

Intermediate District 287

Responsive. Innovative. Solutions.

GENERAL MEETING OF THE BOARD – Regular

Thursday, January 14, 2021

6:45 PM @ Boardroom / Teleconference

1820 Xenium Ln N

Minneapolis, MN 55441-3790

AGENDA

Page #

- 1. CALL TO ORDER (Action)**
The mission of Intermediate District 287 is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students.
- 2. APPROVAL OF GENERAL MEETING AGENDA (Action)**
- 3. AUDIENCE OPPORTUNITY TO SPEAK (Information)**
- 4. APPROVAL OF CONSENT AGENDA (Action)**
 1. General Board Meeting Minutes from December 10, 2020 2
 2. Approval of Monthly Financial Report – November 2020 4
 3. Approval of Assistive Technology & Professional Development Sub-Award with Metro ECSU 17
- 5. SHARE THE SUCCESS & RECOGNITION - (5 minutes) (Information)**
 1. Andrea Cuene - Minnesota School Board Association (MSBA) All State School Board Award
- 6. BUSINESS SERVICES & LABOR RELATIONS REPORT - (15 minutes)**
 1. Facilities Report - None
 2. Financial Report
 1. FY20 Audit - Auditor Presentation - (Annual Report) (Action) 18
Jim Eichten, Malloy, Montague, Karnowski, Radosevich & Co., will present a summary of the FY20 Audit and the Board will be asked to accept it.
 3. Human Resource Report - None
- 7. SUPERINTENDENT'S REPORT - (15 minutes) (Information)**
 1. 287 Racial Equity Impact Analysis 191
Ridious Guess, Director of Equity & Inclusion, will present an overview of 287's racial equity impact analysis tool.
- 8. INSTRUCTIONAL REPORT - None**
- 9. BOARD BUSINESS - (65 minutes) (Information)**
 1. Policy Review & Revision - None
 2. Board Reports
 1. Chair Report
 1. **Closed Session**
The School Board may hold a closed meeting to consider a strategy for labor negotiations. Minn. Stat. §13D.03.
 2. January 2021 AMSD Connections Newsletter 192
 3. District News
 1. School Board Planning Calendar 196
 2. January 14, 2021, Board Event Calendar 201
 3. 2020-2021 Local 2209/Board Breakfast Schedule 202
 4. Once Around the Table
 1. Robbinsdale School Board Acknowledges Tyrrell's Service 204
- 10. ADJOURNMENT**

DISTRICT 287 REGULAR BOARD MEETING

Intermediate District 287

December 10, 2020

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the general meeting to order at 6:30 PM in the District Service Center and by the use of District 287 Teleconferencing. Board Director Kunz recited the Intermediate District 287 mission statement, “The mission of Intermediate District 287 is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students”.

A Roll Call was taken, and a quorum was declared with 11 member districts represented and the following Board members in attendance:

286	Brooklyn Center	Ruthie Dallas
272	Eden Prairie	Adam Seidel
273	Edina	Regina Neville
270	Hopkins	Steve Adams
278	Orono	Michèle Kunz
279	Osseo	Heather Douglas
280	Richfield	Crystal Brakke
281	Robbinsdale	Sam Sant
283	St. Louis Park	Anne Casey
284	Wayzata	Andrea Cuene
279	Westonka	Heidi Marty

Absent:

Guests:

287 Administration: Sandra Lewandowski, Tonya Allen, Michelle Axell, Anne Becker, Melissa Brateng, RADIUS Guess, Mae Hawkins, Kim Helgeson, Elisabeth Lodge Rogers, Chad Maxa, Ben Magras, Jon Voss, Gloria Wilder, and Wauneen Denson-Mgeni

287 Staff Members: Dena Sage, Jonas Sjoberg, and Shawn Garvey

2. APPROVAL OF GENERAL MEETING AGENDA

The general meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Sam Sant, to approve the meeting agenda. The following voted in favor of the motion: Adams, Brakke, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA

The Consent Agenda was presented for approval. The Consent Agenda included the General Meeting of the Board Minutes from November 12, 2020, Approval of Finance Report October 2020, Approval of Advancing Wellness and Resiliency in Education (AWARE) Grant, Approval of Coronavirus Aide, Relief and Economic Security (CARES) Act, and Approval of Routine Human Resources Activities for December 10, 2020. *Motion by Andrea Cuene, seconded by Anne Casey, to approve the Consent Agenda as presented. The following voted in favor of the motion: Adams, Brakke, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried.*

5. SHARE THE SUCCESS & RECOGNITIONS

Tonya Allen, Director of Mental Health and Family Engagement, introduced Dena Sage as the new Senior Manager of Mental Health. Dena briefly presented an update on her background and passion for working for District 287.

6. SUPERINTENDENT’S REPORT

Dr. Elisabeth Lodge Rogers, Assistant Superintendent for Programs and Services, provided an overview of the [District 287 Learning Plan](#) based on the District’s return to Connected Learning on December 2, 2020. Elisabeth presented a brief update of the District’s Special Education Due Process considerations.

7. INSTRUCTIONAL REPORT

Dr. Jon Voss, Director of Teaching and Learning, presented and recommended the approval of the [World’s Best Workforce Report](#) for FY21. *Motion by Heather Douglass, seconded by Steve Adams, to approve the World’s Best Workforce Report for FY21 as presented. The following voted in favor of the motion: Adams, Brakke, Casey, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried.*

8. BUSINESS SERVICES & LABOR RELATIONS REPORTS- None

Facilities Report – None

Financial Report

Gloria Wilder, Director of Finance, presented and recommended approval of the unaudited financial report for FY20. The overall fund balance on June 30, 2019, was \$8,398,932 or (9.77%). *Motion by Andrea Cuene, seconded by Sam Sant, to approve the unaudited fund balance for FY19 as presented. The following voted in favor of the motion: Adams, Brakke, Casey, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried.*

Human Resources Report

Michelle Axell, Director of Human Resources, presented and recommended approval of the Classification and Compensation Study. *Motion by Sam Sant, seconded by Heather Douglass, to approve the Classification and Compensation Study as presented. The following voted in favor of the motion: Adams, Brakke, Casey, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried*

9. BOARD BUSINESS - None

Policy Review & Revision

Anne Becker, General Counsel, presented the Title IX policy for a first read.

Chair Report

At the recommendation of Board Chair Neville, a *motion was made by Steve Adams, seconded by Anne Casey, to approve the Board Nominating Committee as presented. The following voted in favor of the motion: Adams, Brakke, Casey, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried.*

Board Report

Board Director Casey presented a brief update on the December 2020 AMSD meeting.

Once Around the Table

Board Director Kunz announced that Superintendent Orcutt would be retiring as so June 30, 2021.

Board Director Adams announced that Hopkins has an open Board seat and received 17 applicants.

10. ADJOURNMENT

A motion was made by Steve Adams, seconded by Heather Douglass, to adjourn the meeting. The following voted in favor of the motion: Adams, Brakke, Casey, Cuene, Dallas, Douglass, Kunz, Marty, Neville, Sant, and Seidel. No votes against. Motion carried. Meeting adjourned at 8:31 PM.

The next general meeting will be held on January 14, 2021, at 6:30 PM in the District Service Center Boardroom and by Teleconference.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

CONSENT AGENDA - RECOMMENDATION

Intermediate District 287
RESPONSIVE. INNOVATIVE. SOLUTIONS.

November Monthly Financial Reports

January 14, 2021

Author

Mae Hawkins, Executive Director of Business Services

Summary

The November Budget to Actual Comparison and other financial Reports for Board approval

- Revenues are at 40.4% of budget, this is in between the percentages for the prior two years.
- Expenditures are at 28.6% of budget, this is in between the percentages for the prior two years.
- Investments totaled \$17,941,310.19 including earned interest of \$3,483.52.
- Cash is higher than the prior two year's levels.
- Enrollment Reports - November 2020 Actual ADM compared to Budget Planning and Prior Year (Nov. 2019) :
 - ALC – ADM is 55.1 below budget and 50.8 ADM below prior year (Nov. 2019).
 - Northern Star Online - ADM is 158.1 below last year at this time.
 - Career & Technical Pathways – ADM is 32.0 below budget and 25.1 below prior year.
 - Special Education – ADM is 88.0 below budget and 42.7 ADM below prior year.
 - Care & Treatment – ADM is 80.8 below budget and 8.3 ADM below prior year.
- Donations – \$500.00 Cash Donation, 9 Panto Moveres Chairs, and Hand Sanitizer.

The 2019-20 numbers are as of the end of the fiscal year at June 30th, and are preliminary at this point. They reflect the normal month end which is basically on a cash basis without accrual entries. Numerous receivables and payables are calculated after year-end, and the numbers will continue to change up to and through the audit process later this fall.

Recommendation

The Board approve the November Monthly Financial Reports.

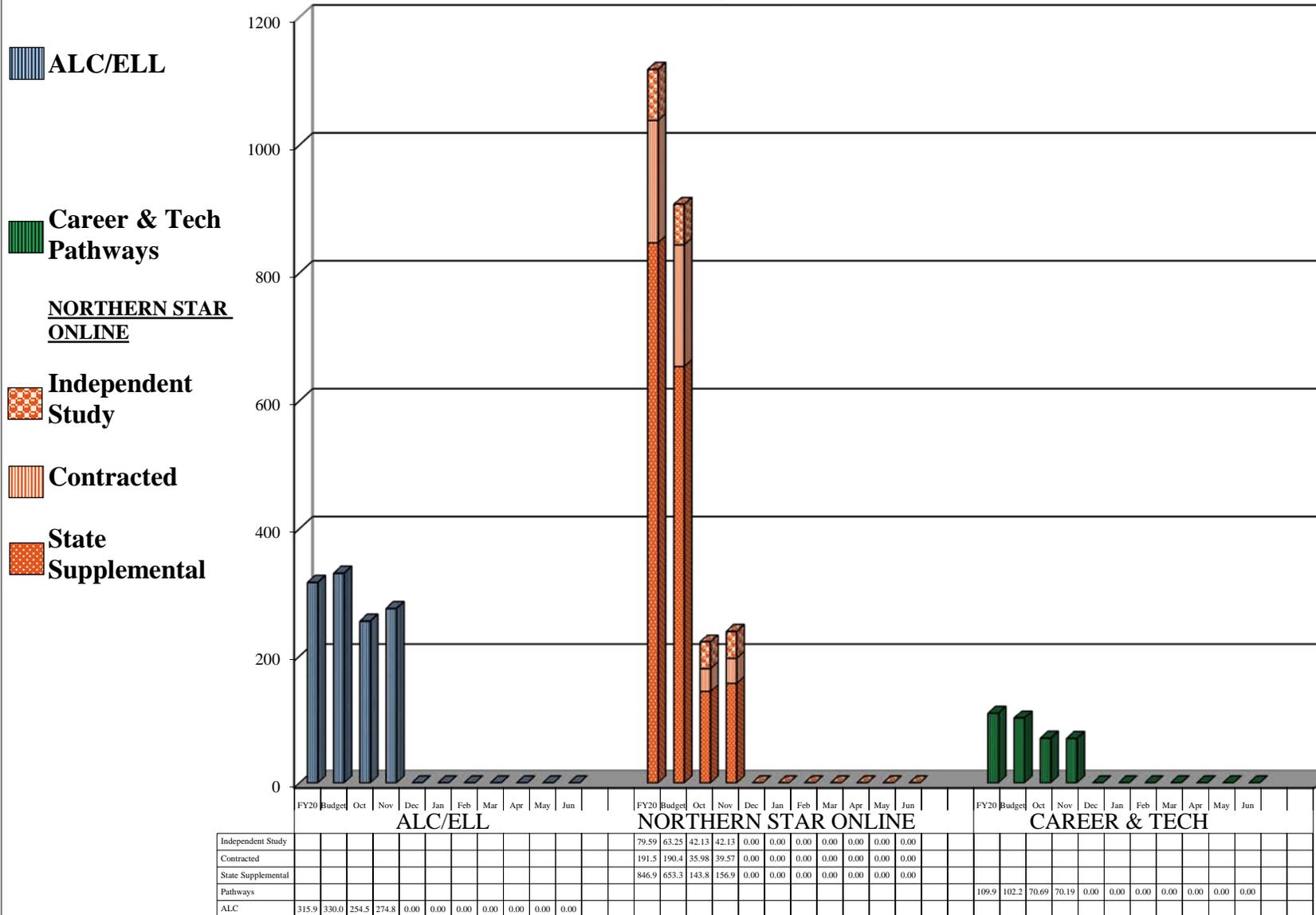
Intermediate District 287

2020-21 Monthly Program ADM Data by Division

Internal and School Board Use Only - Includes Director Planned ADMs

Includes member and non-member districts

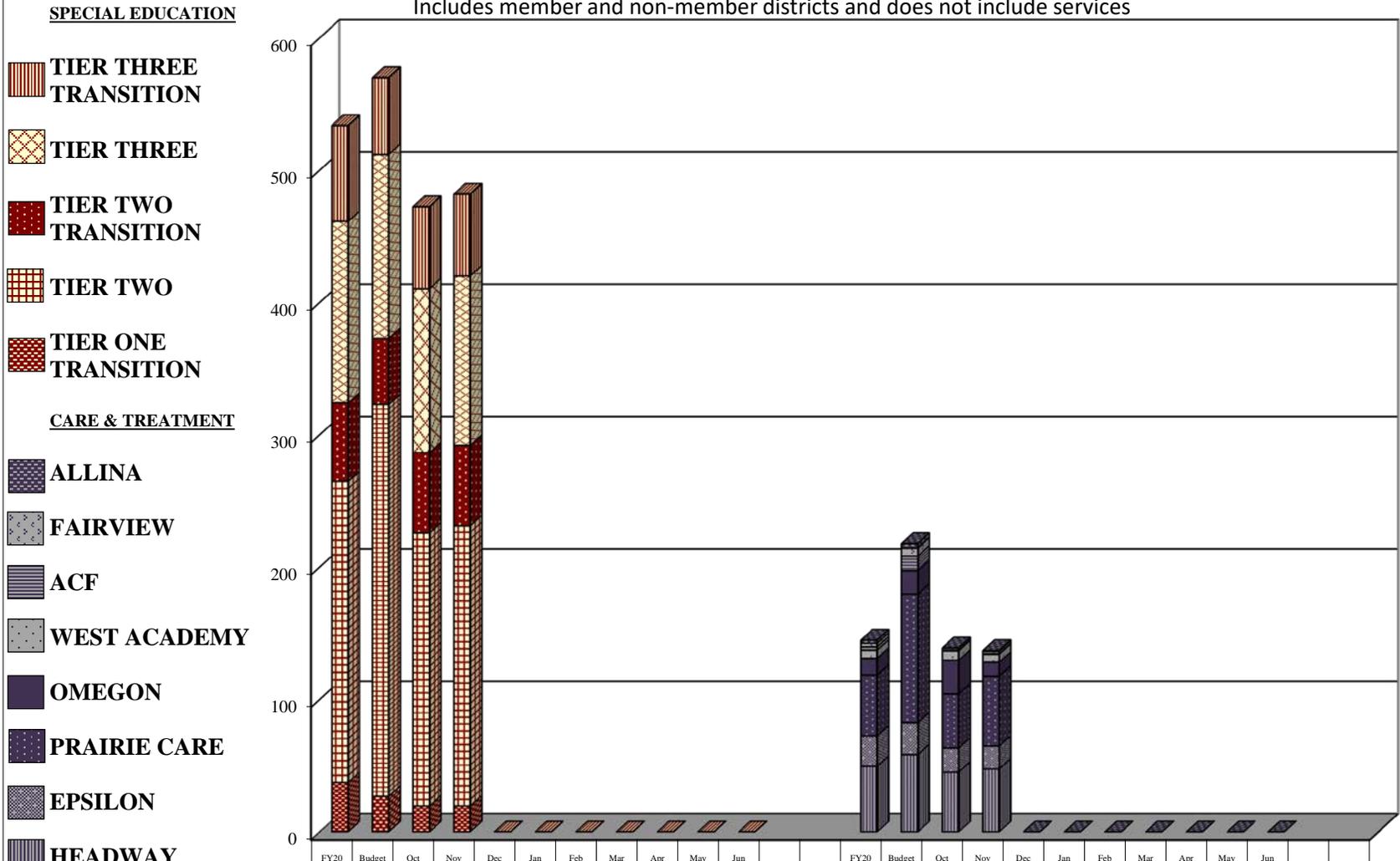
Does not include 287 ADMs attending Pathways and does not include services



Intermediate District 287

2020-21 Monthly Program ADM Data by Division

Internal and School Board Use Only - Includes Director Planned ADMs
Includes member and non-member districts and does not include services



	SPECIAL EDUCATION												CARE & TREATMENT											
	FY20	Budget	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY20	Budget	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Allina												2.29	3.30	0.00	0.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Fairview												2.80	6.00	1.61	1.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
ACF												2.45	11.06	0.44	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
West Academy												6.10	0.00	7.16	6.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Oregon												12.68	17.80	25.46	10.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Prairie Care												45.79	97.11	40.75	52.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Epsilon												23.04	24.00	18.23	17.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Headway												49.71	58.50	45.26	47.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Tier Three Transition	72.22	58.00	61.90	61.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
Tier Three	137.29	139.00	123.94	127.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
Tier Two Transition	59.35	50.00	60.74	60.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
Tier Two	227.42	296.00	206.19	211.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
Tier One Transition	37.47	27.00	19.70	19.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00													

**DONATION REPORT
INTERMEDIATE DISTRICT 287
2020-2021**

NOVEMBER 2020

DONATION DATE	DESCRIPTION	VIN#	EST VALUE	DONOR	CAMPUS	PROGRAM
11/24/20	9 PANTO MOVERES CHAIRS		\$1,000.00	INTEREUM	HTC/EP	ALL
11/23/20	CHECK		\$500.00	KOPP FAMILY FOUNDATION	WEC	W-ALT
11/24/20	PALLET OF HAND SANITIZERS		NONE PROVIDED	TITO'S HANDMADE VODKA	DISTRICT WIDE	ALL
		TOTAL	\$1,500.00			

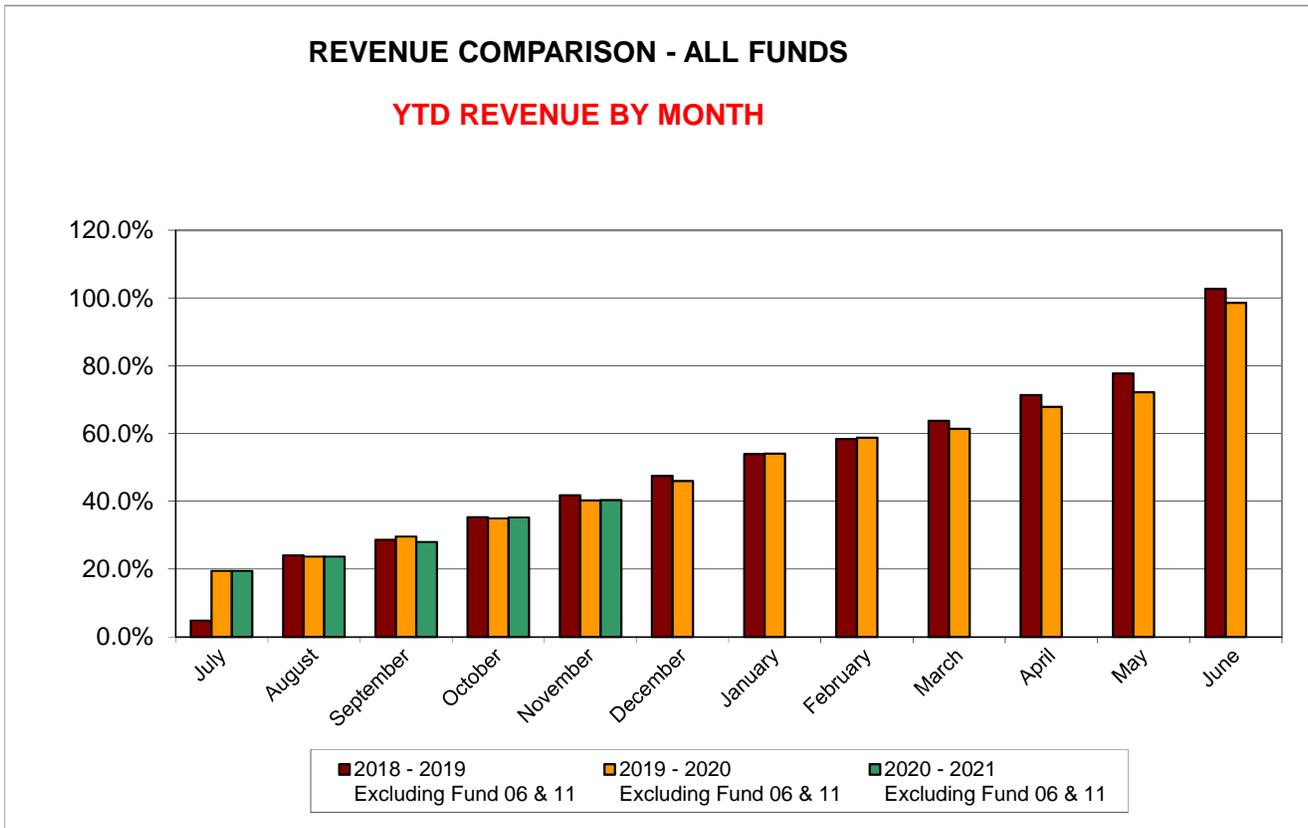
DISTRICT 287
REVENUE COMPARISON

Month	2018 - 2019		2019 - 2020		2020 - 2021		2020 - 2021	
	Excluding Fund 06 & 11		Excluding Fund 06 & 11		Excluding Fund 06 & 11		Including Fund 06 & 11	
	\$	%	\$	%	\$	%	\$	%
July	5,073,225	4.8% ¹	22,526,381	19.5% ²	23,045,139	19.5% ³	23,045,139	19.5%
August	20,294,775	24.0% ¹	4,938,169	23.7% ²	4,992,183	23.7% ³	4,992,207	23.7%
September	4,841,445	28.6% ¹	6,849,779	29.6% ²	5,108,432	28.0% ³	5,108,449	28.0%
October	7,018,112	35.3% ¹	6,136,978	34.9% ²	8,500,611	35.2% ³	8,500,611	35.2%
November	6,834,842	41.8% ¹	6,188,449	40.3% ²	6,125,945	40.4% ³	6,125,945	40.4%
December	6,037,371	47.5% ¹	6,662,707	46.0% ²				
January	6,910,324	54.0% ¹	9,383,971	54.1% ²				
February	4,571,800	58.4% ¹	5,422,778	58.8% ²				
March	5,703,543	63.8% ¹	3,026,005	61.4% ²				
April	7,964,899	71.3% ¹	7,430,333	67.8% ²				
May	6,802,888	77.8% ¹	5,048,705	72.2% ²				
June	26,324,759	102.7% ¹	30,577,603	98.6% ²				
TOTAL	108,377,983	102.7%	114,191,856	98.6%	47,772,310	40.4%	47,772,351	40.4%
BUDGET	105,486,754²		115,793,894³		118,364,143³		118,367,143	

¹ excludes Funds 06 & 11 budgeted revenue of \$86,194

² excludes Funds 06 & 11 budgeted revenue of \$28,500

³ excludes Funds 06 & 11 budgeted revenue of \$3,000



_Board- Revenue/Expense Summary by Fund Report

November 2020-2021

Intermediate District No. 287

Revenue Fund	Prior YE Act	Budget	MTD Activity	YTD Activity	% Used	YTD Unrealized
01 - GENERAL FUND	16,171,570.90	16,358,819.00	12,094.90	4,038,000.34	24.68%	12,320,818.66
02 - FOOD SERVICE FUND	655,165.24	858,260.00	21,447.75	29,691.01	3.46%	828,568.99
04 - COMMUNITY SERVICE FUND	0.00	0.00	0.00	0.00		0.00
06 - BUILDING CONSTRUCTION FUND	16,146.80	3,000.00	0.00	17.39	0.58%	2,982.61
07 - DEBT SERVICE FUND	11,453,901.00	8,245,757.00	7,267.80	5,705,346.76	69.19%	2,540,410.24
08 - TRUST FUND	0.00	525,000.00	50,799.06	200,615.20	38.21%	324,384.80
10 - SCHOLARSHIP FUND	1,396.36	2,048.00	0.00	-1,396.36	-68.18%	3,444.36
11 - EDGEWOOD LTFM BOND FUND	5,328.55	0.00	0.00	23.64		-23.64
12 - ALC - ACADEMIC FUND	12,272,216.34	12,210,255.00	14,182.09	1,847,874.64	15.13%	10,362,380.36
13 - CAREER & TECH FUND	1,613,475.01	1,443,225.00	0.00	1,088,736.20	75.44%	354,488.80
14 - SPECIAL EDUCATION FUND	58,662,856.62	64,790,279.00	4,643,407.15	29,548,502.82	45.61%	35,241,776.18
20 - INTERNAL SERVICE FUND	654,922.79	671,000.00	63,940.02	207,326.02	30.90%	463,673.98
21 - SELF HEALTH INSURANCE FUND	12,695,468.97	13,240,000.00	1,312,806.29	5,107,983.14	38.58%	8,132,016.86
51 - STUDENT CLUB FUND	10,882.62	19,500.00	0.00	-370.17	-1.90%	19,870.17
Total Revenue	114,213,331.20	118,367,143.00	6,125,945.06	47,772,350.63	40.36%	70,594,792.37

