

# Cloquet Public Schools

## Regular Meeting

Monday, October 24, 2022 at 6:00 PM  
Garfield Board Room  
302 14th Street  
Cloquet, MN 55720  
302 - 14th Street, Cloquet, MN

5:30 pm *Working Session*

6:00 pm *Regular Meeting*

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c. 31 hrs/week ECSE Paraprofessional at Churchill/FDL (Lonna Witte)

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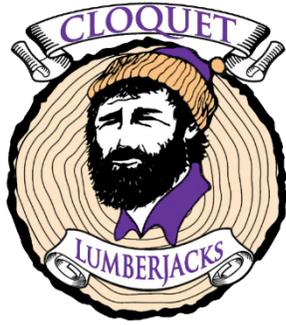
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4. Wednesday, October 26, 2022 - JOM/LIEC Meeting - 5:30/6 p.m. - Location TBD	
5. Monday, November 14, 2022 - Regular School Board Meeting - Boardroom	
5:30 p.m. Working Session	
6:00 p.m. Regular Meeting	

6. Tuesday, November 15, 2022 - DAC Meeting - 4 p.m. - Boardroom

7. Tuesday, November 15, 2022 - Community Education Advisory Committee Meeting - 5:30 p.m. -  
Comm Ed Conference Room

#### **XIV. Adjournment**

\* If any one board member wishes to remove an item from the consent agenda for discussion, that item should be added to the board meeting agenda prior to its approval.



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1. Presentation of 2022 Fiscal Audit by Bergan KDV
2. Building and Department Reports

### VI. Claims, Hand Checks and Wires

1. Claims, October 18, 2022
2. Hand Checks, October 6, October 13, and October 19, 2022
3. Wire Transfers, August 2, August 15, August 24, September 1, and September 15, 2022

### VII. Consent Items

#### 1. Resignation Letters

- a. 1.0 FTE Restorative Practice Teacher at Cloquet High School (Nathan Anderson)
- b. 6.25 hrs/day Consistent Support Paraprofessional at Washington Elementary (Kim Marciniak)
- c. 31 hrs/week ECSE Paraprofessional at Churchill/FDL (Lonna Witte)

#### 2. Recommendations for Employment

- a. 1.0 FTE 7th/8th Grade Long Term Substitute Math Teacher (Trish Berger) 12 week until approximately February 6, 2023
- b. 1.0 FTE Long Term Substitute Science Teacher at Cloquet Middle School (Cynthia Welsh) For the Remainder of 2022-2023
- c. 6.5 hrs/day Consistent Support Floater Paraprofessional at Churchill Elementary (Neil Erickson)
- d. 6.75 hrs/day Consistent Support Paraprofessionat at Northern Lights Academy - Garfield Location (Jennifer Blake)
- e. Homebased Teacher at Cloquet High School (Amy Hexum)
- f. Homebound Instructor at Churchill Elementary (Phil Beadle)
- g. Homebased Instructor at CAAEP (Jared Anderson)
- h. Youth Volleyball Coach with Community Education (Amber Gregg)
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- l. Program Aide at Lil'l Lumberjacks with Community Education (Alexis Schmidt)
- m. Program Aide at Lil'l Lumberjacks with Community Education (Taylor Ahlberg)
- n. Program Aide at Lil'l Lumberjacks with Community Education (Kiersten Leno)

**3. *Extra Service Contracts***

- a. 2022-2023 Makoons Club

**4. *Permission to Post***

- a. 1.0 FTE Restorative Practice Teacher at CHS
- b. 1.0 FTE Long Term Substitute Science Teaching Position at Cloquet Middle School
- c. 6.25 hrs/day Consistent Support Paraprofessional at Washington Elementary School
- d. 31 hrs/week ECSE Paraprofessional
- e. Homebound Teacher at Cloquet High School
- f. Homebased Instructor at Cloquet Area Alternative Education Programs (CAAEP)

**5. *Grant Applications/Grant Awards/Donations***

- a. Grant in the Amount of \$2,500 from Genereau Construction for the Cloquet Pep Squad for Uniforms and Expenses

**6. *Other***

- a. Annual Assurance of Compliance

**VIII. School Board Committee Report**

- 1. Student Enrollment Report as of October 17, 2022
- 2. Health, Safety and Crisis Committee Meeting Summary and Accident Reports - October 18, 2022

**IX. Agenda Addendums**

**X. New Business**

- 1. Consider Approving the Final 2022 Audit
- 2. Consider Approving the 2022-2024 AFSCME Paraprofessional/Nurse/AIE/COTA Contract
- 3. Consider Approving the NLSEC Contracts with Carn County Human Services for Family School Support Workers (15\_FSSW - Brenda Denman, 16\_FSSW - Amber Male, 19\_FSSW Zachary Summers, 21\_FSSW Carolyn Woods)
- 4. Consider Approving the 2022-2024 Memorandum of Understanding with Fond du Lac Headstart for Preschool Services
- 5. Consider Approving the Annual Resolution Establishing a Combined Polling Place

**XI. Superintendent's Report**

- 1. GIS Teacher Awards
- 2. MN Wild Puck Drop
- 3. Contract Negotiation Update

**XII. For Your Information**

- 1. Congratulations to the High School Boys and Girls Soccer Teams - Both are Heading to State!
- 2. Internal Transfers of Food Service Staff
- 3. BoardBook Premier Increase

**XIII. Upcoming Meetings/Events**

- 1. Tuesday, October 24, 2022 - AFSCME Dietary Negotiations - 2 pm - Boardroom
- 2. Tuesday, October 25, 2022 - Equity Committee Meeting - 3:45 p.m. - Washington Elem. School
- 3. Tuesday, October 25, 2022 - Wellness Committee Meeting - 3:45 p.m. - Boardroom
- 4. Wednesday, October 26, 2022 - JOM/LIEC Meeting - 5:30/6 p.m. - Location TBD
- 5. Monday, November 14, 2022 - Regular School Board Meeting - Boardroom  
5:30 p.m. Working Session and 6:00 p.m. Regular Meeting
- 6. Tuesday, November 15, 2022 - DAC Meeting - 4 p.m. - Boardroom
- 7. Tuesday, November 15, 2022 - Community Education Advisory Committee Meeting - 5:30 p.m. -  
Comm Ed Conference Room

**XIV. Adjournment**

\* If any one board member wishes to remove an item from the consent agenda for discussion, that item should be added to the board meeting agenda prior to its approval.

October 10, 2022

Board Chair Ted Lammi called the working session to order at 5:30 p.m.

Topics discussed:

Dr. Cary updated the board on the mediation session with the AFSCME paraprofessional unit. He stated they reached a tentative agreement and hopefully it will be brought the board for approval at the next meeting. He reviewed the agenda including two requests for a leave of absence. The board members asked questions and held a discussion about the leave requests. Dr. Cary also explained the request for adding a knowledge bowl advisor at the middle school. There was discussion about removing a couple items from the consent agenda and adding them to new business. There being nothing further to discuss, Board Chair Ted Lammi adjourned the meeting at 5:48 p.m.

October 10, 2022

The Regular Meetings of the School Board of Independent School District No. 94, in the City of Cloquet on October 10, 2022, was called to order by Board Chair T. Lammi at 6:00 p.m.

Roll Call – The following members were present on roll call:

- David Battaglia
- Gary Huard
- Melissa Juntunen
- Ted Lammi
- Nate Sandman
- Ken Scarbrough

Present in Person:

- Dr. Michael Cary, Superintendent
- Mary Marciniak, Exec. Asst. to the Superintendent
- Bill Bauer, Technology Support Specialist
- Candace Nelis, Business Manager
- Ashlee Lennartson, Ed MN Teacher Representative
- Jake Przytarski, Pine Journal Representative

Building principals, teacher representatives, AIE Director, Community Education Director, Facilities & Grounds Director will be excused from attending Board meetings until further notice.

**APPROVAL OF BOARD AGENDA**

- RESOLVED by N. Sandman to approve the amended October 10, 2022, regular board agenda with moving consent items 3B and 3D to new business. D. Battaglia seconded the amended motion, and the resolution was approved by unanimous yea vote of all members present via a roll call vote.

**APPROVAL OF MEETING MINUTES**

- RESOLVED by M. Juntunen to approve the September 26, 2022, school board meeting minutes, as presented. D. Battaglia seconded the motion, and the resolution was approved by unanimous yea vote of all members present via a roll call vote.

**OPEN FORUM AND RECEPTION OF DELEGATIONS, PETITIONS, AND COMMUNICATIONS**

- There were no public comments.
- Building and Department Reports were reviewed. Ashlee Lennartson invited the board members to Education MN- Cloquet's new teacher dinner on Tuesday, October 11, 2022, and Churchill's Blue Ribbon School celebration on November 22, 2022 (more details to follow).

**CONSIDER APPROVAL OF CLAIMS AND HAND CHECKS**

- RESOLVED by K. Scarbrough to approve Claims, October 5, 2022; Hand Checks, September 23, 27, and 29, 2022 as presented. M. Juntunen seconded the motion, and the resolution was approved by unanimous yea vote of all members present via a roll call vote.

**CONSENT ITEMS**

- RESOLVED by N. Sandman to approve the Consent Items, as presented.

**1. Resignations:**

- Nancy Workman, 6.5 hrs/day CS Floater Paraprofessional at Churchill Elementary, effective October 3, 2022

**2. Recommendations of Employment:**

<u>NAME</u>	<u>POSITION/LOCATION</u>	<u>SALARY**</u>	<u>START DATE</u>
a. Elinor Cich	1.0 FTE LTS 3 <sup>rd</sup> Grade – 12 weeks	BA 1	Approx. 11/1-1/30/22
b. Alexis Bergum	6.75 hrs/day Paraprofessional at NLA Garfield	Step 1	October 11, 2022
c. Solitaire Fjosne	6.75 hrs/day Paraprofessional at NLA Our Savior	Step 1	October 11, 2022
d. Tracey Poldoski	5.5 hrs/day Paraprofessional at Washington	Step 1	October 24, 2022
e. Rodrick Syck	Homebased Instructor at CAAEP	\$32.66/hr	Oct. 10- Nov. 4

**3. Extra Services Contracts**

- Rescind Rachael Mueller CMS Knowledge Bowl Advisor Contract
- Winter Coaches (as attached)

**4. Permission to Post**

- 6.5 hrs/day CS Floater Paraprofessional at Churchill Elementary School
- 2022-2023 Targeted Services (as attached)
- Homebased Instructor at CAAEP (5 hours + 1 hour prep) for the rest of Qtr 1
- Homebound Instructor at Churchill Elementary (5 hours + 1 hour prep/week)
- 2022-2023 One Act Play Director at Cloquet High School
- Licensed Parent Educator with Community Education

**5. Staffing Adjustments**

- Shannon Krikava Parent Educator (7hr/week) up to 27 weeks \$36.23 \*  
paid at coordinator rate while searching for staff replacement

**6. Grant Applications/Donations**

- Cloquet Educational Foundation Grants funded in amount of approximately \$25,683.75
- Young Athletes Foundation Grant in the amount of \$2,057.34 towards Cloquet Pep Squad uniforms
- Eagles donation to Cloquet High School in the amount of \$1,000 towards student presentation/speakers

K. Scarbrough seconded the motion, and the resolution was approved by unanimous yea vote of all members present via a roll call vote.

**SCHOOL BOARD COMMITTEE REPORT**

- The student enrollment report from October 5, 2022 was reviewed.

**SCHOOL BOARD ELECTIONS**

- RESOLVED by N. Sandman to approve the notice of general election, as presented. M. Juntunen seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.

**AGENDA ADDENDUMS**

- None were presented

**NEW BUSINESS**

- RESOLVED by D. Battaglia to approve the request for a leave of absence from Nathan Anderson, Restorative Practices Teacher, as presented. K. Scarbrough seconded the motion. A roll call vote was held: T. Lammi-nay, N. Sandman – yea, D. Battaglia-yea, G. Huard-nay, M. Juntunen-nay, K. Scarbrough-yea. The motion failed by a 3-3 vote due to a lack of majority.

- RESOLVED by N. Sandman to the request for a leave of absence from Grace Hall, ECFE Family Educator, as presented. T. Lammi seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.
- RESOLVED by D. Battaglia to the resolution of the governing board supporting the application to MSHSL Foundation, as presented. K. Scarbrough seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.
- RESOLVED by D. Battaglia to approve the request to add an additional elementary level knowledge bowl advisor (grades 5-6) at Cloquet Middle School, as presented. M. Juntunen seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.
- RESOLVED by N. Sandman to approve the 2022-2023 Junior High (Grades 7-8) and Elementary (Grades 5-6) Knowledge Bowl Advisors, William Bauer and Nichole Whittet, as presented. K. Scarbrough seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.
- RESOLVED by M. Juntunen to approve the 2022-2023 winter volunteer and activities paid coaches, as presented. G. Huard seconded the motion. A roll call vote was held, T. Lammi-yea, N. Sandman-yea, D. Battaglia-abstain, G. Huard-yea, M. Juntunen-yea, K. Scarbrough-yea. The motion passed with a 5-0 vote.

#### **SUPERINTENDENT'S REPORT**

- Dr. Cary told the board about ongoing collaborative meetings with Carlton County Sheriff's Department and Cloquet Police Department regarding the recent false dispatch call and how they can improve response for any future calls or emergencies.

#### **FOR YOUR INFORMATION**

- Washington Elementary School October Newsletter

#### **UPCOMING MEETINGS/EVENTS**

- Tuesday, October 11, 2022 - DAC Meeting - 4 p.m. - Boardroom
- Monday, October 17, 2022 - Technology Committee Meeting - 4 p.m. - Boardroom
- Tuesday, October 18, 2022 - Health, Safety and Crisis Team Meeting - 3:45 p.m. - Boardroom
- Tuesday, October 18, 2022 - Community Education Advisory Committee Meeting - 5:30 p.m. - Comm Ed Conference Room
- Monday, October 24, 2022 - Curriculum Committee Meeting - 4 p.m. - Boardroom
- Monday, October 24, 2022 - Regular School Board Meeting -5:30 Working Session/6:00 p.m. Regular Meeting
- Tuesday, October 25, 2022 - Equity Committee Meeting - 3:45 p.m. - Washington Elementary School
- Tuesday, October 25, 2022 - Wellness Committee Meeting - 3:45 p.m - Boardroom
- Wednesday, October 26, 2022 - JOM/LIEC Meeting - 5:30/6 p.m. - Location TBD

#### **ADJOURNMENT**

There being nothing further to discuss, Board Chair Ted Lammi adjourned the meeting at 6:09 p.m.

ATTEST:

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Clerk of the School Board

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Chair of the School Board

**Independent School District No. 94  
Cloquet, Minnesota**

**Basic Financial Statements**

**June 30, 2022**

**Independent School District No. 94  
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**Independent School District No. 94  
Board of Education and Administration  
June 30, 2022**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Ted Lammi	Chairperson	December 31, 2022
Nate Sandman	Clerk	December 31, 2024
David Battaglia	Treasurer	December 31, 2022
Melissa Juntunen	Director	December 31, 2024
Ken Scarbrough	Director	December 31, 2024
Gary Huard	Director	December 31, 2022
<u>Administration</u>		
Dr. Michael Cary	Superintendent	

## Independent Auditor's Report

To the School Board  
Independent School District No. 94  
Cloquet, Minnesota

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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. 94, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 94 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter – Implementation of GASB 87**

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

The management of Independent School District No. 94 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

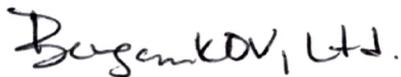
### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements 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 October 13, 2022, 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.



St. Cloud, Minnesota  
October 13, 2022

# Independent School District No. 94

## Management's Discussion and Analysis

Year Ended June 30, 2022

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As management of Independent School District No. 94 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

### Financial Highlights

Key financial highlights for the 2021-2022 fiscal year include the following:

- Revenues were \$46,297,366 of which 74% were state aids, 16% were property taxes and the balance of 10% in other categories.
- Net position increased by \$3,558,049 during the current year.
- The General Fund total unassigned fund balance decreased by \$526,175.
- The District decreased its long-term liabilities in outstanding bonds, financed purchases and leases by \$3,505,499.

### Overview of the Financial Statements

The financial section of the annual financial statements consists of four parts - Independent Auditor's Report, required supplementary information which includes Management's Discussion and Analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

### 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 (deficit)* includes all of the District's assets, deferred outflows of resources, and 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 (deficit) and how they have changed.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District's net position (deficit) changed during the fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state statutes, and to control and manage money for particular purposes. All of the funds of the District can be divided into two categories: *governmental funds* and *fiduciary funds*.

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

*Governmental funds* - Most of the District's basic services are included in governmental funds. Governmental fund financial statements focus on near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. A reconciliation is provided to facilitate a comparison between governmental fund financial statements and government-wide financial statements.

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

### Financial Analysis of the District as a Whole

Net position (deficit) may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,666,276 as of June 30, 2022.

Statement of Net Position (Deficit)  
June 30, 2022

	2021	2022
Current and other assets	\$ 26,682,700	\$ 24,657,849
Capital assets	61,524,779	61,256,811
<b>Total assets</b>	<b>88,207,479</b>	<b>85,914,660</b>
Deferred outflows of resources	11,019,777	10,099,130
Long-term liabilities	82,772,885	69,791,122
Other liabilities	10,581,200	10,130,876
<b>Total liabilities</b>	<b>93,354,085</b>	<b>79,921,998</b>
Deferred inflows of resources	26,097,496	32,758,068
Net position (deficit)		
Net investment in capital assets	6,124,933	7,310,913
Restricted	2,402,188	3,089,676
Unrestricted (deficit)	(28,751,446)	(27,066,865)
<b>Total net position (deficit)</b>	<b>\$ (20,224,325)</b>	<b>\$ (16,666,276)</b>

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

	Change in Net Position (Deficit) For the years ended June 30, 2022	
	2021	2022
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,719,634	\$ 1,993,785
Operating grants and contributions	13,196,869	15,078,479
Capital grants and contributions	556,983	821,831
General revenues		
Property taxes	6,852,550	7,017,917
State and federal aids	21,880,186	21,281,776
Other	264,456	103,578
<b>Total revenues</b>	<b>44,470,678</b>	<b>46,297,366</b>
<b>Expenses</b>		
District and school administration	1,967,040	1,564,997
District support services	855,560	929,061
Regular instruction	18,473,219	18,751,195
Vocational instruction	543,615	464,946
Exceptional instruction	6,629,938	6,316,566
Instructional support services	2,176,256	1,950,983
Pupil support services	2,259,093	2,449,272
Sites and buildings	2,738,441	2,549,918
Fiscal and other fixed cost programs	270,685	7,694
Food service	1,094,598	1,245,590
Community service	1,689,308	1,823,179
Unallocated depreciation expense	2,499,390	2,798,072
Interest and fiscal charges on long-term debt	2,029,093	1,887,844
<b>Total expenses</b>	<b>43,226,236</b>	<b>42,739,317</b>
Change in net position (deficit)	1,244,442	3,558,049
Net position (deficit), beginning of year, restated	(\$21,468,767)	(20,224,325)
<b>Net position, end of the year</b>	<b>\$ (20,224,325)</b>	<b>\$ (16,666,276)</b>

### Financial Analysis of the District's Funds

The government-wide presentations are designed to present users with a more complete picture of the District's financial position and results of operation, traditional fund accounting basis provides users with information that can be used by the District to make decisions in the near-term.

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

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### General Fund Budgetary Highlights

The General Fund (which includes the District's general, transportation and capital activities) adopted an original revenue budget of \$35,567,381, which was revised to \$36,762,596, as a result of change in pupil unit projections and federal covid funding. The General Fund adopted an original expenditure budget of \$35,623,576, which was revised to \$37,046,954, as a result of settled contracts, federal covid expenses and supply budgets.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenue by \$284,358 the actual results for the year showed expenditures exceeded revenues and other financing sources by \$541,262.

- Actual revenues were \$172,843 more than anticipated, largely due to adjustments to pupil counts and overall less spending due to covid.
- Actual expenditures were \$1,227,824 more than anticipated due to COVID-19 costs and changes in staffing during the school year.

### Debt Service Fund

The Debt Service Fund balance increased \$196,052 during fiscal year 2022 due to the 105% levied for our debt service and as payments increase those numbers will increase as well. Fund balance was \$1,336,877 at June 30, 2022.

### Capital Asset and Debt Administration

#### Capital Assets

By the end of fiscal year 2022, the District had invested \$93,573,435 in a broad range of capital and right to use assets, including school buildings, athletic facilities, computer equipment and administrative offices. Total depreciation/amortization expense for the year was \$3,008,130. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

#### Debt Administration

At June 30, 2022, the District had \$57,462,270, in general obligation bonds, financed purchase and lease obligations. The District's debt rating from Moody's was A1, underlying rating of Aa2 enhanced rating. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation of 10 percent of the fair market value of property in the District. The District is within its legal authority for bonded debt.

The District also had \$14,927,083 of net pension liability, \$493,429 of compensated absences payable, and a \$707,431 net OPEB liability at June 30, 2022.

More detailed information about the District's long-term liabilities is presented in Notes 4, 6, and 7 to the financial statements.

#### Factors Bearing on the District's Future

In FY 23, the District is expecting a plateau in student enrollment. We anticipate approximately 0% increase from 2021-2022 to 2022-2023 and .5%-1% increase per year over the coming years. Cloquet Schools has benefited from the covid funding streams to add District supports for our students. We have been able to continue to offer great programming because of our positive fund balance over the last few years.

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

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### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 94, 302 14th Street, Cloquet, Minnesota, 55720, or call 218-879-6721.

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## **BASIC FINANCIAL STATEMENTS**

**Independent School District No. 94**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 15,925,298
Current property taxes receivable	3,344,809
Delinquent property taxes receivable	93,652
Accounts receivable	300,907
Due from Department of Education	4,017,216
Due from other Minnesota school districts	835,017
Lease receivable	95,621
Inventory	13,493
Prepaid items	31,836
Capital assets not being depreciated	
Land	1,365,665
Capital assets net of accumulated depreciation (amortization)	
Land improvements	1,179,399
Buildings and improvements	57,334,824
Equipment	797,765
Leased assets	579,158
Total assets	85,914,660
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	9,672,989
Deferred outflows of resources related to OPEB	426,141
Total deferred outflows of resources	10,099,130
Total assets and deferred outflows of resources	\$ 96,013,790
<b>Liabilities</b>	
Accounts payable	\$ 1,554,003
Salaries and benefits payable	3,601,015
Interest payable	907,794
Due to other Minnesota school districts	254,022
Unearned revenue	14,951
Bond principal payable (net of premium)	
Payable within one year	3,085,000
Payable after one year	53,244,061
Leases payable:	
Payable within one year	286,981
Payable after one year	277,168
Financed purchase agreements payable	
Payable within one year	278,980
Payable after one year	290,080
Compensated absences payable	
Payable within one year	148,130
Payable after one year	345,299
Net pension liability payable after one year	14,927,083
Net OPEB liability payable after one year	707,431
Total liabilities	79,921,998
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenditures	6,836,872
Deferred inflows of resources related to lease receivable	95,621
Deferred inflows of resources related to OPEB	2,174,734
Deferred inflows of resources related to pensions	23,650,841
Total deferred inflows of resources	32,758,068
<b>Net Position</b>	
Net investment in capital assets	7,310,913
Restricted for	
Debt service	597,690
Food service	869,241
Community service	721,136
Other purposes	909,228
Unrestricted	(27,074,484)
Total net position	(16,666,276)
Total liabilities, deferred inflows of resources, and net position	\$ 96,013,790

See notes to basic financial statements.

**Independent School District No. 94**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
Governmental activities					Governmental Activities
Administration	\$ 1,564,997	\$ -	\$ -	\$ -	\$ (1,564,997)
District support services	929,061	-	-	-	(929,061)
Elementary and secondary regular instruction	18,751,195	524,888	6,176,676	-	(12,049,631)
Vocational education instruction	464,946	-	74,542	-	(390,404)
Special education instruction	6,316,566	346,539	4,711,763	-	(1,258,264)
Instructional support services	1,950,983	716	717,561	-	(1,232,706)
Pupil support services	2,449,272	-	1,156,064	-	(1,293,208)
Sites and buildings	2,549,918	-	-	821,831	(1,728,087)
Fiscal and other fixed cost programs	7,694	-	-	-	(7,694)
Food service	1,245,590	62,099	1,607,650	-	424,159
Community education and services	1,823,179	1,059,543	634,223	-	(129,413)
Unallocated depreciation	2,798,072	-	-	-	(2,798,072)
Interest and fiscal charges on long-term debt	1,887,844	-	-	-	(1,887,844)
<b>Total governmental activities</b>	<b><u>\$ 42,739,317</u></b>	<b><u>\$ 1,993,785</u></b>	<b><u>\$ 15,078,479</u></b>	<b><u>\$ 821,831</u></b>	<b>(24,845,222)</b>
General revenues					
Taxes					
Property taxes, levied for general purposes					2,487,921
Property taxes, levied for community service					321,162
Property taxes, levied for debt service					4,208,834
State and federal aid-formula grants					21,281,776
Other general revenues					250,120
Investment income					(146,542)
Total general revenues					<u>28,403,271</u>
Change in net position					3,558,049
Net position - beginning					<u>(20,224,325)</u>
Net position - ending					<u>\$ (16,666,276)</u>

**Independent School District No. 94**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 10,401,640	\$ 3,308,024	\$ 2,215,634	\$ 15,925,298
Current property taxes receivable	1,079,840	1,901,650	363,319	3,344,809
Delinquent property taxes receivable	30,660	52,450	10,542	93,652
Accounts receivable	300,907	-	-	300,907
Due from Department of Education	3,816,120	156,364	44,732	4,017,216
Due from other Minnesota school districts	835,017	-	-	835,017
Lease receivables	95,621	-	-	95,621
Inventory	-	-	13,493	13,493
Prepaid items	31,836	-	-	31,836
	<u>\$ 16,591,641</u>	<u>\$ 5,418,488</u>	<u>\$ 2,647,720</u>	<u>\$ 24,657,849</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,533,192	\$ 1,000	\$ 19,811	\$ 1,554,003
Salaries and benefits payable	3,526,562	-	74,453	3,601,015
Due to other Minnesota school districts	254,022	-	-	254,022
Unearned revenue	-	-	14,951	14,951
Total liabilities	<u>5,313,776</u>	<u>1,000</u>	<u>109,215</u>	<u>5,423,991</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent year's expenditures	2,026,500	4,028,161	782,211	6,836,872
Deferred inflows of resources related to lease receivable	95,621	-	-	95,621
Unavailable revenue - delinquent taxes	30,660	52,450	10,542	93,652
Total deferred inflows of resources	<u>2,152,781</u>	<u>4,080,611</u>	<u>792,753</u>	<u>7,026,145</u>
<b>Fund Balances</b>				
Nonspendable	31,836	-	13,493	45,329
Restricted	909,228	1,336,877	1,734,742	3,980,847
Committed	1,710,582	-	-	1,710,582
Assigned	1,216,493	-	-	1,216,493
Unassigned	5,256,945	-	(2,483)	5,254,462
Total fund balances	<u>9,125,084</u>	<u>1,336,877</u>	<u>1,745,752</u>	<u>12,207,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,591,641</u>	<u>\$ 5,418,488</u>	<u>\$ 2,647,720</u>	<u>\$ 24,657,849</u>

**Independent School District No. 94  
Reconciliation of the Balance Sheet to  
the Statement of Net Position - Governmental Funds  
June 30, 2022**

Total fund balances - governmental funds	\$ 12,207,713
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 in governmental funds.	
Cost of capital assets	93,573,435
Less accumulated depreciation	(32,316,624)
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	(53,020,000)
Premium on bonds payable	(3,309,061)
Lease payable	(564,149)
Financed Purchase payable	(569,060)
Compensated absences payable	(493,429)
Net pension liability	(14,927,083)
Net OPEB liability	(707,431)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences in timing and estimates related to pension and OPEB that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	9,672,989
Deferred inflows of resources related to pensions	(23,650,841)
Deferred outflows of resources related to OPEB	426,141
Deferred inflows of resources related to OPEB	(2,174,734)
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.	93,652
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	<u>(907,794)</u>
Total net position - governmental activities	<u><u>\$ (16,666,276)</u></u>

**Independent School District No. 94**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2022**

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>				
Local property taxes	\$ 2,510,768	\$ 3,778,640	\$ 759,564	\$ 7,048,972
Other local and county revenues	1,786,476	-	1,333,138	3,119,614
Revenue from state sources	29,262,454	1,565,436	339,648	31,167,538
Revenue from federal sources	3,375,741	-	1,651,348	5,027,089
Sales and other conversion of assets	-	-	69,547	69,547
Total revenues	<u>36,935,439</u>	<u>5,344,076</u>	<u>4,153,245</u>	<u>46,432,760</u>
<b>Expenditures</b>				
Current				
Administration	1,653,162	-	-	1,653,162
District support services	927,859	-	-	927,859
Elementary and secondary regular instruction	18,994,303	-	-	18,994,303
Vocational education instruction	485,575	-	-	485,575
Special education instruction	6,696,719	-	-	6,696,719
Instructional support services	1,908,688	-	-	1,908,688
Pupil support services	2,481,762	-	-	2,481,762
Sites and buildings	2,922,768	-	-	2,922,768
Fiscal and other fixed cost programs	7,694	-	-	7,694
Food service	-	-	1,272,324	1,272,324
Community education and services	-	-	1,929,577	1,929,577
Capital outlay				
Administration	16,975	-	-	16,975
District support services	69,684	-	-	69,684
Elementary and secondary regular instruction	671,077	-	-	671,077
Vocational education instruction	5,510	-	-	5,510
Special education instruction	62,472	-	-	62,472
Instructional support services	125,462	-	-	125,462
Pupil support services	1,725	-	-	1,725
Sites and buildings	612,061	-	1,593,335	2,205,396
Community education and services	-	-	13,491	13,491
Debt service				
Principal	599,100	2,910,000	365,000	3,874,100
Interest and fiscal charges	32,182	2,238,024	96,654	2,366,860
Total expenditures	<u>38,274,778</u>	<u>5,148,024</u>	<u>5,270,381</u>	<u>48,693,183</u>
Excess of revenues over (under) expenditures	(1,339,339)	196,052	(1,117,136)	(2,260,423)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Leases	<u>798,077</u>	-	-	<u>798,077</u>
Net change in fund balances	(541,262)	196,052	(1,117,136)	(1,462,346)
<b>Fund Balances</b>				
Beginning of year	<u>9,666,346</u>	<u>1,140,825</u>	<u>2,862,888</u>	<u>13,670,059</u>
End of year	<u>\$ 9,125,084</u>	<u>\$ 1,336,877</u>	<u>\$ 1,745,752</u>	<u>\$ 12,207,713</u>

**Independent School District No. 94  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the  
Statement of Activities - Governmental Funds  
Year Ended June 30, 2022**

Net change in fund balances - total governmental funds \$ (1,462,346)

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

Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.

Capital outlay	2,644,779
Depreciation/amortization	(3,008,130)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	24,478
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	3,872,616
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Governmental funds recognize pension contributions as expenditures at the time of payment in the funds, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	1,371,257
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Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	444,408
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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.	49,540
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Governmental funds report the effect of bond discounts and premiums and deferred amounts on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	430,960
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Proceeds from the sale of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	(798,077)
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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.	<u>(11,436)</u>
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Change in net position - governmental activities	<u><u>\$ 3,558,049</u></u>
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**Independent School District No. 94**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,464,006	\$ 2,434,806	\$ 2,510,768	\$ 75,962
Other local and county revenues	1,626,030	1,346,280	1,786,476	440,196
Revenue from state sources	29,532,195	29,430,732	29,262,454	(168,278)
Revenue from federal sources	1,945,150	3,550,778	3,375,741	(175,037)
Total revenues	<u>35,567,381</u>	<u>36,762,596</u>	<u>36,935,439</u>	<u>172,843</u>
<b>Expenditures</b>				
Current				
Administration	1,956,952	1,709,004	1,653,162	(55,842)
District support services	1,216,166	843,613	927,859	84,246
Elementary and secondary regular instruction	17,657,614	18,462,991	18,994,303	531,312
Vocational education instruction	508,603	474,617	485,575	10,958
Special education instruction	6,553,118	6,920,674	6,696,719	(223,955)
Instructional support services	1,957,744	2,124,525	1,908,688	(215,837)
Pupil support services	2,138,374	2,377,540	2,481,762	104,222
Sites and buildings	2,819,228	3,117,260	2,922,768	(194,492)
Fiscal and other fixed cost programs	130,000	130,000	7,694	(122,306)
Capital outlay				
Administration	25,000	25,000	16,975	(8,025)
District support services	98,397	96,825	69,684	(27,141)
Elementary and secondary regular instruction	200,975	208,800	671,077	462,277
Vocational education instruction	-	-	5,510	5,510
Special education instruction	300	19,500	62,472	42,972
Instructional support services	2,425	9,925	125,462	115,537
Pupil support services	6,000	99,000	1,725	(97,275)
Sites and buildings	54,000	129,000	612,061	483,061
Debt service				
Principal	268,305	268,305	599,100	330,795
Interest and fiscal charges	30,375	30,375	32,182	1,807
Total expenditures	<u>35,623,576</u>	<u>37,046,954</u>	<u>38,274,778</u>	<u>1,227,824</u>
Excess of revenues over (under) expenditures	<u>\$ (56,195)</u>	<u>\$ (284,358)</u>	(1,339,339)	<u>\$ (1,054,981)</u>
Other financing sources (uses):				
Proceeds from leases	-	-	798,077	798,077
Net change in fund balances	<u>\$ (56,195)</u>	<u>\$ (284,358)</u>	(541,262)	<u>\$ (256,904)</u>
<b>Fund Balances</b>				
Beginning of year			<u>9,666,346</u>	
End of year			<u>\$ 9,125,084</u>	

**Independent School District No. 94  
Statement of Fiduciary Net Position  
June 30, 2022**

	OPEB Irrevocable Trust Fund
<b>Assets</b>	
Cash and investments	\$ 3,806,179
<b>Liabilities</b>	
Due to employees	\$ 18,008
<b>Net Position</b>	
Held in trust for OPEB	3,788,171
Total net position and liabilities	\$ 3,806,179

**Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2022**

	OPEB Irrevocable Trust Fund
<b>Additions</b>	
Contributions	\$ 296,811
Investment income	(444,516)
Total additions	(147,705)
<b>Deductions</b>	
Payments to retirees	966,351
Change in net position	(1,114,056)
<b>Net Position</b>	
Beginning of year	4,902,227
End of year	\$ 3,788,171

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**Independent School District No. 94**  
**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 reported in the General Fund.

**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, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**B. Basic Financial Statement Information (Continued)**

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.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The OPEB irrevocable Trust Fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of restricted fund balances exist: committed, assigned, and unassigned.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

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

**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.

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for the financial activities of the District's Food Service Program.

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.

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.

Postemployment Debt Service Fund – Debt Service – This fund is used for the accumulation of levy proceeds and the repayment of the principal and interest on the OPEB bonds.

Fiduciary Fund:

OPEB Irrevocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

**D. Deposits and Investments**

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described below and on the following page.

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. 94**  
**Notes to Basic Financial Statements**

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

**D. Deposits and Investments (Continued)**

**1. District Funds Other than the OPEB Trust Fund**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

Cash and investments at June 30, 2022, were comprised of deposits, mutual funds, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), shares in MNTrust Portfolio, State and Local Government Obligations, US Treasuries, and Negotiable CDs.

*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 MSDLAF, and MNTrust Funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from MSDLAF liquid class, or MNTrust investment shares Funds. Investments in MSDLAF max class must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14 day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

**2. OPEB Trust Fund**

These funds represent investments administered by the District's OPEB Trust Fund investment managers. As of June 30, 2022, they were comprised of money market funds, exchange traded funds, MNTrust Investment Shares Portfolio, and State and Local Government Obligations.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorize the OPEB Trust Fund 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, corporate bonds, common stock, and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**D. Deposits and Investments (Continued)**

**2. OPEB Trust Fund (Continued)**

In accordance with GASB Statement No 79 the mutual funds and MNTrust Investments shares portfolio are valued at amortized cost which approximates fair value. There are no restrictions or limitations on withdrawals from these accounts.

**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 represents 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 2021, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2022. 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.

**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. Carlton and Saint Louis Counties are the collecting agency for the levy and remit 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 financial statements.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**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 and an estimated useful life in excess of one year. 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 with a half year depreciation convention over the 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 5 to 20 years for equipment, 20 to 50 years for buildings and building improvements, and 20 years for land improvements.

Capital assets not being depreciated at year-end 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.

**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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. A deferred outflows of resources related to pensions and OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

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

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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 year's expenditures, 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. The third and fourth items are deferred inflows of resources related to pensions and OPEB which is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

**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 straight-line 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 source. Premiums received on debt issuances are reported as another financing source while discounts on debt issuances are reported as another financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Compensated Absences**

Certain District employees are entitled to payment of unused sick and vacation leave days at various rates upon retirement. A liability is recorded on the statement of Net Position for earned but unpaid amounts.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**N. Pensions**

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

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.

**O. Post Employment 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 the MNTrust securities are valued at amortized cost, which approximates fair value.

**P. 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, 2022.

**Q. 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 prepaids and inventory.
- Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions.
- Committed Fund Balances – These amounts are comprised of unrestricted funds used for a specific purpose. The government's highest level of decision making authority is the School Board. A majority vote of the school board is required to establish or modify a commitment.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Q. Fund Equity (continued)**

- Assigned Fund Balances – The School Board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The School Board also delegates the power to assign fund balances to the Business Manager or to the Superintendent. Assignments so made shall be reported to the school board on a monthly basis.
- Minimum Fund Balance Policy – The District will strive to maintain a minimum unassigned General Fund balance of 20% of the subsequent annual expenditure budget.

**R. 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.

**S. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**T. Budgetary Information**

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

1. Prior to July 1, the 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 the General, Debt Service, Capital Project, and Special Revenue Funds.
4. Budgets for the General, Debt Service, Capital Project, and Special Revenue 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.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**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: For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires the District's deposits be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

As of June 30, 2022, the District had the following deposits:

District checking	\$ 303,852
Flex benefit plan checking	38,346
Non-pooled Cash - Construction	814,421
Cash account with Ameritrade	6,375
Total deposits	\$ 1,162,994

**B. Investments**

As of June 30, 2022, the District had the following investments:

Investment	Amount	Maturities				Percentage of Pool	S&P/Moodys Rating
		Less than 1 Year	1-2 Years	3-5 years	Over 5 years		
<b>Pooled Investments</b>							
MSDLAF+ Max Class	\$ 6,143,253	\$ 6,143,253	\$ -	\$ -	\$ -	50.17%	AAAm
MSDLAF Liquid Class	437,930	437,930	-	-	-	3.58%	AAAm
State and Local Government Obligations	3,395,263	1,123,073	1,757,537	514,653	-	27.73%	A--AAA
Federal Home Loan Bank Bonds	423,844	-	-	423,844	-	3.46%	Aaa
US Treasuries	588,945	37,905	-	551,040	-	4.81%	N/A
Negotiable CDs	590,894	-	-	590,894	-	4.83%	N/A
MN Trust Investment Shares Portfolio	665,711	665,711	-	-	-	5.44%	AAAm
Total pooled investments	12,245,840	8,407,872	1,757,537	2,080,431	-	100.00%	
<b>Non-Pooled Investments - School Building Bonds</b>							
MN Trust Investment Shares Portfolio	36,040	36,040	-	-	-	3.05%	AAAm
Mutual Funds	45,000	45,000	-	-	-	3.81%	Aaa
State and Local Government Obligations	599,355	599,355	-	-	-	50.80%	N/A
US Treasury	499,520	499,520	-	-	-	42.34%	A1
Total non-pooled investments - School Building Bonds	1,179,915	1,179,915	-	-	-	100.00%	
<b>Non-Pooled Investments - Irrevocable OPEB Trust</b>							
Goldman FS Gov't Inst.	7,520	7,520	-	-	-	0.15%	AAAm
Vanguard TOT ETF	1,064,598	1,064,598	-	-	-	20.70%	N/A
Vanguard TSM ETF	1,579,714	1,579,714	-	-	-	30.72%	N/A
US Treasuries	2,047,486	247,725	715,837	1,083,924	-	39.81%	N/A
MN Trust Investment Shares Portfolio	35,763	35,763	-	-	-	0.70%	AAAm
State and Local Government Obligations	407,648	-	-	-	407,648	7.93%	AA-
Total non-pooled investments - Irrevocable OPEB Trust	5,142,729	2,935,320	715,837	1,083,924	407,648	100.00%	
Total investments - Pooled and Non-Pooled District funds	\$ 18,568,484	\$ 12,523,107	\$ 2,473,374	\$ 3,164,355	\$ 407,648		

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**B. Investments (Continued)**

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The District's policy limits investments to securities that meet the ratings requirements set by state statute. The District's investments were rated, as applicable, in the tables, on the previous page, by Standard & Poor's (S&P) and Moody's Investor Services.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's policy places no limit on the amount the District may invest in any one issuer, although the investment policy states that the District may diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The District was exposed to concentration of credit risk at June 30, 2022, School Building bond funds invested in Palo Alto School District California Bonds (50.8%) and Irrevocable OPEB Trust funds invested in Middleton Dane County Wisconsin G.O. Bonds (6.9%) exceed 5% of the respective investment portfolios.

Interest Rate Risk – This is the risk that the market value of securities will fall due to the changes in market interest rates. The District's policy states investments will be managed in a manner to attain a market rate of return through various economic and budgetary cycles while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Custodial Credit Risk – Investments: For an investment, this is the risk that 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 states that securities will be held by an independent third-party custodian.

The District has the recurring fair value measurements for pooled investments and as of June 30, 2022:

- \$4,998,946 of pooled investments were valued at level 2
- \$599,355 of nonpooled investments related to construction were valued at level 2
- \$407,648 of Irrevocable OPEB Trust Fund investments were valued at level 2

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**C. Deposits and Investments**

The following is a summary of total deposits and investments:

Total deposits (Note 2.A.)	\$ 1,162,994
Total investments (Note 2.B.)	<u>18,568,484</u>
Total deposits and investments	<u><u>\$ 19,731,478</u></u>
Statement of Net Position	
Cash and investments	\$ 15,925,298
Statement of Fiduciary Net Position	
Cash and investments	
OPEB Irrevocable Trust	<u>3,806,179</u>
Total deposits and investments	<u><u>\$ 19,731,477</u></u>

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Change in Accounting Principles	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,365,665	\$ -	\$ -	\$ -	\$ 1,365,665
Construction in progress	473,769	-	1,586,332	2,060,101	-
Total capital assets not being depreciated	<u>1,839,434</u>	<u>-</u>	<u>1,586,332</u>	<u>2,060,101</u>	<u>1,365,665</u>
Other Capital assets					
Land improvements	2,373,563	-	31,050	-	2,404,613
Buildings and improvements	83,789,530	-	2,109,391	-	85,898,921
Equipment	2,830,746	-	180,030	-	3,010,776
Leased Equipment	-	43,576	416,255	-	459,831
Leased Building	-	51,807	381,822	-	433,629
Total other assets at historical cost	<u>88,993,839</u>	<u>95,383</u>	<u>3,118,548</u>	<u>-</u>	<u>92,207,770</u>
Less accumulated depreciation for					
Land improvements	1,153,269	-	71,945	-	1,225,214
Buildings and improvements	26,061,261	-	2,502,836	-	28,564,097
Equipment	2,093,964	-	119,047	-	2,213,011
Less accumulated amortization for					
Leased Equipment	-	-	164,540	-	164,540
Leased Building	-	-	149,762	-	149,762
Total other accumulated depreciation and amortization	<u>29,308,494</u>	<u>-</u>	<u>3,008,130</u>	<u>-</u>	<u>32,316,624</u>
Total capital assets being depreciated, net	<u>59,685,345</u>	<u>95,383</u>	<u>110,418</u>	<u>-</u>	<u>59,891,146</u>
Governmental activities, capital assets, net	<u>\$ 61,524,779</u>	<u>\$ 95,383</u>	<u>\$ 1,696,750</u>	<u>\$ 2,060,101</u>	<u>\$ 61,256,811</u>

Depreciation/amortization expense for the year ended June 30, 2022, was charged to the following functions:

Administration	\$ 1,376
Elementary and secondary regular instruction	11,670
Special education instruction	910
Instructional support services	9,102
Pupil support services	19,944
Sites and buildings	138,093
Food service	23,370
Community education and services	5,593
Unallocated depreciation	<u>2,798,072</u>
 Total depreciation/amortization expense	 <u><u>\$ 3,008,130</u></u>

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 4 – LONG-TERM DEBT**

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

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds						
2015B School						
Building Bonds	6/11/2015	2.00%-5.00%	\$ 45,450,000	2/1/2036	\$ 43,735,000	\$ 395,000
2016A Alternative Facilities						
Refunding Bonds	6/29/2016	3.00%	4,080,000	2/1/2027	2,270,000	1,300,000
2016B Taxable OPEB						
Refunding Bonds	6/29/2016	2.25%-2.88%	4,660,000	2/1/2030	3,455,000	370,000
2018A Facilities						
Maintenance Bonds	4/5/2018	3.00%-5.00%	4,710,000	2/1/2024	1,700,000	835,000
2021A Capital						
Facilities Bonds	2/18/2021	1.00%-3.00%	1,860,000	2/1/2031	1,860,000	185,000
Total bonds					<u>53,020,000</u>	<u>3,085,000</u>
Premium on bonds					3,309,061	-
Lease payable					564,149	286,981
Financed purchase payable					569,060	278,980
Compensated absences payable					<u>493,429</u>	<u>148,130</u>
Total all long-term liabilities					<u>\$ 57,955,699</u>	<u>\$ 3,799,091</u>

General Obligation Bonds are paid from the Debt Service Fund. The General Obligation Taxable OPEB Bond is paid from Postemployment Benefit Debt Service Fund. The financed purchase and leases are payable from the General Fund. Compensated absences are paid from the General, Food Service and Community Service Funds.

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

	Beginning Balance	Change in Accounting Principle	Additions	Reductions	Ending Balance
Long-term liabilities					
G.O. bonds	\$ 56,295,000	\$ -	\$ -	\$ 3,275,000	\$ 53,020,000
Lease Liability	-	95,383	798,077	329,311	564,149
Financed Purchase	837,365	-	-	268,305	569,060
Compensated absences payable	517,907	-	200,420	224,898	493,429
Premium on bonds	<u>3,740,021</u>	-	-	430,960	<u>3,309,061</u>
Total long-term liabilities	<u>\$ 61,390,293</u>	<u>\$ 95,383</u>	<u>\$ 998,497</u>	<u>\$ 4,528,474</u>	<u>\$ 57,860,316</u>

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

**C. Minimum Debt Payments for Bonds**

Minimum annual principal and interest payments required to retire G.O. bond liabilities:

Year Ending June 30,	G.O. Bonds		Lease Liability		Total
	Principal	Interest	Principal	Interest	
2023	\$ 3,085,000	\$ 2,191,600	\$ 286,981	\$ 16,669	\$ 5,580,250
2024	4,190,000	2,093,925	275,387	8,356	6,567,668
2025	3,470,000	1,921,500	1,871	11	5,393,382
2026	3,620,000	1,768,175	-	-	5,388,175
2027	3,785,000	1,607,363	-	-	5,392,363
2028-2032	18,815,000	5,631,756	-	-	24,446,756
2033-2036	16,055,000	1,601,494	-	-	17,656,494
Total	<u>\$ 53,020,000</u>	<u>\$ 16,815,813</u>	<u>\$ 564,239</u>	<u>\$ 25,036</u>	<u>\$ 70,425,088</u>

The District has entered into lease agreements for financing the acquisition of certain equipment and building improvements. These lease agreements qualify as financed purchases for accounting purposes, therefore, have been recorded at the present value of their future minimum payments as of the inception date.

The future minimum finance purchase obligations and the net present value of these minimum lease payments were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 278,980	\$ 19,700	\$ 298,680
2024	290,080	8,600	298,680
Total minimum financed purchase payments	<u>\$ 569,060</u>	<u>\$ 28,300</u>	<u>\$ 597,360</u>

**D. Lease Obligations**

The District entered into multiple lease agreements shown per schedules above. These leases have varying start dates, monthly loan payment amounts, and end dates.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION**

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

**A. Fund Balances**

Fund balances are classified on the following page to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	\$ -	\$ -	\$ 13,493	\$ 13,493
Prepaid items	31,836	-	-	31,836
Total nonspendable	<u>31,836</u>	<u>-</u>	<u>13,493</u>	<u>45,329</u>
Restricted/reserved for				
Operating Capital	425,547	-	-	425,547
Medical Assistance	95,045	-	-	95,045
Impact Aid	13,394	-	-	13,394
Achievement and Integration	85,362	-	-	85,362
Safe Schools Levy	56,427	-	-	56,427
Building Construction	-	-	48,786	48,786
Gifted and Talented	-	-	-	-
Long-term Facilities Maintenance	234,505	-	3,457	237,962
Community Education	-	-	373,033	373,033
Early Childhood and Family Education	-	-	166,174	166,174
School Readiness	-	-	169,819	169,819
Basic Skills Extended Time	(1,052)	-	-	(1,052)
Community Service	-	-	7,619	7,619
Food Service	-	-	855,748	855,748
Debt Service	-	1,336,877	110,106	1,446,983
Total restricted/reserved	<u>909,228</u>	<u>1,336,877</u>	<u>1,734,742</u>	<u>3,980,847</u>
Committed for				
Severance	1,710,582	-	-	1,710,582
Assigned for				
Curriculum	423,172	-	-	423,172
Transporation	236,711	-	-	236,711
Extracurricular activities	556,610	-	-	556,610
Total assigned	<u>1,216,493</u>	<u>-</u>	<u>-</u>	<u>1,216,493</u>
Unassigned	5,256,945	-	(2,483)	5,254,462
Total fund balance	<u>\$ 9,125,084</u>	<u>\$ 1,336,877</u>	<u>\$ 1,745,752</u>	<u>\$ 12,207,713</u>

Nonspendable for Inventory – This balance represents the portion of fund balance that is not available as amounts have already been spent on inventory.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Balances (Continued)**

Nonspendable for Prepaid Items – This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

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

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 Title VII – Impact Aid Funds – This balance represents the unspent resources from the Title VII – Impact Aid Funds.

Restricted/Reserved for Achievement and Integration Revenue – This balance represents unspent resources available from the achievement and integration program.

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

Building Construction – This balance represents available resources in the District's Building Construction Fund restricted for future construction projects.

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 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 (*Minnesota Statutes* 124D.16).

Restricted for Community Service – This balance represents amounts restricted for the activities of the Community Service program not otherwise restricted/reserved. At June 30, 2022, the balance was negative \$2,325.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Balances (Continued)**

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

Restricted for Debt Service – This balance represents the positive fund balance of the debt service funds.

Committed for Severance – This balance represents resources set aside for future severance payments.

Assigned Fund Balance – These balances represent amount set aside by management for specific uses as noted in the table on the previous page.

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

The District participates in various pension plans, total pension expense for the year ended June 30, 2022, was \$508,735. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the 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.

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.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*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. 94  
Notes to Basic Financial Statements**

**NOTE 6 – 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.

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, 2020, June 30, 2021, and June 30, 2022, were:

June 30, 2020		June 30, 2021		June 30, 2022	
Employee	Employer	Employee	Employer	Employee	Employer
11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**C. Contribution Rate (Continued)**

The following is a reconciliation of employer contributions in TRA's ACFR "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 ACFR Statement of Changes in Fiduciary Net Position	\$ 448,829
Add employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	<u>(538)</u>
Total employer contributions	448,670
Total non-employer contributions	<u>37,840</u>
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u><u>\$ 486,510</u></u>

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

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2021, 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, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
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 five years and female rates set back seven 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.

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 on the table on the following page.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Unallocated Cash	2.0	0.00
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 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 since the 2020 valuation:

- The investment return assumption was changed from 7.5% to 7.0%.

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 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, 2022, the District reported a liability of \$11,553,429 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.2640% at the end of the measurement period and 0.2662% for the beginning of the year.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

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

District's proportionate share of net pension liability	\$ 11,553,429
State's proportionate share of the net pension liability associated with the District	974,520

For the year ended June 30, 2022, the District recognized pension expense of \$579,779. Included in this amount, the District recognized (\$10,912) as pension expense for the support provided by direct aid.

On June 30, 2022, 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	\$ 315,527	\$ 322,272
Net difference between projected and actual earnings on plan investments	-	9,674,105
Changes in actuarial assumptions	4,233,995	10,226,731
Changes in proportion	1,159,251	135,449
District's contributions to TRA subsequent to the measurement date	1,439,063	-
Total	\$ 7,147,836	\$ 20,358,557

The \$1,439,063 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 relation of the net pension liability in the year ended June 30, 2023.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

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
2023	\$ (6,951,577)
2024	(5,399,134)
2025	(1,357,387)
2026	(1,730,115)
2027	788,429
Total	\$(14,649,784)

**G. Pension Liability Sensitivity**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

District proportionate share of NPL		
1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
\$ 23,338,490	\$ 11,553,429	\$ 1,888,740

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](http://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.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association**

**A. Plan Description**

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans 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.

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 at 66.

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.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**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 2022 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, 2022, were \$443,520. The District's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of \$3,373,654 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 \$103,135.

The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0790% at the end of the measurement period and 0.0824% for the beginning of the period.

School's proportionate share of net pension liability	\$ 3,373,654
State of Minnesota's proportionate share of the net pension liability associated with the School	<u>103,135</u>
Total	<u><u>\$ 3,476,789</u></u>

For the year ended June 30, 2022, the District recognized pension expense of (\$71,044) for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$8,321 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. 94**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

At June 30, 2022, 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	\$ 21,750	\$ 103,758
Changes in actuarial assumptions	2,059,883	77,988
Difference between projected and actual investments earnings	-	2,913,321
Changes in proportion	-	197,217
District's contributions to PERA subsequent to the measurement date	443,520	-
Total	\$ 2,525,153	\$ 3,292,284

The \$443,520 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, 2023. 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,	Amount
2023	\$ (236,809)
2024	(104,614)
2025	(72,316)
2026	(796,912)
Total	\$ (1,210,651)

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**E. Long-Term Expected Return on Investment**

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 estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for 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.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Assumptions (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

**G. Discount Rates**

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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.

