment benefits.

Net Pension Liability, Deferred Outflows of Resources Related to Pension Activity, and Deferred Inflows of Resources Related to Pension Activity – These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

We identified the following uncorrected misstatement of the basic financial statements. Management has determined its effect is immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole and each opinion unit.

- In-kind State Contribution related to pensions

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole.

Independent School District No. 14 Required Communication

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the District, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditor.

Other Information in Documents Containing Audited Basic Financial Statements

We applied certain limited procedures to the RSI that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Independent School District No. 14 Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the District for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours.

Average Daily Membership and Pupil Units

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

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2012	\$ 5,174	1.0%
2013	5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%

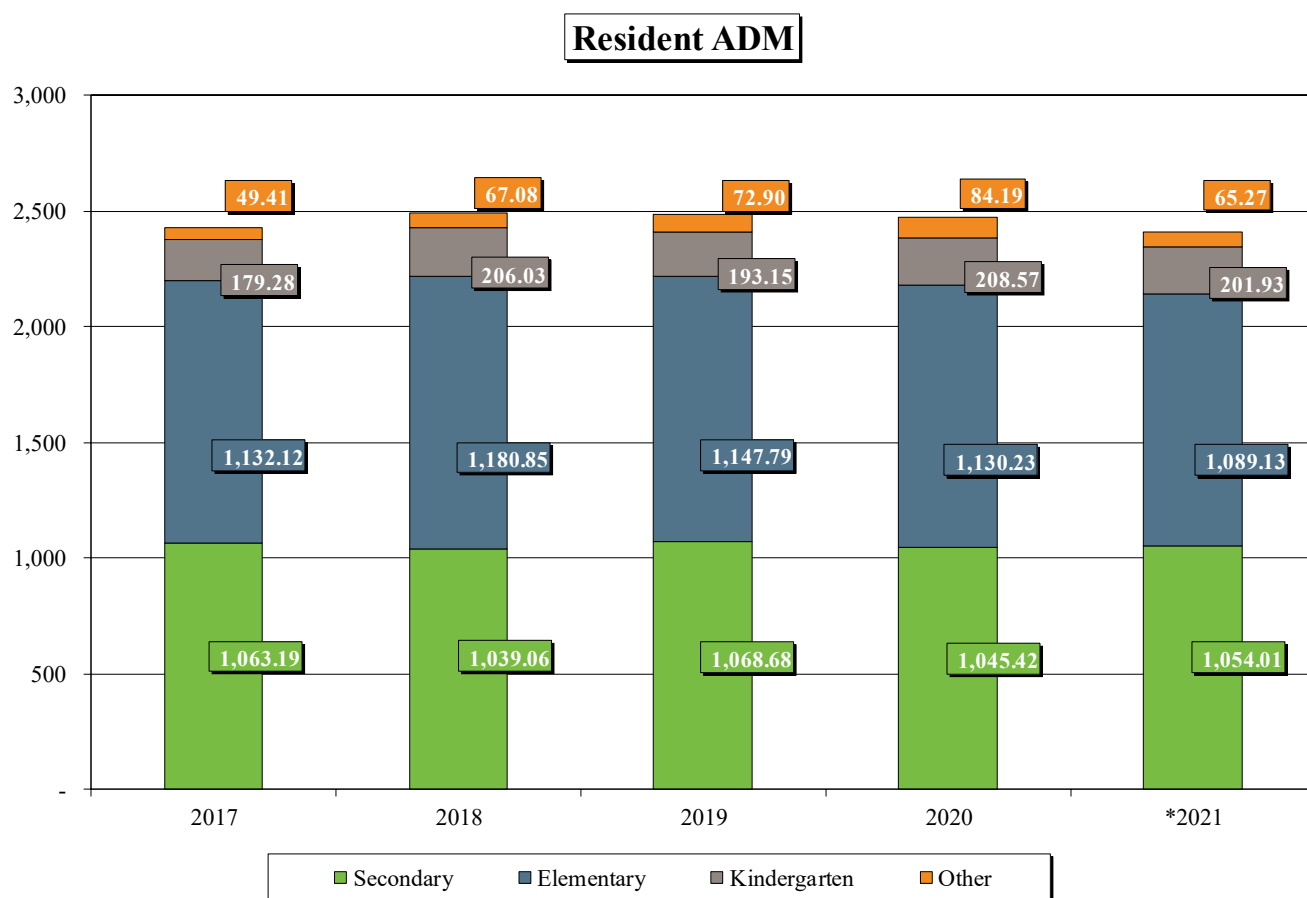
* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

Independent School District No. 14 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

Approximately 75% of the District's General Fund revenue is from the state. A majority of this funding is based on student counts, so an understanding of the District's population trends is critical to overall budgeting plans. The following summarizes resident ADM of the District over the past five years ended June 30.

Resident ADM	2017	2018	2019	2020	*2021
Other	49.41	67.08	72.90	84.19	65.27
Kindergarten	179.28	206.03	193.15	208.57	201.93
Elementary	1,132.12	1,180.85	1,147.79	1,130.23	1,089.13
Secondary	1,063.19	1,039.06	1,068.68	1,045.42	1,054.01
Total Resident ADM	2,424.00	2,493.02	2,482.52	2,468.41	2,410.34



* Estimate

The chart and graph above show a decrease in resident ADM from 2020 to 2021 of 58.07 ADM, or 2.35%.

Independent School District No. 14 Financial Analysis

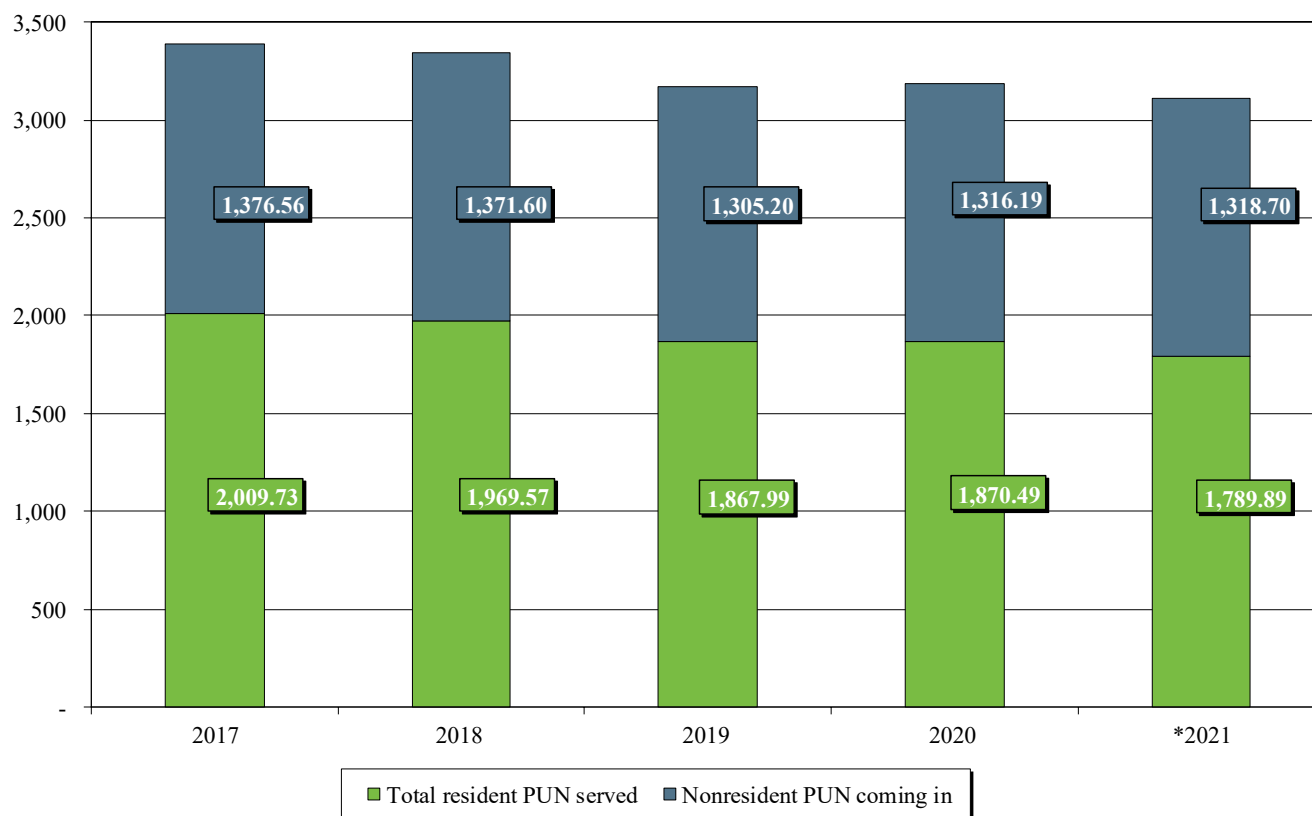
Average Daily Membership and Pupil Units (Continued)

	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten Half	Kindergarten Full	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2017-2021	1.000	1.000	0.550	1.000	1.000	1.000	1.200

The PUN served table and graph below converts the resident ADM into weighted or adjusted pupil unit data for the past five years taking into consideration the above weighting factors and open enrollment.

PUN	2017	2018	2019	2020	*2021
Residents	2,636.65	2,700.85	2,695.88	2,677.49	2,621.05
Resident PUN going elsewhere	(626.92)	(731.28)	(827.89)	(807.00)	(831.16)
Total resident PUN served	2,009.73	1,969.57	1,867.99	1,870.49	1,789.89
Nonresident PUN coming in	1,376.56	1,371.60	1,305.20	1,316.19	1,318.70
Total Adjusted PUN	3,386.29	3,341.17	3,173.19	3,186.68	3,108.59

Adjusted PUN



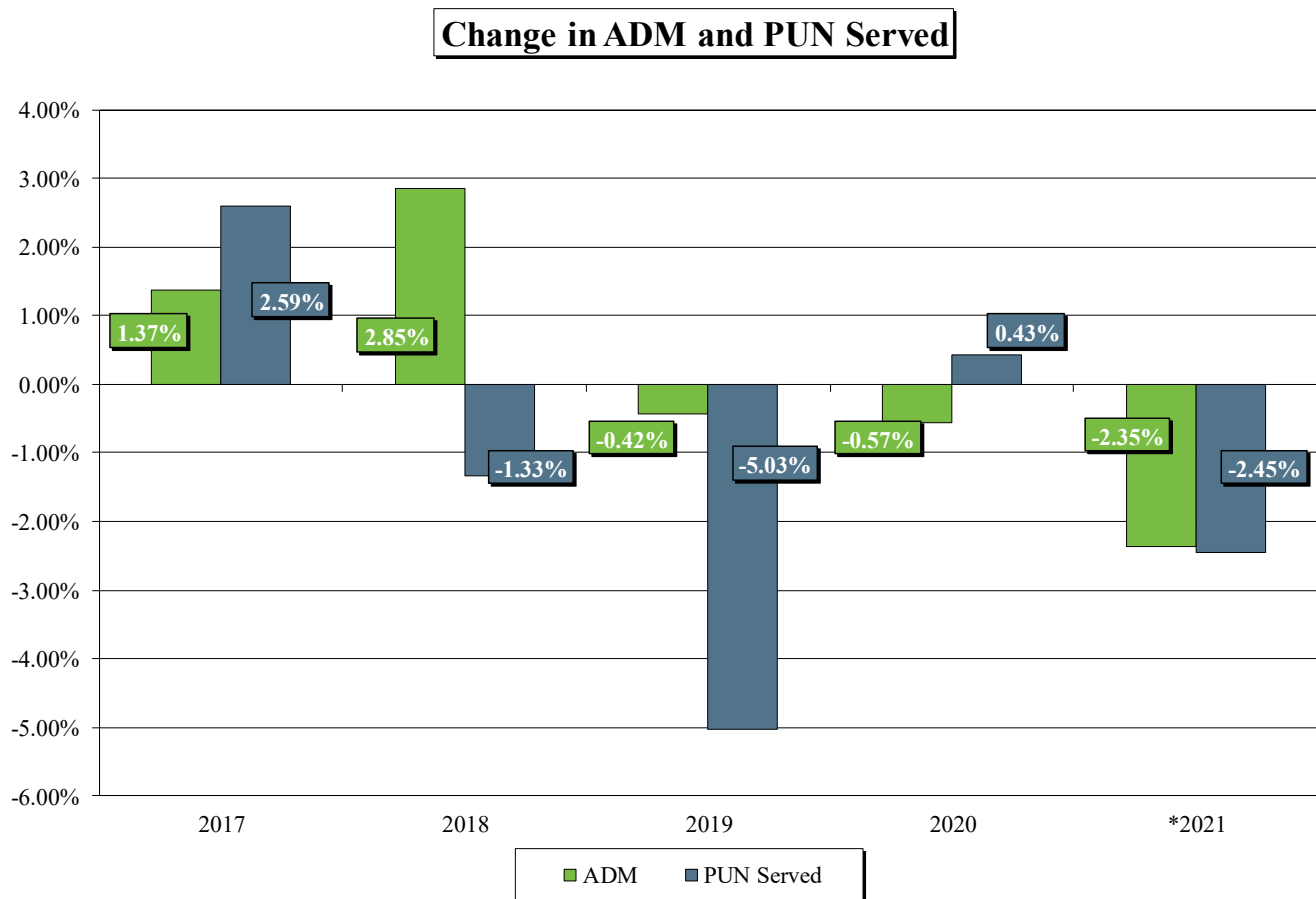
* Estimate

Independent School District No. 14 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

In 2021, resident PUN decreased 56.44, or 2.11%. PUN served decreased 78.09 PUN or 2.45%, a result of a decrease in resident PUN and an increase in resident PUN going elsewhere. The District continues to have a net gain from open enrollment. Nonresident PUN make up 42.4% of PUN served.

The following graph illustrates the percentage change from year-to-year in resident ADM and PUN served.



* Estimate

Independent School District No. 14 Financial Analysis

General Fund Sources of Revenue

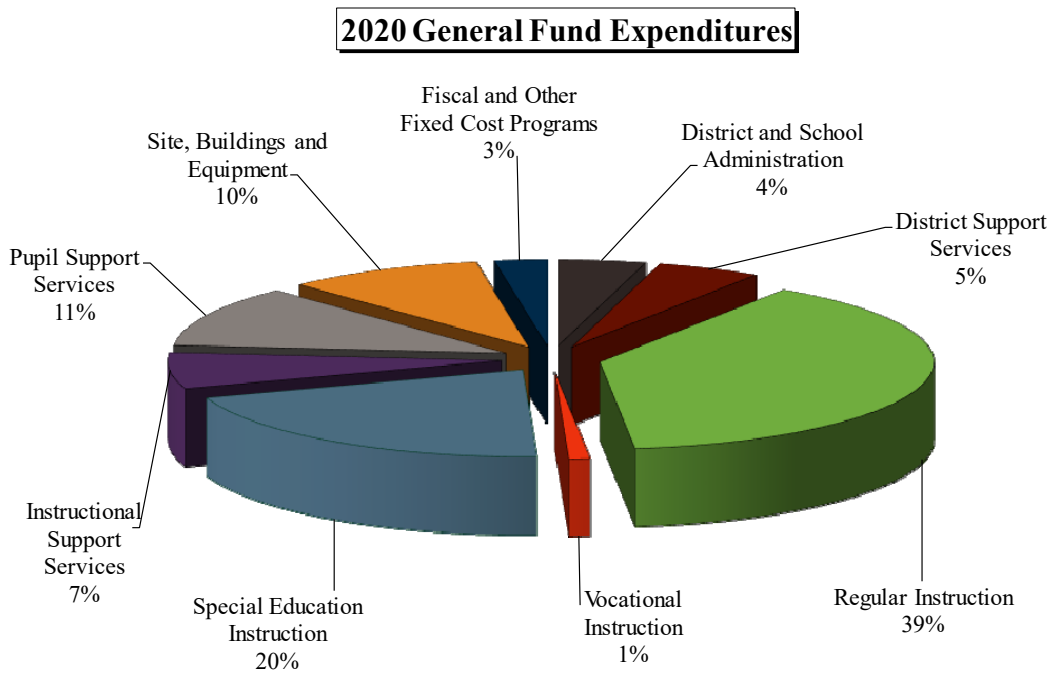
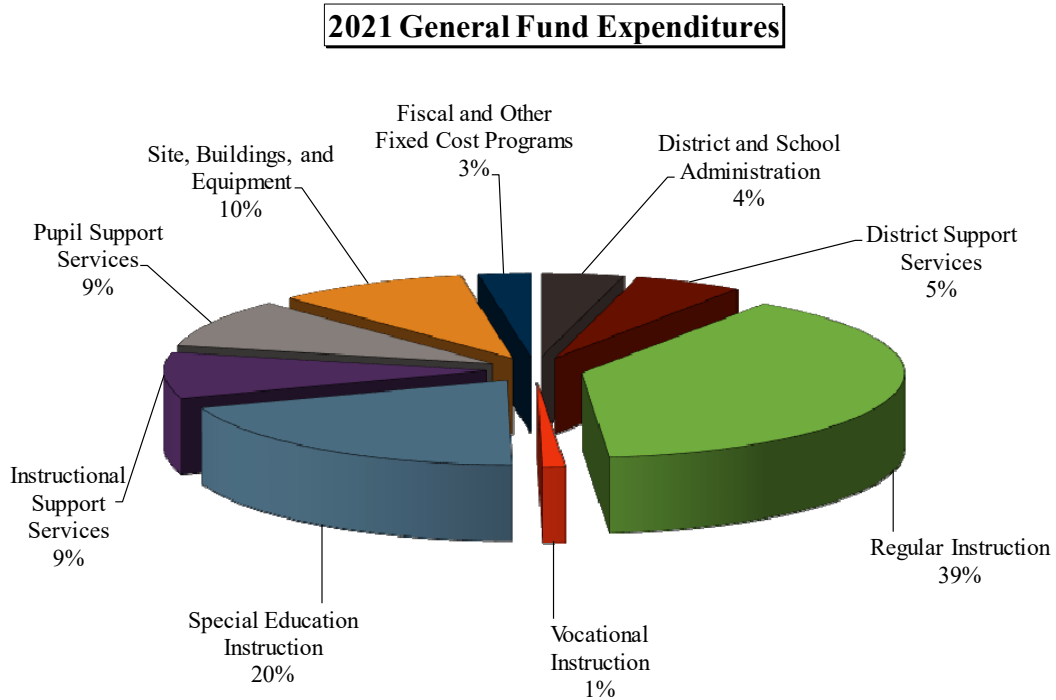
General Fund sources of revenue are summarized as follows:

	2017	2018	2019	2020	2021
Local property taxes	\$ 4,437,638	\$ 5,586,336	\$ 6,303,819	\$ 6,457,443	\$ 7,512,337
State sources	35,182,141	35,959,679	35,747,873	35,171,289	35,274,529
Other	2,372,596	2,453,741	2,732,712	2,765,323	4,308,999
Total	\$ 41,992,375	\$ 43,999,756	\$ 44,784,404	\$ 44,394,055	\$ 47,095,865

State sources are 74.9% of the total General Fund revenue, with local taxpayers contributing 15.9% of the funding and federal and other sources making up the remaining 9.2%. Total revenue for 2021 increased \$2,701,810 from \$44,394,055 in 2020 to \$57,095,865 in 2021. Local property tax revenue increased due to an increase in the levy, a result of increased property values, and the operating referendum. Other sources of revenue increased as a result of additional federal funding sources due to ESSER/GEER and coronavirus relief funding.

Independent School District No. 14 Financial Analysis

General Fund Expenditures



The allocation of expenditures has remained fairly consistent from year-to-year as shown above. The three instruction categories, regular, vocational, and special education comprise 60% of the total expenditures for 2021 and 2020.

Independent School District No. 14 Financial Analysis

General Fund

The following table presents comparative operating results for the District's General Fund:

For the Year Ended June 30,	2017	2018	2019	2020	2021
Revenues	\$ 41,992,375	\$ 43,999,756	\$ 44,784,404	\$ 44,394,055	\$ 47,095,865
Expenditures excluding OPEB	41,030,863	43,240,714	43,302,652	42,338,911	44,687,856
Excess of revenues over expenditures	961,512	759,042	1,481,752	2,055,144	2,408,009
Sale of capital assets	5,531	-	-	-	20,279
Proceeds from capital leases	34,265	566,843	-	268,015	410,880
Transfers out	(561,570)	(1,551,781)	(725,740)	(832,061)	(708,586)
Fund balance, July 1	4,913,449	5,353,187	5,127,291	5,883,303	7,460,945
Change in accounting principle	-	-	-	86,544	-
Fund Balance, June 30	\$ 5,353,187	\$ 5,127,291	\$ 5,883,303	\$ 7,460,945	\$ 9,591,527
Components					
Nonspendable	\$ 152,204	\$ 300,318	\$ 144,601	\$ 207,678	\$ 341,966
Restricted for					
Student activities	-	-	-	68,462	79,365
Health and safety	(136,755)	(1,179)	-	-	-
Capital projects levy	4,876	(2)	4,019	279,040	177,408
Safe schools - crime levy	53,251	68,167	87,714	193,069	258,467
Operating capital	266,547	176,644	537,547	425,933	333,849
Long term facilities maintenance	(327,235)	(289,308)	25,658	60,196	1,004,602
Medical assistance	72,125	294,904	294,904	715,356	984,319
Assigned	2,809,964	2,028,808	2,246,081	2,599,775	3,291,873
Unassigned	2,458,210	2,548,939	2,542,779	2,911,436	3,119,678
Total	\$ 5,353,187	\$ 5,127,291	\$ 5,883,303	\$ 7,460,945	\$ 9,591,527

The District's General Fund revenues increased \$2,701,810, or 6.1%, from the prior year, while expenditures increased \$2,348,945, or 5.5%. Regular instruction expenditures increased \$705,291 due to increase in salaries because of Steps, Lanes, and Salary Matrix increases. Instructional Support Services increased \$1,046,389 due to introducing different types of curriculum for students. Pupil Support Services decreased \$738,164 due to bussing not being needed in Distance Learning, with the District paying a portion of the contract versus the full contract.