DISTRICT 287

EXPENDITURE COMPARISON

Month	2018 - 2019		2019 - 2020		2020 - 2021		2020 - 2021	
	Excluding Fund 06 & 11		Excluding Fund 06 & 11		Excluding Fund 06 & 11		Including Fund 06 & 11	
	\$	%	\$	%	\$	%	\$	%
July	3,661,446	3.5% ¹	3,679,480	3.2% ²	4,177,239	3.6% ³	4,138,601	3.5%
August	3,949,762	7.2% ¹	3,943,776	6.7% ²	3,598,620	6.6% ³	4,168,537	7.1%
September	7,863,523	14.7% ¹	8,172,502	13.8% ²	8,693,373	14.1% ³	8,695,873	14.5%
October	8,415,582	22.7% ¹	8,740,956	21.5% ²	9,144,055	21.9% ³	9,141,851	22.3%
November	7,702,984	30.0% ¹	7,836,546	28.3% ²	7,897,782	28.6% ³	7,897,782	29.0%
December	7,860,038	37.4% ¹	9,588,270	36.7% ²				
January	10,915,198	47.8% ¹	12,328,880	47.5% ²				
February	8,120,424	55.5% ¹	9,612,601	55.9% ²				
March	8,290,525	63.4% ¹	8,426,944	63.3% ²				
April	10,492,071	73.3% ¹	10,518,060	72.5% ²				
May	8,715,407	81.6% ¹	8,227,221	79.7% ²				
June	20,620,822	101.2% ¹	17,517,170	95.1% ²				
TOTAL	106,607,783	101.2%	108,592,405	95.1%	33,511,069	28.6%	34,042,644	29.0%
BUDGET	105,377,256¹		114,246,965²		117,157,218³		117,188,718	

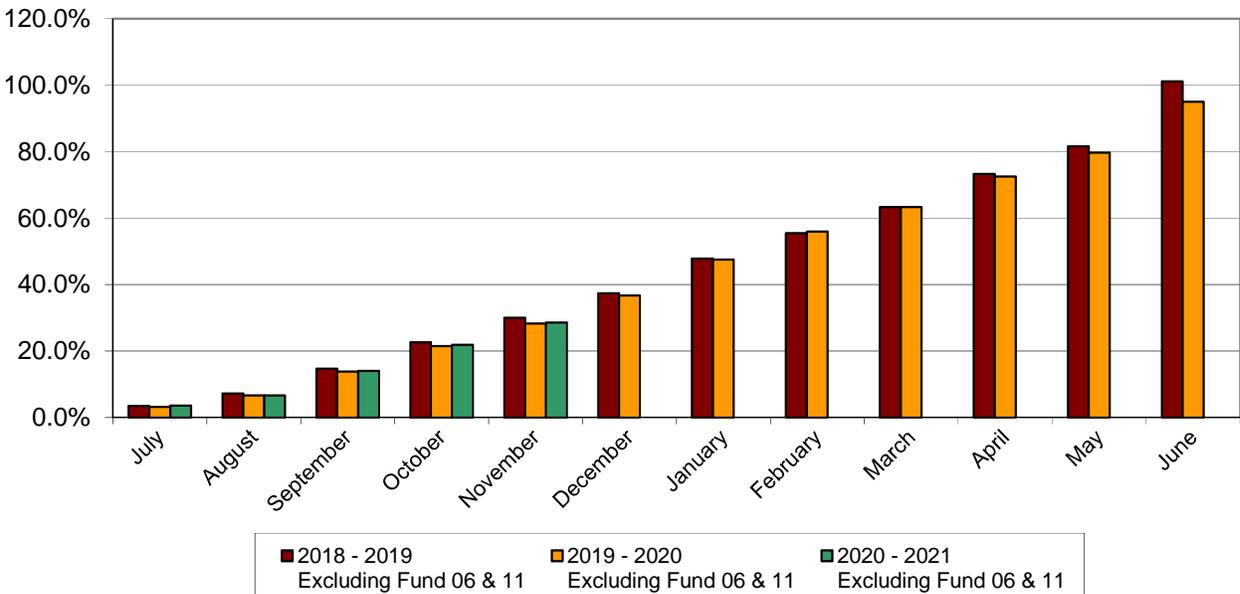
¹ excludes Funds 06 & 11 budgeted expenditures of \$5,685,666

² excludes Funds 06 & 11 budgeted expenditures of \$1,739,175

³ excludes Funds 06 & 11 budgeted expenditures of \$31,500

EXPENDITURE COMPARISON - ALL FUNDS

YTD EXPENDITURES BY MONTH



_Board- Revenue/Expense Summary by Fund Report

November 2020-2021

Intermediate District No. 287

Expenditure Fund	Prior YE Act	Budget	MTD Activity	YTD Activity	% Used	YTD Unrealized
01 - GENERAL FUND	15,628,978.42	17,181,031.00	1,147,924.95	6,895,354.90	40.13%	10,285,676.10
02 - FOOD SERVICE FUND	655,165.24	858,260.00	44,565.35	254,149.82	29.61%	604,110.18
04 - COMMUNITY SERVICE FUND	0.00	0.00	0.00	0.00		0.00
06 - BUILDING CONSTRUCTION FUND	870,505.31	31,500.00	0.00	409,249.22	1,299.20%	-377,749.22
07 - DEBT SERVICE FUND	9,918,818.73	6,591,795.00	0.00	1,751,000.24	26.56%	4,840,794.76
08 - TRUST FUND	0.00	525,000.00	26,876.08	111,827.82	21.30%	413,172.18
09 - AGENCY FUND	0.00	0.00	0.00	0.00		0.00
10 - SCHOLARSHIP FUND	3,202.25	14,000.00	0.00	0.00	0.00%	14,000.00
11 - EDGEWOOD LTFM BOND FUND	313,141.15	0.00	0.00	122,326.11		-122,326.11
12 - ALC - ACADEMIC FUND	11,837,996.89	12,782,935.00	848,370.88	3,490,853.19	27.31%	9,292,081.81
13 - CAREER & TECH FUND	1,484,130.14	1,540,904.00	122,427.57	398,732.30	25.88%	1,142,171.70
14 - SPECIAL EDUCATION FUND	57,038,154.73	64,905,471.00	4,958,063.17	17,034,112.09	26.24%	47,871,358.91
20 - INTERNAL SERVICE FUND	565,031.25	695,000.00	46,662.63	219,451.62	31.58%	475,548.38
21 - SELF HEALTH INSURANCE FUND	9,463,129.37	12,036,000.00	702,607.88	3,355,303.26	27.88%	8,680,696.74
51 - STUDENT CLUB FUND	13,682.50	26,822.00	283.68	283.68	1.06%	26,538.32
98 - GENERAL FIXED ASSETS GROUP	1,984,115.89	0.00	0.00	0.00		0.00
Total Expenses	109,776,051.87	117,188,718.00	7,897,782.19	34,042,644.25	29.05%	83,146,073.75

Intermediate District 287

Responsive. Innovative. Solutions.

INTER-OFFICE MEMORANDUM

DATE: **December 17, 2020**

TO: Members of the School Board

FROM: Mae L. Hawkins, Executive Director of Business Services

RE: **Cash Report - November** Claims, Payroll, Receipts, and Investments

A. Recommendation: Request the Board approve payment of the items listed below:

1. A/P payments for:	November 2020	Totaling	<u>\$</u>	<u>3,537,446.75</u>
a) Check #'s	106187 - 106329			
and Wire Transfers - #'s	4000000718 - 4000000728, 4000000730 - 400000741, 9000002356 - 9000002420			
2. Payroll for:	November 2020	Totaling	<u>\$</u>	<u>2,966,233.40</u>
a) Check #'s	n/a			
b) Direct Deposit #'s	9000054769 - 9000056707			
3. Receipts for:	November 2020	Totaling	<u>\$</u>	<u>6,691,032.85</u>
a) Receipt #'s	20210409 - 20210481			
4. Invest. at end of mo.	November 2020			
a) Fund 01 - General Fund			<u>\$</u>	<u>17,941,310.19</u>

This report has been prepared under the direction of Dave Anderson and is presented for approval by the School Board. Dave and I would be glad to answer any questions.

INSTITUTION	RATE OF RETURN (%)	PURCHASE DATE	MATURITY DATE	AMOUNT INVESTED
PMA - MNTrust Savings Deposit Account - Bell Bank	0.343			10,006,006.66
PMA - MNTrust Savings Deposit Account - Nexbank, SSB - ICS	0.100			7,935,303.53
Total PMA - MNTrust Investments on Books				17,941,310.19

ACTIVITY DETAIL:

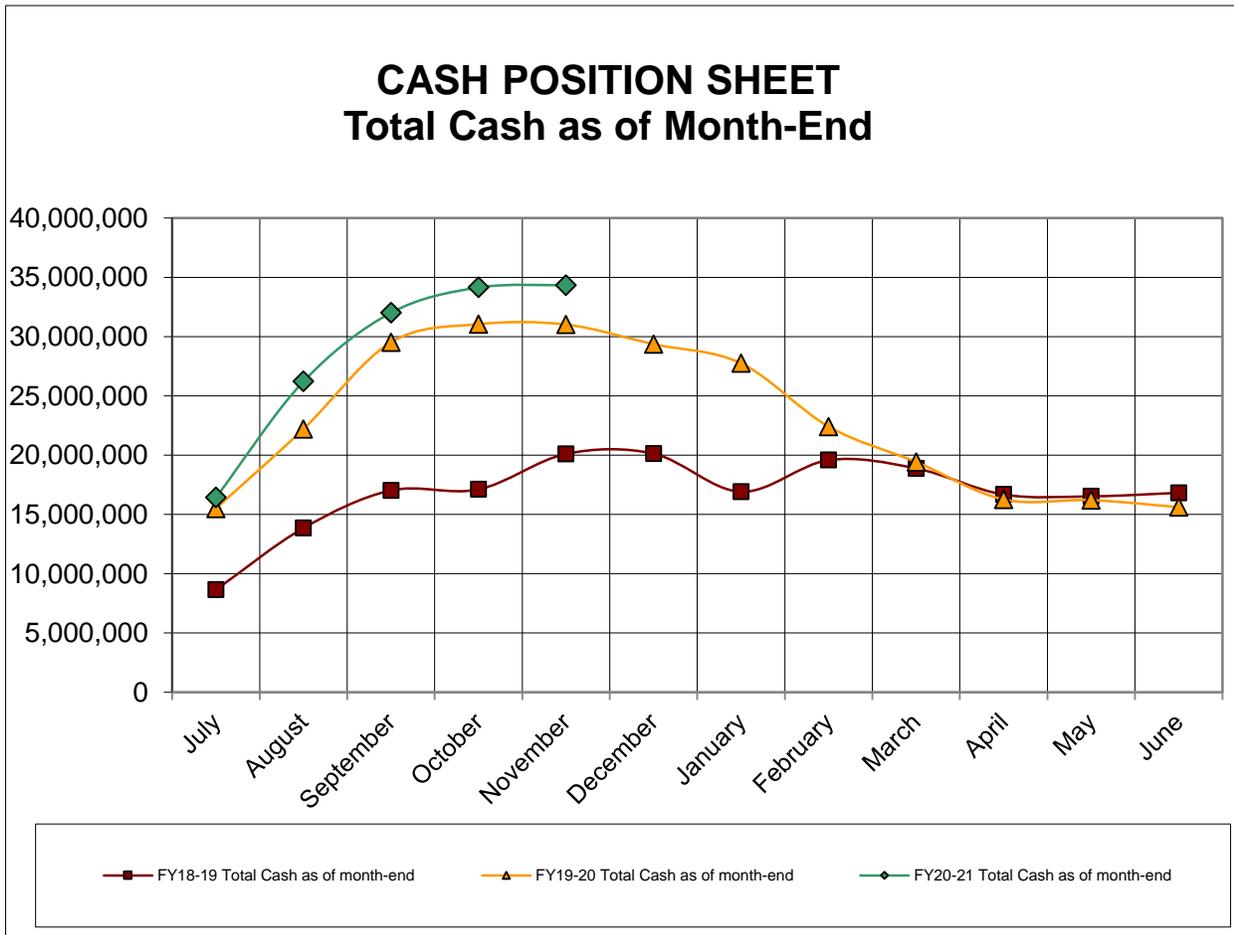
Investments on our Book at End of Prior Month	17,937,826.67
Current Month Activity	
Deposits	-
Withdrawals	-
Interest Earned - Recorded	3,483.52
Dividends Earned	-
Interest Earned - Not Recorded by Month-end	-
Total Investments at End of Month & Un-recorded Interest	17,941,310.19

Intermediate District 287

Cash and Investment Position Sheet- Monthly Total Net Cash- All Accounts

<u>Date</u>	<u>FY18-19 Total Cash as of month-end</u>	<u>FY19-20 Total Cash as of month-end</u>	<u>FY20-21 Total Cash as of month-end</u>
July	8,650,084	15,498,346	16,420,292
August	13,846,918	22,200,255	26,210,789
September	17,025,466	29,515,756	32,002,725
October	17,107,992	31,046,296	34,140,570
November	20,101,928	31,013,291	34,331,406
December	20,124,817	29,361,403	
January	16,913,533	27,748,108	
February	19,582,971	22,407,221	
March	18,883,841	19,426,171	
April	16,676,837	16,262,715	
May	16,525,923	16,209,940	
June	16,820,579	15,614,833	

- Includes Self-Funded Insurance Cash Balances.



INTERMEDIATE DISTRICT 287
NOVEMBER 2020 ACTIVITY

ELECTRONIC TRANSFERS IN:

DATE	TO	AGENCY	RECEIPT #	AMOUNT	DESCRIPTION
11/3/2020	MSDLAF	MN DEPT OF EDUCATION-034	20210460	25,000.00	SCHOOL LUNCH EQUIPMENT
11/5/2020	MSDLAF	MN DEPT OF EMPLOYMENT & E	20210461	21,151.45	VECTOR GRANT
11/10/2020	MSDLAF	COBRA	20210462	26,401.99	COBRA OCTOBER PAYMENTS
11/13/2020	MSDLAF	MN STATE MMB-FNS	20210463	6,229.56	CHILD NUTRITION OCT 2020 - ABEC
11/13/2020	MSDLAF	MN STATE MMB-FNS	20210464	13,122.27	CHILD NUTRITION OCT 2020 - NEC
11/13/2020	MSDLAF	MN STATE MMB	20210465	4,579,968.34	IDEAS GEN ED, SP ED
11/13/2020	MSDLAF	MN DEPT OF EDUCATION-034	20210466	5,541.50	CORONOVIRUS RELIEF
11/16/2020	MSDLAF	121 BENEFITS	20210467	1,799.92	VOID CHECKS REFUND
11/17/2020	MSDLAF	HENNEPIN COUNTY	20210468	1,892.00	CHILD CARE ASSISTANCE NEC
11/19/2020	MSDLAF	MN STATE MMB-FNS	20210469	2,095.92	CHILD NUTRITION OCT 2020 - HEADWAY NORTH
11/23/2020	MSDLAF	MN DEPT OF LABOR & INDUSTR	20210470	15,364.53	YOUTH SKILLS TRAINING GRANT
11/25/2020	MSDLAF	MN STATE MMB	20210471	7,807.57	MA 3RD PARTY BILLING REVENUE
11/27/2020	MSDLAF	MN STATE MMB	20210472	59,666.26	IDEAS GEN ED
11/27/2020	MSDLAF	HENNEPIN COUNTY	20210473	1,933.48	CHILD CARE ASSISTANCE NEC
11/30/2020	MSDLAF	MSDLAF	20210474	734.14	INTEREST EARNED NOVEMBER 2020
11/30/2020	MSDLAF	PAYPAL	20210475	3,917.90	NOVEMBER TUITION
11/30/2020	MSDLAF	SQUARE - BREMER BEAN SHOP	20210476	65.87	NOVEMBER STORE SALES
11/30/2020	MSDLAF	SQUARE - JITTERBUG NEC	20210477	123.27	NOVEMBER STORE SALES
11/30/2020	MSDLAF	SQUARE - COMMON GROUNDS	20210478	25.41	NOVEMBER STORE SALES
11/30/2020	MSDLAF	MERCHANT SERVICES - ABEC	20210479	50.00	STUDENT DEFERRED REVENUE
11/30/2020	MSDLAF	MERCHANT SERVICES - SEC	20210480	20.00	STUDENT DEFERRED REVENUE
11/30/2020	MSDLAF	MERCHANT SERVICES - NEC	20210481	110.00	STUDENT DEFERRED REVENUE
MTD TOTALS				4,773,021.38	

INTERMEDIATE DISTRICT 287
NOVEMBER 2020 ACTIVITY

WIRE TRANSFERS OUT:

DATE	FROM	AGENCY	WIRE #	AMOUNT	DESCRIPTION
11/5/2020	MSDLAF	HealthPartners	4000000718	160,052.21	HPAI Claims
11/5/2020	MSDLAF	Bank of Montreal	4000000726	77,039.14	P-Card Expense
11/11/2020	MSDLAF	US Bank	9000002356-9000002370	906.62	Staff Reimbursements
11/12/2020	MSDLAF	121 Benefits	4000000727	9,675.70	Flex Spending Monthly Invoice
11/12/2020	MSDLAF	HealthPartners	4000000728	177,319.27	HPAI Claims
11/13/2020	MSDLAF	BPAS	4000000719	70,348.60	Veba
11/13/2020	MSDLAF	Educators Benefit Consultants	4000000720	79,383.84	403b Retirement
11/13/2020	MSDLAF	MN Dept of Revenue	4000000721	178.77	State Taxes
11/13/2020	MSDLAF	MN Dept of Revenue	4000000722	85,398.44	State Taxes
11/13/2020	MSDLAF	Public Employees Retirement	4000000723	127,357.26	Pera
11/13/2020	MSDLAF	Teachers Retirement Assn	4000000724	205,880.76	Tra
11/13/2020	MSDLAF	US Bank	4000000725	514,898.74	Federal Taxes
11/13/2020	MSDLAF	US Bank	9000054769-9000055739	1,491,132.15	Payroll
11/19/2020	MSDLAF	HealthPartners	4000000730	1,166.00	HEALTHPARTNERS
11/19/2020	MSDLAF	HealthPartners	4000000731	118,374.10	HPAI Claims
11/19/2020	MSDLAF	Cash Management Services	4000000732	192.51	Cash Management Services
11/24/2020	MSDLAF	HealthPartners	4000000733	140,324.11	HPAI Claims
11/25/2020	MSDLAF	US Bank	9000002371-9000002420	3,920.98	Staff Reimbursements
11/30/2020	MSDLAF	BPAS	4000000734	69,690.27	Veba
11/30/2020	MSDLAF	Educators Benefit Consultants	4000000735	79,437.17	403b Retirement
11/30/2020	MSDLAF	MN Dept of Revenue	4000000736	95.94	State Taxes
11/30/2020	MSDLAF	MN Dept of Revenue	4000000737	84,105.74	State Taxes
11/30/2020	MSDLAF	Public Employees Retirement	4000000738	123,337.87	Pera
11/30/2020	MSDLAF	Teachers Retirement Assn	4000000739	205,052.91	Tra
11/30/2020	MSDLAF	US Bank	4000000740	506,535.28	Federal Taxes
11/30/2020	MSDLAF	121 Benefits	4000000741	26,876.08	Flex Spending Account Payments
11/30/2020	MSDLAF	US Bank	9000055798	(1,002.84)	Payroll
11/30/2020	MSDLAF	US Bank	9000056706	873.66	Payroll
11/30/2020	MSDLAF	US Bank	9000056707	1,002.84	Payroll
11/30/2020	MSDLAF	US Bank	9000095604	(873.66)	Payroll
11/30/2020	MSDLAF	US Bank	9000055740-9000056705	1,475,101.25	Payroll
MTD TOTALS				5,833,781.71	

CONSENT AGENDA - RECOMMENDATION



Intermediate District 287
RESPONSIVE. INNOVATIVE. SOLUTIONS.

Recommendation for Board Acceptance of the Assistive Technology & Professional Development Sub-Award with Metro ECSU

January 14, 2021

Author

Mae Hawkins, Executive Director of Business Services

Summary

Intermediate District 287 has been awarded \$1,200.00 from the Assistive Technology & Professional Development Sub-Award with Metro ECSU. The funds from this award will be used to purchase three (3) Samsung Galaxy Tab s5e tablets which use Live Transcribe for our Deaf/Hard of Hearing Students. This grant runs from 12/01/2020 – 4/1/2021.

Recommendation

It is recommended that the Board approves this award.

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MINNESOTA
BOARD OF EDUCATION**



Regular Meeting – January 14, 2021

AGENDA SECTION: BUSINESS SERVICES REPORT

**ITEM: Recommendation for Board Acceptance of the
Audited Financial Report for the year ended June 30, 2020**

PRESENTED BY: Mae Hawkins, Executive Director of Business Services

1. Background Information

Jim Eichten, Managing Partner of MMKR, Certified Public Accountants & Co., P.A. will present the district’s Audited Financial Report for the year ended June 30, 2020.

2. Fiscal Impact/Funding Source:

3. RECOMMENDED ACTION:

The Board accepts the audited financial report for the year ended June 30, 2020.