**H. 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 (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 6,880,532	\$ 3,373,654	\$ 496,047

**I. Pension Plan Fiduciary Net Position**

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

**Independent School District No. 94  
Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The District administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) which provides medical, dental and life insurance benefits to eligible retired employees and their dependents in accordance with the terms of the plan.

The District has established an irrevocable trust fund to account for accumulated plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a stand-alone financial report, but is included in this report of the District.

**B. Benefits Paid**

At retirement, employees of the District receiving a retirement or disability benefit, or eligible to receive a benefit from a Minnesota public pension plan may continue to participate in the District's group insurance plan. The District contributes a portion of the premium and HSA or HRA contributions as established by contracts with bargaining units or other employment contracts. These contracts state the years, age, and retiring dates needed to qualify for these postemployment benefits. The General Fund typically liquidates the liability related to OPEB.

**C. Members**

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

Active employees electing coverage	216
Active employees waiving coverage	167
Retirees electing coverage	<u>82</u>
Total	<u><u>465</u></u>

**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. Contribution requirements are established by the District, based on the contract terms with insurance providers.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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

Investment rate of return	5.00%
Discount rate	4.41%
Inflation	2.25%
Healthcare cost trend increases	6.3% for FY2022, decreasing to 3.8% in FY2076 and later years
Mortality Assumptions	
Teachers	RP-2014 mortality tables with projected mortality improvements based on scale MP-2015 and other adjustments.
Non-teachers	Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

Estimated geometric nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic equity	28 %	6.67 %
International equity	17	7.16
Fixed income	50	3.25
Real estate and alternatives	5	6.23
Cash and equivalents	0	1.92
 Total	 <u>100 %</u>	 <u>5.00 %</u>

The details of the investments and the investment policy are described in Note 2 of the District's financial statements. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (9.05%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Total OPEB Liability**

The District's net OPEB liability of \$707,431 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Changes in the Total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2021	\$ 5,368,277	\$ 4,910,149	\$ 458,128
Changes for the year			
Service cost	173,951	-	173,951
Interest	163,514	-	163,514
Difference between expected and actual experience	(30,591)		(30,591)
Changes in assumptions	(291,853)	-	(291,853)
Employer contributions	-	218,156	(218,156)
Net investment income	-	(444,266)	444,266
Benefit payments	(669,540)	(669,540)	-
Administrative expense	-	(250)	250
Other additions	-	(7,922)	7,922
Net changes	(654,519)	(903,822)	249,303
Balances at June 30, 2022	\$ 4,713,758	\$ 4,006,327	\$ 707,431

Changes of assumptions and other inputs reflect a change in the discount rate from 3.14% in 2021 to 4.41% in 2022 based on a increase in the index rate for 20-year, tax exempt municipal bonds from 1.92% in 2021 to 3.69% in 2022.

The following presents the District's net OPEB asset calculated using the discount rate of 4.41% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (3.41%)	Current Discount Rate (4.41%)	1% Increase in Discount Rate (5.41%)
Net OPEB Liability	\$ 936,792	\$ 707,431	\$ 483,080

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Liability Sensitivity**

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

	1% Decrease in Discount Rate (5.30%)	Current Discount Rate (6.30%)	1% Increase in Discount Rate (7.30%)
Net OPEB Liability	\$ 375,767	\$ 707,431	\$ 1,082,817

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

For the year ended June 30, 2022, the District recognized OPEB expense of (\$226,252). At June 30, 2022, 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
Net difference between projected and actual investment earnings	\$ 360,399	\$ -
Differences between expected and actual liability	-	597,329
Changes of assumptions	65,742	1,577,405
Total	\$ 426,141	\$ 2,174,734

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

Year Ending June 30,	Total
2023	\$ (311,835)
2024	(362,603)
2025	(356,860)
2026	(216,105)
2027	(254,127)
Thereafter	(247,063)
Total	\$ (1,748,593)

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 8 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

**NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, Leases. This resulted in the District recognizing leased assets, lease liability, lease receivable, and deferred inflow of resources relating to lease receivable.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Independent School District No. 94**  
**Cloquet Schools**  
**Schedule of Changes in Net OPEB Liability**  
**and Related Ratios**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability			
Service cost	\$ 375,729	\$ 364,255	\$ 343,389
Interest	322,047	364,859	376,722
Differenced between expected and actual experience	-	-	(666,377)
Changes of assumptions	(246,684)	(593,835)	(1,285,849)
Benefit payments	<u>(532,516)</u>	<u>(553,702)</u>	<u>(643,982)</u>
Net change in total OPEB liability	<u>(81,424)</u>	<u>(418,423)</u>	<u>(1,876,097)</u>
Beginning of year	<u>8,343,199</u>	<u>8,261,775</u>	<u>7,843,352</u>
End of year	<u>\$ 8,261,775</u>	<u>\$ 7,843,352</u>	<u>\$ 5,967,255</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ 194,229	\$ 223,683	\$ 224,963
Net investment income	428,743	372,040	63,167
Other additions	-	-	-
Benefit payments	(532,516)	(553,702)	(643,982)
Administrative expense	(250)	(250)	(250)
Other changes	-	-	-
Net change in plan fiduciary net position	<u>90,206</u>	<u>41,771</u>	<u>(356,102)</u>
Beginning of year	<u>5,089,935</u>	<u>5,180,141</u>	<u>5,221,912</u>
End of year	<u>\$ 5,180,141</u>	<u>\$ 5,221,912</u>	<u>\$ 4,865,810</u>
Net OPEB liability	<u>\$ 3,081,634</u>	<u>\$ 2,621,440</u>	<u>\$ 1,101,445</u>
Plan FNP as a percentage of the total OPEB liability	62.70%	66.58%	81.54%
Covered-employee payroll	\$ 19,035,000	\$ 20,222,000	\$ 20,717,000
Net OPEB liability as a percentage of covered-employee payroll	16.19%	12.96%	5.32%

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

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
\$ 230,324	\$ 258,644	\$ 173,951
266,552	239,010	163,514
-	(270,816)	(30,591)
100,404	(400,565)	(291,853)
<u>(522,032)</u>	<u>(500,499)</u>	<u>(669,540)</u>
<u>75,248</u>	<u>(674,226)</u>	<u>(654,519)</u>
<u>5,967,255</u>	<u>6,042,503</u>	<u>5,368,277</u>
<u>\$ 6,042,503</u>	<u>\$ 5,368,277</u>	<u>\$ 4,713,758</u>
\$ -	\$ 150,302	\$ 218,156
215,398	700,796	(444,266)
-	874	-
(522,032)	(500,499)	(669,540)
(250)	(250)	(250)
<u>-</u>	<u>-</u>	<u>(7,922)</u>
<u>(306,884)</u>	<u>351,223</u>	<u>(903,822)</u>
<u>4,865,810</u>	<u>4,558,926</u>	<u>4,910,149</u>
<u>\$ 4,558,926</u>	<u>\$ 4,910,149</u>	<u>\$ 4,006,327</u>
<u>\$ 1,483,577</u>	<u>\$ 458,128</u>	<u>\$ 707,431</u>
75.45%	91.47%	84.99%
\$ 21,450,928	\$ 19,839,548	\$ 23,739,308
6.92%	2.31%	2.98%

**Independent School District No. 94  
Cloquet Schools  
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Annual money-weighted rate of return, net of investment expense	8.71%	7.46%	1.21%	4.78%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>
16.13%	-9.05%

**Independent School District No. 94**  
**Schedule of District's and Non-Employer Proportionate Share**  
**(if Applicable) 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 State of Minnesota's Share of the Net Pension of 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	0.0842%	\$ 3,955,294	\$ -	\$ 3,955,294	\$ 4,421,821	89.4%	78.75%
2015	0.0791%	4,099,373	-	4,099,373	4,573,467	89.6%	78.19%
2016	0.0810%	6,576,798	85,940	6,662,738	5,026,373	130.8%	68.91%
2017	0.0832%	5,311,433	66,804	5,378,237	5,351,427	99.3%	75.90%
2018	0.0851%	4,720,999	154,872	4,875,871	5,718,440	82.6%	79.53%
2019	0.0829%	4,583,355	142,494	4,725,849	5,865,920	78.1%	80.23%
2020	0.0824%	4,940,257	152,446	5,092,703	5,877,653	84.1%	79.06%
2021	0.0790%	3,373,654	103,135	3,476,789	5,690,387	59.3%	87.00%

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**  
**(if Applicable) of Net Pension Liability**  
**Last Ten Years TRA 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 State of Minnesota's Share of the Net Pension of 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	0.2526%	\$ 11,639,626	\$ 818,923	\$ 12,458,549	\$ 11,532,629	100.9%	81.50%
2015	0.2364%	14,623,678	1,793,756	16,417,434	11,978,373	122.1%	76.77%
2016	0.2442%	58,247,527	5,846,286	64,093,813	12,702,213	458.6%	44.88%
2017	0.2500%	49,904,535	4,824,697	54,729,232	13,457,507	370.8%	51.57%
2018	0.2605%	16,361,838	1,537,381	17,899,219	14,394,147	113.7%	78.07%
2019	0.2616%	16,674,439	1,475,892	18,150,331	14,853,593	112.3%	78.21%
2020	0.2662%	19,667,213	1,648,122	21,315,335	15,467,475	127.2%	75.48%
2021	0.2640%	11,553,429	974,520	12,527,949	15,798,672	73.1%	86.63%

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

**Independent School District No. 94  
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	\$ 320,582	\$ 320,582	\$ -	\$ 4,421,821	7.25%
2015	343,010	343,010	-	4,573,467	7.50%
2016	376,978	376,978	-	5,026,373	7.50%
2017	401,357	401,357	-	5,351,427	7.50%
2018	428,883	428,883	-	5,718,440	7.50%
2019	439,944	439,944	-	5,865,920	7.50%
2020	440,824	440,824	-	5,877,653	7.50%
2021	426,779	426,779	-	5,690,387	7.50%
2022	443,520	443,520	-	5,913,600	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	\$ 807,284	\$ 807,284	\$ -	\$ 11,532,629	7.00%
2015	898,378	898,378	-	11,978,373	7.50%
2016	952,666	952,666	-	12,702,213	7.50%
2017	1,009,313	1,009,313	-	13,457,507	7.50%
2018	1,079,561	1,079,561	-	14,394,147	7.50%
2019	1,145,212	1,145,212	-	14,853,593	7.71%
2020	1,225,024	1,225,024	-	15,467,475	7.92%
2021	1,284,432	1,284,432	-	15,798,672	8.13%
2022	1,439,063	1,439,063	-	17,254,952	8.34%

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

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**TRA Retirement Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

**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% 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%.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**TRA Retirement Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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.
- 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 DFRFA was merged into TRA on June 30, 2015

**Independent School District No. 94**  
**Notes to 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. 94**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**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.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

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 changes 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.

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.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**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.

**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.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**Post Employment Benefits**

**2022 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- Change in the discount rate from 3.14% in 2021 to 4.41% in 2022 based on an increase in the index rate for 20-year, tax exempt municipal Bonds from 1.92% in 2021 to 3.69% in 2022.

**2021 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.95% to 3.14% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 6.00% to 5.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations
- Medical per capital claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

**2020 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.49% in 2019 to 3.95% in 2020 based on a decrease in the index rate for 20-year, tax exempt municipal bonds from 3.13% in 2019 to 2.45% in 2020.
- The medical trend rates were updated to exclude the Affordable Care Act's excise tax on high cost health insurance plans due to its repeal.

**2019 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.79% in 2018 to 4.49% in 2019 based on a decrease in the expected long-term rate of return on assets from 6.25% in 2018 to 6.0% in 2019.
- Retiree premiums and active District subsidy amount have been updated to current levels.
- Eligible participants of the plans have been updated based on contracts.

**SUPPLEMENTARY INFORMATION**

**Independent School District No. 94**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue			Building Construction Fund
	Food Service	Community Service	Total Special Revenue	
<b>Assets</b>				
Cash and investments	\$ 849,649	\$ 965,513	\$ 1,815,162	\$ 52,243
Current property taxes receivable	-	155,918	155,918	-
Delinquent property taxes receivable	-	4,491	4,491	-
Due from Department of Education	16,652	26,541	43,193	-
Inventory	13,493	-	13,493	-
	<u>\$ 879,794</u>	<u>\$ 1,152,463</u>	<u>\$ 2,032,257</u>	<u>\$ 52,243</u>
<b>Liabilities</b>				
Accounts payable	\$ 7,027	\$ 12,284	\$ 19,311	\$ -
Salaries and benefits payable	3,526	70,927	74,453	-
Total liabilities	<u>10,553</u>	<u>98,162</u>	<u>108,715</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent year's expenditures	-	335,648	335,648	-
Unavailable revenue - delinquent taxes	-	4,491	4,491	-
Total deferred inflows of resources	<u>-</u>	<u>340,139</u>	<u>340,139</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	13,493	-	13,493	-
Restricted	855,748	716,645	1,572,393	52,243
Unassigned	-	(2,483)	(2,483)	-
Total fund balances	<u>869,241</u>	<u>714,162</u>	<u>1,583,403</u>	<u>52,243</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 879,794</u>	<u>\$ 1,152,463</u>	<u>\$ 2,032,257</u>	<u>\$ 52,243</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 348,229	\$ 2,215,634
207,401	363,319
6,051	10,542
1,539	44,732
-	13,493
<u>\$ 563,220</u>	<u>\$ 2,647,720</u>
\$ 500	\$ 19,811
-	74,453
<u>500</u>	<u>109,215</u>
446,563	782,211
6,051	10,542
<u>452,614</u>	<u>792,753</u>
-	13,493
110,106	1,734,742
-	(2,483)
<u>110,106</u>	<u>1,745,752</u>
<u>\$ 563,220</u>	<u>\$ 2,647,720</u>

**Independent School District No. 94**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2022**

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
<b>Revenues</b>				
Local property taxes	\$ -	\$ 321,878	\$ 321,878	\$ -
Other local and county revenues	-	1,329,767	1,329,767	3,371
Revenue from state sources	35,851	288,312	324,163	-
Revenue from federal sources	1,571,799	79,549	1,651,348	-
Sales and other conversion of assets	62,099	7,448	69,547	-
Total revenues	<u>1,669,749</u>	<u>2,026,954</u>	<u>3,696,703</u>	<u>3,371</u>
<b>Expenditures</b>				
Current				
Food service	1,272,324	-	1,272,324	-
Community education and services	-	1,929,577	1,929,577	-
Capital outlay				
Sites and buildings	-	-	-	1,593,335
Community education and services	-	13,491	13,491	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,272,324</u>	<u>1,943,068</u>	<u>3,215,392</u>	<u>1,593,335</u>
Excess of revenues over (under) expenditures	397,425	83,886	481,311	(1,589,964)
<b>Fund Balances</b>				
Beginning of year	<u>471,816</u>	<u>630,276</u>	<u>1,102,092</u>	<u>1,642,207</u>
End of year	<u>\$ 869,241</u>	<u>\$ 714,162</u>	<u>\$ 1,583,403</u>	<u>\$ 52,243</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 437,686	\$ 759,564
-	1,333,138
15,485	339,648
-	1,651,348
-	69,547
453,171	4,153,245
-	1,272,324
-	1,929,577
-	1,593,335
-	13,491
365,000	365,000
96,654	96,654
461,654	5,270,381
(8,483)	(1,117,136)
118,589	2,862,888
\$ 110,106	\$ 1,745,752

**Independent School District No. 94**  
**Uniform Financial Accounting and Reporting Standards**  
**Compliance Table**  
**Year Ended June 30, 2022**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 36,935,439	\$ 36,935,410	\$ 29	Total revenue	\$ 3,371	\$ 3,371	\$ -
Total expenditures	38,274,778	38,274,752	26	Total expenditures	1,593,335	1,593,335	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	31,836	31,836	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	-	-	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 LTFM	3,457	3,457	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	48,786	48,786	-
4.13 Building Projects Funded by COP/LP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-				
4.17 Taconite Building Maintenance	-	-	-	<b>07 DEBT SERVICE FUND</b>			
4.24 Operating Capital	425,547	425,547	-	Total revenue	\$ 5,344,076	\$ 5,344,078	\$ (2)
4.26 \$25 Taconite	-	-	-	Total expenditures	5,148,024	5,148,024	-
4.27 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
4.28 Learning and Development	-	-	-	4.60 Nonspendable Fund Balance	-	-	-
4.34 Area Learning Center	-	-	-	<i>Restricted/reserved:</i>			
4.35 Contracted Alternative Programs	-	-	-	4.25 Bond refunding	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.38 Gifted and Talented	-	-	-	4.51 QZAB payments	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	4.67 LTFM	-	-	-
4.41 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
4.48 Achievement and Integration	85,362	85,362	-	4.64 Restricted fund balance	1,336,877	1,336,878	(1)
4.49 Safe School Crime	56,427	56,427	-	<i>Unassigned:</i>			
4.51 QZAB Payments	-	-	-	4.63 Unassigned fund balance	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-				
4.53 Unfunded Severance and Retirement Levy	-	-	-	<b>08 TRUST FUND</b>			
4.59 Basic Skills Extended Time	(1,052)	(1,052)	-	Total revenue	\$ -	\$ -	\$ -
4.67 LTFM	234,505	234,505	-	Total expenditures	-	-	-
4.73 PPP Loans	-	-	-	4.01 Student Activities	-	-	-
4.74 EIDL Loans	-	-	-	4.02 Scholarships	-	-	-
<i>Restricted:</i>				4.22 Net position	-	-	-
4.72 Medical Assistance	95,045	95,045	-	<b>18 CUSTODIAL FUND</b>			
4.64 Restricted fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.75 Title VII - Impact Aid	13,394	13,394	-	Total expenditures	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.01 Student Activities	-	-	-
<i>Committed:</i>				4.02 Scholarships	-	-	-
4.18 Committed for separation	1,710,582	1,710,582	-	4.48 Achievement and Integration	-	-	-
4.61 Committed	-	-	-	4.64 Restricted fund balance	-	-	-
<i>Assigned:</i>				<b>20 INTERNAL SERVICE FUND</b>			
4.62 Assigned fund balance	1,216,493	1,216,493	-	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.22 Unassigned fund balance	5,256,945	5,256,940	5	<i>Unassigned:</i>			
<b>02 FOOD SERVICE FUND</b>				4.22 Net position	-	-	-
Total revenue	\$ 1,669,749	\$ 1,669,749	\$ -	<b>25 OPEB REVOCABLE TRUST</b>			
Total expenditures	1,272,324	1,272,325	(1)	Total revenue	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total expenditures	-	-	-
4.61 Nonspendable fund balance	13,493	13,493	-	<i>Unassigned:</i>			
<i>Restricted/reserved:</i>				4.22 Net position	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	<b>45 OPEB IRREVOCABLE TRUST</b>			
4.74 EIDL Loans	-	-	-	Total revenue	\$ (147,705)	\$ (147,705)	\$ -
<i>Restricted:</i>				Total expenditures	966,351	966,351	-
4.64 Restricted fund balance	855,748	855,748	-	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	3,788,171	3,788,171	-
4.63 Unassigned fund balance	-	-	-	<b>47 OPEB DEBT SERVICE</b>			
<b>04 COMMUNITY SERVICE FUND</b>				Total revenue	\$ 453,171	\$ 453,172	\$ (1)
Total revenue	\$ 2,026,954	\$ 2,026,951	\$ 3	Total expenditures	461,654	461,656	(2)
Total expenditures	1,943,068	1,943,065	3	<i>Nonspendable:</i>			
<i>Nonspendable:</i>				4.60 Nonspendable fund balance	-	-	-
4.60 Nonspendable fund balance	-	-	-	<i>Restricted:</i>			
<i>Restricted/reserved:</i>				4.64 Restricted fund balance	110,106	110,106	-
4.26 \$25 Taconite	-	-	-	<i>Unassigned:</i>			
4.31 Community Education	373,033	373,033	-	4.63 Unassigned fund balance	-	-	-
4.32 ECFE	166,174	166,174	-				
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	169,819	169,819	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
4.73 PPP Loans	-	-	-				
4.74 EIDL Loans	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	7,619	7,619	-				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	(2,483)	(2,483)	-				

**Independent School District No. 94**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
<b>U.S. Department of Agriculture</b>		
Through Minnesota Department of Education		
Child Nutrition Cluster		
Noncash Assistance - Commodities	10.555	\$ 101,328
School Breakfast Program	10.553	230,175
National School Lunch Program	10.555	1,167,865
Summer Food Service Program for Children	10.559	72,431
Total Child Nutrition Cluster and U.S. Department of Agriculture		1,571,799
<b>U.S. Department of Interior</b>		
Through Fond du Lac Band of Lake Superior Chippewa		
Indian Education Assistance to Schools	15.130	39,410
<b>U.S. Department of Education</b>		
Direct Programs		
Impact Aid	84.041	205,795
Title VII - Indian Education	84.060	167,577
Through Minnesota Department of Education		
Title I, Part A	84.010	451,663
Title II, Part A	84.367	1,318
Title IV, Part A - Safe and Drug Free Schools	84.186	26,165
Striving Readers Literacy	84.371	605,229
Special Education Cluster		
Special Education	84.027	425,476
COVID-19 ARP IDEA Part B Section 619	84.173X	11,767
COVID-19 ARP IDEA Part B Section 611	84.027X	135,480
Special Education - Preschool Grants	84.173	20,377
Total Special Education Cluster		593,100
Grants for Infants and Families	84.181	20,013
COVID-19 Governor's Emergency Education Relief	84.425	25,131
COVID-19 ESSER III – 90% Formula Allocation	84.425U	258,708
COVID-19 ESSER II Fund – 90% Formula Allocation	84.425D	624,073
COVID-19 Summer School Age Care	84.425C	18,797
Total Education Stabilization Funds		926,709
Through Independent School District No. 704		
Career and Technical Education Grants	84.048	6,997
Total U.S. Department of Education		3,004,566
<b>U.S. Department of Health &amp; Human Services</b>		
Through Minnesota Department of Education		
COVID-19 Minnesota COVID-19 Testing Program	93.323	77,952
<b>U.S. Department of Treasury</b>		
Through Minnesota Department of Education		
COVID-19 ARP Summer Academic Enrichment and Mental Health	21.027	103,362
COVID-19 Summer Preschool Program	21.027	24,135
COVID-19 Compensatory	21.027C	118,840
COVID-19 Pandemic Enrollment Loss	21.027	21,804
Total CSLFRF		268,141
Through Carlton County		
COVID-19 Coronavirus Relief Fund	21.019	19,619
Total U.S. Department of Treasury		287,760
Total Federal Expenditures		\$ 4,981,487

**Independent School District No. 94**  
**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 modified accrual basis financial statements.

**NOTE 2 – PASS-THROUGH GRANT NUMBERS**

All pass-through entities listed above use the same Assistance Listing 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.

**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. 94  
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ending June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2022.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the 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 were not identified. We did identify a 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 identified as audit finding 2022-001.

### **Report on Compliance and Other Matters**

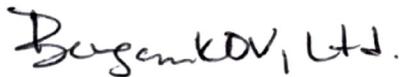
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### **District's Response to the Finding**

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 financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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



St. Cloud, Minnesota  
October 13, 2022

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

To the School Board  
Independent School District No. 94  
Cloquet, Minnesota

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

**Opinion on Each Major Federal Program**

We have audited Independent School District No. 94's, Cloquet, Minnesota compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Cost in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the 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, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

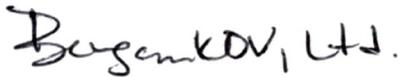
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

**Report on Internal Control over Compliance (Continued)**

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



St. Cloud, Minnesota  
October 13, 2022

**Independent School District No. 94  
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 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 identified? No
- Significant deficiency identified? Yes, Audit Finding 2022-001

Noncompliance material to financial statements noted? No

**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**

Assistance Listing No: 84.425  
Name of Federal Program or Cluster: Education Stabilization Funds

Assistance Listing 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. 94  
Schedule of Findings and Questioned Costs  
in Accordance with the Uniform Guidance**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Audit Finding 2022-001**

*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 financial statements requires adequate segregation of accounting duties.

*Condition:*

The District does not have adequate segregation of accounting duties.

*Context:*

During the year ended June 30, 2022, 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 Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and state and federal receivables and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

Management is aware of this condition and will take certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle 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.

*Context:*

This finding impacts internal control for all significant accounting functions.

*Effect or Potential Effect:*

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

*Cause:*

There are a limited number of office employees.

**Independent School District No. 94  
Schedule of Findings and Questioned Costs  
in Accordance with the Uniform Guidance**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Audit Finding 2022-001 (Continued)**

*Recommendation:*

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

**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  
Administration will add additional internal controls where the benefit exceeds the cost.
3. Official Responsible for Ensuring CAP  
Candace Nelis, Business Manager 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, 2023.
5. Plan to Monitor Completion of CAP  
The School Board will be monitoring this CAP.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no questioned costs.

**SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None

**Minnesota Legal Compliance**

**Independent Auditor's Report**

To the School Board  
Independent School District No. 94  
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, and have issued our report thereon dated October 13, 2022.

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

*BergankDV, Ltd.*

St. Cloud, Minnesota  
October 13, 2022

**Independent School District No. 94  
Cloquet, Minnesota**

**Communications Letter**

**June 30, 2022**

**Independent School District No. 94  
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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. 94  
Cloquet, 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. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2022, 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 opinion 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 certain deficiencies 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 October 13, 2022, on such statements.

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

*BergankDV, Ltd.*

St. Cloud, Minnesota  
October 13, 2022

## **Independent School District No. 94 Significant Deficiency**

### **Lack of Segregation of Accounting Duties**

During the year ended June 30, 2022, the District had a lack of segregation of accounting duties due to a limited number of office employees. The lack of 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. 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 Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes, state and federal receivables, and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, 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.

We recommend management, along with the School Board, remain aware of this situation, and continually monitor the accounting system including changes that occur.

## **Independent School District No. 94 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, 2022. 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 basic 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 basic 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 basic financial statements are free of material misstatement. An audit of the basic 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 basic financial statements. Our responsibility with respect to the RSI, which supplement(s) 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 basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic 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. 94 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.

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- Management Override of Controls – Overall Financial Statements – Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Improper Revenue Recognition – Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources including property taxes and state aid.
- Risk of Misappropriation of Assets – If accounting duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made from the District.

## **Independent School District No. 94 Required Communication**

### **Qualitative Aspects of the District's 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 2022. 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 relate to:

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

General Education and Special Education Aid – General Education Aid is an estimate until final 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 also dependent upon ADM values; however, in addition to those, this Aid is dependent on the availability of monies and complex formulas that are finalized after reporting deadlines.

Net 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 Relating to Pensions, and Deferred Inflows of Resources relating to Pensions – 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 basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

## **Independent School District No. 94 Required Communication**

### **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 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.

- General state receivables and related revenue were over stated
- Food service unearned revenue was under stated and related revenue was over stated

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 and each applicable opinion unit.

### **Disagreements with Management**

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, significant events or transactions that occurred during the year, operating, and regulatory conditions affecting the District, and operational 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.

## **Independent School District No. 94 Required Communication**

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

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

With respect to the supplementary information accompanying the basic 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the basic financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

**Independent School District No. 94  
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.

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this letter. The last section of this report, which contains a summary of legislative changes affecting school districts, gives an indication of the complexity of the funding system. The following section provides some state-wide funding and financial trend information.

**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 by 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%
2023	6,863	2.0%

\* 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.

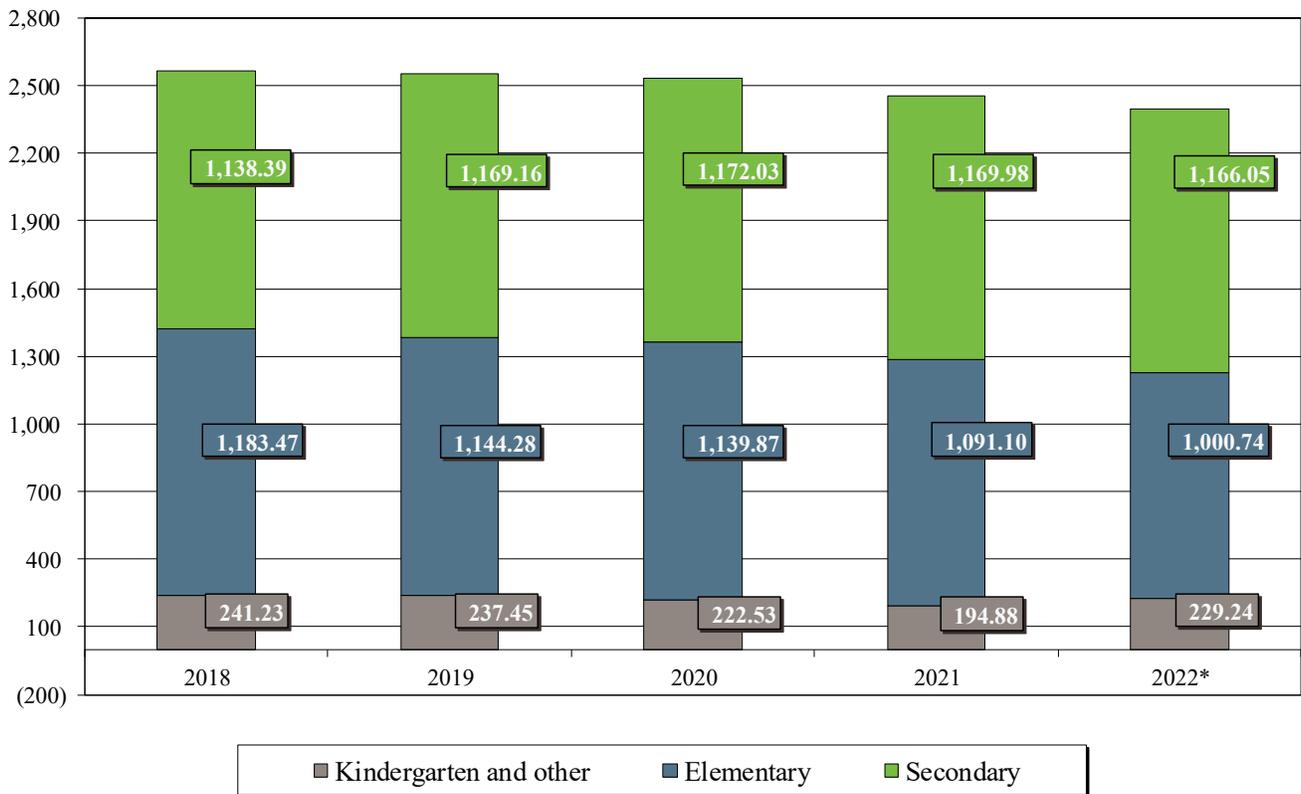
## Independent School District No. 94 Financial Analysis

### Average Daily Membership and Pupil Units (Continued)

The following summarizes resident ADM of the District over the past five years ended June 30:

ADM	2018	2019	2020	2021	2022*
Kindergarten and other	241.23	237.45	222.53	194.88	229.24
Elementary	1,183.47	1,144.28	1,139.87	1,091.10	1,000.74
Secondary	1,138.39	1,169.16	1,172.03	1,169.98	1,166.05
<b>Total Resident ADM</b>	<b>2,563.09</b>	<b>2,550.89</b>	<b>2,534.43</b>	<b>2,455.96</b>	<b>2,396.03</b>

### Resident Students (ADM)



\* Estimate

The table and graph above illustrate the change in resident ADM. The District experienced a decrease in 2022 of approximately 60 resident ADM based on 2022 estimates. Over the past five years, ADM has decreased approximately 167 units, or 6.5%.

## Independent School District No. 94 Financial Analysis

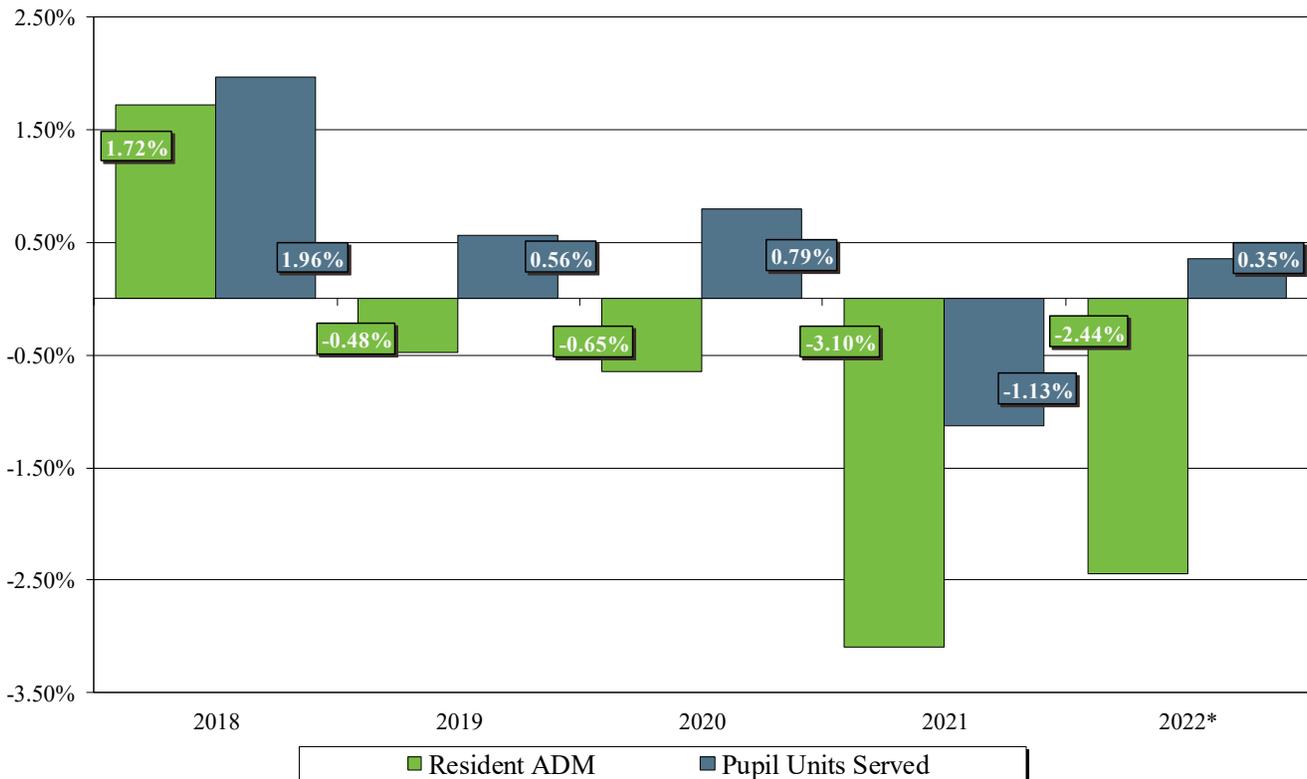
### Average Daily Membership and Pupil Units (Continued)

Year 2018-2022	Pupil Units Weighting					
	Handicapped	Half/Full	Elementary	Elementary		
	Pre-Kindergarten	Kindergarten	Kindergarten	Grades 1-3	Grades 4-6	Secondary
	1.000	1.000	1.000	1.000	1.000	1.200

The adjusted pupil units 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. The District's weighted pupil units increased in 2022 by approximately 10 units or 0.35%.

Adjusted Pupil Units	2018	2019	2020	2021	2022*
Residents	2,781.08	2,776.83	2,761.92	2,681.63	2,624.51
Residents going elsewhere	(369.93)	(381.28)	(360.69)	(343.22)	(332.81)
Nonresidents coming in	576.75	609.13	627.23	655.73	712.97
<b>Total Adjusted Pupil Units</b>	<b>2,987.90</b>	<b>3,004.68</b>	<b>3,028.46</b>	<b>2,994.14</b>	<b>3,004.67</b>

### Change in Resident ADM and Pupil Units Served



\* Estimate

**Independent School District No. 94  
Financial Analysis**

**General Fund Budget and Actual**

The graph below outlines the District's final budget and actual results for the General Fund. In June 2021, the District approved a General Fund budget anticipating expenditures would exceed revenues by \$56,195. This budget was modified in February 2022, increasing revenue by \$1,195,215 and increasing expenditures by \$1,423,378. As a result of 2022 activity, expenditures exceeded revenues by \$1,339,339.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,464,006	\$ 2,434,806	\$ 2,510,768	\$ 75,962
Revenue from state sources	29,532,195	29,430,732	29,262,454	(168,278)
Other sources	3,571,180	4,897,058	5,162,217	265,159
<b>Total revenues</b>	<b>35,567,381</b>	<b>36,762,596</b>	<b>36,935,439</b>	<b>172,843</b>
<b>Expenditures</b>				
Administration	1,981,952	1,734,004	1,670,137	(63,867)
District support services	1,314,563	940,438	997,543	57,105
Regular instruction	17,858,589	18,671,791	19,665,380	993,589
Vocational education instruction	508,603	474,617	491,085	16,468
Special education instruction	6,553,418	6,940,174	6,759,191	(180,983)
Instructional support services	1,960,169	2,134,450	2,034,150	(100,300)
Pupil support services	2,144,374	2,476,540	2,483,487	6,947
Sites, buildings, and equipment	2,873,228	3,246,260	3,534,829	288,569
Debt service	298,680	298,680	631,282	332,602
Fiscal and other fixed cost program	130,000	130,000	7,694	(122,306)
<b>Total expenditures</b>	<b>35,623,576</b>	<b>37,046,954</b>	<b>38,274,778</b>	<b>1,227,824</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (56,195)</b>	<b>\$ (284,358)</b>	<b>\$ (1,339,339)</b>	<b>\$ (1,054,981)</b>

Revenues were less than the final budget by \$172,843 or 0.47%. Other sources were over budget due to an increase in fees and activities for the year.

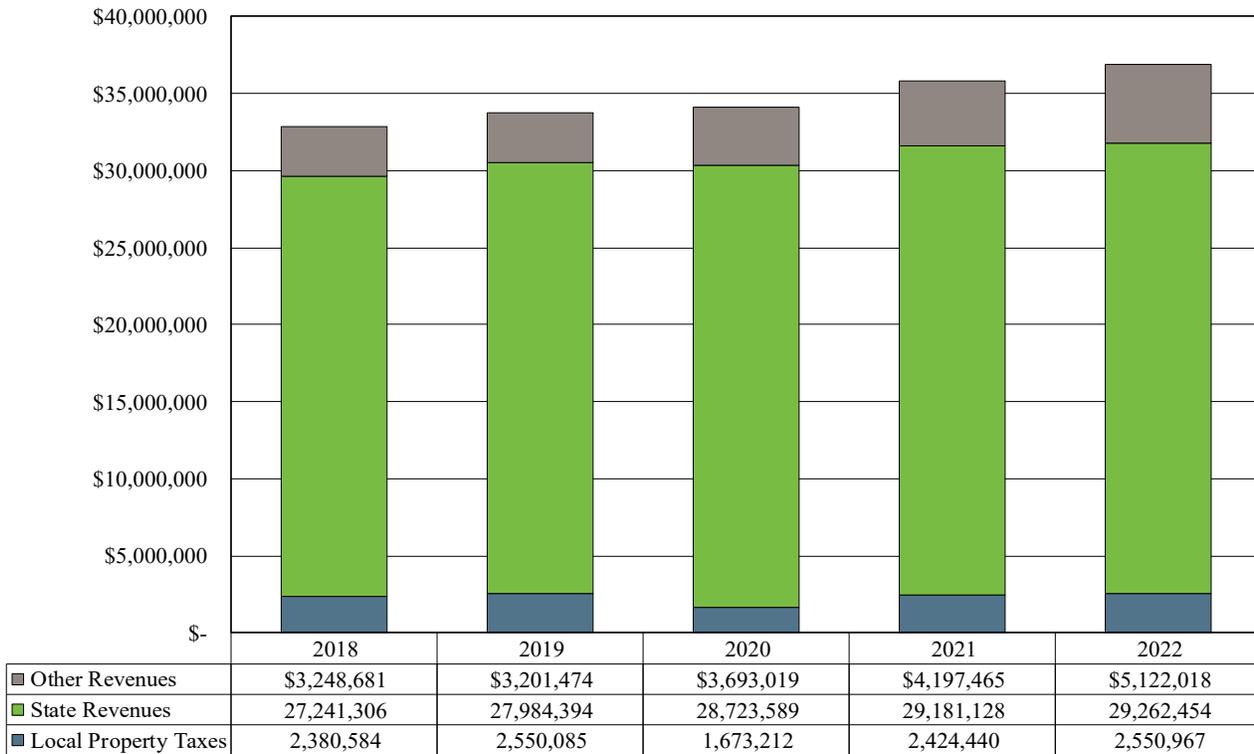
Expenditures were over budget \$1,227,824, or 3.3%. Regular instruction costs were overbudget due to additional supplies purchased with federal funds that were not included in the budget. Special education costs were underbudget due to budgeting conservatively for wage and benefit increases. Site, buildings and equipment was overbudget due to new leases that were not included in the budget. Debt service expenditures were overbudget due to payments on the new leases that were not included in the budget.

## Independent School District No. 94 Financial Analysis

### General Fund Sources of Revenue

General Fund sources of revenue are summarized as follows for the last five years:

**General Fund Sources of Revenue**



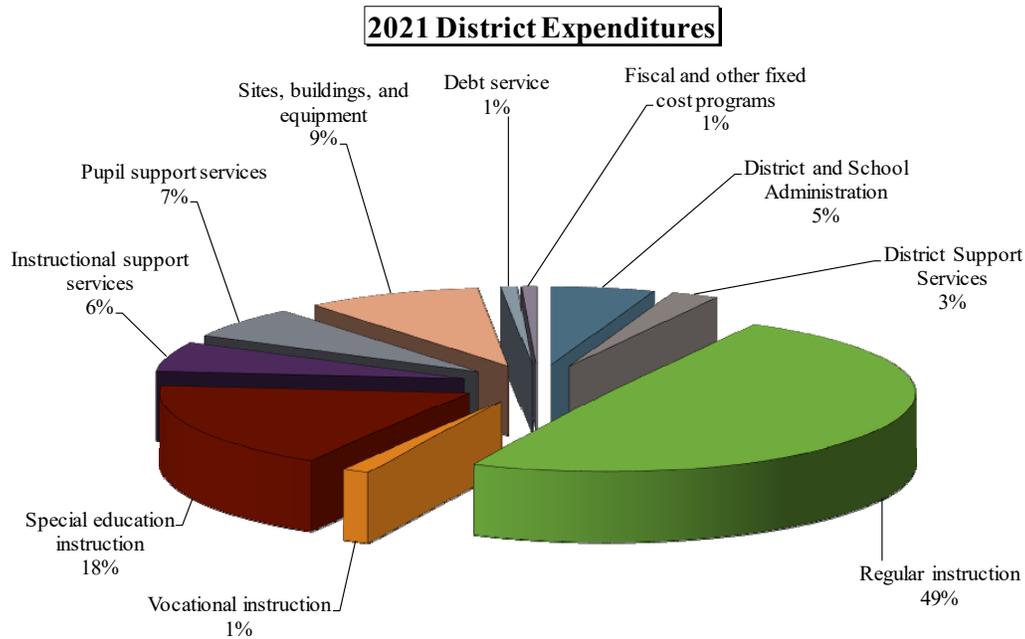
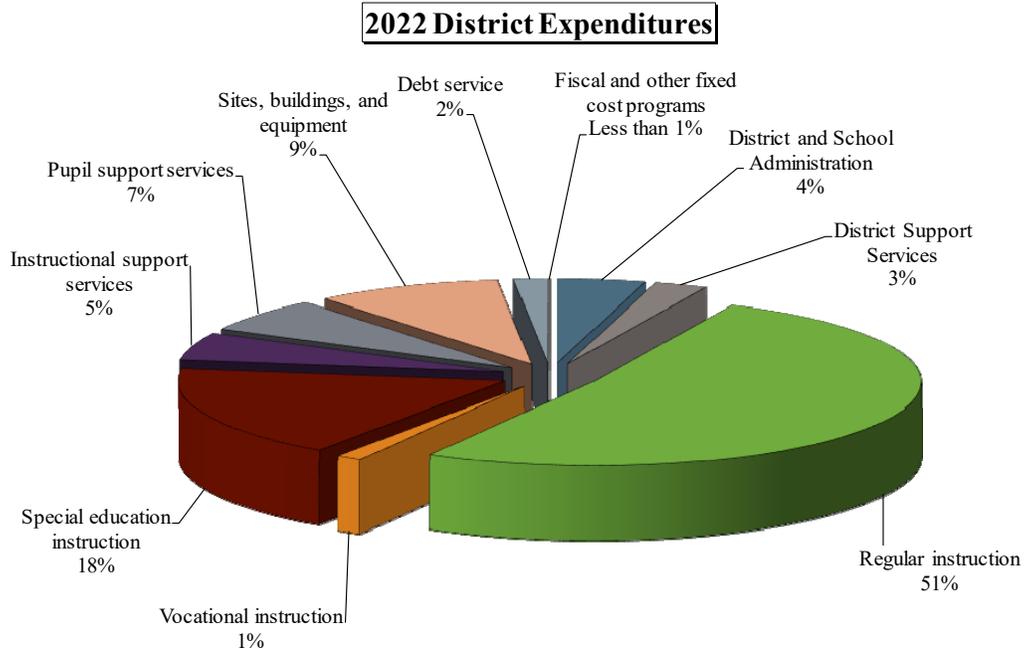
Total General Fund revenues increased approximately \$1,132,406, or 3.2%, from \$35,803,033 in 2021 to \$36,935,439 in 2022.

State revenue, which makes up the largest percentage of the District's revenue at 79.2%, increased from the prior year by \$81,326. Local property taxes, which represent 6.9% of the District's revenues, increased \$126,527 with an increase in the levy. Other revenues make up the remaining 13.9% and increased \$924,553 from the prior year due to increase in fees, student activity revenue and COVID-19 related federal grants.

## Independent School District No. 94 Financial Analysis

### General Fund Expenditures

The following charts outline a comparison of General Fund expenditures for the past two years.



The three instruction categories of regular, vocational, and special education stayed relatively consistent and made up 68% and 71% of the total expenditures for 2021 and 2022, respectively.

## Independent School District No. 94 Financial Analysis

### General Fund Revenue per Student (ADM) Served

The table below shows a comparison of total revenue per ADM received by Minnesota school districts and the District.

ISD No. 94	2018	2019	2020	2021	2022*
Property taxes	\$ 825	\$ 880	\$ 567	\$ 850	\$ 917
State aid	9,753	9,969	10,194	10,798	10,521
Other	1,197	1,178	1,345	1,278	1,842
<b>Total</b>	<b>\$ 11,775</b>	<b>\$ 12,027</b>	<b>\$ 12,106</b>	<b>\$ 12,926</b>	<b>\$ 13,280</b>

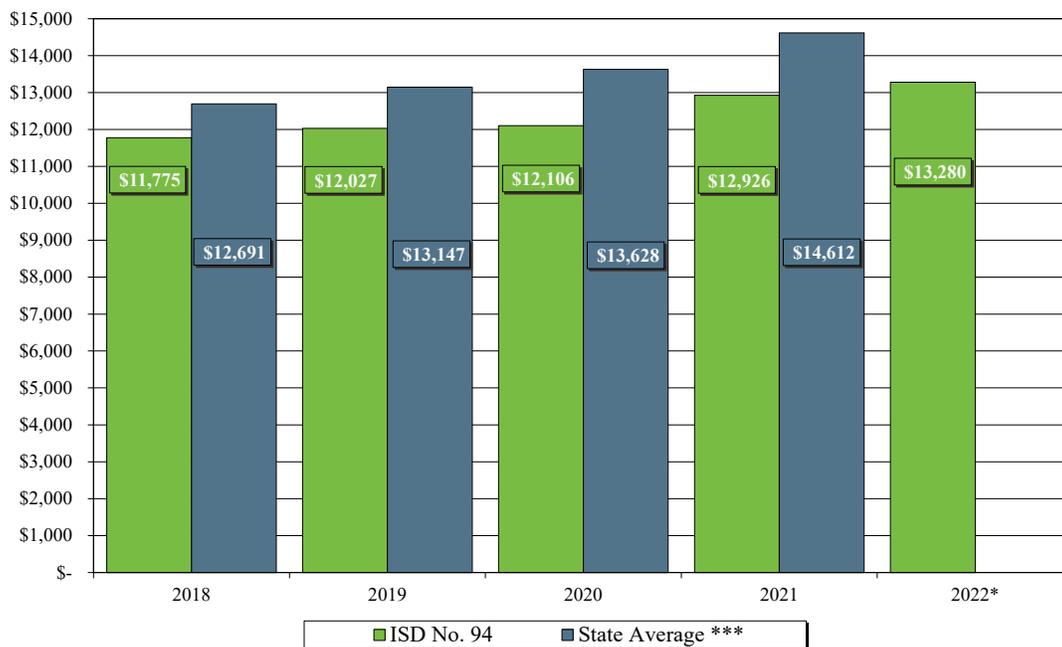
State Average ***	2018	2019	2020	2021	2022
Property taxes	\$ 1,894	\$ 1,996	\$ 2,180	\$ 2,381	N/A
State aid	9,821	10,118	10,393	10,758	N/A
Other	976	1,033	1,055	1,473	N/A
<b>Total</b>	<b>\$ 12,691</b>	<b>\$ 13,147</b>	<b>\$ 13,628</b>	<b>\$ 14,612</b>	<b>N/A</b>

\*\* Source: State-wide averages were taken from the MDE publication, *School District Profiles*.

\* Estimate

The mix of revenue components from district-to-district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria. The District revenue per ADM served increased \$354 in 2022, primarily due to the overall revenue increase as discussed earlier. The District's revenue per student served has consistently been below state-wide averages.

**General Fund Revenues Per ADM Served**



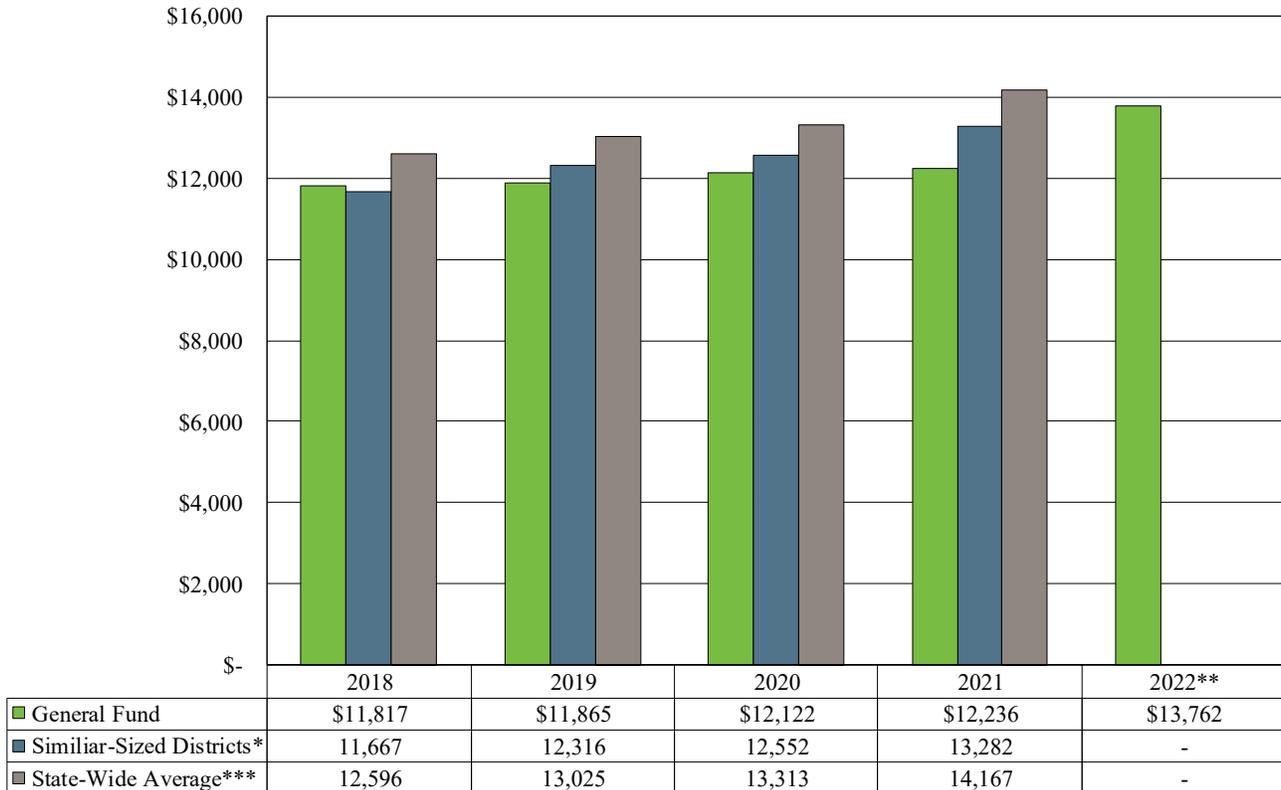
\*\*\* Source: Minnesota Department of Education (MDE) publication, *School District Profiles*, 2022 data not yet available

## Independent School District No. 94 Financial Analysis

### General Fund Expenditures Per Student (ADM) Served

The District's expenditures per ADM served increased \$1,558 in 2022. The District's spending per student has been below state-wide averages but has been more consistent with that of similar-sized districts.

**General Fund Expenditures Per ADM Served**



\* Source: *School District Profiles*, Total PK-12 General Fund expenditures, average sized districts in the 2,000-3,999 range for 2018-2021

\*\* Estimate, other district and State information not yet available

\*\*\* Source: Minnesota Department of Education (MDE) publication, *School District Profiles*.

**Independent School District No. 94  
Financial Analysis**

**General Fund Operations**

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

Total revenues for the General Fund increased in 2022 by 3.2% and expenditures increased by 8.5%, as previously discussed. The result of operations produced a decrease in fund balance of \$541,262.