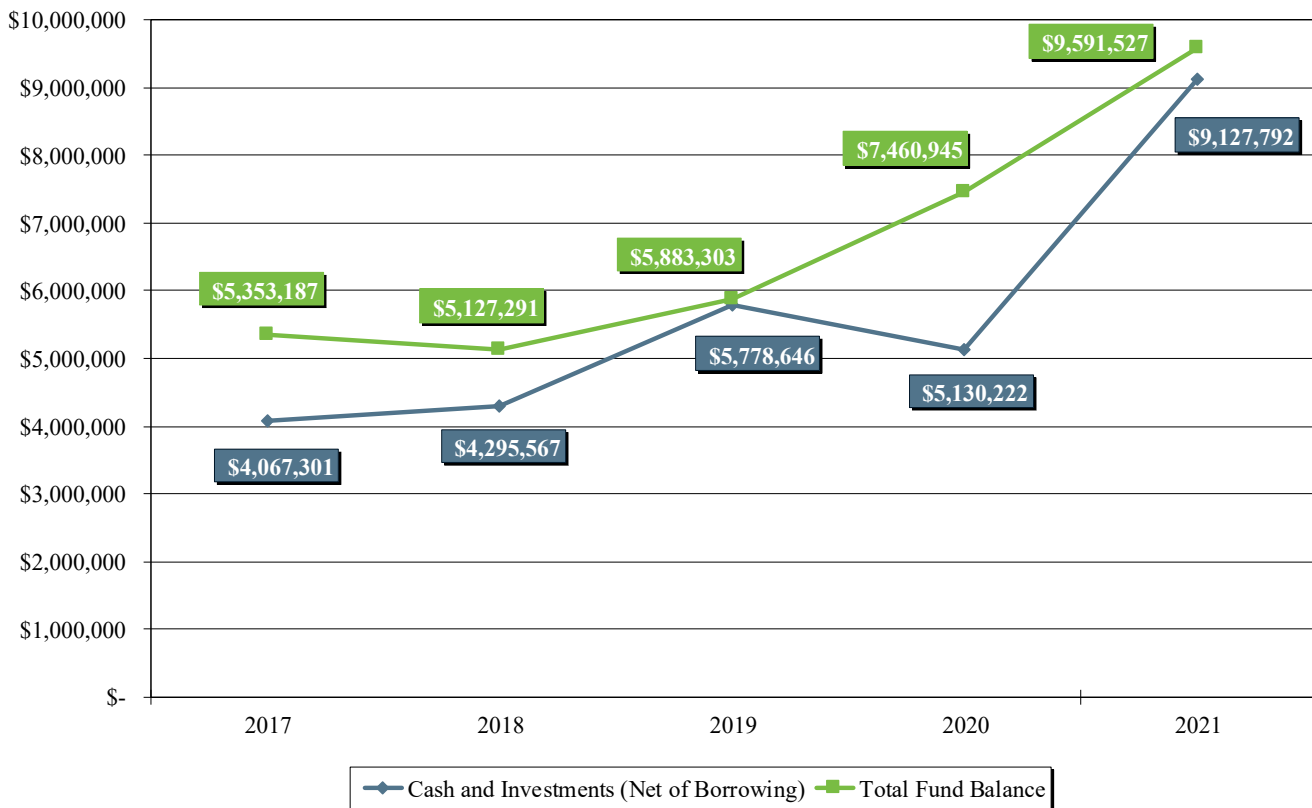
The District's revenues exceeded expenditures by \$2,408,009 for 2021. The District received capital lease proceeds and monies from the sale of capital assets. The District transferred \$708,586 out to other funds for community education and capital project portions of the levy referendum.

Independent School District No. 14 Financial Analysis

General Fund Financial Position

Overall, the District's General Fund total fund balance increased \$2,130,582 in 2021. The District's unassigned portion of fund balance increased \$208,242 from 2020, ending the year with a balance of \$3,119,678.

General Fund Financial Position



Independent School District No. 14 Financial Analysis

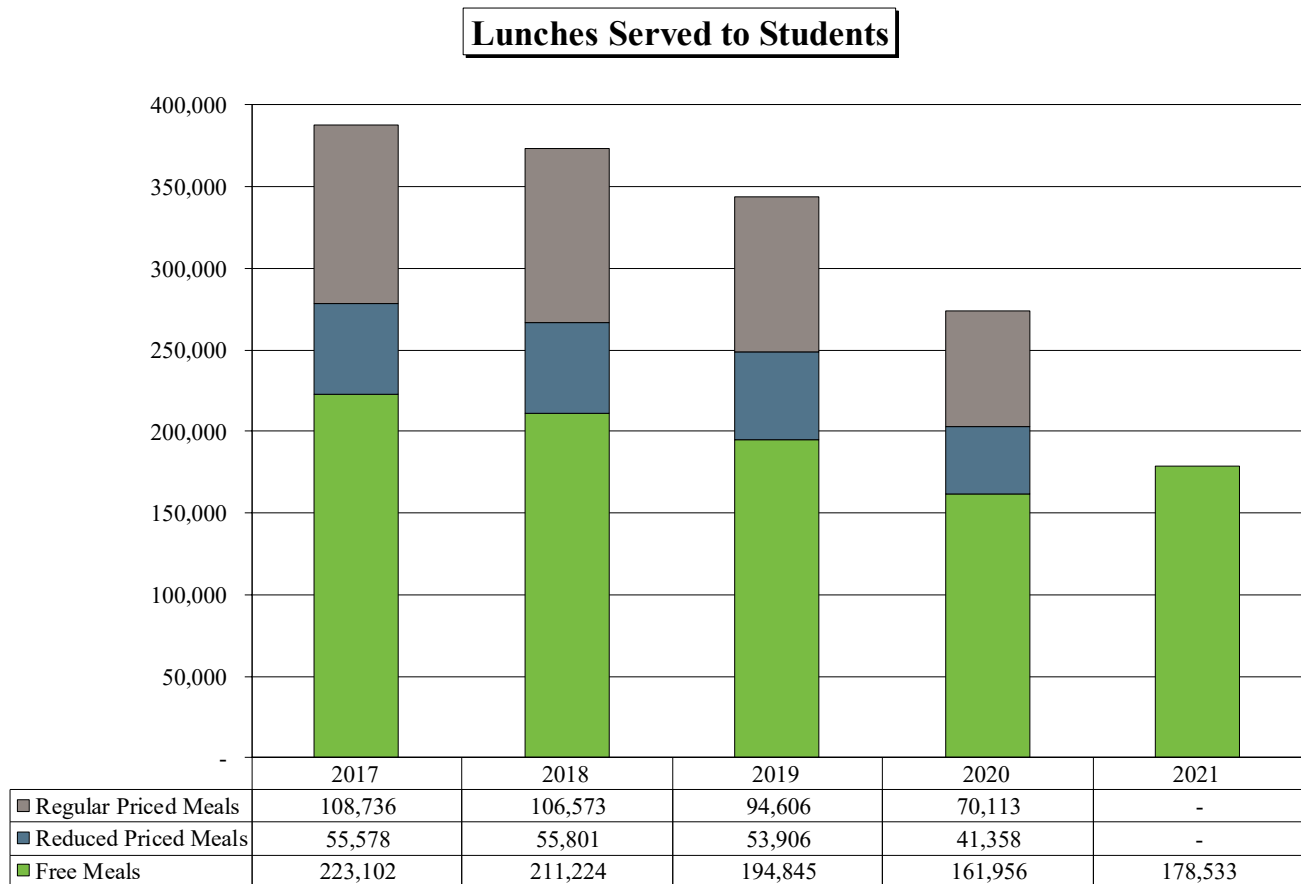
Food Service Fund

The following table presents five years of comparative operating results for the District's Food Service Fund.

For the Year Ended June 30,	2017	2018	2019	2020	2021
Revenues	\$ 2,130,199	\$ 2,045,007	\$ 2,200,263	\$ 1,799,299	\$ 1,609,953
Expenditures	2,125,132	2,141,389	2,092,615	1,749,648	1,596,883
Excess of revenues over (under) expenditures	5,067	(96,382)	107,648	49,651	13,070
Other financing sources	-	-	-	-	-
Fund balance, July 1	558,014	563,081	466,699	574,347	623,998
Fund Balance, June 30	\$ 563,081	\$ 466,699	\$ 574,347	\$ 623,998	\$ 637,068

For the current year, there was an increase in fund balance of \$13,070. Revenues decreased by \$189,364, or 10.5%, and expenditures decreased by \$152,765, or 8.7%. The fund balance represents over three month's expenditures based on 2021 levels. The decrease in revenues was due a decrease in meals served. Decrease in expenditures was also due to a decrease in meals served.

The following chart reflects the number and type of lunches served to students over the past five years:



Independent School District No. 14 Financial Analysis

Community Service Fund

The following table presents five years of comparative operating results for the District's Community Service Fund.

For the year ended June 30,	2017	2018	2019	2020	2021
Revenues	\$ 2,854,383	\$ 2,888,088	\$ 2,913,111	\$ 2,377,623	\$ 1,762,074
Expenditures	2,749,225	2,953,535	3,128,632	2,712,966	2,328,968
Excess of revenues over (under) expenditures	105,158	(65,447)	(215,521)	(335,343)	(566,894)
Other financing sources	101,587	103,616	216,343	284,989	110,297
Fund balance, July 1	208,174	414,919	453,088	453,910	403,556
Fund Balance, June 30	\$ 414,919	\$ 453,088	\$ 453,910	\$ 403,556	\$ (53,041)

For the year ended June 30,	2017	2018	2019	2020	2021
Components					
Nonspendable	\$ 4,275	\$ -	\$ 6,765	\$ 5,040	\$ 6,051
Restricted for					
Community education	254,936	260,914	264,584	274,056	(260,873)
ECFE	69,774	78,187	65,849	4,906	29,373
School readiness	47,766	47,235	45,455	24,579	76,494
Community service	38,168	66,752	71,257	94,975	95,914
Total	\$ 414,919	\$ 453,088	\$ 453,910	\$ 403,556	\$ (53,041)

Expenditures exceeded revenues by \$566,894 in 2021. Revenues decreased \$615,549, or 25.9%, from 2020 to 2021, while expenditures decreased \$383,998, or 14.2%. Revenues decreased due to fee-based programming not starting until Feb/March, and were slow to have families return. Expenditures also decreased due to furloughed staff in May of 2020, many didn't return when offered in September, so hiring was slow as well as some programs not restarting until February/March. The District transferred a total of \$107,893 from the General Fund to the Community Service Fund to allocate operating referendum dollars, to allocate a portion of lease levy for adult basic education and had a sale of equipment of \$2,404.

Independent School District No. 14 Legislative Summary

The following is a brief summary of current legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the Minnesota Department of Education (MDE).

State Aid Appropriations

The formula allowance for 2021 General Education Aid was increased \$129 (2%) to \$6,567. For 2022, the formula allowance is set at \$6,728, and for 2023, the formula allowance is set at \$6,863.

Special Education

One-time additional special education cross subsidy aid of \$10.425 million was approved for 2022 to be allocated based on district's 2021 cross subsidy.

The special education hold harmless guarantee was limited to the sum of 85% in 2021, and will be limited to 80% in 2022, and 75% in 2023 and later, of current year special education program costs plus 100% of special transportation costs plus the tuition adjustment. The annual inflation adjustment used in the calculation of the hold harmless will be reduced by 0.2% per year from 4.4% in 2021 until the inflation adjustment reaches 2.0%.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Funding provided includes Governor's Emergency Education Relief (GEER) funding totaling \$38.1 million to MDE to be used for technology and summer school programming. Elementary and Secondary School Emergency Relief (ESSER) funding totaling \$140.1 million is 90% allocated based on 2020 Title I, part A allocations and 9.5% is allocated as grants, with the remaining 0.5% available for administration. Child Nutrition Grants to States funding totaled \$160.3 million. ESSER and GEER funds are eligible for spending through September 30, 2022.

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

The CRRSA Act was signed into law on December 27, 2020, and provided an additional \$2.75 billion for the Emergency Assistance for Nonpublic School Fund (EANS Fund) of which \$41,697,717 was awarded to Minnesota. Funds are eligible for spending through September 30, 2023.

American Rescue Plan (ARP) Act

The ARP Act was signed into law on March 11, 2021, and focuses on returning to, and maintaining, safe in-person learning for all students.

The ARP includes \$1.3 billion for E-12 education in ESSER funds for Minnesota to help schools returning to, and maintaining, safe in-person learning for all students. Per the federal law, 90% of these funds have been allocated to eligible districts and charter schools. 9.5% of these funds are for flexible use by each state education agency to create a plan to meet the needs of students. Funds are eligible for spending through September 30, 2024.

Property Tax Bill

Effective for taxes payable in 2018, there will be a property tax credit on all property classified as agricultural. The credit will be equal to 40% of the tax on the property attributable to school district bonded debt levies. The credit is increased to 50% for taxes payable in 2020, 55% for taxes payable in 2021, 60% for taxes payable in 2022, and 70% for taxes payable in 2023 and thereafter. Estimated property tax relief totals \$10.9 million for pay 2020, \$18.2 million for pay 2021, and \$27.2 million for pay 2022.

Independent School District No. 14 Legislative Summary

Voluntary Prekindergarten (VPK)/School Readiness Plus

For 2022 and 2023 only, the 4,000 seats currently expiring after 2021 will continue to be funded.

Pension Bill

Augmentation has been eliminated for TRA members after December 31, 2017, and early retirement subsidies have been phased out.

Post-retirement cost of living adjustments (COLAs) have been reduced –

- 1) TRA – lowers the COLA from 2% to 1% for five years; then the rate will increase by 0.1% each year until it reaches 1.5%
- 2) PERA – the increase will be 50% of the increase for Social Security announced January 1, but not less than 0.5% or more than 1.5%
- 3) Defers commencement of COLA for early retirees

The rate of interest paid on refunds of employee contributions to former employees has been reduced from 4% to 3%. TRA required contributions have increased to 7.75% for employees effective for fiscal year 2024. Required employer contributions will increase 0.21% for fiscal year 2019 to fiscal year 2023 and 0.2% in fiscal year 2024 until a required contribution rate of 8.75% is reached. Pension adjustment revenue will increase to match the required contribution increases.

Independent School District No. 14

Emerging Issue

Executive Summary

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant update includes:

- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following is an extensive summary of the current update. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss this issue with you further and their applicability to your District.

Accounting Standard Update – GASB Statement No. 87 – Leases

The objective of this Statement is to better meet the information needs of basic financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' basic financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

**Independent School District No. 14
Emerging Issue**

Accounting Standard Update – GASB Statement No. 87 – *Leases (Continued)*

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to basic financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to basic financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

**Independent School District No. 14
Fridley, Minnesota**

Basic Financial Statements

June 30, 2021

Independent School District No. 14
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Independent School District No. 14
Board of Education and Administration
June 30, 2021

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Donna Prewedo	Chair	January 1, 2024
Avonna Starck	Vice Chair	January 1, 2022
Ross Meisner	Treasurer	January 1, 2022
Carol Thornton	Clerk	January 1, 2022
Abdisalam Adam	Director	January 1, 2024
Jason Karnopp	Director	January 1, 2024
<u>Ex Officio Member</u>		
Dr. Kim Hiel	Superintendent	
Barbie Roessler	Director of Finance and Operations	

Independent Auditor's Report

To the School Board
Independent School District No. 14
Fridley, Minnesota

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 14, Fridley, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Basic Financial Statements

The management of Independent School District No. 14 is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic 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 basic financial statements referred to in the first paragraph 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. 14, Fridley, Minnesota, as of June 30, 2021, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information 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 Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of the District's internal control over financial reporting and 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 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.

Bergan KDV Ltd .

Minneapolis, Minnesota
December 6, 2021

Independent School District No. 14 Management's Discussion and Analysis

This section of Independent School District No. 14 (the "District") annual financial report presents its Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Key Points of Interest

- The District's Governmental Funds Balance Sheet reflects an Unassigned General Fund balance of \$3,119,678. This is an increase from the prior year of \$208,242.
- The total General Fund balance of \$9,591,527 is an increase of \$2,130,582 from the prior year.
- The government-wide Statement of Activities shows an increase in net position of \$3,610,806.
- The net position value on the government-wide Statement of Net Position is a deficit of \$21,459,489. Net position value is similar to the Balance Sheet's Equity for Private Sector businesses.
- Total government wide long-term liabilities, excluding OPEB and pension liabilities, are \$52,298,044 and are comprised of \$48,822,928 in General Obligation (G.O.) Bonds, \$2,673,073 in capital leases and \$802,043 of severance and compensated absences payable.
- The District's investment in capital assets, net of depreciation, is \$49,224,690. The decrease from the prior year of \$2,239,045 is due to depreciation expense outpacing capital investment as a return to building improvements commenced at the end of the fiscal year. The G.O. bonds plus the capital leases (the debt related to investment in capital assets) exceeds the investment in capital assets by \$395,518.

Overview of the Financial Statements

This annual report consists of two parts: MD&A (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental fund statements tell how basic services such as regular and special education are financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

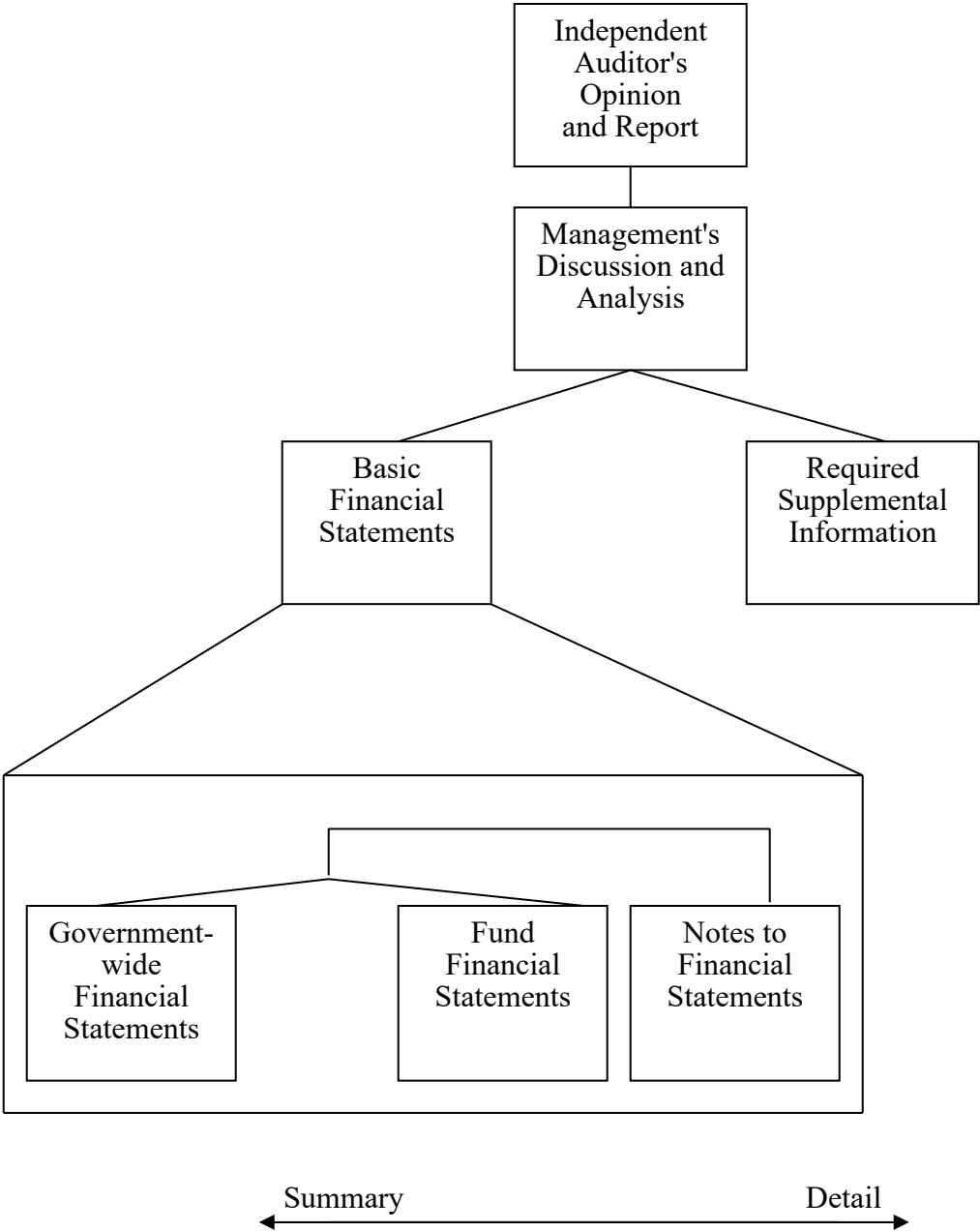
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Figure A-1 on the next page shows how the various parts of this annual report are arranged and related to one another.

**Independent School District No. 14
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

**Figure A-1
Organization of Independent School District No. 14 Annual Financial Report**



Independent School District No. 14 Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2			
Major Features of the District-Wide and Fund Financial Statements			
	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as special education and building maintenance	Activities of the District operates similar to private business - Internal Service Fund
Required Financial Statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures, and Changes in Fund Balances	- Statement of Net Position - Statement of Revenues, Expenses and Changes in Fund Net Position - Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when good or services have been received and related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Independent School District No. 14 Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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, liabilities and deferred inflows of resources, are one way to measure the District's financial health or position.

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

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.

The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 indicates whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs and obligations.

Financial Analysis of the District as A Whole

The Statement of Net Position identifies current assets and liabilities from noncurrent assets and long-term debt, respectively. The ratio of these current assets of \$40.1 million to current liabilities of \$10.3 million is 3.9. A "current ratio" greater than 1.0 indicates that sufficient assets are available that can be converted to cash to meet District obligations payable over the next 12-month period.

The Statement of Net Position includes noncurrent assets not reported on the governmental funds balance sheet. These noncurrent assets include the total acquisition cost of the District's capital assets less accumulated depreciation. During the year, the District acquired \$1,449,620 of additional capital assets. The majority of this increase is comprised of work in progress related to HVAC system building automation and air quality upgrades. The remaining capital asset additions consist of purchases associated with the District's Long-Term Facilities Maintenance program and equipment and vehicle replacements. Depreciation expense for the year equaled \$3,661,079. The current year depreciation expense was greater than the increase in new investment in capital equipment resulting in a decrease in the net capital asset total to \$49,224,690 compared to \$51,463,735 for the prior year.

Independent School District No. 14 Management's Discussion and Analysis

Financial Analysis of the District as A Whole (Continued)

Related to the noncurrent assets are the general obligation bonds. On November 12, 2020, the district issued \$4,475,000 General Obligation (G.O.) School Building Refunding Bonds, Series 2020A. These bonds refunded the G.O. School Building Refunding Bonds issued in 2012 which refunded the G.O. School Building Bonds issued in 2004. On November 8, 2018, the District issued \$2,450,000 G.O. Taxable OPEB Refunding Bonds, Series 2018A. These bonds refunded the OPEB bond issued in 2009 to fund the Districts' obligation for retiree insurance benefits. On February 15, 2017, the District issued \$1,960,000 G.O. Tax Abatement Bonds, Series 2017A. The proceeds funded parking lot construction projects throughout the District. The District issued \$25,890,000 G.O. School Building bonds, Series 2016A in February of 2016. The voters of the District authorized the school building issue in November of 2015. Over the course of three years, the proceeds funded safety and security upgrades, deferred maintenance, building renovations, technology improvements, and building additions. The remaining liability on these bonds, net of unamortized premiums, as of June 30, 2021, is \$48.8 million. The capital asset additions and the amortization of the general obligation bonds resulted in an increase of \$1,835,641 in the net investment in capital assets total compared to the prior year.