Motion by: _____ Yes ____ Passed ____

Second by: _____ Yes ____ Failed ____

Abstentions: _____

INTERMEDIATE DISTRICT NO. 287 PLYMOUTH, MINNESOTA

Audit Report
Year Ended June 30, 2020





AUDITOR'S ROLE

- **Opinion on Financial Statements**
 - **District Audit**
- **Internal Controls and Compliance**
 - **Financial Statement Audit**
 - **State Laws and Regulations**
- **Federal "Single Audit"**
 - **Schedule of Federal Awards**
 - **Internal Controls over Compliance**
 - **Compliance Requirements of Major Programs**



AUDIT RESULTS

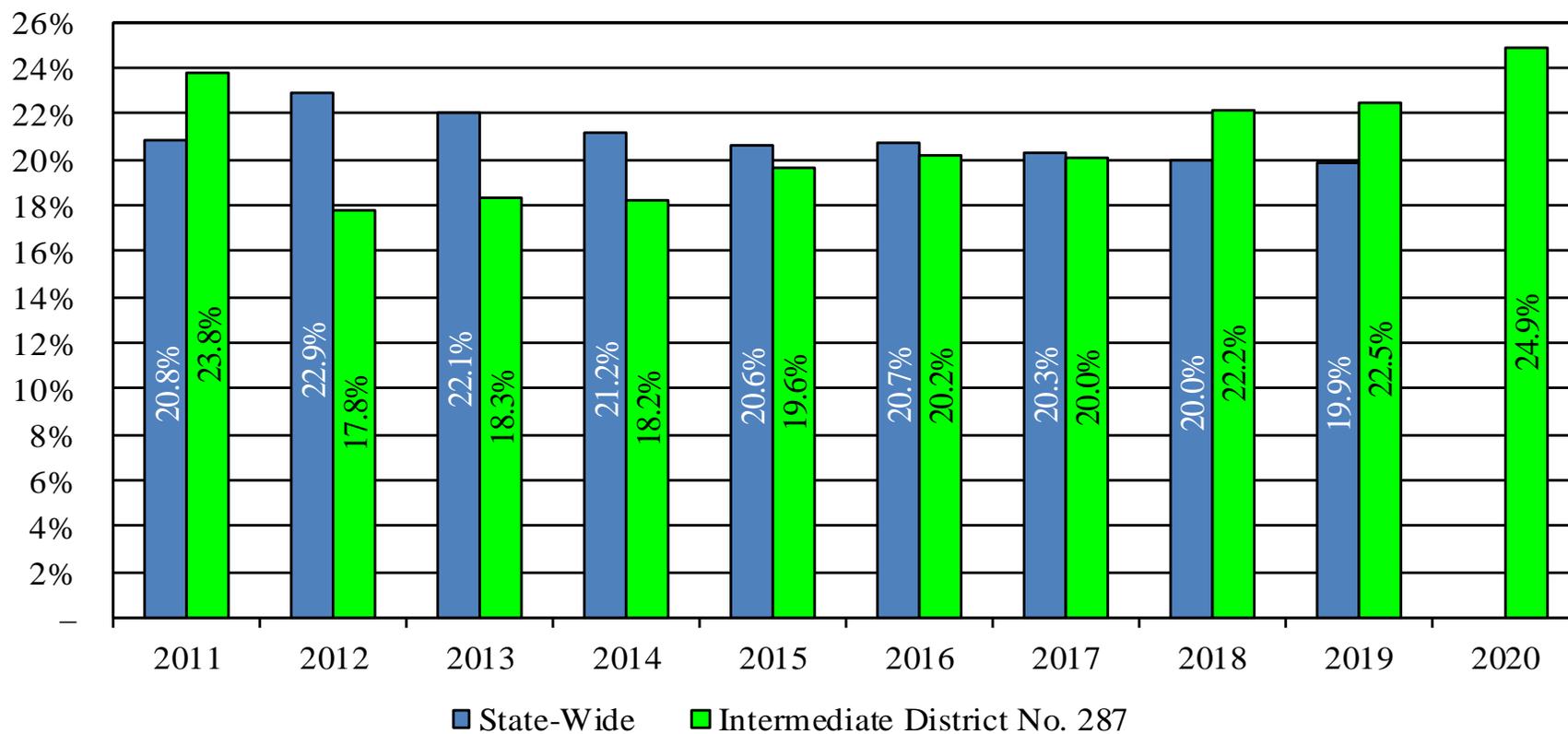
■ District Audit

- Clean Opinion on Basic Financial Statements
 - Unmodified (Clean) Opinion
 - Emphasis of Matter – Implementation of Governmental Accounting Standards Board Statement No. 84
Fiduciary Activities
- Internal Control and Compliance Reports
 - No Findings
- Minnesota Legal Compliance Audit
 - No Findings
- Single Audit of Federal Awards
 - No Findings



STATE-WIDE FUND BALANCES

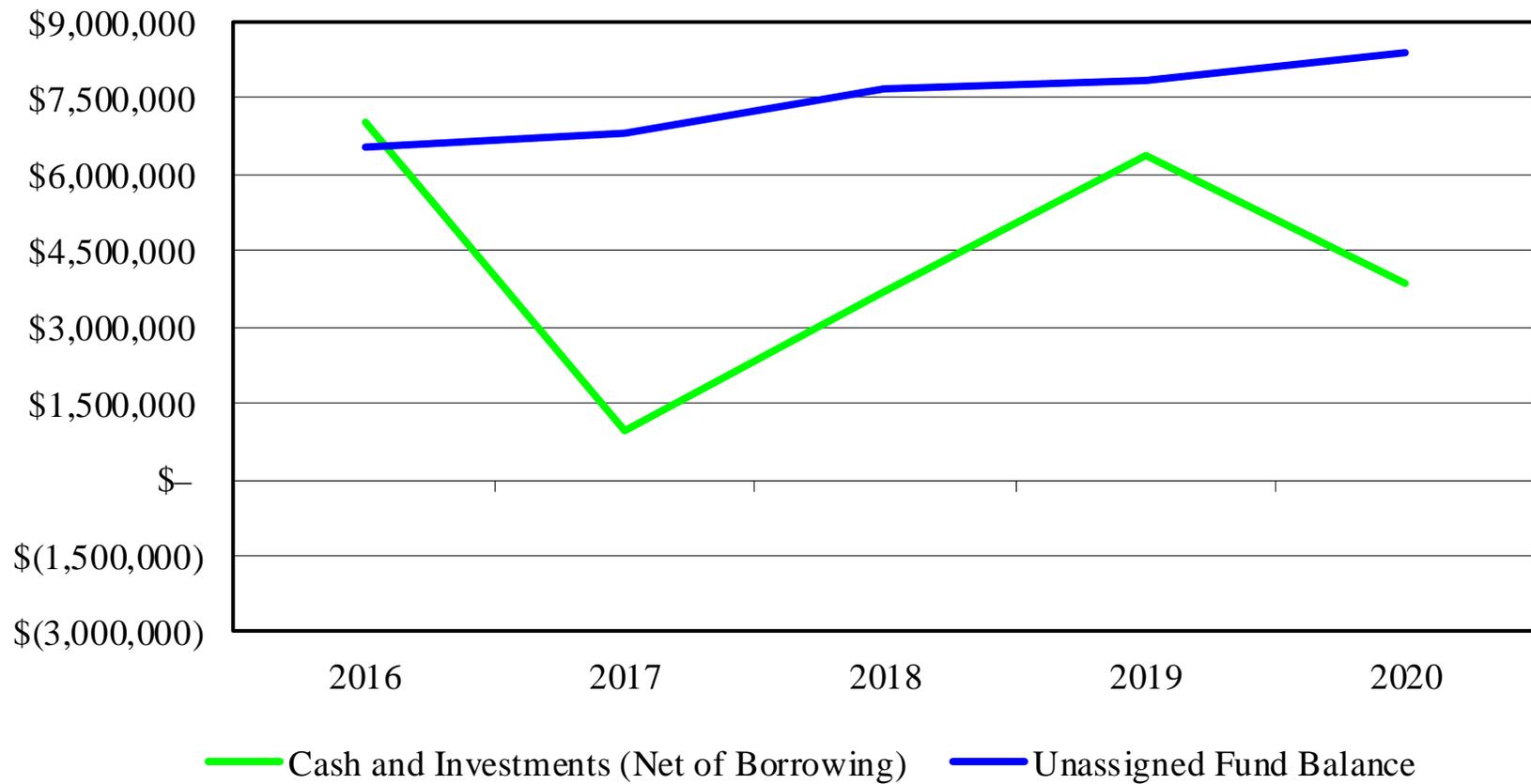
State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures





GENERAL FUND FINANCIAL POSITION

General Fund Financial Position

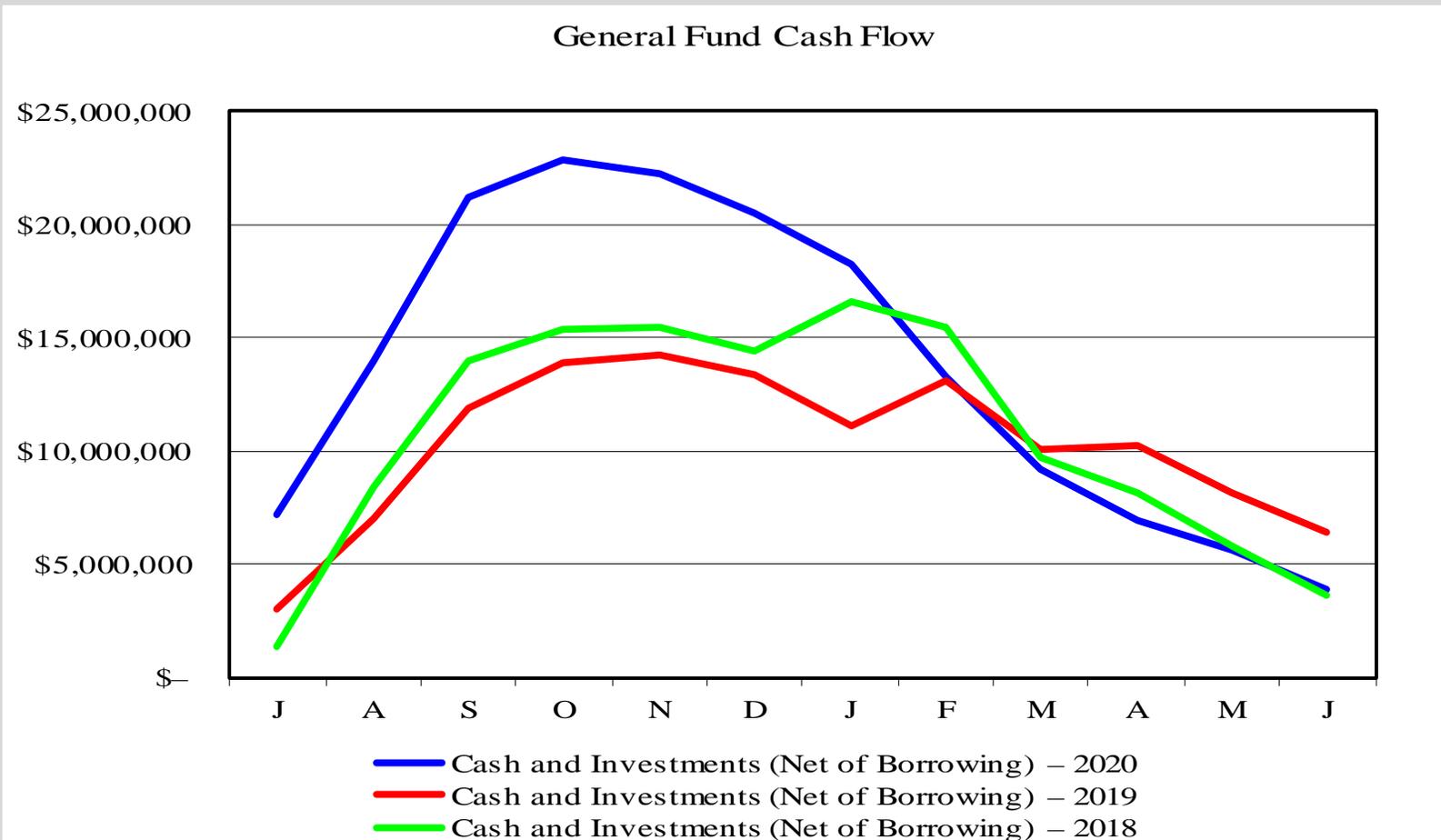




GENERAL FUND FINANCIAL POSITION

	Year Ended June 30,			
	2017	2018	2019	2020
Fund balances				
Nonspendable for prepaid items	\$ 191,093	\$ 813,263	\$ 87,606	\$ 191,574
Restricted for basic skills programs	151,506	297,875	448,689	368,424
Restricted for basic skills extended time	–	–	48,825	115,262
Restricted for safe schools levy	236,688	118,225	173,101	325,681
Restricted for long-term facilities maintenance	150,335	410,007	318,637	530,174
Restricted for Medical Assistance	445,411	1,356,495	1,327,409	1,542,854
Assigned for COVID-19	–	–	–	500,000
Assigned for donations	–	–	–	6,221
Assigned for severance	5,540,880	5,536,118	5,562,580	5,712,751
Assigned for tuition adjustments	2,425,433	2,425,433	2,677,000	2,677,000
Assigned for property	80,131	226,131	107,226	68,078
Assigned for student clubs	34,268	27,584	28,362	25,562
Assigned for vehicle depreciation	47,012	70,473	87,211	101,664
Assigned for self-insurance	76,299	58,597	10,300	–
Assigned for collaborative curriculum project	270,199	217,229	171,850	113,669
Assigned for strategic priorities	–	–	750,000	1,200,000
Assigned for subsequent year's budget	–	–	355,099	839,696
Assigned for flex plan	–	–	–	1,665
Unassigned	6,818,690	7,669,423	7,832,605	8,398,933
Total fund balances	<u>\$ 16,467,945</u>	<u>\$ 19,226,853</u>	<u>\$ 19,986,500</u>	<u>\$ 22,719,208</u>
Unassigned General Fund balances as a percentage of expenditures	<u>8.3%</u>	<u>9.4%</u>	<u>9.2%</u>	<u>9.8%</u>
Total fund balances as a percentage of expenditures	<u>20.0%</u>	<u>23.5%</u>	<u>23.6%</u>	<u>26.5%</u>

GENERAL FUND CASH FLOW





SPECIAL EDUCATION ACCOUNT

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue and other financing sources	\$ 55,181,961	\$ 56,814,173	\$ 57,600,613	\$ 58,677,674
Expenditures and other financing uses	<u>55,312,433</u>	<u>55,067,546</u>	<u>57,776,846</u>	<u>57,038,154</u>
Excess (deficiency)	(130,472)	1,746,627	(176,233)	1,639,520
Fund balances				
Beginning of year	<u>9,275,486</u>	<u>9,145,014</u>	<u>10,891,641</u>	<u>10,715,408</u>
End of year	<u><u>\$ 9,145,014</u></u>	<u><u>\$ 10,891,641</u></u>	<u><u>\$ 10,715,408</u></u>	<u><u>\$ 12,354,928</u></u>



CAREER AND TECHNICAL EDUCATION ACCOUNT

	Year Ended June 30,			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenue and other financing sources	\$ 1,096,305	\$ 1,089,690	\$ 1,332,909	\$ 1,613,475
Expenditures and other financing uses	<u>1,054,191</u>	<u>1,010,626</u>	<u>1,205,211</u>	<u>1,446,907</u>
Excess	42,114	79,064	127,698	166,568
Fund balances				
Beginning of year	<u>297,980</u>	<u>340,094</u>	<u>419,158</u>	<u>546,856</u>
End of year	<u><u>\$ 340,094</u></u>	<u><u>\$ 419,158</u></u>	<u><u>\$ 546,856</u></u>	<u><u>\$ 713,424</u></u>



ACADEMIC EDUCATION ACCOUNT

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue and other financing sources	\$ 10,796,339	\$ 11,012,519	\$ 11,232,985	\$ 12,372,300
Expenditures and other financing uses (net of capital lease activity)	9,792,491	10,861,142	11,244,355	11,804,159
Excess (deficiency)	1,003,848	151,377	(11,370)	568,141
Fund balances (deficit)				
Beginning of year	(512,431)	491,417	642,794	631,424
End of year	\$ 491,417	\$ 642,794	\$ 631,424	\$ 1,199,565



DISTRICT-WIDE ACCOUNT

	Year Ended June 30,			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenue and other financing sources	\$ 38,897,113	\$ 16,113,118	\$ 16,501,308	\$ 16,171,572
Expenditures and other financing uses	<u>39,001,458</u>	<u>15,465,832</u>	<u>15,590,091</u>	<u>15,925,965</u>
Excess (deficiency)	(104,345)	647,286	911,217	245,607
Fund balances				
Beginning of year, as previously reported	940,486	836,141	1,483,427	2,394,644
Change in accounting principle	-	-	-	4,639
Beginning of year, as restated	<u>940,486</u>	<u>836,141</u>	<u>1,483,427</u>	<u>2,399,283</u>
End of year	<u>\$ 836,141</u>	<u>\$ 1,483,427</u>	<u>\$ 2,394,644</u>	<u>\$ 2,644,890</u>

- **Clean Opinion on District Financial Statements**
- **No Findings Single Audit of Federal Awards**
- **No Findings Overall**
- **Stable Financial Position**
- **Excellent Financial Recordkeeping**

INTERMEDIATE DISTRICT NO. 287
PLYMOUTH, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2020

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INTERMEDIATE DISTRICT NO. 287

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INTRODUCTORY SECTION

INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration
as of June 30, 2020

BOARD OF DIRECTORS

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Regina Neville	Edina	Chairperson
Andrea Cuene	Wayzata	Vice Chairperson
Heather Douglass	Osseo	Treasurer
Crystal Brakke	Richfield	Clerk
Steve Adams	Hopkins	Director
Anne Casey	St. Louis Park	Director
Ruthie Dallas	Brooklyn Center	Director
Michèle Kunz	Orono	Director
Heidi Marty	Westonka	Director
Samir Sant	Robbinsdale	Director
Adam Seidel	Eden Prairie	Director

ADMINISTRATION

Sandra Lewandowski	Superintendent
Anne Becker	General Counsel
Chad Maxa	Executive Director of Strategic Implementation
Elisabeth Lodge Rogers	Assistant Superintendent of Programs and Services
Benjamin Magras	Executive Director of Student Outcomes
Mae Hawkins	Executive Director of Business Services
Michelle Axell	Director of Human Resources
Kim Helgeson	Director of Technology
Rachel Hicks	Director of Communications and Public Relations
Christina Houck	Director of Special Education and Student Support Services
Jonathan Voss	Director of Teaching and Learning
Gloria Wilder	Director of Finance
David Anderson	Senior Finance Manager
Wauneen Denson-Mgeni	School Board Coordinator

FINANCIAL SECTION

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PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Intermediate District No. 287
Plymouth, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate District No. 287 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

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

EMPHASIS OF MATTER

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

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

(continued)

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

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 20, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 17, 2020

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INTERMEDIATE DISTRICT NO. 287

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

This section of Intermediate District No. 287's (the District) annual financial statements presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2020. We encourage readers to consider the financial information presented here in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2020 include the following:

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by (\$25,564,339) (deficit net position). The District's total net position increased by \$4,771,606 (excluding the change in accounting principle discussed below) during the fiscal year ended June 30, 2020. This increase is mostly related to changes in pension related deferred inflows, deferred outflows, and net pension liabilities in the state-wide pension plans the District participates in.
- In the District's General Fund, the fund balance increased \$2,728,059 (excluding the change in accounting principle discussed below) and ended the year at \$22,719,208.
- The District recorded a change in accounting principle in the current year with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of this standard changed the way the District reports certain fiduciary activities that were previously reported. The implementation of this standard increased beginning net position in the government-wide financial statements and beginning fund balance in the General Fund by \$4,649.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Combining and individual fund statements and schedules presented as supplemental information.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including career and technical education, academic education, special education, student clubs, administrative support services, operations and maintenance, and food service, are primarily financed with tuition, membership fees, access fees, and operating grants.

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District’s various functions. The District uses its internal service funds to account for its health and dental self-insurance activities. These services have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets are reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We excluded these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 44,449,040	\$ 40,501,881
Restricted assets	13,637,838	12,445,555
Capital assets, net of accumulated depreciation	<u>84,943,639</u>	<u>85,524,640</u>
Total assets	<u>\$ 143,030,517</u>	<u>\$ 138,472,076</u>
Deferred outflows of resources		
Bond refunding deferments	\$ 411,381	\$ 443,026
Pension plan deferments	33,470,388	50,681,754
OPEB plan deferments	<u>1,129,649</u>	<u>415,402</u>
Total deferred outflows of resources	<u>\$ 35,011,418</u>	<u>\$ 51,540,182</u>
Liabilities		
Current and other liabilities	\$ 11,511,208	\$ 12,785,548
Long-term liabilities, including due within one year	<u>137,741,825</u>	<u>140,839,997</u>
Total liabilities	<u>\$ 149,253,033</u>	<u>\$ 153,625,545</u>
Deferred inflows of resources		
Pension plan deferments	\$ 53,289,223	\$ 66,571,375
OPEB plan deferments	<u>1,064,018</u>	<u>155,932</u>
Total deferred inflows of resources	<u>\$ 54,353,241</u>	<u>\$ 66,727,307</u>
Net position		
Net investment in capital assets	\$ 8,690,149	\$ 7,265,005
Restricted	15,058,694	12,951,482
Unrestricted	<u>(49,313,182)</u>	<u>(50,557,081)</u>
Total net position	<u>\$ (25,564,339)</u>	<u>\$ (30,340,594)</u>

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

Overall, net position increased by \$4,776,255. The net investment in capital assets increased by \$1,425,144 from capital asset additions, retirement of debt, and annual depreciation. The increase in restricted assets is largely attributable to payments to the Debt Service Fund's cash held in escrow, which will be used to pay a portion of future outstanding debt payments. The change in unrestricted net position was from the increase in the General Fund balance and the changes in the District's proportionate share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) state-wide pension obligations. This change was also the significant factor in the changes in deferred outflows and inflows of resources.

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

	<u>2020</u>	<u>2019</u>
Revenue		
Program revenues		
Charges for services	\$ 21,104,022	\$ 20,647,784
Operating grants and contributions	67,325,134	64,929,651
General revenues		
General grants and aids	7,748,726	5,526,708
Other general revenues	419,827	387,692
Investment earnings	813,931	994,478
Total revenue	<u>97,411,640</u>	<u>92,486,313</u>
Expenses		
Career and technical education	1,441,711	870,531
Academic education	11,808,725	8,577,294
Special education	57,723,643	43,028,735
Student clubs	13,682	18,349
Administrative support services and operations and maintenance	17,469,152	14,436,356
Food service	659,890	729,364
Interest and fiscal charges on debt	3,523,231	3,533,236
Total expenses	<u>92,640,034</u>	<u>71,193,865</u>
Change in net position	4,771,606	21,292,448
Net position – beginning, as previously reported	(30,340,594)	(51,633,042)
Change in accounting principle	4,649	–
Net position – beginning, as restated	<u>(30,335,945)</u>	<u>(51,633,042)</u>
Net position – ending	<u>\$ (25,564,339)</u>	<u>\$ (30,340,594)</u>

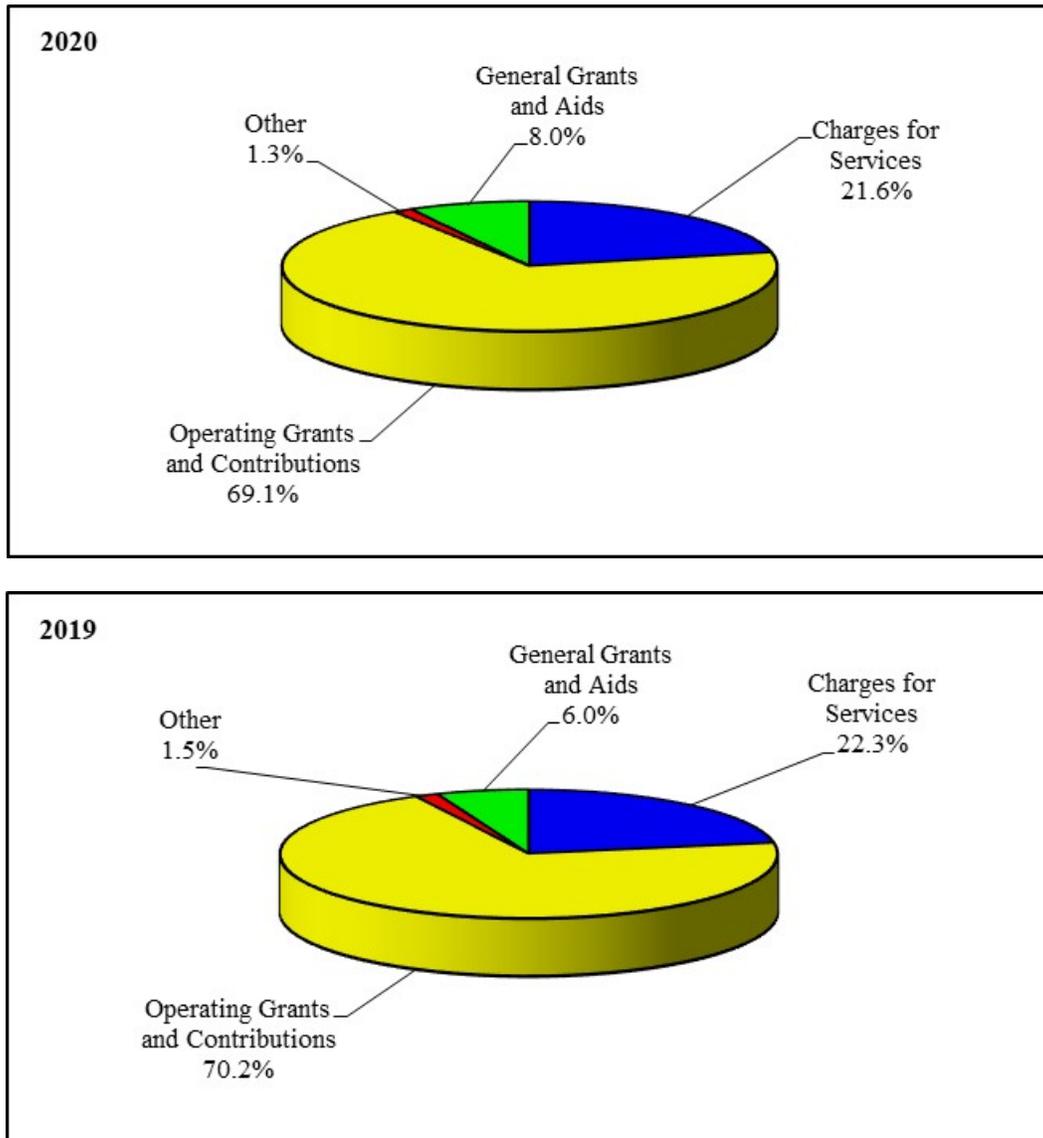
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The District's total revenues were \$97,411,641 for the year ended June 30, 2020. Charges for services account for 21.6 percent of total revenues for the year, while operating grants and contributions accounted for 69.1 percent. General grants and aids accounted for 8.0 percent of the total revenue, and are mainly from pass-through levies for debt service and the federal reimbursement received for interest payments made on the Build America Bonds and Qualified School Construction Bonds.