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 32,870,571	\$ 33,735,953	\$ 34,089,820	\$ 35,803,033	\$ 36,935,439
Expenditures	32,987,399	33,287,336	34,133,755	35,236,481	38,274,778
Excess of revenues over (under) expenditures	(116,828)	448,617	(43,935)	566,552	(1,339,339)
Net other financing sources	-	-	-	-	798,077
Net change in fund balance	(116,828)	448,617	(43,935)	566,552	(541,262)
Change in accounting principle	-	-	328,583	-	-
Fund balance, July 1	8,483,357	8,366,529	8,815,146	9,099,794	9,666,346
Fund balance, June 30	8,366,529	8,815,146	9,099,794	9,666,346	9,125,084
Less nonspendable fund balance	(67,854)	(76,877)	(87,909)	(55,079)	(31,836)
Less restricted fund balance	(1,115,278)	(1,527,289)	(787,075)	(924,491)	(909,228)
Less committed fund balance	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)
Less assigned fund balance	(113,602)	(140,730)	(798,418)	(1,193,074)	(1,216,493)
<b>Unassigned</b>					
<b>Fund Balance, June 30</b>	<b>\$ 5,359,213</b>	<b>\$ 5,359,668</b>	<b>\$ 5,715,810</b>	<b>\$ 5,783,120</b>	<b>\$ 5,256,945</b>

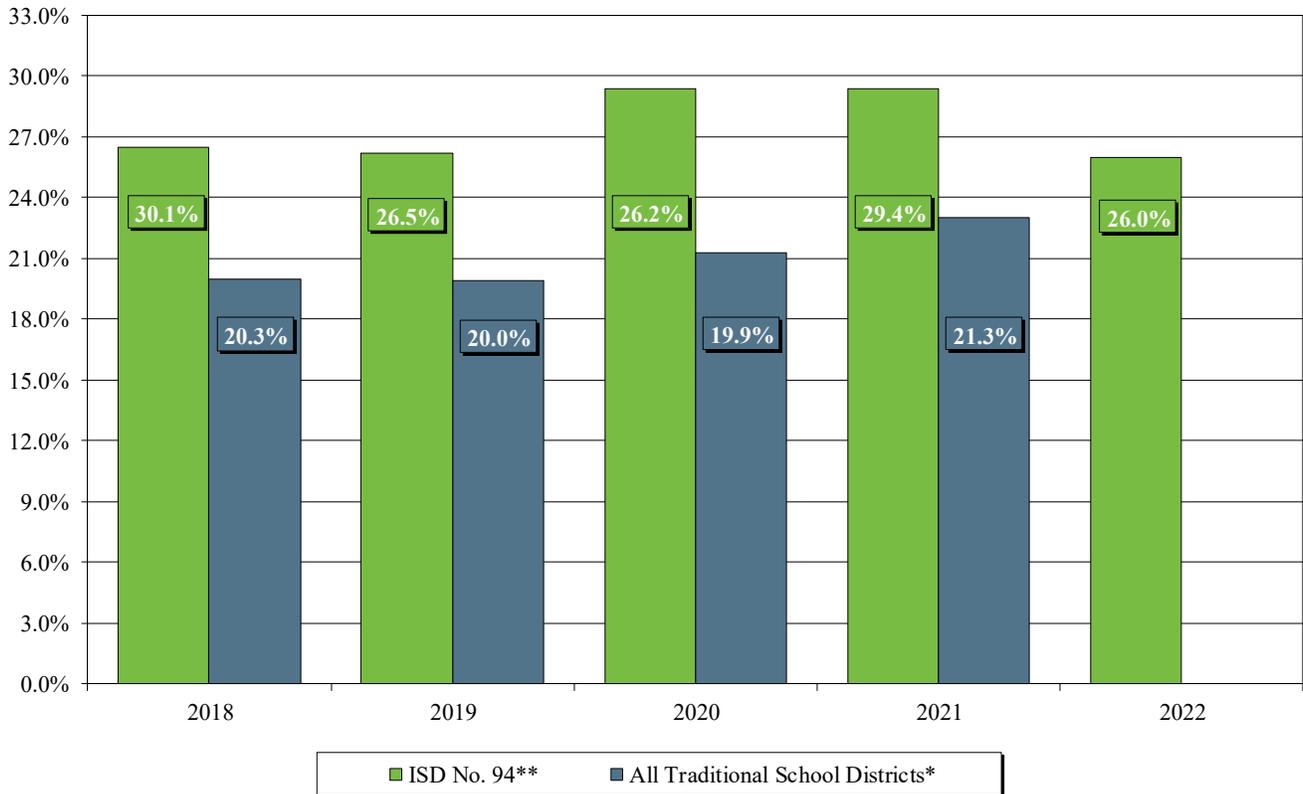
The decrease in total fund balance is primarily in the unassigned fund balance category, which decreased by \$526,175. This decrease was based on operations.

## Independent School District No. 94 Financial Analysis

### General Fund Financial Health

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

**Unrestricted Fund Balance as a Percent of Expenditures**



\* Information was obtained from the MDE web site report *Fiscal Year 2013-2021 General Fund Unreserved Balance*. 2022 information is not available.

\*\* Obtained from MDE Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Report.

Since June 30, 2018, unrestricted fund balance has decreased \$964,605 while expenditures have increased \$5.3 million. The District's fund balance percentage has exceeded the state-wide average for each of the four years presented.

**Independent School District No. 94  
Financial Analysis**

**Food Service Fund**

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

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 1,200,404	\$ 1,158,361	\$ 1,120,582	\$ 1,230,199	\$ 1,669,749
Expenditures	1,204,064	1,176,654	1,150,145	1,093,691	1,272,324
Excess of revenues over (under) expenditures	(3,660)	(18,293)	(29,563)	136,508	397,425
Fund balance, July 1	386,824	383,164	364,871	335,308	471,816
<b>Fund Balance, June 30</b>	<b>\$ 383,164</b>	<b>\$ 364,871</b>	<b>\$ 335,308</b>	<b>\$ 471,816</b>	<b>\$ 869,241</b>

Food Service Fund expenditures exceeded revenues for three of the five years presented. In 2022, fund balance increased by \$397,425 to \$869,241. Revenues increased from 2021 to 2022 due to higher reimbursement rate from the federal government and an increase in the number of meals served. Expenditures increased due to the increase in the number of meals served.

At June 30, 2022, the District had six months of expenditures in fund balance based on a nine month operating year.

**Community Service Fund**

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

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 2,061,978	\$ 2,092,169	\$ 1,812,584	\$ 1,834,335	\$ 2,026,954
Expenditures	1,945,638	1,911,261	1,815,213	1,700,089	1,943,068
Excess of revenues over (under) expenditures	116,340	180,908	(2,629)	134,246	83,886
Fund balance, July 1	201,411	317,751	498,659	496,030	630,276
<b>Fund Balance, June 30</b>	<b>\$ 317,751</b>	<b>\$ 498,659</b>	<b>\$ 496,030</b>	<b>\$ 630,276</b>	<b>\$ 714,162</b>

Community Service Fund revenues exceeded expenditures during 2022, resulting in an increase in fund balance of \$83,886. Revenues increased \$192,619 due to an increase in programming, while expenditures increased \$242,979 from the prior year due to the increase in programming.

## **Independent School District No. 94 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 2022 is set at \$6,728 and for 2023, the formula allowance is set at \$6,863.

### **Special Education**

The special education hold harmless guarantee was limited to the sum of 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. 94  
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. 94 Emerging Issues**

### **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. 96 – Subscription-Based Information Technology Arrangements**  
GASB has issued GASB Statement No. 96 relating to accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **Accounting Standard Update – GASB Statement No. 101 – Compensated Absences**  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

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

### **Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements***

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

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

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

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

GASB Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 (Continued)***

Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences* (Continued)**

This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org)

**DO  
MORE.**

# Independent School District 94

## Cloquet, MN

Audit Presentation

June 30, 2022

# Independent Auditor's Reports

- Management is responsible for the financial statements
- Auditor is responsible to express an opinion on the financial statements
- Unmodified Opinion – best opinion an auditor is able to offer
- Provides assurance that the financial statements are fairly presented in all material respects
- *Government Auditing Standards* – no compliance findings; significant deficiency related to lack of segregation of accounting duties
- Minnesota Legal Compliance Audit – no compliance findings

# General Education Aid

## Formula Allowance

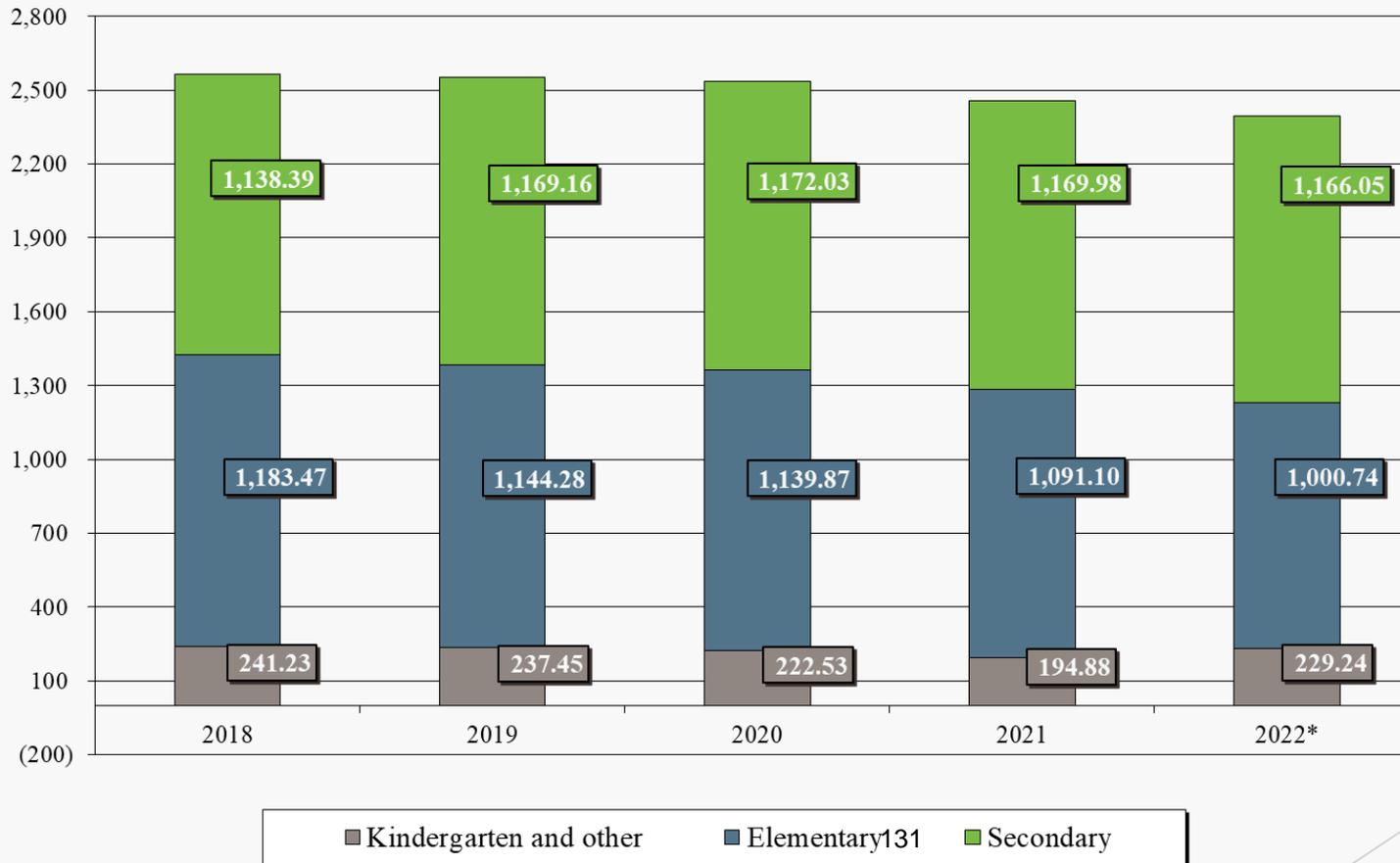
Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2012	5,174	1.0%
2013	5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%

\* 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 and Pupil Units – Resident ADM

ADM	2018	2019	2020	2021	2022*
Kindergarten and other	241.23	237.45	222.53	194.88	229.24
Elementary	1,183.47	1,144.28	1,139.87	1,091.10	1,000.74
Secondary	1,138.39	1,169.16	1,172.03	1,169.98	1,166.05
<b>Total Resident ADM</b>	<b>2,563.09</b>	<b>2,550.89</b>	<b>2,534.43</b>	<b>2,455.96</b>	<b>2,396.03</b>

# Average Daily Membership and Pupil Units – Resident Students (ADM)



# Average Daily Membership and Pupil Units – Pupil Units Weighting

	<b>Pupil Units Weighting</b>					
	<b>Pre-Kindergarten</b>	<b>Handicapped Kindergarten</b>	<b>Half/Full Kindergarten</b>	<b>Elementary Grades 1-3</b>	<b>Elementary Grades 4-6</b>	<b>Secondary</b>
Year 2018-2022	1.000	1.000	1.000	1.000	1.000	1.200

# Average Daily Membership and Pupil Units – Adjusted Pupil Units

<b>Adjusted Pupil Units</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022*</b>
Residents	2,781.08	2,776.83	2,761.92	2,681.63	2,624.51
Residents going elsewhere	(369.93)	(381.28)	(360.69)	(343.22)	(332.81)
Nonresidents coming in	576.75	609.13	627.23	655.73	712.97
<b>Total Adjusted Pupil Units</b>	<b>2,987.90</b>	<b>3,004.68</b>	<b>3,028.46</b>	<b>2,994.14</b>	<b>3,004.67</b>

# Average Daily Membership

## and Pupil Units – Change in Resident ADM and Pupil Units Served



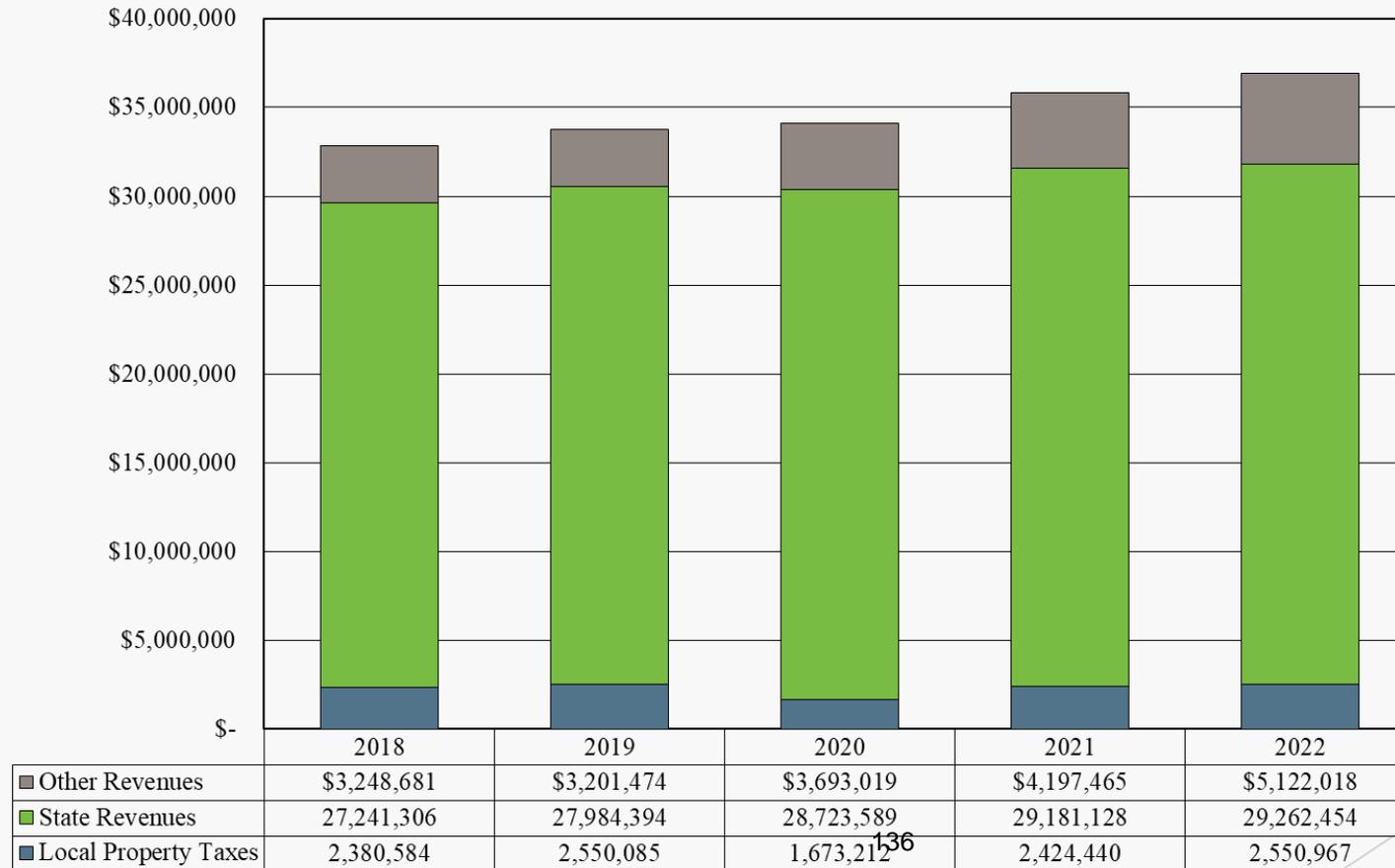
# General Fund

## Budget and Actual

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,464,006	\$ 2,434,806	\$ 2,510,768	\$ 75,962
Revenue from state sources	29,532,195	29,430,732	29,262,454	(168,278)
Other sources	3,571,180	4,897,058	5,162,217	265,159
Total revenues	<u>35,567,381</u>	<u>36,762,596</u>	<u>36,935,439</u>	<u>172,843</u>
<b>Expenditures</b>				
Administration	1,981,952	1,734,004	1,670,137	(63,867)
District support services	1,314,563	940,438	997,543	57,105
Regular instruction	17,858,589	18,671,791	19,665,380	993,589
Vocational education instruction	508,603	474,617	491,085	16,468
Special education instruction	6,553,418	6,940,174	6,759,191	(180,983)
Instructional support services	1,960,169	2,134,450	2,034,150	(100,300)
Pupil support services	2,144,374	2,476,540	2,483,487	6,947
Sites, buildings, and equipment	2,873,228	3,246,260	3,534,829	288,569
Debt service	298,680	298,680	631,282	332,602
Fiscal and other fixed cost program	130,000	130,000	7,694	(122,306)
Total expenditures	<u>35,623,576</u>	<u>37,046,954</u>	<u>38,274,778</u>	<u>1,227,824</u>
Excess of revenues over (under) expenditures	<u>\$ (56,195)</u>	<u>\$ (284,358)</u>	<u>\$ (1,339,339)</u>	<u>\$ (1,054,981)</u>

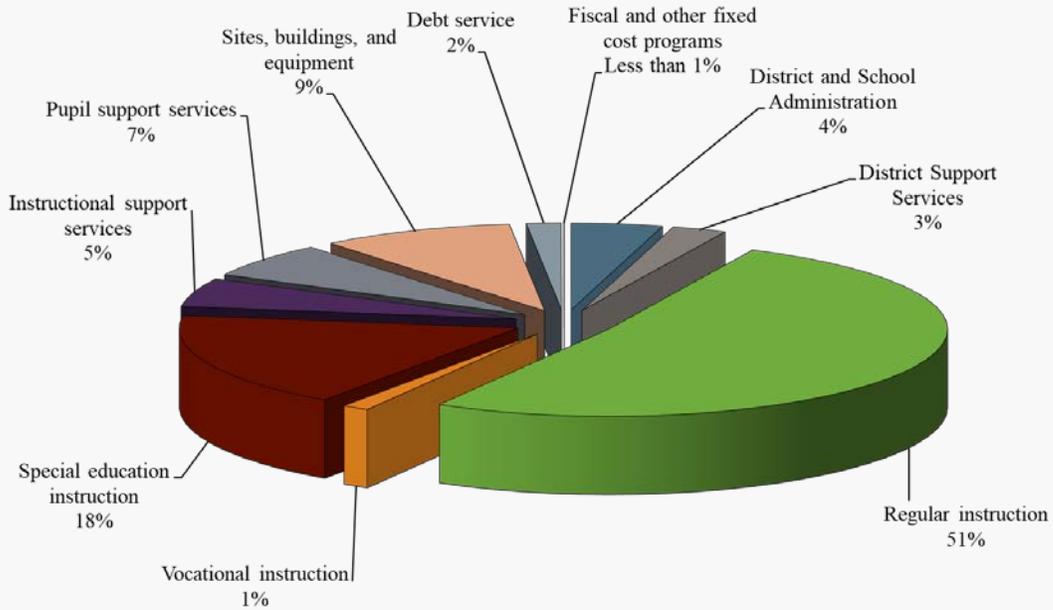
# General Fund

## Sources of Revenue

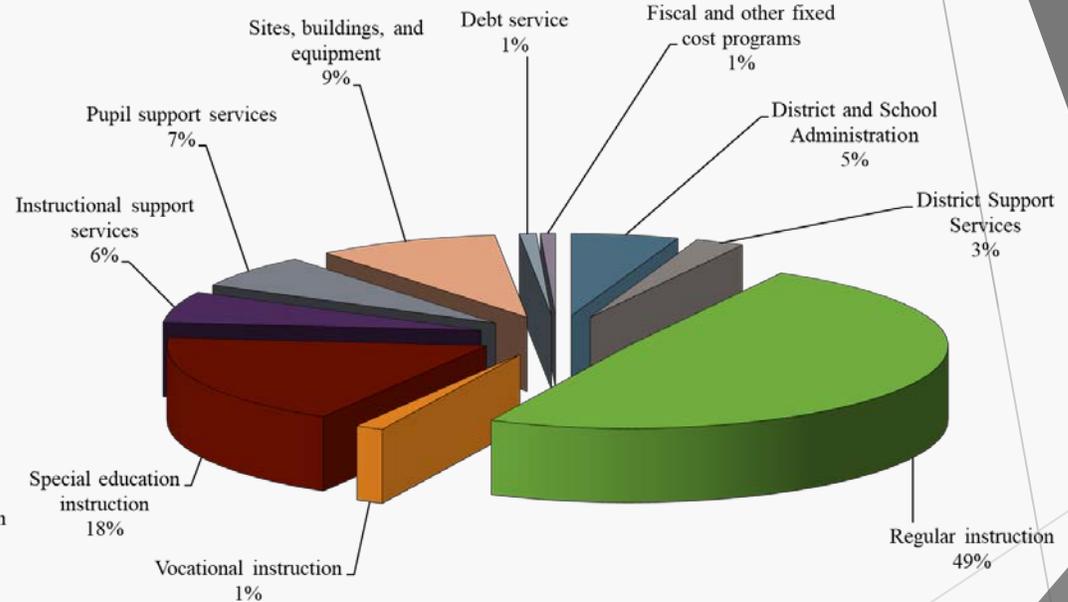


# General Fund Expenditures

**2022 District Expenditures**



**2021 District Expenditures**



# General Fund

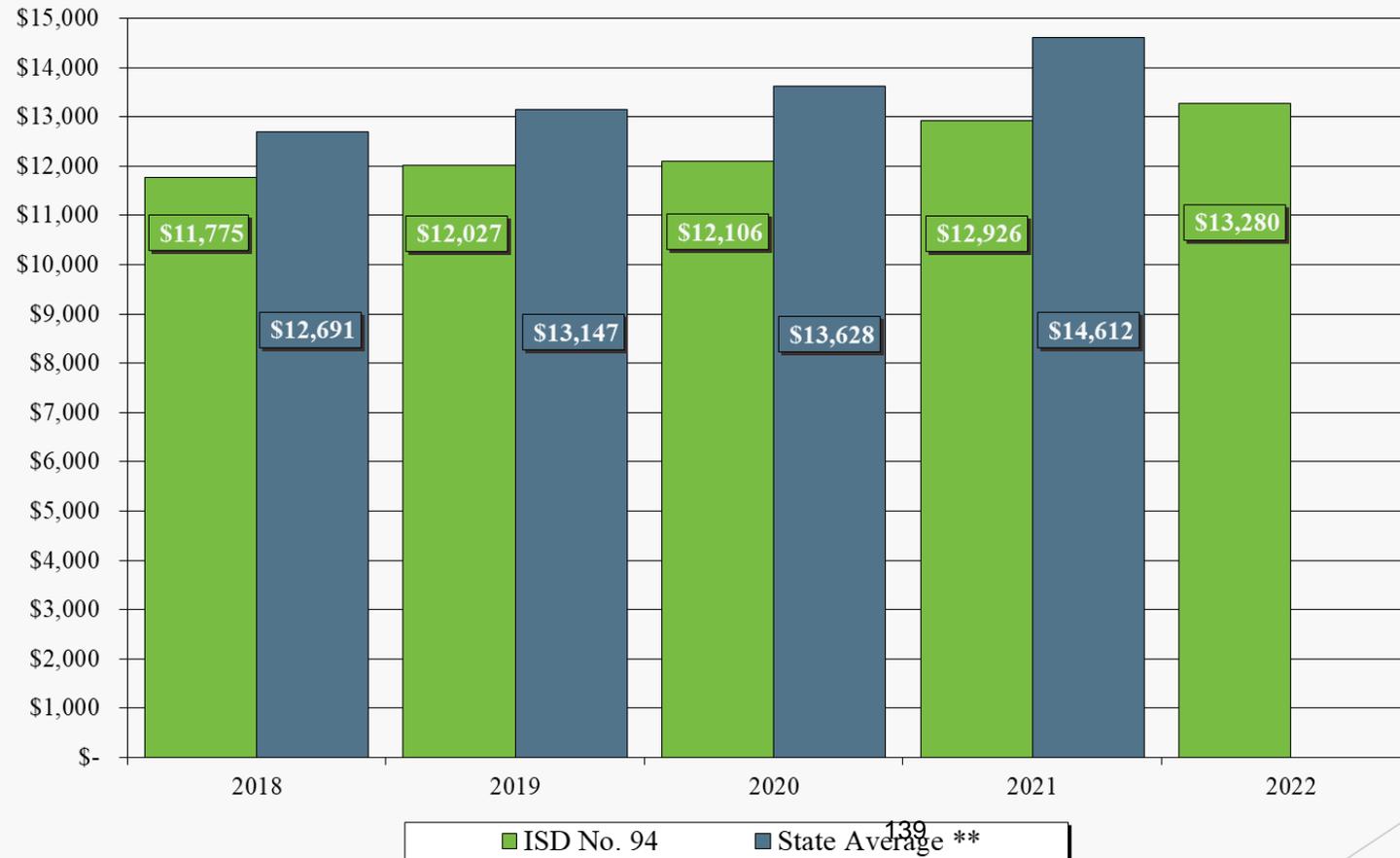
## Revenue per Student (ADM) Served

<b>ISD No. 94</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Property taxes	\$ 825	\$ 880	\$ 567	\$ 850	\$ 917
State aid	9,753	9,969	10,194	10,798	10,521
Other	1,197	1,178	1,345	1,278	1,842
<b>Total</b>	<b>\$ 11,775</b>	<b>\$ 12,027</b>	<b>\$ 12,106</b>	<b>\$ 12,926</b>	<b>\$ 13,280</b>

<b>State Average **</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Property taxes	\$ 1,894	\$ 1,996	\$ 2,180	\$ 2,381	N/A
State aid	9,821	10,118	10,393	10,758	N/A
Other	976	1,033	1,055	1,473	N/A
<b>Total</b>	<b>\$ 12,691</b>	<b>\$ 13,147</b>	<b>\$ 13,628</b>	<b>\$ 14,612</b>	<b>N/A</b>

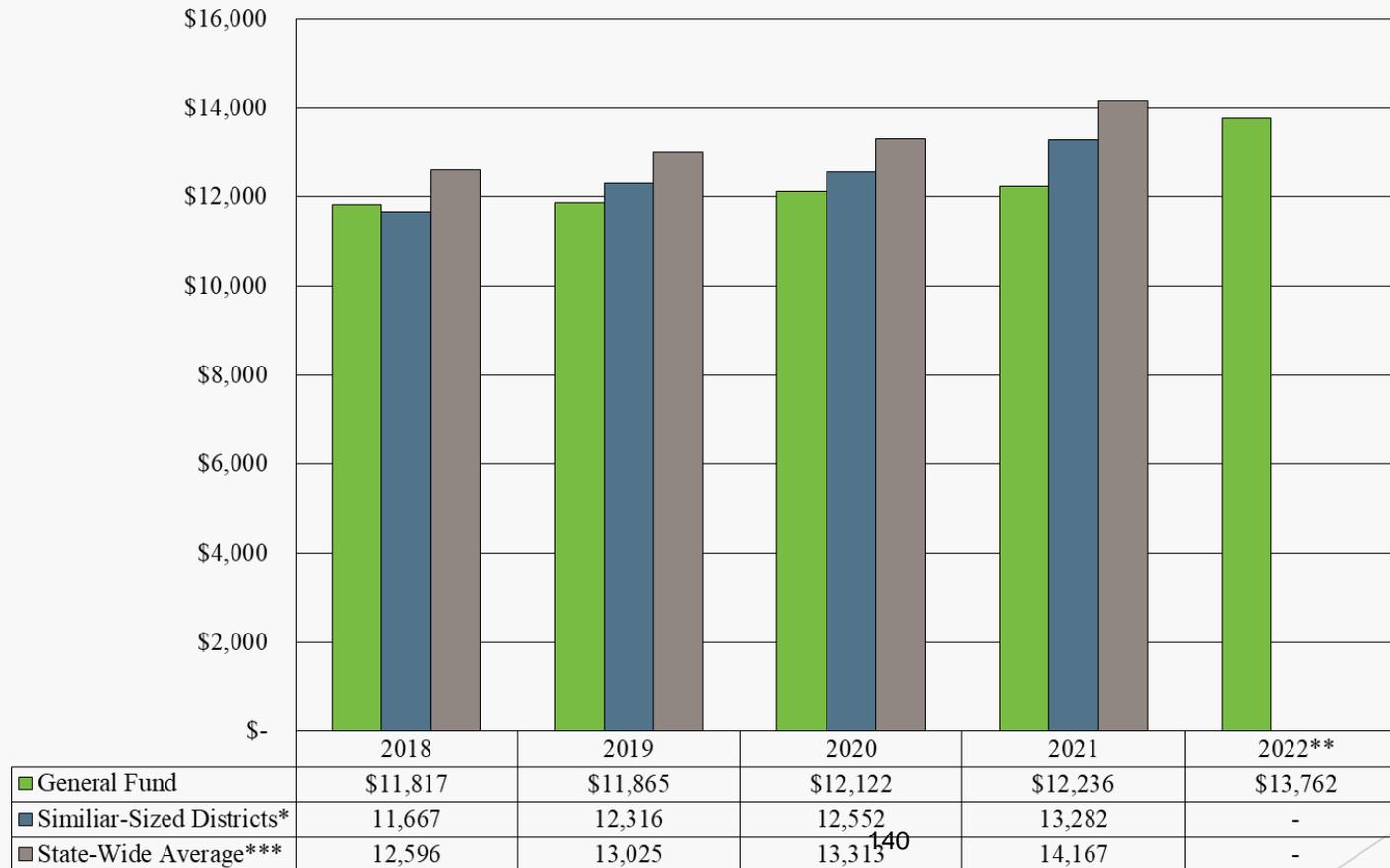
# General Fund

## Revenue Per Student (ADM) Served



# General Fund

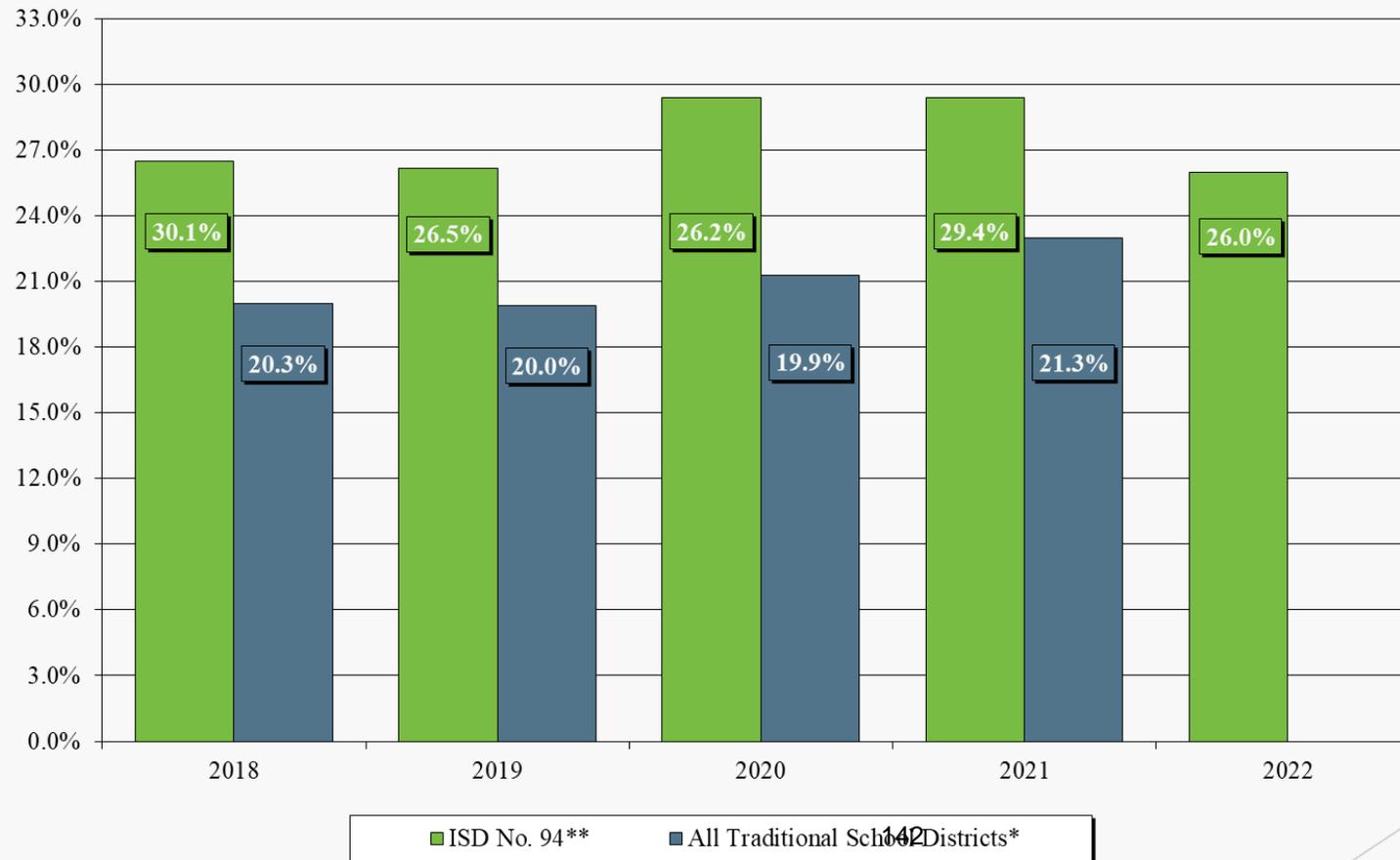
## Expenditures Per Student (ADM) Served



# General Fund Operations

Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 32,870,571	\$ 33,735,953	\$ 34,089,820	\$ 35,803,033	\$ 36,935,439
Expenditures	32,987,399	33,287,336	34,133,755	35,236,481	38,274,778
Excess of revenues over (under) expenditures	(116,828)	448,617	(43,935)	566,552	(1,339,339)
Net other financing sources	-	-	-	-	798,077
Net change in fund balance	(116,828)	448,617	(43,935)	566,552	(541,262)
Change in accounting principle	-	-	328,583	-	-
Fund balance, July 1	8,483,357	8,366,529	8,815,146	9,099,794	9,666,346
Fund balance, June 30	8,366,529	8,815,146	9,099,794	9,666,346	9,125,084
Less nonspendable fund balance	(67,854)	(76,877)	(87,909)	(55,079)	(31,836)
Less restricted fund balance	(1,115,278)	(1,527,289)	(787,075)	(924,491)	(909,228)
Less committed fund balance	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)
Less assigned fund balance	(113,602)	(140,730)	(798,418)	(1,193,074)	(1,216,493)
<b>Unassigned Fund Balance, June 30</b>	<b>\$ 5,359,213</b>	<b>\$ 5,359,668</b>	<b>\$ 5,715,810</b>	<b>\$ 5,783,120</b>	<b>\$ 5,256,945</b>

# General Fund Financial Health



# Food Service Fund

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 1,200,404	\$ 1,158,361	\$ 1,120,582	\$ 1,230,199	\$ 1,669,749
Expenditures	1,204,064	1,176,654	1,150,145	1,093,691	1,272,324
Excess of revenues over (under) expenditures	(3,660)	(18,293)	(29,563)	136,508	397,425
Fund balance, July 1	386,824	383,164	364,871	335,308	471,816
<b>Fund Balance, June 30</b>	<b>\$ 383,164</b>	<b>\$ 364,871</b>	<b>\$ 335,308</b>	<b>\$ 471,816</b>	<b>\$ 869,241</b>

# Community Service Fund

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 2,061,978	\$ 2,092,169	\$ 1,812,584	\$ 1,834,335	\$ 2,026,954
Expenditures	1,945,638	1,911,261	1,815,213	1,700,089	1,943,068
Excess of revenues over (under) expenditures	116,340	180,908	(2,629)	134,246	83,886
Fund balance, July 1	201,411	317,751	498,659	496,030	630,276
<b>Fund Balance, June 30</b>	<b>\$ 317,751</b>	<b>\$ 498,659</b>	<b>\$ 496,030</b>	<b>\$ 630,276</b>	<b>\$ 714,162</b>



# Questions?

Dustin Opatz

Dustin.Opatz@berganKDV.com





LET'S DO MORE, TOGETHER.

**THANK YOU**

## Department Reports

### Churchill Elementary:

Churchill students participated in Kindness in Chalk Day 10/17 (students work together making positive comments in chalk on outdoor sidewalks). Wednesday 10/19 is Unity Day (a day for kindness). Students and staff wore orange to support Unity Day. Churchill's PBIS team (Positive Behavior Team) held a school-wide assembly on Wednesday 10/19. The assembly supported positive behavior and had fun skits with students and staff. McTeacher Night at McDonalds is 10/26 and the Halloween Ball is 10/28. School conferences are soon approaching. They are scheduled for 11/1, 3, and 4. Mr. Wangen and Mr. Beadle will be attending the Blue Ribbon Schools Conference in Washington DC on 11/2 -11/4. The Churchill Blue Ribbon Celebration is scheduled for 11/22 at 10:00. Invitations are being sent soon.

Submitted by David Wangen, Churchill Elementary Principal

### Washington Elementary:

-Conference sign-ups are open, and families are reserving their spot for parent-teacher conferences coming up in November.

-Thanks to the Women of the Moose and Washington's PIE group, we will have a simple meal available for families on the Tuesday and Thursday evenings of conferences. We are hopeful that the meal provides families with time to connect and one less thing to figure out on a busy night!

-Second grade is hosting a Fall Ball at Washington on the 28<sup>th</sup>!! We are excited to be able to bring the fun Washington community event back this year and are grateful for the second grade team who is taking on the boat-load of work to make it happen!!

-Congratulations to our third graders who got to select our first spirit day! They chose "PJ's, stuffies, and a movie day" for Monday the 17<sup>th</sup>!

-October's character education and seven teachings focus is RESPECT. With that focus in mind, we are using the week before MEA to have conversations around kindness, respect, and bullying. We will do a "Kindness in Chalk" event and also participate in Unity Day where we wear orange and stand up to bullying.

-Finally, students in third and fourth grade applied, gave speeches, and voted on class representatives for our Student Advisory Team. Each of our third grade classrooms selected two reps, and each of the fourth grade classes selected three reps. In past years, our SAT students have tutored younger students, helped with our recycling initiative, hosted special events, assisted at conferences, and have done some after-school volunteering. We are excited to get started with the new crew this week!!

Submitted by Robbi Mondati, Washington Elementary Principal

### Cloquet Middle School:

#### CMS Leadership Team Update

The CMS leadership team had a good conversation about last year's goals at our first meeting of the year in September. All team members believed that we as a building had made adequate progress towards the 2021-2022 goals and that we had laid the infrastructure for the work towards them to continue. We, as a team, have created the following staff development goals for the 2022-23 school year:

In connection with our building's work with the Minnesota Humanities Center:

- All CMS staff will seek help from their mixed PLC group at least twice throughout the 2022-23 school year to increase the levels of integration within a lesson so that all students have equal access to equitable instructional strategies and experiences to engage all learners.

- Once a month for the 2022-23 school year, Cloquet Middle School staff will examine student work to analyze equitable access in achievement outcomes for all students based on state standards. Teachers will use this information to make appropriate academic adjustments for students to increase student learning.

We also had time at our September meeting to work in subcommittees:

- updating our building walkthrough forms
- planning a November PD day around the first GELN practice inquiry with Jenelle Williams
- continuing to plan our PLC analyzing student work throughout the year.

Submitted by Tom Brenner, Cloquet Middle School Principal

#### Cloquet High School:

- Boys and Girls Soccer are playing in the Section Championships tonight.
- The bulk of our fall sports are gearing up for playoffs.
- The musical/theatre crew is spending a lot of hours in the auditorium preparing for The Wizard of Oz – looking forward to seeing the show.
- FDLTCC has approved our Ojibwemowin Language 3 and 4 for college in the schools credit. We are currently offering 75 CITS credits at CHS this school year.
- We gave the PSAT test last week to interested juniors.
- Our CTE program continues to work on developing partnerships and career pathways.
- October is College Knowledge month – we have a variety of activities going on.
- We're part of a pilot program with the MN Dept of Higher Learning – Direct Admissions. This system integrates with our student information system and proactively lets students know which colleges will offer them admission. It's an awesome way for students to find out which colleges and universities fit their skill sets without having to go through the formal application process – it also eliminates application fees. We're one of 40 schools across the state undertaking this initiative.

Submitted by Steve Battalia, Cloquet High School Principal

#### Cloquet Area Alternative Education Programs:

CAAEP is working with new students and parents that will be joining the CAAEP Crew for second quarter which is coming up fast.

CAAEP was identified by MDE as having low year 4 graduation rates for another 3 year cycle. Due to the growth of CAAEP graduation rates (but still under the states requirement of 67%) and having less than 100 students, CAAEP has been granted a waiver by the state for some of the administrative requirements as an identified school.

CAAEP will continue to have access to the Regional Centers of Excellence and a staff member, Gina Cole, to assist CAAEP in continuing the growth momentum for graduation rates and other innovative projects that will be put into place. We are grateful for her and the RCE as wonderful resources to improve our programming and implementation for students.

CAAEP ran an MEA Academy Thursday, Friday and Saturday during MEA for credit recovery. Approximately 12 students were in attendance and earning credit.

Submitted by Connie Hyde, CAAEP Principal

#### Community Education

##### **Adults with Disabilities**

AWD classes and activities are up and running as usual for fall. We will be having our very first official dance again, after COVID first started. It will be the Halloween dance. We are down several staff so it will be a challenge but so far, we have a great game plan to make it special. Our clients are not signing up for the exercise/fitness

classes. We ended up canceling them. They love the cooking classes and social events like bingo, dances, craft nights, and movie/pizza nights. So next quarter we will offer more of those.

#### **ECFE/School Readiness/EC Screenings**

- Playground Fund Total is \$10,000!
- Our next Early Childhood screening will be in February 2023.
- Me & My Guy Fall Fun was a huge hit! October 3rd was in the classroom & 10th at the Wrenshall Corn Maze.
- Love & Logic Class dates are Mondays Nov 12, 21, 28 & Dec 5

Submitted by Erin Bates, Community Education Director

#### Business Department:

Candace Nelis, Business Manager, will be attending in person

#### American Indian Education Department:

No report submitted

#### Building and Grounds

No report submitted

#### Technology

No Report Submitted

**Cloquet Public Schools**  
**Detail Payment Register By Check**  
**Fund Summary**

<b>Fund</b>	<b>Description</b>	<b>Total</b>
01	General	\$197,919.04
04	Community Services	\$9,514.13
05	Capital Expenditure	\$9,692.50
12	Activities	\$25,625.74
<b>Report Total</b>		<b>\$242,751.41</b>

## Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pynt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094	2		98423	18561	Check	1	00350		ACTIVITY FUND-MIDDLE SCHOOL	Yes	No	No	USD	10/25/2022	153.00
			98424	18562	Check	1	00570		AG O'BRIEN COMPANY	Yes	No	No	USD	10/25/2022	145.00
			98551	18563	Check	1	9798		AMERICA'S FUNDRAISING EXPRESS	Yes	No	No	USD	10/25/2022	1,075.20
			98425	18564	Check	1	02766		ARCC	Yes	No	No	USD	10/25/2022	270.00
			98546	18565	Check	1	9581		ARCHITECTURAL RESOURCES INC	Yes	No	No	USD	10/25/2022	6,750.00
			98550	18566	Check	1	9717		AVID CENTER	Yes	No	No	USD	10/25/2022	4,809.00
			98527	18567	Check	1	8268		BATES, ERIN	Yes	No	No	USD	10/25/2022	165.00
			98454	18568	Check	1	10825		BEHM MARY JANE	Yes	No	No	USD	10/25/2022	242.00
			98434	18569	Check	1	10394		BENSON WENDY	Yes	No	No	USD	10/25/2022	161.44
			98426	18570	Check	1	05105		BERNICKS VENDING	Yes	No	No	USD	10/25/2022	3,279.70
			98427	18571	Check	1	05150		BEST OIL COMPANY	Yes	No	No	USD	10/25/2022	186.71
			98544	18572	Check	1	9540		BIRMAN, LAURA	Yes	No	No	USD	10/25/2022	89.56
			98474	18573	Check	1	14850		BLICK ART MATERIALS	Yes	No	No	USD	10/25/2022	87.84
			98443	18574	Check	1	10665		BOB ROGERS TRAVEL	Yes	No	No	USD	10/25/2022	4,335.00
			98428	18575	Check	1	06553		BRENNER, MICHELLE	Yes	No	No	USD	10/25/2022	161.44
			98504	18576	Check	1	6391		BROMAN, KIMBERLY	Yes	No	No	USD	10/25/2022	93.02
			98513	18577	Check	1	7378		BSN SPORTS LLC	Yes	No	No	USD	10/25/2022	690.00
			98429	18578	Check	1	08337		CARLTON COUNTY HUMAN SERVICE	Yes	No	No	USD	10/25/2022	400.00
			98539	18579	Check	1	9301		CARMENS RESTAURANT	Yes	No	No	USD	10/25/2022	208.00
			98543	18580	Check	1	9500		CARSON, OUITDEE	Yes	No	No	USD	10/25/2022	78.00
			98541	18581	Check	1	9452		CARY, MICHAEL	Yes	No	No	USD	10/25/2022	39.52
			98437	18582	Check	1	10432		CASSERBERG ELISABET	Yes	No	No	USD	10/25/2022	156.00
			98458	18583	Check	1	10829		CHEERLEADING COMPANY	Yes	No	No	USD	10/25/2022	3,158.06
			98435	18584	Check	1	10397		CHRISTENSON NAOMI	Yes	No	No	USD	10/25/2022	552.80
			98464	18585	Check	1	10835		CITY LAUNDERING CO	Yes	No	No	USD	10/25/2022	113.00
			98436	18586	Check	1	10401		CITY OF CLOQUET	Yes	No	No	USD	10/25/2022	10,118.63
			98451	18587	Check	1	10811		CLIFFORD TALON	Yes	No	No	USD	10/25/2022	119.00
			98533	18588	Check	1	8797		COHEN, MICHAEL	Yes	No	No	USD	10/25/2022	502.82
			98468	18589	Check	1	11550		COMMUNITY PRINTING	Yes	No	No	USD	10/25/2022	337.50
			98469	18590	Check	1	11620		COMPENSATION CONSULTANTS, LTI	Yes	No	No	USD	10/25/2022	1,280.00
			98485	18591	Check	1	3116		CONTINENTAL CLAY CO	Yes	No	No	USD	10/25/2022	1,374.82
			98461	18592	Check	1	10832		CORDES KEYNOTES AND SEMINARS	Yes	No	No	USD	10/25/2022	2,500.00
			98448	18593	Check	1	10775		CPG	Yes	No	No	USD	10/25/2022	2,064.00
			98509	18594	Check	1	7052		CURRICULUM ASSOCIATES LLC	Yes	No	No	USD	10/25/2022	1,355.06
			98495	18595	Check	1	5498		DECKER INC SCHOOL FIX	Yes	No	No	USD	10/25/2022	158.04
			98473	18596	Check	1	14301		DEMCO INC	Yes	No	No	USD	10/25/2022	1,167.77
			98465	18597	Check	1	10836		DEPT OF EMPLOYMENT AND ECON	Yes	No	No	USD	10/25/2022	1,243.00
			98452	18598	Check	1	10822		DIVER MELBOY	Yes	No	No	USD	10/25/2022	412.50
			98462	18599	Check	1	10833		EAGLES NEST OUTFITTERS INC	Yes	No	No	USD	10/25/2022	1,000.00
			98476	18600	Check	1	17937		ELWOOD, JILL	Yes	No	No	USD	10/25/2022	532.80
			98431	18601	Check	1	10243		ERICKSON AUSTIN	Yes	No	No	USD	10/25/2022	80.00

## Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	98537	18602	Check	1	9062		ERICKSON, MATTHEW	Yes	No	No	USD	10/25/2022	80.00
			98477	18603	Check	1	19730		FOND DU LAC COMMUNITY COLLEG	Yes	No	No	USD	10/25/2022	45,000.00
			98525	18604	Check	1	8222		FREEMAN, ZACH	Yes	No	No	USD	10/25/2022	92.00
			98453	18605	Check	1	10824		GATES WILLIAM	Yes	No	No	USD	10/25/2022	121.00
			98536	18606	Check	1	9009		GILBERT, SYDNEY	Yes	No	No	USD	10/25/2022	1,459.28
			98531	18607	Check	1	8701		GLITSOS, PANAGIOTIS	Yes	No	No	USD	10/25/2022	78.00
			98472	18608	Check	1	1314		GODNAI, JASON	Yes	No	No	USD	10/25/2022	117.00
			98470	18609	Check	1	12271		GREAT LAKES OFFICE SOLUTIONS I	Yes	No	No	USD	10/25/2022	1,921.55
			98500	18610	Check	1	59450		HAGENS GLASS & PAINT	Yes	No	No	USD	10/25/2022	86.00
			98498	18611	Check	1	5684		HILLYARD INC MINNEAPOLIS	Yes	No	No	USD	10/25/2022	4,441.59
			98524	18612	Check	1	8200		HOLMSTROM, TIMOTHY G	Yes	No	No	USD	10/25/2022	114.00
			98548	18613	Check	1	9685		HOWIES HOCKEY INC	Yes	No	No	USD	10/25/2022	99.00
			98514	18614	Check	1	7657		HUNT ELECTRIC CORPORATION	Yes	No	No	USD	10/25/2022	4,296.40
			98549	18615	Check	1	9712		IN STICHES EMBROIDERY CO	Yes	No	No	USD	10/25/2022	263.00
			98538	18616	Check	1	9072		INNOVATIVE OFFICE SOLUTIONS LL	Yes	No	No	USD	10/25/2022	6,584.41
			98481	18617	Check	1	26371		INSECT LORE	Yes	No	No	USD	10/25/2022	107.97
			98467	18618	Check	1	1093		ISD #0094 FOOD SERVICE	Yes	No	No	USD	10/25/2022	417.90
			98540	18619	Check	1	9343		JAGO, DAN	Yes	No	No	USD	10/25/2022	35.88
			98487	18620	Check	1	4331		JAZDZEWSKI, JAMIE	Yes	No	No	USD	10/25/2022	60.00
			98460	18621	Check	1	10831		JOHNSON ANITA	Yes	No	No	USD	10/25/2022	39.63
			98488	18622	Check	1	43503		JW PEPPER & SON INC	Yes	No	No	USD	10/25/2022	98.22
			98521	18623	Check	1	8075		KERMEND, CALLISTA	Yes	No	No	USD	10/25/2022	954.11
			98526	18624	Check	1	8234		KNUTSEN, STEVEN J	Yes	No	No	USD	10/25/2022	92.00
			98479	18625	Check	1	2076		KOLODGE, JENNIFER	Yes	No	No	USD	10/25/2022	366.74
			98529	18626	Check	1	8513		KOSEY, RAY	Yes	No	No	USD	10/25/2022	102.00
			98483	18627	Check	1	29600		L & M SUPPLY	Yes	No	No	USD	10/25/2022	433.83
			98484	18628	Check	1	29895		LAKE SUPERIOR COLLEGE	Yes	No	No	USD	10/25/2022	15,493.36
			98456	18629	Check	1	10827		LAUGHLIN TRACI	Yes	No	No	USD	10/25/2022	87.18
			98486	18630	Check	1	3602		LINDE GAS & EQUIPMENT INC	Yes	No	No	USD	10/25/2022	2,486.10
			98439	18631	Check	1	10446		LUKE BEN	Yes	No	No	USD	10/25/2022	80.00
			98517	18632	Check	1	7978		MEDICH MARY	Yes	No	No	USD	10/25/2022	13.92
			98512	18633	Check	1	7263		MENARDS HERMANTOWN	Yes	No	No	USD	10/25/2022	137.55
			98523	18634	Check	1	8119		METZER, CHRISTINE	Yes	No	No	USD	10/25/2022	59.88
			98432	18635	Check	1	10246		MEYERS TONIA	Yes	No	No	USD	10/25/2022	81.10
			98475	18636	Check	1	1750		MICHAUD DISTRIBUTING	Yes	No	No	USD	10/25/2022	24.00
			98480	18637	Check	1	2106		MIDWAY SEWER SERVICE	Yes	No	No	USD	10/25/2022	270.00
			98511	18638	Check	1	7240		MINNESOTA SCHOOL COUNSELORS	Yes	No	No	USD	10/25/2022	770.00
			98441	18639	Check	1	10476		MOTZKO, SEY	Yes	No	No	USD	10/25/2022	190.00
			98501	18640	Check	1	5995		NASN	Yes	No	No	USD	10/25/2022	150.00
			98445	18641	Check	1	10743		NORTHERN ACRYLICS INC	Yes	No	No	USD	10/25/2022	670.00
			98444	18642	Check	1	10686		NORTHLAND PIANO LLC	Yes	No	No	USD	10/25/2022	160.00

## Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	98547	18643	Check	1	9654		O'DONNELL SARAH	Yes	No	No	USD	10/25/2022	941.09
			98520	18644	Check	1	8037		OTTERSON, DAVID	Yes	No	No	USD	10/25/2022	90.00
			98438	18645	Check	1	10435		OZDEMIR HAZI	Yes	No	No	USD	10/25/2022	78.00
			98471	18646	Check	1	1289		PARK AVE FITNESS	Yes	No	No	USD	10/25/2022	72.00
			98449	18647	Check	1	10778		PER MAR SECURITY SERVICES	Yes	No	No	USD	10/25/2022	257.72
			98466	18648	Check	1	10837		PINEHAVEN FARM	Yes	No	No	USD	10/25/2022	892.50
			98507	18649	Check	1	6748		PRICE, HARMONI	Yes	No	No	USD	10/25/2022	797.33
			98459	18650	Check	1	10830		PRING JILL	Yes	No	No	USD	10/25/2022	208.19
			98463	18651	Check	1	10834		PROCTOR CANVAS PRODUCTS	Yes	No	No	USD	10/25/2022	75.50
			98528	18652	Check	1	8427		RAJ, PAUL	Yes	No	No	USD	10/25/2022	92.00
			98506	18653	Check	1	6703		RAYMOND GEDDES CO INC	Yes	No	No	USD	10/25/2022	230.16
			98505	18654	Check	1	6402		REGENTS OF THE UNIVERSITY	Yes	No	No	USD	10/25/2022	1,024.00
			98442	18655	Check	1	10542		RNR YARDWORKS LLC	Yes	No	No	USD	10/25/2022	5,500.00
			98532	18656	Check	1	8763		rSCHOOLSTODAY	Yes	No	No	USD	10/25/2022	578.77
			98440	18657	Check	1	10474		RU RIDGE CORN MAZE	Yes	No	No	USD	10/25/2022	704.00
			98530	18658	Check	1	8631		RUPP, ANDERSON, SQUIRES & WALI	Yes	No	No	USD	10/25/2022	535.50
			98545	18659	Check	1	9545		SCHMITT DIRECTOR CENTER	Yes	No	No	USD	10/25/2022	1,806.80
			98489	18660	Check	1	48700		SCHMITT MUSIC COMPANY	Yes	No	No	USD	10/25/2022	135.00
			98491	18661	Check	1	48801		SCHOLASTIC BOOK CLUBS	Yes	No	No	USD	10/25/2022	283.71
			98490	18662	Check	1	48761		SCHOLASTIC BOOK FAIRS	Yes	No	No	USD	10/25/2022	1,607.89
			98492	18663	Check	1	48980	P1	SCHOOL SPECIALTY LLC	Yes	No	No	USD	10/25/2022	55.50
			98502	18664	Check	1	6016		SFM	Yes	No	No	USD	10/25/2022	55,470.00
			98518	18665	Check	1	7982		SISSON, MARK	Yes	No	No	USD	10/25/2022	92.00
			98450	18666	Check	1	10785		SKADSEM BRIAN	Yes	No	No	USD	10/25/2022	244.00
			98457	18667	Check	1	10828		SPECTATOR BLANKETS	Yes	No	No	USD	10/25/2022	6,695.20
			98516	18668	Check	1	7941		STAPLES BUSINESS CREDIT	Yes	No	No	USD	10/25/2022	76.84
			98552	18669	Check	1	9828		STARK TIMOTHY	Yes	No	No	USD	10/25/2022	137.50
			98522	18670	Check	1	8080		STEIN, PAUL J	Yes	No	No	USD	10/25/2022	78.00
			98482	18671	Check	1	2960	1099	STEVENS, CRAIG	Yes	No	No	USD	10/25/2022	400.00
			98493	18672	Check	1	5091		SVL SERVICE CORPORATION	Yes	No	No	USD	10/25/2022	14,925.00
			98447	18673	Check	1	10769		SWANSON ALYSSA	Yes	No	No	USD	10/25/2022	96.00
			98455	18674	Check	1	10826		TALBERG MICKAYLA	Yes	No	No	USD	10/25/2022	49.50
			98534	18675	Check	1	8889		TARAY, BRENDA	Yes	No	No	USD	10/25/2022	258.79
			98515	18676	Check	1	7811		TENNIS WAREHOUSE	Yes	No	No	USD	10/25/2022	599.98
			98446	18677	Check	1	10746		THE SMITH COMPANY	Yes	No	No	USD	10/25/2022	658.21
			98433	18678	Check	1	10359		TKI	Yes	No	No	USD	10/25/2022	240.00
			98535	18679	Check	1	8984		TUOMINEN, JULIAN	Yes	No	No	USD	10/25/2022	121.00
			98496	18680	Check	1	55438		TWIN PORTS PAPER SUPPLY	Yes	No	No	USD	10/25/2022	55.00
			98519	18681	Check	1	7990		UECKER, JEREMY	Yes	No	No	USD	10/25/2022	78.00
			98497	18682	Check	1	56350		UPPER LAKES FOODS	Yes	No	No	USD	10/25/2022	705.00
			98494	18683	Check	1	5371		VAN IWAARDEN ASSOCIATES	Yes	No	No	USD	10/25/2022	2,500.00

### Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	98430	18684	Check	1	10134		WALKER TROY	Yes	No	No	USD	10/25/2022	78.00
			98542	18685	Check	1	9471		WALTERS, TYLER	Yes	No	No	USD	10/25/2022	55.00
			98499	18686	Check	1	57280		WANGEN, DAVID	Yes	No	No	USD	10/25/2022	121.88
			98508	18687	Check	1	7042		WATSON COMPANY	Yes	No	No	USD	10/25/2022	830.02
			98510	18688	Check	1	7230		WESTONE LABORATORIES INC	Yes	No	No	USD	10/25/2022	49.45
			98478	18689	Check	1	1978		ZELEZNIKAR, JODY	Yes	No	No	USD	10/25/2022	1,904.05
			98503	18690	Check	1	60300		ZION LUTHERAN CHURCH	Yes	No	No	USD	10/25/2022	487.50
Bank Total: 2														\$242,751.41	
Report Total:														\$242,751.41	

**Cloquet Public Schools**  
**Detail Payment Register By Check**  
**Fund Summary**

<b>Fund</b>	<b>Description</b>	<b>Total</b>
01	General	\$21,165.51
03	Transportation	\$71.03
12	Activities	\$1,187.19
<b>Report Total</b>		<b>\$22,423.73</b>

### Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	98403	18536	Check	1	10620		CAMP CONFIDENCE LEARNING CEN	Yes	No	No	USD	10/06/2022	400.00
			98400	18537	Check	1	10465		DULUTH EAST JV CLUB	Yes	No	No	USD	10/06/2022	75.00
			98410	18538	Check	1	9829		ESKO HOOPS CLUB	Yes	No	No	USD	10/06/2022	70.00
			98407	18539	Check	1	24005		HIBBING HIGH SCHOOL	Yes	No	No	USD	10/06/2022	105.00
			98402	18540	Check	1	1061		ISD #0094	Yes	No	No	USD	10/06/2022	18,738.91
			98408	18541	Check	1	25440		ISD #0097 MOOSE LAKE	Yes	No	No	USD	10/06/2022	250.00
			98404	18542	Check	1	10819		JET	Yes	No	No	USD	10/06/2022	130.00
			98398	18543	Check	1	10165		MAGNOLIA CAFE	Yes	No	No	USD	10/06/2022	706.40
			98409	18544	Check	1	6299		NELSON, BETH	Yes	No	No	USD	10/06/2022	103.45
			98405	18545	Check	1	10820		REICHHOFF JULIE	Yes	No	No	USD	10/06/2022	110.00
			98399	18546	Check	1	10361		SAMS CULB DIRECT	Yes	No	No	USD	10/06/2022	340.46
			98401	18547	Check	1	10540		SNYDER NANNETTE	Yes	No	No	USD	10/06/2022	71.03
			98406	18548	Check	1	2267		WALMART CAPITAL ONE	Yes	No	No	USD	10/06/2022	1,323.48
Bank Total: 2														\$22,423.73	
Report Total:														\$22,423.73	

**Cloquet Public Schools**  
**Detail Payment Register By Check**  
**Fund Summary**

<b>Fund</b>	<b>Description</b>	<b>Total</b>
01	General	\$68,414.43
03	Transportation	\$282.52
04	Community Services	\$373.63
05	Capital Expenditure	\$1,018.63
12	Activities	\$518.71
<b>Report Total</b>		<b>\$70,607.92</b>

### Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	98420	18549	Check	1	6078		AMAZON	Yes	No	No	USD	10/13/2022	3,873.78
			98421	18550	Check	1	6134		AT&T MOBILITY	Yes	No	No	USD	10/13/2022	1,079.86
			98412	18551	Check	1	10620		CAMP CONFIDENCE LEARNING CEN	Yes	No	No	USD	10/13/2022	48.00
			98417	18552	Check	1	4073		CONSOLIDATED COMMUNICATIONS	Yes	No	No	USD	10/13/2022	3,595.00
			98414	18553	Check	1	10822		DIVER MELODY	Yes	No	No	USD	10/13/2022	1,050.00
			98422	18554	Check	1	6497		JONES, ANGELA	Yes	No	No	USD	10/13/2022	30.00
			98419	18555	Check	1	5675		MINNESOTA ENERGY RESOURCES	Yes	No	No	USD	10/13/2022	1,407.02
			98416	18556	Check	1	36651		MINNESOTA POWER	Yes	No	No	USD	10/13/2022	56,899.22
			98415	18557	Check	1	10823		NELSON MELANIE	Yes	No	No	USD	10/13/2022	375.00
			98413	18558	Check	1	10714		SECTION 7AA	Yes	No	No	USD	10/13/2022	1,290.00
			98418	18559	Check	1	53551		SUPER ONE	Yes	No	No	USD	10/13/2022	677.52
			98411	18560	Check	1	10453		WEX BANK	Yes	No	No	USD	10/13/2022	282.52
Bank Total: 2														\$70,607.92	
Report Total:														\$70,607.92	

**Cloquet Public Schools**  
**Detail Payment Register By Check**  
**Fund Summary**

<b>Fund Description</b>		<b>Total</b>
01	General	\$9,095.68
12	Activities	\$3,920.28
<b>Report Total</b>		<b>\$13,015.96</b>



### Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	98559	18691	Check	1	6078		AMAZON	Yes	No	No	USD	10/19/2022	4,216.98
			98553	18692	Check	1	03250		B & B MARKET	Yes	No	No	USD	10/19/2022	293.67
			98556	18693	Check	1	10767		HEDMAN JOSEPH	Yes	No	No	USD	10/19/2022	26.00
			98557	18694	Check	1	2924		KILROY, MICHELLE	Yes	No	No	USD	10/19/2022	20.99
			98558	18695	Check	1	36651		MINNESOTA POWER	Yes	No	No	USD	10/19/2022	378.32
			98555	18696	Check	1	10731		SECOLA KEITH	Yes	No	No	USD	10/19/2022	2,000.00
			98554	18697	Check	1	10714		SECTION 7AA	Yes	No	No	USD	10/19/2022	6,080.00
Bank Total: 2														\$13,015.96	
Report Total:														\$13,015.96	



## Candace Nelis

---

**From:** Rickey Lummus <lummusr@pfmam.com>  
**Sent:** Tuesday, October 18, 2022 2:41 PM  
**To:** Candace Nelis  
**Cc:** CSG Midwest Region  
**Subject:** RE: Exchanges

Hello Candace,

Please see below for the confirmation numbers requested. Let us know if you need anything additional.

August 2, 2022	Account – General Fund	Amount: \$400,000.00	Exchange from MSDLAF Max to MSDLAF+ Liquid	Confirmation Number 3541344	Authorized Contact: Candace Nelis	Created By: parker
September 1, 2022	Account – General Fund	Amount: \$1,100,000.00	Exchange from MSDLAF Max to MSDLAF+ Liquid	Confirmation Number 3558893	Authorized Contact: Candace Nelis	Created By: lummusr

Thank you,

Rickey Lummus  
Client Service Representative

---

PFM Asset Management LLC  
Minnesota School District Liquid Asset Fund Plus (MSDLAF+) | [www.msdlaf.org](http://www.msdlaf.org) | p: 888.467.3523 x 2 | f: 888.535.0120 | [lummusr@pfmam.com](mailto:lummusr@pfmam.com)  
213 Market Street | Harrisburg, PA 17101

PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.

NOT INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT

Shares of the Minnesota School District Liquid Asset Fund Plus (MSDLAF+) and Minnesota Association of Governments Investment for Counties (MAGIC) are distributed exclusively by PFMAM's affiliate, PFM Fund Distributors, Inc.

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---

**From:** Candace Nelis <cnelis@isd94.org>  
**Sent:** Tuesday, October 18, 2022 9:15 AM  
**To:** Rickey Lummus <lummusr@pfmam.com>  
**Subject:** Exchanges

**ALERT:** This message is from an external source.**BE CAUTIOUS** before clicking any link or attachment

Can you send me confirmation information and amounts for the exchanges on 8/2/2022 and 9/1/2022?

Thanks!

Candace Nelis  
Business Manager  
Cloquet Public Schools  
302 14<sup>th</sup> Street  
Cloquet, MN 55720  
P: 218-879-6721 ext. 6213  
F: 218-879-6724  
[cnelis@isd94.org](mailto:cnelis@isd94.org)



- 🕒 Accounts Dashboard
- 🕒 Activity History
- 📄 Statements & Documents
- ⚙️ Organizational Settings
- CONTACT US
- ✉️ Secure Contact
- ❓ FAQ

# ✔️ Transfer Submitted

Transfer Amount

Print Confirmation

# \$1,000,000.00

Confirmation #

3548944

Transaction Type

Transfer Between  
Products

Transfer From

600041 - General Fund  
MSDLAF+ MAX Class

Transfer To

MSDLAF+ Liquid Class

Date Scheduled

Aug 15, 2022

Make Another Transaction

Done





- [Accounts Dashboard](#)
- [Activity History](#)
- [Statements & Documents](#)
- [Organizational Settings](#)
- CONTACT US**
- [Secure Contact](#)
- [FAQ](#)

# Transfer Submitted

## CLOQUET PUBLIC SCHOOLS, ISD# 94

CN

Transfer Amount

[Print Confirmation](#)

# \$1,000,000.00

Confirmation #

3553518

Transaction Type

Transfer Between Products

Transfer From

600041 - General Fund  
MSDLAF+ MAX Class

Transfer To

MSDLAF+ Liquid Class

Date Scheduled

Aug 24, 2022

[Make Another Transaction](#)

[Done](#)

## Candace Nelis

---

**From:** Rickey Lummus <lummusr@pfmam.com>  
**Sent:** Tuesday, October 18, 2022 2:41 PM  
**To:** Candace Nelis  
**Cc:** CSG Midwest Region  
**Subject:** RE: Exchanges

Hello Candace,

Please see below for the confirmation numbers requested. Let us know if you need anything additional.

August 2, 2022	Account – General Fund	Amount: \$400,000.00	Exchange from MSDLAF Max to MSDLAF+ Liquid	Confirmation Number 3541344	Authorized Contact: Candace Nelis	Created By: parker
September 1, 2022	Account – General Fund	Amount: \$1,100,000.00	Exchange from MSDLAF Max to MSDLAF+ Liquid	Confirmation Number 3558893	Authorized Contact: Candace Nelis	Created By: lummusr

Thank you,

Rickey Lummus  
Client Service Representative

---

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Minnesota School District Liquid Asset Fund Plus (MSDLAF+) | [www.msdlaf.org](http://www.msdlaf.org) | p: 888.467.3523 x 2 | f: 888.535.0120 | [lummusr@pfmam.com](mailto:lummusr@pfmam.com)  
213 Market Street | Harrisburg, PA 17101

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---

**From:** Candace Nelis <cnelis@isd94.org>  
**Sent:** Tuesday, October 18, 2022 9:15 AM  
**To:** Rickey Lummus <lummusr@pfmam.com>  
**Subject:** Exchanges

**ALERT:** This message is from an external source. **BE CAUTIOUS** before clicking any link or attachment

Can you send me confirmation information and amounts for the exchanges on 8/2/2022 and 9/1/2022?

Thanks!

Candace Nelis  
Business Manager  
Cloquet Public Schools  
302 14<sup>th</sup> Street  
Cloquet, MN 55720  
P: 218-879-6721 ext. 6213  
F: 218-879-6724  
[cnelis@isd94.org](mailto:cnelis@isd94.org)



- 🕒 Accounts Dashboard
- 🕒 Activity History
- 📄 Statements & Documents
- ⚙️ Organizational Settings
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- 🔗 FAQ

# Transfer Submitted

## CLOQUET PUBLIC SCHOOLS, ISD# 94

CN

Transfer Amount

[Print Confirmation](#)

# \$1,200,000.00

Confirmation # 3565966

Transaction Type Transfer Between Products

Transfer From 600041 - General Fund  
MSDLAF+ MAX Class

Transfer To MSDLAF+ Liquid Class

Date Scheduled Sep 15, 2022

[Make Another Transaction](#)

[Done](#)



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## MEMORANDUM

---

TO: Dr. Michael Cary, Superintendent  
FROM: Tom Brenner, Middle School Principal  
DATE: October 20, 2022  
RE: Recommendation for Employment

I am recommending the employment of Cynthia Welsh to fill the 1.0 FTE Long Term Substitute position for Science Teaching position at Cloquet Middle School.

RATE OF PAY:	MA +45 Step 10
TOTAL COST:	Contracted Per the 2022-2023 Teachers' Salary Schedule
HOURS TO BE WORKED:	8 Hours/Day (Monday – Friday)
START DATE:	11/29/22
LENGTH OF CONTRACT:	Remainder of the 2022-2023 school year
BUDGETED CURRENT YEAR:	Yes
POSTED:	Internally and Externally
STAR REPORTING	130210 & 990300
RATIONALE FOR HIRE:	CMS is excited to recommend Cynthia Welsh for our open long-term sub position. Cynthia Welsh has been a teacher at CMS for over 20 years.

(Employment is contingent upon Cloquet School Board approval.)

TB:KP



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## MEMORANDUM

---

TO: Dr. Michael Cary, Superintendent  
FROM: David Wangen, Churchill Elementary Principal  
DATE: October 12, 2022  
RE: Recommendation for Employment

I am recommending the employment of Neil Erickson as a 6.50 hrs/day Consistent Support Floater Paraprofessional at Churchill Elementary for the remainder of the 2022-2023 school year due to a resignation.

RATE OF PAY:	\$17.41 – Step 1
HOURS TO BE WORKED:	6.50 Hours/Day (Monday – Friday)
START DATE:	October 14, 2022
LENGTH OF CONTRACT:	Ongoing
BUDGETED CURRENT YEAR:	Yes
POSTED:	Posted, internally and externally
STAR CODE:	999822

(Employment is contingent upon Cloquet School Board approval.)

DW:mb

Linking school and community to provide life-long learning and success for all.



Northern Lights Academy Cooperative #6096-52  
302 14<sup>th</sup> Street ~ Cloquet MN 55820  
Office Phone ~ 218-878-3060  
Fax ~ 218-878-3061

Barb Mackey, Asst. Special Education Director  
[bmackey@nlacoop.org](mailto:bmackey@nlacoop.org)

TO: Dr. Michael Cary, Cloquet Superintendent  
FROM: Barb Mackey, Northern Lights Academy Assistant Special Education Director  
DATE: October 18, 2022  
RE: Recommendation for Employment

I am recommending the employment of Ms. Jennifer Blake for one of the previously posted paraprofessional positions at Northern Lights Academy Cooperative #6096-52 at the Garfield location for the 2022-2023 school year.

RATE OF PAY: Step 1 of the 2021-2022 Paraprofessionals' Master Agreement  
TOTAL COST: \$17.41 per hour \* will update when the new agreement is approved.  
HOURS TO BE WORKED: 6.75 hours/day (Monday-Friday)  
START DATE: October 25, 2022  
LENGTH OF CONTRACT: On going  
BUDGETED CURRENT YEAR: Yes  
POSTED: Yes, internally and externally.  
RATIONALE FOR HIRE:

NLA is recommending Ms. Blake to fill one of the open paraprofessional positions at the Northern Lights Academy at the Garfield building. Ms. Blake has great references and life experiences which qualify her for the position. We are excited to have her work with our students! There were not any other applicants for the position.

(Employment is contingent upon Cloquet School Board approval.)



---

## MEMORANDUM

---

TO: Dr. Michael Cary, Superintendent

FROM: Steve Battaglia

DATE: October 12, 2022

RE: **RECOMMENDATION FOR EMPLOYMENT**

I am recommending the employment for **Amy Hexum** to provide homebased instruction for a student at the Cloquet High School.

RATE OF PAY: \$32.66

HOURS TO BE WORKED: 5 hours/week of student contact time  
1 hour/week of prep

STARTING DATE: As soon as possible

LENGTH OF CONTRACT: Ongoing, until services are no longer needed

BUDGETED CURRENT YEAR: Yes

RATIONALE FOR HIRE: Cloquet High School has the need to hire a homebased teacher to provide education for one of our students.

(Employment is contingent upon Cloquet School Board approval)

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---

## MEMORANDUM

---

TO: Dr. Michael Cary, Superintendent  
FROM: David Wangen, Churchill Elementary Principal  
DATE: October 14, 2022  
RE: Recommendation for Employment

---

I am recommending the employment of Phil Beadle to fill the Homebound Instructor position posted at Churchill Elementary beginning October 17 – October 31, 2022.

RATE OF PAY:	\$32.66/hr
HOURS TO BE WORKED:	6 Hours per week
START DATE:	Immediate
LENGTH OF CONTRACT:	2022-2023 SY
BUDGETED CURRENT YEAR:	Yes
RATIONALE FOR HIRE:	Homebound student

(Employment is contingent upon Cloquet School Board approval.)

DW:mb



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## MEMORANDUM

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TO: Dr. Michael Cary, Superintendent

FROM: Connie Hyde, Cloquet Area Alternative Education Program (CAAEP)

DATE: October 19<sup>th</sup> 2022

RE: Recommendation for Employment

---

I am recommending the employment of Jared Anderson to fill the Homebased Instructor position posted at Cloquet Area Alternative Education Programs (CAAEP) beginning October 24<sup>th</sup> for the remainder of the 22-23 school year.

RATE OF PAY:	\$32.66 per hour
HOURS TO BE WORKED:	5 hours + 1 hour of prep per week
START DATE:	October 24 <sup>th</sup> , 2002
LENGTH OF CONTRACT:	22-23 School Year
BUDGETED CURRENT YEAR:	Yes

(Employment is contingent upon Cloquet School Board approval.)

CH:mrt

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## MEMORANDUM

**TO:** Dr. Michael Cary, Superintendent  
**DATE:** October 12, 2022  
**FROM:** Erin Bates, Community Education Director  
**RE:** Hire Amber Gregg as youth volleyball camp coach

I am recommending that Amber Gregg be hired to work with the youth volleyball camp as a coach.

**RATE OF PAY:** Percentage of fees.

**HOURS TO BE WORKED:** Up to 20 hours per week

**STARTING DATE:** September 24, 2022

**LENGTH OF CONTRACT:** ongoing as needed seasonally

**BUDGETED CURRENT YEAR:** Yes

**REASON FOR HIRE:** youth camp

**QUALIFIES FOR BENEFITS:** No

**“Employment is subject to Cloquet School Board Approval”**

## MEMORANDUM

**TO:** Dr. Michael Cary, Superintendent  
**DATE:** September 20, 2022  
**FROM:** Erin Bates, Community Education Director  
**RE:** Hire Stacy Cordle as youth volleyball camp coach

I am recommending that Stacy Cordle be hired to work with the youth volleyball camp as a coach.

**RATE OF PAY:** Percentage of fees.

**HOURS TO BE WORKED:** Up to 20 hours per week

**STARTING DATE:** September 20, 2022

**LENGTH OF CONTRACT:** ongoing as needed seasonally

**BUDGETED CURRENT YEAR:** Yes

**REASON FOR HIRE:** youth camp

**QUALIFIES FOR BENEFITS:** No

**“Employment is subject to Cloquet School Board Approval”**

## MEMORANDUM

**TO:** Dr. Michael Cary, Superintendent  
**DATE:** September 20, 2022  
**FROM:** Erin Bates, Community Education Director  
**RE:** Hire Lindsay Stephens as youth volleyball camp coach

I am recommending that Lindsay Stephens be hired to work with the youth volleyball camp as a coach.

**RATE OF PAY:** Percentage of fees.

**HOURS TO BE WORKED:** Up to 20 hours per week

**STARTING DATE:** September 20, 2022

**LENGTH OF CONTRACT:** ongoing as needed seasonally

**BUDGETED CURRENT YEAR:** Yes

**REASON FOR HIRE:** youth camp

**QUALIFIES FOR BENEFITS:** No

**“Employment is subject to Cloquet School Board Approval”**

# MEMORANDUM

TO: Dr. Michael Cary, Superintendent

FROM: Erin Bates, Community Education Director

DATE: Thursday, October 13, 2022

RE: Hiring of Jenna Olsen

I am recommending that Jenna Olsen be employed as a Program Aide at Li'l Lumberjacks' Learning Center.

RATE OF PAY: \$11.28/hr

HOURS TO BE WORKED: Up to 40 hrs/wk

STARTING DATE: September 26, 2022

PROBATIONARY PERIOD: 1 year (9/26/23)

LENGTH OF CONTRACT: On-going

BUDGETED CURRENT YEAR: Yes

QUALIFIES FOR BENEFITS: After 90 days: As of December 26, 2022  
2 sick  
2 personal

After 1 year: As of July 1, 2023  
5 vacation

# MEMORANDUM

TO: Dr. Michael Cary, Superintendent  
FROM: Erin Bates, Community Education Director  
DATE: Thursday, October 13, 2022  
RE: Hiring of Alexis Schmidt

I am recommending that Alexis Schmidt be employed as a Program Aide at Li'l Lumberjacks' Learning Center.

RATE OF PAY: \$11.28/hr  
HOURS TO BE WORKED: Up to 40 hrs/wk  
STARTING DATE: September 26, 2022  
PROBATIONARY PERIOD: 1 year (9/26/23)  
LENGTH OF CONTRACT: On-going  
BUDGETED CURRENT YEAR: Yes  
QUALIFIES FOR BENEFITS: After 90 days: As of December 26, 2022  
2 sick  
2 personal  
After 1 year: As of July 1, 2023  
5 vacation

# MEMORANDUM

TO: Dr. Michael Cary, Superintendent

FROM: Erin Bates, Community Education Director

DATE: Thursday, October 13, 2022

RE: Hiring of Jenna Olsen

I am recommending that Jenna Olsen be employed as a Program Aide at Li'l Lumberjacks' Learning Center.

RATE OF PAY: \$11.28/hr

HOURS TO BE WORKED: Up to 40 hrs/wk

STARTING DATE: September 26, 2022

PROBATIONARY PERIOD: 1 year (9/26/23)

LENGTH OF CONTRACT: On-going

BUDGETED CURRENT YEAR: Yes

QUALIFIES FOR BENEFITS: After 90 days: As of December 26, 2022  
2 sick  
2 personal

After 1 year: As of July 1, 2023  
5 vacation

# MEMORANDUM

TO: Dr. Michael Cary, Superintendent  
FROM: Erin Bates, Community Education Director  
DATE: Thursday, October 13, 2022  
RE: Hiring of Kiersten Leno

I am recommending that Kiersten Leno be employed as a Program Aide at Li'l Lumberjacks' Learning Center.

RATE OF PAY: \$11.28/hr  
HOURS TO BE WORKED: Up to 40 hrs/wk  
STARTING DATE: September 20, 2022  
PROBATIONARY PERIOD: 1 year (9/20/23)  
LENGTH OF CONTRACT: On-going  
BUDGETED CURRENT YEAR: Yes  
QUALIFIES FOR BENEFITS: Does not Qualify



Independent School District No. 94  
Cloquet, Minnesota 55720

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October 18, 2022

To: Dr. Michael Cary, Superintendent  
From: Teresa Angell, AIE Program Director  
Re: Hire Memo for Makoons Club

For your consideration and approval, I recommend the following staffing for the 22-23 Makoons Club. The Makoons Club will provide participants grades 1-4 with Ojibwe literature and corresponding activities through weekly clubs to help develop comprehension and identity.

I can be available at the next school board meeting to address any questions you may have.

**Name:** Lindsey Markwardt  
**Position:** Makoons Club Curriculum Developer  
**Rate of Pay:** \$28.00hr up to 3 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Tara Anderson  
**Position:** Makoons Club Site Facilitator  
**Rate of Pay:** \$22.00hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Karen Hedman  
**Position:** Makoons Club Instructor  
**Rate of Pay:** \$28.00hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Nicholas Heck  
**Position:** Makoons Club Instructor  
**Rate of Pay:** \$35.38hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Nicole Milewski  
**Position:** Makoons Club Assistant  
**Rate of Pay:** \$22.00hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Vickie Nordin  
**Position:** Makoons Club Assistant  
**Rate of Pay:** \$22.00hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Arianna Rabideaux  
**Position:** Makoons Club Assistant  
**Rate of Pay:** \$22.00hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

**Name:** Joey Hedman  
**Position:** Makoons Club Assistant (SUB)  
**Rate of Pay:** \$22.00hr @ 6 hours/week  
**Budgeted Current Year:** Yes-MN AI Formula 320/Achievement & Integration 313  
**Starting date:** October 24, 2022

*(Employment contingent upon School Board Approval)*



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Community Education	2001 Washington Ave	218.879.1261

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## MEMORANDUM

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TO: Dr. Michael Cary, Superintendent

FROM: Steve Battaglia, Principal Cloquet High School

DATE: October 18, 2022

RE: **PERMISSION TO POST**

---

We are requesting permission to post for a 1.0 FTE Restorative Practice/Equity Teacher at the Cloquet High School for the 2022 - 2023 school year. This is due to a staff vacancy.

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## MEMORANDUM

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TO: Dr. Michael Cary, Superintendent

FROM: Tom Brenner, Middle School Principal

DATE: 10/12/22

Re: Permission to Post

I am requesting permission to post for 1.0 FTE Long Term Substitute Science Teaching Position at Cloquet Middle School due to a staff member retiring 11/2022.

TB:KP



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## MEMORANDUM

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TO: Dr. Michael Cary, Superintendent

FROM: Robbi Mondati, Principal – Washington Elementary School

DATE: October 18, 2022

RE: Permission to Post

I am requesting permission to post a 6.25 FTE Consistent Support Paraprofessional, to begin no later than November 17, 2022. This opening is due to a staff resignation.

We request that the position posting close internally on October 28 and externally on November 4.

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## MEMORANDUM

---

TO: Dr. Michael Cary, Superintendent

FROM: David Wangen, Principal – Churchill Elementary School  
Robbi Mondati, Principal – Washington Elementary School

DATE: October 19, 2022

RE: Permission to Post

We are requesting permission to post for a 31 hours /week ECSE Paraprofessional. This opening is due to a staff resignation.

Linking school and community to provide life-long learning and success for all.



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## MEMORANDUM

---

TO: Dr. Michael Cary, Superintendent

FROM: Steve Battaglia, Principal Cloquet High School

DATE: October 12, 2022

RE: **Permission to Post**

I am requesting permission to post for one homebound teacher for the Cloquet High School. This request is for 5 hours per week of instruction and 1 hour per week of prep. This is necessary as the students is at home for medical reasons.



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To: Dr. Michael Cary  
From: Connie Hyde, CAAEP Principal  
Date: October 13, 2022  
Reason: Permission to Post

I am requesting permission to post for one homebased teacher for Cloquet Alternative Education Programs (CAAEP). This request is for 5 hours per week of instruction and 1 hour per week of prep for the remainder of the 22-23 school year.

CH:mt

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## MEMORANDUM

---

**TO:** Dr. Michael Cary, Superintendent

**DATE:** October 10, 2022

**FROM:** Erin Bates, Community Education Director

**RE:** I am requesting that the Board accept a \$2500 grant award from Andrew Genereau Construction for the Cloquet Pep Squad to purchase uniforms and for other expenses.

**“Employment is subject to Cloquet School Board Approval”**

**3535.9910 STATEMENT OF COMPLIANCE.**

## Assurance of Compliance with State and Federal Law

## Prohibiting Discrimination

Name of School District

The undersigned hereby affirm that the above named school district is in compliance with the following state and federal laws prohibiting discrimination:

1. Minnesota Statutes, section 363A.13, Minnesota Human Rights Act, which prohibits discrimination in education programs and activities on grounds of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, or disability.

2. Title VI of the Civil Rights Act of 1964 (Public Law 88-352), which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the district receives federal financial assistance.

3. Title VII of the Civil Rights Act of 1964 (Public Law 88-352), as amended by the Equal Employment Opportunity Act of 1972 (Public Law 92-261), which prohibits discrimination in employment because of an individual's race, color, religion, sex, or national origin.

4. Title IX of the Education Amendments of 1972 (Public Law 92-318), which prohibits discrimination on the basis of sex in education programs and activities receiving or benefiting from federal financial assistance.

5. The Age Discrimination in Employment Act of 1967 (Public Law 90-202), which prohibits discrimination on the basis of age (40 through 64).

6. Minnesota Statutes, section 121A.04, which prohibits sex discrimination in athletic programs.

7. Part 3500.0500, curriculum, which provides that "No school shall provide any course or activity on the basis of sex. This includes health, physical education, home economics, and industrial education."

8. Parts 3535.0200 to 3535.2200, relating to equality of educational opportunity and school desegregation.

This assurance is given in consideration of and for the purpose of obtaining any and all federal grants, loans, contracts, property, discount, or other federal and state financial assistance extended after the date hereof to the district by the Department of Health,



## 2022-2023 Student Enrollment Report

5/27/2022	Dates	9/8	9/21	10/5	10/17														
<b>CHURCHILL</b>																			
18	Handicap Kindergarten	17	20	20	20														
15	Early Five/Dev Kindergarten	22	22	22	22														
70	Kindergarten - All Day	66	62	61	61														
53	First Grade	71	72	71	71														
71	Second Grade	49	46	45	45														
69	Third Grade	80	79	79	79														
71	Fourth Grade	78	78	78	78														
367	<b>TOTAL CHURCHILL</b>	383	379	376	376	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>WASHINGTON</b>																			
20	Handicap Kindergarten	17	19	18	18														
81	Kindergarten - All Day	80	80	81	81														
78	First Grade	107	108	107	107														
106	Second Grade	89	89	88	88														
114	Third Grade	104	104	104	103														
106	Fourth Grade	103	102	102	102														
505	<b>TOTAL WASHINGTON</b>	500	502	500	499	0	0	0	0	0	0	0	0	0	0	0	0	0	0
872	<b>TOTAL ELEMENTARY</b>	883	881	876	875	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Open Enrollment-Elementary																		
<b>MIDDLE SCHOOL</b>																			
191	Fifth Grade	184	183	182	182														
192	Sixth Grade	199	199	200	198														
204	Seventh Grade	195	193	191	190														
203	Eighth Grade	208	209	209	209														
790	<b>TOTAL MIDDLE SCHOOL</b>	786	784	782	779	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Open Enrollment-CMS																		
<b>HIGH SCHOOL</b>																			
215	Ninth Grade	208	206	206	204														
205	Tenth Grade	215	213	210	209														
175	Eleventh Grade	214	214	210	209														
159	Twelfth Grade	180	177	177	177														
754	<b>TOTAL HIGH SCHOOL</b>	817	810	803	799	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Open Enrollment-CHS																		
2416	<b>TOTAL HK-12</b>	2486	2475	2461	2453	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL OPEN ENROLLMENT</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CAAEP- FULL-TIME</b>																			
79	High School (grades 9-12)	75	77	78	75														
10	Junior High (grades 6-8)	9	9	10	10														
89	<b>TOTAL CAAEP-Full-Time</b>	84	86	88	85	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>** CAAEP - PART-TIME</b>																			
	EDHS																		
	Extended Programming																		
	Targeted Services																		
2539	<b>GRAND TOTAL</b>	2570	2561	2549	2538	0	0	0	0	0	0	0	0	0	0	0	0	0	0

\*\* NOT included in totals.

## DISTRICT HEALTH & SAFETY, AND CRISIS COMMITTEE MEETING SUMMARY

WEDNESDAY, OCTOBER 18, 2022  
3:45 P.M., GARFIELD BOARD ROOM

### **Committee Members:**

- Committee Chair - Tim Prosen, CHS Asst. Principal
- Executive Assistant - Mary Marciniak
- Garfield School - David Perry
- Middle School - Mike Bushey
- Churchill School - Chris Esse
- Washington School - Scott Carlson
- High School - Sarah Ellena
- School Resource Officer - Jared Braveheart
- Director of Facilities & Grounds - Dylan Carlson
- School Board Representative - Ken Scarbrough
- School Board Representative - Gary Huard

### **I. Approval of May 11, 2022 Meeting Summary**

D. Perry made a motion to approve the May 11, 2022, meeting summary as presented. S. Ellena seconded the motion, and it was approved by unanimous yeas of all members present at roll call.

### **II. Old Business**

- Required 2021-2022 Building Drills (5 Lockdown Drills, 5 Fire Drills, 1 Evacuation Drill, 1 Tornado Drill). Send updates to Mary
- Alice Training – November 4<sup>th</sup>, 1-3 p.m., CHS auditorium
- CPR/AED Recertification – usually in January and we will ask administration for an approved date
- Emergency Phone Number List – committee members will confirm the numbers with building staff by next Friday, October 28, 2022, and report back to T. Prosen.

### **III. New Business**

- Building Accident Reports for Students was reviewed by S. Ellena
- Building Accident Reports for Staff was reviewed by T. Prosen

### **IV. Building Level Reports**

Health, Safety & Crisis Building Reports

- Garfield- concerns of not having a building custodian were expressed.
- CHS – during the lockdown there was a safety concern of kids in the gym and the catwalk above. They will discuss options at next staff meeting. Issues with boys' bathroom leaking on 2<sup>nd</sup> floor (already resolved). Concerns about getting out through the catwalk with locked doors to outside door 17. Outside doors are often propped open and including doors connecting CMS and CHS. Fire alarms in the E-Wing/Gym are too loud. ADA door handles should be updated. Dylan said hardware replacement potentially next summer.
- CMS – Updates on flashing light in band and choir rooms. Dylan to follow up
- Churchill – Fire alarms – Dylan said they were replacing some of them
- Washington – outdoor bell is hard to hear – they are working with custodian Trevor to resolve this

### **V. Next Meeting**

- Tuesday, January 10, 2023
- Tuesday, March 7, 2023
- Wednesday, May 10, 2023

### **VI. Adjournment**

There being nothing further to discuss, the meeting adjourned at 4:11 p.m.

Respectfully submitted,

Mary Marciniak  
Executive Assistant to the Superintendent  
Cloquet Public Schools

**Independent School District No. 94  
Cloquet, Minnesota**

**Basic Financial Statements**

**June 30, 2022**

**Independent School District No. 94  
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**Independent School District No. 94  
Board of Education and Administration  
June 30, 2022**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Ted Lammi	Chairperson	December 31, 2022
Nate Sandman	Clerk	December 31, 2024
David Battaglia	Treasurer	December 31, 2022
Melissa Juntunen	Director	December 31, 2024
Ken Scarbrough	Director	December 31, 2024
Gary Huard	Director	December 31, 2022
<u>Administration</u>		
Dr. Michael Cary	Superintendent	

## Independent Auditor's Report

To the School Board  
Independent School District No. 94  
Cloquet, Minnesota

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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. 94, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 94 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter – Implementation of GASB 87**

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

The management of Independent School District No. 94 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

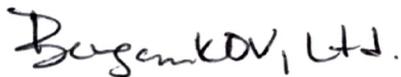
### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements 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 October 13, 2022, 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.



St. Cloud, Minnesota  
October 13, 2022

# Independent School District No. 94

## Management's Discussion and Analysis

Year Ended June 30, 2022

---

As management of Independent School District No. 94 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

### Financial Highlights

Key financial highlights for the 2021-2022 fiscal year include the following:

- Revenues were \$46,297,366 of which 74% were state aids, 16% were property taxes and the balance of 10% in other categories.
- Net position increased by \$3,558,049 during the current year.
- The General Fund total unassigned fund balance decreased by \$526,175.
- The District decreased its long-term liabilities in outstanding bonds, financed purchases and leases by \$3,505,499.

### Overview of the Financial Statements

The financial section of the annual financial statements consists of four parts - Independent Auditor's Report, required supplementary information which includes Management's Discussion and Analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

### 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 (deficit)* includes all of the District's assets, deferred outflows of resources, and 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 (deficit) and how they have changed.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District's net position (deficit) changed during the fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state statutes, and to control and manage money for particular purposes. All of the funds of the District can be divided into two categories: *governmental funds* and *fiduciary funds*.

# Independent School District No. 94

## Management's Discussion and Analysis (Continued)

Year Ended June 30, 2022

*Governmental funds* - Most of the District's basic services are included in governmental funds. Governmental fund financial statements focus on near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. A reconciliation is provided to facilitate a comparison between governmental fund financial statements and government-wide financial statements.

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

### Financial Analysis of the District as a Whole

Net position (deficit) may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,666,276 as of June 30, 2022.

#### Statement of Net Position (Deficit) June 30, 2022

	2021	2022
Current and other assets	\$ 26,682,700	\$ 24,657,849
Capital assets	61,524,779	61,256,811
<b>Total assets</b>	<b>88,207,479</b>	<b>85,914,660</b>
Deferred outflows of resources	11,019,777	10,099,130
Long-term liabilities	82,772,885	69,791,122
Other liabilities	10,581,200	10,130,876
<b>Total liabilities</b>	<b>93,354,085</b>	<b>79,921,998</b>
Deferred inflows of resources	26,097,496	32,758,068
Net position (deficit)		
Net investment in capital assets	6,124,933	7,310,913
Restricted	2,402,188	3,089,676
Unrestricted (deficit)	(28,751,446)	(27,066,865)
<b>Total net position (deficit)</b>	<b>\$ (20,224,325)</b>	<b>\$ (16,666,276)</b>

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

	Change in Net Position (Deficit) For the years ended June 30, 2022	
	2021	2022
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,719,634	\$ 1,993,785
Operating grants and contributions	13,196,869	15,078,479
Capital grants and contributions	556,983	821,831
General revenues		
Property taxes	6,852,550	7,017,917
State and federal aids	21,880,186	21,281,776
Other	264,456	103,578
<b>Total revenues</b>	<b>44,470,678</b>	<b>46,297,366</b>
<b>Expenses</b>		
District and school administration	1,967,040	1,564,997
District support services	855,560	929,061
Regular instruction	18,473,219	18,751,195
Vocational instruction	543,615	464,946
Exceptional instruction	6,629,938	6,316,566
Instructional support services	2,176,256	1,950,983
Pupil support services	2,259,093	2,449,272
Sites and buildings	2,738,441	2,549,918
Fiscal and other fixed cost programs	270,685	7,694
Food service	1,094,598	1,245,590
Community service	1,689,308	1,823,179
Unallocated depreciation expense	2,499,390	2,798,072
Interest and fiscal charges on long-term debt	2,029,093	1,887,844
<b>Total expenses</b>	<b>43,226,236</b>	<b>42,739,317</b>
Change in net position (deficit)	1,244,442	3,558,049
Net position (deficit), beginning of year, restated	(\$21,468,767)	(20,224,325)
<b>Net position, end of the year</b>	<b>\$ (20,224,325)</b>	<b>\$ (16,666,276)</b>

### Financial Analysis of the District's Funds

The government-wide presentations are designed to present users with a more complete picture of the District's financial position and results of operation, traditional fund accounting basis provides users with information that can be used by the District to make decisions in the near-term.

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

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### General Fund Budgetary Highlights

The General Fund (which includes the District's general, transportation and capital activities) adopted an original revenue budget of \$35,567,381, which was revised to \$36,762,596, as a result of change in pupil unit projections and federal covid funding. The General Fund adopted an original expenditure budget of \$35,623,576, which was revised to \$37,046,954, as a result of settled contracts, federal covid expenses and supply budgets.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenue by \$284,358 the actual results for the year showed expenditures exceeded revenues and other financing sources by \$541,262.

- Actual revenues were \$172,843 more than anticipated, largely due to adjustments to pupil counts and overall less spending due to covid.
- Actual expenditures were \$1,227,824 more than anticipated due to COVID-19 costs and changes in staffing during the school year.

### Debt Service Fund

The Debt Service Fund balance increased \$196,052 during fiscal year 2022 due to the 105% levied for our debt service and as payments increase those numbers will increase as well. Fund balance was \$1,336,877 at June 30, 2022.

### Capital Asset and Debt Administration

#### Capital Assets

By the end of fiscal year 2022, the District had invested \$93,573,435 in a broad range of capital and right to use assets, including school buildings, athletic facilities, computer equipment and administrative offices. Total depreciation/amortization expense for the year was \$3,008,130. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

#### Debt Administration

At June 30, 2022, the District had \$57,462,270, in general obligation bonds, financed purchase and lease obligations. The District's debt rating from Moody's was A1, underlying rating of Aa2 enhanced rating. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation of 10 percent of the fair market value of property in the District. The District is within its legal authority for bonded debt.

The District also had \$14,927,083 of net pension liability, \$493,429 of compensated absences payable, and a \$707,431 net OPEB liability at June 30, 2022.

More detailed information about the District's long-term liabilities is presented in Notes 4, 6, and 7 to the financial statements.

#### Factors Bearing on the District's Future

In FY 23, the District is expecting a plateau in student enrollment. We anticipate approximately 0% increase from 2021-2022 to 2022-2023 and .5%-1% increase per year over the coming years. Cloquet Schools has benefited from the covid funding streams to add District supports for our students. We have been able to continue to offer great programming because of our positive fund balance over the last few years.

# Independent School District No. 94

## Management's Discussion and Analysis {Continued}

Year Ended June 30, 2022

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### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 94, 302 14th Street, Cloquet, Minnesota, 55720, or call 218-879-6721.

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## **BASIC FINANCIAL STATEMENTS**

**Independent School District No. 94**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 15,925,298
Current property taxes receivable	3,344,809
Delinquent property taxes receivable	93,652
Accounts receivable	300,907
Due from Department of Education	4,017,216
Due from other Minnesota school districts	835,017
Lease receivable	95,621
Inventory	13,493
Prepaid items	31,836
Capital assets not being depreciated	
Land	1,365,665
Capital assets net of accumulated depreciation (amortization)	
Land improvements	1,179,399
Buildings and improvements	57,334,824
Equipment	797,765
Leased assets	579,158
Total assets	85,914,660
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	9,672,989
Deferred outflows of resources related to OPEB	426,141
Total deferred outflows of resources	10,099,130
Total assets and deferred outflows of resources	\$ 96,013,790
<b>Liabilities</b>	
Accounts payable	\$ 1,554,003
Salaries and benefits payable	3,601,015
Interest payable	907,794
Due to other Minnesota school districts	254,022
Unearned revenue	14,951
Bond principal payable (net of premium)	
Payable within one year	3,085,000
Payable after one year	53,244,061
Leases payable:	
Payable within one year	286,981
Payable after one year	277,168
Financed purchase agreements payable	
Payable within one year	278,980
Payable after one year	290,080
Compensated absences payable	
Payable within one year	148,130
Payable after one year	345,299
Net pension liability payable after one year	14,927,083
Net OPEB liability payable after one year	707,431
Total liabilities	79,921,998
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenditures	6,836,872
Deferred inflows of resources related to lease receivable	95,621
Deferred inflows of resources related to OPEB	2,174,734
Deferred inflows of resources related to pensions	23,650,841
Total deferred inflows of resources	32,758,068
<b>Net Position</b>	
Net investment in capital assets	7,310,913
Restricted for	
Debt service	597,690
Food service	869,241
Community service	721,136
Other purposes	909,228
Unrestricted	(27,074,484)
Total net position	(16,666,276)
Total liabilities, deferred inflows of resources, and net position	\$ 96,013,790

See notes to basic financial statements.

**Independent School District No. 94**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
Governmental activities					Governmental Activities
Administration	\$ 1,564,997	\$ -	\$ -	\$ -	\$ (1,564,997)
District support services	929,061	-	-	-	(929,061)
Elementary and secondary regular instruction	18,751,195	524,888	6,176,676	-	(12,049,631)
Vocational education instruction	464,946	-	74,542	-	(390,404)
Special education instruction	6,316,566	346,539	4,711,763	-	(1,258,264)
Instructional support services	1,950,983	716	717,561	-	(1,232,706)
Pupil support services	2,449,272	-	1,156,064	-	(1,293,208)
Sites and buildings	2,549,918	-	-	821,831	(1,728,087)
Fiscal and other fixed cost programs	7,694	-	-	-	(7,694)
Food service	1,245,590	62,099	1,607,650	-	424,159
Community education and services	1,823,179	1,059,543	634,223	-	(129,413)
Unallocated depreciation	2,798,072	-	-	-	(2,798,072)
Interest and fiscal charges on long-term debt	1,887,844	-	-	-	(1,887,844)
<b>Total governmental activities</b>	<b><u>\$ 42,739,317</u></b>	<b><u>\$ 1,993,785</u></b>	<b><u>\$ 15,078,479</u></b>	<b><u>\$ 821,831</u></b>	<b>(24,845,222)</b>
General revenues					
Taxes					
Property taxes, levied for general purposes					2,487,921
Property taxes, levied for community service					321,162
Property taxes, levied for debt service					4,208,834
State and federal aid-formula grants					21,281,776
Other general revenues					250,120
Investment income					(146,542)
Total general revenues					<u>28,403,271</u>
Change in net position					3,558,049
Net position - beginning					<u>(20,224,325)</u>
Net position - ending					<u>\$ (16,666,276)</u>

**Independent School District No. 94**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 10,401,640	\$ 3,308,024	\$ 2,215,634	\$ 15,925,298
Current property taxes receivable	1,079,840	1,901,650	363,319	3,344,809
Delinquent property taxes receivable	30,660	52,450	10,542	93,652
Accounts receivable	300,907	-	-	300,907
Due from Department of Education	3,816,120	156,364	44,732	4,017,216
Due from other Minnesota school districts	835,017	-	-	835,017
Lease receivables	95,621	-	-	95,621
Inventory	-	-	13,493	13,493
Prepaid items	31,836	-	-	31,836
	<u>\$ 16,591,641</u>	<u>\$ 5,418,488</u>	<u>\$ 2,647,720</u>	<u>\$ 24,657,849</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,533,192	\$ 1,000	\$ 19,811	\$ 1,554,003
Salaries and benefits payable	3,526,562	-	74,453	3,601,015
Due to other Minnesota school districts	254,022	-	-	254,022
Unearned revenue	-	-	14,951	14,951
Total liabilities	<u>5,313,776</u>	<u>1,000</u>	<u>109,215</u>	<u>5,423,991</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent year's expenditures	2,026,500	4,028,161	782,211	6,836,872
Deferred inflows of resources related to lease receivable	95,621	-	-	95,621
Unavailable revenue - delinquent taxes	30,660	52,450	10,542	93,652
Total deferred inflows of resources	<u>2,152,781</u>	<u>4,080,611</u>	<u>792,753</u>	<u>7,026,145</u>
<b>Fund Balances</b>				
Nonspendable	31,836	-	13,493	45,329
Restricted	909,228	1,336,877	1,734,742	3,980,847
Committed	1,710,582	-	-	1,710,582
Assigned	1,216,493	-	-	1,216,493
Unassigned	5,256,945	-	(2,483)	5,254,462
Total fund balances	<u>9,125,084</u>	<u>1,336,877</u>	<u>1,745,752</u>	<u>12,207,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,591,641</u>	<u>\$ 5,418,488</u>	<u>\$ 2,647,720</u>	<u>\$ 24,657,849</u>

**Independent School District No. 94  
Reconciliation of the Balance Sheet to  
the Statement of Net Position - Governmental Funds  
June 30, 2022**

Total fund balances - governmental funds	\$ 12,207,713
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 in governmental funds.	
Cost of capital assets	93,573,435
Less accumulated depreciation	(32,316,624)
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	(53,020,000)
Premium on bonds payable	(3,309,061)
Lease payable	(564,149)
Financed Purchase payable	(569,060)
Compensated absences payable	(493,429)
Net pension liability	(14,927,083)
Net OPEB liability	(707,431)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences in timing and estimates related to pension and OPEB that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	9,672,989
Deferred inflows of resources related to pensions	(23,650,841)
Deferred outflows of resources related to OPEB	426,141
Deferred inflows of resources related to OPEB	(2,174,734)
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.	93,652
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	<u>(907,794)</u>
Total net position - governmental activities	<u><u>\$ (16,666,276)</u></u>

**Independent School District No. 94**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2022**

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>				
Local property taxes	\$ 2,510,768	\$ 3,778,640	\$ 759,564	\$ 7,048,972
Other local and county revenues	1,786,476	-	1,333,138	3,119,614
Revenue from state sources	29,262,454	1,565,436	339,648	31,167,538
Revenue from federal sources	3,375,741	-	1,651,348	5,027,089
Sales and other conversion of assets	-	-	69,547	69,547
Total revenues	<u>36,935,439</u>	<u>5,344,076</u>	<u>4,153,245</u>	<u>46,432,760</u>
<b>Expenditures</b>				
Current				
Administration	1,653,162	-	-	1,653,162
District support services	927,859	-	-	927,859
Elementary and secondary regular instruction	18,994,303	-	-	18,994,303
Vocational education instruction	485,575	-	-	485,575
Special education instruction	6,696,719	-	-	6,696,719
Instructional support services	1,908,688	-	-	1,908,688
Pupil support services	2,481,762	-	-	2,481,762
Sites and buildings	2,922,768	-	-	2,922,768
Fiscal and other fixed cost programs	7,694	-	-	7,694
Food service	-	-	1,272,324	1,272,324
Community education and services	-	-	1,929,577	1,929,577
Capital outlay				
Administration	16,975	-	-	16,975
District support services	69,684	-	-	69,684
Elementary and secondary regular instruction	671,077	-	-	671,077
Vocational education instruction	5,510	-	-	5,510
Special education instruction	62,472	-	-	62,472
Instructional support services	125,462	-	-	125,462
Pupil support services	1,725	-	-	1,725
Sites and buildings	612,061	-	1,593,335	2,205,396
Community education and services	-	-	13,491	13,491
Debt service				
Principal	599,100	2,910,000	365,000	3,874,100
Interest and fiscal charges	32,182	2,238,024	96,654	2,366,860
Total expenditures	<u>38,274,778</u>	<u>5,148,024</u>	<u>5,270,381</u>	<u>48,693,183</u>
Excess of revenues over (under) expenditures	(1,339,339)	196,052	(1,117,136)	(2,260,423)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Leases	<u>798,077</u>	-	-	<u>798,077</u>
Net change in fund balances	(541,262)	196,052	(1,117,136)	(1,462,346)
<b>Fund Balances</b>				
Beginning of year	<u>9,666,346</u>	<u>1,140,825</u>	<u>2,862,888</u>	<u>13,670,059</u>
End of year	<u>\$ 9,125,084</u>	<u>\$ 1,336,877</u>	<u>\$ 1,745,752</u>	<u>\$ 12,207,713</u>

**Independent School District No. 94  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the  
Statement of Activities - Governmental Funds  
Year Ended June 30, 2022**

Net change in fund balances - total governmental funds \$ (1,462,346)

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

Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.