Additional long-term debt for severance pay (employee separation pay based on unused sick time) is \$0.4 million, which is owed to employees who have retired prior to June 30.

The District reported an OPEB liability of \$2,965,915, a decrease of \$18,744 from the prior year.

Due to changes, primarily in actuarial assumptions used by the State of Minnesota's public pensions, the District reported a total net pension liability of \$28,704,625 million, an increase of \$2.7 million from the previous year.

Overall, the District's net position increased \$3,610,806 during the year from current year operations and total net position decreased to a deficit of \$21.5 million.

Independent School District No. 14
Management's Discussion and Analysis

Financial Analysis of the District as A Whole (Continued)

Figure A-3
Condensed Statement of Net Position (in Thousands of Dollars)

	2021	2020	Percent Change
Current and OPEB assets	\$ 40,141	\$ 35,451	13.2%
Capital assets	49,225	51,464	(4.4%)
Total assets	<u>89,366</u>	<u>86,915</u>	2.8%
Deferred outflows of resources	<u>14,570</u>	<u>23,075</u>	(36.9%)
Current liabilities	10,290	8,940	15.1%
Long-term liabilities	79,791	81,345	(1.9%)
Total liabilities	<u>90,081</u>	<u>90,285</u>	(0.2%)
Deferred inflows of resources	<u>35,315</u>	<u>44,775</u>	(21.1%)
Net investment in capital assets	(396)	(2,231)	82.3%
Restricted for debt service	300	218	(37.6%)
Restricted for other purposes	5,115	3,604	41.9%
Unrestricted net position	<u>(26,479)</u>	<u>(26,661)</u>	(0.7%)
Total net position	<u>\$ (21,460)</u>	<u>\$ (25,070)</u>	14.4%

**Independent School District No. 14
Management's Discussion and Analysis**

Financial Analysis of the District as A Whole (Continued)

**Figure A-4
Changes in Net Position from Operating Results (in Thousands of Dollars)**

	2021	2020	Percent Change
Revenues			
Program revenues			
Charges for services	\$ 865.2	\$ 2,014.7	(57.1%)
Operating grants and contributions	21,084.5	19,181.1	9.9%
Capital grants and contributions	722.7	604.6	19.5%
General revenues			
Property taxes	12,275.4	11,322.1	8.4%
State formula aid	20,649.6	20,472.8	0.9%
Other	60.6	283.9	(78.7%)
Total revenues	<u>55,658.0</u>	<u>53,879.2</u>	<u>3.3%</u>
Expenses			
Administration and district support	4,231.7	4,117.9	2.8%
Instruction, pupil support, student food, and transportation services	37,509.2	36,798.0	1.9%
Sites and buildings	3,353.9	3,171.4	5.8%
Community services	2,354.2	2,800.5	(15.9%)
Interest and fiscal charges on long-term debt	885.2	1,595.4	(44.5%)
Fiscal and other fixed cost programs	204.7	190.0	7.7%
Unallocated depreciation (buildings)	3,508.3	3,527.8	(0.6%)
Total expenses	<u>52,047.2</u>	<u>52,201.0</u>	<u>(0.3%)</u>
 Increase (decrease) in net position	 <u>\$ 3,610.8</u>	 <u>\$ 1,678.2</u>	 <u>115.2%</u>

The Statement of Activities is government-wide and, like the Statement of Net Position, the first year it was prepared was 2003. Figure A-4 illustrates that an increase in net position of \$3,610,806 is attributable to activity during the year.

The pie chart in Figure A-5 shows the sources of District revenues. Program revenues include operating grants and contributions which totals 37.9% of total revenue. Operating grants and contributions consist mostly of state and federal funding of special education and other state and federal categorical spending. Charges for services, comprised of mostly special education tuition billings, food service and community center receipts make up 1.6% of revenue. Capital Grants consisting of state aid for operating capital and federal grants used for air quality improvements is 1.3% of revenue.

General revenues include the state aid formula which accounts for 37.1% of the District's total funding. Property taxes make up 22.1% of the total funding.

Independent School District No. 14 Management's Discussion and Analysis

Financial Analysis of the District as A Whole (Continued)

Revenues for the year increased by \$1,781,200 or 3.3%. Property tax levy revenues increased 8.4%, or \$953,300 due to an increase in the levy. Capital grants and contributions increased 19.5% and operating grants and contributions increased 9.9% as a result of federal CARES/Coronavirus Relief Fund grants received to combat the effect of the COVID-19 pandemic throughout the District. Other general revenues decreased \$223,300, or 78.7% as a result of a significant decline in investment interest rates. Charges for Services decreased 1,147,100, or 56.9%, as COVID-19 restricted the opening of the District's child care facility and meals served were free under the COVID-19 food service plan in place during the school year.

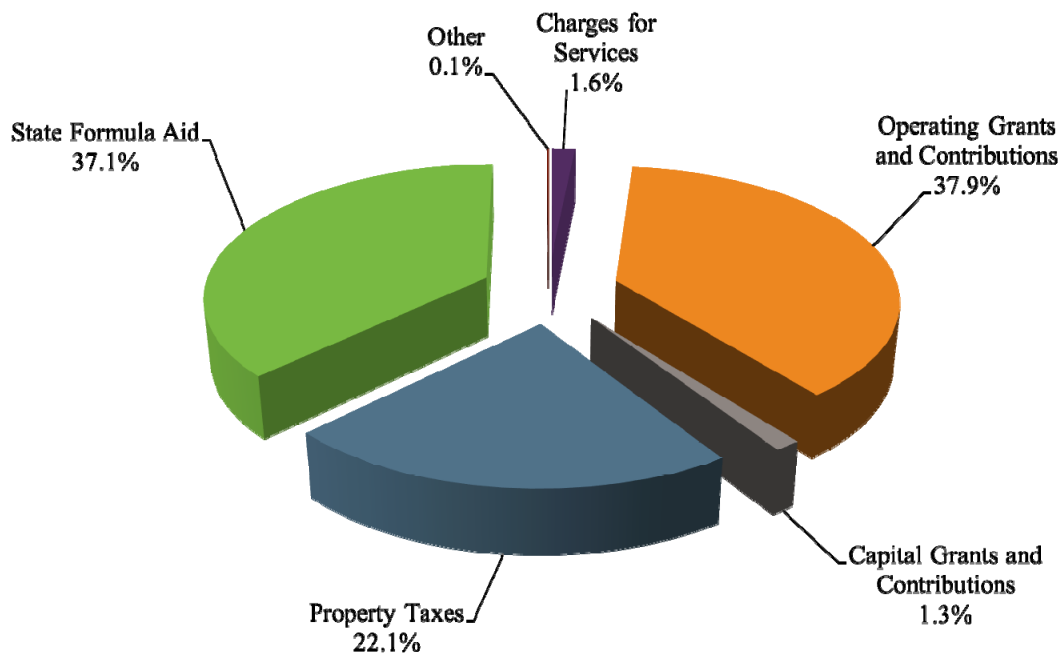
Expenses for the year were \$154,246, or .3%, lower than the previous year. The largest factor in the decrease in expenses was the reduction of interest and fiscal charges on long-term debt of \$710,200 due to the effects of the issuance of the G.O. School Building Refunding Bonds, Series 2020A. Community education expenses decreased \$443,900, or 15.9%, as a result of reduced program offerings due to pandemic restrictions leading to a reduction in staffing and supply costs. Instruction, pupil support, student food, and transportation services increased \$711,200 with an increase in wages and benefits due to contract increases and changes to curriculum.

The pie chart illustrated in Figure A-6 on the following page indicates the costs of the District's programs and services. The District's expenses predominantly related to instructing students and pupil support (including food service and student transportation) accounted for 72.1% of the government-wide expenditures, which is a slightly higher percentage of government-wide expenditures than in prior years. Sites and buildings were 6.4%, administration and district support services accounted for 8.1%, community services expenditures were 4.5% and less than 1% was spent on fiscal and other fixed programs. Interest expense on the District's outstanding long-term debt was 1.7% and 6.7% of expense was attributable to unallocated depreciation (buildings).

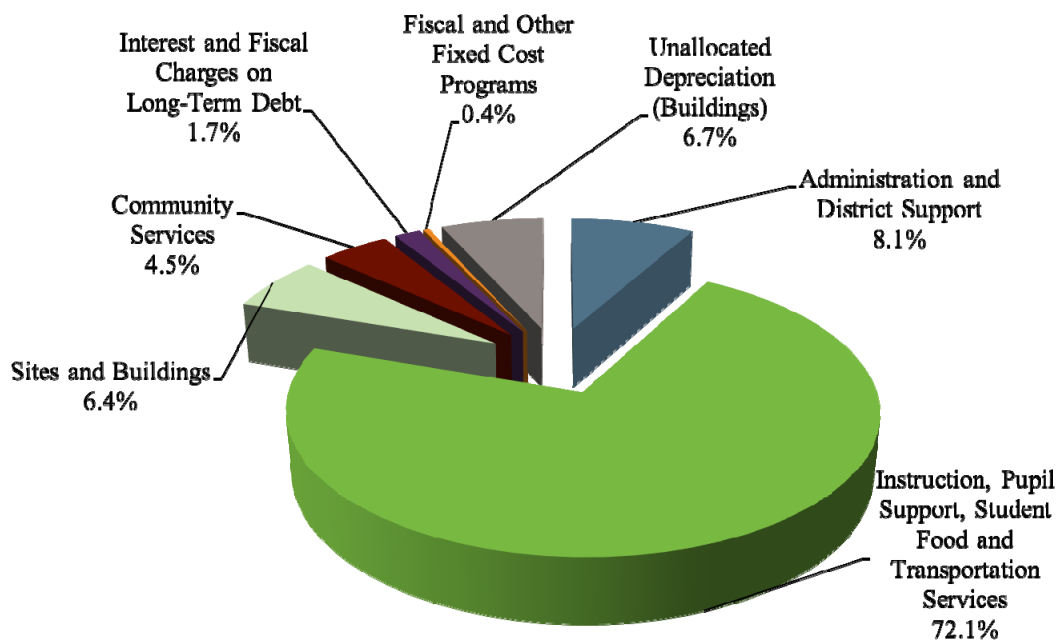
**Independent School District No. 14
Management's Discussion and Analysis**

Financial Analysis of the District as A Whole (Continued)

**Figure A-5
Sources of Revenue for Fiscal Year 2021**



**Figure A-6
Expenses for Fiscal Year 2021**



Independent School District No. 14 Management's Discussion and Analysis

Financial Analysis of the District as A Whole (Continued)

Figure A-7 presents the cost of the major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for the specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Net Cost of Activities (in thousands of dollars)

	Total Cost of Services			Net Cost of Services		
	2021	2020	Percent Change	2021	2020	Percent Change
Administration/district support	\$ 4,232	\$ 4,118	2.8%	\$ 4,212	\$ 4,104	2.6%
Regular instruction	18,256	17,572	3.9%	9,979	9,157	9.0%
Vocational instruction	531	464	14.4%	492	393	25.2%
Special instruction	9,004	9,095	(1.0%)	1,298	2,428	(46.5%)
Instructional support	3,992	2,984	33.8%	2,392	2,085	14.7%
Pupil support services	4,154	4,932	(15.8%)	2,921	3,626	(19.4%)
Sites and buildings	3,354	3,171	5.8%	2,540	2,556	(0.6%)
Fiscal and other fixed programs	205	190	7.9%	205	190	7.9%
Food service	1,572	1,752	(10.3%)	(38)	(48)	(20.8%)
Community services	2,354	2,800	(15.9%)	981	787	24.7%
Unallocated depreciation	3,508	3,528	(0.6%)	3,508	3,528	(0.6%)
Interest on long-term debt	885	1,595	(44.5%)	885	1,595	(44.5%)
Total	<u>\$ 52,047</u>	<u>\$ 52,201</u>	(0.3%)	<u>\$ 29,375</u>	<u>\$ 30,401</u>	(3.4%)

The cost of all District activities this year was \$52.0 million.

- Users of the District's programs financed some of the costs (\$.9 million).
- The federal and state governments subsidized certain programs with operating and capital grants and contributions (\$21.8 million).
- District and state taxpayers financed most of the District's activity, \$20.6 million from unrestricted state aid and \$12.3 million from property taxes.
- Investment and other income decreased significantly from the previous year and remains insignificant in comparison to other revenue sources.

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported a combined fund balance of \$12,645,581. This is an increase of \$2,426,468 from last year. This increase largely resides in the general fund with decreased spending resulting from the COVID-19 pandemic across wages and benefits, purchased services, and changing learning models.

Independent School District No. 14 Management's Discussion and Analysis

Financial Analysis of the District's Funds (Continued)

The General Fund unassigned fund balance at June 30, 2021 increased \$208,242 to a balance of \$3,119,678. The assigned fund balance at June 30, 2021, was \$3,291,873. The assigned fund balance consists of funds for students, capital projects, separation and retirement benefits, subsequent year budget deficit, medical assistance (pre 2016-2017), funds for curriculum adoption, and pandemic support to other funds. The restricted fund balance increased from the prior year due to the timing of expenditures as it relates to the District's Medical Assistance (post 2017-2018), long-term facilities maintenance ten-year plan and carry-forward of capital projects levy funds.

The Capital Projects Fund restricted fund balance at June 30, 2021 increased \$600,693 as a result of delaying eligible projects to work towards completion of the HVAC system and building automation.

The Other Nonmajor Funds deficit unassigned fund balance of \$260,763 is due to the closing of the child care programs in order to accommodate critical workers' child care coverage as mandated by the State during the pandemic.

General Fund Budgetary Points of Interest

General Fund revenues of \$47,095,865 were within 0.3% of budget overall. The District over budgeted revenues from state sources by \$423,982, with student enrollment ultimately coming in lower than anticipated. Other local and county revenues were under budget by \$287,016 as participation in athletics and other events was lower than anticipated.

The revenue budget was amended \$1,258,416 to reflect an increase in federal grant funds received. Actual revenue from federal sources exceeded the final amended budget by \$410,006 as a result of additional funds used for pandemic support.

General Fund expenditures of \$44,687,856 were under budget, with actual expenditures varying from budgeted expenditures by \$2,611,414. In total, the variance was 5.5%; however, there were variances within several functions of the District. The largest difference was in Elementary and Secondary Regular Instruction, which was under budget by \$1,099,438, or 6.0%, as a result of conservative budgeting for contracted subs and positions, a decline in instructional supplies needed versus planned with students partially working in a distance learning setting, as well as budgeting for a full staff while realizing turnover and unfilled positions during the year. Pupil support services were also under budget by \$961,621, or 19.0%. Pupil support services was budgeted at full capacity with all students attending in person all learning days; however, the District realized reduced contracted costs for bussing resulting from a significant portion of students electing distance learning all year as well as hybrid schedules allowing for a reduced contracted rate on distance learning days. Special education expenditures were under budget by \$473,232 as the District had reduced needs for contracted services as a result of the pandemic. Sites and buildings capital outlay expenditures were over budget by \$406,549, or 59.6%, but were offset mainly by current sites and buildings costs (non-capital) being under budget by \$526,958 and how the budget and actual expenditures were classified.

The expenditure budget was amended \$2,107,177 to a final budget of \$47,299,270. This adjustment was made to reflect an increase in pupil support services and elementary and secondary regular instruction costs expected as a result of the pandemic.

Independent School District No. 14 Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets

Figure A-8 illustrates a comparison of capital assets between this year and last year. During the year, the District acquired a net \$1,449,620 of capital assets. The work in progress category increased with the continuation of HVAC upgrades as a part of the overall building automation project, as well as the addition of water system upgrades, parking lot improvements and bathroom renovations at the end of the fiscal year. The Buildings category increased with the completion of the lighting retrofit at the Middle School as well as the bipolar ionization indoor air quality project at all sites.

Depreciation expense for the year was \$3,661,079 which remains consistent with the prior years' depreciation expense.

**Figure A-8
Capital Assets**

	2021	2020	Percent Change
Land	\$ 657,500	\$ 657,500	- %
Work in progress	1,244,584	378,139	229.1%
Improvements	4,284,206	4,284,206	- %
Buildings	89,865,730	89,476,992	0.4%
Equipment	3,531,350	3,412,971	3.5%
Total before depreciation	<u>99,583,370</u>	<u>98,209,808</u>	1.4%
Accumulated depreciation	<u>(50,358,680)</u>	<u>(46,746,073)</u>	7.7%
Capital assets (net of accumulated depreciation)	<u>\$ 49,224,690</u>	<u>\$ 51,463,735</u>	(4.4%)

Long-Term Debt

At year-end, the District had \$52,298,044 in total long-term debt as shown in Figure A-9. More detailed information about the District's long-term liabilities is presented in the notes to financial statements.

**Figure A-9
Outstanding Long-Term Debt and Separation and Severance Payable**

	2021	2020	Percent Change
General Obligation Bonds, Leases and Notes	\$ 51,496,001	\$ 55,743,452	(7.6%)
Separation and Severance and Vacation Payable	<u>802,043</u>	<u>843,450</u>	(4.9%)
Total	<u>\$ 52,298,044</u>	<u>\$ 56,586,902</u>	(7.6%)

Independent School District No. 14 Management's Discussion and Analysis

Capital Asset and Debt Administration (Continued)

The decrease in General Obligation Bonds, Leases and Notes is primarily related to the principal payment of current debt outstanding. In 2020, the District issued \$4,475,000 in G.O. Building Refunding Bonds, Series 2020A, which refunded the G.O. Building Refunding Bonds, Series 2012A. In 2018, the District issued \$2,450,000 General Obligation Taxable OPEB Refunding Bonds, Series 2018A. These bonds refund the OPEB bond issued in 2009 to fund the districts obligation for retiree insurance benefits. In 2017, the District issued \$1,960,000 G.O. Abatement Bonds, Series 2017A for parking lot improvements throughout the District. The District issued \$25,890,000 G.O. School Building bonds, Series 2016A in the February of 2016. The voters of the District authorized the bond issue in November of 2015.

Factor's Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of a number of existing circumstances that could significantly affect its financial health in the future:

- The Minnesota legislature determines education funding for each biennium. Future increases are uncertain at the time of issuance.
- The District's student enrollment decreased to 2,833 students in FY 2020-21. This is a decrease of 82 students or 2.8 % from FY 2019-20. The District had experienced consistent enrollment growth until the past few years and the District was anticipating another decline in enrollment for FY 2020-21. The District had made it a priority to focus on retaining our resident students while continuing to promote opportunities for all students. In FY 2020-21, the District saw an increase in the number of resident students enrolling in other districts while the number of open enrolled students coming to Fridley remained stable. The majority of school district funding has a direct relationship with enrollment. For example, state formula aid will increase or decrease with these changes. The direction of the District's enrollment will be a key factor for the District going forward.
- The District has a potential liability of several million dollars in post-retirement benefits (health insurance) to be paid to current and future retirees of the District. Because the District expects new retirements over the course of the next few years, payments for these benefits will continue for several years to come. Funding for these expenses will come from an OPEB trust established in 2010. The unfunded portion of this liability is reported in the District statements beginning with the fiscal year ended June 30, 2009, as required by GASB 43 and 45, and subsequently GASB 75.
- The single largest expenses for the District are staff salaries. All of the District bargaining groups have contracts in place through June 30, 2021.
- Historically, Fridley has had a relatively high number of open-enrolled and non-resident students. While our District is able to receive state aid for these students, it would put the District in a difficult financial position if these students chose not to attend our schools in future years.

Independent School District No. 14 Management's Discussion and Analysis

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Manager, Independent School District 14, 6000 West Moore Lake Drive, Fridley, Minnesota 55432.

BASIC FINANCIAL STATEMENTS

Independent School District No. 14
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 25,263,031
Current property taxes receivable	7,512,397
Delinquent property taxes receivable	159,596
Accounts receivable, net of allowance	70,972
Interest receivable	52,634
Due from Department of Education	4,136,088
Due from Federal Government through Department of Education	2,425,390
Due from other Minnesota school districts	50,184
Due from other governmental units	89,457
Inventory	26,850
Prepaid items	355,081
Capital assets not being depreciated	
Land	657,500
Construction in progress	1,244,584
Capital assets net of accumulated depreciation	
Buildings	43,453,704
Land improvements	2,734,623
Furniture and equipment	1,134,279
Total assets	<u>89,366,370</u>
Deferred Outflows of Resources	
Deferred charges on refunding	350,793
Deferred outflows of resources related to OPEB	418,441
Deferred outflows of resources related to pensions	13,800,888
Total deferred outflows of resources	<u>14,570,122</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 103,936,492</u></u>
Liabilities	
Accounts and contracts payable	\$ 1,518,063
Salaries and benefits payable	2,221,206
Incurred but not reported claims	210,193
Interest payable	829,411
Due to other Minnesota school districts	66,764
Due to other governmental units	12,486
Unearned revenue	1,254,097
Bond principal payable (net unamortized premium)	
Payable within one year	2,960,000
Payable after one year	45,862,928
Capital lease payable	
Payable within one year	717,530
Payable after one year	1,955,543
Vacation payable	
Payable within one year	451,868
Severance payable	
Payable within one year	48,279
Payable after one year	301,896
Net OPEB Liability	2,965,915
Net pension liability	28,704,625
Total liabilities	<u>90,080,804</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	11,578,014
Deferred inflows of resources related to OPEB	757,227
Deferred inflows of resources related to pensions	22,979,936
Total deferred inflows of resources	<u>35,315,177</u>
Net Position	
Net investment in capital assets	(395,518)
Restricted for	
Debt service	299,621
Capital projects	1,429,921
Other purposes	3,685,922
Unrestricted	(26,479,435)
Total net position	<u>(21,459,489)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u><u>\$ 103,936,492</u></u>

See notes to basic financial statements.