The total cost of all programs and services was \$92,640,034. The change in expenses is mainly attributed to the changes in the District's proportionate share of state-wide pension plans in the current year.

Figures A and B show further analysis of these revenue sources and expense functions:

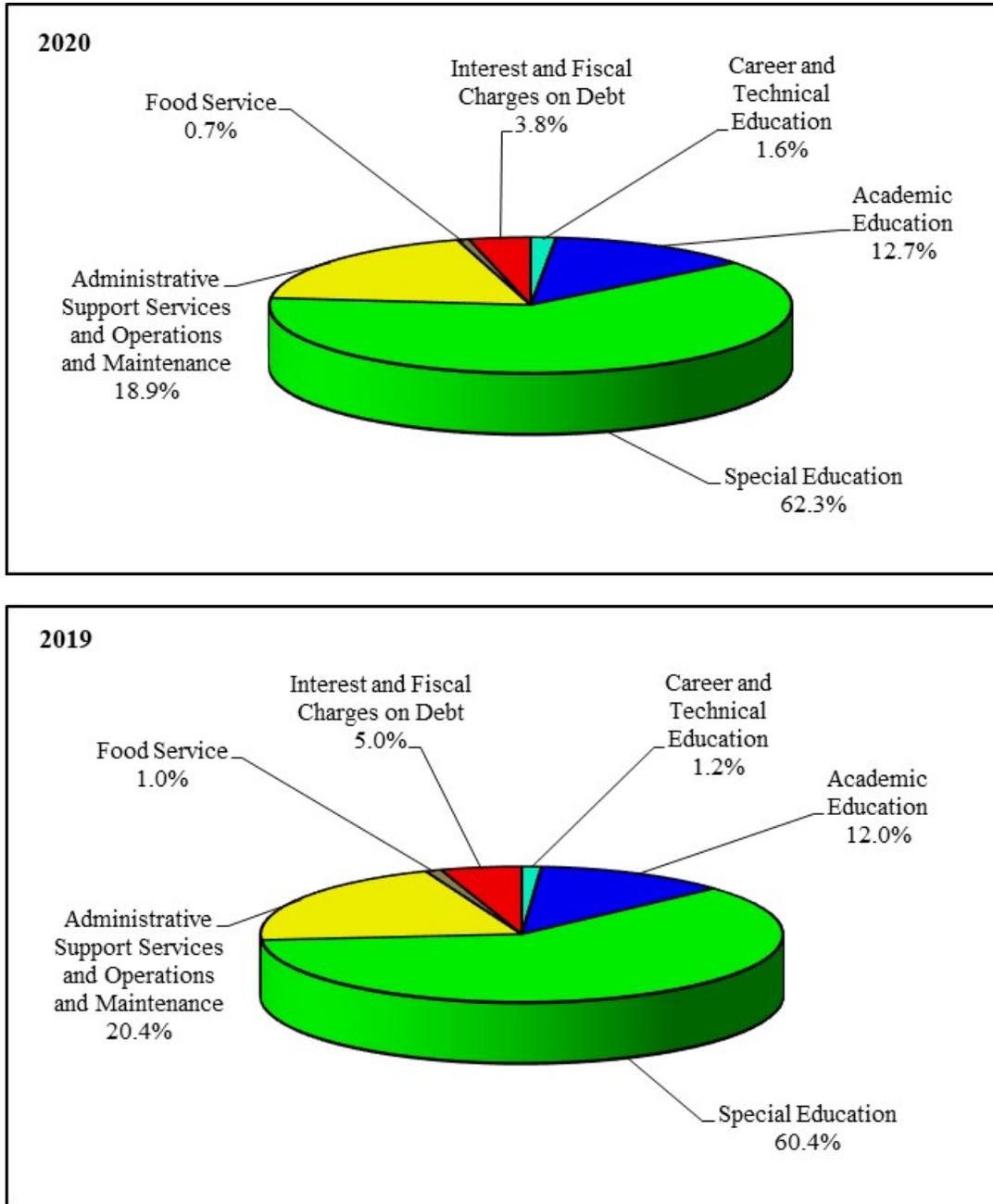
Figure A – Sources of Revenues for Fiscal Years 2020 and 2019



The largest share of the District’s revenue results from services to member and nonmember school districts that normally generate tuition charges and service fees. Special education tuition billing has been processed through the Minnesota Department of Education (MDE) since 2009. Based on the special education services and costs reported to the MDE, the District generates both state special education aid and MDE-generated tuition billing revenue. Because these dollars flow through the state, they are classified as an operating grant rather than a charge for services.

The increases to operating grants and contributions are mainly related to increases in general education aid from increased online learning students and more special education aid. Changes in general grants and aids relates to changes in the District’s proportionate share of state-wide pension plan allocations.

Figure B – Expenses for Fiscal Years 2020 and 2019



The District's expenses are predominately in categories that correlate directly to providing instruction, which includes: special education, academic education, and career and technical education, comprising 76.6 percent of the total. Total expenses for the year in administrative support services and operations and maintenance were 18.9 percent, which include administrative, business services, instructional support services, and building operations and maintenance. Debt service expenses related to financing of facilities were 3.8 percent of total expenses.

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

Table 3 presents the net cost of governmental activities by functional activity of the District:

	2020		2019	
	Total Cost of Services	Net (Expenses Over) Revenues From Services	Total Cost of Services	Net (Expenses Over) Revenues From Services
Governmental activities				
Career and technical education	\$ 1,441,711	\$ 171,764	\$ 870,531	\$ 461,848
Academic education	11,808,725	463,417	8,577,294	2,328,311
Special education	57,723,643	923,340	43,028,735	14,530,636
Student clubs	13,682	(2,799)	18,349	777
Administrative support services and operations and maintenance	17,469,152	(1,913,754)	14,436,356	907,023
Food service	659,890	(329,615)	729,364	(311,789)
Interest and fiscal charges on debt	3,523,231	(3,523,231)	3,533,236	(3,533,236)
	<u>\$ 92,640,034</u>	<u>\$ (4,210,878)</u>	<u>\$ 71,193,865</u>	<u>\$ 14,383,570</u>

The change in net (expenses over) revenues from services in academic education, special education, and administrative support services and operations and maintenance is mainly attributable to the change in pension plan expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 4 shows the change in total fund balances of each of the District's governmental funds:

	2020	2019	Change
Major funds			
General	\$ 22,719,208	\$ 19,986,500	\$ 2,732,708
Debt Service	12,848,545	11,313,463	1,535,082
Nonmajor funds			
Capital Projects – Building Construction Fund	577,003	1,739,174	(1,162,171)
	<u>\$ 36,144,756</u>	<u>\$ 33,039,137</u>	<u>\$ 3,105,619</u>

The Board of Director’s fund balance policy states: “To ensure the financial strength and stability of the District, the Board of Directors will endeavor to maintain an unassigned fund balance of at least 6.0 percent to 8.0 percent of the District’s General Fund operating budget, excluding operating capital programs.” The current General Fund unassigned fund balance is in alignment with the Board of Director’s policy.

The District has several assigned fund balances, including assigned for severance (\$5,712,751). The District assigned an amount of fund balance to designate funding for the key strategic priorities of: Student Outcomes, Racial Equity, Trauma Sensitive/Healing Center, Evidence Based Instruction, and Staff and Student Well-Being. The District also has an assigned fund balance for MDE special education state aid tuition adjustments totaling \$2,677,000. This is in recognition of the potential for additional calculation changes in these areas by state agencies.

Analysis of the General Fund

Table 5 presents a summary of General Fund revenues:

Table 5			
General Fund Revenues			
for the Years Ended June 30, 2020 and 2019			
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Local sources			
Pass-through levies	\$ 2,597,370	\$ 2,426,180	\$ 171,190
Tuition	21,051,703	19,865,146	1,186,557
Investment earnings	205,672	222,394	(16,722)
Other	922,149	1,158,376	(236,227)
State sources	63,397,394	61,551,068	1,846,326
Federal sources	<u>550,089</u>	<u>546,783</u>	<u>3,306</u>
 Total General Fund revenues	 <u>\$ 88,724,377</u>	 <u>\$ 85,769,947</u>	 <u>\$ 2,954,430</u>

The District received over \$2.6 million in property taxes that were levied on the District’s behalf by its member districts. The pass-through levies are authorized in Minnesota Statutes to cover the District’s lease costs, safe school initiatives, and long-term facilities maintenance programs. Tuition revenues increased in a number of areas, including Medical Assistance and alternative learning programs. State sources also increased as a result of increases in the special education aid and Northern Star Online program-related aid.

Table 6 presents a summary of General Fund expenditures:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Salaries	\$ 53,042,985	\$ 52,076,313	\$ 966,672
Employee benefits	22,354,960	21,689,217	665,743
Purchased services	6,926,919	7,434,456	(507,537)
Supplies and materials	2,286,315	2,221,671	64,644
Capital expenditures	607,887	835,528	(227,641)
Other expenditures	416,450	456,030	(39,580)
Debt service	<u>42,535</u>	<u>10,953</u>	<u>31,582</u>
Total General Fund expenditures	<u>\$ 85,678,051</u>	<u>\$ 84,724,168</u>	<u>\$ 953,883</u>

The increase in expenditures of \$953,883 is mainly the result of increases in salaries and benefits, mainly from increased staffing levels in the online learning and special education programs, as well as contractual increases. This was offset by decreased purchased services, the result of declines in numerous programs.

Table 7 shows the General Fund unassigned fund balance as compared to expenditures:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Unrestricted – unassigned fund balance	\$ 6,528,445	\$ 6,818,690	\$ 7,669,423	\$ 7,832,605	\$ 8,398,933
Unassigned fund balance as a percentage of noncapital lease-related expenditures	8.2%	8.3%	9.4%	9.2%	9.8%

Unassigned fund balance as a percentage of noncapital lease-related expenditures is one key measurement of a district's financial health. The unassigned fund balance of \$8,398,933 at June 30, 2020, represents 9.8 percent of annual expenditures. The District continues to monitor its fund balances closely. The Board of Director's policy sets a goal of at least 6.0 to 8.0 percent for the unassigned fund balance as a percentage of noncapital lease-related expenditures.

General Fund Budgetary Highlights

Table 8 summarizes the General Fund budget to actual comparison:

	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
				Amount	Percent
Revenue and other financing sources	<u>\$ 87,833,325</u>	<u>\$ 89,837,022</u>	<u>\$ 88,731,002</u>	<u>\$ (1,106,020)</u>	<u>(1.2%)</u>
Expenditures and other financing uses	<u>\$ 89,854,525</u>	<u>\$ 90,529,679</u>	<u>\$ 86,002,943</u>	<u>\$ (4,526,736)</u>	<u>(5.0%)</u>

Revenues and other financing sources were under budget, mainly in state sources for special education, as program expenditures were lower than anticipated.

Expenditures and other financing uses were under budget by \$4,526,736. Special education expenditures were under budget by \$2,770,547, as salaries and benefits were lower than budgeted, mainly from unfilled positions, severance costs, and health insurance costs. Administrative support services and operations and maintenance were under budget by \$1,252,841, mainly from facility projects planned that did not occur, due to the pandemic.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, debt principal, interest, and related costs. The Debt Service Fund balance will continue to grow, as funds are accumulated in an escrow account that will be used to pay the North Education Center Qualified School Construction Bonds in 2029.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to record all operations of a district’s building construction program. The decrease in the fund balance in this fund is related to debt proceeds used in the current year for capital projects in the District.

Food Service Special Revenue Fund

Expenditures exceeded revenues by \$324,892 in the current year. After transfers in from the General Fund, the fund ended the year with a zero fund balance.

Internal Service Funds

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

Operating revenues for the internal service funds for fiscal 2020 totaled \$13,196,794. Operating expenses totaled \$10,028,162 for self-insured health and dental benefit claims.

The net position for internal service funds as of June 30, 2020 totaled \$11,103,160, which represents an increase of \$3,322,230 in net position from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 9 shows the District's capital assets, together with changes from the previous year. The table also shows total depreciation expense for fiscal years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 10,865,963	\$ 10,865,963	\$ -
Buildings	93,809,029	93,460,526	348,503
Equipment	5,079,034	4,915,304	163,730
Construction in progress	890,882	-	890,882
Less accumulated depreciation	<u>(25,701,269)</u>	<u>(23,717,153)</u>	<u>(1,984,116)</u>
Total	<u>\$ 84,943,639</u>	<u>\$ 85,524,640</u>	<u>\$ (581,001)</u>
Depreciation expense	<u>\$ 1,984,116</u>	<u>\$ 1,941,703</u>	<u>\$ 42,413</u>

The increase in construction in progress is related to the ongoing construction at the Ann Bremer Education Center.

Long-Term Liabilities

Table 10 illustrates the components of the District’s long-term liabilities, together with the change from the prior year:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Capital leases payable	\$ –	\$ 39,832	\$ (39,832)
Certificates of participation payable	69,145,000	71,995,000	(2,850,000)
General obligation bonds payable	4,565,000	4,820,000	(255,000)
Unamortized premium/discount on debt issued	3,531,874	3,587,003	(55,129)
Severance benefits payable	5,465,662	5,484,617	(18,955)
Compensated absences payable	1,203,009	842,553	360,456
Total OPEB liability	4,870,720	5,144,618	(273,898)
Net pension liability	<u>48,960,560</u>	<u>48,926,374</u>	<u>34,186</u>
Total	<u>\$ 137,741,825</u>	<u>\$ 140,839,997</u>	<u>\$ (3,098,172)</u>

The decrease in bonds payable, certificates of participation payable, and premium/discount on debt issued is due to the payment of debt and the amortization of the related premium/discount in the current year.

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

FACTORS BEARING ON THE DISTRICT’S FUTURE

The District is dependent on selling services to independent school districts throughout the state of Minnesota for its revenue. The majority of this revenue is generated through services provided to the member independent school districts of the District. For the past few years, legislated revenue increases to these members for providing educational services have not been sufficient to meet instructional program needs and increased costs due to inflation. The District continuously endeavors to control costs and also meet the needs of its member districts by providing specialized programs for their students.

The COVID-19 pandemic has impacted how the District provides instruction. The amount of funding the District receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District’s financial well-being. Students choosing to enroll in other programs could impact district revenues.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, 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 these statements or need additional financial information, contact the Business Services Office, Intermediate District No. 287, 1820 North Xenium Lane, Plymouth, Minnesota 55441.

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BASIC FINANCIAL STATEMENTS

INTERMEDIATE DISTRICT NO. 287

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

	Governmental Activities	
	2020	2019
Assets		
Cash and temporary investments	\$ 15,689,806	\$ 17,339,968
Receivables		
Accounts and interest	492,170	407,554
Due from other governmental units	28,046,702	22,651,304
Inventory	22,744	13,922
Prepaid items	197,618	89,133
Restricted assets – temporarily restricted		
Cash and investments for debt service	12,543,833	10,945,557
Cash and investments for capital projects	1,094,005	1,499,998
Capital assets, net of depreciation		
Not depreciated	11,756,845	10,865,963
Depreciated, net of accumulated depreciation	73,186,794	74,658,677
Total capital assets, net of accumulated depreciation	<u>84,943,639</u>	<u>85,524,640</u>
Total assets	143,030,517	138,472,076
Deferred outflows of resources		
Bond refunding deferments	411,381	443,026
Pension plan deferments	33,470,388	50,681,754
OPEB plan deferments	1,129,649	415,402
Total deferred outflows of resources	<u>35,011,418</u>	<u>51,540,182</u>
Total assets and deferred outflows of resources	<u>\$ 178,041,935</u>	<u>\$ 190,012,258</u>
Liabilities		
Salaries and compensated absences payable	\$ 6,670,025	\$ 7,141,705
Accounts and contracts payable	2,020,961	2,565,113
Accrued interest payable	672,246	658,179
Due to other governmental units	1,097,850	1,304,327
Unearned revenue	1,050,126	1,116,224
Long-term liabilities		
Due within one year	4,717,456	4,344,173
Due in more than one year	133,024,369	136,495,824
Total long-term liabilities	<u>137,741,825</u>	<u>140,839,997</u>
Total liabilities	149,253,033	153,625,545
Deferred inflows of resources		
Pension plan deferments	53,289,223	66,571,375
OPEB plan deferments	1,064,018	155,932
Total deferred inflows of resources	<u>54,353,241</u>	<u>66,727,307</u>
Net position		
Net investment in capital assets	8,690,149	7,265,005
Restricted for		
State funding restrictions	2,882,395	2,296,198
Debt service	12,176,299	10,655,284
Unrestricted	(49,313,182)	(50,557,081)
Total net position	<u>(25,564,339)</u>	<u>(30,340,594)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 178,041,935</u>	<u>\$ 190,012,258</u>

INTERMEDIATE DISTRICT NO. 287

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

Functions/Programs	2020			2019	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
			Governmental Activities	Governmental Activities	
Governmental activities					
Career and technical education	\$ 1,441,711	\$ 1,552,520	\$ 60,955	\$ 171,764	\$ 461,848
Academic education	11,808,725	5,406,226	6,865,916	463,417	2,328,311
Special education	57,723,643	9,282,591	49,364,392	923,340	14,530,636
Student clubs	13,682	–	10,883	(2,799)	777
Administrative support services and operations and maintenance	17,469,152	4,775,066	10,780,332	(1,913,754)	907,023
Food service	659,890	87,619	242,656	(329,615)	(311,789)
Interest and fiscal charges on debt	3,523,231	–	–	(3,523,231)	(3,533,236)
Total governmental activities	\$ 92,640,034	\$ 21,104,022	\$ 67,325,134	(4,210,878)	14,383,570
General revenues					
General grants and aids				7,748,726	5,526,708
Other general revenues				419,827	387,692
Investment earnings				813,931	994,478
Total general revenues				8,982,484	6,908,878
Change in net position				4,771,606	21,292,448
Net position – beginning, as previously reported				(30,340,594)	(51,633,042)
Change in accounting principle				4,649	–
Net position – beginning, as restated				(30,335,945)	(51,633,042)
Net position – ending				\$ (25,564,339)	\$ (30,340,594)

INTERMEDIATE DISTRICT NO. 287

Balance Sheet
 Governmental Funds
 as of June 30, 2020
 (With Partial Comparative Information as of June 30, 2019)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>
Assets			
Cash and temporary investments	\$ 2,492,033	\$ -	\$ 109,665
Cash and investments held by trustee	-	12,543,833	1,094,005
Receivables			
Accounts and interest	302,843	189,024	80
Due from other funds	1,379,438	-	-
Due from other governmental units	26,552,052	1,493,959	691
Inventory	-	-	22,744
Prepaid items	196,251	1,167	200
	<u>\$ 30,922,617</u>	<u>\$ 14,227,983</u>	<u>\$ 1,227,385</u>
Liabilities			
Salaries and compensated absences payable	\$ 6,644,287	\$ -	\$ 25,738
Due to other funds	-	1,379,438	-
Accounts and contracts payable	409,634	-	614,248
Due to other governmental units	1,092,180	-	-
Unearned revenue	57,308	-	10,396
Total liabilities	<u>8,203,409</u>	<u>1,379,438</u>	<u>650,382</u>
Fund balances			
Nonspendable	191,574	1,167	-
Restricted	2,882,395	12,847,378	577,003
Assigned	11,246,306	-	-
Unassigned	8,398,933	-	-
Total fund balances	<u>22,719,208</u>	<u>12,848,545</u>	<u>577,003</u>
	<u>\$ 30,922,617</u>	<u>\$ 14,227,983</u>	<u>\$ 1,227,385</u>
Total liabilities and fund balances	<u>\$ 30,922,617</u>	<u>\$ 14,227,983</u>	<u>\$ 1,227,385</u>

Total Governmental Funds

2020	2019
\$ 2,601,698	\$ 7,366,735
13,637,838	12,445,555
491,947	405,805
1,379,438	—
28,046,702	22,651,304
22,744	13,922
197,618	89,133
<u>\$ 46,377,985</u>	<u>\$ 42,972,454</u>

\$ 6,670,025	\$ 7,141,705
1,379,438	—
1,023,882	1,189,730
1,092,180	1,304,327
67,704	297,555
<u>10,233,229</u>	<u>9,933,317</u>

192,741	88,773
16,306,776	15,368,131
11,246,306	9,749,628
8,398,933	7,832,605
<u>36,144,756</u>	<u>33,039,137</u>
<u>\$ 46,377,985</u>	<u>\$ 42,972,454</u>

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INTERMEDIATE DISTRICT NO. 287

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
Total fund balances – governmental funds	\$ 36,144,756	\$ 33,039,137
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	110,644,908	109,241,793
Accumulated depreciation	(25,701,269)	(23,717,153)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		
	(672,246)	(658,179)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
Capital leases payable	–	(39,832)
Certificates of participation payable	(69,145,000)	(71,995,000)
General obligation bonds payable	(4,565,000)	(4,820,000)
Unamortized premium/discount on debt issued	(3,531,874)	(3,587,003)
Severance benefits payable	(5,465,662)	(5,484,617)
Compensated absences payable	(1,203,009)	(842,553)
Total OPEB liability	(4,870,720)	(5,144,618)
Net pension liability	(48,960,560)	(48,926,374)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	411,381	443,026
Deferred outflows of resources – pension plan deferments	33,470,388	50,681,754
Deferred inflows of resources – pension plan deferments	(53,289,223)	(66,571,375)
Deferred outflows of resources – OPEB plan deferments	1,129,649	415,402
Deferred inflows of resources – OPEB plan deferments	(1,064,018)	(155,932)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	<u>11,103,160</u>	<u>7,780,930</u>
Total net position – governmental activities	<u>\$ (25,564,339)</u>	<u>\$ (30,340,594)</u>

INTERMEDIATE DISTRICT NO. 287

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>
Revenue			
Local sources			
Pass-through levies	\$ 2,597,370	\$ 4,883,267	\$ -
Tuition	21,051,703	1,086,395	-
Investment earnings	205,672	433,191	21,475
Other	922,149	227,294	87,617
State sources	63,397,394	-	13,117
Federal sources	550,089	1,539,880	229,539
Total revenue	<u>88,724,377</u>	<u>8,170,027</u>	<u>351,748</u>
Expenditures			
Current			
Career and technical education	1,484,131	-	-
Academic education	11,837,994	-	-
Special education	57,038,154	-	-
Student clubs	13,682	-	-
Administrative support services and operations and maintenance	15,261,555	-	-
Food service	-	-	655,165
Capital outlay	-	-	1,183,646
Debt service			
Principal	39,832	2,985,000	-
Interest and fiscal charges	2,703	3,728,819	-
Total expenditures	<u>85,678,051</u>	<u>6,713,819</u>	<u>1,838,811</u>
Excess (deficiency) of revenue over expenditures	3,046,326	1,456,208	(1,487,063)
Other financing sources (uses)			
Refunding debt issued	-	3,085,000	-
Premium on debt issued	-	198,874	-
Payment on refunded debt	-	(3,205,000)	-
Transfers in	-	-	324,892
Transfers (out)	(324,892)	-	-
Sale of assets	6,625	-	-
Total other financing sources (uses)	<u>(318,267)</u>	<u>78,874</u>	<u>324,892</u>
Net change in fund balances	2,728,059	1,535,082	(1,162,171)
Fund balances			
Beginning of year, as previously reported	19,986,500	11,313,463	1,739,174
Change in accounting principle	4,649	-	-
Beginning of year, as restated	<u>19,991,149</u>	<u>11,313,463</u>	<u>1,739,174</u>
End of year	<u>\$ 22,719,208</u>	<u>\$ 12,848,545</u>	<u>\$ 577,003</u>