Capital outlay	2,644,779
Depreciation/amortization	(3,008,130)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	24,478
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	3,872,616
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Governmental funds recognize pension contributions as expenditures at the time of payment in the funds, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	1,371,257
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Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	444,408
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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.	49,540
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Governmental funds report the effect of bond discounts and premiums and deferred amounts on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	430,960
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Proceeds from the sale of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	(798,077)
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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.	<u>(11,436)</u>
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Change in net position - governmental activities	<u><u>\$ 3,558,049</u></u>
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**Independent School District No. 94**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,464,006	\$ 2,434,806	\$ 2,510,768	\$ 75,962
Other local and county revenues	1,626,030	1,346,280	1,786,476	440,196
Revenue from state sources	29,532,195	29,430,732	29,262,454	(168,278)
Revenue from federal sources	1,945,150	3,550,778	3,375,741	(175,037)
Total revenues	<u>35,567,381</u>	<u>36,762,596</u>	<u>36,935,439</u>	<u>172,843</u>
<b>Expenditures</b>				
Current				
Administration	1,956,952	1,709,004	1,653,162	(55,842)
District support services	1,216,166	843,613	927,859	84,246
Elementary and secondary regular instruction	17,657,614	18,462,991	18,994,303	531,312
Vocational education instruction	508,603	474,617	485,575	10,958
Special education instruction	6,553,118	6,920,674	6,696,719	(223,955)
Instructional support services	1,957,744	2,124,525	1,908,688	(215,837)
Pupil support services	2,138,374	2,377,540	2,481,762	104,222
Sites and buildings	2,819,228	3,117,260	2,922,768	(194,492)
Fiscal and other fixed cost programs	130,000	130,000	7,694	(122,306)
Capital outlay				
Administration	25,000	25,000	16,975	(8,025)
District support services	98,397	96,825	69,684	(27,141)
Elementary and secondary regular instruction	200,975	208,800	671,077	462,277
Vocational education instruction	-	-	5,510	5,510
Special education instruction	300	19,500	62,472	42,972
Instructional support services	2,425	9,925	125,462	115,537
Pupil support services	6,000	99,000	1,725	(97,275)
Sites and buildings	54,000	129,000	612,061	483,061
Debt service				
Principal	268,305	268,305	599,100	330,795
Interest and fiscal charges	30,375	30,375	32,182	1,807
Total expenditures	<u>35,623,576</u>	<u>37,046,954</u>	<u>38,274,778</u>	<u>1,227,824</u>
Excess of revenues over (under) expenditures	<u>\$ (56,195)</u>	<u>\$ (284,358)</u>	(1,339,339)	<u>\$ (1,054,981)</u>
Other financing sources (uses):				
Proceeds from leases	-	-	798,077	798,077
Net change in fund balances	<u>\$ (56,195)</u>	<u>\$ (284,358)</u>	(541,262)	<u>\$ (256,904)</u>
<b>Fund Balances</b>				
Beginning of year			<u>9,666,346</u>	
End of year			<u>\$ 9,125,084</u>	

**Independent School District No. 94  
Statement of Fiduciary Net Position  
June 30, 2022**

	OPEB Irrevocable Trust Fund
<b>Assets</b>	
Cash and investments	\$ 3,806,179
<b>Liabilities</b>	
Due to employees	\$ 18,008
<b>Net Position</b>	
Held in trust for OPEB	3,788,171
Total net position and liabilities	\$ 3,806,179

**Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2022**

	OPEB Irrevocable Trust Fund
<b>Additions</b>	
Contributions	\$ 296,811
Investment income	(444,516)
Total additions	(147,705)
<b>Deductions</b>	
Payments to retirees	966,351
Change in net position	(1,114,056)
<b>Net Position</b>	
Beginning of year	4,902,227
End of year	\$ 3,788,171

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**Independent School District No. 94**  
**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 reported in the General Fund.

**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, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**B. Basic Financial Statement Information (Continued)**

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.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The OPEB irrevocable Trust Fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of restricted fund balances exist: committed, assigned, and unassigned.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

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

**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.

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for the financial activities of the District's Food Service Program.

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.

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.

Postemployment Debt Service Fund – Debt Service – This fund is used for the accumulation of levy proceeds and the repayment of the principal and interest on the OPEB bonds.

Fiduciary Fund:

OPEB Irrevocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

**D. Deposits and Investments**

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described below and on the following page.

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. 94**  
**Notes to Basic Financial Statements**

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

**D. Deposits and Investments (Continued)**

**1. District Funds Other than the OPEB Trust Fund**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

Cash and investments at June 30, 2022, were comprised of deposits, mutual funds, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), shares in MNTrust Portfolio, State and Local Government Obligations, US Treasuries, and Negotiable CDs.

*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 MSDLAF, and MNTrust Funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from MSDLAF liquid class, or MNTrust investment shares Funds. Investments in MSDLAF max class must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14 day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

**2. OPEB Trust Fund**

These funds represent investments administered by the District's OPEB Trust Fund investment managers. As of June 30, 2022, they were comprised of money market funds, exchange traded funds, MNTrust Investment Shares Portfolio, and State and Local Government Obligations.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorize the OPEB Trust Fund 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, corporate bonds, common stock, and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**D. Deposits and Investments (Continued)**

**2. OPEB Trust Fund (Continued)**

In accordance with GASB Statement No 79 the mutual funds and MNTrust Investments shares portfolio are valued at amortized cost which approximates fair value. There are no restrictions or limitations on withdrawals from these accounts.

**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 represents 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 2021, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2022. 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.

**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. Carlton and Saint Louis Counties are the collecting agency for the levy and remit 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 financial statements.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**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 and an estimated useful life in excess of one year. 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 with a half year depreciation convention over the 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 5 to 20 years for equipment, 20 to 50 years for buildings and building improvements, and 20 years for land improvements.

Capital assets not being depreciated at year-end 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.

**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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. A deferred outflows of resources related to pensions and OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

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

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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 year's expenditures, 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. The third and fourth items are deferred inflows of resources related to pensions and OPEB which is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

**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 straight-line 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 source. Premiums received on debt issuances are reported as another financing source while discounts on debt issuances are reported as another financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Compensated Absences**

Certain District employees are entitled to payment of unused sick and vacation leave days at various rates upon retirement. A liability is recorded on the statement of Net Position for earned but unpaid amounts.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**N. Pensions**

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

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.

**O. Post Employment 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 the MNTrust securities are valued at amortized cost, which approximates fair value.

**P. 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, 2022.

**Q. 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 prepaids and inventory.
- Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions.
- Committed Fund Balances – These amounts are comprised of unrestricted funds used for a specific purpose. The government's highest level of decision making authority is the School Board. A majority vote of the school board is required to establish or modify a commitment.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Q. Fund Equity (continued)**

- Assigned Fund Balances – The School Board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The School Board also delegates the power to assign fund balances to the Business Manager or to the Superintendent. Assignments so made shall be reported to the school board on a monthly basis.
- Minimum Fund Balance Policy – The District will strive to maintain a minimum unassigned General Fund balance of 20% of the subsequent annual expenditure budget.

**R. 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.

**S. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**T. Budgetary Information**

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

1. Prior to July 1, the 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 the General, Debt Service, Capital Project, and Special Revenue Funds.
4. Budgets for the General, Debt Service, Capital Project, and Special Revenue 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.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**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: For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires the District's deposits be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

As of June 30, 2022, the District had the following deposits:

District checking	\$ 303,852
Flex benefit plan checking	38,346
Non-pooled Cash - Construction	814,421
Cash account with Ameritrade	6,375
Total deposits	\$ 1,162,994

**B. Investments**

As of June 30, 2022, the District had the following investments:

Investment	Amount	Maturities				Percentage of Pool	S&P/Moodys Rating
		Less than 1 Year	1-2 Years	3-5 years	Over 5 years		
<b>Pooled Investments</b>							
MSDLAF+ Max Class	\$ 6,143,253	\$ 6,143,253	\$ -	\$ -	\$ -	50.17%	AAAm
MSDLAF Liquid Class	437,930	437,930	-	-	-	3.58%	AAAm
State and Local Government Obligations	3,395,263	1,123,073	1,757,537	514,653	-	27.73%	A--AAA
Federal Home Loan Bank Bonds	423,844	-	-	423,844	-	3.46%	Aaa
US Treasuries	588,945	37,905	-	551,040	-	4.81%	N/A
Negotiable CDs	590,894	-	-	590,894	-	4.83%	N/A
MN Trust Investment Shares Portfolio	665,711	665,711	-	-	-	5.44%	AAAm
Total pooled investments	12,245,840	8,407,872	1,757,537	2,080,431	-	100.00%	
<b>Non-Pooled Investments - School Building Bonds</b>							
MN Trust Investment Shares Portfolio	36,040	36,040	-	-	-	3.05%	AAAm
Mutual Funds	45,000	45,000	-	-	-	3.81%	Aaa
State and Local Government Obligations	599,355	599,355	-	-	-	50.80%	N/A
US Treasury	499,520	499,520	-	-	-	42.34%	A1
Total non-pooled investments - School Building Bonds	1,179,915	1,179,915	-	-	-	100.00%	
<b>Non-Pooled Investments - Irrevocable OPEB Trust</b>							
Goldman FS Gov't Inst.	7,520	7,520	-	-	-	0.15%	AAAm
Vanguard TOT ETF	1,064,598	1,064,598	-	-	-	20.70%	N/A
Vanguard TSM ETF	1,579,714	1,579,714	-	-	-	30.72%	N/A
US Treasuries	2,047,486	247,725	715,837	1,083,924	-	39.81%	N/A
MN Trust Investment Shares Portfolio	35,763	35,763	-	-	-	0.70%	AAAm
State and Local Government Obligations	407,648	-	-	-	407,648	7.93%	AA-
Total non-pooled investments - Irrevocable OPEB Trust	5,142,729	2,935,320	715,837	1,083,924	407,648	100.00%	
Total investments - Pooled and Non-Pooled District funds	\$ 18,568,484	\$ 12,523,107	\$ 2,473,374	\$ 3,164,355	\$ 407,648		

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**B. Investments (Continued)**

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The District's policy limits investments to securities that meet the ratings requirements set by state statute. The District's investments were rated, as applicable, in the tables, on the previous page, by Standard & Poor's (S&P) and Moody's Investor Services.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's policy places no limit on the amount the District may invest in any one issuer, although the investment policy states that the District may diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The District was exposed to concentration of credit risk at June 30, 2022, School Building bond funds invested in Palo Alto School District California Bonds (50.8%) and Irrevocable OPEB Trust funds invested in Middleton Dane County Wisconsin G.O. Bonds (6.9%) exceed 5% of the respective investment portfolios.

Interest Rate Risk – This is the risk that the market value of securities will fall due to the changes in market interest rates. The District's policy states investments will be managed in a manner to attain a market rate of return through various economic and budgetary cycles while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Custodial Credit Risk – Investments: For an investment, this is the risk that 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 states that securities will be held by an independent third-party custodian.

The District has the recurring fair value measurements for pooled investments and as of June 30, 2022:

- \$4,998,946 of pooled investments were valued at level 2
- \$599,355 of nonpooled investments related to construction were valued at level 2
- \$407,648 of Irrevocable OPEB Trust Fund investments were valued at level 2

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**C. Deposits and Investments**

The following is a summary of total deposits and investments:

Total deposits (Note 2.A.)	\$ 1,162,994
Total investments (Note 2.B.)	<u>18,568,484</u>
Total deposits and investments	<u><u>\$ 19,731,478</u></u>
Statement of Net Position	
Cash and investments	\$ 15,925,298
Statement of Fiduciary Net Position	
Cash and investments	
OPEB Irrevocable Trust	<u>3,806,179</u>
Total deposits and investments	<u><u>\$ 19,731,477</u></u>

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Change in Accounting Principles	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,365,665	\$ -	\$ -	\$ -	\$ 1,365,665
Construction in progress	473,769	-	1,586,332	2,060,101	-
Total capital assets not being depreciated	<u>1,839,434</u>	<u>-</u>	<u>1,586,332</u>	<u>2,060,101</u>	<u>1,365,665</u>
Other Capital assets					
Land improvements	2,373,563	-	31,050	-	2,404,613
Buildings and improvements	83,789,530	-	2,109,391	-	85,898,921
Equipment	2,830,746	-	180,030	-	3,010,776
Leased Equipment	-	43,576	416,255	-	459,831
Leased Building	-	51,807	381,822	-	433,629
Total other assets at historical cost	<u>88,993,839</u>	<u>95,383</u>	<u>3,118,548</u>	<u>-</u>	<u>92,207,770</u>
Less accumulated depreciation for					
Land improvements	1,153,269	-	71,945	-	1,225,214
Buildings and improvements	26,061,261	-	2,502,836	-	28,564,097
Equipment	2,093,964	-	119,047	-	2,213,011
Less accumulated amortization for					
Leased Equipment	-	-	164,540	-	164,540
Leased Building	-	-	149,762	-	149,762
Total other accumulated depreciation and amortization	<u>29,308,494</u>	<u>-</u>	<u>3,008,130</u>	<u>-</u>	<u>32,316,624</u>
Total capital assets being depreciated, net	<u>59,685,345</u>	<u>95,383</u>	<u>110,418</u>	<u>-</u>	<u>59,891,146</u>
Governmental activities, capital assets, net	<u>\$ 61,524,779</u>	<u>\$ 95,383</u>	<u>\$ 1,696,750</u>	<u>\$ 2,060,101</u>	<u>\$ 61,256,811</u>

Depreciation/amortization expense for the year ended June 30, 2022, was charged to the following functions:

Administration	\$ 1,376
Elementary and secondary regular instruction	11,670
Special education instruction	910
Instructional support services	9,102
Pupil support services	19,944
Sites and buildings	138,093
Food service	23,370
Community education and services	5,593
Unallocated depreciation	<u>2,798,072</u>
 Total depreciation/amortization expense	 <u><u>\$ 3,008,130</u></u>

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 4 – LONG-TERM DEBT**

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

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds						
2015B School						
Building Bonds	6/11/2015	2.00%-5.00%	\$ 45,450,000	2/1/2036	\$ 43,735,000	\$ 395,000
2016A Alternative Facilities						
Refunding Bonds	6/29/2016	3.00%	4,080,000	2/1/2027	2,270,000	1,300,000
2016B Taxable OPEB						
Refunding Bonds	6/29/2016	2.25%-2.88%	4,660,000	2/1/2030	3,455,000	370,000
2018A Facilities						
Maintenance Bonds	4/5/2018	3.00%-5.00%	4,710,000	2/1/2024	1,700,000	835,000
2021A Capital						
Facilities Bonds	2/18/2021	1.00%-3.00%	1,860,000	2/1/2031	1,860,000	185,000
Total bonds					<u>53,020,000</u>	<u>3,085,000</u>
Premium on bonds					3,309,061	-
Lease payable					564,149	286,981
Financed purchase payable					569,060	278,980
Compensated absences payable					<u>493,429</u>	<u>148,130</u>
Total all long-term liabilities					<u>\$ 57,955,699</u>	<u>\$ 3,799,091</u>

General Obligation Bonds are paid from the Debt Service Fund. The General Obligation Taxable OPEB Bond is paid from Postemployment Benefit Debt Service Fund. The financed purchase and leases are payable from the General Fund. Compensated absences are paid from the General, Food Service and Community Service Funds.

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

	Beginning Balance	Change in Accounting Principle	Additions	Reductions	Ending Balance
Long-term liabilities					
G.O. bonds	\$ 56,295,000	\$ -	\$ -	\$ 3,275,000	\$ 53,020,000
Lease Liability	-	95,383	798,077	329,311	564,149
Financed Purchase	837,365	-	-	268,305	569,060
Compensated absences payable	517,907	-	200,420	224,898	493,429
Premium on bonds	<u>3,740,021</u>	-	-	430,960	<u>3,309,061</u>
Total long-term liabilities	<u>\$ 61,390,293</u>	<u>\$ 95,383</u>	<u>\$ 998,497</u>	<u>\$ 4,528,474</u>	<u>\$ 57,860,316</u>

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

**C. Minimum Debt Payments for Bonds**

Minimum annual principal and interest payments required to retire G.O. bond liabilities:

Year Ending June 30,	G.O. Bonds		Lease Liability		Total
	Principal	Interest	Principal	Interest	
2023	\$ 3,085,000	\$ 2,191,600	\$ 286,981	\$ 16,669	\$ 5,580,250
2024	4,190,000	2,093,925	275,387	8,356	6,567,668
2025	3,470,000	1,921,500	1,871	11	5,393,382
2026	3,620,000	1,768,175	-	-	5,388,175
2027	3,785,000	1,607,363	-	-	5,392,363
2028-2032	18,815,000	5,631,756	-	-	24,446,756
2033-2036	16,055,000	1,601,494	-	-	17,656,494
Total	<u>\$ 53,020,000</u>	<u>\$ 16,815,813</u>	<u>\$ 564,239</u>	<u>\$ 25,036</u>	<u>\$ 70,425,088</u>

The District has entered into lease agreements for financing the acquisition of certain equipment and building improvements. These lease agreements qualify as financed purchases for accounting purposes, therefore, have been recorded at the present value of their future minimum payments as of the inception date.

The future minimum finance purchase obligations and the net present value of these minimum lease payments were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 278,980	\$ 19,700	\$ 298,680
2024	290,080	8,600	298,680
Total minimum financed purchase payments	<u>\$ 569,060</u>	<u>\$ 28,300</u>	<u>\$ 597,360</u>

**D. Lease Obligations**

The District entered into multiple lease agreements shown per schedules above. These leases have varying start dates, monthly loan payment amounts, and end dates.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION**

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

**A. Fund Balances**

Fund balances are classified on the following page to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	\$ -	\$ -	\$ 13,493	\$ 13,493
Prepaid items	31,836	-	-	31,836
Total nonspendable	<u>31,836</u>	<u>-</u>	<u>13,493</u>	<u>45,329</u>
Restricted/reserved for				
Operating Capital	425,547	-	-	425,547
Medical Assistance	95,045	-	-	95,045
Impact Aid	13,394	-	-	13,394
Achievement and Integration	85,362	-	-	85,362
Safe Schools Levy	56,427	-	-	56,427
Building Construction	-	-	48,786	48,786
Gifted and Talented	-	-	-	-
Long-term Facilities Maintenance	234,505	-	3,457	237,962
Community Education	-	-	373,033	373,033
Early Childhood and Family Education	-	-	166,174	166,174
School Readiness	-	-	169,819	169,819
Basic Skills Extended Time	(1,052)	-	-	(1,052)
Community Service	-	-	7,619	7,619
Food Service	-	-	855,748	855,748
Debt Service	-	1,336,877	110,106	1,446,983
Total restricted/reserved	<u>909,228</u>	<u>1,336,877</u>	<u>1,734,742</u>	<u>3,980,847</u>
Committed for				
Severance	<u>1,710,582</u>	<u>-</u>	<u>-</u>	<u>1,710,582</u>
Assigned for				
Curriculum	423,172	-	-	423,172
Transporation	236,711	-	-	236,711
Extracurricular activities	556,610	-	-	556,610
Total assigned	<u>1,216,493</u>	<u>-</u>	<u>-</u>	<u>1,216,493</u>
Unassigned	<u>5,256,945</u>	<u>-</u>	<u>(2,483)</u>	<u>5,254,462</u>
Total fund balance	<u>\$ 9,125,084</u>	<u>\$ 1,336,877</u>	<u>\$ 1,745,752</u>	<u>\$ 12,207,713</u>

Nonspendable for Inventory – This balance represents the portion of fund balance that is not available as amounts have already been spent on inventory.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Balances (Continued)**

Nonspendable for Prepaid Items – This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

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

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 Title VII – Impact Aid Funds – This balance represents the unspent resources from the Title VII – Impact Aid Funds.

Restricted/Reserved for Achievement and Integration Revenue – This balance represents unspent resources available from the achievement and integration program.

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

Building Construction – This balance represents available resources in the District's Building Construction Fund restricted for future construction projects.

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 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 (*Minnesota Statutes* 124D.16).

Restricted for Community Service – This balance represents amounts restricted for the activities of the Community Service program not otherwise restricted/reserved. At June 30, 2022, the balance was negative \$2,325.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Balances (Continued)**

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

Restricted for Debt Service – This balance represents the positive fund balance of the debt service funds.

Committed for Severance – This balance represents resources set aside for future severance payments.

Assigned Fund Balance – These balances represent amount set aside by management for specific uses as noted in the table on the previous page.

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

The District participates in various pension plans, total pension expense for the year ended June 30, 2022, was \$508,735. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the 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.

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.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*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. 94  
Notes to Basic Financial Statements**

**NOTE 6 – 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.

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, 2020, June 30, 2021, and June 30, 2022, were:

June 30, 2020		June 30, 2021		June 30, 2022	
Employee	Employer	Employee	Employer	Employee	Employer
11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**C. Contribution Rate (Continued)**

The following is a reconciliation of employer contributions in TRA's ACFR "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 ACFR Statement of Changes in Fiduciary Net Position	\$ 448,829
Add employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	<u>(538)</u>
Total employer contributions	448,670
Total non-employer contributions	<u>37,840</u>
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u><u>\$ 486,510</u></u>

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

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2021, 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, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
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 five years and female rates set back seven 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.

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 on the table on the following page.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Unallocated Cash	2.0	0.00
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 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 since the 2020 valuation:

- The investment return assumption was changed from 7.5% to 7.0%.

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 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, 2022, the District reported a liability of \$11,553,429 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.2640% at the end of the measurement period and 0.2662% for the beginning of the year.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

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

District's proportionate share of net pension liability	\$ 11,553,429
State's proportionate share of the net pension liability associated with the District	974,520

For the year ended June 30, 2022, the District recognized pension expense of \$579,779. Included in this amount, the District recognized (\$10,912) as pension expense for the support provided by direct aid.

On June 30, 2022, 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	\$ 315,527	\$ 322,272
Net difference between projected and actual earnings on plan investments	-	9,674,105
Changes in actuarial assumptions	4,233,995	10,226,731
Changes in proportion	1,159,251	135,449
District's contributions to TRA subsequent to the measurement date	1,439,063	-
Total	\$ 7,147,836	\$ 20,358,557

The \$1,439,063 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 relation of the net pension liability in the year ended June 30, 2023.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

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
2023	\$ (6,951,577)
2024	(5,399,134)
2025	(1,357,387)
2026	(1,730,115)
2027	788,429
Total	\$(14,649,784)

**G. Pension Liability Sensitivity**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

District proportionate share of NPL		
1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
\$ 23,338,490	\$ 11,553,429	\$ 1,888,740

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](http://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.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association**

**A. Plan Description**

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans 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.

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 at 66.

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.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**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 2022 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, 2022, were \$443,520. The District's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of \$3,373,654 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 \$103,135.

The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0790% at the end of the measurement period and 0.0824% for the beginning of the period.

School's proportionate share of net pension liability	\$ 3,373,654
State of Minnesota's proportionate share of the net pension liability associated with the School	<u>103,135</u>
Total	<u><u>\$ 3,476,789</u></u>

For the year ended June 30, 2022, the District recognized pension expense of (\$71,044) for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$8,321 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. 94**  
**Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

At June 30, 2022, 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	\$ 21,750	\$ 103,758
Changes in actuarial assumptions	2,059,883	77,988
Difference between projected and actual investments earnings	-	2,913,321
Changes in proportion	-	197,217
District's contributions to PERA subsequent to the measurement date	443,520	-
Total	\$ 2,525,153	\$ 3,292,284

The \$443,520 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, 2023. 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,	Amount
2023	\$ (236,809)
2024	(104,614)
2025	(72,316)
2026	(796,912)
Total	\$ (1,210,651)

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**E. Long-Term Expected Return on Investment**

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 estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Final Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for 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.

**Independent School District No. 94  
Notes to Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Assumptions (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

**G. Discount Rates**

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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.

**H. 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 (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 6,880,532	\$ 3,373,654	\$ 496,047

**I. Pension Plan Fiduciary Net Position**

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

**Independent School District No. 94  
Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The District administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) which provides medical, dental and life insurance benefits to eligible retired employees and their dependents in accordance with the terms of the plan.

The District has established an irrevocable trust fund to account for accumulated plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a stand-alone financial report, but is included in this report of the District.

**B. Benefits Paid**

At retirement, employees of the District receiving a retirement or disability benefit, or eligible to receive a benefit from a Minnesota public pension plan may continue to participate in the District's group insurance plan. The District contributes a portion of the premium and HSA or HRA contributions as established by contracts with bargaining units or other employment contracts. These contracts state the years, age, and retiring dates needed to qualify for these postemployment benefits. The General Fund typically liquidates the liability related to OPEB.

**C. Members**

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

Active employees electing coverage	216
Active employees waiving coverage	167
Retirees electing coverage	<u>82</u>
Total	<u><u>465</u></u>

**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. Contribution requirements are established by the District, based on the contract terms with insurance providers.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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

Investment rate of return	5.00%
Discount rate	4.41%
Inflation	2.25%
Healthcare cost trend increases	6.3% for FY2022, decreasing to 3.8% in FY2076 and later years
Mortality Assumptions	
Teachers	RP-2014 mortality tables with projected mortality improvements based on scale MP-2015 and other adjustments.
Non-teachers	Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

Estimated geometric nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target	Long-Term Expected Nominal Rate of Return
Domestic equity	28 %	6.67 %
International equity	17	7.16
Fixed income	50	3.25
Real estate and alternatives	5	6.23
Cash and equivalents	0	1.92
Total	100 %	5.00 %

The details of the investments and the investment policy are described in Note 2 of the District's financial statements. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (9.05%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Total OPEB Liability**

The District's net OPEB liability of \$707,431 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Changes in the Total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2021	\$ 5,368,277	\$ 4,910,149	\$ 458,128
Changes for the year			
Service cost	173,951	-	173,951
Interest	163,514	-	163,514
Difference between expected and actual experience	(30,591)		(30,591)
Changes in assumptions	(291,853)	-	(291,853)
Employer contributions	-	218,156	(218,156)
Net investment income	-	(444,266)	444,266
Benefit payments	(669,540)	(669,540)	-
Administrative expense	-	(250)	250
Other additions	-	(7,922)	7,922
Net changes	(654,519)	(903,822)	249,303
Balances at June 30, 2022	\$ 4,713,758	\$ 4,006,327	\$ 707,431

Changes of assumptions and other inputs reflect a change in the discount rate from 3.14% in 2021 to 4.41% in 2022 based on a increase in the index rate for 20-year, tax exempt municipal bonds from 1.92% in 2021 to 3.69% in 2022.

The following presents the District's net OPEB asset calculated using the discount rate of 4.41% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (3.41%)	Current Discount Rate (4.41%)	1% Increase in Discount Rate (5.41%)
Net OPEB Liability	\$ 936,792	\$ 707,431	\$ 483,080

**Independent School District No. 94  
Notes to Basic Financial Statements**

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Liability Sensitivity**

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

	1% Decrease in Discount Rate (5.30%)	Current Discount Rate (6.30%)	1% Increase in Discount Rate (7.30%)
Net OPEB Liability	\$ 375,767	\$ 707,431	\$ 1,082,817

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

For the year ended June 30, 2022, the District recognized OPEB expense of (\$226,252). At June 30, 2022, 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
Net difference between projected and actual investment earnings	\$ 360,399	\$ -
Differences between expected and actual liability	-	597,329
Changes of assumptions	65,742	1,577,405
Total	\$ 426,141	\$ 2,174,734

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

Year Ending June 30,	Total
2023	\$ (311,835)
2024	(362,603)
2025	(356,860)
2026	(216,105)
2027	(254,127)
Thereafter	(247,063)
Total	\$ (1,748,593)

**Independent School District No. 94**  
**Notes to Basic Financial Statements**

**NOTE 8 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

**NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, Leases. This resulted in the District recognizing leased assets, lease liability, lease receivable, and deferred inflow of resources relating to lease receivable.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Independent School District No. 94**  
**Cloquet Schools**  
**Schedule of Changes in Net OPEB Liability**  
**and Related Ratios**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability			
Service cost	\$ 375,729	\$ 364,255	\$ 343,389
Interest	322,047	364,859	376,722
Differenced between expected and actual experience	-	-	(666,377)
Changes of assumptions	(246,684)	(593,835)	(1,285,849)
Benefit payments	<u>(532,516)</u>	<u>(553,702)</u>	<u>(643,982)</u>
Net change in total OPEB liability	<u>(81,424)</u>	<u>(418,423)</u>	<u>(1,876,097)</u>
Beginning of year	<u>8,343,199</u>	<u>8,261,775</u>	<u>7,843,352</u>
End of year	<u>\$ 8,261,775</u>	<u>\$ 7,843,352</u>	<u>\$ 5,967,255</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ 194,229	\$ 223,683	\$ 224,963
Net investment income	428,743	372,040	63,167
Other additions	-	-	-
Benefit payments	(532,516)	(553,702)	(643,982)
Administrative expense	(250)	(250)	(250)
Other changes	-	-	-
Net change in plan fiduciary net position	<u>90,206</u>	<u>41,771</u>	<u>(356,102)</u>
Beginning of year	<u>5,089,935</u>	<u>5,180,141</u>	<u>5,221,912</u>
End of year	<u>\$ 5,180,141</u>	<u>\$ 5,221,912</u>	<u>\$ 4,865,810</u>
Net OPEB liability	<u>\$ 3,081,634</u>	<u>\$ 2,621,440</u>	<u>\$ 1,101,445</u>
Plan FNP as a percentage of the total OPEB liability	62.70%	66.58%	81.54%
Covered-employee payroll	\$ 19,035,000	\$ 20,222,000	\$ 20,717,000
Net OPEB liability as a percentage of covered-employee payroll	16.19%	12.96%	5.32%

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

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
\$ 230,324	\$ 258,644	\$ 173,951
266,552	239,010	163,514
-	(270,816)	(30,591)
100,404	(400,565)	(291,853)
<u>(522,032)</u>	<u>(500,499)</u>	<u>(669,540)</u>
<u>75,248</u>	<u>(674,226)</u>	<u>(654,519)</u>
<u>5,967,255</u>	<u>6,042,503</u>	<u>5,368,277</u>
<u>\$ 6,042,503</u>	<u>\$ 5,368,277</u>	<u>\$ 4,713,758</u>
\$ -	\$ 150,302	\$ 218,156
215,398	700,796	(444,266)
-	874	-
(522,032)	(500,499)	(669,540)
(250)	(250)	(250)
<u>-</u>	<u>-</u>	<u>(7,922)</u>
<u>(306,884)</u>	<u>351,223</u>	<u>(903,822)</u>
<u>4,865,810</u>	<u>4,558,926</u>	<u>4,910,149</u>
<u>\$ 4,558,926</u>	<u>\$ 4,910,149</u>	<u>\$ 4,006,327</u>
<u>\$ 1,483,577</u>	<u>\$ 458,128</u>	<u>\$ 707,431</u>
75.45%	91.47%	84.99%
\$ 21,450,928	\$ 19,839,548	\$ 23,739,308
6.92%	2.31%	2.98%

**Independent School District No. 94  
Cloquet Schools  
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Annual money-weighted rate of return, net of investment expense	8.71%	7.46%	1.21%	4.78%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>
16.13%	-9.05%

**Independent School District No. 94**  
**Schedule of District's and Non-Employer Proportionate Share**  
**(if Applicable) 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 State of Minnesota's Share of the Net Pension of 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	0.0842%	\$ 3,955,294	\$ -	\$ 3,955,294	\$ 4,421,821	89.4%	78.75%
2015	0.0791%	4,099,373	-	4,099,373	4,573,467	89.6%	78.19%
2016	0.0810%	6,576,798	85,940	6,662,738	5,026,373	130.8%	68.91%
2017	0.0832%	5,311,433	66,804	5,378,237	5,351,427	99.3%	75.90%
2018	0.0851%	4,720,999	154,872	4,875,871	5,718,440	82.6%	79.53%
2019	0.0829%	4,583,355	142,494	4,725,849	5,865,920	78.1%	80.23%
2020	0.0824%	4,940,257	152,446	5,092,703	5,877,653	84.1%	79.06%
2021	0.0790%	3,373,654	103,135	3,476,789	5,690,387	59.3%	87.00%

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**  
**(if Applicable) of Net Pension Liability**  
**Last Ten Years TRA 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 State of Minnesota's Share of the Net Pension of 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	0.2526%	\$ 11,639,626	\$ 818,923	\$ 12,458,549	\$ 11,532,629	100.9%	81.50%
2015	0.2364%	14,623,678	1,793,756	16,417,434	11,978,373	122.1%	76.77%
2016	0.2442%	58,247,527	5,846,286	64,093,813	12,702,213	458.6%	44.88%
2017	0.2500%	49,904,535	4,824,697	54,729,232	13,457,507	370.8%	51.57%
2018	0.2605%	16,361,838	1,537,381	17,899,219	14,394,147	113.7%	78.07%
2019	0.2616%	16,674,439	1,475,892	18,150,331	14,853,593	112.3%	78.21%
2020	0.2662%	19,667,213	1,648,122	21,315,335	15,467,475	127.2%	75.48%
2021	0.2640%	11,553,429	974,520	12,527,949	15,798,672	73.1%	86.63%

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

**Independent School District No. 94  
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	\$ 320,582	\$ 320,582	\$ -	\$ 4,421,821	7.25%
2015	343,010	343,010	-	4,573,467	7.50%
2016	376,978	376,978	-	5,026,373	7.50%
2017	401,357	401,357	-	5,351,427	7.50%
2018	428,883	428,883	-	5,718,440	7.50%
2019	439,944	439,944	-	5,865,920	7.50%
2020	440,824	440,824	-	5,877,653	7.50%
2021	426,779	426,779	-	5,690,387	7.50%
2022	443,520	443,520	-	5,913,600	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	\$ 807,284	\$ 807,284	\$ -	\$ 11,532,629	7.00%
2015	898,378	898,378	-	11,978,373	7.50%
2016	952,666	952,666	-	12,702,213	7.50%
2017	1,009,313	1,009,313	-	13,457,507	7.50%
2018	1,079,561	1,079,561	-	14,394,147	7.50%
2019	1,145,212	1,145,212	-	14,853,593	7.71%
2020	1,225,024	1,225,024	-	15,467,475	7.92%
2021	1,284,432	1,284,432	-	15,798,672	8.13%
2022	1,439,063	1,439,063	-	17,254,952	8.34%

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

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**TRA Retirement Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

**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% 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%.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**TRA Retirement Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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.
- 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 DFRFA was merged into TRA on June 30, 2015

**Independent School District No. 94**  
**Notes to 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. 94**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**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.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

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 changes 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.

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.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**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.

**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.

**Independent School District No. 94**  
**Notes to Required Supplementary Information**

**Post Employment Benefits**

**2022 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- Change in the discount rate from 3.14% in 2021 to 4.41% in 2022 based on an increase in the index rate for 20-year, tax exempt municipal Bonds from 1.92% in 2021 to 3.69% in 2022.

**2021 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.95% to 3.14% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 6.00% to 5.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations
- Medical per capital claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

**2020 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.49% in 2019 to 3.95% in 2020 based on a decrease in the index rate for 20-year, tax exempt municipal bonds from 3.13% in 2019 to 2.45% in 2020.
- The medical trend rates were updated to exclude the Affordable Care Act's excise tax on high cost health insurance plans due to its repeal.

**2019 Changes**

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.79% in 2018 to 4.49% in 2019 based on a decrease in the expected long-term rate of return on assets from 6.25% in 2018 to 6.0% in 2019.
- Retiree premiums and active District subsidy amount have been updated to current levels.
- Eligible participants of the plans have been updated based on contracts.

**SUPPLEMENTARY INFORMATION**

**Independent School District No. 94**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
<b>Assets</b>				
Cash and investments	\$ 849,649	\$ 965,513	\$ 1,815,162	\$ 52,243
Current property taxes receivable	-	155,918	155,918	-
Delinquent property taxes receivable	-	4,491	4,491	-
Due from Department of Education	16,652	26,541	43,193	-
Inventory	13,493	-	13,493	-
	<u>\$ 879,794</u>	<u>\$ 1,152,463</u>	<u>\$ 2,032,257</u>	<u>\$ 52,243</u>
<b>Liabilities</b>				
Accounts payable	\$ 7,027	\$ 12,284	\$ 19,311	\$ -
Salaries and benefits payable	3,526	70,927	74,453	-
Total liabilities	<u>10,553</u>	<u>98,162</u>	<u>108,715</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent year's expenditures	-	335,648	335,648	-
Unavailable revenue - delinquent taxes	-	4,491	4,491	-
Total deferred inflows of resources	<u>-</u>	<u>340,139</u>	<u>340,139</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	13,493	-	13,493	-
Restricted	855,748	716,645	1,572,393	52,243
Unassigned	-	(2,483)	(2,483)	-
Total fund balances	<u>869,241</u>	<u>714,162</u>	<u>1,583,403</u>	<u>52,243</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 879,794</u>	<u>\$ 1,152,463</u>	<u>\$ 2,032,257</u>	<u>\$ 52,243</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 348,229	\$ 2,215,634
207,401	363,319
6,051	10,542
1,539	44,732
-	13,493
<u>\$ 563,220</u>	<u>\$ 2,647,720</u>
\$ 500	\$ 19,811
-	74,453
<u>500</u>	<u>109,215</u>
446,563	782,211
6,051	10,542
<u>452,614</u>	<u>792,753</u>
-	13,493
110,106	1,734,742
-	(2,483)
<u>110,106</u>	<u>1,745,752</u>
<u>\$ 563,220</u>	<u>\$ 2,647,720</u>

**Independent School District No. 94**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2022**

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
<b>Revenues</b>				
Local property taxes	\$ -	\$ 321,878	\$ 321,878	\$ -
Other local and county revenues	-	1,329,767	1,329,767	3,371
Revenue from state sources	35,851	288,312	324,163	-
Revenue from federal sources	1,571,799	79,549	1,651,348	-
Sales and other conversion of assets	62,099	7,448	69,547	-
Total revenues	<u>1,669,749</u>	<u>2,026,954</u>	<u>3,696,703</u>	<u>3,371</u>
<b>Expenditures</b>				
Current				
Food service	1,272,324	-	1,272,324	-
Community education and services	-	1,929,577	1,929,577	-
Capital outlay				
Sites and buildings	-	-	-	1,593,335
Community education and services	-	13,491	13,491	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,272,324</u>	<u>1,943,068</u>	<u>3,215,392</u>	<u>1,593,335</u>
Excess of revenues over (under) expenditures	397,425	83,886	481,311	(1,589,964)
<b>Fund Balances</b>				
Beginning of year	<u>471,816</u>	<u>630,276</u>	<u>1,102,092</u>	<u>1,642,207</u>
End of year	<u>\$ 869,241</u>	<u>\$ 714,162</u>	<u>\$ 1,583,403</u>	<u>\$ 52,243</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 437,686	\$ 759,564
-	1,333,138
15,485	339,648
-	1,651,348
-	69,547
453,171	4,153,245
-	1,272,324
-	1,929,577
-	1,593,335
-	13,491
365,000	365,000
96,654	96,654
461,654	5,270,381
(8,483)	(1,117,136)
118,589	2,862,888
\$ 110,106	\$ 1,745,752

**Independent School District No. 94**  
**Uniform Financial Accounting and Reporting Standards**  
**Compliance Table**  
**Year Ended June 30, 2022**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 36,935,439	\$ 36,935,410	\$ 29	Total revenue	\$ 3,371	\$ 3,371	\$ -
Total expenditures	38,274,778	38,274,752	26	Total expenditures	1,593,335	1,593,335	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	31,836	31,836	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	-	-	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 LTFM	3,457	3,457	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	48,786	48,786	-
4.13 Building Projects Funded by COP/LP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-	<b>07 DEBT SERVICE FUND</b>			
4.17 Taconite Building Maintenance	-	-	-	Total revenue	\$ 5,344,076	\$ 5,344,078	\$ (2)
4.24 Operating Capital	425,547	425,547	-	Total expenditures	5,148,024	5,148,024	-
4.26 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
4.27 Disabled Accessibility	-	-	-	4.60 Nonspendable Fund Balance	-	-	-
4.28 Learning and Development	-	-	-	<i>Restricted/reserved:</i>			
4.34 Area Learning Center	-	-	-	4.25 Bond refunding	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.51 QZAB payments	-	-	-
4.38 Gifted and Talented	-	-	-	4.67 LTFM	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Restricted:</i>			
4.41 Basic Skills Programs	-	-	-	4.64 Restricted fund balance	1,336,877	1,336,878	(1)
4.48 Achievement and Integration	85,362	85,362	-	<i>Unassigned:</i>			
4.49 Safe School Crime	56,427	56,427	-	4.63 Unassigned fund balance	-	-	-
4.51 QZAB Payments	-	-	-	<b>08 TRUST FUND</b>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.53 Unfunded Severance and Retirement Levy	-	-	-	Total expenditures	-	-	-
4.59 Basic Skills Extended Time	(1,052)	(1,052)	-	4.01 Student Activities	-	-	-
4.67 LTFM	234,505	234,505	-	4.02 Scholarships	-	-	-
4.73 PPP Loans	-	-	-	4.22 Net position	-	-	-
4.74 EIDL Loans	-	-	-	<b>18 CUSTODIAL FUND</b>			
<i>Restricted:</i>				Total revenue	\$ -	\$ -	\$ -
4.72 Medical Assistance	95,045	95,045	-	Total expenditures	-	-	-
4.64 Restricted fund balance	-	-	-	4.01 Student Activities	-	-	-
4.75 Title VII - Impact Aid	13,394	13,394	-	4.02 Scholarships	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.48 Achievement and Integration	-	-	-
<i>Committed:</i>				4.64 Restricted fund balance	-	-	-
4.18 Committed for separation	1,710,582	1,710,582	-	<b>20 INTERNAL SERVICE FUND</b>			
4.61 Committed	-	-	-	Total revenue	\$ -	\$ -	\$ -
<i>Assigned:</i>				Total expenditures	-	-	-
4.62 Assigned fund balance	1,216,493	1,216,493	-	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	-	-	-
4.22 Unassigned fund balance	5,256,945	5,256,940	5	<b>25 OPEB REVOCABLE TRUST</b>			
<b>02 FOOD SERVICE FUND</b>				Total revenue	\$ -	\$ -	\$ -
Total revenue	\$ 1,669,749	\$ 1,669,749	\$ -	Total expenditures	-	-	-
Total expenditures	1,272,324	1,272,325	(1)	<i>Unassigned:</i>			
<i>Nonspendable:</i>				4.22 Net position	-	-	-
4.61 Nonspendable fund balance	13,493	13,493	-	<b>45 OPEB IRREVOCABLE TRUST</b>			
<i>Restricted/reserved:</i>				Total revenue	\$ (147,705)	\$ (147,705)	\$ -
4.52 OPEB liabilities not held in trust	-	-	-	Total expenditures	966,351	966,351	-
4.74 EIDL Loans	-	-	-	<i>Unassigned:</i>			
<i>Restricted:</i>				4.22 Net position	3,788,171	3,788,171	-
4.64 Restricted fund balance	855,748	855,748	-	<b>47 OPEB DEBT SERVICE</b>			
<i>Unassigned:</i>				Total revenue	\$ 453,171	\$ 453,172	\$ (1)
4.63 Unassigned fund balance	-	-	-	Total expenditures	461,654	461,656	(2)
<b>04 COMMUNITY SERVICE FUND</b>				<i>Nonspendable:</i>			
Total revenue	\$ 2,026,954	\$ 2,026,951	\$ 3	4.60 Nonspendable fund balance	-	-	-
Total expenditures	1,943,068	1,943,065	3	<i>Restricted:</i>			
<i>Nonspendable:</i>				4.64 Restricted fund balance	110,106	110,106	-
4.60 Nonspendable fund balance	-	-	-	<i>Unassigned:</i>			
<i>Restricted/reserved:</i>				4.63 Unassigned fund balance	-	-	-
4.26 \$25 Taconite	-	-	-	<b>03 GENERAL FUND</b>			
4.31 Community Education	373,033	373,033	-	Total revenue	\$ -	\$ -	\$ -
4.32 ECFE	166,174	166,174	-	Total expenditures	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.44 School Readiness	169,819	169,819	-	4.63 Unassigned fund balance	-	-	-
4.47 Adult Basic Education	-	-	-	<b>05 GENERAL FUND</b>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.73 PPP Loans	-	-	-	Total expenditures	-	-	-
4.74 EIDL Loans	-	-	-	<i>Unassigned:</i>			
<i>Restricted:</i>				4.63 Unassigned fund balance	-	-	-
4.64 Restricted fund balance	7,619	7,619	-	<b>09 GENERAL FUND</b>			
<i>Unassigned:</i>				Total revenue	\$ -	\$ -	\$ -
4.63 Unassigned fund balance	(2,483)	(2,483)	-	Total expenditures	-	-	-

**Independent School District No. 94**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>		
Through Minnesota Department of Education		
Child Nutrition Cluster		
Noncash Assistance - Commodities	10.555	\$ 101,328
School Breakfast Program	10.553	230,175
National School Lunch Program	10.555	1,167,865
Summer Food Service Program for Children	10.559	72,431
Total Child Nutrition Cluster and U.S. Department of Agriculture		<u>1,571,799</u>
<b>U.S. Department of Interior</b>		
Through Fond du Lac Band of Lake Superior Chippewa		
Indian Education Assistance to Schools	15.130	39,410
<b>U.S. Department of Education</b>		
Direct Programs		
Impact Aid	84.041	205,795
Title VII - Indian Education	84.060	167,577
Through Minnesota Department of Education		
Title I, Part A	84.010	451,663
Title II, Part A	84.367	1,318
Title IV, Part A - Safe and Drug Free Schools	84.186	26,165
Striving Readers Literacy	84.371	605,229
Special Education Cluster		
Special Education	84.027	425,476
COVID-19 ARP IDEA Part B Section 619	84.173X	11,767
COVID-19 ARP IDEA Part B Section 611	84.027X	135,480
Special Education - Preschool Grants	84.173	20,377
Total Special Education Cluster		<u>593,100</u>
Grants for Infants and Families	84.181	20,013
COVID-19 Governor's Emergency Education Relief	84.425	25,131
COVID-19 ESSER III – 90% Formula Allocation	84.425U	258,708
COVID-19 ESSER II Fund – 90% Formula Allocation	84.425D	624,073
COVID-19 Summer School Age Care	84.425C	18,797
Total Education Stabilization Funds		<u>926,709</u>
Through Independent School District No. 704		
Career and Technical Education Grants	84.048	6,997
Total U.S. Department of Education		<u>3,004,566</u>
<b>U.S. Department of Health &amp; Human Services</b>		
Through Minnesota Department of Education		
COVID-19 Minnesota COVID-19 Testing Program	93.323	77,952
<b>U.S. Department of Treasury</b>		
Through Minnesota Department of Education		
COVID-19 ARP Summer Academic Enrichment and Mental Health	21.027	103,362
COVID-19 Summer Preschool Program	21.027	24,135
COVID-19 Compensatory	21.027C	118,840
COVID-19 Pandemic Enrollment Loss	21.027	21,804
Total CSLFRF		<u>268,141</u>
Through Carlton County		
COVID-19 Coronavirus Relief Fund	21.019	19,619
Total U.S. Department of Treasury		<u>287,760</u>
Total Federal Expenditures		<u>\$ 4,981,487</u>

**Independent School District No. 94**  
**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 modified accrual basis financial statements.

**NOTE 2 – PASS-THROUGH GRANT NUMBERS**

All pass-through entities listed above use the same Assistance Listing 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.

**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. 94  
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ending June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2022.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the 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 were not identified. We did identify a 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 identified as audit finding 2022-001.

### **Report on Compliance and Other Matters**

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

### **District's Response to the Finding**

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 financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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



St. Cloud, Minnesota  
October 13, 2022

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

To the School Board  
Independent School District No. 94  
Cloquet, Minnesota

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

**Opinion on Each Major Federal Program**

We have audited Independent School District No. 94's, Cloquet, Minnesota compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Cost in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the 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, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

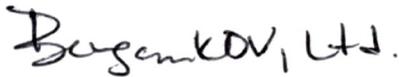
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

**Report on Internal Control over Compliance (Continued)**

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



St. Cloud, Minnesota  
October 13, 2022

**Independent School District No. 94  
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 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 identified? No
- Significant deficiency identified? Yes, Audit Finding 2022-001

Noncompliance material to financial statements noted? No

**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**

Assistance Listing No: 84.425  
Name of Federal Program or Cluster: Education Stabilization Funds

Assistance Listing 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. 94  
Schedule of Findings and Questioned Costs  
in Accordance with the Uniform Guidance**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Audit Finding 2022-001**

*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 financial statements requires adequate segregation of accounting duties.

*Condition:*

The District does not have adequate segregation of accounting duties.

*Context:*

During the year ended June 30, 2022, 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 Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and state and federal receivables and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

Management is aware of this condition and will take certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle 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.

*Context:*

This finding impacts internal control for all significant accounting functions.

*Effect or Potential Effect:*

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

*Cause:*

There are a limited number of office employees.

**Independent School District No. 94  
Schedule of Findings and Questioned Costs  
in Accordance with the Uniform Guidance**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Audit Finding 2022-001 (Continued)**

*Recommendation:*

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

**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  
Administration will add additional internal controls where the benefit exceeds the cost.
3. Official Responsible for Ensuring CAP  
Candace Nelis, Business Manager 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, 2023.
5. Plan to Monitor Completion of CAP  
The School Board will be monitoring this CAP.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no questioned costs.

**SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None

**Minnesota Legal Compliance**

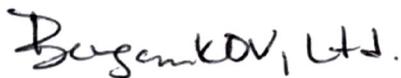
**Independent Auditor's Report**

To the School Board  
Independent School District No. 94  
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, and have issued our report thereon dated October 13, 2022.

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



St. Cloud, Minnesota  
October 13, 2022

**Independent School District No. 94  
Cloquet, Minnesota**

**Communications Letter**

**June 30, 2022**

**Independent School District No. 94  
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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. 94  
Cloquet, 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. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2022, 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 opinion 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 certain deficiencies 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 October 13, 2022, on such statements.

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

*BergankDV, Ltd.*

St. Cloud, Minnesota  
October 13, 2022

## **Independent School District No. 94 Significant Deficiency**

### **Lack of Segregation of Accounting Duties**

During the year ended June 30, 2022, the District had a lack of segregation of accounting duties due to a limited number of office employees. The lack of 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. 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 Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes, state and federal receivables, and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, 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.

We recommend management, along with the School Board, remain aware of this situation, and continually monitor the accounting system including changes that occur.

## **Independent School District No. 94 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, 2022. 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 basic 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 basic 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 basic financial statements are free of material misstatement. An audit of the basic 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 basic financial statements. Our responsibility with respect to the RSI, which supplement(s) 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 basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic 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. 94 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.

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- **Management Override of Controls – Overall Financial Statements –** Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- **Improper Revenue Recognition –** Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources including property taxes and state aid.
- **Risk of Misappropriation of Assets –** If accounting duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made from the District.

## **Independent School District No. 94 Required Communication**

### **Qualitative Aspects of the District's 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 2022. 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 relate to:

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

General Education and Special Education Aid – General Education Aid is an estimate until final 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 also dependent upon ADM values; however, in addition to those, this Aid is dependent on the availability of monies and complex formulas that are finalized after reporting deadlines.

Net 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 Relating to Pensions, and Deferred Inflows of Resources relating to Pensions – 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 basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

## **Independent School District No. 94 Required Communication**

### **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 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.

- General state receivables and related revenue were over stated
- Food service unearned revenue was under stated and related revenue was over stated

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 and each applicable opinion unit.

### **Disagreements with Management**

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, significant events or transactions that occurred during the year, operating, and regulatory conditions affecting the District, and operational 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.

## **Independent School District No. 94 Required Communication**

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

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

With respect to the supplementary information accompanying the basic 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the basic financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

**Independent School District No. 94  
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.

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this letter. The last section of this report, which contains a summary of legislative changes affecting school districts, gives an indication of the complexity of the funding system. The following section provides some state-wide funding and financial trend information.

**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 by 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%
2023	6,863	2.0%

\* 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.