Independent School District No. 14
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 1,913,361	\$ -	\$ -	\$ -	\$ (1,913,361)
District support services	2,318,312	-	19,670	-	(2,298,642)
Elementary and secondary regular instruction	18,256,456	86,250	8,191,102	-	(9,979,104)
Vocational education instruction	530,854	-	38,940	-	(491,914)
Special education instruction	9,003,779	378,106	7,327,740	-	(1,297,933)
Instructional support services	3,991,752	-	1,600,019	-	(2,391,733)
Pupil support services	4,154,488	-	1,233,209	-	(2,921,279)
Sites and buildings	3,353,862	-	91,454	722,725	(2,539,683)
Fiscal and other fixed cost programs	204,719	-	-	-	(204,719)
Food service	1,571,999	10,634	1,599,319	-	37,954
Community education and services	2,354,155	390,182	982,989	-	(980,984)
Unallocated depreciation	3,508,259	-	-	-	(3,508,259)
Interest and fiscal charges on long-term debt	885,163	-	-	-	(885,163)
Total governmental activities	<u>\$ 52,047,159</u>	<u>\$ 865,172</u>	<u>\$ 21,084,442</u>	<u>\$ 722,725</u>	(29,374,820)
General revenues					
Taxes					
Property taxes, levied for general purposes					7,482,133
Property taxes, levied for community service					386,847
Property taxes, levied for debt service					4,406,462
State aid-formula grants					20,649,572
Investment income					60,612
Total general revenues					<u>32,985,626</u>
Change in net position					3,610,806
Net position - beginning					<u>(25,070,295)</u>
Net position - ending					<u>\$ (21,459,489)</u>

Independent School District No. 14
Balance Sheet - Governmental Funds
June 30, 2021

	General	Debt Service	Capital Projects
Assets			
Cash and investments	\$ 9,127,792	\$ 2,306,186	\$ 1,429,921
Current property taxes receivable	4,638,872	2,286,829	-
Delinquent property taxes receivable	95,020	51,973	-
Accounts receivable, net of allowance	21,215	-	-
Interest receivable	126	-	-
Due from Department of Education	4,028,588	57,289	-
Due from Federal Government through Department of Education	2,102,337	-	-
Due from other Minnesota school districts	37,547	-	-
Due from other governmental units	81,808	-	-
Inventory	-	-	-
Prepaid items	341,966	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 20,475,271</u>	<u>\$ 4,702,277</u>	<u>\$ 1,429,921</u>
Liabilities			
Accounts and contracts payable	\$ 1,374,902	\$ -	\$ -
Salaries and benefits payable	2,124,571	-	-
Due to other Minnesota school districts	66,764	-	-
Due to other governmental units	11,724	-	-
Unearned revenue	33,567	-	-
Severance payable	350,175	-	-
Total liabilities	<u>3,961,703</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - delinquent property taxes	53,444	30,503	-
Property taxes levied for subsequent year's expenditures	6,868,597	3,747,882	-
Total deferred inflows of resources	<u>6,922,041</u>	<u>3,778,385</u>	<u>-</u>
Fund Balances			
Nonspendable	341,966	-	-
Restricted	2,838,010	923,892	1,429,921
Assigned	3,291,873	-	-
Unassigned	3,119,678	-	-
Total fund balances	<u>9,591,527</u>	<u>923,892</u>	<u>1,429,921</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,475,271</u>	<u>\$ 4,702,277</u>	<u>\$ 1,429,921</u>

Other Nonmajor Funds	Total Governmental Funds
\$ 761,433	\$ 13,625,332
586,696	7,512,397
12,603	159,596
32,114	53,329
-	126
50,211	4,136,088
323,053	2,425,390
12,637	50,184
7,649	89,457
26,850	26,850
13,115	355,081
<u>\$ 1,826,361</u>	<u>\$ 28,433,830</u>
\$ 23,431	\$ 1,398,333
96,635	2,221,206
-	66,764
762	12,486
36,355	69,922
-	350,175
<u>157,183</u>	<u>4,118,886</u>
7,402	91,349
<u>961,535</u>	<u>11,578,014</u>
<u>968,937</u>	<u>11,669,363</u>
39,965	381,931
921,149	6,112,972
-	3,291,873
(260,873)	2,858,805
<u>700,241</u>	<u>12,645,581</u>
<u>\$ 1,826,361</u>	<u>\$ 28,433,830</u>

Independent School District No. 14
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2021

Total fund balances - governmental funds	\$ 12,645,581
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore, are not reported as assets	
Cost of capital assets	99,583,370
Less accumulated depreciation	(50,358,680)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond principal payable	(44,985,000)
Capital lease payable	(2,673,073)
Compensated absences payable	(451,868)
Net discounts/premiums	(3,837,928)
Deferred refundings	350,793
Net OPEB liability	(2,965,915)
Net pension liability	(28,704,625)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences between actual and expected contributions and earnings on plan investments as well as changes in proportion and are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	13,800,888
Deferred inflows of resources related to pensions	(22,979,936)
Deferred outflows of resources related to OPEB	418,441
Deferred inflows of resources related to OPEB	(757,227)
Delinquent property taxes receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	91,349
The Internal Service Fund is used by management to charge the cost of the retiree benefit plan. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	5,771,014
The Post Employment Benefits Revocable Trust Internal Service Fund is used to charge the benefits to the fund that incurs the cost. This amount represents assets available to fund the liabilities.	4,422,738
Governmental funds do not report a liability for accrued interest on bonds and capital leases until due and payable.	(829,411)
Total net position - governmental activities	<u>\$ (21,459,489)</u>

Independent School District No. 14
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 7,512,337	\$ 3,889,213	\$ -	\$ 931,870	\$ 12,333,420
Other local and county revenues	831,023	5,642	-	513,337	1,350,002
Revenue from state sources	35,274,529	584,676	-	702,358	36,561,563
Revenue from federal sources	3,470,659	-	-	1,757,071	5,227,730
Sales and other conversion of assets	7,317	-	-	10,634	17,951
Total revenues	<u>47,095,865</u>	<u>4,479,531</u>	<u>-</u>	<u>3,915,270</u>	<u>55,490,666</u>
Expenditures					
Current					
Administration	1,823,380	-	-	-	1,823,380
District support services	2,271,172	-	-	-	2,271,172
Elementary and secondary regular instruction	17,214,175	-	-	-	17,214,175
Vocational education instruction	498,370	-	-	-	498,370
Special education instruction	8,728,529	-	-	-	8,728,529
Instructional support services	3,443,492	-	-	-	3,443,492
Pupil support services	4,098,675	-	-	-	4,098,675
Sites and buildings	3,738,394	-	-	-	3,738,394
Fiscal and other fixed cost programs	204,719	-	-	-	204,719
Food service	-	-	-	1,594,993	1,594,993
Community education and services	-	-	-	2,326,011	2,326,011
Capital outlay					
District support services	119,555	-	-	-	119,555
Elementary and secondary regular instruction	41,661	-	-	-	41,661
Special education instruction	37,831	-	-	-	37,831
Instructional support services	429,464	-	-	-	429,464
Sites and buildings	1,088,892	-	-	-	1,088,892
Food service	-	-	-	1,890	1,890
Community education and services	-	-	-	2,957	2,957
Debt service					
Principal	853,449	2,535,000	-	475,000	3,863,449
Interest and fiscal charges	96,098	1,869,682	-	65,555	2,031,335
Total expenditures	<u>44,687,856</u>	<u>4,404,682</u>	<u>-</u>	<u>4,466,406</u>	<u>53,558,944</u>
Excess of revenues over (under) expenditures	2,408,009	74,849	-	(551,136)	1,931,722
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	20,279	-	-	2,404	22,683
Refunding bond issuance	-	4,475,000	-	-	4,475,000
Bond refunding	-	(5,085,000)	-	-	(5,085,000)
Bond premium	-	671,183	-	-	671,183
Bond refunding proceeds from capital leases	410,880	-	-	-	410,880
Transfers in	-	-	600,693	107,893	708,586
Transfers out	(708,586)	-	-	-	(708,586)
Total other financing sources (uses)	<u>(277,427)</u>	<u>61,183</u>	<u>600,693</u>	<u>110,297</u>	<u>494,746</u>
Net change in fund balances	2,130,582	136,032	600,693	(440,839)	2,426,468
Fund Balances					
Beginning of year	<u>7,460,945</u>	<u>787,860</u>	<u>829,228</u>	<u>1,141,080</u>	<u>10,219,113</u>
End of year	<u>\$ 9,591,527</u>	<u>\$ 923,892</u>	<u>\$ 1,429,921</u>	<u>\$ 700,241</u>	<u>\$ 12,645,581</u>

Independent School District No. 14
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities -
Governmental Funds
Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 2,426,468
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	1,449,620
Depreciation expense	(3,661,079)
Loss on disposal of capital assets	(27,586)

Compensated absences and severance are recognized as they are paid in the governmental funds but are recognized as the expense is incurred in the Statement of Activities.	(29,552)
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Net post employment benefit obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(153,246)
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Governmental Funds recognize pension contributions as expenditures at the time of payments in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	(1,792,822)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	8,948,449
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however interest expense is recognized as the interest accrues, regardless of when it is due.	(12,128)
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Governmental funds report the effect of bond discounts, premiums and deferred refundings when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	487,117
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Proceeds from the sale of bonds and issuance of capital leases are recognized as other financing sources in the governmental funds increasing fund balance but have no effect on net position in the Statement of Activities.	
Bonds payable	(4,475,000)
Capital lease payable	(410,880)

The Post Employment Benefits Revocable Trust Internal Service Fund is used to charge the benefits to the fund that incurs the cost. This amount represents the change in assets available to fund the liabilities.	
	(80,310)

The Internal Service Fund is used by management to charge the costs of the retiree health insurance plan. The net gain is reported within the governmental activities in the Statement of Activities.	999,733
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Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(57,978)
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Change in net position - governmental activities	\$ 3,610,806
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Independent School District No. 14
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Revenues				
Local property taxes	\$ 7,381,253	\$ 7,369,278	\$ 7,512,337	\$ 143,059
Other local and county revenues	1,418,354	1,118,039	831,023	(287,016)
Revenue from state sources	35,774,280	35,698,511	35,274,529	(423,982)
Revenue from federal sources	1,414,178	3,060,653	3,470,659	410,006
Sales and other conversion of assets	-	-	7,317	7,317
Total revenues	<u>45,988,065</u>	<u>47,246,481</u>	<u>47,095,865</u>	<u>(150,616)</u>
Expenditures				
Current				
Administration	1,936,840	1,936,840	1,823,380	(113,460)
District support services	2,293,255	2,279,504	2,271,172	(8,332)
Elementary and secondary regular instruction	17,767,764	18,313,613	17,214,175	(1,099,438)
Vocational education instruction	506,499	506,499	498,370	(8,129)
Special education instruction	9,201,761	9,201,761	8,728,529	(473,232)
Instructional support services	2,788,767	3,064,965	3,443,492	378,527
Pupil support services	5,012,221	5,060,296	4,098,675	(961,621)
Sites and buildings	3,426,096	4,265,352	3,738,394	(526,958)
Fiscal and other fixed cost programs	195,683	195,683	204,719	9,036
Capital outlay				
Administration	5,000	5,000	-	(5,000)
District support services	120,211	120,211	119,555	(656)
Elementary and secondary regular instruction	46,863	46,863	41,661	(5,202)
Special education instruction	9,000	9,000	37,831	28,831
Instructional support services	315,726	640,206	429,464	(210,742)
Sites and buildings	682,343	682,343	1,088,892	406,549
Debt service				
Principal	785,038	872,108	853,449	(18,659)
Interest and fiscal charges	99,026	99,026	96,098	(2,928)
Total expenditures	<u>45,192,093</u>	<u>47,299,270</u>	<u>44,687,856</u>	<u>(2,611,414)</u>
Excess of revenues over (under) expenditures	795,972	(52,789)	2,408,009	2,460,798
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	20,279	20,279
Proceeds from capital leases	86,400	410,880	410,880	-
Transfers out	(701,926)	(701,926)	(708,586)	(6,660)
Total other financing sources (uses)	<u>(615,526)</u>	<u>(291,046)</u>	<u>(277,427)</u>	<u>13,619</u>
Net change in fund balances	<u>\$ 180,446</u>	<u>\$ (343,835)</u>	2,130,582	<u>\$ 2,474,417</u>
Fund Balance				
Beginning of year			7,460,945	
End of year			<u>\$ 9,591,527</u>	

Independent School District No. 14
Statement of Net Position - Proprietary Funds
June 30, 2021

	<u>Total Internal Service Funds</u>
Assets	
Cash and cash equivalents	\$ 7,177,137
Investments	4,460,562
Accounts receivable	17,643
Interest receivable	<u>52,508</u>
Total assets	<u><u>\$ 11,707,850</u></u>
Liabilities	
Accounts payable	\$ 119,730
Incurred but not reported claims	210,193
Unearned revenue	<u>1,184,175</u>
Total liabilities	<u>1,514,098</u>
Net Position	
Unrestricted	<u>10,193,752</u>
Total liabilities and net position	<u><u>\$ 11,707,850</u></u>

Independent School District No. 14
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2021

	<u>Total Internal Service Funds</u>
Operating Revenues	
Charges for services	\$ 6,338,105
Operating Expense	
Insurance	4,843,205
Administrative	<u>607,029</u>
Total operating expenses	<u>5,450,234</u>
Operating income	887,871
Nonoperating Revenues	
Investment income	<u>31,552</u>
Change in net position	919,423
Net Position	
Beginning of year	<u>9,274,329</u>
End of year	<u><u>\$ 10,193,752</u></u>

Independent School District No. 14
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2021

	<u>Total Internal Service Funds</u>
Cash Flows - Operating Activities	
Receipts from district contribution	\$ 218,428
Receipts from employees	6,153,919
Payments to vendors	<u>(5,412,192)</u>
Net cash flows - operating activities	960,155
Cash Flows - Investing Activities	
Net sale/(purchase) of investments	(664,388)
Interest received	<u>111,857</u>
Net cash flows - investing activities	<u>(552,531)</u>
Net change in cash and cash equivalents	407,624
Cash and Cash Equivalents	
Beginning of year	<u>6,769,513</u>
End of year	<u><u>\$ 7,177,137</u></u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	\$ 887,871
Adjustments to reconcile operating income to net cash flows - operating activities	
Change in assets and liabilities	
Accounts receivable	(2,488)
Unearned revenue	36,730
Accounts payable	<u>38,042</u>
Net cash flows - operating activities	<u><u>\$ 960,155</u></u>

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a six member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

The basic financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the basic financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, it has been determined the District has no component units.

The student activity accounts of the District are under board control and are not reported separately.

B. Basic Financial Statement Information

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.

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Separate fund financial statements are provided for governmental funds and the proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences and claims and judgments are recognized when payment is due.

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 revenues of the Internal Service Fund are employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed, in the order of committed, assigned, and unassigned.

Description of Funds:

Major Funds:

General Fund – This fund is the basic operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Major Funds: (Continued)

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond and state loan principal, interest and related costs.

Building Construction Fund – Capital Projects – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue.

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education or other similar services.

Post Employment Benefits Debt Service Fund – This fund is used to account for levy proceeds and the payment of G.O. taxable OPEB Bonds principal, interest, and related costs.

Proprietary Funds:

Self Insurance Internal Service Fund – This fund is used to account for operations of the District's self – insured insurance plans. Premiums collected from employees are collected from other governmental funds and insurance claims are paid by this fund.

Post Employment Benefits Revocable Trust Internal Service Fund – This fund is used to account for the accumulation of resources to fund post employment benefits.

D. Cash and Investments

Cash and investments balances from all funds (except a portion of the Post Employment Benefits Revocable Trust Internal Service Fund) 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 individual funds based on the average of month-end cash and investment balances.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

Cash and investments at June 30, 2021, were comprised of deposits, certificates of deposit and shares in the Minnesota Trust (MNTrust) Securities. MNTrust securities are valued at amortized cost, which approximates fair value.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes the District to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from MNTrust. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

E. Property Tax Receivable

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represent uncollected taxes for the past six years, and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2020, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2021. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventories are recorded as expenditures when consumed rather than when purchased.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Anoka County is the collecting agency for the levy and remits the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

J. Capital Assets

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. A deferred charge on refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to OPEB are reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial Position, and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items, which qualify for reporting in this category. The first item, 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. The second item is 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, and is 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. Deferred inflows of resources related to pensions and OPEB are recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

1. Vacation

Teachers are eligible for vacation of 2 days per year which can be accumulated to 7 days. Other employees qualify for vacation ranging from 5 to 45 days per year which are generally accumulated at year-end and payable during the ensuing year. Vacation is accrued for these employees in the Statement of Net Position since it is deemed to be payable at year-end.

2. Sick Leave

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

N. Severance Payable

The District maintains severance payment plans for certain employee groups. Each employee group plan contains requirements for lump sum payments based on employment date, years of service and/or minimum age requirements. Benefits are calculated based on various formulas converting accrued sick leave into a lump sum payment. No employee can receive payments exceeding one year's salary. For employees retiring on or before June 30, 2021, who are entitled to receive payments, an accrual is made in the governmental fund incurring the liability.

The amount of severance payment that is based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and when it becomes probable that it will vest at some point in the future.

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. The 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 Teacher's Retirement Fund Association (DTRFA) in 2015.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District 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, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2021.

R. Fund Equity

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include, but are not limited to, inventories and prepaid items.
- Restricted Fund Balances – These are subject to externally enforceable legal restrictions.
- Assigned Fund Balances – The School Board by majority vote may assign fund balances to be used for specific purposes. The board also delegated power to assign fund balances to the Superintendent and Director of Finance.
- Minimum Fund Balance Policy – The School Board shall strive to maintain a fund balance of between 7% and 10% of total unrestricted expenditures. The fund balance shall be defined as the sum of the undesignated/unreserved fund balance. It shall not include funds reserved for operating capital, health and safety, basic skills, or any other new reserve created by the School Board, state, or federal guidelines.

S. Net Position

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

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

The preparation of basic 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

U. Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to July 1, the School Superintendent submits to the School Board, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
4. Budgets for the governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the District maintains deposits at depository banks authorized by the School Board.

Custodial Credit Risk – Deposits: This is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. *Minnesota Statutes* requires all deposits be protected by federal depository insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. The District's policy states funds may not be invested in an institution that does not agree to provide the required collateral as noted.

As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

At June 30, 2021, the District had the following deposits:

Pooled	
Cash	\$ (59,385)
Certificates of deposit	1,498,700
Total pooled deposits	<u>\$ 1,439,315</u>
Non-pooled	
OPEB Revocable Trust Fund	
Certificates of deposit	<u>\$ 1,733,500</u>

B. Investments

As of June 30, 2021, the District had the following investments:

Investment	Maturities	Fair Value	Percent of Total	Type	Credit Rating
Pooled					
MNTrust investment shares	6/30/21	\$ 8,308,448	43.03%	MMA	AAAm
MNTrust Term Series	7/26/21	<u>11,000,000</u>	56.97%	TS	AAAm
Total pooled		<u>\$ 19,308,448</u>	100.00%		
Investment	Maturities	Fair Value	Percent of Total	Type	Credit Rating
OPEB Revocable Trust Fund non-pooled					
MNTRUST Investment Shares	6/30/21	\$ 54,306	1.95%	MMA	AAAm
Azle ISD REF TXBL	2/15/22	224,332	8.07%	SEC	AAA
Kane SD #304-UNREF	1/1/23	741,349	26.65%	SEC	Aa2
Desert Sands USD-REF	8/1/23	241,588	8.69%	SEC	Aa2
NYC-D2-TXBL	12/1/23	1,066,940	38.36%	SEC	Aa2
Schenectady Co	12/15/23	234,317	8.42%	SEC	Aa1
Oklahoma City TXBL	3/1/24	<u>218,536</u>	7.86%	SEC	Aaa
Total OPEB Revocable Trust Fund non-pooled investments		<u>\$ 2,781,368</u>	100.00%		
Total investments		<u>\$ 22,089,816</u>			

MNTrust is an external investment pool not registered with the SEC and invests according to *Minnesota Statutes*. The fair value position in the pool is the same as the value of the pooled shares.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This is the risk an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy limits its investments to those allowed by state statutes. Additionally, investment in commercial paper is limited to those rated in the highest classifications by at least two of the four nationally recognized rating services.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The District's investment policy states investment maturities shall be scheduled to coincide with projected District cash flow needs.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy places no limit on the amount the District may invest in any one issuer, though it does state the District will limit investments to avoid over concentration in securities from a specific issuer or business sector. As of June 30, 2021, the District was exposed to concentration of credit risk as more than 5% of its total investments were invested in individual investments as indicated by the table on the previous pages.

Custodial Credit Risk – Investments: This is the risk in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy requires all investments be held in third party safekeeping by an institution designated as a custodial agent and all investments shall be fully collateralized.