Total Governmental Funds

2020	2019
\$ 7,480,637	\$ 7,587,547
22,138,098	20,798,213
660,338	822,851
1,237,060	1,479,836
63,410,511	61,567,162
2,319,508	2,385,337
97,246,152	94,640,946
1,484,131	1,256,307
11,837,994	11,250,425
57,038,154	56,581,641
13,682	18,349
15,261,555	15,606,493
655,165	747,385
1,183,646	5,462,539
3,024,832	2,880,492
3,731,522	3,980,689
94,230,681	97,784,320
3,015,471	(3,143,374)
3,085,000	–
198,874	–
(3,205,000)	–
324,892	329,810
(324,892)	(329,810)
6,625	43,678
85,499	43,678
3,100,970	(3,099,696)
33,039,137	36,138,833
4,649	–
33,043,786	36,138,833
\$ 36,144,756	\$ 33,039,137

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INTERMEDIATE DISTRICT NO. 287

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2020

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

	<u>2020</u>	<u>2019</u>
Total net change in fund balances – governmental funds	\$ 3,100,970	\$ (3,099,696)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	1,456,925	5,963,982
Depreciation expense	(1,984,116)	(1,941,703)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
Certificates of participation payable	(3,085,000)	–
Repayment of long-term debt principal does not affect the change in net position. However, it reduces fund balances.		
Capital lease payable	39,832	5,492
Certificates of participation payable	5,935,000	2,630,000
General obligation bonds payable	255,000	245,000
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(14,067)	219,180
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(53,810)	(53,810)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	3,322,230	1,626,933
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses or interest and fiscal charges.		
	55,129	259,918
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Severance benefits payable	18,955	523,785
Compensated absences payable	(360,456)	(48,171)
Total OPEB liability	273,898	84,345
Net pension liability	(34,186)	77,323,278
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflow of resources – bond refunding deferments	(31,645)	(31,645)
Deferred outflows of resources – pension plan deferments	(17,211,366)	(17,632,786)
Deferred inflows of resources – pension plan deferments	13,282,152	(44,506,865)
Deferred outflows of resources – OPEB plan deferments	714,247	(256,261)
Deferred inflows of resources – OPEB plan deferments	(908,086)	(18,528)
Change in net position – governmental activities	<u>\$ 4,771,606</u>	<u>\$ 21,292,448</u>

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INTERMEDIATE DISTRICT NO. 287

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Pass-through levies	\$ 2,057,431	\$ 2,568,404	\$ 2,597,370	\$ 28,966
Tuition	20,869,336	21,090,623	21,051,703	(38,920)
Investment earnings	80,000	220,000	205,672	(14,328)
Other	1,429,540	957,994	922,149	(35,845)
State sources	63,064,540	64,432,399	63,397,394	(1,035,005)
Federal sources	332,478	561,806	550,089	(11,717)
Total revenue	<u>87,833,325</u>	<u>89,831,226</u>	<u>88,724,377</u>	<u>(1,106,849)</u>
Expenditures				
Current				
Career and technical education	1,533,469	1,490,013	1,484,131	(5,882)
Academic education	11,699,297	12,207,077	11,837,994	(369,083)
Special education	59,970,593	59,808,701	57,038,154	(2,770,547)
Student clubs	26,297	26,544	13,682	(12,862)
Administrative support services and operations and maintenance	16,214,503	16,514,396	15,261,555	(1,252,841)
Debt service				
Principal	5,209	39,831	39,832	1
Interest and fiscal charges	2,645	2,667	2,703	36
Total expenditures	<u>89,452,013</u>	<u>90,089,229</u>	<u>85,678,051</u>	<u>(4,411,178)</u>
Excess (deficiency) of revenue over expenditures	(1,618,688)	(258,003)	3,046,326	3,304,329
Other financing sources (uses)				
Transfers (out)	(402,512)	(440,450)	(324,892)	115,558
Sale of assets	–	5,796	6,625	829
Total other financing sources (uses)	<u>(402,512)</u>	<u>(434,654)</u>	<u>(318,267)</u>	<u>116,387</u>
Net change in fund balances	<u>\$ (2,021,200)</u>	<u>\$ (692,657)</u>	2,728,059	<u>\$ 3,420,716</u>
Fund balances				
Beginning of year, as previously reported			19,986,500	
Change in accounting principle			4,649	
Beginning of year, as restated			<u>19,991,149</u>	
End of year			<u>\$ 22,719,208</u>	

INTERMEDIATE DISTRICT NO. 287

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2020

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

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and temporary investments	\$ 13,088,108	\$ 9,973,233
Receivables		
Accounts and interest	223	1,749
Total current assets	<u>13,088,331</u>	<u>9,974,982</u>
Current liabilities		
Accounts payable	121,488	208,184
Claims payable	875,591	1,167,199
Due to other governmental units	5,670	-
Unearned revenue	982,422	818,669
Total current liabilities	<u>1,985,171</u>	<u>2,194,052</u>
Net position		
Unrestricted	<u>\$ 11,103,160</u>	<u>\$ 7,780,930</u>

INTERMEDIATE DISTRICT NO. 287

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

	<u>2020</u>	<u>2019</u>
Operating revenue		
Contributions from governmental funds	\$ 13,196,794	\$ 12,696,576
Operating expenses		
Dental benefit claims and expenses	519,784	567,169
Health benefit claims and expenses	7,971,839	8,981,637
Administrative fees	1,536,539	1,692,464
Total operating expenses	<u>10,028,162</u>	<u>11,241,270</u>
Operating income	3,168,632	1,455,306
Nonoperating revenue		
Investment earnings	<u>153,598</u>	<u>171,627</u>
Change in net position	3,322,230	1,626,933
Net position		
Beginning of year	<u>7,780,930</u>	<u>6,153,997</u>
End of year	<u>\$ 11,103,160</u>	<u>\$ 7,780,930</u>

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INTERMEDIATE DISTRICT NO. 287

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 13,362,073	\$ 12,783,688
Payments for claims	(8,864,257)	(8,690,325)
Payments for fees	<u>(1,536,539)</u>	<u>(1,692,464)</u>
Net cash provided by operating activities	2,961,277	2,400,899
Cash flows from investing activities		
Investment income received	<u>153,598</u>	<u>171,627</u>
Net change in cash and cash equivalents	3,114,875	2,572,526
Cash and temporary investments		
Beginning of year	<u>9,973,233</u>	<u>7,400,707</u>
End of year	<u><u>\$ 13,088,108</u></u>	<u><u>\$ 9,973,233</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 3,168,632	\$ 1,455,306
Adjustments to reconcile operating income to net cash provided by operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	1,526	(1,749)
Accounts payable	(86,696)	174,063
Claims payable	(291,608)	684,418
Due to other governmental units	5,670	-
Unearned revenue	<u>163,753</u>	<u>88,861</u>
Net cash provided by operating activities	<u><u>\$ 2,961,277</u></u>	<u><u>\$ 2,400,899</u></u>

INTERMEDIATE DISTRICT NO. 287

Statement of Fiduciary Net Position
as of June 30, 2020

	<u>Employee Benefit Trust Fund</u>	<u>Custodial Fund</u>
Assets		
Cash and temporary investments	\$ —	\$ 92,755
Net position		
Restricted for scholarships	<u>\$ —</u>	<u>\$ 92,755</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	<u>Employee Benefit Trust Fund</u>	<u>Custodial Fund</u>
Additions		
Donations	\$ —	\$ 1,396
Deductions		
Scholarships awarded	<u> —</u>	<u> 3,200</u>
Change in net position	—	(1,804)
Net position		
Beginning of year, as previously reported	1,665	97,543
Change in accounting principle	<u>(1,665)</u>	<u>(2,984)</u>
Beginning of year, as restated	<u> —</u>	<u> 94,559</u>
End of year	<u>\$ —</u>	<u>\$ 92,755</u>

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The financial statements of Intermediate District No. 287 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The District's Board of Directors is responsible for legislative and fiscal control of the District. A superintendent is appointed by the Board of Directors and is responsible for administrative control of the District.

B. Reporting Entity

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. 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. Other internally directed revenues are reported as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The proprietary funds (internal service funds) are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the proprietary funds (internal service funds) are consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service funds are district contributions and charges to employees for insurance. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District's only proprietary fund type are the internal service funds, which provides services to the governmental funds.

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. 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. Federal revenue is recorded in the year in which the related expenditure is made. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered available if collected within 60 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District has included in the General Fund subdivisions to account for revenue and expenditures for career and technical education, academic education, special education, district-wide (including administrative support services and operations and maintenance), severance and property, and student clubs.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, debt principal, interest, and related costs.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to record all operations of a district's building construction program.

Proprietary Funds

Internal Service Funds – The internal service funds are used to account for and finance the uninsured risk of loss of the District's self-insured plans that provide employee health and dental insurance benefits.

Fiduciary Funds

Employee Benefit Trust Fund – The Employee Benefit Trust Fund was used to administer resources received and held by the District as the trustee for others in the previous year, which was moved to the General Fund through a change in accounting principle in the current year.

Custodial Fund – The Custodial Fund is used to account for resources received by various other third parties to be used for scholarship awards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Each June, the Board of Directors adopts an annual budget for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Total expenditures exceeded budgeted amounts in the Debt Service Fund by \$9,708 in the current year.

F. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund, the cash is restricted for building projects. In the Debt Service Fund, the cash is restricted for debt payments. Interest earned on these investments was allocated directly to those accounts.

Investments are generally stated at fair value, except for investments in certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date. Repurchase agreement investments are valued on a cost-basis measure and, therefore, are not subject to the fair value disclosures.

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

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

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

G. Receivables

All receivables are shown net of any allowance for uncollectibles; however, no allowance has been recorded. The District believes all receivables are fully collectible within one year.

H. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories are recorded as expenditures/expenses when items are used or sold.

I. Prepaid Items

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for purchased or constructed assets. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 20 to 50 years for buildings, and 4 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

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

K. Unearned Revenue

Unearned revenue consists of tuition for fiscal 2021, West Suburban Summer School classes collected with spring registration, gifts and grants for the fiscal 2021 school year, balances remaining in student lunch accounts, and collections in advance of premiums in the internal service funds.

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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

M. Compensated Absences Payable

- 1. Vacation Pay** – Employees are entitled to vacation based on length of employment, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when earned or incurred in the government-wide financial statements. Unused vacation pay is accrued in the governmental fund financial statements only when it has matured, due to employee termination or similar circumstances.
- 2. Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of early retirement incentive and convertible sick leave payments for some employees upon termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Severance Benefits

The District provides lump sum severance or retirement pay to eligible employees in accordance with provisions in collectively bargained contracts and employment guides.

Members of employee groups within the District, including teachers, may become eligible to receive lump sum severance or retirement pay benefits. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of retirement benefit is calculated by converting a portion of unused accumulated sick leave. Severance benefits are delineated in employee contracts. Members of employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan. The amount of any severance or retirement benefit due an individual is reduced by the total matching contributions made by the District for members of certain employee groups to such a plan over the course of that individual's employment.

Severance or retirement benefits are required to be paid out over a 21-month period following the effective date of retirement. Retirement benefits for eligible teachers are paid into a post-employment healthcare savings plan, administered by the Minnesota State Retirement System. For other employees, severance benefits are paid into a tax-deferred and/or healthcare savings plan. Severance is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance or retirement pay is accrued in the governmental fund financial statements only when it becomes due and payable.

O. State-Wide Pension Plans

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

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

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

P. Tuition Billings

The District's policy is to recognize tuition revenue in the fiscal year that corresponds with the fiscal year in which the educational services are rendered to resident districts. Therefore, tuition revenue for the year ended June 30, 2020 represents services performed during the 2019–2020 fiscal year.

Special education, career and technical education, and academic tuition billings are based on a determination of the general education, categorical aids, prior legislative formulas for cooperation revenue, and any other pertinent levy dollars as provided by legislation to each student's resident local school district.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in fiscal 2020.
2. **Self-Insurance** – The District utilizes internal service funds to account for and finance its uninsured risk of loss for its employee dental and medical plans. The internal service funds are funded by the District, employee contributions, and interest income. The claims liability reported in the internal service funds for the dental and medical plans at June 30, 2020, is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the loss can be reasonably estimated. Changes in the internal service funds’ dental and medical plan claims liability were:

Dental

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
June 30, 2019	\$ 8,282	\$ 567,169	\$ 558,964	\$ 16,487
June 30, 2020	\$ 16,487	\$ 519,784	\$ 516,248	\$ 20,023

Medical

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
June 30, 2019	\$ 474,499	\$ 8,807,574	\$ 8,131,361	\$ 1,150,712
June 30, 2020	\$ 1,150,712	\$ 8,052,865	\$ 8,348,009	\$ 855,568

R. Deferred Outflows/Inflows of Resources

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

The District reports deferred outflows of resources related to bond refunding deferrals in the government-wide Statement of Net Position. A bond refunding deferral results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District also reports deferred outflows and inflows of resources related to pension and other post-employment benefits (OPEB) reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, the difference between projected and actual earnings on pension and OPEB plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

S. Statement of Cash Flows

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

T. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements, these assets have been reported as "cash and investments held by trustee," while the interest receivable is included within accounts and interest receivable.

U. Use of Estimates

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

V. Net Position

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Fund Balance Classifications

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

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

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

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

X. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Y. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement resulted in changing the presentation of a portion of the activity previously reported in a fiduciary (private-purpose trust) fund, to being reported within the District’s General Fund and its governmental activities, and a portion being reported within a newly reported Custodial Fund. The standard required retroactive implementation, which resulted in an increase of \$2,984 to the fund balance of the General Fund and net position of governmental activities as of July 1, 2019, and a decrease in the net position of the previously reported Private-Purpose Trust Fund, now reported in a Custodial Fund. In addition, the District’s Flexible Benefit Plan is now reported in the General Fund. This change resulted in an increase in the fund balance in the General Fund of \$1,665. Total net position in the governmental activities increased \$4,649 as of July 1, 2019.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$7,564,806, while the balance on the bank records was \$7,973,785. At June 30, 2020, all deposits were insured or collateralized by securities held by the District’s agent in the District’s name.

B. Cash on Hand

Cash in the possession of the District, consisting of petty cash and change funds, totaled \$450 at year-end.

C. Investments

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2020, the District’s investments portfolio includes the following percentages of specific issuers:

Repurchase agreement	
Citigroup Global Markets	57.4%

This asset is being held by a trustee as required in the debt issuance documents for the certificates of participation issued by the District. This asset will be used to pay future debt service.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

D. Summary Information

The following table presents the District’s deposit and investment balances at June 30, 2020, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest	Fair Value	Carrying Value
	Credit Rating	Rating Agency	Rate Risk Maturity Date	Measurements Using	
Repurchase agreement					
Citigroup Global Markets (U.S. agency underlying security)	AAA	S&P	February 2029	N/A	\$ 12,542,315
Investment pools/mutual funds					
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	Amortized cost	167,729
Minnesota School District Liquid Asset Fund Liquid Portfolio	AAA	S&P	N/A	Amortized cost	8,049,578
First American Government Obligations Fund	AAA	S&P	N/A	Level 2	1,398
Wells Fargo Treasury Money Market Services	AAA	S&P	N/A	Level 2	14
Wells Fargo Treasury Plus Money Market	AAA	S&P	N/A	Level 1	1,094,109
Total investments					21,855,143
Deposits					7,564,806
Cash on hand					450
Total cash and investments					<u>\$ 29,420,399</u>

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) and MNTrust Investment Shares Portfolio are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District’s investments in these investment pools are measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For these investments, there are no unfunded commitments and the redemption frequency is daily. There is no redemption notice required for the MSDLAF and the MNTrust Investment Shares Portfolio.

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

Cash and temporary investments – Statement of Net Position	\$ 15,689,806
Restricted assets – temporarily restricted	
Cash and investments for debt service	12,543,833
Cash and investments for capital projects	1,094,005
Cash and investments – Statement of Fiduciary Net Position	
Custodial Fund	92,755
Total cash and investments	<u>\$ 29,420,399</u>

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the current year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 10,865,963	\$ –	\$ –	\$ –	\$ 10,865,963
Construction in progress	–	1,194,950	–	(304,068)	890,882
Total capital assets, not depreciated	10,865,963	1,194,950	–	(304,068)	11,756,845
Capital assets, depreciated					
Buildings	93,460,526	98,245	(53,810)	304,068	93,809,029
Equipment	4,915,304	163,730	–	–	5,079,034
Total capital assets, depreciated	98,375,830	261,975	(53,810)	304,068	98,888,063
Less accumulated depreciation for					
Buildings	(19,799,421)	(1,872,771)	–	–	(21,672,192)
Equipment	(3,917,732)	(111,345)	–	–	(4,029,077)
Total accumulated depreciation	(23,717,153)	(1,984,116)	–	–	(25,701,269)
Net capital assets, depreciated	74,658,677	(1,722,141)	(53,810)	304,068	73,186,794
Total capital assets, net	\$ 85,524,640	\$ (527,191)	\$ (53,810)	\$ –	\$ 84,943,639

Depreciation expense for the current year ended was charged to the following governmental functions:

Administrative support services and operations and maintenance	\$ 1,950,626
Academic education	48
Career and technical education	1,669
Special education	30,975
Food service	798
Total depreciation expense	\$ 1,984,116

NOTE 4 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

	June 30, 2019	Additions	Retirements	June 30, 2020	Due Within One Year
Capital leases payable	\$ 39,832	\$ –	\$ 39,832	\$ –	\$ –
Certificates of participation payable	71,995,000	3,085,000	5,935,000	69,145,000	2,830,000
General obligation bonds payable	4,820,000	–	255,000	4,565,000	265,000
Unamortized premium/discount on debt issued	3,587,003	198,874	254,003	3,531,874	–
Severance benefits payable	5,484,617	–	18,955	5,465,662	419,447
Compensated absences payable	842,553	979,822	619,366	1,203,009	1,203,009
Total OPEB liability	5,144,618	1,049,590	1,323,488	4,870,720	–
Net pension liability	48,926,374	4,552,655	4,518,469	48,960,560	–
	\$ 140,839,997	\$ 9,865,941	\$ 12,964,113	\$ 137,741,825	\$ 4,717,456

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities

Certificates of Participation Payable – The following certificates of participation are outstanding as of June 30, 2020:

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Certificates of participation (COP) payable					
2010B COP Build America					
Bonds – Direct Pay	01/07/2010	5.48%	\$ 2,050,000	02/01/2025	\$ 2,050,000
2010E COP Qualified School					
Construction Bonds – Direct Pay	11/18/2010	6.00%	\$29,790,000	02/01/2029	29,790,000
2011A COP	05/19/2011	3.00–4.20%	\$ 4,075,000	02/01/2026	1,870,000
2016A Refunding COP	09/15/2016	3.00–4.00%	\$25,805,000	05/01/2032	20,470,000
2017A COP	08/24/2017	3.13–5.00%	\$11,880,000	02/01/2037	11,880,000
2019A Refunding COP	12/30/2019	3.00–4.00%	\$ 3,085,000	02/01/2025	<u>3,085,000</u>
Total certificates of participation payable					<u>\$ 69,145,000</u>

The certificates of participation will be repaid by the Debt Service Fund. The District’s 2010B Certificate of Participation was issued as Build America Bonds – Direct Pay, and the District’s 2010E Certificate of Participation was issued as Qualified School Construction Bonds – Direct Pay, for which the District will receive federal tax credits toward the interest payments on these debt issues. Certain future pass-through levies of the member districts have been pledged for the payment of these certificates. A portion of the District’s annual payments are being held in an escrow account that is being held for payment of future debt service.

In September 2016, the District issued \$25,805,000 of Refunding Certificate of Participation, Series 2016A. In November 2016, \$20,160,000 of par from this issue, and the debt issue premium, were used to refund, in advance of their stated maturities, the May 2017 through November 2032 maturities of the District’s Lease Loan, Series 2006 totaling \$21,622,544. This current refunding reduced the District’s total future debt service payments by \$5,844,883 and resulted in a present value savings of \$4,838,599. The remaining \$5,645,000 of par from this issue, the debt issue premium, and interest earned thereon were used to refund, in advance of their stated maturities, the 2018–2028 maturities of the District’s 2010C Refunding Certificate of Participation. The proceeds of the 2016A issue were placed in an escrow account pending the February 1, 2020 call date of the refunded issue. On February 1, 2020, the escrow account was used to call the remaining principal of the 2010C issue.

In December 2019, the District issued \$3,085,000 of Refunding Certificates of Participation, Series 2019A. The par amount from this issue, and the debt issue premium were used to refund, in advance of their stated maturities, the February 2021 through February 2025 maturities of the Certificate of Participation, Series 2009A totaling \$3,205,000. This refunding reduced the District’s total future debt service payments by \$226,922 and resulted in a present value savings of \$215,929. The difference between the carrying amount of the refunded debt and its reacquisition price was not material, and was included in the current year expense on the government-wide financial statements.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Upon the occurrence of any event of default specified in the certificates of participation, the certificate holders may declare all future debt payments immediately due and payable, and they may take immediate possession of the property financed with these certificates for the remaining term of the certificates. The certificate holders also may make their best effort to sell or lease their interest in the premises financed in a commercially reasonable manner. Any costs of selling or leasing the property will be the responsibility of the District. If the proceeds of the property financed are not sufficient to pay the balance due on the certificates, the certificate holders may take any remedy available in law to require the District to pay any of its obligations in this agreement.

General Obligation Bonds Payable – The following general obligation bonds are outstanding as of June 30, 2020:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable Facilities Maintenance Bonds – 2017B	08/24/2017	4.00–5.00%	\$ 5,065,000	05/01/2033	<u>\$ 4,565,000</u>

The general obligation bonds payable will be repaid by the Debt Service Fund. The Debt Service Fund payments will be financed through a pass-through long-term facilities maintenance levy from the member districts.

Severance Benefits Payable – Severance benefits payable consist of early retirement incentive benefits payable to employees. Severance benefit liabilities are paid by the General Fund. Annual payments to retire the severance benefit liabilities have not been determined and will depend on actual employee turnover.

Compensated Absences Payable – Compensated absences payable represent accrued vacation payable at year-end. Compensated absences are paid by the General Fund. Annual payments to retire compensated absences payable have not been determined and will depend on employee turnover and actual employee absences.

Other Long-Term Liabilities – The District offers a number of benefits to its employees, including: pensions and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

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

Pension Plans	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 15,248,363	\$ 2,067,572	\$ 3,396,415	\$ 1,721,277
TRA	33,712,197	31,402,816	49,892,808	6,485,518
Total	\$ 48,960,560	\$ 33,470,388	\$ 53,289,223	\$ 8,206,795

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire certificates of participation and general obligation bonds payable are as follows:

Year Ending June 30,	Certificates of Participation		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
2021	\$ 2,830,000	\$ 3,283,994	\$ 265,000	\$ 194,550
2022	2,925,000	3,178,622	280,000	183,950
2023	3,020,000	3,079,011	290,000	169,950
2024	3,120,000	2,969,425	305,000	155,450
2025	3,230,000	2,855,735	320,000	140,200
2026–2030	43,410,000	10,746,793	1,825,000	481,000
2031–2035	8,305,000	1,207,900	1,280,000	103,800
2036–2037	2,305,000	139,200	–	–
	\$ 69,145,000	\$ 27,460,680	\$ 4,565,000	\$ 1,428,900

NOTE 5 – FUND BALANCES

A. Classifications

At June 30, 2020, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Nonmajor Fund	Total
Nonspendable				
Prepaid items	\$ 191,574	\$ 1,167	\$ –	\$ 192,741
Restricted				
Basic skills program	368,424	–	–	368,424
Basic skills extended time	115,262	–	–	115,262
Safe schools levy	325,681	–	–	325,681
Building projects funded by certificates of participation	–	–	409,232	409,232
Long-term facilities maintenance	530,174	–	167,771	697,945
Medical Assistance	1,542,854	–	–	1,542,854
Debt service	–	12,847,378	–	12,847,378
Total restricted	<u>2,882,395</u>	<u>12,847,378</u>	<u>577,003</u>	<u>16,306,776</u>
Assigned				
Severance	5,712,751	–	–	5,712,751
Tuition adjustments	2,677,000	–	–	2,677,000
Property	68,078	–	–	68,078
Student clubs	25,562	–	–	25,562
Vehicle depreciation	101,664	–	–	101,664
Collaborative curriculum project	113,669	–	–	113,669
Strategic priorities	1,200,000	–	–	1,200,000
COVID-19	500,000	–	–	500,000
Damage donations	636	–	–	636
Food service donations	5,585	–	–	5,585
Subsequent year’s budget	839,696	–	–	839,696
Flex plan	1,665	–	–	1,665
Total assigned	<u>11,246,306</u>	<u>–</u>	<u>–</u>	<u>11,246,306</u>
Unassigned	<u>8,398,933</u>	<u>–</u>	<u>–</u>	<u>8,398,933</u>
Total	<u>\$ 22,719,208</u>	<u>\$ 12,848,545</u>	<u>\$ 577,003</u>	<u>\$ 36,144,756</u>

B. Fund Balance Policy

The Board of Directors has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy establishes that the District will endeavor to maintain an unassigned fund balance of at least 6.0–8.0 percent of the District’s General Fund operating budget, excluding operating capital programs. At June 30, 2020, the unassigned fund balance of the General Fund was 9.8 percent of total current year expenditures.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

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

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

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled \$380,511, as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section. The District has not established a trust fund to finance these OPEB benefits.