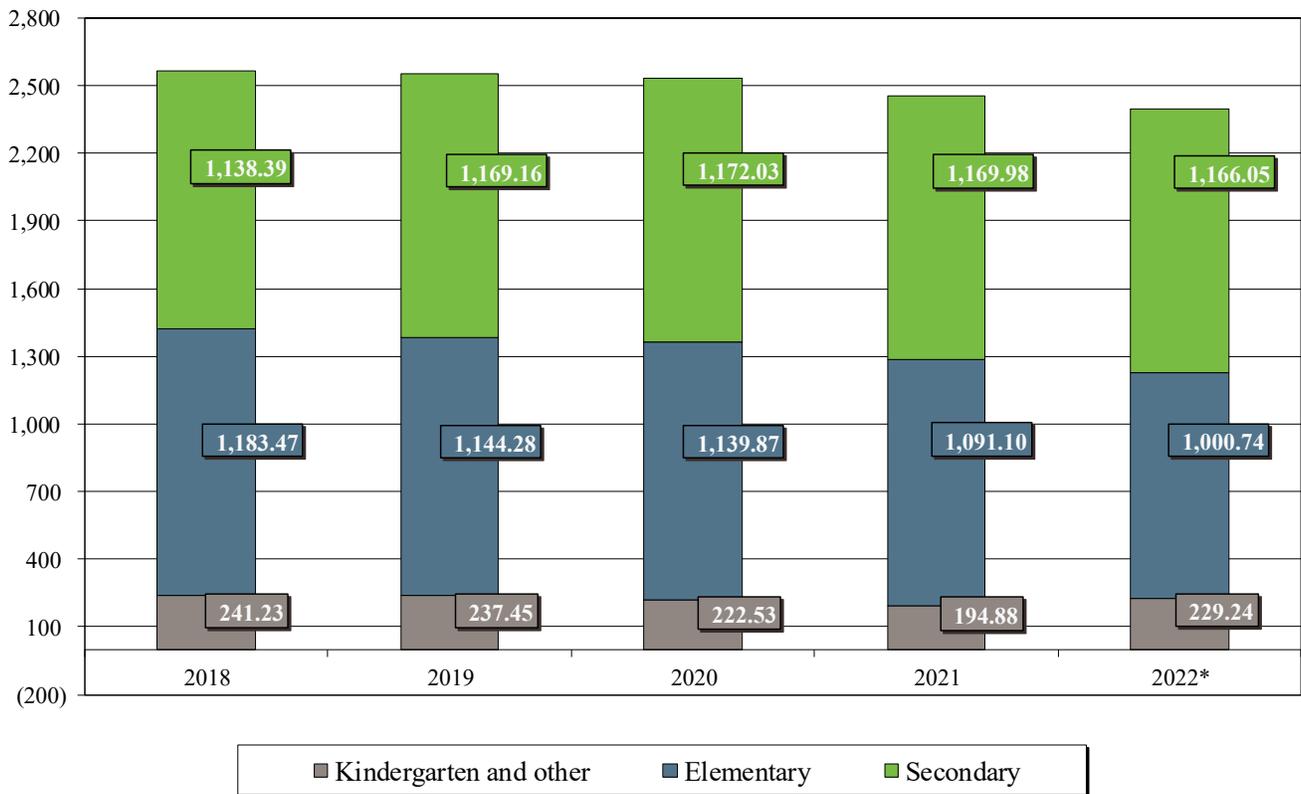
## Independent School District No. 94 Financial Analysis

### Average Daily Membership and Pupil Units (Continued)

The following summarizes resident ADM of the District over the past five years ended June 30:

ADM	2018	2019	2020	2021	2022*
Kindergarten and other	241.23	237.45	222.53	194.88	229.24
Elementary	1,183.47	1,144.28	1,139.87	1,091.10	1,000.74
Secondary	1,138.39	1,169.16	1,172.03	1,169.98	1,166.05
<b>Total Resident ADM</b>	<b>2,563.09</b>	<b>2,550.89</b>	<b>2,534.43</b>	<b>2,455.96</b>	<b>2,396.03</b>

### Resident Students (ADM)



\* Estimate

The table and graph above illustrate the change in resident ADM. The District experienced a decrease in 2022 of approximately 60 resident ADM based on 2022 estimates. Over the past five years, ADM has decreased approximately 167 units, or 6.5%.

## Independent School District No. 94 Financial Analysis

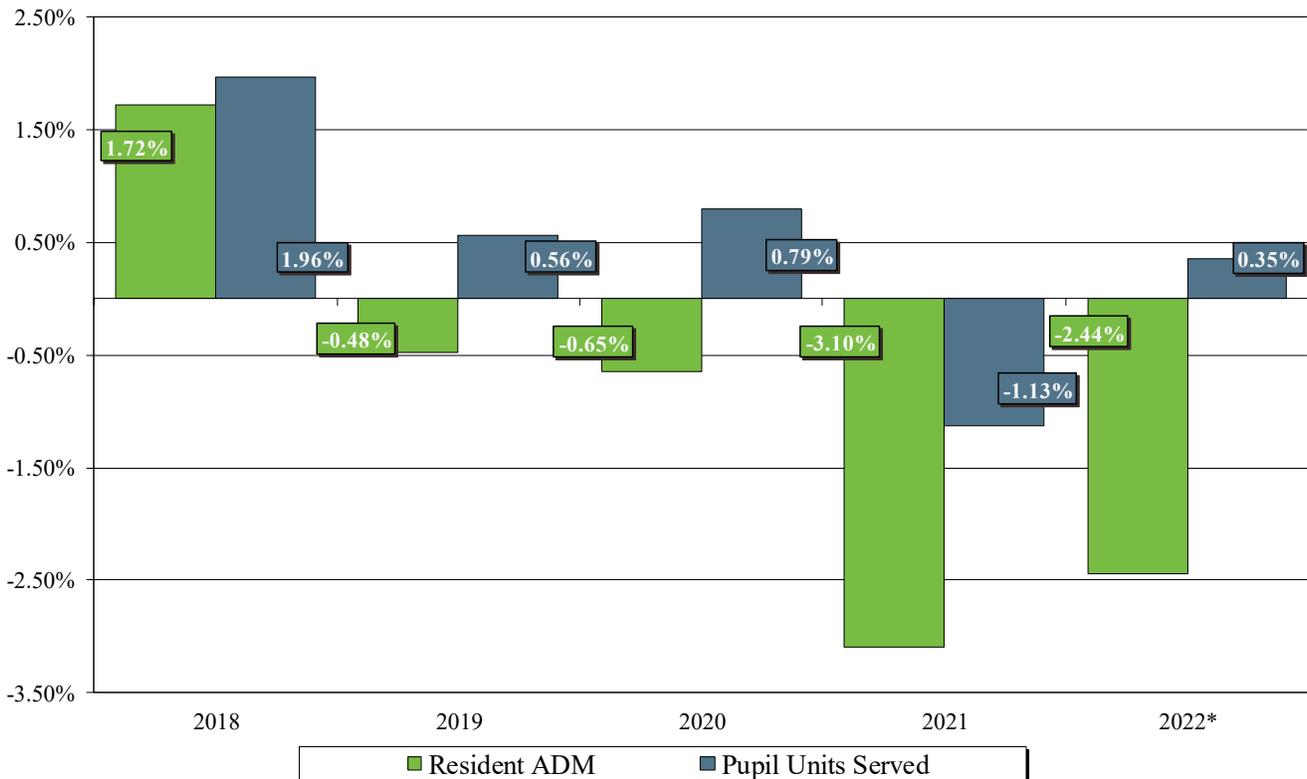
### Average Daily Membership and Pupil Units (Continued)

Year 2018-2022	Pupil Units Weighting					
	Handicapped	Half/Full	Elementary	Elementary		
	Pre-Kindergarten	Kindergarten	Kindergarten	Grades 1-3	Grades 4-6	Secondary
	1.000	1.000	1.000	1.000	1.000	1.200

The adjusted pupil units 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. The District's weighted pupil units increased in 2022 by approximately 10 units or 0.35%.

Adjusted Pupil Units	2018	2019	2020	2021	2022*
Residents	2,781.08	2,776.83	2,761.92	2,681.63	2,624.51
Residents going elsewhere	(369.93)	(381.28)	(360.69)	(343.22)	(332.81)
Nonresidents coming in	576.75	609.13	627.23	655.73	712.97
<b>Total Adjusted Pupil Units</b>	<b>2,987.90</b>	<b>3,004.68</b>	<b>3,028.46</b>	<b>2,994.14</b>	<b>3,004.67</b>

### Change in Resident ADM and Pupil Units Served



\* Estimate

**Independent School District No. 94  
Financial Analysis**

**General Fund Budget and Actual**

The graph below outlines the District's final budget and actual results for the General Fund. In June 2021, the District approved a General Fund budget anticipating expenditures would exceed revenues by \$56,195. This budget was modified in February 2022, increasing revenue by \$1,195,215 and increasing expenditures by \$1,423,378. As a result of 2022 activity, expenditures exceeded revenues by \$1,339,339.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,464,006	\$ 2,434,806	\$ 2,510,768	\$ 75,962
Revenue from state sources	29,532,195	29,430,732	29,262,454	(168,278)
Other sources	3,571,180	4,897,058	5,162,217	265,159
Total revenues	<u>35,567,381</u>	<u>36,762,596</u>	<u>36,935,439</u>	<u>172,843</u>
<b>Expenditures</b>				
Administration	1,981,952	1,734,004	1,670,137	(63,867)
District support services	1,314,563	940,438	997,543	57,105
Regular instruction	17,858,589	18,671,791	19,665,380	993,589
Vocational education instruction	508,603	474,617	491,085	16,468
Special education instruction	6,553,418	6,940,174	6,759,191	(180,983)
Instructional support services	1,960,169	2,134,450	2,034,150	(100,300)
Pupil support services	2,144,374	2,476,540	2,483,487	6,947
Sites, buildings, and equipment	2,873,228	3,246,260	3,534,829	288,569
Debt service	298,680	298,680	631,282	332,602
Fiscal and other fixed cost program	130,000	130,000	7,694	(122,306)
Total expenditures	<u>35,623,576</u>	<u>37,046,954</u>	<u>38,274,778</u>	<u>1,227,824</u>
Excess of revenues over (under) expenditures	<u>\$ (56,195)</u>	<u>\$ (284,358)</u>	<u>\$ (1,339,339)</u>	<u>\$ (1,054,981)</u>

Revenues were less than the final budget by \$172,843 or 0.47%. Other sources were over budget due to an increase in fees and activities for the year.

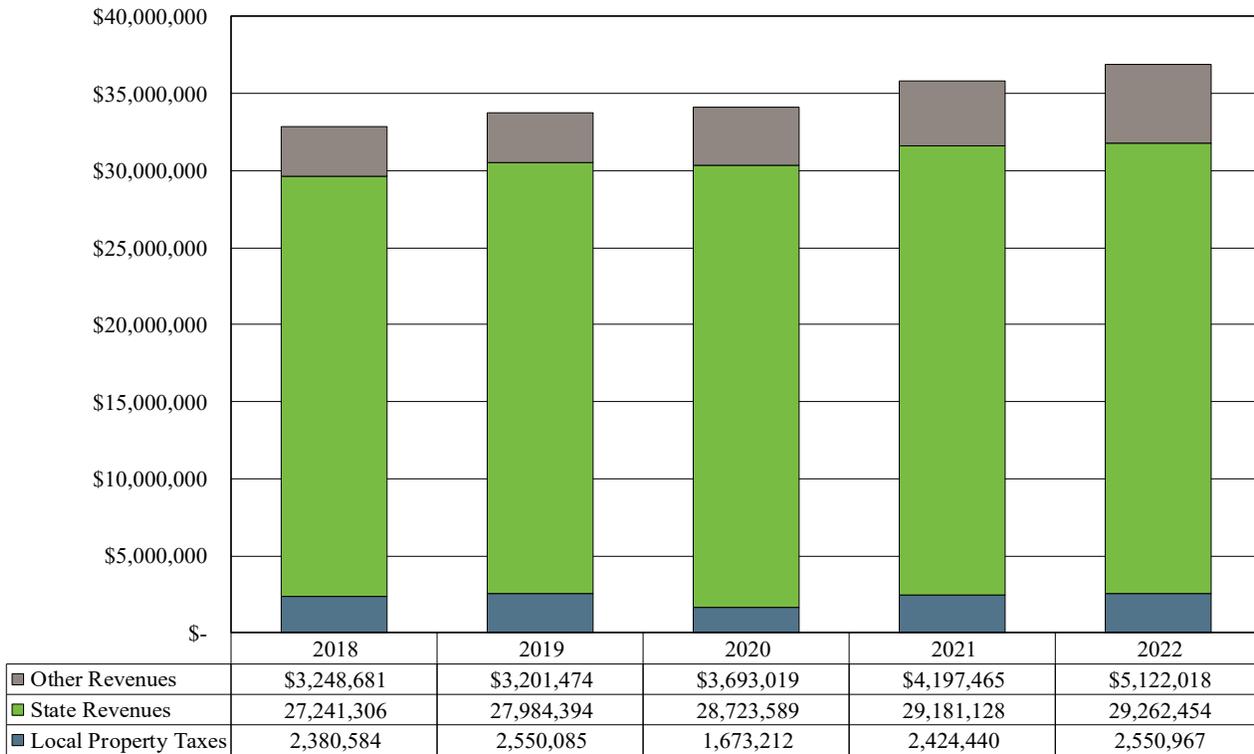
Expenditures were over budget \$1,227,824, or 3.3%. Regular instruction costs were overbudget due to additional supplies purchased with federal funds that were not included in the budget. Special education costs were underbudget due to budgeting conservatively for wage and benefit increases. Site, buildings and equipment was overbudget due to new leases that were not included in the budget. Debt service expenditures were overbudget due to payments on the new leases that were not included in the budget.

## Independent School District No. 94 Financial Analysis

### General Fund Sources of Revenue

General Fund sources of revenue are summarized as follows for the last five years:

**General Fund Sources of Revenue**



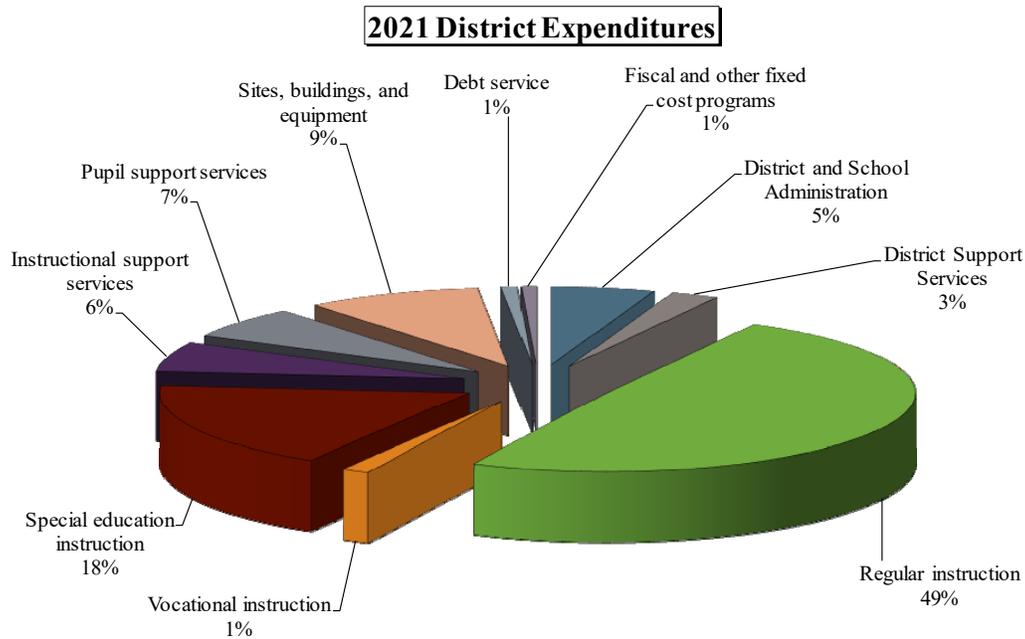
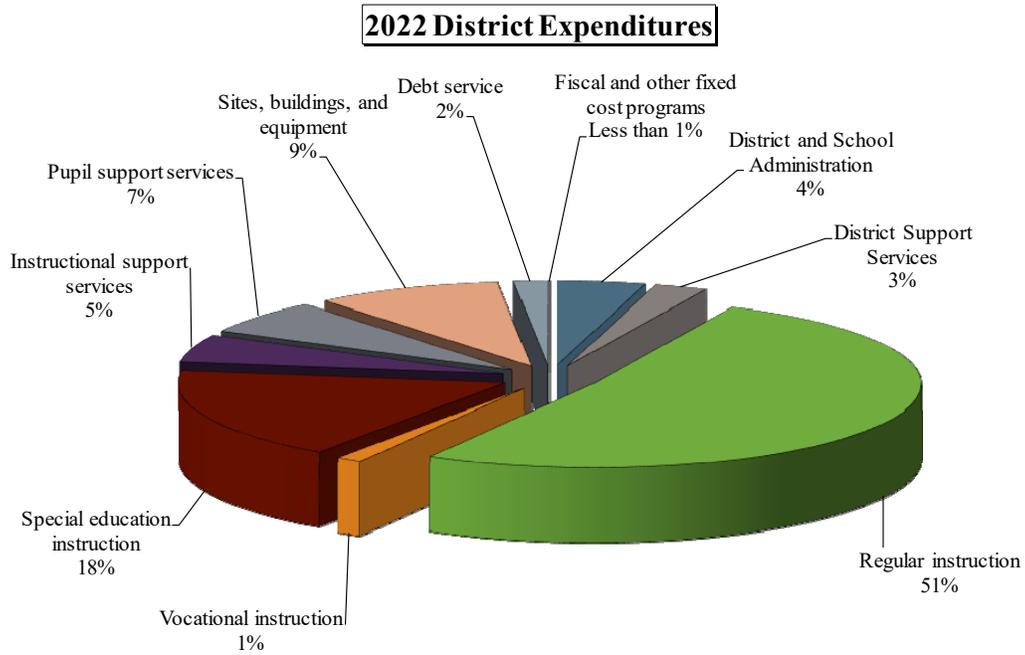
Total General Fund revenues increased approximately \$1,132,406, or 3.2%, from \$35,803,033 in 2021 to \$36,935,439 in 2022.

State revenue, which makes up the largest percentage of the District's revenue at 79.2%, increased from the prior year by \$81,326. Local property taxes, which represent 6.9% of the District's revenues, increased \$126,527 with an increase in the levy. Other revenues make up the remaining 13.9% and increased \$924,553 from the prior year due to increase in fees, student activity revenue and COVID-19 related federal grants.

## Independent School District No. 94 Financial Analysis

### General Fund Expenditures

The following charts outline a comparison of General Fund expenditures for the past two years.



The three instruction categories of regular, vocational, and special education stayed relatively consistent and made up 68% and 71% of the total expenditures for 2021 and 2022, respectively.

## Independent School District No. 94 Financial Analysis

### General Fund Revenue per Student (ADM) Served

The table below shows a comparison of total revenue per ADM received by Minnesota school districts and the District.

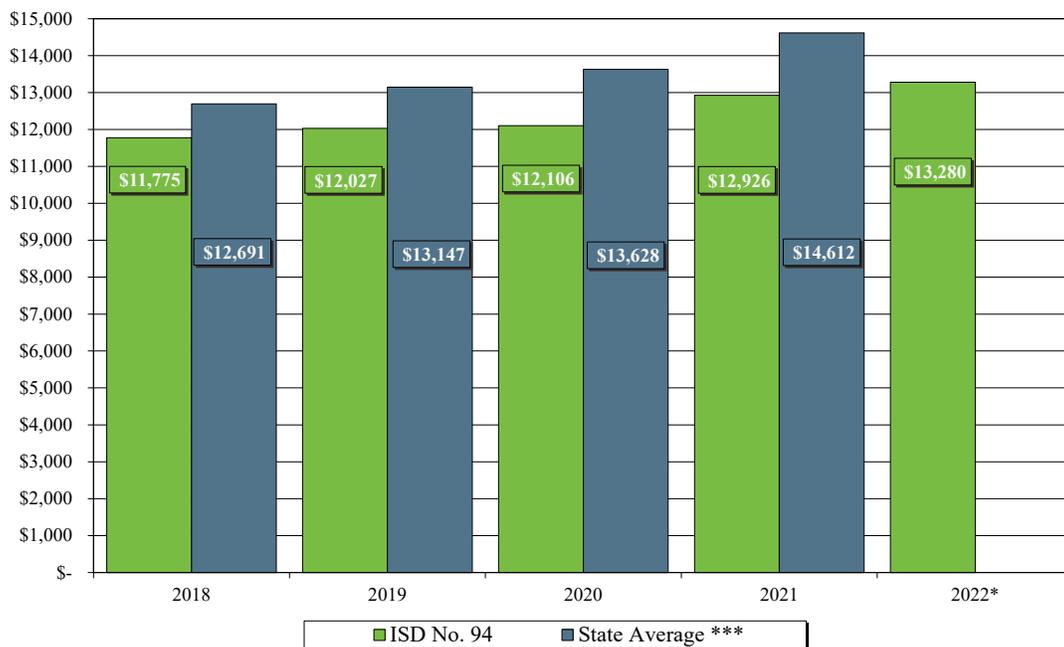
ISD No. 94	2018	2019	2020	2021	2022*
Property taxes	\$ 825	\$ 880	\$ 567	\$ 850	\$ 917
State aid	9,753	9,969	10,194	10,798	10,521
Other	1,197	1,178	1,345	1,278	1,842
<b>Total</b>	<b>\$ 11,775</b>	<b>\$ 12,027</b>	<b>\$ 12,106</b>	<b>\$ 12,926</b>	<b>\$ 13,280</b>

State Average ***	2018	2019	2020	2021	2022
Property taxes	\$ 1,894	\$ 1,996	\$ 2,180	\$ 2,381	N/A
State aid	9,821	10,118	10,393	10,758	N/A
Other	976	1,033	1,055	1,473	N/A
<b>Total</b>	<b>\$ 12,691</b>	<b>\$ 13,147</b>	<b>\$ 13,628</b>	<b>\$ 14,612</b>	<b>N/A</b>

\*\* Source: State-wide averages were taken from the MDE publication, *School District Profiles*.  
\* Estimate

The mix of revenue components from district-to-district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria. The District revenue per ADM served increased \$354 in 2022, primarily due to the overall revenue increase as discussed earlier. The District's revenue per student served has consistently been below state-wide averages.

**General Fund Revenues Per ADM Served**



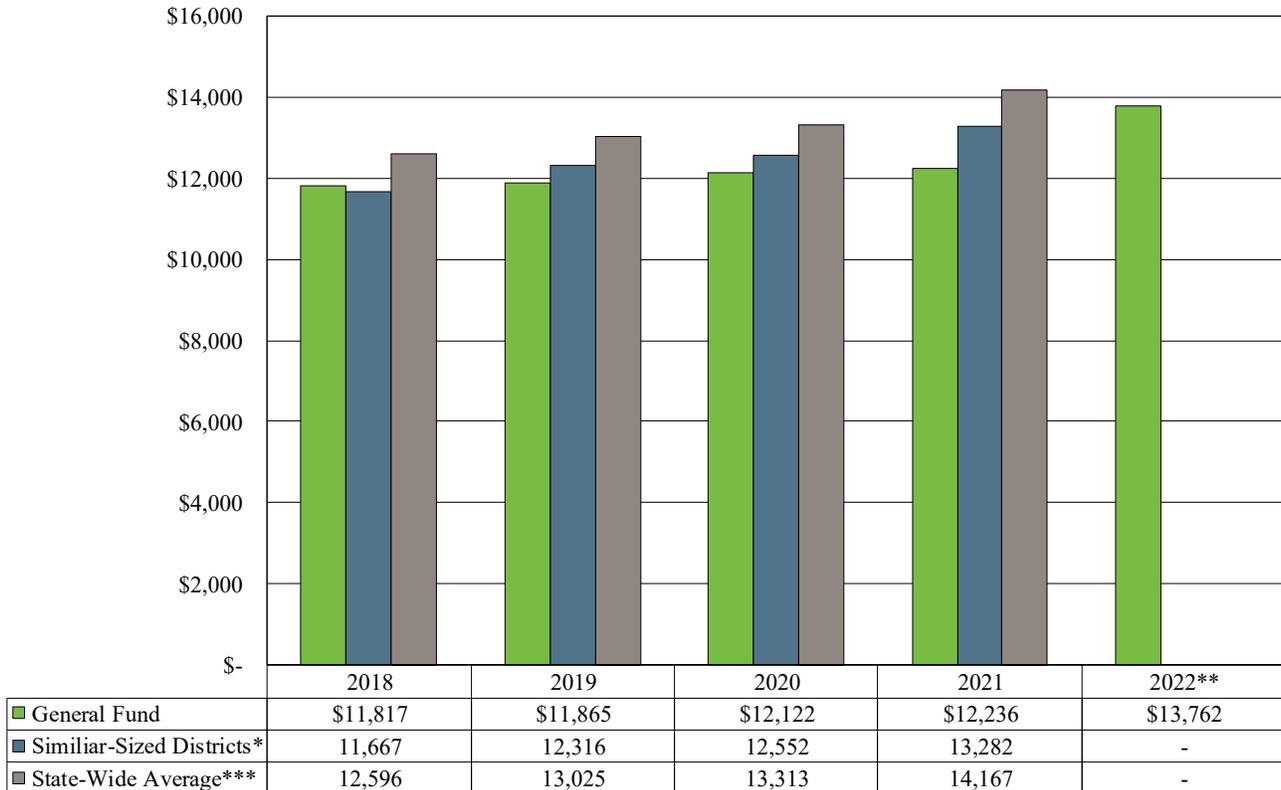
\*\*\* Source: Minnesota Department of Education (MDE) publication, *School District Profiles*, 2022 data not yet available

## Independent School District No. 94 Financial Analysis

### General Fund Expenditures Per Student (ADM) Served

The District's expenditures per ADM served increased \$1,558 in 2022. The District's spending per student has been below state-wide averages but has been more consistent with that of similar-sized districts.

**General Fund Expenditures Per ADM Served**



\* Source: *School District Profiles*, Total PK-12 General Fund expenditures, average sized districts in the 2,000-3,999 range for 2018-2021

\*\* Estimate, other district and State information not yet available

\*\*\* Source: Minnesota Department of Education (MDE) publication, *School District Profiles*.

**Independent School District No. 94  
Financial Analysis**

**General Fund Operations**

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

Total revenues for the General Fund increased in 2022 by 3.2% and expenditures increased by 8.5%, as previously discussed. The result of operations produced a decrease in fund balance of \$541,262.

Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 32,870,571	\$ 33,735,953	\$ 34,089,820	\$ 35,803,033	\$ 36,935,439
Expenditures	32,987,399	33,287,336	34,133,755	35,236,481	38,274,778
Excess of revenues over (under) expenditures	(116,828)	448,617	(43,935)	566,552	(1,339,339)
Net other financing sources	-	-	-	-	798,077
Net change in fund balance	(116,828)	448,617	(43,935)	566,552	(541,262)
Change in accounting principle	-	-	328,583	-	-
Fund balance, July 1	8,483,357	8,366,529	8,815,146	9,099,794	9,666,346
Fund balance, June 30	8,366,529	8,815,146	9,099,794	9,666,346	9,125,084
Less nonspendable fund balance	(67,854)	(76,877)	(87,909)	(55,079)	(31,836)
Less restricted fund balance	(1,115,278)	(1,527,289)	(787,075)	(924,491)	(909,228)
Less committed fund balance	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)
Less assigned fund balance	(113,602)	(140,730)	(798,418)	(1,193,074)	(1,216,493)
<b>Unassigned</b>					
<b>Fund Balance, June 30</b>	<b>\$ 5,359,213</b>	<b>\$ 5,359,668</b>	<b>\$ 5,715,810</b>	<b>\$ 5,783,120</b>	<b>\$ 5,256,945</b>

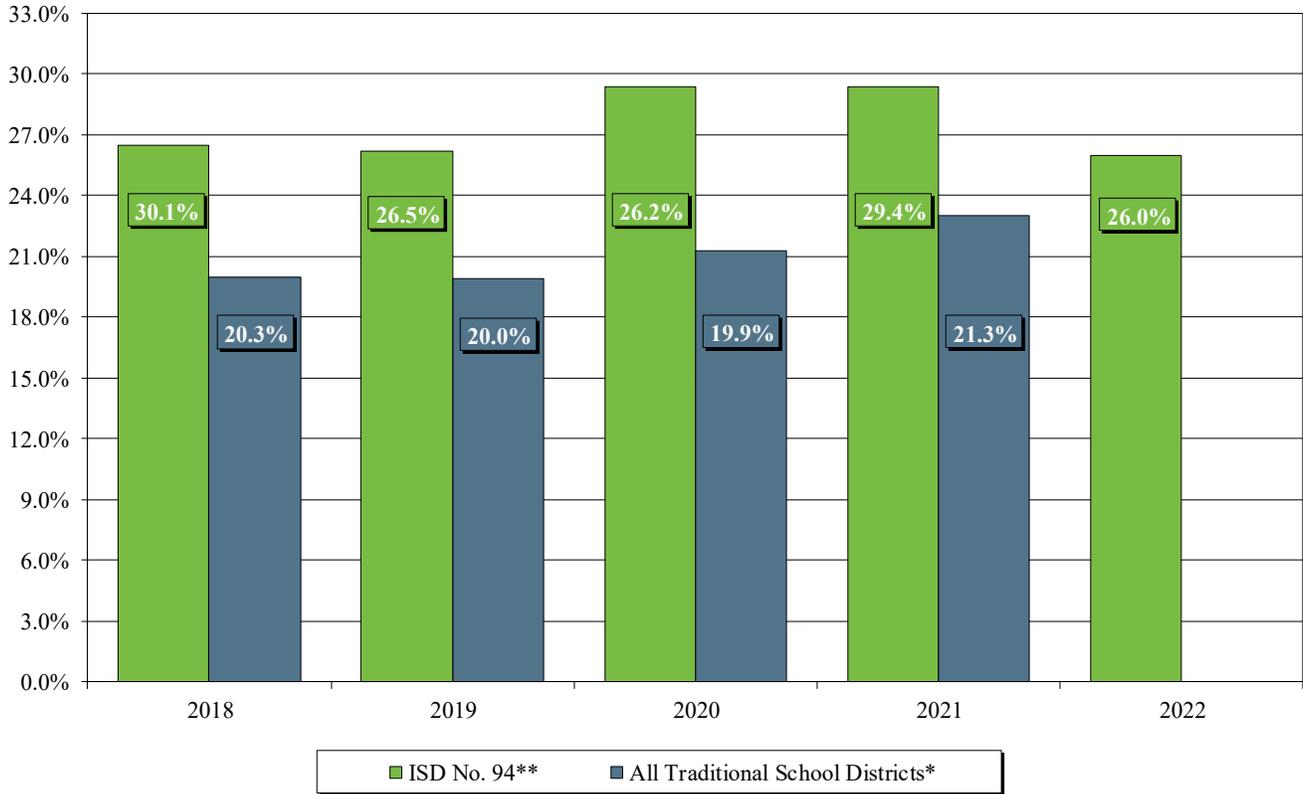
The decrease in total fund balance is primarily in the unassigned fund balance category, which decreased by \$526,175. This decrease was based on operations.

## Independent School District No. 94 Financial Analysis

### General Fund Financial Health

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

**Unrestricted Fund Balance as a Percent of Expenditures**



\* Information was obtained from the MDE web site report *Fiscal Year 2013-2021 General Fund Unreserved Balance*. 2022 information is not available.

\*\* Obtained from MDE Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Report.

Since June 30, 2018, unrestricted fund balance has decreased \$964,605 while expenditures have increased \$5.3 million. The District's fund balance percentage has exceeded the state-wide average for each of the four years presented.

**Independent School District No. 94  
Financial Analysis**

**Food Service Fund**

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

Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 1,200,404	\$ 1,158,361	\$ 1,120,582	\$ 1,230,199	\$ 1,669,749
Expenditures	1,204,064	1,176,654	1,150,145	1,093,691	1,272,324
Excess of revenues over (under) expenditures	(3,660)	(18,293)	(29,563)	136,508	397,425
Fund balance, July 1	386,824	383,164	364,871	335,308	471,816
<b>Fund Balance, June 30</b>	<b>\$ 383,164</b>	<b>\$ 364,871</b>	<b>\$ 335,308</b>	<b>\$ 471,816</b>	<b>\$ 869,241</b>

Food Service Fund expenditures exceeded revenues for three of the five years presented. In 2022, fund balance increased by \$397,425 to \$869,241. Revenues increased from 2021 to 2022 due to higher reimbursement rate from the federal government and an increase in the number of meals served. Expenditures increased due to the increase in the number of meals served.

At June 30, 2022, the District had six months of expenditures in fund balance based on a nine month operating year.

**Community Service Fund**

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

Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 2,061,978	\$ 2,092,169	\$ 1,812,584	\$ 1,834,335	\$ 2,026,954
Expenditures	1,945,638	1,911,261	1,815,213	1,700,089	1,943,068
Excess of revenues over (under) expenditures	116,340	180,908	(2,629)	134,246	83,886
Fund balance, July 1	201,411	317,751	498,659	496,030	630,276
<b>Fund Balance, June 30</b>	<b>\$ 317,751</b>	<b>\$ 498,659</b>	<b>\$ 496,030</b>	<b>\$ 630,276</b>	<b>\$ 714,162</b>

Community Service Fund revenues exceeded expenditures during 2022, resulting in an increase in fund balance of \$83,886. Revenues increased \$192,619 due to an increase in programming, while expenditures increased \$242,979 from the prior year due to the increase in programming.

## **Independent School District No. 94 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 2022 is set at \$6,728 and for 2023, the formula allowance is set at \$6,863.

### **Special Education**

The special education hold harmless guarantee was limited to the sum of 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. 94**  
**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. 94 Emerging Issues**

### **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. 96 – Subscription-Based Information Technology Arrangements**  
GASB has issued GASB Statement No. 96 relating to accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **Accounting Standard Update – GASB Statement No. 101 – Compensated Absences**  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

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

### **Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements***

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

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

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

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

GASB Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 (Continued)***

Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

**Independent School District No. 94**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences* (Continued)**

This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org)



**PARAPROFESSIONAL, AIE, COTA (PAC)  
EMPLOYEES AGREEMENT**

**CLOQUET PUBLIC SCHOOLS  
CLOQUET, MINNESOTA**

**AND**

**AMERICAN FEDERATION OF STATE,  
COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME)  
MINNESOTA COUNCIL NO. 65  
LOCAL UNION NO. 545**

**July 1, 202~~0~~<sup>2</sup> – June 30, 202~~1~~<sup>2</sup>**

**ATTEST:**

**AFSCME LOCAL NO. 545**

**CLOQUET SCHOOL BOARD  
Independent School District No. 94**

\_\_\_\_\_  
**Bargaining Unit – Paraprofessional Staff**

\_\_\_\_\_  
**School Board Chair**

\_\_\_\_\_  
**Bargaining Unit – Paraprofessional Staff**

\_\_\_\_\_  
**School Board Clerk**

\_\_\_\_\_  
**AFSCME Council No. 65 Representative**

\_\_\_\_\_  
**Superintendent of Schools**

**Dated: ~~January 11, 2021~~ October 24, 2022**

**Dated: ~~January 11, 2021~~ October 24, 2022**



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## ARTICLE I -- PURPOSE

The general purpose of this Agreement is to promote the mutual interests of the employees, administration and school board of the Cloquet Public Schools and to provide for the fullest and most efficient operation of the schools in regard to employee duties. A copy shall be provided to each employee affected by this Agreement.

## ARTICLE II – RECOGNITION CLAUSE AND ADJUSTMENT COMMITTEE

### RECOGNITION CLAUSE

**Section 1. Recognition:** Pursuant to the certification of the State of Minnesota, Bureau of Mediation Services, Case No. 78-PR-917-A (and subsequent unit clarification Case No. 17PCEO760 and 17PCLO778), and in accordance with the PELRA, the School District recognizes AFSCME Council 65 as sole and exclusive representative for the purposes of collective bargaining with respect to rates of pay, wages, hours of employment, and all other conditions of employment for:

All Paraprofessionals; LPNs; American Indian Education Tutors; American Indian Education Liaisons; and Certified Occupational Therapy Assistants employed by Independent School District No. 94, Cloquet, Minnesota, who are Public employees within the meaning of Minn. Stat. 179A.03, Subd. 14, excluding supervisory, confidential and all other employees.

Said exclusive representative shall have those rights and duties as prescribed by the PELRA and as described in the provisions of this Agreement.

**Section 2.** The employer shall not enter into any agreement with the employee coming under the jurisdiction of this Agreement, either individually or collectively, which in any way conflicts with the terms and conditions of this Agreement or with the role of the exclusive representative as sole representative for said employees.

**Section 3.** If the employer and the exclusive representative are unable to agree to the inclusion or exclusion of a new or modified job class, the issue shall be submitted to the Bureau of Mediation Services for determination.

**Section 4.** For this contract, the terms “employee,” “personnel,” or “staff members” mean members of this bargaining unit.

### ADJUSTMENT COMMITTEE

The employees, through their union organization, shall elect an Adjustment Committee of two members. The clerk of the school board shall be notified in writing by Local 545 as to the members of this committee. A committee of the school board shall work with this committee in adjusting salaries or revising policies that affect the working conditions and welfare of the staff.

## ARTICLE III -- DURATION

The period of this Agreement shall be from July 1, 202~~0~~2 through June 30, 202~~4~~4.

## ARTICLE IV – ASSIGNMENT- PRIORITIES - SENIORITY

**Section 1. Assignment:** Assignment of personnel shall rest with the administration and the school board.

**Subd. 1. Staffing:** Assignment of hours and number of positions in any building for employees shall rest with the administration and the school board.

**Subd. 2. Work Hours and Workshop Days:** The specific work hours at any individual building may vary according to the needs of the school district. The specific work hours for each employee will be designated by the building principal.

All employees shall be required to attend the “Back to School” workshop day and one additional day before the start of the students’ regular school year. Before school lets out in June, employees will be notified which days they will be required to work prior to the start of the next student school year. The parties agree that the calendar may change due to emergencies or unforeseen circumstances.

Beginning with the 2021-22 school year, paraprofessionals duty year will be expanded by one (1) day to attend a professional development training to be determined by the building administration.

**Subd. 3. Assignment Changes:** All changes in assignments shall be made at the discretion of the administration and the school board.

1. Employees who are assigned as DCD for grades five (5) or higher in the Special Education program will have pool duty as a part of their assignment, which they may be required to work. Starting with the 2017-2018 school year, employees for whom pool duty is required will receive an annual stipend of \$50 for pool apparel.
2. If an employee gets reassigned into DCD or Consistent Support (from EBD, etc.), the employee has rights to bump anywhere on bumping day as if the job was eliminated. That reassigned employee will not be required to perform pool duty during that school year if they have a doctor’s note.

## **Section 2. Seniority:**

**Subd. 1. Definition:** Seniority for personnel shall be defined as length of continuous service with the school district. Upon completion of the probationary period, the seniority date of the employee shall include the probationary period.

**Subd. 2. Seniority List:** The superintendent shall maintain a seniority list, which shall show the names of union personnel, initial date of employment and seniority rank. Separate seniority lists shall be maintained for the following:

- Paraprofessionals
- After January 1, 2021 Paraprofessionals hired for NLA and Cloquet Schools will be listed on separate seniority lists
- COTAs
- American Indian Education Tutors (AIE Tutors)
- American Indian Education Liaisons (AIE Liaisons)

The seniority list used for bumping shall be the order of seniority for all paraprofessionals hired prior to January 1, 2021. Thereafter, seniority shall be determined according to the following order of priority:

1. The first day of work for the District after the school board had approved the employee’s employment.
2. The date at which the school board approved the employee’s hire.
3. If two or more employees have the same seniority date, their seniority ranking shall be determined on the basis of the employee with the most time actually working for the district (i.e., time worked as a substitute, working under special programs, or as a part-time employee).

4. If a tie remains, and seniority needs to be determined to determine a particular employment right, the school administration shall consider and use the following criteria:
  - a. The number of post-secondary college or university credits the employee has previously submitted for inclusion in his/her personnel file. The employee with the most credits will have the highest seniority.
  - b. If a tie still remains (i.e., no employee has college credits), the employee who first passed the test required by the state for employees without two years of college shall be considered to be the most senior.
  - c. If a tie still remains, the district superintendent, in consultation with the district's principals, will determine who is most qualified and should be placed higher on the seniority list.
5. Effective January 1, 2021, the superintendent shall maintain a separate seniority list for paraprofessionals who are employed by the District and assigned to work at NLA. This seniority list will be referred to as the "NLA seniority list" and the other paraprofessional seniority list will be referred to as the "regular seniority list." NLA and Cloquet paraprofessionals hired prior to January 1, 2021 will be listed on a "joint seniority list" and will have rights to bump into positions within Cloquet Public Schools or Northern Lights Academy positions held under the Cloquet Public Schools paraprofessional contract.

Effective January 1, 2021:

- a. Any paraprofessional who is hired by the District as a NLA staff member will have his/her seniority date listed exclusively on the NLA seniority list.
- b. Any paraprofessional who is hired by the District as a Cloquet staff member will have his/her seniority date listed exclusively on the Cloquet regular seniority list.
- c. Any paraprofessional who was hired by the District as NLA staff member prior to January 1, 2021 will have his/her seniority date listed on the joint list.

Layoff and Recall:

- a. A paraprofessional hired after January 1, 2021 on the NLA seniority list shall not have the right to use seniority to claim or assert rights to a non-NLA position. This limitation applies to any recall from lay off as well.
- b. A paraprofessional hired after January 1, 2021 on the regular seniority list shall not have the right to use seniority to claim or assert rights to a NLA position. This limitation applies to any recall from lay off as well.

Each employee shall receive a copy of the seniority list.

**Subd. 3. Loss of Seniority:** An employee will lose seniority for the following reasons only:

- a. Resignation.
- b. Involuntary termination.
- c. Failure to return to work when recalled from lay-off.

**Subd. 4. Temporary Incapacity:** Inability of an employee covered by this Agreement to work due to illness or injury shall not result in loss of position. Said personnel shall be entitled to return to regularly assigned positions

after sufficient recovery to perform usual and ordinary duties. Maximum length of temporary incapacity shall not exceed 18 months. After 18 months, but prior to 24 months, an employee may petition the superintendent for reinstatement. The decision to reinstate an employee returning from temporary incapacity status shall rest solely with the superintendent and will not be subject to appeal. If making room for the employee requires lay-off(s), the procedures outlined in this contract for seniority determinations, layoffs, bumping, and filling of vacancies shall be followed.

**Subd. 5. Posting and Filling of Vacancies:** During the school year, if a vacancy is determined by the superintendent to be filled within this bargaining unit, the school district shall post a notice of the open position in all buildings, on the designated bulletin boards, and externally. A good faith effort will be made to inform employees of these vacancies by written notice. Hiring of positions during the school year shall be at the discretion of the school administration and school board. See Subdivision 7 regarding positions hired during the year being “open positions” for bumping purposes the following summer.

**Subd. 6. Lay-Offs:** The school board may place on lay-off as many personnel as may be necessary because of discontinuance of positions, lack of pupils, financial limitations, or merger of classes caused by consolidation of school districts. In the event of a lay-off or reduction of hours, substitutes and/or probationary personnel shall be laid off first. Personnel shall be laid off based on their inverse order of seniority. Lay-offs shall occur within each seniority list, separate from the other seniority lists. Employees to be laid off for an indefinite period will have at least two (2) calendar week’s notice. If a laid-off employee is re-employed within twelve (12) months after their effective date of lay-off, the employee shall retain his/her original seniority date.

**Subd. 7. Bumping:** Bumping for the following school year shall be done on a designated “bumping day” in June. Prior to the end of March, the bargaining unit representatives and administration will set a day in June as the designated bumping day. At least ten (10) days prior to this bumping day, a good faith effort will be made to mail a list of the open and discontinued positions to the paraprofessionals.

Paraprofessionals hired after January 1, 2021 are restricted to bumping only into positions identified within their seniority list (NLA or regular Cloquet Schools paraprofessionals).

If the work hours of an employee are eliminated or reduced more than one (1) hour per day, that employee shall have the right to a position with more hours anywhere in the district and within that employee’s classification/seniority list. Such position changes are contingent upon proper qualifications and seniority. Decisions to exercise bumping rights during the school year must be communicated to the Executive Administrative Assistant within five (5) working days after receiving notice. Otherwise, employees may choose to exercise their bumping rights regarding these reductions at the annual bumping meeting. Said positions will be designated in the bumping notice as giving employees holding those positions the choice of exercising their bumping rights.

Employees are restricted to bumping only into positions identified within their seniority list. For instance, a paraprofessional may not bump into an AIE tutor position. [LPNs are not allowed to bump into a paraprofessional position.](#)

On bumping day all vacant positions shall be filled starting with the choice of the most senior employee and ending with the least senior employee filling the last position. If employees cannot attend the “bumping day,” they shall designate proxies to participate in the bumping day for them. If an employee fails to designate a proxy, the union leadership shall designate a proxy for that employee.

No employee shall bump into a vacant position during the school year unless such events occur as described in Article IV, Section 2, and Subdivision 7 above (Bumping). That position shall be filled through the application process.

Open positions shall include all positions opened during the regular school year and which were not open positions at the conclusion of the previous bumping process as described in this subdivision. In order for an employee to bump into a position requiring special qualifications or skills, that employee must qualify for that position prior to the bumping day. For positions requiring a skills test, the test will be administered through the superintendent's office. The district will notify the union 60 days before adding a test requirement to any new position.

**Subd. 8. Adding Hours During School Year:** If the district allocates extra hours for paraprofessional duty during the school year, the supervisor in charge of placing those hours shall do so based on seniority within the building where the hours are allocated. If the extra hours are for a specific student, the hours shall be first offered to the paraprofessional currently working with that student. No paraprofessional shall receive those hours, if doing so would put them over an average of 6.75 hours per day. This language does not apply for hours added to American Indian Education or COTA staff.

**Subd. 9. Program Building Change:** If a specific program moves to a different building within the district, the employee involved with that program shall move with the program with no loss of seniority or any other benefit for which they are entitled.

**Subd. 10. Special Education Summer School-Extended Day Programming:** All summer school (Special Education) paraprofessional positions shall be filled in order by the most senior qualified person within Special Education classification. If there are not enough special education paraprofessionals to fill positions, regular paraprofessionals with special education school experience will be hired according to experience and seniority.

**Section 3. Probationary Period for Personnel:** The probationary period for personnel shall be one (1) year from the date of hire. During the probationary period, an employee may be subject to dismissal without recourse. The probationary period as described in this section is also applicable to all job transfers. Prior to an employee transferring or being promoted to a different classification, the employee must serve the one (1) year probation period, unless the position is eliminated or reduced in hours. In addition to the initial probationary period, an employee transferred or promoted to a different classification shall serve a new probationary period of sixty (60) working days in any such new classification. During this sixty (60) day trial period, if it is determined by the school district that the employee's performance in the new classification is unsatisfactory, the school district shall have the right to reassign the employee to the former classification. When an employee is transferred to a new classification, the employee shall also have ~~sixty~~ twenty (20) working days in which to decide whether to keep the position. If the employee does not want to keep the position said employee may return to the original classification with no loss of seniority. If the transfer by administration was due to the discontinuance of the employee's original position, this nullifies the option to return to the original classification.

During the probationary period a transferred employee's salary should not be reduced to probation step level.

**Section 4. Involuntary Transfers or Reassignments:**

**Subd. 1. Definitions:** For purposes of this section, the following definitions apply:

- a. "Transfer" means between buildings or between classifications (example, special education paraprofessional to media center).
- b. "Reassignment" means reassignment within the same building and the same classification.
- c. "Temporary Reassignment" means changes which are situational in nature and do not exceed 20 work days.
- d. Mutual consent in writing to a change in job position is not considered a reassignment.

**Subd. 2. Temporary Transfers or Reassignments:** Administrators may make temporary changes in assignments to meet the needs of students or District. If it appears that a temporary reassignment will become permanent, the administrator shall notify the employee and follow procedures outlined in the section, "Permanent Transfer" or "Reassignments".

**Subd. 3. Permanent Transfers or Reassignments:** When permanent transfers or reassignments are being considered, the building administrator/principal shall visit with the employee(s) affected, explain the reasons, and ask for the employee's input. This meeting shall be scheduled at least five days before the transfer or reassignment is made or becomes permanent. The employee may request a subsequent meeting and request that a union representative be present with them to discuss the transfer or reassignment. The employee may request that the superintendent/superintendent's designee be present at that meeting.

After required meetings are held, if the transfer or reassignment is going to be made, the building principal will issue a written decision which explains the transfer or reassignment and the reasons for that decision.

**Subd. 4. Bumping:** If a proposed reassignment or transfer results in a loss of 1.0 or more work hours, the employee may use his/her bumping rights as defined in Section 2, Subdivision 7, of this article.

Employees who are transferred or reassigned during the school year or prior to the bumping day, as defined in Section 2, Subdivision 7 of this article, shall be allowed to participate in the annual bumping day as if they had their position eliminated or reduced by one (1) hour or more. A principal may determine that an employee may not bump back into the position from which the employee was originally transferred or reassigned. If such a determination is made, at least one (1) week prior to the bumping, the principal will inform the employee, verbally and in writing, they may not bump back into the position from which the employee was originally transferred or reassigned. If the employee is unavailable, notification will be provided to the union representation.

Employees are restricted to bumping only into positions identified within their seniority list. For instance, a paraprofessional may not bump into an AIE tutor position and LPNs cannot bump into a paraprofessional position. Paraprofessionals hired after January 1, 2021 are restricted to bumping only into positions identified within their seniority list (NLA or regular Cloquet Schools paraprofessionals).

**Section 5. Health Conditions:** There are times when employees may develop health conditions which prevent them from working part of an assignment. The following list describes procedures the District will use regarding reasonable accommodations for these verified health conditions. Reasonable accommodations will not be made which cause a hardship to the district or which disrupts the seniority system agreed to in the District's CBA with the bargaining unit.

1. Employees with physician's note: The District may transfer the employee as a reasonable accommodation if an open position exists or becomes available.
2. Employees with physician's note: The District may reduce hours and fill otherwise if this does not create an undue hardship for the District.
3. If no reasonable accommodation is available: The employee, with a physician's note, may go on unpaid leave until bumping day. The employee may then bump into open or vacant positions on bumping day as per the regular bumping day process. Note: The employee hasn't been reassigned or job eliminated, so there are no full bumping rights, only open position bumping rights.

~~4. Employees who are assigned as DCD for grades five (5) or higher in the Special Education program will have pool duty as a part of their assignment, which they may be required to work. Starting with the 2017-2018 school year, employees for whom pool duty is required will receive an annual stipend of \$50 for pool apparel.~~

~~5. If an employee gets reassigned into DCD or Consistent Support (from EBD, etc.), the employee has rights to bump anywhere on bumping day as if the job was eliminated. That reassigned employee will not be required to perform pool duty during that school year if they have a doctor's note.~~

## ARTICLE V-- BASIC SCHEDULES AND RATES OF PAY

**Section 1. Wages:** The wages of personnel reflected in Schedule C, attached hereto, shall be a part of the Agreement for the period of, commencing July 1, 2020~~2~~ and shall remain in effect until June 30, 2024~~4~~.

**Section 2. Payday:** Effective with the September 2008 payroll, personnel will be paid according to School District Policy #423.10 – Pay Day Schedule – NonLicensed Personnel (24 pay periods elected). As of 2023-2024, unit members will be able to choose to be paid over 10 or 12 months. This decision must be made at the initial hire meeting or prior to the start of each school year during the open enrolment period.

**Section 3. Payroll Deductions:** Upon authorization of the employee, union dues will be deducted from the employee's salary and the school board shall make payment of such deductions to the treasurer of Local 545.

**Section 4. PEOPLE Deductions:** The Employer agrees to deduct from the wages of any employee who is a member of the Union a PEOPLE deduction as provided for in a written authorization. Such authorization must be executed by the employee and may be revoked by the employee at any time by giving written notice to both the Employer and the Union. The Employer agrees to remit any deductions made pursuant to this provision to the Union together with an itemized statement showing the name of each employee from whose pay such deductions have been made and the amount deducted during the period covered by the remittance.

**Section 5. School Closing:** In the event school is closed during the school day or if schools have a late start, employees shall be paid for their entire work day. If school is called off for the entire day, employees shall be allowed to make up to two (2) of those days each year. These days shall be coordinated with the building principals. "School Closings," in this paragraph shall be taken to mean closing school for such things as inclement weather, or other school emergencies which necessitate students and staff not being in school. Employees who do not qualify to work on e-learning days will be allowed to make up the same number of days as employees allowed to work on e-learning days.

**Section 6. Pay Equity Orders:** Any increase in salaries due to pay equity orders shall be negotiated with the exclusive bargaining representative.

**Section 7. MA Billing Coordinator:** At administrative and school board discretion, an employee may be designated as a MA Billing Coordinator. If this assignment is designated by the administration and school board to be included as part of an employee's assignment, that employee shall receive additional pay of \$1.00 per hour. The MA Billing Coordinator's responsibilities will be designated by school administration but will include help to identify MA eligible students and coordinating the timely family MA applications/authorizations and MA billing.

~~**Section 8. CMA/Health Assistants:** When a paraprofessional opening exists for the licensed practical nursing assistant position, candidates with a certified medical assistant credential may be considered. Any person hired to serve in a licensed practical nursing assistant position who holds a certified medical assistant credential will be placed at step one of the LPN assistant salary schedule and may not move above this step until such time as they are officially licensed as a licensed practical nurse. If other non-licensed staff have been hired as health assistants to serve in a similar capacity as an LPN, they shall also be placed at step one of the LPN assistant salary schedule and may not move above this step until such time as they are officially licensed as a licensed practical nurse.~~

**Section 9. Life Insurance:** All employees who meet the minimum employment standards of the school district's insurance carrier shall receive a \$10,000 life insurance policy. As of July 1, 2015, the minimum employment standard is to be employed a minimum of 20 hours per week. COTAs hired prior to July 1, 2018, shall receive a \$50,000 life insurance policy.

**Section 10. Long-Term Disability Insurance:** Long-term disability benefits will be provided for eligible employees at their own expense up to 66 2/3% of the employee's basic contracted salary to maximum benefit of \$3,000 per month. There shall be an elimination period of 60 working days.

Subd. 1. Eligibility: All employees who meet the minimum employment standards of the school district's insurance carrier shall be required to participate in the group at their own expense.

Subd. 2. Cost: The salary of each employee shall be increased by the cost of his/her long-term disability premium.

## ARTICLE VI -- BENEFITS

**Section 1. Benefits:** The school district shall make available to all employees covered by this Agreement, subject to the limitations set forth in Subd. 2 of this section, the following benefits:

### **Subd. 1. Hospitalization, Medical and Surgical Insurance:**

a. Employee/School District Premium Share: Effective July 1, 1995, hospitalization, medical and surgical benefits will be provided by the school district for all eligible employees. Employees electing dependent coverage shall pay at least \$100.00 per month for dependent coverage with the district bearing the cost of the remainder of the dependent premium.

b. ~~b.~~ Premium Increase: In the event the dependent premium increases (above the 1994-95 premium), the district shall pay for the first \$25.00 increase, the employee the next \$25.00 increase, and any increase over \$50.00 shall be divided equally between the employee and the district.

c. HRA Contribution: All employees who do not qualify for the district contribution towards health insurance shall receive \$600/year in a Health Reimbursement Arrangement (HRA).