The District has the following recurring fair value measurements as of June 30, 2021:

- \$2,727,062 of investments are significant other observable inputs (Level 2 inputs)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2021:

Petty cash	\$ 400
Deposits (Note 3.A.)	
Pooled	1,439,315
Non-pooled	1,733,500
Investments (Note 3.B.)	
Pooled	19,308,448
Non-pooled	<u>2,781,368</u>
Total deposits and investments	<u><u>\$ 25,263,031</u></u>

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Cash, deposits, and investments are presented in the June 30, 2021, basic financial statements as follows:

Statement of Net Position

Cash and investments	<u><u>\$ 25,263,031</u></u>
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NOTE 3 – INTERFUND ACTIVITY

A. Transfers

	Transfers In		Total
	Capital Project Fund	Other Nonmajor Funds	
Transfers out			
General Fund	<u><u>\$ 600,693</u></u>	<u><u>\$ 107,893</u></u>	<u><u>\$ 708,586</u></u>

These transfers were performed to distribute levy dollars dedicated to specific funds in accordance with bond documents and levy.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 657,500	\$ -	\$ -	\$ 657,500
Work in progress	378,139	984,096	117,651	1,244,584
Total capital assets not being depreciated	<u>1,035,639</u>	<u>984,096</u>	<u>117,651</u>	<u>1,902,084</u>
Capital assets being depreciated				
Buildings	89,476,992	388,738	-	89,865,730
Land improvements	4,284,206	-	-	4,284,206
Furniture and equipment	3,412,971	194,437	76,058	3,531,350
Total capital assets being being depreciated	<u>97,174,169</u>	<u>583,175</u>	<u>76,058</u>	<u>97,681,286</u>
Less accumulated depreciation for				
Buildings	43,069,832	3,342,194	-	46,412,026
Land improvements	1,375,646	173,937	-	1,549,583
Furniture and equipment	2,300,595	144,948	48,472	2,397,071
Total accumulated depreciation	<u>46,746,073</u>	<u>3,661,079</u>	<u>48,472</u>	<u>50,358,680</u>
Total capital assets being depreciated, net	<u>50,428,096</u>	<u>(3,077,904)</u>	<u>27,586</u>	<u>47,322,606</u>
Governmental activities, capital assets, net	<u>\$ 51,463,735</u>	<u>\$ (2,093,808)</u>	<u>\$ 145,237</u>	<u>\$ 49,224,690</u>

Depreciation expense of \$3,661,079 for the year ended June 30, 2021, was charged to the following governmental functions:

District support services	\$ 7,948
Regular instruction	5,076
Vocational Instruction	597
Special education instruction	8,351
Instructional support services	34,774
Food service	31,898
Community education and services	64,176
Unallocated	<u>3,508,259</u>
Total depreciation expense	<u>\$ 3,661,079</u>

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

Long-term liabilities as of June 30, 2021, consisted of the following:

	Interest Rate	Maturity Date	Original Issue	Balance	Due Within One Year
G.O. School Building Bonds					
Series 2016A	3.00%-5.00%	02/01/35	25,890,000	\$ 25,275,000	\$ 200,000
G.O. Alternative Facilities Bonds					
Series 2016B	4.00%-5.00%	02/01/28	16,740,000	12,355,000	1,285,000
G.O. Abatement Bonds					
Series 2017A	3.00%	02/01/27	1,960,000	1,355,000	210,000
G.O. Taxable OPEB Refunding Bonds					
Series 2018A	2.95%-3.40%	02/01/24	2,450,000	1,525,000	495,000
G.O. School Building Refunding Bonds					
Series 2020A	5.00%	11/12/20	4,475,000	4,475,000	770,000
Unamortized bond discounts and premiums, net				3,837,928	-
Total G.O. bonds (net of unamortized premium)				48,822,928	2,960,000
Energy loan capital lease	4.15%	07/31/22	3,142,381	332,353	260,999
Elementary additions capital lease	2.75%	02/01/28	3,400,000	1,752,104	230,266
Technology Lease	4.00%	02/24/22	204,299	15,243	15,243
Technology Lease	4.00%	02/24/23	82,748	18,439	16,772
Technology Lease	4.69%	08/31/22	102,850	34,456	23,296
Technology Lease	4.65%	08/31/22	34,080	11,056	7,852
Technology Lease	4.70%	08/31/22	117,475	38,213	27,029
Technology Lease	3.65%	08/31/23	92,270	50,800	20,153
Technology Lease	3.56%	02/28/24	175,745	96,599	38,496
Technology Lease	2.98%	04/22/21	410,880	323,810	77,424
Vacation payable				451,868	451,868
Severance payable				350,175	48,279
Total all long-term liabilities				<u>\$ 52,298,044</u>	<u>\$ 4,177,677</u>

The long-term bond and lease liabilities listed above were issued to finance the acquisition and construction, or improvements of capital facilities, or to refinance (refund) previous bond issues. Other liabilities are typically liquidated through the General Fund.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds

Year Ending, June 30,	G.O. Bonds		
	Principal	Interest	Total
2022	\$ 2,960,000	\$ 1,863,656	\$ 4,823,656
2023	3,140,000	1,679,665	4,819,665
2024	3,280,000	1,535,550	4,815,550
2025	3,455,000	1,384,350	4,839,350
2026	3,620,000	1,216,200	4,836,200
2027-2031	16,025,000	3,701,700	19,726,700
2032-2035	12,505,000	951,600	13,456,600
Total	<u>\$ 44,985,000</u>	<u>\$ 12,332,721</u>	<u>\$ 57,317,721</u>

In November 2020, the District issued \$4,475,000 of General Obligation Building Refunding Bond, Series 2020A for the current refunding of the General Obligation Building Refunding Bond, Series 2012B. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease of future debt service payments of \$337,826. The net present value cash flow savings from this transaction was \$332,845.

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 48,605,000	\$ 4,475,000	\$ 8,095,000	\$ 44,985,000
Unamortized discount and premium, net	4,022,810	671,183	856,065	3,837,928
Capital lease	3,115,642	410,880	853,449	2,673,073
Vacation payable	422,316	575,834	546,282	451,868
Severance benefits payable	421,134	-	70,959	350,175
Total long-term liabilities	<u>\$ 56,586,902</u>	<u>\$ 6,132,897</u>	<u>\$ 10,421,755</u>	<u>\$ 52,298,044</u>

D. Capital Lease Obligations

On August 3, 2017, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$204,299. The capital lease agreement includes annual principal and interest payments ranging from \$15,811 to \$50,588.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

On August 3, 2017, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$82,748. The capital lease agreement includes annual principal and interest payments ranging from \$1,722 to \$17,443.

On May 16, 2018, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$102,850. The capital lease agreement includes annual principal and interest payments ranging from \$11,649 to \$24,949.

On May 16, 2018, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$34,080. The capital lease agreement includes annual principal and interest payments ranging from \$3,344 to \$8,383.

On June 11, 2018, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$117,475. The capital lease agreement includes annual principal and interest payments ranging from \$11,675 to \$22,863.

On August 1, 2019, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$92,270. The capital lease agreement includes annual principal and interest payments ranging from \$10,108 to \$22,038.

On February 28, 2020, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$175,745. The capital lease agreement includes annual principal and interest payments ranging from \$18,872 to \$41,995.

On April 22, 2021, the District entered into a lease purchase agreement for technology. The capital lease obligation totaled \$410,880. The capital lease agreement includes annual principal and interest payments of \$87,070.

The future minimum lease obligations and the net present value of these minimum lease payments are listed below.

Year Ending June 30,	
2022	\$ 794,307
2023	529,312
2024	392,926
2025	363,946
2026	276,876
2027-2031	553,754
Total minimum lease payments	2,911,121
Less amount representing interest	(238,048)
	<u>\$ 2,673,073</u>
Present value of net minimum lease payments	<u>\$ 2,673,073</u>

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

The assets purchased with the 2013 leases are classified as buildings and totaled \$3,211,356. The associated accumulated depreciation for these assets is \$513,817 for a net value of \$2,697,539. The assets added through the 2013 leases are less than the leases issued due to expenditures that did not meet the criteria for capitalization.

The assets purchased through the fiscal year 2017 leases did not meet the threshold for capitalization and are not included in capital assets, therefore there is no depreciation or net value to report.

The assets purchased with the 2018 leases are classified as equipment and totaled \$59,699. The associated accumulated depreciation for these assets is \$47,759 for a net value of \$11,940. The assets added through the 2018 leases are less than the leases issued due to expenditures that did not meet the criteria for capitalization.

The assets purchased through the fiscal year 2020 leases did not meet the threshold for capitalization and are not included in capital assets, therefore there is no depreciation or net value to report.

The assets purchased through the fiscal year 2021 leases did not meet the threshold for capitalization and are not included in capital assets, therefore there is no depreciation or net value to report.

NOTE 6 – FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 6 – FUND BALANCES (CONTINUED)

Fund Equity

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable					
Inventories	\$ -	\$ -	\$ -	\$ 26,850	\$ 26,850
Prepaid items	341,966	-	-	13,115	355,081
Total nonspendable	<u>341,966</u>	<u>-</u>	<u>-</u>	<u>39,965</u>	<u>381,931</u>
Restricted/reserved for					
Student Activities	79,365	-	-	-	79,365
Safe Schools	258,467	-	-	-	258,467
Operating Capital	333,849	-	-	-	333,849
Medical Assistance	984,319	-	-	-	984,319
Long Term Facilities Maintenance	1,004,602	-	-	-	1,004,602
ECFE	-	-	-	29,373	29,373
School Readiness	-	-	-	76,494	76,494
Capital Projects Levy	177,408	-	1,429,921	-	1,607,329
Debt Service	-	923,892	-	116,214	1,040,106
Food Service	-	-	-	603,154	603,154
Community Service	-	-	-	95,914	95,914
Total Restricted/reserved	<u>2,838,010</u>	<u>923,892</u>	<u>1,429,921</u>	<u>921,149</u>	<u>6,112,972</u>
Assigned for					
Students	149,259	-	-	-	149,259
Capital Project	1,000,000	-	-	-	1,000,000
Separation/Retirement Benefits	350,589	-	-	-	350,589
Subsequent year budget deficit	100,000	-	-	-	100,000
Medical Assistance Pre 2016-2017	142,025	-	-	-	142,025
Pandemic support to other funds	800,000	-	-	-	800,000
Curriculum adoption	750,000	-	-	-	750,000
Total assigned	<u>3,291,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,291,873</u>
Unassigned	<u>3,119,678</u>	<u>-</u>	<u>-</u>	<u>(260,873)</u>	<u>2,858,805</u>
Total fund balance	<u>\$ 9,591,527</u>	<u>\$ 923,892</u>	<u>\$ 1,429,921</u>	<u>\$ 700,241</u>	<u>\$ 12,645,581</u>

Nonspendable for Inventories and Prepaid Items – A portion of the fund balance has been spent on inventory and prepaid expenses and is not available for other uses.

Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

Restricted/Reserved for Safe Schools – Crime Levy – The unspent resources available from the levy must be reserved in this account for future use.

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 6 – FUND BALANCES (CONTINUED)

Fund Equity (Continued)

Restricted/Reserved for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account

Restricted/Reserved for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

Restricted/Reserved for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education, and extended day programs.

Restricted/Reserved for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming.

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs. Related to Finance Code 344, School Readiness *Minnesota Statutes* 124D.16.

Restricted/Reserved for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statutes* 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account.

Restricted/Reserved for Debt Service – This balance represents the positive fund balance of the Debt Service Fund.

Restricted for Food Service – This balance represents the positive fund balance of the Food Service Fund.

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund not set aside in other restrictions.

Assigned for Students – This balance represents resources set aside for each building based on fundraising done by students and donations for various programs.

Assigned for Capital Projects – This balance represents resources set aside for future capital projects.

Assigned for Separation/Retirement Benefits – This balance represents resources set aside for future separation and retirement obligations.

Independent School District No. 14

Notes to Basic Financial Statements

NOTE 6 – FUND BALANCES (CONTINUED)

Fund Equity (Continued)

Assigned for Subsequent year budget deficit – This balance represents resources set aside for future years budget deficit.

Assigned for Medical Assistance Revenue – This balance represents medical assistance revenues that have been received but not yet spent and are available for future obligations.

Assigned for pandemic support to other funds – This balance represents resources set aside for pandemic support to other funds.

Assigned for curriculum adoption – This balance represents resources set aside for curriculum adoption.

Net position restricted for other purposes is comprised of the positive General Fund and total Special Revenue Funds restricted balances.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2021, was \$4,044,380. The components of pension expense are noted in the following plan summaries.

The General Fund, Food Service Fund, and Community Service Funds typically liquidate the liability related to pensions.

Teachers' Retirement Association

A. Plan Description

The Teachers 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 teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by Minnesota State.

B. Benefits Provided

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

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided

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

Tier 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:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

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

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

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2019, June 30, 2020, and June 30, 2021, were:

	June 30, 2019		June 30, 2020		June 30, 2021	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.71%	11.0%	11.92%	11.0%	12.13%
Coordinated	7.5%	7.71%	7.5%	7.92%	7.5%	8.13%

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223
Deduct employer contributions not related to future contribution efforts	(56)
Deduct TRA's contributions not included in allocation	<u>(508)</u>
Total employer contributions	424,659
Total non-employer contributions	<u>35,587</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u><u>\$ 460,246</u></u>

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

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

C. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2020
Experience study	June 5, 2015
	November 6, 2017, (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumptions

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	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 projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension 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 pension 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	100 %	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions and methods for the July 1, 2020, valuation:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years, and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2020 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).

F. Net Pension Liability

On June 30, 2021, the District reported a liability of \$23,368,668 for its proportionate share of the net pension liability. 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 to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.3163% at the end of the measurement period and 0.3274% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 23,368,668
State's proportionate share of the net pension liability associated with the District	1,958,323

For the year ended June 30, 2021, the District recognized pension expense of \$3,897,216. Included in this amount, the District recognized \$179,396 as pension expense for the support provided by direct aid.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 468,636	\$ 368,524
Net difference between projected and actual earnings on plan investments	272,998	-
Changes in assumptions	8,297,394	21,006,698
Changes in proportion	2,588,635	1,154,881
District's contributions subsequent to measurement date	<u>1,579,940</u>	<u>-</u>
Total	<u><u>\$ 13,207,603</u></u>	<u><u>\$ 22,530,103</u></u>

The \$1,579,940 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	\$ 725,100
2023	(6,795,177)
2024	(5,076,935)
2025	265,246
2026	<u>(20,674)</u>
Total	<u><u>\$ (10,902,440)</u></u>

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5%) and 1 percent higher (8.5%) than the current rate.

District proportionate share of NPL		
1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
\$ 35,777,183	\$ 23,368,668	\$ 13,144,678

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

H. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That can be obtained at www.MinnesotaTRA.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

Public Employees' Retirement Association

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides 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.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

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 annuity accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years of service 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% 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. 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.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$477,893. The District's contributions were equal to the required contributions as set by state statute.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$5,335,957 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$164,642. 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 proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0890% at the end of the measurement period and 0.0936% for the beginning of the period.

District's proportionate share of net pension liability	\$ 5,335,957
State's proportionate share of the net pension liability associated with the District	<u>164,642</u>
Total	<u><u>\$ 5,500,599</u></u>

For the year ended June 30, 2021, the District recognized pension expense of \$147,164 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$14,329 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At June 30, 2021, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 51,173	\$ 20,189
Changes in actuarial assumptions	-	203,865
Difference between projected and actual investments earnings	64,219	-
Change in proportion	-	225,779
Contributions paid to PERA subsequent to the measurement date	<u>477,893</u>	<u>-</u>
Total	<u><u>\$ 593,285</u></u>	<u><u>\$ 449,833</u></u>

The \$477,893 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	\$ (421,967)
2023	(79,669)
2024	38,276
2025	<u>128,919</u>
Total	<u><u>\$ (334,441)</u></u>

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25 % Per year
Active member payroll growth	3.00 % Per year
Investment rate of return	7.50 %

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

General Employees Fund Pension Costs (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2020, valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

Changes in Plan Provisions

- Augmentation or current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	100 %	

F. Discount Rates

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

	1% Decrease in Discount Rate <u>6.5%</u>	Current Discount Rate <u>7.5%</u>	1% Increase in Discount Rate <u>8.5%</u>
District's proportionate share of the PERA net pension liability	\$ 8,551,688	\$ 5,335,957	\$ 2,683,237

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund's fiduciary net position is available in a separately-issued PERA financial report that includes the basic financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. It is the District's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

B. Benefits Paid

The District provides post employment retirement benefits to pay health and life insurance premiums for certain retired District personnel. Benefits are paid on behalf of retired administrative personnel to Medicare eligibility and other qualified staff to Medicare eligibility at which time benefits cease. The General Fund, Food Service Fund and Community Service Fund typically liquidate the Liability related to OPEB.

C. Members

As of June 30, 2021, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>439</u>
Total	<u><u>458</u></u>

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2021, the District contributed \$376,856 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	2.40%
Expected Return	n/a
Inflation	2.50%
Healthcare cost trend increases	6.50% in 2020, grading to 5.00% over 6 years and then to 4.00% over next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale

The actuarial assumptions used in the July 31, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

Assumption Changes

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10% to 2.40%.

The discount rate used to measure the total OPEB liability was 2.40%.

F. Total OPEB Liability

The District's total OPEB liability of \$2,965,915 was measured as of July 31, 2020 and was determined by an actuarial valuation as of that date.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at July 1, 2020	<u>\$ 2,984,659</u>
Changes for the year	
Service cost	304,076
Interest	96,599
Differences between expected and actual economic experience	(303,240)
Changes in assumptions	(53,093)
Plan changes	284,835
Benefit payments	<u>(347,921)</u>
Net changes	<u>(18,744)</u>
Balances at July 1, 2021	<u><u>\$ 2,965,915</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.10% in 2020 to 2.40% in 2021.

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 2.40% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (1.40%)	Current Discount Rate (2.40%)	1% Increase in Discount Rate (3.40%)
Total OPEB liability (asset)	\$ 3,122,395	\$ 2,965,915	\$ 2,814,385

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	1% decrease (5.50% decreasing to 4.0%)	Current (6.50% decreasing to 5.0%)	1% increase (7.50 decreasing to 6.0%)
Total OPEB liability (asset)	\$ 2,717,206 ₁₄₁	\$ 2,965,915	\$ 3,264,199

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$530,102. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Gains	\$ -	\$ 711,719
Changes of assumptions	41,585	45,508
Contributions made subsequent to the measurement date	376,856	-
	<u> </u>	<u> </u>
Total	<u>\$ 418,441</u>	<u>\$ 757,227</u>

\$376,856 reported as a deferred outflow of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The remaining balances will be recognized in future years as follows:

Year Ended June 30,	Total
2022	\$ (155,408)
2023	(155,408)
2024	(155,408)
2025	(155,408)
2026	(43,107)
Thereafter	(50,903)
	<u> </u>
Total	<u>(715,642)</u>

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2021.

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 9 – RISK MANAGEMENT (CONTINUED)

On July 1, 2006, the District began to self-insure for dental insurance. Under this program, the fund provides up to a maximum of \$ 2,000 of benefit per covered person per calendar year. The General, Food Service, and Community Service Funds of the District participate in the program and make payments to the dental insurance plan recorded in the General Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

Payments are made based on actuarial estimates of the amounts needed to pay claims. The Self-Insured Dental Benefits Internal Service Fund includes a reserve of \$302,420 for catastrophe losses. The total claims liability reported in the Fund at June 30, 2021, is \$6,692 and include amounts for known claims. These estimates are determined based on the probability that a loss has occurred and the amount of the loss can be reasonably estimated.

On July 1, 2015, the District began to self-insure for health insurance. A stop-loss policy was purchased that limits the District's loss to \$125,000 of claims per person at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 115% of the current year's total expected annual claims at which point the reinsurance coverage is available.

The General, Food Service, and Community Service Funds of the District participate in the program and make payments to the Self-Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self-Insured Medical Benefits Internal Service Fund includes a reserve of \$5,468,594 for catastrophe losses. The total claims liability reported in the Fund at June 30, 2021, is \$323,231 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amounts for the past three years were as follows:

	Balance, Beginning of Year	Claims, Expense and Estimates	Claims Payments	Balance, End of Year
2018-2019	\$ 491,135	\$ 4,743,049	\$ (4,972,323)	\$ 261,861
2019-2020	261,861	5,314,371	(5,284,351)	291,881
2020-2021	291,881	5,117,456	(5,079,414)	329,923

Independent School District No. 14
Notes to Basic Financial Statements

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The District has in process various multi-year construction and repair projects which were not completed in the current fiscal year. As of June 30, 2021, outstanding commitments for these multi-year projects total approximately \$1,797,297.

NOTE 11 – SUBSEQUENT EVENTS

The District entered into four lease agreements for various technology items for a total of \$580,145.

NOTE 12 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2022.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 14
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	\$ 268,733	\$ 261,627	\$ 285,365	\$ 304,076
Interest	117,244	120,305	105,136	96,599
Differenced between expected and actual experience	-	(790,649)	-	(303,240)
Changes of assumptions	-	4,521	54,604	(53,093)
Plan changes	-	159,928	-	284,835
Benefit payments	(303,571)	(273,818)	(354,893)	(347,921)
Other changes	-	-	-	-
Net change in total OPEB liability	82,406	(518,086)	90,212	(18,744)
Beginning of year	3,330,127	3,412,533	2,894,447	2,984,659
End of year	<u>\$ 3,412,533</u>	<u>\$ 2,894,447</u>	<u>\$ 2,984,659</u>	<u>\$ 2,965,915</u>
Covered payroll	\$ 21,815,879	\$ 22,997,695	\$ 23,687,626	\$ 24,057,473
Total OPEB liability as a percentage of covered-employee	15.64%	12.59%	12.60%	12.33%

Independent School District No. 14
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1101%	\$ 5,171,946	\$ -	\$ 5,171,946	\$ 5,778,869	89.5%	78.7%
2015	0.0986%	5,109,964	-	5,109,964	5,696,880	89.7%	76.8%
2016	0.0953%	7,737,887	101,013	7,838,900	5,910,760	130.9%	68.9%
2017	0.0955%	6,096,657	76,662	6,173,319	6,152,440	99.1%	75.9%
2018	0.0940%	5,214,735	171,082	5,385,817	6,317,693	82.5%	79.5%
2019	0.0936%	5,174,934	160,993	5,335,927	6,627,653	78.1%	80.2%
2020	0.0890%	5,335,957	164,642	5,500,599	6,349,147	84.0%	79.1%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3144%	\$ 14,487,326	\$ 1,019,111	\$ 15,506,437	\$ 14,351,614	100.9%	81.5%
2015	0.3011%	18,626,013	2,284,436	20,910,449	15,281,867	121.9%	76.8%
2016	0.3130%	74,657,968	7,493,341	82,151,309	16,280,760	458.6%	44.9%
2017	0.3287%	65,614,483	6,343,192	71,957,675	17,693,453	370.8%	51.6%
2018	0.3409%	21,411,711	2,011,542	23,423,253	18,836,973	113.7%	78.1%
2019	0.3274%	20,868,545	1,846,938	22,715,483	18,586,874	112.3%	78.2%
2020	0.3163%	23,368,668	1,958,323	25,326,991	18,383,674	127.1%	75.5%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Independent School District No. 14
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 418,968	\$ 418,968	\$ -	\$ 5,778,869	7.25%
2015	427,266	427,266	-	5,696,880	7.50%
2016	443,307	443,307	-	5,910,760	7.50%
2017	461,433	461,433	-	6,152,440	7.50%
2018	473,827	473,827	-	6,317,693	7.50%
2019	497,074	497,074	-	6,627,653	7.50%
2020	476,186	476,186	-	6,349,147	7.50%
2021	477,893	477,893	-	6,371,907	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of District Contributions
TRA Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 1,004,613	\$ 1,004,613	\$ -	\$ 14,351,614	7.0%
2015	1,146,140	1,146,140	-	15,281,867	7.5%
2016	1,221,057	1,221,057	-	16,280,760	7.5%
2017	1,327,009	1,327,009	-	17,693,453	7.5%
2018	1,412,773	1,412,773	-	18,836,973	7.5%
2019	1,433,048	1,433,048	-	18,586,874	7.7%
2020	1,455,987	1,455,987	-	18,383,674	7.9%
2021	1,579,940	1,579,940	-	19,433,456	8.1%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Independent School District No. 14
Notes to the Required Supplementary Information

TRA Retirement Fund

2020 Changes

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (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% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% 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 July 1, 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 0.0% 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 was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 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 discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.

Independent School District No. 14
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as 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 post-retirement mortality assumption was changed to 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.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- 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 form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Independent School District No. 14
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2015 Changes (Continued)

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

Independent School District No. 14
Notes to the Required Supplementary Information

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

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 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 14
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)

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 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 14
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% 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 increased 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.