C. Membership

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

Retirees and beneficiaries receiving benefits	46
Active plan members	<u>847</u>
Total members	<u><u>893</u></u>

D. Total OPEB Liability of the District

The District's total OPEB liability of \$4,870,720 at year-end was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.13%
20-year municipal bond yield	3.13%
Inflation rate	2.50%
Healthcare trend rate	6.40%, grading to 4.00% over 56 years

Mortality rates were based on the RP-2014 with projected mortality improvements based on scale MP-2017.

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

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

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

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.13 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance – July 1, 2019	\$ 5,144,618
Changes for the year	
Service cost	410,216
Interest	189,038
Differences between expected and actual economic experience	(1,054,661)
Benefit payments	(665,555)
Changes of assumptions	847,064
Total net changes	<u>(273,898)</u>
Ending balance – June 30, 2020	<u>\$ 4,870,720</u>

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Assumption changes since the prior measurement date include the following:

- The discount rate changed from 3.62 percent to 3.13 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increases.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2016 PERA General Employees Retirement Plan and July 1, 2016 Teachers Retirement Association valuations to the rates used in the July 1, 2018 valuations.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.75 percent to 2.50 percent based on updated historical analysis of inflation rates and forward-looking market expectations.

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.13%	3.13%	4.13%
Total OPEB liability	\$ 5,139,819	\$ 4,870,720	\$ 4,610,988

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

	<u>1% Decrease in Healthcare Trend Rates</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase in Healthcare Trend Rates</u>
Healthcare trend rate	5.40%, grading to 3.00% over 56 years	6.40%, grading to 4.00% over 56 years	7.40%, grading to 5.00% over 56 years
Total OPEB liability	\$ 4,539,994	\$ 4,870,720	\$ 5,267,637

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

At year-end, the District reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 932,735
Changes in actuarial assumptions	749,138	131,283
District’s contributions to the OPEB plan subsequent to the measurement date	<u>380,511</u>	<u>–</u>
Total	<u>\$ 1,129,649</u>	<u>\$ 1,064,018</u>

A total of \$380,511 reported as deferred outflows of resources related to OPEB, resulting from district contributions to the OPEB plan subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. 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,	OPEB Expense Amount
2021	\$ (48,649)
2022	\$ (48,649)
2023	\$ (48,649)
2024	\$ (48,649)
2025	\$ (48,649)
Thereafter	\$ (71,635)

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

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

Tier II Benefits

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

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2020, were \$1,485,562. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2020, were \$2,489,640. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2020, the District reported a liability of \$15,248,363 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.2758 percent at the end of the measurement period and 0.2795 percent for the beginning of the period.

The District’s net pension liability reflected a reduction, due to the state of Minnesota’s contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 15,248,363
State’s proportionate share of the net pension liability associated with the District	\$ 473,813

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

For the year ended June 30, 2020, the District recognized pension expense of \$1,685,780 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$35,497 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16.0 million to the GERF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 433,829	\$ –
Changes in actuarial assumptions	–	1,237,088
Difference between projected and actual investment earnings	–	1,619,153
Changes in proportion	148,181	540,174
District’s contributions to the GERF subsequent to the measurement date	<u>1,485,562</u>	<u>–</u>
Total	<u>\$ 2,067,572</u>	<u>\$ 3,396,415</u>

A total of \$1,485,562 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ (956,838)
2022	\$ (1,521,278)
2023	\$ (360,861)
2024	\$ 24,572

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$33,712,197 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District’s proportionate share was 0.5289 percent at the end of the measurement period and 0.5321 percent for the beginning of the period.

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

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

District’s proportionate share of the net pension liability	\$ 33,712,197
State’s proportionate share of the net pension liability associated with the District	\$ 2,983,396

For the year ended June 30, 2020, the District recognized pension expense of \$6,258,744. It also recognized \$226,774 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 827,623
Changes in actuarial assumptions	28,325,952	45,113,322
Difference between projected and actual investment earnings	–	2,839,513
Changes in proportion	587,224	1,112,350
District’s contributions to the TRA subsequent to the measurement date	<u>2,489,640</u>	<u>–</u>
Total	<u>\$ 31,402,816</u>	<u>\$ 49,892,808</u>

A total of \$2,489,640 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 1,557,030
2022	\$ (177,888)
2023	\$ (12,960,666)
2024	\$ (9,302,112)
2025	\$ (95,996)

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

E. Actuarial Assumptions

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

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

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

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

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

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

CHANGES IN PLAN PROVISIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

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

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

F. Discount Rate

1. GERF

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

2. TRA

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

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

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District’s proportionate share of the GERF net pension liability	\$ 25,067,490	\$ 15,248,363	\$ 7,140,724
TRA discount rate	6.50%	7.50%	8.50%
District’s proportionate share of the TRA net pension liability	\$ 53,745,485	\$ 33,712,197	\$ 17,195,047

H. Pension Plan Fiduciary Net Position

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

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

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

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

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District offers its employees a flexible benefit plan (cafeteria plan) (the Plan) created in accordance with the IRC § 125. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At year-end, the District is contingently liable for claims against the total amount of participants’ annual contributions to the Plan, whether or not such contributions have been made.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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

Amounts withheld for medical reimbursement and dependent care are paid by the District and maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are included in the financial statements in the General Fund.

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

NOTE 9 – OPERATING LEASES

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of \$466,028 for operating leases during the year ended June 30, 2020. These leases are scheduled to expire on various dates through fiscal 2023. Many of the leases are negotiated on a yearly basis and payment commitments extend out one year. The following is a summary of minimum lease payment commitments for all operating leases:

Year Ending June 30,	Amount
2021	\$ 483,831
2022	44,050
2023	508
	<u>\$ 528,389</u>

NOTE 10 – INTERFUND TRANSFERS AND BALANCES

A. Interfund Transfers

During the year ended June 30, 2020, the District’s Food Service Special Revenue Fund received a transfer in the amount of \$324,892 from the General Fund. This transfer was made to finance current year operations in this fund.

B. Due To/Due From

As of June 30, 2020, the General Fund has a receivable of \$1,379,438 from the District’s Debt Service Fund to assist with cash flow.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Legal Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of a minor nature and/or covered by insurance. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. State Tuition Billing Revenue

At June 30, 2020, the District reported a balance due from other governmental units of approximately \$14.8 million related to amounts receivable from the MDE for state aid from the state's special education tuition billing process.

Special education state aid revenue includes amounts related to tuition billings to other school districts for special education services, which are computed using formulas derived by the MDE. Because of the timing of the MDE's calculations, these final aid amounts for fiscal 2020 have not been finalized. The amount of the receivable and revenue recorded for fiscal 2020 for state special education aid is calculated using preliminary information available to the District.

The District has reported a \$2,677,000 assigned fund balance for tuition adjustments of the MDE tuition calculations in the General Fund. This was reported to recognize the potential for additional calculation changes in these aid categories by state agencies.

D. COVID-19 Pandemic

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

REQUIRED SUPPLEMENTARY INFORMATION

INTERMEDIATE DISTRICT NO. 287

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3151%	\$ 14,801,819	\$ -	\$ 14,801,819	\$ 16,777,909	88.22%	78.70%
06/30/2016	06/30/2015	0.2916%	\$ 15,112,225	\$ -	\$ 15,112,225	\$ 17,124,370	88.25%	78.20%
06/30/2017	06/30/2016	0.2843%	\$ 23,083,748	\$ 301,469	\$ 23,385,217	\$ 17,638,480	130.87%	68.90%
06/30/2018	06/30/2017	0.2916%	\$ 18,615,551	\$ 234,065	\$ 18,849,616	\$ 18,842,440	98.80%	75.90%
06/30/2019	06/30/2018	0.2795%	\$ 15,505,514	\$ 508,665	\$ 16,014,179	\$ 18,797,551	82.49%	79.50%
06/30/2020	06/30/2019	0.2758%	\$ 15,248,363	\$ 473,813	\$ 15,722,176	\$ 19,517,432	78.13%	80.20%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,263,957	\$ 1,263,957	\$ -	\$ 17,124,370	7.38%
06/30/2016	\$ 1,322,815	\$ 1,322,815	\$ -	\$ 17,638,480	7.50%
06/30/2017	\$ 1,408,849	\$ 1,408,849	\$ -	\$ 18,842,440	7.48%
06/30/2018	\$ 1,409,334	\$ 1,409,334	\$ -	\$ 18,797,551	7.50%
06/30/2019	\$ 1,463,748	\$ 1,463,748	\$ -	\$ 19,517,432	7.50%
06/30/2020	\$ 1,485,562	\$ 1,485,562	\$ -	\$ 19,807,489	7.50%

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

INTERMEDIATE DISTRICT NO. 287

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5880%	\$ 27,094,617	\$ 1,906,176	\$ 29,000,793	\$ 26,838,372	100.95%	81.50%
06/30/2016	06/30/2015	0.5289%	\$ 32,717,696	\$ 4,013,309	\$ 36,731,005	\$ 26,851,536	121.85%	76.80%
06/30/2017	06/30/2016	0.5354%	\$ 127,705,675	\$ 12,817,443	\$ 140,523,118	\$ 27,856,299	458.44%	44.88%
06/30/2018	06/30/2017	0.5392%	\$ 107,634,101	\$ 10,404,243	\$ 118,038,344	\$ 28,980,858	371.40%	51.57%
06/30/2019	06/30/2018	0.5321%	\$ 33,420,860	\$ 3,140,033	\$ 36,560,893	\$ 29,446,977	113.50%	78.07%
06/30/2020	06/30/2019	0.5289%	\$ 33,712,197	\$ 2,983,396	\$ 36,695,593	\$ 30,019,982	112.30%	78.21%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 2,013,921	\$ 2,013,921	\$ -	\$ 26,851,536	7.50%
06/30/2016	\$ 2,089,182	\$ 2,089,182	\$ -	\$ 27,856,299	7.50%
06/30/2017	\$ 2,172,700	\$ 2,172,700	\$ -	\$ 28,980,858	7.50%
06/30/2018	\$ 2,204,031	\$ 2,204,031	\$ -	\$ 29,446,977	7.48%
06/30/2019	\$ 2,314,757	\$ 2,314,757	\$ -	\$ 30,019,982	7.71%
06/30/2020	\$ 2,489,640	\$ 2,489,640	\$ -	\$ 31,426,100	7.92%

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

INTERMEDIATE DISTRICT NO. 287

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 393,472	\$ 390,896	\$ 410,216
Interest	160,573	187,447	189,038
Differences between expected and actual economic experience	-	-	(1,054,661)
Changes of assumptions	(156,729)	(43,177)	847,064
Benefit payments	<u>(818,067)</u>	<u>(619,511)</u>	<u>(665,555)</u>
Net change in total OPEB liability	(420,751)	(84,345)	(273,898)
Total OPEB liability – beginning of year	<u>5,649,714</u>	<u>5,228,963</u>	<u>5,144,618</u>
Total OPEB liability – end of year	<u>\$ 5,228,963</u>	<u>\$ 5,144,618</u>	<u>\$ 4,870,720</u>
Covered-employee payroll	<u>\$ 42,079,058</u>	<u>\$ 42,883,692</u>	<u>\$ 51,018,070</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>12.43%</u>	<u>12.00%</u>	<u>9.55%</u>

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

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 287

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 287

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 287

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 287

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate changed from 3.62 percent to 3.13 percent, based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increases.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2016 PERA General Employees Retirement Plan and the July 1, 2016 TRA valuations, to the rates used in the July 1, 2018 valuations.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.75 percent to 2.50 percent, based on updated historical analysis of inflation rates and forward-looking market expectations.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate changed from 3.53 percent to 3.62 percent.
- The index rate for 20-year, tax-exempt municipal bonds used in the discount rate determination changed from 3.53 percent to 3.62 percent.

2018 CHANGES IN PLAN PROVISIONS

- The severance benefit amount for School Service Employees SEIU Local 284 changed from \$25,000 less the 403(b) match, to \$30,000 less the 403(b) match.
- Sick leave eligibility for School Service Employees SEIU Local 284 removed age 65 and hired before July 1, 1995 as a criterion, and added 10 years of service effective July 1, 2016 through June 30, 2018 only.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate changed from 2.85 percent to 3.53 percent.
- The index rate for 20-year, tax-exempt municipal bonds used in the discount rate determination changed from 2.85 percent to 3.53 percent.

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SUPPLEMENTAL INFORMATION

INTERMEDIATE DISTRICT NO. 287

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

	Food Service Special Revenue Fund	Capital Projects – Building Construction Fund	Total
Assets			
Cash and temporary investments	\$ 13,645	\$ 96,020	\$ 109,665
Cash and investments held by trustee	–	1,094,005	1,094,005
Receivables			
Accounts and interest	80	–	80
Due from other governmental units	691	–	691
Inventory	22,744	–	22,744
Prepaid items	200	–	200
	<u>37,360</u>	<u>1,190,025</u>	<u>1,227,385</u>
Total assets	\$ 37,360	\$ 1,190,025	\$ 1,227,385
Liabilities			
Salaries and compensated absences payable			
Salaries and compensated absences payable	\$ 25,738	\$ –	\$ 25,738
Accounts and contracts payable	1,226	613,022	614,248
Unearned revenue	10,396	–	10,396
Total liabilities	<u>37,360</u>	<u>613,022</u>	<u>650,382</u>
Fund balances			
Restricted	–	577,003	577,003
	<u>–</u>	<u>577,003</u>	<u>577,003</u>
Total liabilities and fund balances	\$ 37,360	\$ 1,190,025	\$ 1,227,385

INTERMEDIATE DISTRICT NO. 287

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

	Food Service Special Revenue Fund	Capital Projects – Building Construction Fund	Total
Revenue			
Local sources			
Investment earnings	\$ –	\$ 21,475	\$ 21,475
Other	87,617	–	87,617
State sources	13,117	–	13,117
Federal sources	229,539	–	229,539
Total revenue	<u>330,273</u>	<u>21,475</u>	<u>351,748</u>
Expenditures			
Current			
Food service	655,165	–	655,165
Capital outlay	–	1,183,646	1,183,646
Total expenditures	<u>655,165</u>	<u>1,183,646</u>	<u>1,838,811</u>
Excess (deficiency) of revenue over expenditures	(324,892)	(1,162,171)	(1,487,063)
Other financing sources			
Transfers in	<u>324,892</u>	–	<u>324,892</u>
Net change in fund balance	–	(1,162,171)	(1,162,171)
Fund balances			
Beginning of year	<u>–</u>	<u>1,739,174</u>	<u>1,739,174</u>
End of year	<u>\$ –</u>	<u>\$ 577,003</u>	<u>\$ 577,003</u>

INTERMEDIATE DISTRICT NO. 287

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 2,492,033	\$ 6,394,945
Receivables		
Accounts and interest	302,843	239,844
Due from other funds	1,379,438	-
Due from other governmental units	26,552,052	22,646,664
Prepaid items	<u>196,251</u>	<u>87,606</u>
 Total assets	 <u>\$ 30,922,617</u>	 <u>\$ 29,369,059</u>
Liabilities		
Salaries and compensated absences payable	\$ 6,644,287	\$ 7,114,641
Accounts and contracts payable	409,634	859,732
Due to other governmental units	1,092,180	1,126,989
Unearned revenue	<u>57,308</u>	<u>281,197</u>
Total liabilities	8,203,409	9,382,559
Fund balances		
Nonspendable for prepaid items	191,574	87,606
Restricted for basic skills programs	368,424	448,689
Restricted for basic skills extended time	115,262	48,825
Restricted for safe schools levy	325,681	173,101
Restricted for long-term facilities maintenance	530,174	318,637
Restricted for Medical Assistance	1,542,854	1,327,409
Assigned for COVID-19	500,000	-
Assigned for damage donations	636	-
Assigned for food service donations	5,585	-
Assigned for severance	5,712,751	5,562,580
Assigned for tuition adjustments	2,677,000	2,677,000
Assigned for property	68,078	107,226
Assigned for student clubs	25,562	28,362
Assigned for vehicle depreciation	101,664	87,211
Assigned for self-insurance	-	10,300
Assigned for collaborative curriculum project	113,669	171,850
Assigned for strategic priorities	1,200,000	750,000
Assigned for subsequent year's budget	839,696	355,099
Assigned for flex plan	1,665	-
Unassigned	<u>8,398,933</u>	<u>7,832,605</u>
Total fund balances	<u>22,719,208</u>	<u>19,986,500</u>
 Total liabilities and fund balances	 <u>\$ 30,922,617</u>	 <u>\$ 29,369,059</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Pass-through levies	\$ 2,568,404	\$ 2,597,370	\$ 28,966	\$ 2,426,180
Tuition	21,090,623	21,051,703	(38,920)	19,865,146
Investment earnings	220,000	205,672	(14,328)	222,394
Other	957,994	922,149	(35,845)	1,158,376
State sources	64,432,399	63,397,394	(1,035,005)	61,551,068
Federal sources	561,806	550,089	(11,717)	546,783
Total revenue	<u>89,831,226</u>	<u>88,724,377</u>	<u>(1,106,849)</u>	<u>85,769,947</u>
Expenditures				
Current				
Career and technical education	1,490,013	1,484,131	(5,882)	1,256,307
Academic education	12,207,077	11,837,994	(369,083)	11,250,425
Special education	59,808,701	57,038,154	(2,770,547)	56,581,641
Student clubs	26,544	13,682	(12,862)	18,349
Administrative support services and operations and maintenance	16,514,396	15,261,555	(1,252,841)	15,606,493
Debt service				
Principal	39,831	39,832	1	5,492
Interest and fiscal charges	2,667	2,703	36	5,461
Total expenditures	<u>90,089,229</u>	<u>85,678,051</u>	<u>(4,411,178)</u>	<u>84,724,168</u>
Excess (deficiency) of revenue over expenditures	(258,003)	3,046,326	3,304,329	1,045,779
Other financing sources (uses)				
Transfers (out)	(440,450)	(324,892)	115,558	(329,810)
Sale of assets	5,796	6,625	829	43,678
Total other financing sources (uses)	<u>(434,654)</u>	<u>(318,267)</u>	<u>116,387</u>	<u>(286,132)</u>
Net change in fund balances	<u>\$ (692,657)</u>	<u>2,728,059</u>	<u>\$ 3,420,716</u>	<u>759,647</u>
Fund balances				
Beginning of year, as previously reported		19,986,500		19,226,853
Change in accounting principle		4,649		-
Beginning of year, as restated		<u>19,991,149</u>		<u>19,226,853</u>
End of year		<u>\$ 22,719,208</u>		<u>\$ 19,986,500</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Year Ended June 30, 2020

	Career and Technical Education Account	Academic Education Account	Special Education Account
Revenue			
Local sources			
Pass-through levies	\$ 239,245	\$ 37,073	\$ -
Tuition	1,313,275	5,209,045	12,102,941
Investment earnings	-	-	-
Other	5,000	298,840	58,693
State sources	36,510	6,727,185	46,495,426
Federal sources	19,445	-	-
Total revenue	<u>1,613,475</u>	<u>12,272,143</u>	<u>58,657,060</u>
Expenditures			
Current			
Career and technical education	1,484,131	-	-
Academic education	-	11,837,994	-
Special education	-	-	57,038,154
Student clubs	-	-	-
Administrative support services and operations and maintenance	-	-	-
Allocated costs	(77,224)	(33,835)	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,406,907</u>	<u>11,804,159</u>	<u>57,038,154</u>
Excess (deficiency) of revenue over expenditures	206,568	467,984	1,618,906
Other financing sources (uses)			
Intrafund transfers	(40,000)	100,083	14,818
Transfers (out)	-	-	-
Sale of assets	-	74	5,796
Total other financing sources (uses)	<u>(40,000)</u>	<u>100,157</u>	<u>20,614</u>
Net change in fund balances	166,568	568,141	1,639,520
Fund balances			
Beginning of year, as previously reported	546,856	631,424	10,715,408
Change in accounting principle	-	-	-
Beginning of year, as restated	<u>546,856</u>	<u>631,424</u>	<u>10,715,408</u>
End of year	<u>\$ 713,424</u>	<u>\$ 1,199,565</u>	<u>\$ 12,354,928</u>

District-Wide Account	Severance and Property Account	Student Clubs Account	Total
\$ 2,321,052	\$ -	\$ -	\$ 2,597,370
2,426,442	-	-	21,051,703
205,672	-	-	205,672
548,734	-	10,882	922,149
10,138,273	-	-	63,397,394
530,644	-	-	550,089
<u>16,170,817</u>	<u>-</u>	<u>10,882</u>	<u>88,724,377</u>
-	-	-	1,484,131
-	-	-	11,837,994
-	-	-	57,038,154
-	-	13,682	13,682
15,261,555	-	-	15,261,555
(99,550)	210,609	-	-
39,832	-	-	39,832
2,703	-	-	2,703
<u>15,204,540</u>	<u>210,609</u>	<u>13,682</u>	<u>85,678,051</u>
966,277	(210,609)	(2,800)	3,046,326
(396,533)	321,632	-	-
(324,892)	-	-	(324,892)
755	-	-	6,625
<u>(720,670)</u>	<u>321,632</u>	<u>-</u>	<u>(318,267)</u>
245,607	111,023	(2,800)	2,728,059
2,394,644	5,669,806	28,362	19,986,500
4,649	-	-	4,649
<u>2,399,293</u>	<u>5,669,806</u>	<u>28,362</u>	<u>19,991,149</u>
<u>\$ 2,644,900</u>	<u>\$ 5,780,829</u>	<u>\$ 25,562</u>	<u>\$ 22,719,208</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – Career and Technical Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2020