### **Subd. 2. Dental Insurance:**

a. Dental Insurance: Unit members working six (6) hours /thirty (30) hours per week or more shall be eligible for dental benefits. The unit members will receive the same benefits as described in the Education Minnesota – Cloquet teacher contract: Article X, Section 2: Benefits, E. Dental Insurance.

~~Effective September 1, 1998, dental benefits will be paid by the school district at a premium rate of \$17.20 per month per eligible employee and that dependent coverage will be paid by the school district at a premium rate of \$14.65 per month per eligible employee for a total of \$31.85 per month per eligible employee with dependent coverage. If the total premium rate exceeds the individual rate as stated above, the school district shall pay for the additional cost of premiums for the term of this contract only. Employees electing dependent coverage shall not pay less than \$14.65 per month regardless of an increase or not in the premium rate. If the total premium rate exceeds the dependent rate as stated above, the school district and the employees shall share the premium increase equally.~~

### **Subd. 3. Eligibility:**

a. AIE and COTA Staff: to be eligible to receive benefits as provided in this section, i.e., hospitalization, medical and surgical insurance, the employee must be assigned to a position requiring a minimum of eight (8) hours work per day for 167 days per year.

b. Paraprofessional Staff: Effective September 1, 1992, hospitalization, medical and surgical insurance coverage and effective September 1, 1998, dental insurance coverage shall also be made available to paraprofessional employees assigned to a position requiring a minimum of seven (7) hours work per day for 167 days per year. For paraprofessional employees working seven (7) hours per day or more, but less than eight (8) hours per day, the school district shall contribute a pro rata portion of this benefit for

paraprofessional employees working eight (8) hours per day for 167 days per year as set forth in Subd. 1 and Subd. 2 of this section.

**Subd. 4. Duration:** Benefits described in Subd. 1 (hospitalization, medical and surgical insurance) above shall be in effect on a twelve-month basis, however, all benefits shall cease upon termination of employment.

**Section 2. Retirement Benefits:** Benefits provided in Article VI, Section 1, Subd. 1 of this agreement shall be provided eligible employees who retire from employment with the school district provided the following conditions:

1. **For Paraprofessionals:**
  - a. Has been a full-time employee seven (7) hours per day, nine (9) months per year, in Independent School District No. 94 for ten (10) years prior to retirement, and
  - b. Is fifty-five (55) years of age, and
  - c. Have not yet reached their sixty-fifth (65<sup>th</sup>) birthday.
2. **For AIE and COTA Staff Members:**
  - a. Have been a full-time employee eight (8) hours per day, nine (9) months per year, in Independent School District No. 94 for ten (10) years prior to retirement, and
  - b. Is fifty-five (55) years of age, and
  - c. Have not yet reached their sixty-fifth (65<sup>th</sup>) birthday.

**Subd. 1. Costs:** Effective September 1, 1995, for eligible retired employees beginning on their 55th birthday and continuing until the eligible employee's 65th birthday, the hospitalization, medical and surgical benefit paid by the school district and the retired employee shall be the same rates as per contract stated in Article VI, Section 1. Benefits, Subd. 1.

For employees retiring after September 1, 1995, hospitalization, medical and surgical future premium costs and increases exceeding both the individual and the dependent rate, the school district and the retired employee shall share the premium increase equally until reaching 65 years of age. The application of the premium to be paid by the school district shall be for the employee's coverage, which was in effect at the time of retirement, i.e., individual coverage or family coverage. If the retired employee between 55 and 65 years of age changes insurance coverage from individual to family, the employee shall pay 100% of the dependent premium.

**Subd. 2. Notice of Resignation for Retirement:** Eligible employees wishing to receive retirement benefits, including severance or insurances, must submit a written resignation for retirement purposes to the school board at least 28 days/four weeks prior to his/her retirement date. At the sole discretion of the District, the District may waive this timeline for the notice of resignation for retirement. A physician's verification that an employee needs to retire due to health reasons will waive the 28-day requirement. A health waiver would require a doctor's verification that the employee was no longer able to work.

**Section 3. Claims Against the School District:** It is understood that the school district's only obligation is to purchase an insurance policy and pay such amounts as agreed to herein and no claim shall be made against the school district as a result of a denial of insurance benefits by an insurance carrier.

## ARTICLE VII -- LEAVES OF ABSENCE

**Section 1. Emergency Leave:** Three (3) working days per year may be granted with pay with the approval of the building principal for such occurrences as death or serious illness in the family, or attendance to legal matters occurring during regular working hours, ~~or~~ natural disasters at an employee's place of residence, or emergency school closures (including weather). All leaves shall be deducted from sick leave. Use of emergency leave for weather related closures will not count against the sick leave incentive, but the unit member must note that in the district leave system.

**Section 2. Sick Leave:** On the first duty day of each school year, employees shall be credited with their current allotment of sick leave days according to the following schedule:

- a. For the first five (5) years of employment, employees shall earn sick leave at a rate of fifteen (15) days per year. For example: An employee working five (5) hours per day shall receive fifteen (15), five (5) hour sick days per year. Initial allowance for sick leave allowance shall be assigned according to the following schedule:

Month Initially Employed	Sick Days Allowed
July – September	15 days
October – December	11 days
January – March	7 days
April – May	3 days
June	0 days

- b. After five (5) years of employment with the district, employees shall be credited with thirteen (13) days of sick leave annually, with no accumulation limit, and employees have to contribute to and are eligible to use the Sick Leave Bank.

**Subd. 2. Sick Leave Use:** Initial sick leave with pay shall be allowed whenever an employee’s absence is due to illness and/or disability which prevented his/her attendance at school and performance of duties on that day or days. ~~Up to five (5) days of sick leave with pay per school year shall be allowed whenever an employee’s absence is due to the serious illness and/or the temporary disability of the employee’s spouse, adult children, or parent. Sick leave shall also be allowed for purposed allowed by current state law.~~

~~Note: The 2014 Legislature amended a sick leave law and will study this amendment’s impact in the 2014 legislative session. This law, as long as it is in place, takes precedence over the above contract language. The law reads as follows:~~

**Current Law (for reference only): 181.9413 SICK LEAVE BENEFITS; CARE OF RELATIVES.**

(a) An employee may use personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's child, as defined in section 181.940, subdivision 4, adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent, for reasonable periods of time as the employee's attendance may be necessary, on the same terms upon which the employee is able to use sick leave benefits for the employee's own illness or injury. This section applies only to personal sick leave benefits payable to the employee from the employer's general assets.

(b) An employee may use sick leave as allowed under this section for safety leave, whether or not the employee's employer allows use of sick leave for that purpose for such reasonable periods of time as may be necessary. Safety leave may be used for assistance to the employee or assistance to the relatives described in paragraph (a). For the purpose of this section, "safety leave" is leave for the purpose of providing or receiving assistance because of sexual assault, domestic abuse, or stalking. For the purpose of this paragraph:(1) "domestic abuse" has the meaning given in section 518B.01; (2) "sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352; and(3) "stalking" has the meaning given in section 609.749.

(c) An employer may limit the use of safety leave as described in paragraph (b) or personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent to no less than 160 hours in any 12-month period. This paragraph does not apply to absences due to the illness or injury of a child, as defined in section 181.940, subdivision 4.

**Subd. 3. Pregnancy and/or Childbirth:** Sick leave for childbirth and/or pregnancy is granted according to one of the following conditions:

- a. Following the birth of a child, the mother will be granted sick leave for any school days during the next six (6) calendar weeks. Standard practice is six (6) weeks for regular delivery and eight (8) weeks for a C - Section, accompanied by a physician's orders. Thereafter, a statement from a doctor which verifies the need for additional leave for medical reasons will be needed in order for the mother to qualify for additional leave due to the birth of a child.
- b. During a pregnancy, a doctor's written statement will be needed to verify the need for extended leave due to complications with a pregnancy.
- c. If an employee qualifies for and requests additional FMLA leave due to the birth of a child, the FMLA leave and sick leave shall run concurrently – starting at the same time.
- d. Paid sick leave is dependent upon the number of sick days the employee has accumulated.

**Section 3. Misuse of Sick Leave:** If misuse of sick leave is suspected, the building administrator and exclusive representative will meet with the employee, and at the employee's option, another representative. After this meeting, the administrator may ask the employee for a medical certificate from a qualified physician at such time as the employee requests future sick leave for up to one (1) year from the date of this meeting. The school or district administration may request a physician's verification for sick leave taken of three consecutive days or more.

**Section 4. Accumulated Sick Leave:** There shall be no limit on the accumulation of unused sick leave.

**Section 5. Sick Leave Bank:**

**Subd. 1. Creation and Contributions to the Bank:** At the beginning of the 2010-2011 school year and for the next year, each employee shall contribute one (1) day of sick leave to an employee sick leave bank. Days will be donated in hours. A day shall mean the number of hours an employee works in a day. For instance, an employee working five (5) hours per day will donate five (5) hours of sick leave per day assessed for the sick leave bank. Newly hired employees or employees who newly qualify to be a member of this union shall be assessed one (1) day to contribute to the sick leave bank for each of the first two (2) years of that employment. Note that AIE and COTA staff will be assessed sick leave days, according to this section beginning the 2017-2018 school year.

Once the two (2) years contribution of hours are completed, no further sick leave contributions shall be assessed until the total number of hours in the sick leave bank drops below the number of AFSCME employees employed by the district multiplied by six (6). That number shall be the trigger for additional contributions to the bank.

Example: 80 employees employed by the district:

- a. The trigger for assessing new sick leave bank contributions would be when the sick leave bank drops below 80 x 6 hours or 480 hours.
- b. All union unit employees would be assessed one (1) day to replenish the sick leave bank.

**Subd. 2. Administration of and Rules for Using the Sick Leave Bank:** The sick leave bank shall be administered by the superintendent and a representative designated by the bargaining unit. Rules for administering the sick leave bank are as follows:

- a. Employees shall be eligible to apply to the sick leave bank when they have exhausted all of their own sick leave, personal leave, or other types of paid leave for which they are eligible. The employees will have to have had six (6) days of continuous absence without sick pay before being eligible to apply to use the sick

leave bank

- b. Application to the sick leave bank must be accompanied by a physician's statement indicating that the employee is unable to work.
- c. Employees may draw sick leave days from the sick leave bank up to sixty (60) school days per school year. The limits identified in the previous sentence are per catastrophic, long-term illness, or accident. In any year in which an employee has drawn from the sick leave bank, the waiting period for re-entry into the sick leave bank, shall be one (1) day and a physician's certificate shall be completed in accordance with paragraph "b" above. New employees shall have a ninety (90) school day waiting period before being eligible to use the sick leave bank.
- d. Sick leave bank hours may be used for catastrophic and unplanned medical situations which prevent an employee from performing his/her job duties and responsibilities. For instance, normal pregnancies and child deliveries (natural or C-section), or elective surgeries will not be eligible reasons to use the sick leave bank.
- e. An employee who receives an extension of sick leave from the sick leave bank shall, upon return to work, repay the bank in full, at the rate of one-third of their annual sick leave allocation. This repayment shall be assessed at the beginning of the following school year and each subsequent year until the sick leave bank is repaid.
- f. The maximum amount of leave available to be used by an employee shall expire at the end of the school year or when the employee becomes eligible for any kind of disability payment, whichever occurs first.

**Section 6. Personal Leave:** Each employee has ~~twothree~~ (32) working days with pay (based on their regular work day) per year, non-accumulative, for personal reasons. Personal leave shall be allowed to be taken in half-day increments, but only if appropriate substitutes are available and the half-day leave is approved by the building principal or immediate supervisor. A half-day shall be defined as half of the normal workday for the employee who is requesting the leave. Any unused personal leave will be paid out at the substitute rate for the year in which it was earned.

"If an employee uses two (2) or fewer days of sick leave within one full school year of employment, an additional one (1) personal leave day with pay will be granted the following school year, or the employee may choose to be reimbursed for that personal day. Reimbursement shall be at the hourly rate for the employee substitutes. This additional day is non-cumulative, so the maximum of personal days in a school year would be ~~threefour~~ (34).

Effective September 1, 1993, personal leave shall no longer be deducted from sick leave.

**Section 7. Unpaid Leave:**

**Subd. 1. Up to Ten Days.** A maximum of ten (10) days of unpaid leave of absence may be taken by an employee annually with prior approval of the building principal.

**Subd. 2. Over Ten Days.** Employees may request the school board to approve an unpaid leave of absence for up to one (1) year as an unpaid/uncompensated leave of absence. Any leave request of over 10 days will be considered a leave defined for this subdivision. Granting such leave will be at the sole discretion of the school board. Employees may only request one such leave during their employment with the District. Employees who are granted such leave will be given a date by which they must notify the District of their intent to return to work or give up their right to employment with the District. The date of the return-to-work notice will depend upon the length of leave requested. Employees will not lose their seniority due to this leave, but they will be

restricted as to how they will be reinstated to work as listed in the paragraphs below.

- a. Leaves for less than one school year and that end prior to the end of a school year. If the leave is for less than a school year and is after the bumping procedure described in Article IV, Section 2, Subd. 7, the District will fill the position as any other vacancy that occurs during the school year. Upon returning to work, the employee will be placed in the position that the employee held prior to the leave if that position is still available. If that position is no longer available, the employee may exercise bumping rights according to seniority.
- b. Leaves for a school year or that terminate prior to next bumping session. Employees returning to work under this scenario will not be guaranteed the same position which they vacated for their leave. They will instead participate in the bumping process according to their seniority. They will not, however be allowed to bump into a position that is not vacant unless there is no vacant position available that has, within 2.5 hours, the total weekly work hours of the position the employees held before their leave.
- c. Leaves that continue over a bumping session but that terminate prior to the end of a school year. Employees returning to work under this scenario only will be allowed to bump into the least senior position for which they are qualified, and which has, within 2.5 hours, the total number of weekly work hours that were with the position they held before their leave.

**Section 8. Bereavement Leave:** Bereavement leave shall be granted when there is a death in the immediate family that causes the employee to lose working time. Immediate family is defined as an employee's spouse, parents, step-parents, children, step-children, grandchildren, sister, brother, grandparents, sister-in-law, brother-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, or grandparents of spouse. The bereavement leave shall not exceed three (3) scheduled working days if the distance traveled is 400 miles or less one way; four (4) scheduled working days if the distance traveled is more than 400 but less than 800 miles one way; or five (5) scheduled working days if the distance traveled is more than 800 miles one way. No less than four (4) scheduled working days shall be allowed in case of death of a spouse or child. This benefit does not apply to long-term substitutes working less than one-half year. Bereavement leave used shall be deducted from accumulated sick leave.

**Section 9. Association Leave Days:** At the beginning of each school year, the exclusive representative shall be credited with twelve (12) days to be used by the exclusive representative by union employees who are officers or agents of such for conducting the business of the exclusive representative. The exclusive representative agrees to notify the school superintendent of its designated representative(s) no less than 48 hours in advance when possible of such leave. Unless extreme circumstances dictate, no more than two (2) persons per day may use Association leave at a time. The superintendent will consider granting additional unpaid leave for reasonable time off if a request is made one week in advance of needing said leave. Rather than using unpaid leave, the employees may use accumulated paid leave (if available) instead of leave without pay.

## ARTICLE VIII - - HOLIDAYS

**Section 1. Paid Holidays:** Employees shall be eligible for Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day, New Year's Day, President's Day, Good Friday, and Memorial Day and shall be granted with pay on a prorated basis.

Example: An employee working three (3) hours per day shall receive seven (7), three (3) hour holiday days per year.

## ARTICLE IX -- SEVERANCE PAY/BENEFICIARIES RECEIVE EARNED SEVERANCE

**Section 1. Severance Pay:** ~~Effective January 1, 2021, s~~Staff members who have been employees for at least nine (9) months per year in Independent School District No. 94 ~~for ten (10) years and who are at least fifty-five (55) years of age~~ shall, upon ~~retirement~~separation, receive severance pay, according to the following schedule:

Employees working six (6) or more hours per day/thirty (30) hours per week:

- Employees who have at least ~~ten~~twelve (12) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$90.00 for each day of unused sick leave, not to exceed ~~120~~90 days.
- Employees who are at least fifty-five years of age and retire from the district who have at least five (5) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$90.00 for each day of unused sick leave, not to exceed ninety (90) days.
- Employees who are at least fifty-five years of age and retire from the district who have at least ten (10) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$90.00 for each day of unused sick leave, not to exceed one hundred and twenty (120) days.

Employees working less than six (6) or more hours per day/thirty (30) hours per week:

- Employees who have at least twelve (12) years of experience but do not have at least twelve (12) years of experience at six (6) or more hours per day/thirty (30) hours per week, shall receive \$65.00 for each day of unused sick leave, not to exceed ninety (90) days.
- Employees who are at least fifty-five years of age and retire from the district who have at least five (5) years of experience but do not have at least five (5) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$65.00 for each day of unused sick leave, not to exceed ninety (90) days.
- Employees who are at least fifty-five years of age and retire from the district who have at least ten (10) years of experience but do not have at least ten (10) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$65.00 for each day of unused sick leave, not to exceed one hundred and twenty (120) days.

**Section 2. Beneficiaries to Receive Earned Severance:** Any employee who meets the qualifications for retirement severance pay may designate a beneficiary or beneficiaries who will receive the employee's severance should that employee meet the contract qualifications for severance but die prior to retirement. In order for this payment to be received, it will be the employee's responsibility to designate a beneficiary with the district's business office.

## ARTICLE X -- WORKERS' COMPENSATION

**Section 1. Reporting Injuries:** All injuries sustained, no matter how trivial they appear to be, must be reported to the superintendent's office within twenty-four (24) hours of the time of the accident.

**Section 2. Compensation:** Any employee who is injured in the line of duty shall receive such compensation and expenses prescribed by the Workers' Compensation Law of the State of Minnesota. Such compensation shall be supplemented with an amount sufficient to maintain the employee's regular salary for a period not to exceed accumulated sick leave. Sick leave shall be charged only for that portion in excess of the Workers' Compensation payment. Compensation will be based on the salary rate at time of injury and shall not increase during the period of time employee is receiving Workers' Compensation.

## ARTICLE XI -- RETIREMENT

**Section 1. Health and Physical Disability:** The school board reserves the right to retire an employee if said employee is unable to perform the duties satisfactorily because of poor health or physical disability.

**Section 2. Pensions:** All employees of the school district are required to become members of retirement funds under the laws of the State of Minnesota.

## ARTICLE XII -- MEDICAL EXAMINATION

### **Section 1. Physical Examination:**

- a. The school board may require a physical examination of any employee at such time as deemed necessary. The cost of the examination shall be paid by the district.
- b. An employee who is not able to return to duty on the day following two (2) weeks of illness or injury shall present a certificate of ableness from a physician to the superintendent upon their return to work.
- c. An employee who has been absent from work because of a nervous disorder must present a satisfactory report from a physician to the superintendent before returning to work.
- d. An employee must have the permission of the superintendent to return to work if it is necessary for said employee to use crutches or if portions of the employee's body are bandaged, in slings, or if the condition of the body is of such a nature as to attract undue attention.

## ARTICLE XIII -- REQUEST TO SCHOOL BOARD

**Section 1. Procedure:** All employees are encouraged and shall be given opportunities to express their wishes to the school board. However, all complaints and requests shall be made through appropriate channels. There are three (3) appropriate channels through which the wishes of the employees may reach the superintendent of schools and the school board.

- a. Through an authorized committee or president of an officially recognized employee organization.
- b. Through the line of authority.
- c. If employees wish to express a concern about a supervisor, they may speak directly with the following supervisor in the line of authority – building administrator or superintendent. They may bring a union representative with them if they so choose.

**Section 2. Communications:** The union and school administration will schedule up to two (2) meetings per year to discuss policies and other matters relating to their employment which are not terms and conditions of employment. It will be up to the union leadership to request and schedule meeting times with the Central Administration Office. Employee representatives at these meetings should include one (1) representative from each school building and the union stewards (maximum of six (6) employees – one or more stewards may double as building representatives). Up to one (1) hour of additional time may be recorded on the timesheets for meetings beyond the employees' regular work day.

## ARTICLE XIV -- MAINTENANCE OF MEMBERSHIP

Employees occupying positions covered by this Agreement, ~~after thirty (30) days beyond the probationary period, must~~ may become members of Local 545 ~~and must remain members in good standing thereafter~~. A copy of this contract will be issued to each new member.

District will have union folders, provided by the union, in the central office and will direct new staff that they may take one and review the information to determine if they are interested in joining the union.

## ARTICLE XV -- GRIEVANCE PROCEDURE

**Section 1. Grievance Definition:** A "grievance" shall mean a disagreement between the employee and the school

board as to the interpretation of any terms of any contract required under PELRA.

**Section 2. Representative:** The employee, superintendent, or school board may be represented during any step of the procedure by a person designated to act in their behalf.

**Section 3. Definitions and Interpretations:**

**Subd. 1. Variation from Procedure:** The parties, by mutual written agreement, may waive any step and extend any time limits in a grievance procedure. However, failure to adhere to the time limits will result in a forfeit of the grievance, or, in the case of the employer, shall constitute a denial of the grievance.

**Subd. 2. Days:** "Days" mean calendar days excluding Saturday, Sunday and legal holidays as defined by Minnesota Statutes, or non-duty days during the school year.

**Subd. 3. Computation of Time:** In computing any period of time prescribed or allowed by procedures herein, the date of the act, event, or default for which the designated period of time begins to run shall not be included. The last day of the period so computed shall be counted, unless it is a Saturday, a Sunday, legal holiday, or non-duty day during the school year.

**Subd. 4. Filing or Service:** The filing or service of any notice or document herein shall be timely if it bears a postmark of the United States mail within the time period or is received within the time period through personal service.

**Section 4. Step One:** Any grievance must first be submitted in writing to the superintendent within twenty (20) days after the date of the event or through the use of reasonable diligence, the employee should have had knowledge of the occurrence that gave rise to the grievance. An effort may first be made to adjust an alleged grievance informally between the employee and the parties. The superintendent will answer the employee in writing within fifteen (15) days of receipt of the written grievance.

**Section 5. Step Two:** In the event the grievance is not resolved in Section 4, the employee may submit an appeal to the school board in writing within ten (10) days of the receipt of the superintendent's decision. The School Board will set a date, which is mutually agreeable for hearing the appeal within ten (10) days after receipt of the appeal. Within five (5) days after the meeting, the school board shall issue its decision in writing to the parties involved.

**Section 6. Arbitration Procedures:** Any controversy or dispute which has been submitted to the grievance procedure and not there resolved may be submitted to arbitration as defined herein.

**Subd. 1.** The employee must submit his/her request to arbitrate to the superintendent's office within ten (10) days of receipt of the school board's decision.

**Subd. 2. Selection of the Arbitrator:** The school board, the employee and his/her representative will endeavor to select a mutually acceptable arbitrator to hear and decide the grievance. If the school board and the employee are unable to agree on an arbitrator, they will request from the Director of BMS a list of five (5) names. The parties shall alternately strike names from the list of five (5) arbitrators until only one (1) name remains. If the parties are unable to agree on who shall strike the first name, the question shall be decided by the flip of a coin. The remaining arbitrator shall hear and decide the grievance.

**Subd. 3. Hearing:** The grievance shall be heard by a single arbitrator and both parties may be represented by such person or persons as they may choose and designate and the parties shall have the right to a hearing at which time both parties will have the opportunity to submit evidence, offer testimony and make oral or written arguments relating to the issues before the arbitrator. The proceeding before the arbitrator shall be a hearing

de novo.

**Subd. 4. Decision:** Decisions by the arbitrator in cases properly before him/her shall be final and binding upon the parties, subject, however, to the limitations of arbitration decisions as provided by in the P.E.L.R.A. of 1971, as amended.

**Subd. 5. Expenses:** Each party shall bear its own expenses in connection with arbitration including expenses relating to the party's representatives, witnesses and any other expenses, which the party incurs in connection with presenting its case in arbitration. The parties shall share equally fees and expenses of the arbitrator and any other expenses, which the parties mutually agree are necessary for the conduct of the arbitration.

**Subd. 6. Jurisdiction:** The arbitrator shall not have the power to add, to subtract from, or to modify in any way, the terms of the existing Agreement.

**Subd. 7. Processing of Grievance:** Processing of all grievances shall be during the normal work day whenever possible and employees shall not lose wages due to their necessary participation. For purposes of this paragraph, employees entitled to wages during their participation in a grievance proceeding, are as follows:

- a. The number of employees equal to the number of persons participating in the grievance proceeding on behalf of the public employer; or
- b. If the number of persons participating on behalf of the public employer is less than three (3), three (3) employees may still participate in the proceedings without loss of wages.

## **ARTICLE XVI - - DISCIPLINE AND TERMINATION**

The disciplinary process described herein is designed to utilize progressive steps and, where appropriate, to produce positive corrective action.

**Section 1.** Upon completion of the probationary period, an employee shall be disciplined and discharged only for just cause. Disciplinary action shall be progressive and follow the steps listed below: (1) oral warning; (2) written warning; (3) suspension (paid or unpaid) and/or demotion, and (4) discharge.

In cases of serious misconduct or incompetence, discipline need not be progressive and may for a first offence involve an appropriate suspension or discharge. Misconduct of an employee will result in the imposition of discipline consistent with the seriousness of the misconduct.

**Section 2. Procedures for Administering.** In an instance where any form of discipline is imposed the employee's supervisor will:

- a. Advise the employee of any inadequacy, deficiency of conduct which is the cause of the discipline, either orally or in writing. If given orally, the supervisor will document the fact that an oral warning was given to the employee specifying the date, time, and nature of the oral warning.
- b. Provide directives to the employee to correct the conduct or performance.
- c. Forward copies of all writings to the administrator in charge of personnel for filing in the employee's personnel file.
- d. Allow a reasonable period of time, when appropriate, for the employee to correct or remediate the performance or conduct.

- e. Specify the expected level of performance or modification of conduct to be required from the employee.

**Section 3.** During an investigative process, employees have the right to request to have a union representative present during an interview when the employee reasonably believes that the interview is likely to result in disciplinary action (Weingarten Rights). Management is not required to inform the employee of these rights; but once an employee requests representation, management has three options:

1. Grant the request and delay questioning until the union representative arrives and (prior to the interview continuing) the representative has a chance to consult privately with the employee;
2. Deny the request and end the interview immediately; or
3. Give the employee a clear and voluntary choice between having the interview without representation, or ending the interview.

**Section 4.** A written record of all disciplinary actions other than oral reprimands shall be entered into the employee's personnel record. A record of an oral reprimand may be entered into the personnel record. If an oral reprimand is included in an employee's file, that reprimand will be removed from the employee's file in two years if no further disciplinary action on that matter has been taken and the employee asks to have that oral reprimand removed. An employee shall receive a copy of all evaluative and disciplinary entries into their own personnel record and shall be entitled to provide a written response to those entries which shall be placed with the entry in the employee's record. The employee must provide that written response within 15 calendar days from the time the employee is notified of the record.

SCHEDULE C: CLASSIFICATIONS AND WAGES

PAC HOURLY PAY RATE SCHEDULE: JULY 1, 202~~0~~<sup>20</sup> – JUNE 30, 202~~1~~<sup>22</sup>

STEPS	2019-2020	2020-2021	2021-2022
SALARY SCHEDULE INCREASE		2.0%	"Me-Too"
<b>Paraprofessionals</b>			
1	\$16.66	\$16.99	TBD
2	\$16.90	\$17.24	TBD
3	\$17.17	\$17.51	TBD
4	\$17.43	\$17.78	TBD
5	\$17.68	\$18.03	TBD
6	\$17.94	\$18.30	TBD
7	\$18.22	\$18.58	TBD
8	\$18.48	\$18.85	TBD
9	\$18.76	\$19.14	TBD
10		\$19.41	TBD
<b>LPN Assistants</b>			
1	-\$19.72	\$20.11	TBD
2	\$20.02	\$20.42	TBD
3		\$20.72	TBD
<b>AIE Tutors:</b> Credit for yrs. of in-district experience up to limits identified on the salary schedule. Each year going forward from this contract, one more step becomes available up to the maximum number of steps — currently seven steps.			
1	\$16.66	\$16.99	TBD
2	\$16.90	\$17.24	TBD
3	\$17.17	\$17.51	TBD
4	\$17.43	\$17.78	TBD
5	\$17.68	\$18.03	TBD
6	\$17.94	\$18.30	TBD
7	\$18.22	\$18.58	TBD
8		\$18.85	TBD
<b>AIE Liaisons:</b> Credit for yrs. of in-district experience up to limits identified on the salary schedule.			
1	\$17.68	\$18.03	TBD
2	\$17.94	\$18.30	TBD
3	\$18.22	\$18.58	TBD
4	\$18.48	\$18.85	TBD
5	\$18.76	\$19.14	TBD
6	\$19.03	\$19.41	TBD
7	\$19.30	\$19.69	TBD
8		\$19.96	TBD
<b>COTA</b>			
1	\$20.31	\$20.72	TBD
2	\$20.94	\$21.36	TBD
3		\$21.99	TBD

<u>STEPS</u>	<u>2022-2023</u>	<u>2023-2024</u>
<b><u>SALARY SCHEDULE INCREASE</u></b>	<b><u>3%</u></b>	<b><u>\$1 increase</u></b>
<b><u>Paraprofessionals</u></b>		
<u>1</u>	<u>\$17.93</u>	<u>\$18.93</u>
<u>2</u>	<u>\$18.19</u>	<u>\$19.19</u>
<u>3</u>	<u>\$18.48</u>	<u>\$19.48</u>
<u>4</u>	<u>\$18.76</u>	<u>\$19.76</u>
<u>5</u>	<u>\$19.03</u>	<u>\$20.03</u>
<u>6</u>	<u>\$19.31</u>	<u>\$20.31</u>
<u>7</u>	<u>\$19.61</u>	<u>\$20.61</u>
<u>8</u>	<u>\$19.89</u>	<u>\$20.89</u>
<u>9</u>	<u>\$20.20</u>	<u>\$21.20</u>
<u>10</u>	<u>\$20.48</u>	<u>\$21.48</u>
<b><u>CMA/Health Assistants</u></b>		
<u>1</u>	<u>\$21.22</u>	<u>\$22.22</u>
<u>2</u>	<u>\$21.55</u>	<u>\$22.55</u>
<u>3</u>	<u>\$21.86</u>	<u>\$22.86</u>
-	-	-
<b><u>LPNs</u></b>		
<u>1</u>	<u>\$21.87</u>	<u>\$22.87</u>
<u>2</u>	<u>\$22.42</u>	<u>\$23.42</u>
<u>3</u>	<u>\$23.06</u>	<u>\$24.06</u>
-	-	-

<u>STEPS</u>	<u>2022-2023</u>	<u>2023-2024</u>
<b><u>SALARY SCHEDULE INCREASE</u></b>	<b><u>3%</u></b>	<b><u>\$1 increase</u></b>
<b><u>AIE Tutors:</u></b> Credit for yrs. of in-district experience up to limits identified on the salary schedule. Each year going forward from this contract, one more step becomes available up to the maximum number of steps – currently eight steps. For the purpose of salary only, the S.T.A.R.T. driver falls under this pay scale		
<u>1</u>	<u>\$17.93</u>	<u>\$18.93</u>
<u>2</u>	<u>\$18.19</u>	<u>\$19.19</u>
<u>3</u>	<u>\$18.48</u>	<u>\$19.48</u>
<u>4</u>	<u>\$18.76</u>	<u>\$19.76</u>
<u>5</u>	<u>\$19.03</u>	<u>\$20.03</u>
<u>6</u>	<u>\$19.31</u>	<u>\$20.31</u>
<u>7</u>	<u>\$19.61</u>	<u>\$20.61</u>
<u>8</u>	<u>\$19.89</u>	<u>\$20.89</u>

<b><u>AIE Liaisons:</u></b> Credit for yrs. of in-district experience up to limits identified on the salary schedule.		
<u>1</u>	<u>\$19.03</u>	<u>\$20.03</u>
<u>2</u>	<u>\$19.31</u>	<u>\$20.31</u>
<u>3</u>	<u>\$19.61</u>	<u>\$20.61</u>
<u>4</u>	<u>\$19.89</u>	<u>\$20.89</u>
<u>5</u>	<u>\$20.20</u>	<u>\$21.20</u>
<u>6</u>	<u>\$20.48</u>	<u>\$21.48</u>
<u>7</u>	<u>\$20.78</u>	<u>\$21.78</u>
<u>8</u>	<u>\$21.06</u>	<u>\$22.06</u>
-	-	-
<b><u>COTA</u></b>		
<u>1</u>	<u>\$21.86</u>	<u>\$22.86</u>
<u>2</u>	<u>\$22.54</u>	<u>\$23.54</u>
<u>3</u>	<u>\$23.20</u>	<u>\$24.20</u>

**Placement on the salary schedule will be as follows:**

1. Employees hired prior to December 31, get credit for the full year. Employees hired after December 31, do not move a step until the end of the following school year.
  - a. All new employees, beginning with the 2008-2009 school year will start on Step 1.
2. This salary schedule will be used for summer school employment.

**Longevity Pay:**

Longevity pay, based on years of service as a paraprofessional, AIE tutor or liaison, or a COTA in the school district (adjusted for full year leaves of absence), is effective July 1, 2014, and will be paid according to the chart listed below. Employees hired between July 1, and December 31, will have their first year of service credited July 1 following their hire. Employees hired between January 1 and June 30 will have their first year of service credited the second July 1<sup>st</sup> following their hire. Longevity pay will begin in September of the year in which the employee begins their 11<sup>th</sup> year of service.

**For example:**

Employee Seniority Date: 10/1/2000  
Employee did not incur any full year leaves of absence)

Longevity years of service as of 7/1/15: 15 years (Note: Start 15<sup>th</sup> year beginning 10/1/15)

Longevity pay September 2015 – May 2016: \$50.00 per month

**New Longevity**

	<del>2020-20231</del>	<del>20231-20242</del>
	Per Month	Per Month
10 – 14 Years	\$ <del>11090.00</del>	\$ <del>1290.00</del>
15 – 19 Years	\$ <del>14015.00</del>	\$ <del>15030.00</del>
20+ Years	\$ <del>16540.00</del>	\$ <del>17555.00</del>

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**MINIMUM QUALIFICATIONS FOR  
EMPLOYEE CATEGORIES**

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**TITLE I ASSISTANT**

1. Reading and math background.
2. Ability to tutor students on a one-to-one basis or in small groups/teams.
3. Demonstrated knowledge in the use of technology.

**GENERAL EDUCATION ASSISTANT**

1. Ability to work effectively with and tutor students on a one-to-one basis or in small groups/teams.
2. Demonstrated knowledge in the use of technology.

**MULTI-PURPOSE COMPUTER LAB MANAGERS (ASSISTANTS)**

1. Existing knowledge and demonstrated understanding of technology, including computer hardware, software applications and networks. (Administer self-assessment technology survey)
2. Ability to provide technology training and technical assistance to students and staff.
3. Ability to integrate technology for all users.
4. Formal technology training preferred but not required.
5. Demonstrated knowledge of maintenance of equipment.
6. Work with students including teacher in whole class groups and without teacher in small groups.

**MEDIA CENTER ASSISTANT**

1. Ability to integrate technology for all users.
2. Ability to utilize electronic library automation system.
3. Ability to work with students including teacher in whole class groups and without teacher in small groups.
4. Demonstrated knowledge of the use and maintenance of computers and audio-visual equipment.

**SPECIAL EDUCATION ASSISTANT**

1. Physical requirements.
2. Ability to tutor students on a one-to-one basis or in small groups/teams.
3. Demonstrated knowledge in the use of technology.

**LICENSED PRACTICAL NURSE**

1. Must hold current LPN license.
2. Physical requirements.
3. Demonstrated knowledge in the use of technology.



**PARAPROFESSIONAL, AIE, COTA (PAC)  
EMPLOYEES AGREEMENT**

**CLOQUET PUBLIC SCHOOLS  
CLOQUET, MINNESOTA**

**AND**

**AMERICAN FEDERATION OF STATE,  
COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME)  
MINNESOTA COUNCIL NO. 65  
LOCAL UNION NO. 545**

**July 1, 2022 – June 30, 2024**

**ATTEST:**

**AFSCME LOCAL NO. 545**

**CLOQUET SCHOOL BOARD  
Independent School District No. 94**

\_\_\_\_\_  
**Bargaining Unit – Paraprofessional Staff**

\_\_\_\_\_  
**School Board Chair**

\_\_\_\_\_  
**Bargaining Unit – Paraprofessional Staff**

\_\_\_\_\_  
**School Board Clerk**

\_\_\_\_\_  
**AFSCME Council No. 65 Representative**

\_\_\_\_\_  
**Superintendent of Schools**

**Dated: October 24, 2022**

**Dated: October 24, 2022**



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## ARTICLE I -- PURPOSE

The general purpose of this Agreement is to promote the mutual interests of the employees, administration and school board of the Cloquet Public Schools and to provide for the fullest and most efficient operation of the schools in regard to employee duties. A copy shall be provided to each employee affected by this Agreement.

## ARTICLE II – RECOGNITION CLAUSE AND ADJUSTMENT COMMITTEE

### RECOGNITION CLAUSE

**Section 1. Recognition:** Pursuant to the certification of the State of Minnesota, Bureau of Mediation Services, Case No. 78-PR-917-A (and subsequent unit clarification Case No. 17PCEO760 and 17PCLO778), and in accordance with the PELRA, the School District recognizes AFSCME Council 65 as sole and exclusive representative for the purposes of collective bargaining with respect to rates of pay, wages, hours of employment, and all other conditions of employment for:

All Paraprofessionals; LPNs; American Indian Education Tutors; American Indian Education Liaisons; and Certified Occupational Therapy Assistants employed by Independent School District No. 94, Cloquet, Minnesota, who are Public employees within the meaning of Minn. Stat. 179A.03, Subd. 14, excluding supervisory, confidential and all other employees.

Said exclusive representative shall have those rights and duties as prescribed by the PELRA and as described in the provisions of this Agreement.

**Section 2.** The employer shall not enter into any agreement with the employee coming under the jurisdiction of this Agreement, either individually or collectively, which in any way conflicts with the terms and conditions of this Agreement or with the role of the exclusive representative as sole representative for said employees.

**Section 3.** If the employer and the exclusive representative are unable to agree to the inclusion or exclusion of a new or modified job class, the issue shall be submitted to the Bureau of Mediation Services for determination.

**Section 4.** For this contract, the terms “employee,” “personnel,” or “staff members” mean members of this bargaining unit.

### ADJUSTMENT COMMITTEE

The employees, through their union organization, shall elect an Adjustment Committee of two members. The clerk of the school board shall be notified in writing by Local 545 as to the members of this committee. A committee of the school board shall work with this committee in adjusting salaries or revising policies that affect the working conditions and welfare of the staff.

## ARTICLE III -- DURATION

The period of this Agreement shall be from July 1, 2022 through June 30, 2024.

## ARTICLE IV – ASSIGNMENT- PRIORITIES - SENIORITY

**Section 1. Assignment:** Assignment of personnel shall rest with the administration and the school board.

**Subd. 1. Staffing:** Assignment of hours and number of positions in any building for employees shall rest with the administration and the school board.

**Subd. 2. Work Hours and Workshop Days:** The specific work hours at any individual building may vary according to the needs of the school district. The specific work hours for each employee will be designated by the building principal.

All employees shall be required to attend the “Back to School” workshop day and one additional day before the start of the students’ regular school year. Before school lets out in June, employees will be notified which days they will be required to work prior to the start of the next student school year. The parties agree that the calendar may change due to emergencies or unforeseen circumstances.

Beginning with the 2021-22 school year, paraprofessionals duty year will be expanded by one (1) day to attend a professional development training to be determined by the building administration.

**Subd. 3. Assignment Changes:** All changes in assignments shall be made at the discretion of the administration and the school board.

1. Employees who are assigned as DCD for grades five (5) or higher in the Special Education program will have pool duty as a part of their assignment, which they may be required to work. Starting with the 2017-2018 school year, employees for whom pool duty is required will receive an annual stipend of \$50 for pool apparel.
2. If an employee gets reassigned into DCD or Consistent Support (from EBD, etc.), the employee has rights to bump anywhere on bumping day as if the job was eliminated. That reassigned employee will not be required to perform pool duty during that school year if they have a doctor’s note.

## **Section 2. Seniority:**

**Subd. 1. Definition:** Seniority for personnel shall be defined as length of continuous service with the school district. Upon completion of the probationary period, the seniority date of the employee shall include the probationary period.

**Subd. 2. Seniority List:** The superintendent shall maintain a seniority list, which shall show the names of union personnel, initial date of employment and seniority rank. Separate seniority lists shall be maintained for the following:

- Paraprofessionals
- After January 1, 2021 Paraprofessionals hired for NLA and Cloquet Schools will be listed on separate seniority lists
- COTAs
- American Indian Education Tutors (AIE Tutors)
- American Indian Education Liaisons (AIE Liaisons)

The seniority list used for bumping shall be the order of seniority for all paraprofessionals hired prior to January 1, 2021. Thereafter, seniority shall be determined according to the following order of priority:

1. The first day of work for the District after the school board had approved the employee’s employment.
2. The date at which the school board approved the employee’s hire.
3. If two or more employees have the same seniority date, their seniority ranking shall be determined on the basis of the employee with the most time actually working for the district (i.e., time worked as a substitute, working under special programs, or as a part-time employee).

4. If a tie remains, and seniority needs to be determined to determine a particular employment right, the school administration shall consider and use the following criteria:
  - a. The number of post-secondary college or university credits the employee has previously submitted for inclusion in his/her personnel file. The employee with the most credits will have the highest seniority.
  - b. If a tie still remains (i.e., no employee has college credits), the employee who first passed the test required by the state for employees without two years of college shall be considered to be the most senior.
  - c. If a tie still remains, the district superintendent, in consultation with the district's principals, will determine who is most qualified and should be placed higher on the seniority list.
5. Effective January 1, 2021, the superintendent shall maintain a separate seniority list for paraprofessionals who are employed by the District and assigned to work at NLA. This seniority list will be referred to as the "NLA seniority list" and the other paraprofessional seniority list will be referred to as the "regular seniority list." NLA and Cloquet paraprofessionals hired prior to January 1, 2021 will be listed on a "joint seniority list" and will have rights to bump into positions within Cloquet Public Schools or Northern Lights Academy positions held under the Cloquet Public Schools paraprofessional contract.

Effective January 1, 2021:

- a. Any paraprofessional who is hired by the District as a NLA staff member will have his/her seniority date listed exclusively on the NLA seniority list.
- b. Any paraprofessional who is hired by the District as a Cloquet staff member will have his/her seniority date listed exclusively on the Cloquet regular seniority list.
- c. Any paraprofessional who was hired by the District as NLA staff member prior to January 1, 2021 will have his/her seniority date listed on the joint list.

Layoff and Recall:

- a. A paraprofessional hired after January 1, 2021 on the NLA seniority list shall not have the right to use seniority to claim or assert rights to a non-NLA position. This limitation applies to any recall from lay off as well.
- b. A paraprofessional hired after January 1, 2021 on the regular seniority list shall not have the right to use seniority to claim or assert rights to a NLA position. This limitation applies to any recall from lay off as well.

Each employee shall receive a copy of the seniority list.

**Subd. 3. Loss of Seniority:** An employee will lose seniority for the following reasons only:

- a. Resignation.
- b. Involuntary termination.
- c. Failure to return to work when recalled from lay-off.

**Subd. 4. Temporary Incapacity:** Inability of an employee covered by this Agreement to work due to illness or injury shall not result in loss of position. Said personnel shall be entitled to return to regularly assigned positions after sufficient recovery to perform usual and ordinary duties. Maximum length of temporary incapacity shall not exceed 18 months. After 18 months, but prior to 24 months, an employee may petition the superintendent

for reinstatement. The decision to reinstate an employee returning from temporary incapacity status shall rest solely with the superintendent and will not be subject to appeal. If making room for the employee requires lay-off(s), the procedures outlined in this contract for seniority determinations, layoffs, bumping, and filling of vacancies shall be followed.

**Subd. 5. Posting and Filling of Vacancies:** During the school year, if a vacancy is determined by the superintendent to be filled within this bargaining unit, the school district shall post a notice of the open position in all buildings, on the designated bulletin boards, and externally. A good faith effort will be made to inform employees of these vacancies by written notice. Hiring of positions during the school year shall be at the discretion of the school administration and school board. See Subdivision 7 regarding positions hired during the year being “open positions” for bumping purposes the following summer.

**Subd. 6. Lay-Offs:** The school board may place on lay-off as many personnel as may be necessary because of discontinuance of positions, lack of pupils, financial limitations, or merger of classes caused by consolidation of school districts. In the event of a lay-off or reduction of hours, substitutes and/or probationary personnel shall be laid off first. Personnel shall be laid off based on their inverse order of seniority. Lay-offs shall occur within each seniority list, separate from the other seniority lists. Employees to be laid off for an indefinite period will have at least two (2) calendar week’s notice. If a laid-off employee is re-employed within twelve (12) months after their effective date of lay-off, the employee shall retain his/her original seniority date.

**Subd. 7. Bumping:** Bumping for the following school year shall be done on a designated “bumping day” in June. Prior to the end of March, the bargaining unit representatives and administration will set a day in June as the designated bumping day. At least ten (10) days prior to this bumping day, a good faith effort will be made to mail a list of the open and discontinued positions to the paraprofessionals.

Paraprofessionals hired after January 1, 2021 are restricted to bumping only into positions identified within their seniority list (NLA or regular Cloquet Schools paraprofessionals).

If the work hours of an employee are eliminated or reduced more than one (1) hour per day, that employee shall have the right to a position with more hours anywhere in the district and within that employee’s classification/seniority list. Such position changes are contingent upon proper qualifications and seniority. Decisions to exercise bumping rights during the school year must be communicated to the Executive Administrative Assistant within five (5) working days after receiving notice. Otherwise, employees may choose to exercise their bumping rights regarding these reductions at the annual bumping meeting. Said positions will be designated in the bumping notice as giving employees holding those positions the choice of exercising their bumping rights.

Employees are restricted to bumping only into positions identified within their seniority list. For instance, a paraprofessional may not bump into an AIE tutor position. LPNs are not allowed to bump into a paraprofessional position.

On bumping day all vacant positions shall be filled starting with the choice of the most senior employee and ending with the least senior employee filling the last position. If employees cannot attend the “bumping day,” they shall designate proxies to participate in the bumping day for them. If an employee fails to designate a proxy, the union leadership shall designate a proxy for that employee.

No employee shall bump into a vacant position during the school year unless such events occur as described in Article IV, Section 2, and Subdivision 7 above (Bumping). That position shall be filled through the application process.

Open positions shall include all positions opened during the regular school year and which were not open positions at the conclusion of the previous bumping process as described in this subdivision. In order for an

employee to bump into a position requiring special qualifications or skills, that employee must qualify for that position prior to the bumping day. For positions requiring a skills test, the test will be administered through the superintendent's office. The district will notify the union 60 days before adding a test requirement to any new position.

**Subd. 8. Adding Hours During School Year:** If the district allocates extra hours for paraprofessional duty during the school year, the supervisor in charge of placing those hours shall do so based on seniority within the building where the hours are allocated. If the extra hours are for a specific student, the hours shall be first offered to the paraprofessional currently working with that student. No paraprofessional shall receive those hours, if doing so would put them over an average of 6.75 hours per day. This language does not apply for hours added to American Indian Education or COTA staff.

**Subd. 9. Program Building Change:** If a specific program moves to a different building within the district, the employee involved with that program shall move with the program with no loss of seniority or any other benefit for which they are entitled.

**Subd. 10. Special Education Summer School-Extended Day Programming:** All summer school (Special Education) paraprofessional positions shall be filled in order by the most senior qualified person within Special Education classification. If there are not enough special education paraprofessionals to fill positions, regular paraprofessionals with special education school experience will be hired according to experience and seniority.

**Section 3. Probationary Period for Personnel:** The probationary period for personnel shall be one (1) year from the date of hire. During the probationary period, an employee may be subject to dismissal without recourse. The probationary period as described in this section is also applicable to all job transfers. Prior to an employee transferring or being promoted to a different classification, the employee must serve the one (1) year probation period, unless the position is eliminated or reduced in hours. In addition to the initial probationary period, an employee transferred or promoted to a different classification shall serve a new probationary period of sixty (60) working days in any such new classification. During this sixty (60) day trial period, if it is determined by the school district that the employee's performance in the new classification is unsatisfactory, the school district shall have the right to reassign the employee to the former classification. When an employee is transferred to a new classification, the employee shall also have twenty (20) working days in which to decide whether to keep the position. If the employee does not want to keep the position said employee may return to the original classification with no loss of seniority. If the transfer by administration was due to the discontinuance of the employee's original position, this nullifies the option to return to the original classification.

During the probationary period a transferred employee's salary should not be reduced to probation step level.

**Section 4. Involuntary Transfers or Reassignments:**

**Subd. 1. Definitions:** For purposes of this section, the following definitions apply:

- a. "Transfer" means between buildings or between classifications (example, special education paraprofessional to media center).
- b. "Reassignment" means reassignment within the same building and the same classification.
- c. "Temporary Reassignment" means changes which are situational in nature and do not exceed 20 work days.
- d. Mutual consent in writing to a change in job position is not considered a reassignment.

**Subd. 2. Temporary Transfers or Reassignments:** Administrators may make temporary changes in assignments to meet the needs of students or District. If it appears that a temporary reassignment will become permanent, the administrator shall notify the employee and follow procedures outlined in the section, "Permanent Transfer" or "Reassignments".

**Subd. 3. Permanent Transfers or Reassignments:** When permanent transfers or reassignments are being considered, the building administrator/principal shall visit with the employee(s) affected, explain the reasons, and ask for the employee's input. This meeting shall be scheduled at least five days before the transfer or reassignment is made or becomes permanent. The employee may request a subsequent meeting and request that a union representative be present with them to discuss the transfer or reassignment. The employee may request that the superintendent/superintendent's designee be present at that meeting.

After required meetings are held, if the transfer or reassignment is going to be made, the building principal will issue a written decision which explains the transfer or reassignment and the reasons for that decision.

**Subd. 4. Bumping:** If a proposed reassignment or transfer results in a loss of 1.0 or more work hours, the employee may use his/her bumping rights as defined in Section 2, Subdivision 7, of this article.

Employees who are transferred or reassigned during the school year or prior to the bumping day, as defined in Section 2, Subdivision 7 of this article, shall be allowed to participate in the annual bumping day as if they had their position eliminated or reduced by one (1) hour or more. A principal may determine that an employee may not bump back into the position from which the employee was originally transferred or reassigned. If such a determination is made, at least one (1) week prior to the bumping, the principal will inform the employee, verbally and in writing, they may not bump back into the position from which the employee was originally transferred or reassigned. If the employee is unavailable, notification will be provided to the union representation.

Employees are restricted to bumping only into positions identified within their seniority list. For instance, a paraprofessional may not bump into an AIE tutor position and LPNs cannot bump into a paraprofessional position. Paraprofessionals hired after January 1, 2021 are restricted to bumping only into positions identified within their seniority list (NLA or regular Cloquet Schools paraprofessionals).

**Section 5. Health Conditions:** There are times when employees may develop health conditions which prevent them from working part of an assignment. The following list describes procedures the District will use regarding reasonable accommodations for these verified health conditions. Reasonable accommodations will not be made which cause a hardship to the district or which disrupts the seniority system agreed to in the District's CBA with the bargaining unit.

1. Employees with physician's note: The District may transfer the employee as a reasonable accommodation if an open position exists or becomes available.
2. Employees with physician's note: The District may reduce hours and fill otherwise if this does not create an undue hardship for the District.
3. If no reasonable accommodation is available: The employee, with a physician's note, may go on unpaid leave until bumping day. The employee may then bump into open or vacant positions on bumping day as per the regular bumping day process. Note: The employee hasn't been reassigned or job eliminated, so there are no full bumping rights, only open position bumping rights.

## ARTICLE V-- BASIC SCHEDULES AND RATES OF PAY

**Section 1. Wages:** The wages of personnel reflected in Schedule C, attached hereto, shall be a part of the Agreement for the period of, commencing July 1, 2022 and shall remain in effect until June 30, 2024.

**Section 2. Payday:** Effective with the September 2008 payroll, personnel will be paid according to School District Policy #423.10 – Pay Day Schedule – NonLicensed Personnel (24 pay periods elected). As of 2023-2024, unit members will be able to choose to be paid over 10 or 12 months. This decision must be made at the initial hire meeting or prior to the start of each school year during the open enrolment period.

**Section 3. Payroll Deductions:** Upon authorization of the employee, union dues will be deducted from the employee's salary and the school board shall make payment of such deductions to the treasurer of Local 545.

**Section 4. PEOPLE Deductions:** The Employer agrees to deduct from the wages of any employee who is a member of the Union a PEOPLE deduction as provided for in a written authorization. Such authorization must be executed by the employee and may be revoked by the employee at any time by giving written notice to both the Employer and the Union. The Employer agrees to remit any deductions made pursuant to this provision to the Union together with an itemized statement showing the name of each employee from whose pay such deductions have been made and the amount deducted during the period covered by the remittance.

**Section 5. School Closing:** In the event school is closed during the school day or if schools have a late start, employees shall be paid for their entire work day. If school is called off for the entire day, employees shall be allowed to make up to two (2) of those days each year. These days shall be coordinated with the building principals. "School Closings," in this paragraph shall be taken to mean closing school for such things as inclement weather, or other school emergencies which necessitate students and staff not being in school. Employees who do not qualify to work on e-learning days will be allowed to make up the same number of days as employees allowed to work on e-learning days.

**Section 6. Pay Equity Orders:** Any increase in salaries due to pay equity orders shall be negotiated with the exclusive bargaining representative.

**Section 7. MA Billing Coordinator:** At administrative and school board discretion, an employee may be designated as a MA Billing Coordinator. If this assignment is designated by the administration and school board to be included as part of an employee's assignment, that employee shall receive additional pay of \$1.00 per hour. The MA Billing Coordinator's responsibilities will be designated by school administration but will include help to identify MA eligible students and coordinating the timely family MA applications/authorizations and MA billing.