SUPPLEMENTARY INFORMATION

Independent School District No. 14
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue		Debt Service	
			Post	
			Employment	
			Benefits Debt	
	Food Service	Community Service	Service	Total Nonmajor Funds
Assets				
Cash and investments	\$ 401,633	\$ 36,181	\$ 323,619	\$ 761,433
Current property taxes receivable	-	257,306	329,390	586,696
Delinquent property taxes receivable	-	5,181	7,422	12,603
Accounts receivable, net of allowance	100	32,014	-	32,114
Due from Department of Education	-	50,211	-	50,211
Due from other Minnesota school districts	-	12,637	-	12,637
Due from federal government				
through Department of Education	237,208	85,845	-	323,053
Due from other governmental units	-	7,649	-	7,649
Inventory	26,850	-	-	26,850
Prepaid items	7,064	6,051	-	13,115
Total assets	<u>\$ 672,855</u>	<u>\$ 493,075</u>	<u>\$ 660,431</u>	<u>\$ 1,826,361</u>
Liabilities				
Accounts payable	\$ 8,840	\$ 14,591	\$ -	\$ 23,431
Salaries and benefits payable	7,772	88,863	-	96,635
Due to other governmental units	-	762	-	762
Unearned revenue	19,175	17,180	-	36,355
Total liabilities	<u>35,787</u>	<u>121,396</u>	<u>-</u>	<u>157,183</u>
Deferred Outflows of Resources				
Unavailable revenue - delinquent property taxes	-	3,022	4,380	7,402
Property taxes levied for				
subsequent year's expenditures	-	421,698	539,837	961,535
Total deferred inflows of resources	<u>-</u>	<u>424,720</u>	<u>544,217</u>	<u>968,937</u>
Fund Balances				
Nonspendable	33,914	6,051	-	39,965
Restricted	603,154	201,781	116,214	921,149
Unassigned	-	(260,873)	-	(260,873)
Total fund balances	<u>637,068</u>	<u>(53,041)</u>	<u>116,214</u>	<u>700,241</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 672,855</u>	<u>\$ 493,075</u>	<u>\$ 660,431</u>	<u>\$ 1,826,361</u>

Independent School District No. 14
Combining Statement of Revenues, Expenditures, and Changes
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue		Debt Service	
			Post	
			Employment	
			Benefits Debt	
	Food Service	Community Service	Service	Total Nonmajor Funds
Revenues				
Local property taxes	\$ -	\$ 388,903	\$ 542,967	\$ 931,870
Other local and county revenues	5,814	507,247	276	513,337
Revenue from state sources	13,468	688,890	-	702,358
Revenue from federal sources	1,580,037	177,034	-	1,757,071
Sales and other conversion of assets	10,634	-	-	10,634
Total revenues	<u>1,609,953</u>	<u>1,762,074</u>	<u>543,243</u>	<u>3,915,270</u>
Expenditures				
Current				
Food service	1,594,993	-	-	1,594,993
Community education and services	-	2,326,011	-	2,326,011
Capital outlay				
Food service	1,890	-	-	1,890
Community education and services	-	2,957	-	2,957
Debt service				
Principal	-	-	475,000	475,000
Interest and fiscal charges	-	-	65,555	65,555
Total expenditures	<u>1,596,883</u>	<u>2,328,968</u>	<u>540,555</u>	<u>4,466,406</u>
Excess of revenues over (under) expenditures	13,070	(566,894)	2,688	(551,136)
Other Financing Sources				
Proceeds from sale of capital assets	-	2,404	-	2,404
Transfers in	-	107,893	-	107,893
Total other financing sources (uses)	<u>-</u>	<u>110,297</u>	<u>-</u>	<u>110,297</u>
Net change in fund balances	13,070	(456,597)	2,688	(440,839)
Fund Balances				
Beginning of year	<u>623,998</u>	<u>403,556</u>	<u>113,526</u>	<u>1,141,080</u>
End of year	<u>\$ 637,068</u>	<u>\$ (53,041)</u>	<u>\$ 116,214</u>	<u>\$ 700,241</u>

Independent School District No. 14
Combining Statement of Net Position - Internal Service Funds
June 30, 2021

	Self Insurance	OPEB Revocable Trust	Total Internal Service Funds
Assets			
Cash and cash equivalents	\$ 7,285,112	\$ (107,975)	\$ 7,177,137
Investments	-	4,460,562	4,460,562
Accounts receivable	-	17,643	17,643
Interest receivable	-	52,508	52,508
	<u>-</u>	<u>52,508</u>	<u>52,508</u>
Total assets	<u>\$ 7,285,112</u>	<u>\$ 4,422,738</u>	<u>\$ 11,707,850</u>
Liabilities			
Accounts payable	\$ 119,730	\$ -	\$ 119,730
Incurred but not reported claims	210,193	-	210,193
Unearned revenue	1,184,175	-	1,184,175
	<u>1,514,098</u>	<u>-</u>	<u>1,514,098</u>
Total liabilities	<u>1,514,098</u>	<u>-</u>	<u>1,514,098</u>
Net Position			
Unrestricted	<u>5,771,014</u>	<u>4,422,738</u>	<u>10,193,752</u>
Total liabilities and net position	<u>\$ 7,285,112</u>	<u>\$ 4,422,738</u>	<u>\$ 11,707,850</u>

Independent School District No. 14
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2021

	Self Insurance	OPEB Revocable Trust	Total Internal Service Funds
Operating Revenues			
Charges for services	\$ 6,117,189	\$ 220,916	\$ 6,338,105
Operating Expense			
Insurance	4,510,427	332,778	4,843,205
Administrative	607,029	-	607,029
Total operating expenses	<u>5,117,456</u>	<u>332,778</u>	<u>5,450,234</u>
Operating income (loss)	999,733	(111,862)	887,871
Nonoperating Revenues			
Investment income	<u>-</u>	<u>31,552</u>	<u>31,552</u>
Change in net position	999,733	(80,310)	919,423
Net Position			
Beginning of year	<u>4,771,281</u>	<u>4,503,048</u>	<u>9,274,329</u>
End of year	<u><u>\$ 5,771,014</u></u>	<u><u>\$ 4,422,738</u></u>	<u><u>\$ 10,193,752</u></u>

Independent School District No. 14
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2021

	Self Insurance	OPEB Revocable Trust	Total Internal Service Funds
Cash Flows - Operating Activities			
Receipts from district contribution	\$ -	\$ 218,428	\$ 218,428
Receipts from employees	6,153,919	-	6,153,919
Payments to vendors	(5,079,414)	(332,778)	(5,412,192)
Net cash flows - operating activities	<u>1,074,505</u>	<u>(114,350)</u>	<u>960,155</u>
Cash Flows - Investing Activities			
Net sale/(purchase) of investments	-	(664,388)	(664,388)
Interest received	-	111,857	111,857
Net cash flows - investing activities	<u>-</u>	<u>(552,531)</u>	<u>(552,531)</u>
Net change in cash and cash equivalents	1,074,505	(666,881)	407,624
Cash and Cash Equivalents			
Beginning of year	<u>6,210,607</u>	<u>558,906</u>	<u>6,769,513</u>
End of year	<u><u>\$ 7,285,112</u></u>	<u><u>\$ (107,975)</u></u>	<u><u>\$ 7,177,137</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 999,733	\$ (111,862)	\$ 887,871
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Accounts receivable	-	(2,488)	(2,488)
Unearned revenue	36,730	-	36,730
Accounts payable	<u>38,042</u>	<u>-</u>	<u>38,042</u>
Net cash flows - operating activities	<u><u>\$ 1,074,505</u></u>	<u><u>\$ (114,350)</u></u>	<u><u>\$ 960,155</u></u>

Independent School District No. 14
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2021

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 47,095,865	\$ 47,095,864	\$ 1	Total revenue	\$ -	\$ -	\$ -
Total expenditures	44,687,856	44,687,853	3	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	341,966	341,967	(1)	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	79,365	79,365	-	4.07 Capital Projects Levy	1,429,921	1,429,921	-
4.02 Scholarships	-	-	-	4.13 Building Projects funded by COP	-	-	-
4.07 Capital Projects Levy	177,408	177,408	-	4.67 Long-term Facilities Maintenance	-	-	-
4.08 Cooperative Programs	-	-	-	<i>Restricted:</i>			
4.13 Alternative Facility Program	-	-	-	4.64 Restricted fund balance	-	-	-
4.14 Operating Debt	-	-	-	<i>Unassigned:</i>			
4.16 Levy Reduction	-	-	-	4.63 Unassigned fund balance	-	-	-
4.17 Taconite Building Maintenance	-	-	-				
4.24 Operating Capital	333,849	333,848	1	07 DEBT SERVICE FUND			
4.26 \$25 Taconite	-	-	-	Total revenue	\$ 4,479,531	\$ 4,479,532	\$ (1)
4.27 Disabled Accessibility	-	-	-	Total expenditures	4,404,682	4,404,683	(1)
4.28 Learning and Development	-	-	-	<i>Nonspendable:</i>			
4.34 Area Learning Center	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.35 Contracted Alternative Programs	-	-	-	<i>Restricted/reserved:</i>			
4.36 State Approved Alternative Program	-	-	-	4.25 Bond refunding	-	-	-
4.38 Gifted And Talented	-	1	(1)	4.33 Maximum effort loan aid	-	-	-
4.41 Basic Skills Programs	-	-	-	4.51 QZAB payments	-	-	-
4.45 Career Technical Programs	-	-	-	4.67 LTFM	-	-	-
4.48 Achievement And Integration Revenue	-	-	-	<i>Restricted:</i>			
4.49 Safe School Crime	258,467	258,467	-	4.64 Restricted fund balance	923,892	923,892	-
4.51 QZAB Payments	-	-	-	<i>Unassigned:</i>			
4.52 Opeb Liabilities Not Held In Trust	-	-	-	4.63 Unassigned fund balance	-	-	-
4.53 Unfunded Severance And Retirement Levy	-	-	-				
4.59 Basic Skills Extended Time	-	-	-	08 TRUST FUND			
4.67 Long-term Facilities Maintenance	1,004,602	1,004,602	-	Total revenue	\$ -	\$ -	\$ -
4.72 Medical Assistance	984,319	984,319	-	Total expenditures	-	-	-
4.64 Restricted Fund Balance	-	-	-	<i>Unassigned:</i>			
4.75 Title VII - Impact Aid	-	-	-	4.01 Student Activities	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.02 Scholarships	-	-	-
<i>Restricted:</i>				4.22 Net position	-	-	-
4.64 Restricted fund balance	-	-	-				
<i>Committed:</i>				18 CUSTODIAL			
4.18 Committed for separation	-	-	-	Total revenue	-	-	-
4.61 Committed	-	-	-	Total expenditures	-	-	-
<i>Assigned:</i>				<i>Restricted/Reserved:</i>			
4.62 Assigned fund balance	3,291,873	3,291,873	-	4.01 Student Activities	-	-	-
<i>Unassigned:</i>				4.02 Scholarships	-	-	-
4.22 Unassigned fund balance	3,119,678	3,119,678	-	4.48 Achievement and Integration	-	-	-
				4.64 Restricted	-	-	-
02 FOOD SERVICES FUND				20 INTERNAL SERVICE FUND			
Total revenue	\$ 1,609,953	\$ 1,609,953	\$ -	Total revenue	\$ 6,117,189	\$ 6,117,190	\$ (1)
Total expenditures	1,596,883	1,596,883	-	Total expenditures	5,117,456	5,117,456	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable fund balance	33,914	33,914	-	4.22 Net position	5,771,014	5,771,014	-
See notes to required supplementary information.							
452 OPEB Liabilities not Held in Trust	-	-	-	25 OPEB REVOCABLE TRUST			
<i>Restricted:</i>				Total revenue	\$ 252,468	\$ 252,469	\$ (1)
464 Restricted fund balance	603,154	603,152	2	Total expenditures	332,778	332,778	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
463 Unassigned fund balance	-	-	-	4.22 Net position	4,422,738	4,422,738	-
04 COMMUNITY SERVICE FUND				45 OPEB IRREVOCABLE TRUST			
Total revenue	\$ 1,762,074	\$ 1,762,073	\$ 1	Total revenue	\$ -	\$ -	\$ -
Total expenditures	2,328,968	2,328,966	2	Total expenditures	-	-	-
<i>Nonspendable:</i>				Total revenue	-	-	-
460 Nonspendable fund balance	6,051	6,051	-	4.22 Net position	-	-	-
<i>Restricted/reserved:</i>							
426 \$25 taconite	-	-	-	47 OPEB DEBT SERVICE			
431 Community Education	(260,873)	(260,873)	-	Total revenue	\$ 543,243	\$ 543,243	\$ -
432 ECFE	29,373	29,373	-	Total expenditures	540,555	540,555	-
444 School Readiness	76,494	76,494	-	<i>Nonspendable:</i>			
447 Adult Basic Education	-	-	-	4.60 Nonspendable fund balance	-	-	-
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Restricted:</i>			
<i>Restricted:</i>				4.25 Bond refundings	-	-	-
464 Restricted fund balance	95,914	95,916	(2)	4.64 Restricted fund balance	116,214	116,214	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
463 Unassigned fund balance	-	-	-	4.63 Unassigned fund balance	-	-	-

Independent School District No. 14
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Agency/Pass Through Agency/Program Title	CFDA Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child Nutrition Cluster		
Commodities Programs	10.555	\$ 105,392
COVID 19 - Summer Food Service	10.559	1,144,929
Total Child Nutrition Cluster		<u>1,250,321</u>
Child and Adult Care Food Program	10.558	268,679
Fresh Fruit and Vegetables	10.582	26,412
Total U.S. Department of Agriculture		<u>1,545,412</u>
U.S. Department of Treasury		
Through Minnesota Department of Education		
COVID 19 - Summer School Age Care	21.027	5,550
Coronavirus Relief Fund		
COVID 19 - Coronavirus Relief Fund	21.019	939,898
Through Minnesota Department of Human Services		
COVID 19 - Other Coronavirus Aid/Relief	21.019	22,832
Total Coronavirus Relief Fund		<u>962,730</u>
Total U.S. Department of Treasury		<u>968,280</u>
U.S. Department of Education		
Through Minnesota Department of Education		
Title I, Part A	84.010	452,800
Title II, Part A - Improving Teacher Quality	84.367	82,913
Title III, Part A - English Language Acquisition	84.365	74,918
Title III, Part A - Immigrant Grant	84.365	17,371
Title IV, Part A, Student Support and Academic Enrichment	84.424	30,929
Special Education Cluster		
Special Education	84.027	1,011,085
IDEA, Part B Section 611 Mandatory Coordinated Early Intervening Services	84.027	103,203
Special Education - Preschool Grant	84.173	15,540
Total Special Education Cluster		<u>1,129,828</u>
Education Stabilization Fund		
COVID 19 - Elementary and Secondary School Education Relief (ESSER) Fund – 90% Formula Allocation	84.425D	377,446
COVID 19 - Elementary and Secondary School Education Relief (ESSER) Fund – 9.5% State - Directed Grant	84.425D	121,865
COVID 19 - The Governor's Emergency Education Relief (GEER) Fund	84.425C	255,329
Total Education Stabilization Funds		<u>754,640</u>
Infants and Toddlers	84.181	16,173
Carl Perkins	84.048A	12,525
Through Northwest Suburban Integration District:		
Global Studies Magnet Grant	84.165A	122,021
Total U.S. Department of Education		<u>2,694,118</u>
U.S. Department of Health and Human Services		
Through Minnesota Department of Human Services		
COVID-19 Public Health Support Funds for Child Care	93.575	14,124
U.S. Department of the Interior		
Through Minnesota Chippewa Tribe		
Johnson-O'Malley Indian Education Assistance to Schools	15.130	5,810
Total federal expenditures		<u>\$ 5,227,744</u>

Independent School District No. 14
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

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

NOTE 3 – INVENTORY

Inventories of commodities donated by the U.S. Department of Agriculture are recorded at market value in the Food Service Fund as inventory. Revenue and expenditures are recorded when commodities are used.

NOTE 4 – INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Basic Financial Statements Performed in Accordance
with *Government Auditing Standards***

Independent Auditor's Report

To the School Board
Independent School District No. 14
Fridley, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 14, Fridley, Minnesota, as of and for the year ending June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance that we consider to be a significant deficiency in internal control, described as Audit Finding 2021-001.

Compliance and Other Matters

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

District's Response to the Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in dark ink that reads "Bergan KDV Ltd." with a period at the end.

Minneapolis, Minnesota
December 6, 2021

**Report on Compliance for Each Major
Federal Program and on Internal Control over
Compliance in Accordance with the Uniform Guidance**

Independent Auditor's Report

To the School Board
Independent School District No. 14
Fridley, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Independent School District No. 14, Fridley, Minnesota, compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs, in Accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Independent School District No. 14 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

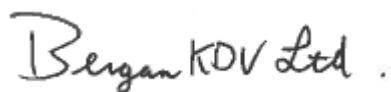
Report on Internal Control over Compliance

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

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

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

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



Minneapolis, Minnesota
December 6, 2021

**Independent School District No. 14
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
----------------------------------	---

Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes, Audit Finding 2021-001

Noncompliance material to basic financial statements noted?	No
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Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
---	------------

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No
---	----

Identification of Major Programs

CFDA No.:	84.425C, 84.425D
Name of Federal Program or Cluster:	Education Stabilization Fund
CFDA No.:	21.019
Name of Federal Program or Cluster:	Coronavirus Relief Funds
CFDA No.:	84.027/84.173
Name of Federal Program or Cluster:	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
--	-----------

Auditee qualified as low risk auditee?	Yes
--	-----

**Independent School District No. 14
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

Audit Finding 2021-001

Criteria or Specific Requirement:

Internal control that supports the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements requires adequate segregation of accounting duties.

Condition:

During the year ended June 30, 2020, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Accounts Payable Clerk enters invoices into the system and prepares the checks.
- The Accounting Supervisor has access to all areas of the accounting system.
- The Accounting Supervisor and Payroll Specialist have overlapping duties within the payroll process

Context:

This finding impacts the internal control for all significant accounting functions.

Effect:

The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

Cause:

There are a limited number of office employees.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

Management's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
 - a. As a mitigating control, the Accounting Supervisor receives a system report of checks prior to the preparation of checks for review. In addition, the Accounting Supervisor reviews the edit to the check register to verify that the edit was not changed after review.

**Independent School District No. 14
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

CORRECTIVE ACTION PLAN (CAP):

2. Actions Planned in Response to Finding (Continued)
 - b. The Accounting Supervisor has access to all areas of the accounting system. Segregation will be reviewed to determine whether access can feasibly be limited.
 - c. Payroll responsibilities will be reviewed once the HRIS system is fully built out and functional.
3. Official Responsible for Ensuring CAP

Barbra Roessler, Director of Finance and Operations, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP

The planned completion date for the CAP is June 30, 2022.
5. Plan to Monitor Completion of CAP

The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There are no prior year federal award findings or questioned costs.

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Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 14
Fridley, Minnesota

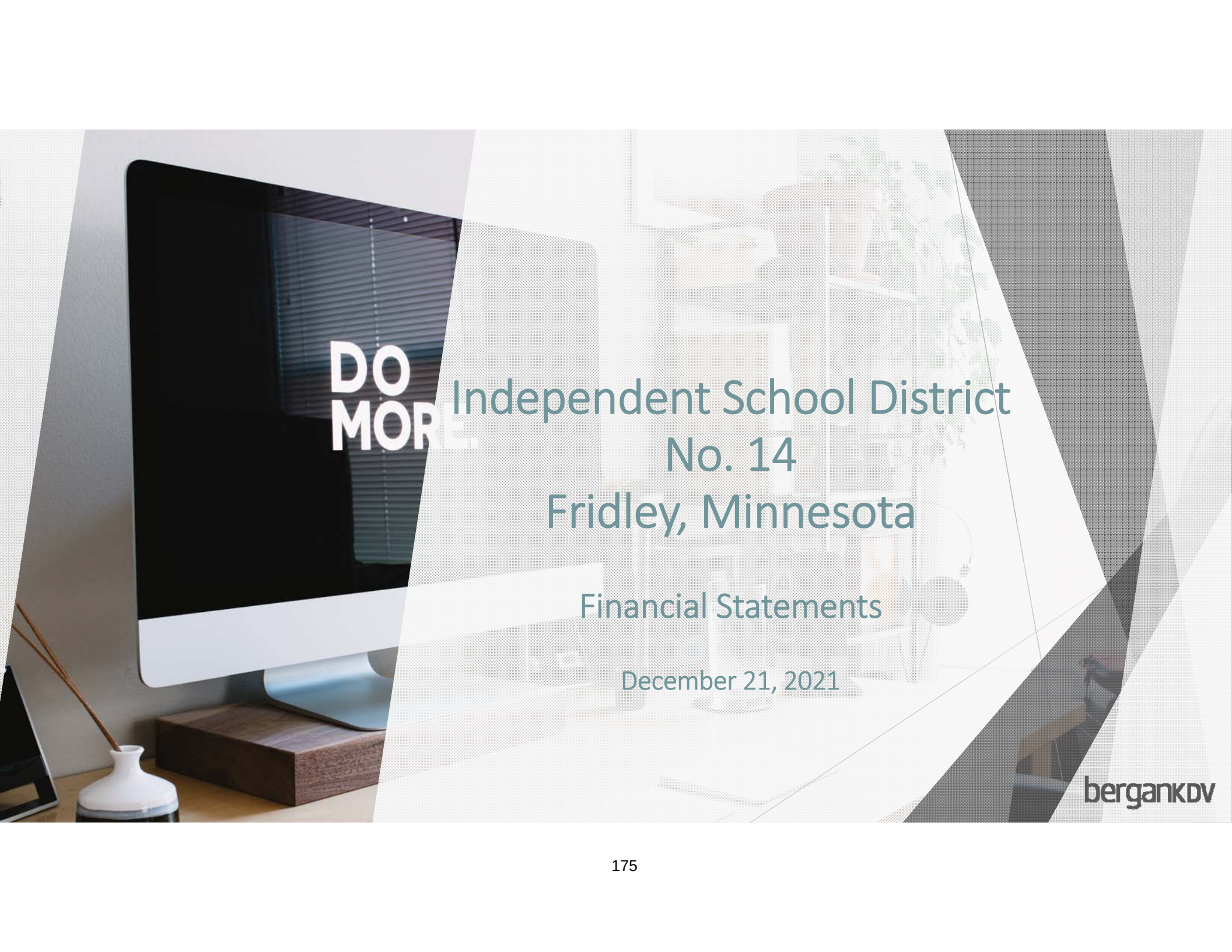
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 14, Fridley, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, and have issued our report thereon dated December 6, 2021.