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 200,000	\$ 239,245	\$ 39,245	\$ 234,458
Tuition	1,120,997	1,313,275	192,278	1,071,994
Other	5,000	5,000	–	5,530
State sources	57,800	36,510	(21,290)	5,587
Federal sources	17,850	19,445	1,595	15,340
Total revenue	<u>1,401,647</u>	<u>1,613,475</u>	<u>211,828</u>	<u>1,332,909</u>
Expenditures				
Career and technical education				
Salaries and wages	913,034	975,141	62,107	827,757
Employee benefits	423,623	386,719	(36,904)	318,618
Purchased services	35,866	33,965	(1,901)	31,702
Supplies and materials	101,990	82,625	(19,365)	70,745
Capital expenditures	8,000	666	(7,334)	2,358
Other	7,500	5,015	(2,485)	5,127
Allocated costs	(40,000)	(77,224)	(37,224)	(91,096)
Total expenditures	<u>1,450,013</u>	<u>1,406,907</u>	<u>(43,106)</u>	<u>1,165,211</u>
Excess (deficiency) of revenue over expenditures	(48,366)	206,568	254,934	167,698
Other financing (uses)				
Intrafund transfers	(40,000)	(40,000)	–	(40,000)
Net change in fund balances	<u>\$ (88,366)</u>	<u>166,568</u>	<u>\$ 254,934</u>	<u>127,698</u>
Fund balances				
Beginning of year		<u>546,856</u>		<u>419,158</u>
End of year		<u>\$ 713,424</u>		<u>\$ 546,856</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 37,000	\$ 37,073	\$ 73	\$ 41,375
Tuition	5,278,544	5,209,045	(69,499)	4,822,544
Other	366,849	298,840	(68,009)	530,564
State sources	6,265,367	6,727,185	461,818	5,321,928
Federal sources	–	–	–	197,835
Total revenue	<u>11,947,760</u>	<u>12,272,143</u>	<u>324,383</u>	<u>10,914,246</u>
Expenditures				
Academic education				
Salaries and wages	7,939,460	7,785,769	(153,691)	7,248,888
Employee benefits	2,858,652	2,687,701	(170,951)	2,518,078
Purchased services	854,381	803,191	(51,190)	980,326
Supplies and materials	494,174	514,072	19,898	442,334
Capital expenditures	1,710	–	(1,710)	1,027
Other	58,700	47,261	(11,439)	59,772
Allocated costs	<u>(135,100)</u>	<u>(33,835)</u>	<u>101,265</u>	<u>(6,070)</u>
Total expenditures	<u>12,071,977</u>	<u>11,804,159</u>	<u>(267,818)</u>	<u>11,244,355</u>
Excess (deficiency) of revenue over expenditures	(124,217)	467,984	592,201	(330,109)
Other financing sources (uses)				
Intrafund transfers	(135,100)	100,083	235,183	310,061
Sale of assets	–	74	74	8,678
Total other financing sources (uses)	<u>(135,100)</u>	<u>100,157</u>	<u>235,257</u>	<u>318,739</u>
Net change in fund balances	<u>\$ (259,317)</u>	568,141	<u>\$ 827,458</u>	(11,370)
Fund balances				
Beginning of year		<u>631,424</u>		<u>642,794</u>
End of year		<u>\$ 1,199,565</u>		<u>\$ 631,424</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 12,215,467	\$ 12,102,941	\$ (112,526)	\$ 11,484,360
Other	52,844	58,693	5,849	70,928
State sources	47,781,264	46,495,426	(1,285,838)	45,992,239
Federal sources	15,925	–	(15,925)	18,086
Total revenue	<u>60,065,500</u>	<u>58,657,060</u>	<u>(1,408,440)</u>	<u>57,565,613</u>
Expenditures				
Special education				
Current				
Salaries and wages	38,158,950	37,199,463	(959,487)	36,764,854
Employee benefits	17,949,944	16,634,417	(1,315,527)	16,265,178
Purchased services	2,528,823	2,308,026	(220,797)	2,505,851
Supplies and materials	831,099	571,703	(259,396)	697,681
Capital expenditures	75,461	76,637	1,176	111,512
Other	264,424	247,908	(16,516)	236,565
Total expenditures	<u>59,808,701</u>	<u>57,038,154</u>	<u>(2,770,547)</u>	<u>56,581,641</u>
Excess of revenue over expenditures	256,799	1,618,906	1,362,107	983,972
Other financing sources (uses)				
Intrafund transfers	–	14,818	14,818	(1,195,205)
Sale of assets	5,796	5,796	–	35,000
Total other financing sources (uses)	<u>5,796</u>	<u>20,614</u>	<u>14,818</u>	<u>(1,160,205)</u>
Net change in fund balances	<u>\$ 262,595</u>	<u>1,639,520</u>	<u>\$ 1,376,925</u>	<u>(176,233)</u>
Fund balances				
Beginning of year		<u>10,715,408</u>		<u>10,891,641</u>
End of year		<u>\$ 12,354,928</u>		<u>\$ 10,715,408</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 2,331,404	\$ 2,321,052	\$ (10,352)	\$ 2,150,347
Tuition	2,475,615	2,426,442	(49,173)	2,486,248
Investment earnings	220,000	205,672	(14,328)	222,394
Other	513,301	548,734	35,433	532,227
State sources	10,327,968	10,138,273	(189,695)	10,231,314
Federal sources	528,031	530,644	2,613	315,522
Total revenue	<u>16,396,319</u>	<u>16,170,817</u>	<u>(225,502)</u>	<u>15,938,052</u>
Expenditures				
Current				
Administrative support services and operations and maintenance				
Salaries and wages	7,301,200	7,082,612	(218,588)	7,234,814
Employee benefits	2,773,133	2,646,123	(127,010)	2,587,343
Purchased services	4,182,471	3,781,737	(400,734)	3,916,577
Supplies and materials	1,159,391	1,117,915	(41,476)	1,010,911
Capital expenditures	944,552	530,584	(413,968)	720,631
Other	153,649	102,584	(51,065)	136,217
Allocated costs	(197,226)	(99,550)	97,676	(357,165)
Debt service				
Principal	39,831	39,832	1	5,492
Interest and fiscal charges	2,667	2,703	36	5,461
Total expenditures	<u>16,359,668</u>	<u>15,204,540</u>	<u>(1,155,128)</u>	<u>15,260,281</u>
Excess of revenue over expenditures	36,651	966,277	929,626	677,771
Other financing sources (uses)				
Intrafund transfers	(197,226)	(396,533)	(199,307)	563,256
Transfers (out)	(440,450)	(324,892)	115,558	(329,810)
Sale of assets	–	755	755	–
Total other financing sources (uses)	<u>(637,676)</u>	<u>(720,670)</u>	<u>(82,994)</u>	<u>233,446</u>
Net change in fund balances	<u>\$ (601,025)</u>	245,607	<u>\$ 846,632</u>	911,217
Fund balances				
Beginning of year, as previously reported		2,394,644		1,483,427
Change in accounting principle		4,639		–
Beginning of year, as restated		<u>2,399,283</u>		<u>1,483,427</u>
End of year		<u>\$ 2,644,890</u>		<u>\$ 2,394,644</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources	\$ –	\$ –	\$ –	\$ –
Expenditures				
Current				
Severance costs				
Allocated costs	<u>372,326</u>	<u>210,609</u>	<u>(161,717)</u>	<u>454,331</u>
Excess (deficiency) of revenue over expenditures	(372,326)	(210,609)	161,717	(454,331)
Other financing sources				
Intrafund transfers	<u>372,326</u>	<u>321,632</u>	<u>(50,694)</u>	<u>361,888</u>
Net change in fund balances	<u>\$ –</u>	111,023	<u>\$ 111,023</u>	(92,443)
Fund balances				
Beginning of year		<u>5,669,806</u>		<u>5,762,249</u>
End of year		<u>\$ 5,780,829</u>		<u>\$ 5,669,806</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 20,000	\$ 10,882	\$ (9,118)	\$ 19,127
Expenditures				
Current				
Student clubs				
Pupil support services	<u>26,544</u>	<u>13,682</u>	<u>(12,862)</u>	<u>18,349</u>
Net change in fund balances	<u>\$ (6,544)</u>	<u>(2,800)</u>	<u>\$ 3,744</u>	<u>778</u>
Fund balances				
Beginning of year		<u>28,362</u>		<u>27,584</u>
End of year		<u>\$ 25,562</u>		<u>\$ 28,362</u>

INTERMEDIATE DISTRICT NO. 287

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 13,645	\$ 23,365
Receivables		
Accounts and interest	80	3,087
Due from other governmental units	691	4,640
Inventory	22,744	13,922
Prepaid items	<u>200</u>	<u>360</u>
 Total assets	 <u>\$ 37,360</u>	 <u>\$ 45,374</u>
Liabilities		
Salaries and compensated absences payable	\$ 25,738	\$ 27,064
Accounts and contracts payable	1,226	864
Due to other governmental units	-	1,088
Unearned revenue	<u>10,396</u>	<u>16,358</u>
 Total liabilities	 <u>\$ 37,360</u>	 <u>\$ 45,374</u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 104,450	\$ 87,617	\$ (16,833)	\$ 97,498
State sources	16,850	13,117	(3,733)	16,094
Federal sources	302,325	229,539	(72,786)	303,983
Total revenue	<u>423,625</u>	<u>330,273</u>	<u>(93,352)</u>	<u>417,575</u>
Expenditures				
Current				
Food service	<u>864,075</u>	<u>655,165</u>	<u>(208,910)</u>	<u>747,385</u>
Excess (deficiency) of revenue over expenditures	(440,450)	(324,892)	115,558	(329,810)
Other financing sources				
Transfers in	<u>440,450</u>	<u>324,892</u>	<u>(115,558)</u>	<u>329,810</u>
Net change in fund balances	<u>\$ –</u>	<u>–</u>	<u>\$ –</u>	<u>–</u>
Fund balances				
Beginning of year		<u>–</u>		<u>–</u>
End of year		<u>\$ –</u>		<u>\$ –</u>

INTERMEDIATE DISTRICT NO. 287

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ 96,020	\$ 568,310
Cash and investments held by trustee	<u>1,094,005</u>	<u>1,499,998</u>
Total assets	<u><u>\$ 1,190,025</u></u>	<u><u>\$ 2,068,308</u></u>
Liabilities		
Accounts and contracts payable	\$ 613,022	\$ 329,134
Fund balances		
Restricted for building projects funded by certificates of participation	409,232	1,263,590
Restricted for long-term facilities maintenance	<u>167,771</u>	<u>475,584</u>
Total fund balances	<u><u>577,003</u></u>	<u><u>1,739,174</u></u>
Total liabilities and fund balances	<u><u>\$ 1,190,025</u></u>	<u><u>\$ 2,068,308</u></u>

INTERMEDIATE DISTRICT NO. 287

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

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 28,500	\$ 21,475	\$ (7,025)	\$ 85,371
Expenditures				
Capital outlay				
Salaries and wages	–	–	–	3,010
Employee benefits	–	–	–	456
Purchased services	222,804	105,375	(117,429)	924,746
Capital expenditures	1,516,371	1,078,271	(438,100)	4,534,327
Total expenditures	<u>1,739,175</u>	<u>1,183,646</u>	<u>(555,529)</u>	<u>5,462,539</u>
Net change in fund balances	<u>\$ (1,710,675)</u>	<u>(1,162,171)</u>	<u>\$ 548,504</u>	<u>(5,377,168)</u>
Fund balances				
Beginning of year		<u>1,739,174</u>		<u>7,116,342</u>
End of year		<u>\$ 577,003</u>		<u>\$ 1,739,174</u>

INTERMEDIATE DISTRICT NO. 287

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash and temporary investments	\$ -	\$ 380,115
Cash and investments held by trustee	12,543,833	10,945,557
Receivables		
Accounts and interest	189,024	162,874
Due from other governmental units	1,493,959	-
Prepaid items	<u>1,167</u>	<u>1,167</u>
Total assets	<u><u>\$ 14,227,983</u></u>	<u><u>\$ 11,489,713</u></u>
Liabilities		
Due to other funds	\$ 1,379,438	\$ -
Due to other governmental units	<u>-</u>	<u>176,250</u>
Total liabilities	1,379,438	176,250
Fund balances		
Nonspendable for prepaid items	1,167	1,167
Restricted for debt service	<u>12,847,378</u>	<u>11,312,296</u>
Total fund balances	<u>12,848,545</u>	<u>11,313,463</u>
Total liabilities and fund balances	<u><u>\$ 14,227,983</u></u>	<u><u>\$ 11,489,713</u></u>

INTERMEDIATE DISTRICT NO. 287

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

	2020		Over (Under) Budget	2019
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 4,872,916	\$ 4,883,267	\$ 10,351	\$ 5,161,367
Tuition	1,043,419	1,086,395	42,976	933,067
Investment earnings	407,366	433,191	25,825	515,086
Other	223,062	227,294	4,232	223,962
Federal sources	1,639,042	1,539,880	(99,162)	1,534,571
Total revenue	<u>8,185,805</u>	<u>8,170,027</u>	<u>(15,778)</u>	<u>8,368,053</u>
Expenditures				
Debt service				
Principal	2,985,000	2,985,000	–	2,875,000
Interest	3,630,271	3,630,247	(24)	3,960,650
Fiscal charges and other	88,840	98,572	9,732	14,578
Total expenditures	<u>6,704,111</u>	<u>6,713,819</u>	<u>9,708</u>	<u>6,850,228</u>
Excess of revenue over expenditures	1,481,694	1,456,208	(25,486)	1,517,825
Other financing sources (uses)				
Refunding debt issued	3,071,118	3,085,000	13,882	–
Premium on debt issued	198,874	198,874	–	–
Payment on refunded debt	(3,205,000)	(3,205,000)	–	–
Total other financing sources (uses)	<u>64,992</u>	<u>78,874</u>	<u>13,882</u>	<u>–</u>
Net change in fund balances	<u>\$ 1,546,686</u>	1,535,082	<u>\$ (11,604)</u>	1,517,825
Fund balances				
Beginning of year		<u>11,313,463</u>		<u>9,795,638</u>
End of year		<u>\$ 12,848,545</u>		<u>\$ 11,313,463</u>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2020

(With Comparative Totals as of June 30, 2019)

	Health Self-Insurance	Dental Self-Insurance	2020	2019
Current assets				
Cash and temporary investments	\$ 12,320,514	\$ 767,594	\$ 13,088,108	\$ 9,973,233
Receivables				
Accounts and interest	223	-	223	1,749
Total current assets	<u>12,320,737</u>	<u>767,594</u>	<u>13,088,331</u>	<u>9,974,982</u>
Current liabilities				
Accounts payable	121,488	-	121,488	208,184
Claims payable	855,568	20,023	875,591	1,167,199
Due to other governmental units	5,670	-	5,670	-
Unearned revenue	982,422	-	982,422	818,669
Total current liabilities	<u>1,965,148</u>	<u>20,023</u>	<u>1,985,171</u>	<u>2,194,052</u>
Net position				
Unrestricted	<u>\$ 10,355,589</u>	<u>\$ 747,571</u>	<u>\$ 11,103,160</u>	<u>\$ 7,780,930</u>

INTERMEDIATE DISTRICT NO. 287

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

	Health Self-Insurance	Dental Self-Insurance	2020	2019
Operating revenue				
Contributions from governmental funds	\$ 12,552,257	\$ 644,537	\$ 13,196,794	\$ 12,696,576
Operating expenses				
Dental benefit claims and expenses	-	519,784	519,784	567,169
Health benefit claims and expenses	7,971,839	-	7,971,839	8,981,637
Administrative fees	1,491,291	45,248	1,536,539	1,692,464
Total operating expenses	<u>9,463,130</u>	<u>565,032</u>	<u>10,028,162</u>	<u>11,241,270</u>
Operating income	3,089,127	79,505	3,168,632	1,455,306
Nonoperating revenues				
Investment earnings	<u>143,212</u>	<u>10,386</u>	<u>153,598</u>	<u>171,627</u>
Change in net position	3,232,339	89,891	3,322,230	1,626,933
Net position				
Beginning of year	<u>7,123,250</u>	<u>657,680</u>	<u>7,780,930</u>	<u>6,153,997</u>
End of year	<u>\$ 10,355,589</u>	<u>\$ 747,571</u>	<u>\$ 11,103,160</u>	<u>\$ 7,780,930</u>

INTERMEDIATE DISTRICT NO. 287

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

	Health Self-Insurance	Dental Self-Insurance	2020	2019
Cash flows from operating activities				
Received from assessments made to other funds	\$ 12,717,262	\$ 644,811	\$ 13,362,073	\$ 12,783,688
Payments for claims	(8,348,009)	(516,248)	(8,864,257)	(8,690,325)
Payments for fees	(1,491,291)	(45,248)	(1,536,539)	(1,692,464)
Net cash provided by operating activities	<u>2,877,962</u>	<u>83,315</u>	<u>2,961,277</u>	<u>2,400,899</u>
Cash flows from investing activities				
Investment income received	<u>143,212</u>	<u>10,386</u>	<u>153,598</u>	<u>171,627</u>
Net change in cash and cash equivalents	3,021,174	93,701	3,114,875	2,572,526
Cash and temporary investments				
Beginning of year	<u>9,299,340</u>	<u>673,893</u>	<u>9,973,233</u>	<u>7,400,707</u>
End of year	<u><u>\$ 12,320,514</u></u>	<u><u>\$ 767,594</u></u>	<u><u>\$ 13,088,108</u></u>	<u><u>\$ 9,973,233</u></u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 3,089,127	\$ 79,505	\$ 3,168,632	\$ 1,455,306
Adjustments to reconcile operating income to net cash provided by operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	1,252	274	1,526	(1,749)
Accounts payable	(86,696)	-	(86,696)	174,063
Claims payable	(295,144)	3,536	(291,608)	684,418
Due to other governmental units	5,670	-	5,670	-
Unearned revenue	<u>163,753</u>	<u>-</u>	<u>163,753</u>	<u>88,861</u>
Net cash provided by operating activities	<u><u>\$ 2,877,962</u></u>	<u><u>\$ 83,315</u></u>	<u><u>\$ 2,961,277</u></u>	<u><u>\$ 2,400,899</u></u>

OTHER DISTRICT INFORMATION

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INTERMEDIATE DISTRICT NO. 287

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues	Total
	Charges for Services	Operating Grants and Contributions		
2011	\$ 31,551,418 39.2%	\$ 47,437,971 58.8%	\$ 1,655,682 2.0%	\$ 80,645,071 100.0%
2012	25,187,923 30.8%	50,953,848 62.3%	5,631,369 6.9%	81,773,140 100.0%
2013	24,693,241 31.0%	49,209,282 61.8%	5,662,277 7.2%	79,564,800 100.0%
2014	23,543,538 28.5%	53,222,921 64.5%	5,808,833 7.0%	82,575,292 100.0%
2015	23,560,298 27.7%	55,382,586 65.1%	6,128,183 7.2%	85,071,067 100.0%
2016	23,370,376 27.1%	56,860,030 66.0%	5,896,624 6.9%	86,127,030 100.0%
2017	21,967,097 23.9%	63,067,492 68.6%	6,938,340 7.5%	91,972,929 100.0%
2018	21,577,449 23.2%	63,488,292 68.4%	7,819,389 8.4%	92,885,130 100.0%
2019	20,647,784 22.3%	64,929,651 70.2%	6,908,878 7.5%	92,486,313 100.0%
2020	21,104,022 21.7%	67,325,134 69.1%	8,982,484 9.2%	97,411,640 100.0%

INTERMEDIATE DISTRICT NO. 287

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Career and Technical Education	Academic Education	Special Education	Student Clubs	Administrative Support Services and Operations and Maintenance
2011	\$ 1,701,554 2.4%	\$ 8,685,176 12.2%	\$ 43,571,799 61.1%	\$ 37,220 -	\$ 14,456,449 20.2%
2012	2,089,610 2.5%	9,765,874 11.5%	47,330,201 55.9%	28,059 -	19,944,160 23.6%
2013	1,545,389 2.0%	9,836,410 12.6%	46,711,262 59.8%	29,161 -	15,030,687 19.3%
2014	1,764,840 2.1%	11,274,730 13.5%	49,225,704 58.9%	34,837 -	16,507,110 19.8%
2015	1,204,770 1.5%	10,771,569 13.1%	49,436,189 60.2%	29,074 -	15,884,064 19.4%
2016	1,142,660 1.4%	10,121,670 12.3%	51,068,483 62.0%	29,516 -	15,386,789 18.7%
2017	1,369,906 1.3%	13,060,608 12.6%	67,710,721 65.0%	39,188 -	17,056,602 16.4%
2018	1,189,352 1.2%	13,538,974 13.2%	66,311,391 64.8%	26,229 -	16,765,264 16.3%
2019	870,531 1.2%	8,577,294 12.0%	43,028,735 60.4%	18,349 -	14,436,356 20.4%
2020	1,441,711 1.6%	11,808,725 12.7%	57,723,643 62.3%	13,682 -	17,469,152 18.9%

Food Service	Community Service	Interest and Fiscal Charges	Total
\$ 313,772 0.4%	\$ 245,600 0.3%	\$ 2,449,587 3.4%	\$ 71,461,157 100.0%
364,196 0.4%	214,916 0.3%	4,890,548 5.8%	84,627,564 100.0%
590,030 0.8%	221,269 0.3%	4,044,542 5.2%	78,008,750 100.0%
671,461 0.8%	181,463 0.2%	3,901,822 4.7%	83,561,967 100.0%
771,783 0.9%	152,350 0.2%	3,835,131 4.7%	82,084,930 100.0%
718,400 0.9%	162,080 0.2%	3,739,564 4.5%	82,369,162 100.0%
792,317 0.8%	99,396 0.1%	3,911,327 3.8%	104,040,065 100.0%
787,048 0.8%	96,678 0.1%	3,710,574 3.6%	102,425,510 100.0%
729,364 1.0%	— —	3,533,236 5.0%	71,193,865 100.0%
659,890 0.7%	— —	3,523,231 3.8%	92,640,034 100.0%

INTERMEDIATE DISTRICT NO. 287

General Fund Revenue by Source
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Pass-Through Levies</u>	<u>Tuition</u>	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Other Revenue</u>	<u>Total</u>
2011	\$ 4,923,538	\$ 24,119,591	\$ 1,698,976	\$ 44,274,425	\$ 3,550,539	\$ 78,567,069
2012	2,825,406	19,647,575	1,672,281	47,049,421	6,099,715	77,294,398
2013	2,974,288	18,994,895	667,828	46,793,472	4,431,219	73,861,702
2014	2,800,789	19,448,574	654,280	49,297,310	4,693,338	76,894,291
2015	3,151,287	20,430,978	928,060	51,522,895	3,079,307	79,112,527
2016	3,850,274	19,398,980	275,271	53,880,747	2,794,534	80,199,806
2017	3,279,663	19,262,787	336,177	58,159,071	2,303,186	83,340,884
2018	2,319,442	20,447,609	320,008	59,815,242	2,145,934	85,048,235
2019	2,426,180	19,865,146	546,783	61,551,068	1,380,770	85,769,947
2020	2,597,370	21,051,703	550,089	63,397,394	1,127,821	88,724,377

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INTERMEDIATE DISTRICT NO. 287

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Passed Through to Subrecipients	Noncash Assistance
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child nutrition cluster				
School Breakfast Program	10.553	\$ 68,973		
National School Lunch Program	10.555	155,066		\$ 22,305
Summer Food Service Program for Children	10.559	\$ 4,326		
COVID-19 – Summer Food Service Program for Children	10.559	<u>1,175</u>		
Subtotal CFDA 10.559		<u>5,501</u>		
Total child nutrition cluster		\$ 229,540		
U.S. Department of Education				
Passed through Minnesota Department of Education				
Comprehensive Literacy Development	84.371		275,883	
COVID-19 – Education Stabilization Fund	84.425		142,301	
English Language Acquisition State Grants	84.365		36,953	\$ 30,304
Supporting Effective Instruction State Grants	84.367		5,618	
Passed through Independent School District No. 284				
Career and Technical Education – Basic Grants to States	84.048		19,445	
U.S. Department of Justice				
Direct				
STOP School Violence	16.839		<u>45,474</u>	
Total federal awards			<u>\$ 755,214</u>	

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

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

To the Board of Directors and Management of
Intermediate District No. 287
Plymouth, 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 Intermediate District No. 287 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

(continued)

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 17, 2020



PRINCIPALS

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

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

To the Board of Directors and Management of
Intermediate District No. 287
Plymouth, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Intermediate District No. 287’s (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2020. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT’S RESPONSIBILITY

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

AUDITOR’S RESPONSIBILITY

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

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

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 17, 2020



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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the Board of Directors and Management of
Intermediate District No. 287
Plymouth, 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 Intermediate District No. 287 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2020.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 17, 2020

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INTERMEDIATE DISTRICT NO. 287

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

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
 Significant deficiencies identified? Yes X None reported
 Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No
 Significant deficiencies identified? Yes X None reported

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

U.S. Department of Agriculture – child nutrition cluster Unmodified
 U.S. Department of Education – Comprehensive Literacy Development Unmodified

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

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Agriculture – child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
– Summer Food Service Program for Children	10.559
– COVID-19 – Summer Food Service Program for Children	10.559

The U.S. Department of Education consisting of:
 – Comprehensive Literacy Development 84.371

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

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

INTERMEDIATE DISTRICT NO. 287

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

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

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INTERMEDIATE DISTRICT NO. 287

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

	Audit	UFARS	Audit – UFARS
General Fund			
Total revenue	\$ 88,724,377	\$ 88,724,377	\$ –
Total expenditures	\$ 85,678,051	\$ 85,678,051	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 191,574	\$ 191,573	\$ 1
Restricted			
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
403 Staff development	\$ –	\$ –	\$ –
407 Capital projects levy	\$ –	\$ –	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
424 Operating capital	\$ –	\$ –	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative program	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ 368,424	\$ 368,424	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ 325,681	\$ 325,681	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459 Basic skills extended time	\$ 115,262	\$ 115,262	\$ –
467 Long-term facilities maintenance	\$ 530,174	\$ 530,174	\$ –
472 Medical Assistance	\$ 1,542,854	\$ 1,542,854	\$ –
473 PPP loans	\$ –	\$ –	\$ –
474 EIDL loans	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
475 Title VII – Impact Aid	\$ –	\$ –	\$ –
476 PILT	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ 11,246,306	\$ 11,246,306	\$ –
Unassigned			
422 Unassigned fund balance	\$ 8,398,933	\$ 8,398,932	\$ 1
Food Service			
Total revenue	\$ 330,273	\$ 330,273	\$ –
Total expenditures	\$ 655,165	\$ 655,165	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
474 EIDL loans	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Community Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ –	\$ –	\$ –
432 ECFE	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ –	\$ –	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
473 PPP loans	\$ –	\$ –	\$ –
474 EIDL loans	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

INTERMEDIATE DISTRICT NO. 287

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

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ 21,475	\$ 21,475	\$ –
Total expenditures	\$ 1,183,646	\$ 1,183,646	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ 409,232	\$ 409,232	\$ –
467 Long-term facilities maintenance	\$ 167,771	\$ 167,771	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 8,170,027	\$ 8,170,027	\$ –
Total expenditures	\$ 6,713,819	\$ 6,713,819	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 1,167	\$ 1,167	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 12,847,378	\$ 12,847,378	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ 1,396	\$ 1,396	\$ –
Total expenditures	\$ 3,200	\$ 3,202	\$ (2)
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ 92,755	\$ 92,754	\$ 1
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 13,350,392	\$ 13,350,392	\$ –
Total expenditures	\$ 10,028,162	\$ 10,028,161	\$ 1
422 Net position	\$ 11,103,160	\$ 11,103,161	\$ (1)
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

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

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Management Report
for
Intermediate District No. 287
Plymouth, Minnesota
June 30, 2020

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PRINCIPALS

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

To the Board of Directors and Management of
Intermediate District No. 287
Plymouth, Minnesota

We have prepared this management report in conjunction with our audit of Intermediate District No. 287's (the District) financial statements for the year ended June 30, 2020. We have organized this report into the following sections:

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

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

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

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

Minneapolis, Minnesota
December 17, 2020

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AUDIT SUMMARY

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

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

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

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINION AND FINDINGS

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

- We have issued an unmodified opinion on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during the year. Our opinion was not modified with respect to this matter.
- We noted no deficiencies in the District's internal control over financial reporting that we consider to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no deficiencies in the District's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Impact of Novel Coronavirus (COVID-19)

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

Electronic Funds Transfer Fraud

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

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

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

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The District has considered recording an amount for an allowance for doubtful accounts. This calculation is based on the probability of collection based on past experience with members, nonmembers, and other users of the District's services.