**Section 8. Life Insurance:** All employees who meet the minimum employment standards of the school district's insurance carrier shall receive a \$10,000 life insurance policy. As of July 1, 2015, the minimum employment standard is to be employed a minimum of 20 hours per week. COTAs hired prior to July 1, 2018, shall receive a \$50,000 life insurance policy.

**Section 9. Long-Term Disability Insurance:** Long-term disability benefits will be provided for eligible employees at their own expense up to 66 2/3% of the employee's basic contracted salary to maximum benefit of \$3,000 per month. There shall be an elimination period of 60 working days.

**Subd. 1. Eligibility:** All employees who meet the minimum employment standards of the school district's insurance carrier shall be required to participate in the group at their own expense.

**Subd. 2. Cost:** The salary of each employee shall be increased by the cost of his/her long-term disability premium.

## ARTICLE VI -- BENEFITS

**Section 1. Benefits:** The school district shall make available to all employees covered by this Agreement, subject to the limitations set forth in Subd. 2 of this section, the following benefits:

### **Subd. 1. Hospitalization, Medical and Surgical Insurance:**

- a. **Employee/School District Premium Share:** Effective July 1, 1995, hospitalization, medical and surgical benefits will be provided by the school district for all eligible employees. Employees electing dependent coverage shall pay at least \$100.00 per month for dependent coverage with the district bearing the cost of the remainder of the dependent premium.

- b. Premium Increase: In the event the dependent premium increases (above the 1994-95 premium), the district shall pay for the first \$25.00 increase, the employee the next \$25.00 increase, and any increase over \$50.00 shall be divided equally between the employee and the district.
- c. HRA Contribution: All employees who do not qualify for the district contribution towards health insurance shall receive \$600/year in a Health Reimbursement Arrangement (HRA).

**Subd. 2. Dental Insurance:**

- a. Dental Insurance: Unit members working six (6) hours /thirty (30) hours per week or more shall be eligible for dental benefits. The unit members will receive the same benefits as described in the Education Minnesota – Cloquet teacher contract: Article X, Section 2: Benefits, E. Dental Insurance.

**Subd. 3. Eligibility:**

- a. AIE and COTA Staff: to be eligible to receive benefits as provided in this section, i.e., hospitalization, medical and surgical insurance, the employee must be assigned to a position requiring a minimum of eight (8) hours work per day for 167 days per year.
- b. Paraprofessional Staff: Effective September 1, 1992, hospitalization, medical and surgical insurance coverage and effective September 1, 1998, dental insurance coverage shall also be made available to paraprofessional employees assigned to a position requiring a minimum of seven (7) hours work per day for 167 days per year. For paraprofessional employees working seven (7) hours per day or more, but less than eight (8) hours per day, the school district shall contribute a pro rata portion of this benefit for paraprofessional employees working eight (8) hours per day for 167 days per year as set forth in Subd. 1 and Subd. 2 of this section.

**Subd. 4. Duration**: Benefits described in Subd. 1 (hospitalization, medical and surgical insurance) above shall be in effect on a twelve-month basis, however, all benefits shall cease upon termination of employment.

**Section 2. Retirement Benefits**: Benefits provided in Article VI, Section 1, Subd. 1 of this agreement shall be provided eligible employees who retire from employment with the school district provided the following conditions:

- 1. For Paraprofessionals:
  - a. Has been a full-time employee seven (7) hours per day, nine (9) months per year, in Independent School District No. 94 for ten (10) years prior to retirement, and
  - b. Is fifty-five (55) years of age, and
  - c. Have not yet reached their sixty-fifth (65<sup>th</sup>) birthday.
- 2. For AIE and COTA Staff Members:
  - a. Have been a full-time employee eight (8) hours per day, nine (9) months per year, in Independent School District No. 94 for ten (10) years prior to retirement, and
  - b. Is fifty-five (55) years of age, and
  - c. Have not yet reached their sixty-fifth (65<sup>th</sup>) birthday.

**Subd. 1. Costs**: Effective September 1, 1995, for eligible retired employees beginning on their 55th birthday and continuing until the eligible employee's 65th birthday, the hospitalization, medical and surgical benefit paid by the school district and the retired employee shall be the same rates as per contract stated in Article VI, Section 1. Benefits, Subd. 1.

For employees retiring after September 1, 1995, hospitalization, medical and surgical future premium costs and increases exceeding both the individual and the dependent rate, the school district and the retired employee shall share the premium increase equally until reaching 65 years of age. The application of the premium to be paid by the school district shall be for the employee's coverage, which was in effect at the time of retirement, i.e., individual coverage or family coverage. If the retired employee between 55 and 65 years of age changes insurance coverage from individual to family, the employee shall pay 100% of the dependent premium.

**Subd. 2. Notice of Resignation for Retirement:** Eligible employees wishing to receive retirement benefits, including severance or insurances, must submit a written resignation for retirement purposes to the school board at least 28 days/four weeks prior to his/her retirement date. At the sole discretion of the District, the District may waive this timeline for the notice of resignation for retirement. A physician's verification that an employee needs to retire due to health reasons will waive the 28-day requirement. A health waiver would require a doctor's verification that the employee was no longer able to work.

**Section 3. Claims Against the School District:** It is understood that the school district's only obligation is to purchase an insurance policy and pay such amounts as agreed to herein and no claim shall be made against the school district as a result of a denial of insurance benefits by an insurance carrier.

### ARTICLE VII -- LEAVES OF ABSENCE

**Section 1. Emergency Leave:** Three (3) working days per year may be granted with pay with the approval of the building principal for such occurrences as death or serious illness in the family, or attendance to legal matters occurring during regular working hours, natural disasters at an employee's place of residence, or emergency school closures (including weather). All leaves shall be deducted from sick leave. Use of emergency leave for weather related closures will not count against the sick leave incentive, but the unit member must note that in the district leave system.

**Section 2. Sick Leave:** On the first duty day of each school year, employees shall be credited with their current allotment of sick leave days according to the following schedule:

- a. For the first five (5) years of employment, employees shall earn sick leave at a rate of fifteen (15) days per year. For example: An employee working five (5) hours per day shall receive fifteen (15), five (5) hour sick days per year. Initial allowance for sick leave allowance shall be assigned according to the following schedule:

Month Initially Employed	Sick Days Allowed
July – September	15 days
October – December	11 days
January – March	7 days
April – May	3 days
June	0 days

- b. After five (5) years of employment with the district, employees shall be credited with thirteen (13) days of sick leave annually, with no accumulation limit, and employees have to contribute to and are eligible to use the Sick Leave Bank.

**Subd. 2. Sick Leave Use:** Initial sick leave with pay shall be allowed whenever an employee's absence is due to illness and/or disability which prevented his/her attendance at school and performance of duties on that day or days. Sick leave shall also be allowed for purposed allowed by current state law.

**Current Law (for reference only): 181.9413 SICK LEAVE BENEFITS; CARE OF RELATIVES.**

*(a) An employee may use personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's child, as defined in section 181.940, subdivision 4, adult child, spouse, sibling,*

parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent, for reasonable periods of time as the employee's attendance may be necessary, on the same terms upon which the employee is able to use sick leave benefits for the employee's own illness or injury. This section applies only to personal sick leave benefits payable to the employee from the employer's general assets.

(b) An employee may use sick leave as allowed under this section for safety leave, whether or not the employee's employer allows use of sick leave for that purpose for such reasonable periods of time as may be necessary. Safety leave may be used for assistance to the employee or assistance to the relatives described in paragraph (a). For the purpose of this section, "safety leave" is leave for the purpose of providing or receiving assistance because of sexual assault, domestic abuse, or stalking. For the purpose of this paragraph:(1) "domestic abuse" has the meaning given in section 518B.01; (2) "sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352; and(3) "stalking" has the meaning given in section 609.749.

(c) An employer may limit the use of safety leave as described in paragraph (b) or personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent to no less than 160 hours in any 12-month period. This paragraph does not apply to absences due to the illness or injury of a child, as defined in section 181.940, subdivision 4.

**Subd. 3. Pregnancy and/or Childbirth:** Sick leave for childbirth and/or pregnancy is granted according to one of the following conditions:

- a. Following the birth of a child, the mother will be granted sick leave for any school days during the next six (6) calendar weeks. Standard practice is six (6) weeks for regular delivery and eight (8) weeks for a C - Section, accompanied by a physician's orders. Thereafter, a statement from a doctor which verifies the need for additional leave for medical reasons will be needed in order for the mother to qualify for additional leave due to the birth of a child.
- b. During a pregnancy, a doctor's written statement will be needed to verify the need for extended leave due to complications with a pregnancy.
- c. If an employee qualifies for and requests additional FMLA leave due to the birth of a child, the FMLA leave and sick leave shall run concurrently – starting at the same time.
- d. Paid sick leave is dependent upon the number of sick days the employee has accumulated.

**Section 3. Misuse of Sick Leave:** If misuse of sick leave is suspected, the building administrator and exclusive representative will meet with the employee, and at the employee's option, another representative. After this meeting, the administrator may ask the employee for a medical certificate from a qualified physician at such time as the employee requests future sick leave for up to one (1) year from the date of this meeting. The school or district administration may request a physician's verification for sick leave taken of three consecutive days or more.

**Section 4. Accumulated Sick Leave:** There shall be no limit on the accumulation of unused sick leave.

**Section 5. Sick Leave Bank:**

**Subd. 1. Creation and Contributions to the Bank:** At the beginning of the 2010-2011 school year and for the next year, each employee shall contribute one (1) day of sick leave to an employee sick leave bank. Days will be donated in hours. A day shall mean the number of hours an employee works in a day. For instance, an employee working five (5) hours per day will donate five (5) hours of sick leave per day assessed for the sick leave bank. Newly hired employees or employees who newly qualify to be a member of this union shall be assessed one (1) day to contribute to the sick leave bank for each of the first two (2) years of that employment. Note that AIE and COTA staff will be assessed sick leave days, according to this section beginning the 2017-2018 school year.

Once the two (2) years contribution of hours are completed, no further sick leave contributions shall be assessed until the total number of hours in the sick leave bank drops below the number of AFSCME employees employed by the district multiplied by six (6). That number shall be the trigger for additional contributions to the bank.

Example: 80 employees employed by the district:

- a. The trigger for assessing new sick leave bank contributions would be when the sick leave bank drops below  $80 \times 6$  hours or 480 hours.
- b. All unit employees would be assessed one (1) day to replenish the sick leave bank.

**Subd. 2. Administration of and Rules for Using the Sick Leave Bank:** The sick leave bank shall be administered by the superintendent and a representative designated by the bargaining unit. Rules for administering the sick leave bank are as follows:

- a. Employees shall be eligible to apply to the sick leave bank when they have exhausted all of their own sick leave, personal leave, or other types of paid leave for which they are eligible. The employees will have to have had six (6) days of continuous absence without sick pay before being eligible to apply to use the sick leave bank
- b. Application to the sick leave bank must be accompanied by a physician's statement indicating that the employee is unable to work.
- c. Employees may draw sick leave days from the sick leave bank up to sixty (60) school days per school year. The limits identified in the previous sentence are per catastrophic, long-term illness, or accident. In any year in which an employee has drawn from the sick leave bank, the waiting period for re-entry into the sick leave bank, shall be one (1) day and a physician's certificate shall be completed in accordance with paragraph "b" above. New employees shall have a ninety (90) school day waiting period before being eligible to use the sick leave bank.
- d. Sick leave bank hours may be used for catastrophic and unplanned medical situations which prevent an employee from performing his/her job duties and responsibilities. For instance, normal pregnancies and child deliveries (natural or C-section), or elective surgeries will not be eligible reasons to use the sick leave bank.
- e. An employee who receives an extension of sick leave from the sick leave bank shall, upon return to work, repay the bank in full, at the rate of one-third of their annual sick leave allocation. This repayment shall be assessed at the beginning of the following school year and each subsequent year until the sick leave bank is repaid.
- f. The maximum amount of leave available to be used by an employee shall expire at the end of the school year or when the employee becomes eligible for any kind of disability payment, whichever occurs first.

**Section 6. Personal Leave:** Each employee has three (3) working days with pay (based on their regular work day) per year, non-accumulative, for personal reasons. Personal leave shall be allowed to be taken in half-day increments, but only if appropriate substitutes are available and the half-day leave is approved by the building principal or immediate supervisor. A half-day shall be defined as half of the normal workday for the employee who is requesting the leave. Any unused personal leave will be paid out at the substitute rate for the year in which it was earned.

“If an employee uses two (2) or fewer days of sick leave within one full school year of employment, an additional one (1) personal leave day with pay will be granted the following school year, or the employee may choose to be reimbursed for that personal day. Reimbursement shall be at the hourly rate for the employee substitutes. This additional day is non-cumulative, so the maximum of personal days in a school year would be four (4).

Effective September 1, 1993, personal leave shall no longer be deducted from sick leave.

**Section 7. Unpaid Leave:**

**Subd. 1. Up to Ten Days.** A maximum of ten (10) days of unpaid leave of absence may be taken by an employee annually with prior approval of the building principal.

**Subd. 2. Over Ten Days.** Employees may request the school board to approve an unpaid leave of absence for up to one (1) year as an unpaid/uncompensated leave of absence. Any leave request of over 10 days will be considered a leave defined for this subdivision. Granting such leave will be at the sole discretion of the school board. Employees may only request one such leave during their employment with the District. Employees who are granted such leave will be given a date by which they must notify the District of their intent to return to work or give up their right to employment with the District. The date of the return-to-work notice will depend upon the length of leave requested. Employees will not lose their seniority due to this leave, but they will be restricted as to how they will be reinstated to work as listed in the paragraphs below.

- a. Leaves for less than one school year and that end prior to the end of a school year. If the leave is for less than a school year and is after the bumping procedure described in Article IV, Section 2, Subd. 7, the District will fill the position as any other vacancy that occurs during the school year. Upon returning to work, the employee will be placed in the position that the employee held prior to the leave if that position is still available. If that position is no longer available, the employee may exercise bumping rights according to seniority.
- b. Leaves for a school year or that terminate prior to next bumping session. Employees returning to work under this scenario will not be guaranteed the same position which they vacated for their leave. They will instead participate in the bumping process according to their seniority. They will not, however be allowed to bump into a position that is not vacant unless there is no vacant position available that has, within 2.5 hours, the total weekly work hours of the position the employees held before their leave.
- c. Leaves that continue over a bumping session but that terminate prior to the end of a school year. Employees returning to work under this scenario only will be allowed to bump into the least senior position for which they are qualified, and which has, within 2.5 hours, the total number of weekly work hours that were with the position they held before their leave.

**Section 8. Bereavement Leave:** Bereavement leave shall be granted when there is a death in the immediate family that causes the employee to lose working time. Immediate family is defined as an employee’s spouse, parents, step-parents, children, step-children, grandchildren, sister, brother, grandparents, sister-in-law, brother-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, or grandparents of spouse. The bereavement leave shall not exceed three (3) scheduled working days if the distance traveled is 400 miles or less one way; four (4) scheduled working days if the distance traveled is more than 400 but less than 800 miles one way; or five (5) scheduled working days if the distance traveled is more than 800 miles one way. No less than four (4) scheduled working days shall be allowed in case of death of a spouse or child. This benefit does not apply to long-term substitutes working less than one-half year. Bereavement leave used shall be deducted from accumulated sick leave.

**Section 9. Association Leave Days:** At the beginning of each school year, the exclusive representative shall be credited with twelve (12) days to be used by the exclusive representative by union employees who are officers or agents

of such for conducting the business of the exclusive representative. The exclusive representative agrees to notify the school superintendent of its designated representative(s) no less than 48 hours in advance when possible of such leave. Unless extreme circumstances dictate, no more than two (2) persons per day may use Association leave at a time. The superintendent will consider granting additional unpaid leave for reasonable time off if a request is made one week in advance of needing said leave. Rather than using unpaid leave, the employees may use accumulated paid leave (if available) instead of leave without pay.

### ARTICLE VIII - - HOLIDAYS

**Section 1. Paid Holidays:** Employees shall be eligible for Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day, New Year's Day, President's Day, Good Friday, and Memorial Day and shall be granted with pay on a prorated basis.

Example: An employee working three (3) hours per day shall receive seven (7), three (3) hour holiday days per year.

### ARTICLE IX -- SEVERANCE PAY/BENEFICIARIES RECEIVE EARNED SEVERANCE

**Section 1. Severance Pay:** Staff members who have been employees for at least nine (9) months per year in Independent School District No. 94 shall, upon separation, receive severance pay, according to the following schedule:

Employees working six (6) or more hours per day/thirty (30) hours per week:

- Employees who have at least twelve (12) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$90.00 for each day of unused sick leave, not to exceed 90 days.
- Employees who are at least fifty-five years of age and retire from the district who have at least five (5) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$90.00 for each day of unused sick leave, not to exceed ninety (90) days.
- Employees who are at least fifty-five years of age and retire from the district who have at least ten (10) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$90.00 for each day of unused sick leave, not to exceed one hundred and twenty (120) days.

Employees working less than six (6) or more hours per day/thirty (30) hours per week:

- Employees who have at least twelve (12) years of experience but do not have at least twelve (12) years of experience at six (6) or more hours per day/thirty (30) hours per week, shall receive \$65.00 for each day of unused sick leave, not to exceed ninety (90) days.
- Employees who are at least fifty-five years of age and retire from the district who have at least five (5) years of experience but do not have at least five (5) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$65.00 for each day of unused sick leave, not to exceed ninety (90) days.
- Employees who are at least fifty-five years of age and retire from the district who have at least ten (10) years of experience but do not have at least ten (10) years of experience at six (6) or more hours per day/thirty (30) hours per week shall receive \$65.00 for each day of unused sick leave, not to exceed one hundred and twenty (120) days.

**Section 2. Beneficiaries to Receive Earned Severance:** Any employee who meets the qualifications for retirement severance pay may designate a beneficiary or beneficiaries who will receive the employee's severance should that employee meet the contract qualifications for severance but die prior to retirement. In order for this payment to be received, it will be the employee's responsibility to designate a beneficiary with the district's business office.

## ARTICLE X -- WORKERS' COMPENSATION

**Section 1. Reporting Injuries:** All injuries sustained, no matter how trivial they appear to be, must be reported to the superintendent's office within twenty-four (24) hours of the time of the accident.

**Section 2. Compensation:** Any employee who is injured in the line of duty shall receive such compensation and expenses prescribed by the Workers' Compensation Law of the State of Minnesota. Such compensation shall be supplemented with an amount sufficient to maintain the employee's regular salary for a period not to exceed accumulated sick leave. Sick leave shall be charged only for that portion in excess of the Workers' Compensation payment. Compensation will be based on the salary rate at time of injury and shall not increase during the period of time employee is receiving Workers' Compensation.

## ARTICLE XI -- RETIREMENT

**Section 1. Health and Physical Disability:** The school board reserves the right to retire an employee if said employee is unable to perform the duties satisfactorily because of poor health or physical disability.

**Section 2. Pensions:** All employees of the school district are required to become members of retirement funds under the laws of the State of Minnesota.

## ARTICLE XII -- MEDICAL EXAMINATION

**Section 1. Physical Examination:**

- a. The school board may require a physical examination of any employee at such time as deemed necessary. The cost of the examination shall be paid by the district.
- b. An employee who is not able to return to duty on the day following two (2) weeks of illness or injury shall present a certificate of ableness from a physician to the superintendent upon their return to work.
- c. An employee who has been absent from work because of a nervous disorder must present a satisfactory report from a physician to the superintendent before returning to work.
- d. An employee must have the permission of the superintendent to return to work if it is necessary for said employee to use crutches or if portions of the employee's body are bandaged, in slings, or if the condition of the body is of such a nature as to attract undue attention.

## ARTICLE XIII -- REQUEST TO SCHOOL BOARD

**Section 1. Procedure:** All employees are encouraged and shall be given opportunities to express their wishes to the school board. However, all complaints and requests shall be made through appropriate channels. There are three (3) appropriate channels through which the wishes of the employees may reach the superintendent of schools and the school board.

- a. Through an authorized committee or president of an officially recognized employee organization.
- b. Through the line of authority.
- c. If employees wish to express a concern about a supervisor, they may speak directly with the following supervisor in the line of authority – building administrator or superintendent. They may bring a union representative with them if they so choose.

**Section 2. Communications:** The union and school administration will schedule up to two (2) meetings per year to discuss policies and other matters relating to their employment which are not terms and conditions of employment. It will be up to the union leadership to request and schedule meeting times with the Central Administration Office. Employee representatives at these meetings should include one (1) representative from each school building and the union stewards (maximum of six (6) employees – one or more stewards may double as building representatives). Up to one (1) hour of additional time may be recorded on the timesheets for meetings beyond the employees' regular work day.

#### **ARTICLE XIV -- MAINTENANCE OF MEMBERSHIP**

Employees occupying positions covered by this Agreement, may become members of Local 545. A copy of this contract will be issued to each new member.

District will have union folders, provided by the union, in the central office and will direct new staff that they may take one and review the information to determine if they are interested in joining the union.

#### **ARTICLE XV -- GRIEVANCE PROCEDURE**

**Section 1. Grievance Definition:** A "grievance" shall mean a disagreement between the employee and the school board as to the interpretation of any terms of any contract required under PELRA.

**Section 2. Representative:** The employee, superintendent, or school board may be represented during any step of the procedure by a person designated to act in their behalf.

#### **Section 3. Definitions and Interpretations:**

**Subd. 1. Variation from Procedure:** The parties, by mutual written agreement, may waive any step and extend any time limits in a grievance procedure. However, failure to adhere to the time limits will result in a forfeit of the grievance, or, in the case of the employer, shall constitute a denial of the grievance.

**Subd. 2. Days:** "Days" mean calendar days excluding Saturday, Sunday and legal holidays as defined by Minnesota Statutes, or non-duty days during the school year.

**Subd. 3. Computation of Time:** In computing any period of time prescribed or allowed by procedures herein, the date of the act, event, or default for which the designated period of time begins to run shall not be included. The last day of the period so computed shall be counted, unless it is a Saturday, a Sunday, legal holiday, or non-duty day during the school year.

**Subd. 4. Filing or Service:** The filing or service of any notice or document herein shall be timely if it bears a postmark of the United States mail within the time period or is received within the time period through personal service.

**Section 4. Step One:** Any grievance must first be submitted in writing to the superintendent within twenty (20) days after the date of the event or through the use of reasonable diligence, the employee should have had knowledge of the occurrence that gave rise to the grievance. An effort may first be made to adjust an alleged grievance informally between the employee and the parties. The superintendent will answer the employee in writing within fifteen (15) days of receipt of the written grievance.

**Section 5. Step Two:** In the event the grievance is not resolved in Section 4, the employee may submit an appeal to the school board in writing within ten (10) days of the receipt of the superintendent's decision. The School Board will set a date, which is mutually agreeable for hearing the appeal within ten (10) days after receipt of the appeal. Within five (5) days after the meeting, the school board shall issue its decision in writing to the parties involved.

**Section 6. Arbitration Procedures:** Any controversy or dispute which has been submitted to the grievance procedure and not there resolved may be submitted to arbitration as defined herein.

**Subd. 1.** The employee must submit his/her request to arbitrate to the superintendent's office within ten (10) days of receipt of the school board's decision.

**Subd. 2. Selection of the Arbitrator:** The school board, the employee and his/her representative will endeavor to select a mutually acceptable arbitrator to hear and decide the grievance. If the school board and the employee are unable to agree on an arbitrator, they will request from the Director of BMS a list of five (5) names. The parties shall alternately strike names from the list of five (5) arbitrators until only one (1) name remains. If the parties are unable to agree on who shall strike the first name, the question shall be decided by the flip of a coin. The remaining arbitrator shall hear and decide the grievance.

**Subd. 3. Hearing:** The grievance shall be heard by a single arbitrator and both parties may be represented by such person or persons as they may choose and designate and the parties shall have the right to a hearing at which time both parties will have the opportunity to submit evidence, offer testimony and make oral or written arguments relating to the issues before the arbitrator. The proceeding before the arbitrator shall be a hearing de novo.

**Subd. 4. Decision:** Decisions by the arbitrator in cases properly before him/her shall be final and binding upon the parties, subject, however, to the limitations of arbitration decisions as provided by in the P.E.L.R.A. of 1971, as amended.

**Subd. 5. Expenses:** Each party shall bear its own expenses in connection with arbitration including expenses relating to the party's representatives, witnesses and any other expenses, which the party incurs in connection with presenting its case in arbitration. The parties shall share equally fees and expenses of the arbitrator and any other expenses, which the parties mutually agree are necessary for the conduct of the arbitration.

**Subd. 6. Jurisdiction:** The arbitrator shall not have the power to add, to subtract from, or to modify in any way, the terms of the existing Agreement.

**Subd. 7. Processing of Grievance:** Processing of all grievances shall be during the normal work day whenever possible and employees shall not lose wages due to their necessary participation. For purposes of this paragraph, employees entitled to wages during their participation in a grievance proceeding, are as follows:

- a. The number of employees equal to the number of persons participating in the grievance proceeding on behalf of the public employer; or
- b. If the number of persons participating on behalf of the public employer is less than three (3), three (3) employees may still participate in the proceedings without loss of wages.

## **ARTICLE XVI - - DISCIPLINE AND TERMINATION**

The disciplinary process described herein is designed to utilize progressive steps and, where appropriate, to produce positive corrective action.

**Section 1.** Upon completion of the probationary period, an employee shall be disciplined and discharged only for just cause. Disciplinary action shall be progressive and follow the steps listed below: (1) oral warning; (2) written warning; (3) suspension (paid or unpaid) and/or demotion, and (4) discharge.

In cases of serious misconduct or incompetence, discipline need not be progressive and may for a first offence involve an appropriate suspension or discharge. Misconduct of an employee will result in the imposition of discipline consistent with the seriousness of the misconduct.

**Section 2. Procedures for Administering.** In an instance where any form of discipline is imposed the employee's supervisor will:

- a. Advise the employee of any inadequacy, deficiency of conduct which is the cause of the discipline, either orally or in writing. If given orally, the supervisor will document the fact that an oral warning was given to the employee specifying the date, time, and nature of the oral warning.
- b. Provide directives to the employee to correct the conduct or performance.
- c. Forward copies of all writings to the administrator in charge of personnel for filing in the employee's personnel file.
- d. Allow a reasonable period of time, when appropriate, for the employee to correct or remediate the performance or conduct.
- e. Specify the expected level of performance or modification of conduct to be required from the employee.

**Section 3.** During an investigative process, employees have the right to request to have a union representative present during an interview when the employee reasonably believes that the interview is likely to result in disciplinary action (Weingarten Rights). Management is not required to inform the employee of these rights; but once an employee requests representation, management has three options:

1. Grant the request and delay questioning until the union representative arrives and (prior to the interview continuing) the representative has a chance to consult privately with the employee;
2. Deny the request and end the interview immediately; or
3. Give the employee a clear and voluntary choice between having the interview without representation, or ending the interview.

**Section 4.** A written record of all disciplinary actions other than oral reprimands shall be entered into the employee's personnel record. A record of an oral reprimand may be entered into the personnel record. If an oral reprimand is included in an employee's file, that reprimand will be removed from the employee's file in two years if no further disciplinary action on that matter has been taken and the employee asks to have that oral reprimand removed. An employee shall receive a copy of all evaluative and disciplinary entries into their own personnel record and shall be entitled to provide a written response to those entries which shall be placed with the entry in the employee's record. The employee must provide that written response within 15 calendar days from the time the employee is notified of the record.

**SCHEDULE C: CLASSIFICATIONS AND WAGES**

**PAC HOURLY PAY RATE SCHEDULE: JULY 1, 2022 – JUNE 30, 2024**

STEPS	2022-2023	2023-2024
<b>SALARY SCHEDULE INCREASE</b>	<b>3%</b>	<b>\$1 increase</b>
<b>Paraprofessionals</b>		
1	\$17.93	\$18.93
2	\$18.19	\$19.19
3	\$18.48	\$19.48
4	\$18.76	\$19.76
5	\$19.03	\$20.03
6	\$19.31	\$20.31
7	\$19.61	\$20.61
8	\$19.89	\$20.89
9	\$20.20	\$21.20
10	\$20.48	\$21.48
<b>CMA/Health Assistants</b>		
1	\$21.22	\$22.22
2	\$21.55	\$22.55
3	\$21.86	\$22.86
<b>LPNs</b>		
1	\$21.87	\$22.87
2	\$22.42	\$23.42
3	\$23.06	\$24.06

STEPS	2022-2023	2023-2024
<b>SALARY SCHEDULE INCREASE</b>	<b>3%</b>	<b>\$1 increase</b>
<b>AIE Tutors:</b> Credit for yrs. of in-district experience up to limits identified on the salary schedule. Each year going forward from this contract, one more step becomes available up to the maximum number of steps – currently eight steps. For the purpose of salary only, the S.T.A.R.T. driver falls under this pay scale		
1	\$17.93	\$18.93
2	\$18.19	\$19.19
3	\$18.48	\$19.48
4	\$18.76	\$19.76
5	\$19.03	\$20.03
6	\$19.31	\$20.31
7	\$19.61	\$20.61
8	\$19.89	\$20.89

<b>AIE Liaisons:</b> Credit for yrs. of in-district experience up to limits identified on the salary schedule.		
1	\$19.03	\$20.03
2	\$19.31	\$20.31
3	\$19.61	\$20.61
4	\$19.89	\$20.89
5	\$20.20	\$21.20
6	\$20.48	\$21.48
7	\$20.78	\$21.78
8	\$21.06	\$22.06
<b>COTA</b>		
1	\$21.86	\$22.86
2	\$22.54	\$23.54
3	\$23.20	\$24.20

**Placement on the salary schedule will be as follows:**

1. Employees hired prior to December 31, get credit for the full year. Employees hired after December 31, do not move a step until the end of the following school year.
  - a. All new employees, beginning with the 2008-2009 school year will start on Step 1.
2. This salary schedule will be used for summer school employment.

**Longevity Pay:**

Longevity pay, based on years of service as a paraprofessional, AIE tutor or liaison, or a COTA in the school district (adjusted for full year leaves of absence), is effective July 1, 2014, and will be paid according to the chart listed below. Employees hired between July 1, and December 31, will have their first year of service credited July 1 following their hire. Employees hired between January 1 and June 30 will have their first year of service credited the second July 1<sup>st</sup> following their hire. Longevity pay will begin in September of the year in which the employee begins their 11<sup>th</sup> year of service.

**For example:**

Employee Seniority Date: 10/1/2000  
Employee did not incur any full year leaves of absence)

Longevity years of service as of 7/1/15: 15 years (Note: Start 15<sup>th</sup> year beginning 10/1/15)

Longevity pay September 2015 – May 2016: \$50.00 per month

**New Longevity**

	<b>2022-2023</b>	<b>2023-2024</b>
	<b>Per Month</b>	<b>Per Month</b>
10 – 14 Years	\$ 110.00	\$ 120.00
15 – 19 Years	\$ 140.00	\$ 150.00
20+ Years	\$ 165.00	\$ 175.00

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**MINIMUM QUALIFICATIONS FOR  
EMPLOYEE CATEGORIES**

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**TITLE I ASSISTANT**

1. Reading and math background.
2. Ability to tutor students on a one-to-one basis or in small groups/teams.
3. Demonstrated knowledge in the use of technology.

**GENERAL EDUCATION ASSISTANT**

1. Ability to work effectively with and tutor students on a one-to-one basis or in small groups/teams.
2. Demonstrated knowledge in the use of technology.

**MULTI-PURPOSE COMPUTER LAB MANAGERS (ASSISTANTS)**

1. Existing knowledge and demonstrated understanding of technology, including computer hardware, software applications and networks. (Administer self-assessment technology survey)
2. Ability to provide technology training and technical assistance to students and staff.
3. Ability to integrate technology for all users.
4. Formal technology training preferred but not required.
5. Demonstrated knowledge of maintenance of equipment.
6. Work with students including teacher in whole class groups and without teacher in small groups.

**MEDIA CENTER ASSISTANT**

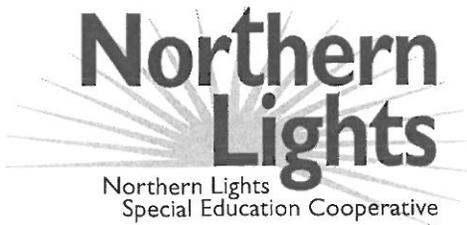
1. Ability to integrate technology for all users.
2. Ability to utilize electronic library automation system.
3. Ability to work with students including teacher in whole class groups and without teacher in small groups.
4. Demonstrated knowledge of the use and maintenance of computers and audio-visual equipment.

**SPECIAL EDUCATION ASSISTANT**

1. Physical requirements.
2. Ability to tutor students on a one-to-one basis or in small groups/teams.
3. Demonstrated knowledge in the use of technology.

**LICENSED PRACTICAL NURSE**

1. Must hold current LPN license.
2. Physical requirements.
3. Demonstrated knowledge in the use of technology.



Northern Lights Special Education Cooperative

16 E Hwy 61, P.O. Box 40, Esko, MN 55733  
(218) 655-5018  
www.nlsec.org

**Dena Hagen ~ Special Education Director**

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MEMORANDUM

TO: Dr. Michael Cary  
FROM: Tisha Warbalow  
DATE: October 11, 2022  
RE: Contract for Service

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Please submit to the School Board for approval, Contracts:

15\_FSSW – Brenda Denman

16\_FSSW – Amber Male

19\_FSSW – Zachary Summers

21\_FSSW - Carolyn Woods

Resolution: That the School Board of ISD #94 hereby approves contract

15\_FSSW – Brenda Denman, estimated total contract \$24,500.00

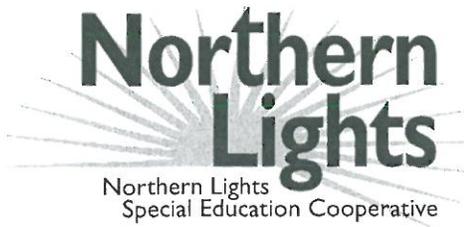
16\_FSSW – Amber Male, estimated total contract \$24,500.00

19\_FSSW – Zachary Summers, estimated total contract \$17,000.00

21\_FSSW - Carolyn Woods, estimated total contract \$28,500.00

with Cloquet ISD #94 during the 2022-2023 school year.

Thank-you



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**Dena Hagen ~ Special Education Director**

**2022 - 2023  
CONTRACT FOR FAMILY SCHOOL SUPPORT WORKER**

This agreement entered this 11th day of October, 2022, by and between Cloquet ISD #94 (herein referred to as the District) and Carlton County Human Services, Cloquet, MN (hereinafter referred to as Contractor) witnesses that:

Whereas, the District has determined that it is necessary to retain the services of Brenda Denman, licensed social worker, to attain the following objectives:

1. **To meet the needs of students with disabilities, as defined under the Individuals with Disabilities Education Act, social work services are deemed necessary by the child study process and documented in the students' individual education plan (IEP).**
2. **The services provided are necessary for the students to make progress on IEP goals and/or access the general education curriculum.**

*WHEREAS, the Contractor is duly qualified to perform these services and whereas personnel will hold appropriate licensure by the Professional Educator Licensing and Standards Board (PELSB) for the necessary service for which they provide. If PELSB doesn't issue a license for the necessary service, the professionals will be members of good standing in their professional organization. Furthermore, a copy of the licensure or appropriate board certification for each person who will be providing services will be submitted to the District prior to the initiation date of the contract and on an annual basis thereafter.*

NOW, THEREFORE, the parties agree as follows:

1. **The Contractor shall provide a licensed social worker to meet the objectives stated above.**
2. **The Contractor shall provide services to students with disabilities as defined in the Individuals with Disabilities Education Act.**
3. **Services will be provided at the location where the student attends or the students' homes.**

Contract #15

4. **The District shall provide an atmosphere that is conducive to learning and shall meet the needs of the students' special physical, sensory and emotional needs.**
5. **The District will purchase these services with an estimated total contract amount of \$24,500.00.**
6. **Targeted case management dollars collected by Carlton County for this position have been subtracted from the claim for state special education reimbursement.**
7. **The Contractor will submit billings on a one-time basis at the end of the school year.**
8. **The District shall make payment for services-based receipt of invoice.**
9. **The Contractor shall maintain appropriate liability coverage commensurate with the services provided and submit a copy of the policy upon request to the District.**
10. **The Director of Special Education shall be responsible for the oversight of the contracted services contained within this agreement.**
11. **This agreement shall be in force from July 1, 2022 to June 30, 2023. Either party shall provide written notice regarding reduction/discontinuation of services hours with a 30-day notice.**

Signed by:

Cloquet ISD #94  
302 14<sup>th</sup> St  
Cloquet, MN 55720

By: \_\_\_\_\_

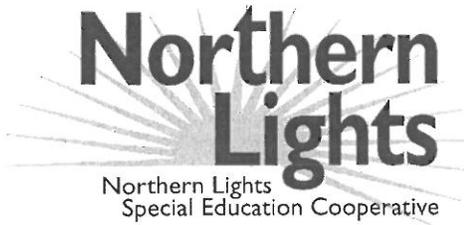
Date: \_\_\_\_\_

Signed by:

Carlton County Human Services  
14 North 11<sup>th</sup> Street  
Cloquet, MN 55720

By: \_\_\_\_\_

Date: \_\_\_\_\_



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**Dena Hagen ~ Special Education Director**

**2022 - 2023  
CONTRACT FOR FAMILY SCHOOL SUPPORT WORKER**

This agreement entered this 11th day of October, 2022, by and between Cloquet ISD #94 (herein referred to as the District) and Carlton County Human Services, Cloquet, MN (hereinafter referred to as Contractor) witnesses that:

Whereas, the District has determined that it is necessary to retain the services of Amber Male, licensed social worker, to attain the following objectives:

1. **To meet the needs of students with disabilities, as defined under the Individuals with Disabilities Education Act, social work services are deemed necessary by the child study process and documented in the students' individual education plan (IEP).**
2. **The services provided are necessary for the students to make progress on IEP goals and/or access the general education curriculum.**

*WHEREAS, the Contractor is duly qualified to perform these services and whereas personnel will hold appropriate licensure by the Professional Educator Licensing and Standards Board (PELSB) for the necessary service for which they provide. If PELSB doesn't issue a license for the necessary service, the professionals will be members of good standing in their professional organization. Furthermore, a copy of the licensure or appropriate board certification for each person who will be providing services will be submitted to the District prior to the initiation date of the contract and on an annual basis thereafter.*

NOW, THEREFORE, the parties agree as follows:

1. **The Contractor shall provide a licensed social worker to meet the objectives stated above.**
2. **The Contractor shall provide services to students with disabilities as defined in the Individuals with Disabilities Education Act.**
3. **Services will be provided at the location where the student attends or the students' homes.**
4. **The District shall provide an atmosphere that is conducive to learning and shall meet the needs of the students' special physical, sensory and emotional needs.**

Contract #16

5. **The District will purchase these services with an estimated total contract amount of \$24,500.00.**
6. **Targeted case management dollars collected by Carlton County for this position have been subtracted from the claim for state special education reimbursement.**
7. **The Contractor will submit billings on a one-time basis at the end of the school year.**
8. **The District shall make payment for services-based receipt of invoice.**
9. **The Contractor shall maintain appropriate liability coverage commensurate with the services provided and submit a copy of the policy upon request to the District.**
10. **The Director of Special Education shall be responsible for the oversight of the contracted services contained within this agreement.**
11. **This agreement shall be in force from July 1, 2022 to June 30, 2023. Either party shall provide written notice regarding reduction/discontinuation of services hours with a 30-day notice.**

Signed by:

Cloquet ISD #94  
302 14<sup>th</sup> St  
Cloquet, MN 55720

By: \_\_\_\_\_

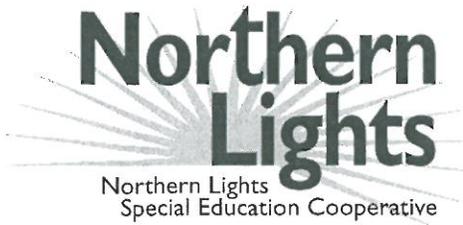
Date: \_\_\_\_\_

Signed by:

Carlton County Human Services  
14 North 11<sup>th</sup> Street  
Cloquet, MN 55720

By: \_\_\_\_\_

Date: \_\_\_\_\_



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**Dena Hagen ~ Special Education Director**

**2022 - 2023  
CONTRACT FOR FAMILY SCHOOL SUPPORT WORKER**

This agreement entered this 11th day of October 2022, by and between Cloquet ISD #94 (herein referred to as the District) and Carlton County Human Services, Cloquet, MN (hereinafter referred to as Contractor) witnesses that:

Whereas, the District has determined that it is necessary to retain the services of Zachary Summers, licensed social worker, to attain the following objectives:

1. **To meet the needs of students with disabilities, as defined under the Individuals with Disabilities Education Act, social work services are deemed necessary by the child study process and documented in the students' individual education plan (IEP).**
2. **The services provided are necessary for the students to make progress on IEP goals and/or access the general education curriculum.**

*WHEREAS, the Contractor is duly qualified to perform these services and whereas personnel will hold appropriate licensure by the Professional Educator Licensing and Standards Board (PELSB) for the necessary service for which they provide. If PELSB doesn't issue a license for the necessary service, the professionals will be members of good standing in their professional organization. Furthermore, a copy of the licensure or appropriate board certification for each person who will be providing services will be submitted to the District prior to the initiation date of the contract and on an annual basis thereafter.*

NOW, THEREFORE, the parties agree as follows:

1. **The Contractor shall provide a licensed social worker to meet the objectives stated above.**
2. **The Contractor shall provide services to students with disabilities as defined in the Individuals with Disabilities Education Act.**
3. **Services will be provided at the location where the student attends or the students' homes.**

\*\*\*\*\*October 2022\*\*\*\*\*

Barnum ISD #91, Carlton ISD #93, Cloquet ISD #94, Cromwell ISD #95, Esko ISD #99, Hermantown ISD #700,  
Lake Superior ISD #381, McGregor ISD #0004, Moose Lake ISD #97, NL Academy #6096,  
Proctor ISD #704, Wrenshall ISD #100, Willow River ISD #577

Contract #19

4. The District shall provide an atmosphere that is conducive to learning and shall meet the needs of the students' special physical, sensory and emotional needs.
5. The District will purchase these services with an estimated total contract amount of \$17,000.00.
6. Targeted case management dollars collected by Carlton County for this position have been subtracted from the claim for state special education reimbursement.
7. The Contractor will submit billings on a one-time basis at the end of the school year.
8. The District shall make payment for services-based receipt of invoice.
9. The Contractor shall maintain appropriate liability coverage commensurate with the services provided and submit a copy of the policy upon request to the District.
10. The Director of Special Education shall be responsible for the oversight of the contracted services contained within this agreement.
11. This agreement shall be in force from July 1, 2022 to June 30, 2023. Either party shall provide written notice regarding reduction/discontinuation of services hours with a 30-day notice.

Signed by:

Cloquet ISD #94  
302 14<sup>th</sup> St  
Cloquet, MN 55720

By: \_\_\_\_\_

Date: \_\_\_\_\_

Signed by:

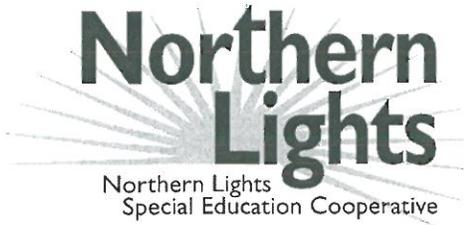
Carlton County Human Services  
14 North 11<sup>th</sup> Street  
Cloquet, MN 55720

By: \_\_\_\_\_

Date: \_\_\_\_\_

\*\*\*\*\*October 2022\*\*\*\*\*

Barnum ISD #91, Carlton ISD #93, Cloquet ISD #94, Cromwell ISD #95, Esko ISD #99, Hermantown ISD #700,  
Lake Superior ISD #381, McGregor ISD #0004, Moose Lake ISD #97, NL Academy #6096,  
Proctor ISD #704, Wrenshall ISD #100, Willow River ISD #577



16 E Hwy 61, Esko, MN 55733  
P. 218-655-5018 www.nlsec.org

**Dena Hagen ~ Special Education Director**

**2022 - 2023  
CONTRACT FOR FAMILY SCHOOL SUPPORT WORKER**

This agreement entered this 11th day of October, 2022, by and between Cloquet ISD #94 (herein referred to as the District) and Carlton County Human Services, Cloquet, MN (hereinafter referred to as Contractor) witnesses that:

Whereas, the District has determined that it is necessary to retain the services of Carolyn Woods, licensed social worker, to attain the following objectives:

1. **To meet the needs of students with disabilities, as defined under the Individuals with Disabilities Education Act, social work services are deemed necessary by the child study process and documented in the students' individual education plan (IEP).**
2. **The services provided are necessary for the students to make progress on IEP goals and/or access the general education curriculum.**

*WHEREAS, the Contractor is duly qualified to perform these services and whereas personnel will hold appropriate licensure by the Professional Educator Licensing and Standards Board (PELSB) for the necessary service for which they provide. If PELSB doesn't issue a license for the necessary service, the professionals will be members of good standing in their professional organization. Furthermore, a copy of the licensure or appropriate board certification for each person who will be providing services will be submitted to the District prior to the initiation date of the contract and on an annual basis thereafter.*

NOW, THEREFORE, the parties agree as follows:

1. **The Contractor shall provide a licensed social worker to meet the objectives stated above.**
2. **The Contractor shall provide services to students with disabilities as defined in the Individuals with Disabilities Education Act.**
3. **Services will be provided at the location where the student attends or the students' homes.**

Contract #21

4. **The District shall provide an atmosphere that is conducive to learning and shall meet the needs of the students' special physical, sensory and emotional needs.**
5. **The District will purchase these services with an estimated total contract amount of \$28,500.00.**
6. **Targeted case management dollars collected by Carlton County for this position have been subtracted from the claim for state special education reimbursement.**
7. **The Contractor will submit billings on a one-time basis at the end of the school year.**
8. **The District shall make payment for services-based receipt of invoice.**
9. **The Contractor shall maintain appropriate liability coverage commensurate with the services provided and submit a copy of the policy upon request to the District.**
10. **The Director of Special Education shall be responsible for the oversight of the contracted services contained within this agreement.**
11. **This agreement shall be in force from July 1, 2022 to June 30, 2023. Either party shall provide written notice regarding reduction/discontinuation of services hours with a 30-day notice.**

Signed by: Cloquet ISD #94  
302 14<sup>th</sup> St  
Cloquet, MN 55720

By: \_\_\_\_\_

Date: \_\_\_\_\_

Signed by: Carlton County Human Services  
14 North 11<sup>th</sup> Street  
Cloquet, MN 55720

By: \_\_\_\_\_

Date: \_\_\_\_\_

## **Interagency Memorandum of Understanding for Preschool Services**

This agreement is between **Cloquet Public School District** and **Fond du Lac Head Start** for the period of **September 2022** to **August 2024**. This agreement is binding on the staff members of both agencies, and will be reviewed at least bi-annually. Either agency may revoke this agreement with a notice of at least 30 days.

The purpose of this agreement is to establish working procedures between **Cloquet Public School District** and **Fond du Lac Head Start** in the provision of services to preschool children, in compliance with federal and state laws and regulations.

### **It is the intent of this agreement to:**

1. Define which services will be provided by each agency.
2. Ensure that children who are eligible for preschool services receive such services as required by federal and state laws and regulations that will improve their readiness for school.
3. Ensure that each agency cooperatively maintains communication and share leadership responsibilities at the local level to ensure that available resources are utilized in the most effective manner.
4. Ensure that cooperative arrangements between **Cloquet Public School District** and **Fond du Lac Head Start** are developed, implemented, and maintained.

**This agreement applies only to preschool children three-years-old to kindergarten eligible, inclusive, who are eligible for preschool services.**

### **I. PURPOSE**

To provide collaboration and coordination activities for eligible children.

### **II. DURATION**

This agreement shall cover the period from **September 2022** through **August 2024**.

### **III. GENERAL PROVISIONS OF THE AGREEMENT**

All parties agree:

Preschool children are best served in environments that provide instruction in their home language and culture.

### **IV. AGENCY RESPONSIBILITIES**

#### **Fond du Lac Head Start agrees to:**

1. Collaborate and coordinate with **Cloquet Public Schools** to improve the availability and quality of services to Head Start children and families.
2. Participate in outreach efforts to identify eligible children.
  - a. Receive parent permission to share information about such children.
  - b. Collaborate with **Cloquet Public School District** teachers regarding professional development and instructional strategies.
  - c. Ensure a smooth transition to school for eligible children.
3. Coordinate activities with **Cloquet Public School District** including:

- a. Collaboration on shared use of transportation and facilities, in appropriate cases.
  - b. Collaboration to reduce duplication of services.
  - c. Collaboration to enhance the efficiency of services and increase program participation of underserved populations of eligible children.
  - d. Exchange information on the provision of non-educational services to such children.
4. Plan, coordinate and biennially review each of the following activities:
- a. Educational activities, curricular objectives, and instruction.
  - b. Public information dissemination and access to programs for families contacting any of the preschool programs.
  - c. Selection priorities for eligible children to be served by the preschool programs.
  - d. Service areas.
  - e. Staff training, including opportunities for joint staff training on topics such as academic content standards, instructional methods, curricula, and social and emotional development.
  - f. Program technical assistance.
  - g. Provision of additional services to meet the needs of working parents, as applicable.
  - h. Communications and parent outreach for smooth transitions to kindergarten.
  - i. Provision and use of facilities, transportation, and other program elements.
  - j. Other elements mutually agreed to by the parties to the memorandum.

**Cloquet Public School District agrees to:**

1. Collaborate and coordinate with Fond du Lac Head Start to improve the availability and quality of services to Head Start children and families.
2. Participate in outreach efforts to identify eligible children.
  - a. Collaborate with Fond du Lac Head Start teaching staff regarding professional development and instructional strategies.
  - b. Collaborate on shared use of transportation and facilities, in appropriate cases.
  - c. Collaborate to reduce duplication of services.
  - d. Collaborate to enhance the efficiency of services and increase program participation of underserved populations of eligible children.
  - e. Exchange information on the provision of non-educational services to such children.
3. Participate biennially in coordination and review of each of the following activities:
  - a. Educational activities, curricular objectives, and instruction.

- b. Public information dissemination and access to programs for families contacting any of the preschool programs.
- c. Selection priorities for eligible children to be served by the preschool programs.
- d. Service areas.
- e. Staff training, including opportunities for joint staff training on topics such as academic content standards, instructional methods, curricula, and social and emotional development.
- f. Program technical assistance.
- g. Provision of additional services to meet the needs of working parents, as applicable.
- h. Communications and parent outreach for smooth transitions to kindergarten.
- i. Provision and use of facilities, transportation, and other program elements.
- j. Other elements mutually agreed to by the parties to the memorandum.

**V. Funding and Financial Responsibility**

It is specifically agreed that neither party shall be responsible for costs or expenditures incurred by the other, other than those expenses defined in any separate agreements in writing that may be between the parties cooperating in this program.

**VI. Modification of the Agreement**

Modification of the agreement shall be made by mutual consent of all parties. Written notification of changes to this document must be presented to all parties 30 days prior to any changes, and all parties must agree to the modification. Termination of the agreement may occur by any party upon a 60-day written notification.

It is agreed that the **Fond du Lac Head Start** and the **Cloquet Public School District** understand and intend to abide by the terms outlined in this agreement. This agreement shall become effective when signed.

Marilyn Johnson – Director FDL Head Start	Date
Michael Cary - Superintendent Cloquet Public School District	Date
Kevin Dupuis – FDL Tribal Chairman	Date
Rachel Hanson – FDL Head Start Policy Council Chairperson	Date



**PROCTOR RAILS**  
RAILS **0:00** GUEST  
4 DOWN TO GO BALL ON QTR  
T.O.L. 2  
**TERRY EGER FUL FIELD**





THUNDERHAWKS

ACE  
Hardware

GRSB

GP





ISD 94 • Cloquet, MN 55720 • [www.isd94.org](http://www.isd94.org)

Central Administration	302 14th St	218.879.6721
Cloquet Senior High School	1000 18th St	218.879.3393
Cloquet Middle School	2001 Washington Ave	218.879.3328
Churchill Elementary School	515 Granite St	218.879.3308
Washington Elementary School	801 12th St.	218.879.3369
Cloquet Area Alternative Education	302 14th St	218.879.0115
Community Education	2001 Washington Ave	218.879.1261

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## MEMORANDUM

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TO: Dr. Michael Cary  
Superintendent

FROM: Elizabeth Dohnansky  
Foodservice Director

DATE: October 18, 2022

RE: **Internal Transfer Notice**

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Stacy Smith 3.0 hr/day District Floater to 3.5 hr/day CMS  
Starting date October 25, 2022

Darlene Durbin 3.0 hr/day District Floater to 3.0 hr/day Washington Elementary  
Starting date October 25, 2022



*Where Minnesota School Boards Learn to Lead*

October 13, 2022

To Our Valued Members,

We want to thank you for your membership and hope you are enjoying the use of our BoardBook program. As you plan for the upcoming year, we want to give you advance notice that BoardBook will increase rates beginning July 1, 2023.

Our BoardBook partners have seen significant increases in cloud storage fees for the program and have made the difficult decision to raise their rates.

The \$250 increase, we felt, was too much to do all in one year, so MSBA will keep the July 2023 increase to \$125. The remaining portion will be included on your July 2024 invoice.

We know every dollar counts these days and want to keep any increase manageable. In addition, we want to provide advance notice so that you are prepared and are able to plan.

MSBA is committed to providing you with excellent service and support. Should you have any questions about BoardBook Premier or billing, feel free to call me at 1-800-324-4459. Our goal is to continue to provide a high-quality meeting preparation platform that meets your needs at a reasonable cost.

Sincerely,

Kirk Schneidawind, Executive Director  
Minnesota School Boards Association

**MINNESOTA SCHOOL BOARDS ASSOCIATION**

1900 West Jefferson Avenue, St. Peter, MN 56082-3015 Phone: 507-934-2450 or 800-324-4459  
[www.mnmsba.org](http://www.mnmsba.org)