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

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

A handwritten signature in dark ink that reads "BergankDV Ltd." with a small flourish at the end.

Minneapolis, Minnesota
December 6, 2021



**DO
MORE.**

Independent School District
No. 14
Fridley, Minnesota

Financial Statements

December 21, 2021

bergankDV

Independent Audit's Report

- Financial statements are management's responsibility; auditor's responsibility to express an opinion on them.
- Unmodified opinion on the basic financial statements

Audit Communications

- Report in Accordance with *Government Auditing Standards*
 - Internal Control Findings
 - Lack of segregation of accounting duties
- Report on Compliance in Accordance with The Uniform Guidance
 - Unmodified opinion on compliance with requirements of major federal programs
 - Coronavirus relief
 - Education stabilization
 - Special education
- Report on Minnesota Legal Compliance
 - No findings on compliance with legal provisions contained in the *Minnesota Legal Compliance Audit Guide for Local Governments*

General Fund

Budget to Actual

- Revenue Budgeted at \$47.2 million
- Expenditures Budgeted at \$47.3 million
- Net Other Sources/(Uses) including Transfers - (\$291 thousand)
- \$343 thousand decrease in fund balance budgeted

General Fund

Budget to Actual

- Actual Revenue was \$47.1 million; \$151 thousand under budget
- Actual Expenditures were \$44.7 million; \$2.6 million under budget
- Net other financing uses \$277 thousand; \$13 thousand over budgeted amount
- \$2.1 million increase in total fund balance
 - Large portion of increase restricted

General Education Aid Formula Allowance

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2012	\$ 5,174	1.0%
2013	5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%

* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

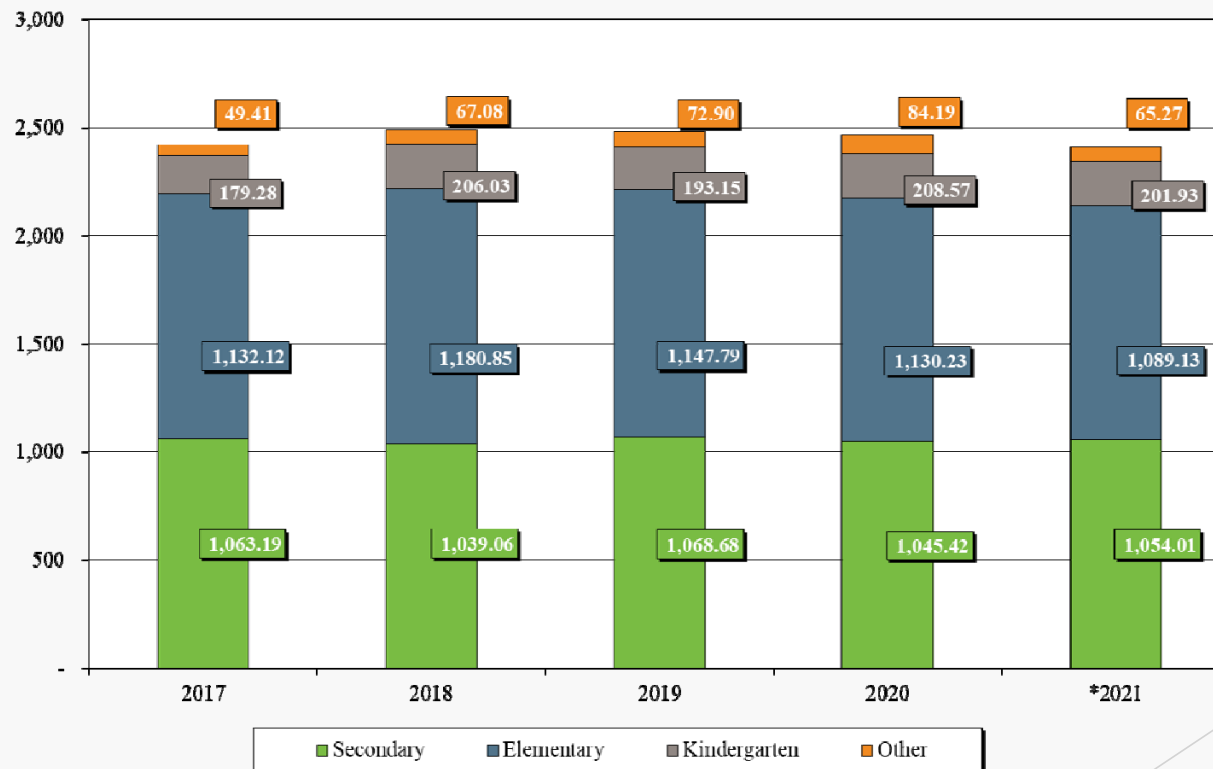
Average Daily Membership

Resident ADM

Resident ADM	2017	2018	2019	2020	*2021
Other	49.41	67.08	72.90	84.19	65.27
Kindergarten	179.28	206.03	193.15	208.57	201.93
Elementary	1,132.12	1,180.85	1,147.79	1,130.23	1,089.13
Secondary	1,063.19	1,039.06	1,068.68	1,045.42	1,054.01
Total Resident ADM	2,424.00	2,493.02	2,482.52	2,468.41	2,410.34

Average Daily Membership

Resident ADM

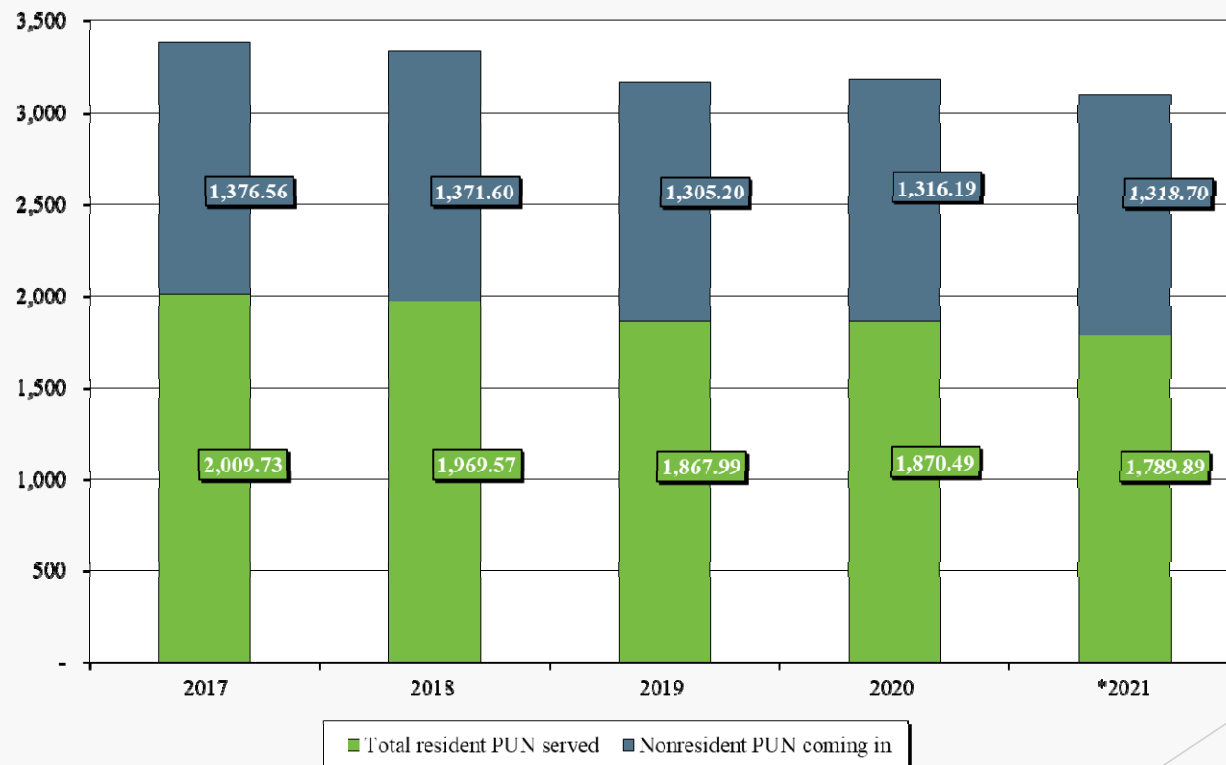


Average Daily Membership Weighting and Adjusted PUN

	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten Half	Kindergarten Full	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2017-2021	1.000	1.000	0.550	1.000	1.000	1.000	1.200

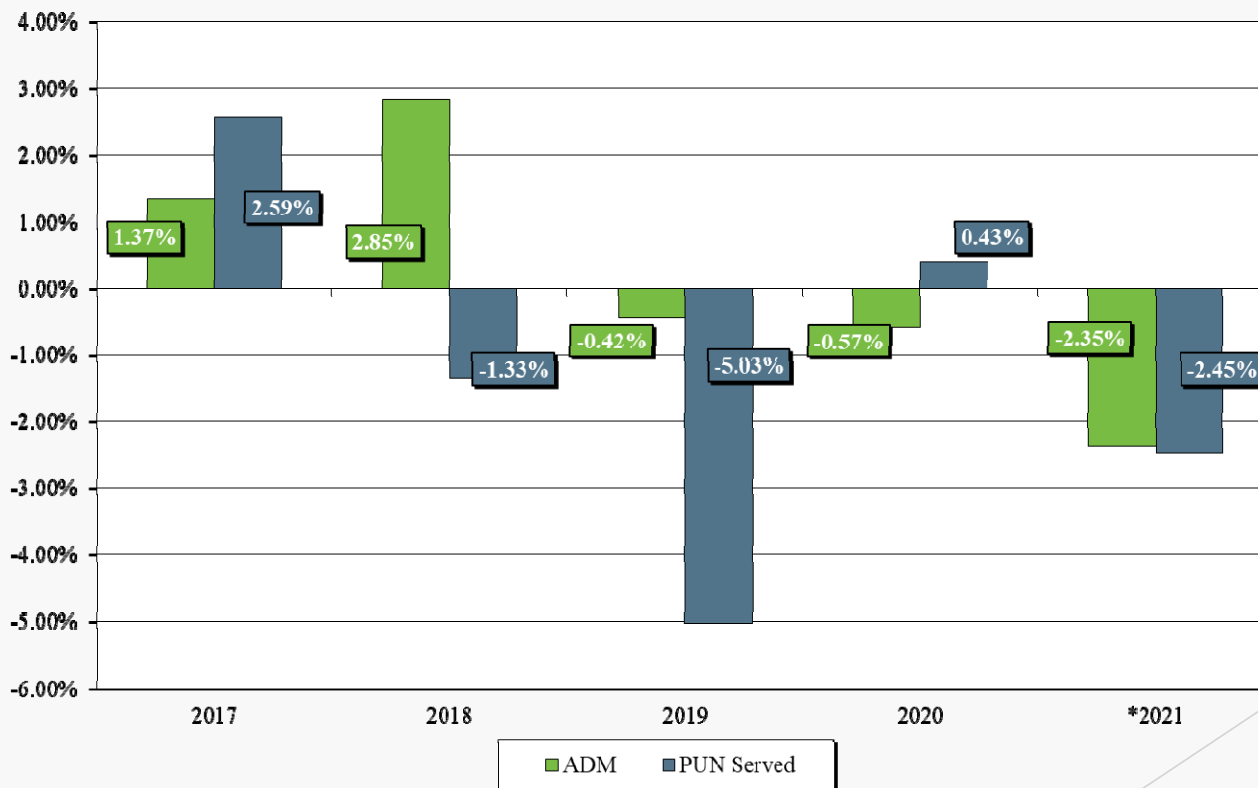
PUN	2017	2018	2019	2020	*2021
Residents	2,636.65	2,700.85	2,695.88	2,677.49	2,621.05
Resident PUN going elsewhere	(626.92)	(731.28)	(827.89)	(807.00)	(831.16)
Total resident PUN served	2,009.73	1,969.57	1,867.99	1,870.49	1,789.89
Nonresident PUN coming in	1,376.56	1,371.60	1,305.20	1,316.19	1,318.70
Total Adjusted PUN	3,386.29	3,341.17	3,173.19	3,186.68	3,108.59

Average Daily Membership Adjusted PUN



Average Daily Membership

Change in ADM and PUN Served



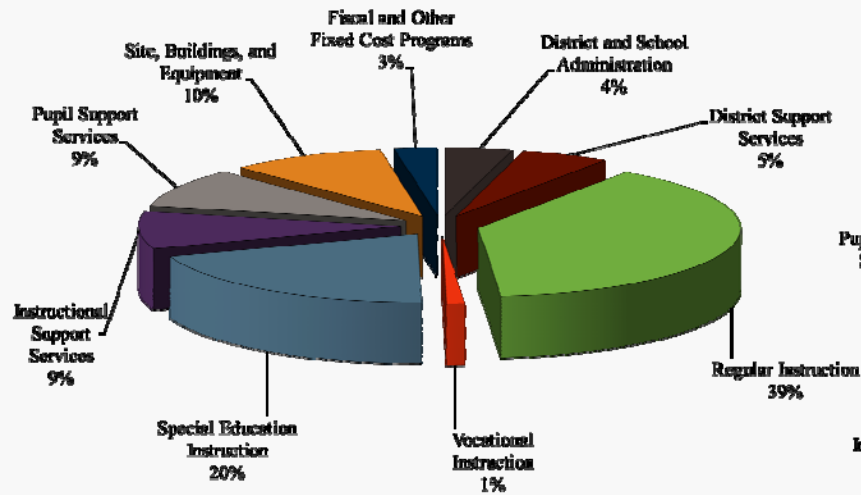
General Fund

Sources of Revenue

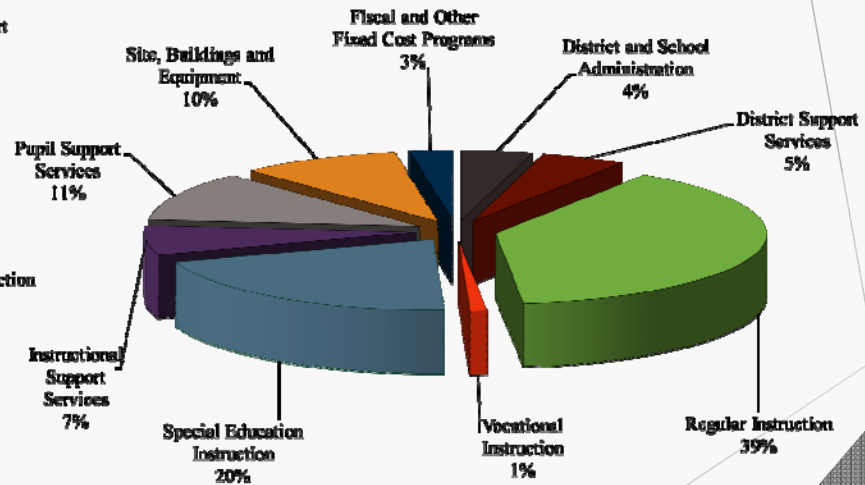
	2017	2018	2019	2020	2021
Local property taxes	\$ 4,437,638	\$ 5,586,336	\$ 6,303,819	\$ 6,457,443	\$ 7,512,337
State sources	35,182,141	35,959,679	35,747,873	35,171,289	35,274,529
Other	2,372,596	2,453,741	2,732,712	2,765,323	4,308,999
Total	\$ 41,992,375	\$ 43,999,756	\$ 44,784,404	\$ 44,394,055	\$ 47,095,865

General Fund Expenditures

2021 General Fund Expenditures



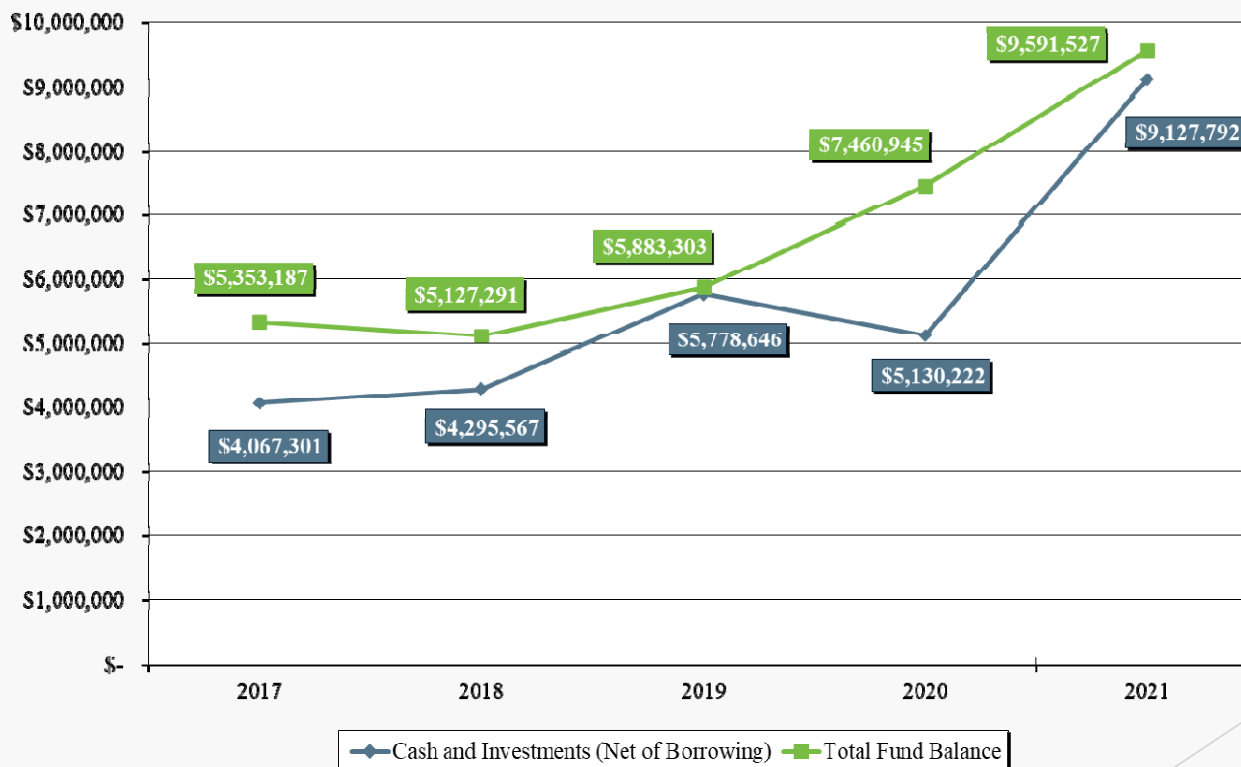
2020 General Fund Expenditures



General Fund

For the Year Ended June 30,	2017	2018	2019	2020	2021
Revenues	\$ 41,992,375	\$ 43,999,756	\$ 44,784,404	\$ 44,394,055	\$ 47,095,865
Expenditures excluding OPEB	41,030,863	43,240,714	43,302,652	42,338,911	44,687,856
Excess of revenues over expenditures	961,512	759,042	1,481,752	2,055,144	2,408,009
Sale of capital assets	5,531	-	-	-	20,279
Proceeds from capital leases	34,265	566,843	-	268,015	410,880
Transfers out	(561,570)	(1,551,781)	(725,740)	(832,061)	(708,586)
Fund balance, July 1	4,913,449	5,353,187	5,127,291	5,883,303	7,460,945
Change in accounting principle	-	-	-	86,544	-
Fund Balance, June 30	\$ 5,353,187	\$ 5,127,291	\$ 5,883,303	\$ 7,460,945	\$ 9,591,527
Components					
Nonspendable	\$ 152,204	\$ 300,318	\$ 144,601	\$ 207,678	\$ 341,966
Restricted for					
Student activities	-	-	-	68,462	79,365
Health and safety	(136,755)	(1,179)	-	-	-
Capital projects levy	4,876	(2)	4,019	279,040	177,408
Safe schools - crime levy	53,251	68,167	87,714	193,069	258,467
Operating capital	266,547	176,644	537,547	425,933	333,849
Long term facilities maintenance	(327,235)	(289,308)	25,658	60,196	1,004,602
Medical assistance	72,125	294,904	294,904	715,356	984,319
Assigned	2,809,964	2,028,808	2,246,081	2,599,775	3,291,873
Unassigned	2,458,210	2,548,939	2,542,779	2,911,436	3,119,678
Total	\$ 5,353,187	\$ 5,127,291	\$ 5,883,303	\$ 7,460,945	\$ 9,591,527

General Fund Financial Position

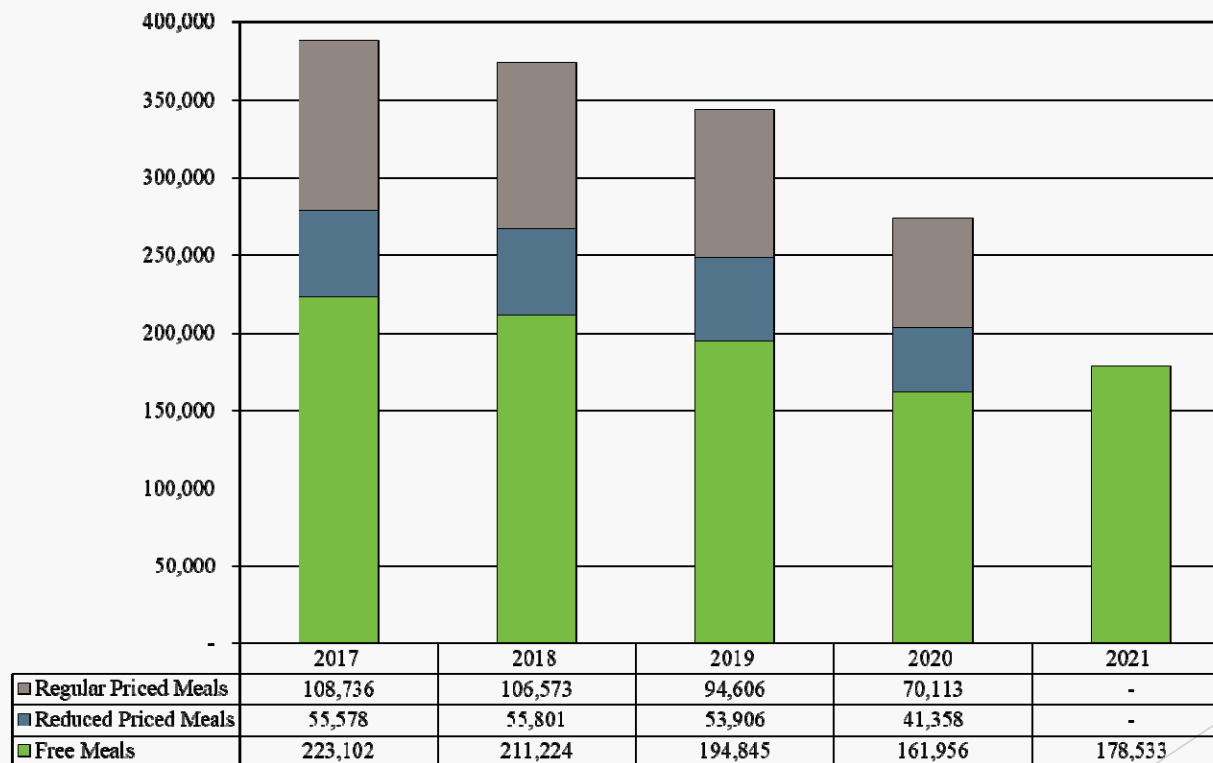


Food Service Fund

For the Year Ended June 30,	2017	2018	2019	2020	2021
Revenues	\$ 2,130,199	\$ 2,045,007	\$ 2,200,263	\$ 1,799,299	\$ 1,609,953
Expenditures	2,125,132	2,141,389	2,092,615	1,749,648	1,596,883
Excess of revenues over (under) expenditures	5,067	(96,382)	107,648	49,651	13,070
Other financing sources	-	-	-	-	-
Fund balance, July 1	558,014	563,081	466,699	574,347	623,998
Fund Balance, June 30	\$ 563,081	\$ 466,699	\$ 574,347	\$ 623,998	\$ 637,068

Food Service Fund

Lunches Served to Students



Community Service Fund

For the year ended June 30,	2017	2018	2019	2020	2021
Revenues	\$ 2,854,383	\$ 2,888,088	\$ 2,913,111	\$ 2,377,623	\$ 1,762,074
Expenditures	2,749,225	2,953,535	3,128,632	2,712,966	2,328,968
Excess of revenues over (under) expenditures	105,158	(65,447)	(215,521)	(335,343)	(566,894)
Other financing sources	101,587	103,616	216,343	284,989	110,297
Fund balance, July 1	208,174	414,919	453,088	453,910	403,556
Fund Balance, June 30	\$ 414,919	\$ 453,088	\$ 453,910	\$ 403,556	\$ (53,041)

For the year ended June 30,	2017	2018	2019	2020	2021
Components					
Nonspendable	\$ 4,275	\$ -	\$ 6,765	\$ 5,040	\$ 6,051
Restricted for					
Community education	254,936	260,914	264,584	274,056	(260,873)
ECFE	69,774	78,187	65,849	4,906	29,373
School readiness	47,766	47,235	45,455	24,579	76,494
Community service	38,168	66,752	71,257	94,975	95,914
Total	\$ 414,919	\$ 453,088	\$ 453,910	\$ 403,556	\$ (53,041)

Questions?

Janel Bitzan

320.650.0225

janel.bitzan@berganKDV.com





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**FIRST AMENDED AND RESTATED AGREEMENT FOR INTERMEDIATE SCHOOL DISTRICT
THIS AGREEMENT** effective the first day of July 2021 between Independent School Districts

Nos. 12, 13, 14, 16, 282, 621, 622, 623, 624, 831, 832, 833, and 834 hereinafter referred to as “Participating School Districts” as follows:

WITNESSED:

WHEREAS, the Participating School Districts are duly organized independent school districts for the purpose of providing public school education for persons within their geographical boundaries, and

WHEREAS, each Participating School District is interested in cooperating with other school districts in acquiring lands and buildings, organizing, establishing, financing, maintaining and operating a special intermediate school district on a site or sites to be selected by the school board of such special intermediate school district, and

WHEREAS, the Participating School Districts are eligible to organize and create a special intermediate school district pursuant to Chapter 775 Laws of 1969 (the “Enabling Legislation”), Minnesota Statutes §§ 136D.71-.76 and 471.59 and other applicable statutes for such purpose, and those participating school districts who are signatory hereto are the initial participants in such special intermediate school district.

NOW, THEREFORE, each of the Participating School Districts hereto hereby agree with the other Participating School Districts hereto as follows:

1. **Prior Agreements:** This Agreement shall supersede and replace in its entirety the prior Agreement initially executed on December 16, 1969. This Agreement shall be effective, and the prior agreements shall be terminated, upon the execution of this Agreement by the Parties. Upon such execution, all provisions of the Prior Agreement are hereby suspended in their entirety and replaced herein and shall have no further force or effect.
2. **Purpose of Agreement:** The Participating School Districts intend hereby to jointly and cooperatively create an intermediate school district, hereinafter the “District”, pursuant to the broad authority contained in the Enabling Legislation, Minn. Stat. § 471.59, Minn. Stat. § 136D.71-.76 (2020) and other statutes generally applicable to independent school districts for the purpose of acquisition of lands and buildings, organizing, establishing, financing, maintaining and operating an intermediate school district to serve generally the members and persons resident in the geographical area encompassed by said District.
3. **Authority:** Each Participating School District signatory hereto has been duly authorized by its school board to execute this Agreement.
4. **Name:** The District so created shall be known as “Northeast Metro Intermediate School District No. 916, State of Minnesota”.

5. Governing Board: The governing board (hereinafter the “Board”) of the District shall contain one representative from each Participating School District, who shall serve at the pleasure of the Participating School District. Each Board member shall report quarterly to its participating district school board concerning the activities of the District. Terms of office shall be four years, and shall commence on January 1. At its first meeting in January, the Board shall conduct an organizational meeting, and shall select a chair, vice-chair, clerk, and treasurer, no two of which shall be from the same Participating School District. A majority of the Board shall constitute a quorum for purposes of transacting the business of the Board. The Board may adopt Bylaws governing its procedures. Any person serving on the Board must also be serving as a member of his or her participating district school board.
6. Powers: The Board shall be vested with all those powers granted to independent school districts under statute, except as provided herein. The powers of the Board shall include but not be limited to the following:
 - (a) To acquire, maintain, and dispose of real and personal property
 - (b) To enter into contracts for goods and services deemed to be in the best interests of the District
 - (c) To employ and discharge employees
 - (d) To prosecute and defend actions by or against the District
 - (e) To establish and operate educational programming and other programs and services and make them available to Participating School Districts
 - (f) To establish and maintain financial accounts
 - (g) To acquire and maintain insurances as deemed necessary by the Board
 - (h) To adopt policies governing the use of facilities
 - (i) To engage in any other activity authorized by law in furtherance of the purpose set forth in Section Two hereof.
7. Financing: The Board of the District shall have the power to utilize financing as may be permitted by state law.
8. Participation and Enrollment in Programming: The Board shall establish policies governing participation and enrollment in District programs. The policies shall, at a minimum, include the following:
 - (a) Non-participating districts may only enroll students in intermediate school programs if there is space taking into consideration enrollment from all Participating School Districts.
 - (b) Access fees to programming by non-participating school districts shall be as established by the Board.

- (c) In the event that a Participating School District withdraws from this Agreement, any students enrolled from such district (“Withdrawing District”) at the time of withdrawal may remain enrolled until such time that the student is deemed eligible to graduate or return to the Withdrawing District. However, the Withdrawing District shall be required to pay the access fee established by the Board as a non-participating district after the effective date of the withdrawal for such student’s continued enrollment.
 - (d) Effective upon receipt of a notice of withdrawal of a Participating School District under Section 10, priority for student placement in the District’s programs will be given to Participating School Districts that are continuing their participation. Referrals from the Withdrawing District will only be considered for programs that are open to non-participating districts.
9. Liability: Subject to the withdrawal obligations established by Section 10 below, no Participating School District shall have direct individual liability for any debts or obligations of the District, nor shall any representatives on the Board have any such personal liability.
10. Withdrawal of Members: A Participating School District may elect to withdraw from this Joint Powers Agreement by a majority vote of its school board. Notice of withdrawal shall be in the form of a Resolution, an approved copy of which must be provided to the District on or before February 1. Withdrawal shall be effective June 30 of the fiscal year following proper notice (“Withdrawal Date”). The rights and obligations of a Withdrawing District shall be as follows.
- (a) Financial Obligations Upon Withdrawal: The Withdrawing District shall pay to the District the following amounts without regard for any payments made to or on behalf of the District prior to the Withdrawal Date.
 - i. Debt Service. The Withdrawing District shall pay an amount equal to one year of the District’s debt service (“Debt Service Obligation”) in accordance with the following provisions:
 - a. Calculating Debt Service Obligation. The Withdrawing District’s Debt Service Obligation shall be determined by first calculating a Withdrawal Rate per adjusted pupil unit (“APU”) equal to the District’s total debt service for the fiscal year following the Withdrawal Date divided by the combined total APUs of all Participating School Districts that are parties to this Joint Powers Agreement in the fiscal year of the Withdrawal Date, including the Withdrawing District. This Withdrawal Rate shall then be multiplied by the Withdrawing District’s APUs to establish the Debt Service Obligation owed by the Withdrawing District. The APUs used in calculating the Debt Service Obligation shall be the projected APUs

for the fiscal year following the Withdrawal Date as set forth in the most recent Levy Limitation and Certification Reports issued by MDE as of the Withdrawal Date. For clarity, the Debt Service Obligation calculation shall look as follows:

$$\frac{\text{Debt Service for FY after Withdrawal Date}}{\text{Combined APUs of All Participating School Districts}} = \text{Withdrawal Rate}$$

$$\begin{aligned} &\text{Withdrawal Rate} \times \text{Withdrawing District's APUs} \\ &= \text{Debt Service Obligation of Withdrawing District} \end{aligned}$$

By way of example only, if a district submits notice of withdrawal by February 1, 2024, making its withdrawal effective June 30, 2025; the combined APUs of all 2024-2025 Participating School Districts is projected to be 100,000 for the 2025-2026 fiscal year; the District's debt service for the 2025-2026 fiscal year is \$5,000,000.00; and the Withdrawing District is projected to have 10,000 APUs during the 2025-2026 fiscal year, then the Debt Service Obligation of the Withdrawing District would equal \$500,000. This is illustrated in the following calculation:

$$\frac{\$5,000,000}{100,000} = \$50 \times 10,000 = \$500,000$$

- b. Payment Structure. The Withdrawing District shall pay the Debt Service Obligation within three years of the Withdrawal Date. Interest on any outstanding balance will begin to accrue one year after the Withdrawal Date at an interest rate equal to the prime lending rate in effect at the time the interest begins to accrue plus two percent. The Withdrawing District shall notify the District by or before February 1 immediately preceding the Withdrawal Date of its timeline for paying the Debt Service Obligation and shall comply with its stated timeline unless the District agrees, in writing, to a modification of the timeline.
- c. Allocation of Funds. The District shall use the Withdrawing District's Debt Service Obligation payments to offset debt service owed by the District for the benefit of the remaining Participating School Districts.
- ii. Membership Equivalence Fee: In addition to the Debt Service Obligation, the Withdrawing District shall pay the District a Membership Equivalence Fee. This Membership Equivalence Fee shall be equal to the amount the Withdrawing District would have paid as a membership fee for the fiscal year immediately following the Withdrawal Date had it remained a Participating School District, as determined by the

membership fee calculation used for the remaining Participating School Districts. The Withdrawing District shall pay the Membership Equivalence Fee in a manner consistent with the payment process required of Participating School Districts to pay their membership fees. The Membership Equivalence Fee shall be allocated to the District's general operating expenses. Payment of the Membership Equivalence Fee shall not entitle the Withdrawing District to the benefits of membership afforded to Participating School Districts.

- (b) District Assets: The Withdrawing District is not entitled to take or receive any of the District's assets or the value of the such assets and shall forfeit any proportionate share of the District's assets upon withdrawal.
- (c) Additional and Remaining Liabilities: The Withdrawing District shall not be responsible for any expenses aside from those addressed in Section 10(a) above or any liabilities incurred by the District after the Withdrawal Date.

11. Addition of Members: If a school district wishes to become a member of the District, it may petition the Board for membership. The petition shall be in the form of a resolution. Addition of a new member shall require an affirmative majority vote of all members of the Board and a majority vote of the petitioning district and as allowed per Minnesota Statute Section 136D.76, subdivision 2, as it may be amended from time to time. Addition of a new member shall be on terms determined by the Board. Once a school district becomes a member, it shall be considered a "Participating School District" for purposes of this Agreement.
12. Local Levy: Each Participating School District shall take such action as is necessary to assure approval of the Participating School District's share of all appropriate levies as per state law relating to intermediate school districts.
13. Amendment and Review: This First Amended and Restated Agreement shall be reviewed once every five years. This Agreement may be amended from time to time as deemed necessary by an instrument duly executed by all the parties hereto.
14. Annual Meeting: The District and Participating School Districts agree to meet annually to review this agreement.
15. Miscellaneous: This Agreement is subject to the following:
 - (a) Severability. If any provision, or application of a provision of this Agreement is held invalid, illegal, unenforceable, or in conflict with law, the validity, legality, and enforceability of the remaining provisions, and the application of the provision in circumstances other than those as to which it is held invalid, shall not be affected and shall continue in full force with effective.

- (b) Governing law. This Agreement shall be construed and enforced in accordance with Minnesota law. Nothing herein shall be construed contrary to law.
- (c) Counterparts. This Agreement may be executed in counterparts.
- (d) Captions. The captions used in this Agreement are for reference only and shall not be considered a part of the Agreement.
- (e) Notices. All notices required under this Agreement shall be in writing and sent first class U.S. mail addressed to the Participating School District, or the Board, at their respective administrative offices.
- (f) Records and Reports. The books and records, including minutes and the original fully executed Agreement, of the Board shall be subject to the provisions of Minn. Stat. Chapter 13. They shall be maintained at the District Office of Northeast Metro Intermediate School District No. 916.

IN WITNESS WHEREOF the parties have caused this agreement to be executed on the dates appearing below opposite the signatures of each participating school district representatives.

Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #12
Centennial, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #13
Columbia Heights, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #14
Fridley, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #16
Spring Lake Park, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #282
St. Anthony-New Brighton, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #621
Mounds View, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #622
North St. Paul-Maplewood Oakdale, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #623
Roseville, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #624
White Bear Lake, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #831
Forest Lake, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #832
Mahtomedi, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #833
South Washington County, Minnesota

By:_____
Chairman

And:_____
Clerk

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Dated_____, 2021 INDEPENDENT SCHOOL DISTRICT #834
Stillwater, Minnesota

By:_____
Chairman

And:_____
Clerk

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Annual Compliance/Vote of Concurrence or Nonconcurrence

District, Charter, or Tribal School Name: Fridley Public Schools, ISD 14

The American Indian Parent Advisory Committee Vote

 ***The AIPAC Issued a Vote of Concurrence***

Date of Concurrent Vote: 12-7-2021

Date the AIPAC presented to the school board: 12-21-2001

 **The AIPAC Issued a Vote of Nonconcurrency**

A vote of nonconcurrence requires the AIPAC to provide specific written recommendations for improvement to the school board. The school board is required to respond in writing to each recommendation within 60 days of the recommendations being put forth. The school board must provide this written response to both the AIPAC and to the Office of Indian Education.

Date of Nonconcurrent vote: _____

Date the AIPAC presented to the school board:

Date the written response from the school board is due: _____

☐ **The District/School Does Not Have an AIPAC**

The district has not yet formed an AIPAC, but recognizes the need to do so in order to remain compliant with Minnesota Statutes, section 124D.78. By signing below, the district/school leadership commits to working with the Office of American Indian Education on committee formation.

Required signatures

**Digital signatures are accepted*

School Board Chairperson

Date _____

Superintendent or Charter/Tribal School Director

Date _____

Alisa J. El
AIPAC Chairperson

12/07/2021

ALPAC Chairperson

Date _____

The American Indian Parent Advisory Committee Resolution

WHEREAS, the school board or district has an AIPAC composed of parents/guardians of American Indian children who are eligible for Indian education programs, American Indian language and culture teachers and paraprofessionals, American Indian teachers, American Indian counselors, American Indian adults enrolled in educational programming, and American Indian representatives from community;

WHEREAS, the school board or district affords the AIPAC the necessary information and the opportunity to effectively express their views concerning all aspects of American Indian education and the educational needs of the American Indian children enrolled in the school(s) and program(s); and,

WHEREAS, the AIPAC is directly involved with and advises the school board and district staff on Indian Education program planning; and,

WHEREAS, the AIPAC develops and submits recommendations to the school board and district staff pertaining to the needs of American Indian students.

THEREFORE BE IT RESOLVED, that the AIPAC concurs that the school board and district are compliant with Minnesota Statutes, section 124D.78, and that the school board and district are meeting the needs of American Indian students.

☒ **We, the American Indian Parent Advisory Committee, issue a Vote of Concurrence.** We attest that the school board and/or district are compliant with Minnesota Statutes and that the school board and/or district are meeting the needs of American Indian students; **or,**

☐ **We, the American Indian Parent Advisory Committee, issue a Vote of Nonconcurrence.** We attest that the school board and/or district are not compliant with Minnesota Statutes and that the school board and/or district are not meeting the needs of American Indian students. We have provided written recommendations for improvements to the school board, and we acknowledge that the school board has 60 days from the receipt of these recommendations in which to respond, in writing, to each recommendation.


AIPAC Chairperson Printed Name and Signature

12/07/2021

Date

The American Indian Parent Advisory Committee (AIPAC)

About Membership

Per [Minnesota Statutes, section 124D.78, subdivision 3](#), *The American Indian education parent advisory committee must be composed of parents of children eligible to be enrolled in American Indian education programs; secondary students eligible to be served; American Indian language and culture education teachers and paraprofessionals; American Indian teachers; counselors; adult American Indian people enrolled in educational programs; and representatives from community groups. A majority of each committee must be parents of children enrolled or eligible to be enrolled in the programs. The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the programs.*

About the Roster and Sign-in Sheet

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The AIPAC roster is for committee members only. This form is electronic and fillable. Please type the committee member's name, email, and phone in the first column. Subsequent columns contain a drop-down menu option. Select the best option for each particular committee member.

The sign-in sheet is for district employees is also fillable. District employees often participate in committee meetings and serve as a bridge between the committee and the district, helping to navigate district processes while furthering the goals and initiatives of the committee members. Employee participation levels vary depending on the district. If an employee identifies as American Indian, they are eligible to serve as a voting committee member and may be included on the roster, rather than the district sign-in sheet.

Submission

Fall: For districts participating in the American Indian Education Aid program: MDE.AIEA@state.mn.us

March 1: As part of the AIPAC and district Annual Compliance process: MDE.AnnualCompliance@state.mn.us

American Indian Parent Advisory Committee Member Roster

Committee Member Name, Email, and Phone	American Indian	Committee Member Role	Primary Area of Representation
			219

Committee Member Name, Email, and Phone	American Indian	Committee Member Role	Primary Area of Representation

District Employee Sign-in Sheet

Employee Name, Email, and Phone	Employee Title
	221

Fridley Public Schools School Board Meeting Calendar 2022-2023 School Year

Place: Fridley Community Center, 6085 7th Street NE, Fridley, MN 55432

Date and Time:

5:30pm - Work Session (1 st Tuesday of the month)	5:30pm - Work Session 7:00 pm - Public Forum 7:30pm - Business Meeting (3 rd Tuesday of the month)
	Tuesday, July 19, 2022
Tuesday, August 2, 2022	Tuesday, August 16, 2022
	Tuesday, September 20, 2022
Tuesday, October 4, 2022	Tuesday, October 18, 2022
	Tuesday, November 15, 2022
Tuesday, December 6, 2022	*Tuesday, December 20, 2022
	Tuesday, January 17, 2023
Tuesday, February 7, 2023	Tuesday, February 21, 2023
	Tuesday, March 21, 2023
Tuesday, April 4, 2023	Tuesday, April 18, 2023
	Tuesday, May 16, 2023
Tuesday, June 6, 2023	Tuesday, June 20, 2023

*The Truth in Taxation hearing will be held on December 20 at the regularly scheduled Public Forum at 7 PM.

Special meetings may also be officially posted as needed.

You are welcome to attend School Board Meetings. The School Board business meeting is generally held on the third Tuesday of the month at 7:30 PM at the Fridley Community Center. Copies of the monthly business meeting agenda are posted in advance of each meeting. The School Board is responsible to meet legal obligations for conducting School Board business in public while observing legal mandates for discussion of data that may be private as it relates to students or employees. The School Board chair is obligated to establish the business meeting agenda and an orderly process for the School Board to conduct official consideration and action on business items in public.

A Public Forum is held at 7 PM, prior to each regularly scheduled business meeting, to provide citizens the opportunity to address the board on any topic. Community members are also invited to contact School Board members via the School Board message line (763-502-5060) or to make personal contact with their elected representatives.

Work sessions are held at 5:30 PM. These are generally held on the third Tuesday of the month and every other month on the first Tuesday of the month. No official action is taken at these discussion sessions and both meetings are open to the public.

All Meetings Are Open to the Public

School Board Organization

School Board Officers	2021 Current	2022
Chair	Prewedo	
Vice-Chair	Starck	
Treasurer	Meisner	
Clerk	Thornton*	
Director	Adam	
Director	Karnopp	

*Thornton replaced by Auna for 2022

School Board Representatives	Meetings Per Year	2021	2022
AMSD (Association of Metropolitan School Districts) - The mission of AMSD is to advocate for state education policy that enables metropolitan school districts to improve student learning. - Membership includes representation by the Superintendent and one School Board member from each school district on the AMSD Board of Directors.	Board of Directors - 10 Monthly Meetings	Karnopp	
Community Ed Advisory Council	5 meetings/year - Sept, Nov, Jan, March, May	Prewedo	
District Advisory Council (Special Education, Title, Indian Education)	4 meeting/year	Adam	
District Wellness Committee	4 meetings/year	Prewedo	
Fridley Public Schools Foundation	Trustee – 4-5 meetings/year	Prewedo	
MSBA (Minnesota School Boards Association) Legislative Representative - The mission of MSBA is to support, promote and enhance the work of public school boards and public education. - The membership provides Minnesota school districts with services designed for School Board members and with model policies.	MSBA Legislative Committee – contact for MSBA to get information to the full board Serves as an MSBA legislative delegate. Delegate Convention 1.5 days per year.	Starck Prewedo – alternate	
Minnesota State High School League Local Advisory Committee	No set meetings	Karnopp	
Northeast Metro School District 916	11 monthly meetings/year - Aug - June; Plus approximately 4 work sessions/ year as needed	Starck	
Northwestern Suburban Integration School District	Joint Powers Board meeting every other month from Sep through June	Adam Starck – alternate	
SEE (Schools for Equity in Education) The mission of SEE is “Minnesota school districts working for greater equity and adequacy in public education funding.”	5 general meetings during school year; plus fall, spring, and summer regional meetings	Thornton* Meisner - alternate	