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

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

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

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

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 17, 2020.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that 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.

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

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

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FUNDING PUBLIC EDUCATION IN MINNESOTA

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

BASIC GENERAL EDUCATION REVENUE

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

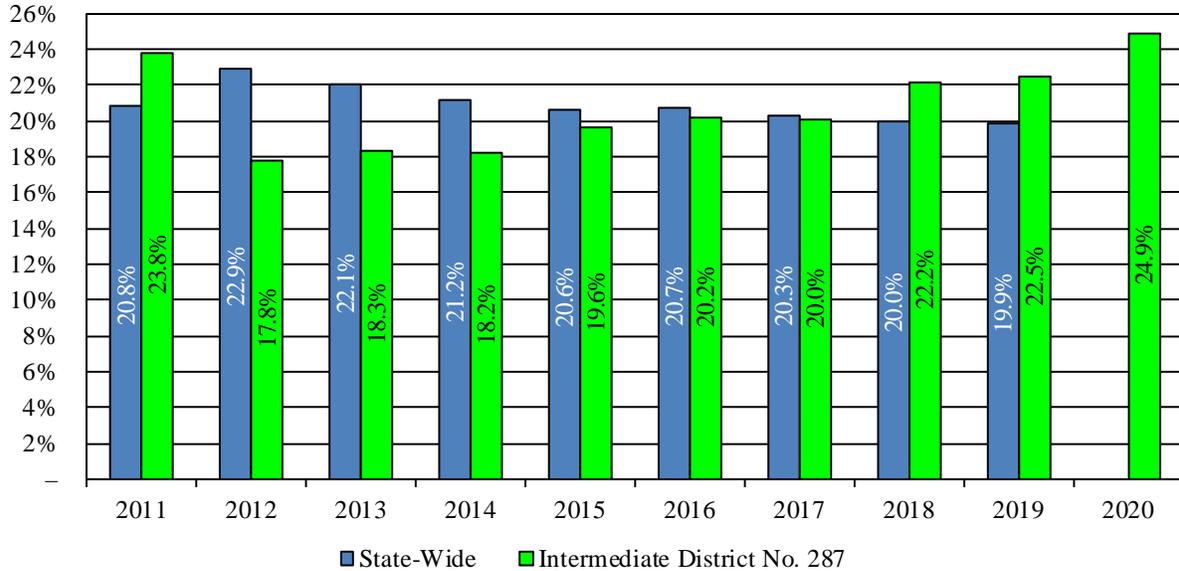
The table below presents a summary of the formula allowance for the past decade and as approved for the next year. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes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

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

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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

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



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

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

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

As of June 30, 2019, this ratio was 22.5 percent for the District, as compared to 24.9 percent at the end of the current year.

FINANCIAL TRENDS OF YOUR DISTRICT

DISTRICT FINANCIAL POSITION

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

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue	\$ 83,340,884	\$ 85,048,235	\$ 85,769,947	\$ 88,724,375
Expenditures	82,520,426	81,879,129	84,724,168	85,678,049
Excess of revenue over expenditures	820,458	3,169,106	1,045,779	3,046,326
Other financing sources (uses)	(83,626)	(410,198)	(286,132)	(318,267)
Net change in fund balance	736,832	2,758,908	759,647	2,728,059
Fund balances				
Beginning of year, as previously reported	15,731,113	16,467,945	19,226,853	19,986,500
Change in accounting principle	-	-	-	4,649
Beginning of year, as restated	15,731,113	16,467,945	19,226,853	19,991,149
End of year	<u>\$ 16,467,945</u>	<u>\$ 19,226,853</u>	<u>\$ 19,986,500</u>	<u>\$ 22,719,208</u>
Fund balances				
Nonspendable for prepaid items	\$ 191,093	\$ 813,263	\$ 87,606	\$ 191,574
Restricted for basic skills programs	151,506	297,875	448,689	368,424
Restricted for basic skills extended time	-	-	48,825	115,262
Restricted for safe schools levy	236,688	118,225	173,101	325,681
Restricted for long-term facilities maintenance	150,335	410,007	318,637	530,174
Restricted for Medical Assistance	445,411	1,356,495	1,327,409	1,542,854
Assigned for COVID-19	-	-	-	500,000
Assigned for donations	-	-	-	6,221
Assigned for severance	5,540,880	5,536,118	5,562,580	5,712,751
Assigned for tuition adjustments	2,425,433	2,425,433	2,677,000	2,677,000
Assigned for property	80,131	226,131	107,226	68,078
Assigned for student clubs	34,268	27,584	28,362	25,562
Assigned for vehicle depreciation	47,012	70,473	87,211	101,664
Assigned for self-insurance	76,299	58,597	10,300	-
Assigned for collaborative curriculum project	270,199	217,229	171,850	113,669
Assigned for strategic priorities	-	-	750,000	1,200,000
Assigned for subsequent year's budget	-	-	355,099	839,696
Assigned for flex plan	-	-	-	1,665
Unassigned	6,818,690	7,669,423	7,832,605	8,398,933
Total fund balances	<u>\$ 16,467,945</u>	<u>\$ 19,226,853</u>	<u>\$ 19,986,500</u>	<u>\$ 22,719,208</u>
Unassigned General Fund balances as a percentage of expenditures	<u>8.3%</u>	<u>9.4%</u>	<u>9.2%</u>	<u>9.8%</u>
Total fund balances as a percentage of expenditures	<u>20.0%</u>	<u>23.5%</u>	<u>23.6%</u>	<u>26.5%</u>

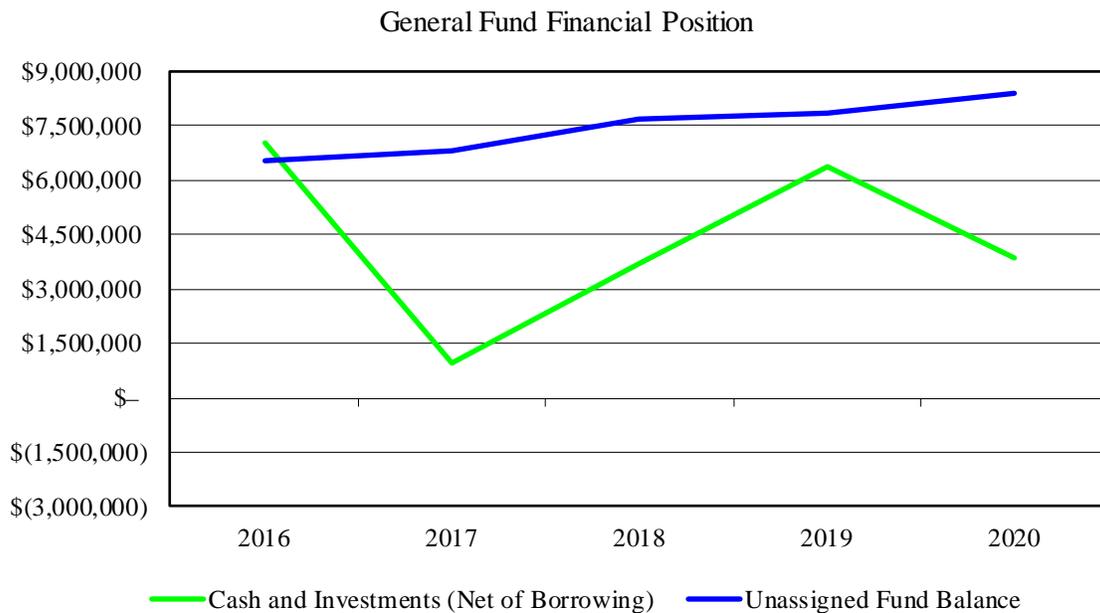
The District completed the year with a net increase in General Fund balance of \$2,728,059 (excluding the change in accounting principle). This compares to a budget which projected a decrease in fund balance of \$692,657. The difference in net change in fund balance was \$3,420,716 higher when compared to budgeted amounts. This difference was mainly the result of the net change in fund balance increasing more than budgeted amounts in the District-Wide Account (\$846,632), the Academic Education Account (\$827,458), and the Special Education Account (\$1,376,925).

The District continues to assign fund balance for MDE state special education tuition billing adjustments. The District has a significant receivable in this area that is being classified as an assigned balance until the appeal process is completed and finalized. The District also has assigned amounts for COVID-19, donations, vehicle depreciation, severance, property, student clubs, collaborative curriculum projects, strategic priorities, subsequent year’s budget, and flex plan.

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

Unassigned fund balance as a percentage of expenditures is one key measure of a district’s financial health. The resources represented by this fund balance are critical to a district’s ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion the impact of unexpected costs or funding shortfalls. For your district, this ratio is 9.8 percent of total current year expenditures. This ratio compares to the District’s fund balance policy, which endeavors to maintain an unassigned fund balance as a percentage of the District’s operating budget, excluding operating capital programs, of at least 6.0 to 8.0 percent.

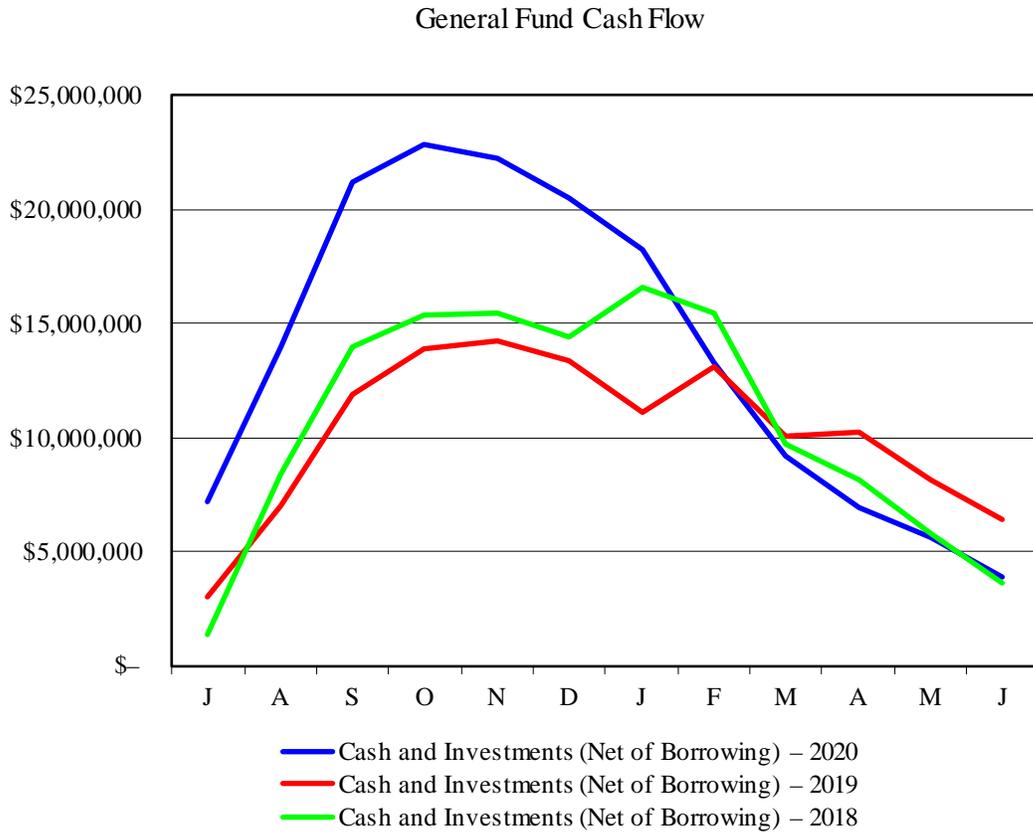
The following graph summarizes the level of cash and investments, net of borrowing, and unassigned fund balance in the General Fund:



The above graph shows an increase in unassigned fund balance and a significant decrease in cash and investments (net of borrowing) at June 30, 2020. The graph also shows significant fluctuations in year-end cash balances. These changes are caused by changes in the tuition billing cycles and systems of the District. Changes in funding structure and state aid payment schedules significantly affect the cash flow of Minnesota school districts. The decrease in cash and investments in 2020 is the result of an increase in total fund balance, which is offset by a significant increase in due from other governmental units, mostly the MDE for state aids.

GENERAL FUND CASH FLOW

In addition to changes in the level of cash and investments from year to year, this level varies considerably, due to the timing of various revenues and expenditures during the year. The following graph summarizes the month-end cash and investments balance throughout the last three fiscal years:



The graph above shows the peaks and valleys of the General Fund cash and investments balance (net of borrowing) on a monthly basis. The swing between its high and low month-end cash balances was about \$18.9 million for fiscal 2020.

GENERAL FUND OPERATIONS AND FINANCIAL POSITION BY ACCOUNT

The following tables present comparative operating results for the accounts of the District’s General Fund:

Special Education Account

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue and other financing sources	\$ 55,181,961	\$ 56,814,173	\$ 57,600,613	\$ 58,677,674
Expenditures and other financing uses	55,312,433	55,067,546	57,776,846	57,038,154
Excess (deficiency)	(130,472)	1,746,627	(176,233)	1,639,520
Fund balances				
Beginning of year	9,275,486	9,145,014	10,891,641	10,715,408
End of year	<u>\$ 9,145,014</u>	<u>\$ 10,891,641</u>	<u>\$ 10,715,408</u>	<u>\$ 12,354,928</u>

In fiscal 2020, the Special Education Account expenditures and other financing uses is less than revenues and other financing sources by \$1,639,520, while the District’s budget showed an expected excess of \$262,595. State sources was lower than budget by \$1,285,838, mainly due to lower than projected state special education state aid. Expenditures were less than budget by \$2,770,547, mainly in salaries and employee benefits, mostly due to open positions, less than projected severance, and health insurance costs.

Special Education Account revenue, and other financing sources, increased \$1,077,061. This increase was the result of increases in state revenues (\$503,187), mainly from increases in the special education state aid formula and an increase in tuition revenue (\$618,581), mainly in Medical Assistance revenue. Special Education Account expenditures (excluding other financing uses) increased \$456,513, mainly due to increases in contractual salaries and benefits.

Career and Technical Education Account

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue and other financing sources	\$ 1,096,305	\$ 1,089,690	\$ 1,332,909	\$ 1,613,475
Expenditures and other financing uses	1,054,191	1,010,626	1,205,211	1,446,907
Excess	42,114	79,064	127,698	166,568
Fund balances				
Beginning of year	297,980	340,094	419,158	546,856
End of year	<u>\$ 340,094</u>	<u>\$ 419,158</u>	<u>\$ 546,856</u>	<u>\$ 713,424</u>

In fiscal 2020, the Career and Technical Education Account fund balance increased by \$166,568, while budget expectations projected a decrease of \$88,366 in fund balance. Most of this difference relates to higher than projected tuition revenue totaling \$192,278.

Academic Education Account

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue and other financing sources	\$ 10,796,339	\$ 11,012,519	\$ 11,232,985	\$ 12,372,300
Expenditures and other financing uses (net of capital lease activity)	9,792,491	10,861,142	11,244,355	11,804,159
Excess (deficiency)	1,003,848	151,377	(11,370)	568,141
Fund balances (deficit)				
Beginning of year	(512,431)	491,417	642,794	631,424
End of year	\$ 491,417	\$ 642,794	\$ 631,424	\$ 1,199,565

The Academic Education Account fund balance increased by \$568,141 in 2020, while budget projections provided for a decrease in fund balance of \$259,317. State revenue exceeded budget by \$461,818, mainly in online learning state aid. This was due to growth in the Northern Star Online learning program, with growth in student participation that increased state funding.

Revenue (excluding other financing sources) in this account increased by \$1,357,897 in 2020. This was due to an increase in state sources (\$1,405,257), mainly in online learning programs and an increase in tuition revenue (\$386,501), offset by a decrease in other revenue (\$231,724).

Expenditures (excluding other financing uses) increased in this account by \$559,804. Most of this increase was related to increases in salaries and wages, due to program growth and planned contractual salary and benefit increases.

District-Wide Account

This account includes costs for administration, district-wide operations, maintenance, and grants.

	Year Ended June 30,			
	2017	2018	2019	2020
Revenue and other financing sources	\$ 38,897,113	\$ 16,113,118	\$ 16,501,308	\$ 16,171,572
Expenditures and other financing uses	39,001,458	15,465,832	15,590,091	15,925,965
Excess (deficiency)	(104,345)	647,286	911,217	245,607
Fund balances				
Beginning of year, as previously reported	940,486	836,141	1,483,427	2,394,644
Change in accounting principle	-	-	-	4,639
Beginning of year, as restated	940,486	836,141	1,483,427	2,399,283
End of year	\$ 836,141	\$ 1,483,427	\$ 2,394,644	\$ 2,644,890

The District-Wide Account fund balance increased by \$245,607 in 2020 (excluding the change in accounting principle). This compares to a budgeted decrease in fund balance of \$601,025. Revenues (excluding other financing sources) were under budget by \$225,502, mostly in state revenue. Expenditures (excluding other financing uses) were under budget by \$1,155,128. The most significant expenditures under budget were for capital expenditures by \$413,968, purchased services by \$400,734, and salaries and wages by \$218,588. Much of the costs below budget relate to facility projects planned that did not occur, due to the pandemic. Revenue (excluding other financing sources) in this account decreased by \$232,765. Expenditures (excluding other financing uses) decreased only \$55,741.

OTHER GOVERNMENTAL FUNDS

Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund expenditures exceeded revenue by \$324,892. A planned transfer was made from the General Fund to eliminate this deficit.

Capital Projects – Building Construction Fund

The District's Capital Projects – Building Construction Fund balance decreased \$1,162,171, due to the planned spend down for budgeted capital projects.

Debt Service Fund

The District's Debt Service Fund revenue and other financing sources exceeded expenditures and other financing uses by \$1,535,082, leaving a fund balance of \$12,848,545 at June 30, 2020. This increase in fund balance was planned and correlates to the increase in cash and investments held by trustee for debt service payments.

Internal Service Funds

The District's internal service funds are used to account for health and dental insurance offered by the District to its employees as self-insured plans. As of June 30, 2020, the Dental Self-Insurance Fund had unrestricted net position of \$747,571. The Health Self-Insurance Fund showed an increase in net position for the year of \$3,232,339, and ended the year with an unrestricted net position of \$10,355,589 at June 30, 2020.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

	Year Ended June 30,		Change
	2019	2020	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 33,039,137	\$ 36,144,756	\$ 3,105,619
Net book value of capital assets	85,524,640	84,943,639	(581,001)
Capital leases payable	(39,832)	–	39,832
Certificates of participation payable	(71,995,000)	(69,145,000)	2,850,000
General obligation bonds payable	(4,820,000)	(4,565,000)	255,000
Severance benefits and compensated absences payable	(6,327,170)	(6,668,671)	(341,501)
OPEB adjustments	(4,885,148)	(4,805,089)	80,059
Net pension-related adjustments	(64,815,995)	(68,779,395)	(3,963,400)
Bond refunding deferments	443,026	411,381	(31,645)
Internal service funds net position	7,780,930	11,103,160	3,322,230
Accrued interest payable	(658,179)	(672,246)	(14,067)
Unamortized premium/discount on debt issued	(3,587,003)	(3,531,874)	55,129
Total net position – governmental activities	<u>\$ (30,340,594)</u>	<u>\$ (25,564,339)</u>	<u>\$ 4,776,255</u>
Net position			
Net investment in capital assets	\$ 7,265,005	\$ 8,690,149	\$ 1,425,144
Restricted	12,951,482	15,058,694	2,107,212
Unrestricted	<u>(50,557,081)</u>	<u>(49,313,182)</u>	<u>1,243,899</u>
Total net position	<u>\$ (30,340,594)</u>	<u>\$ (25,564,339)</u>	<u>\$ 4,776,255</u>

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

Unrestricted net position increased \$1,243,899 in fiscal 2020. An increase in the General Fund balance and the change in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension obligations caused unrestricted net position to increase in the current year.

The District's net investment in capital assets increased \$1,425,144 in 2020. The change in this category of net position typically depends on the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The restricted balance increased \$2,107,212, mainly in restricted for debt service.

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LEGISLATIVE SUMMARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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ACCOUNTING AND AUDITING UPDATES

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

GASB STATEMENT NO. 87, *LEASES*

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

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

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

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

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

GASB STATEMENT NO. 92, *OMNIBUS 2020*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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287 RACIAL EQUITY IMPACT ANALYSIS TOOL



Purpose

This tool ensures that racial equity is front-and-center in discussions and prompts leaders to examine how BIPOC and low wealth communities may be affected by a proposed action or decision of the district.

Instructions

Use the Tool: Have this tool available during any meeting where decisions are being made

- **Part 1 - Discussion:** Use the guiding questions to facilitate the racial equity discussion
- **Part 2 - Answer Racial Equity Impact Analysis Questions:** Before a decision is made, respond to the three equity impact analysis questions within your meeting agenda
- **Part 3 - Reflect:** Reflect on and recognize your own racial bias, as well as the presence and role of whiteness

Part 1: Discussion

Use the below guiding questions to facilitate a discussion about race equity impact

Guiding Questions

1. Are multiple racial perspectives involved in the planning? Are participants racially diverse? Were the groups most impacted by the decision included in the discussion?
2. In what ways are we maintaining status quo or advancing race equity? What could be done differently to better support or advance racial equity efforts?
3. Who is advantaged? Who is disadvantaged?
4. Are decisions based on the majority or those at the margins?
5. In what ways does colorblindness exist?
6. How do you know the audience is communicated with in ways that will make sense through *their* lens?
7. In what ways are other marginalized people impacted?

Part 2: Answer Racial Equity Impact Analysis Questions

Who participated in completing this analysis:

1. **What are the racial equity impacts of this decision?**
2. **Who will benefit from and/or be burdened by this decision?**
3. **Are there strategies to mitigate any unintended consequences of this decision?**

Part 3: Reflect

1. Place yourself on the Compass. What feelings came up for you during the planning?
2. What role did your race, experiences, or bias have in the conversation?
3. What aspects of whiteness showed up for you or were observed in others? (bit.ly/aspectsfwhiteness)

January 2021
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Focus on Outdoor Learning at Rockford Middle School

January 29, 2021*
Executive/Legislative Committee Meeting
7:30 a.m. - 9:00 a.m.

February 5, 2021*
Board of Directors Meeting
7:30 a.m. - 9:00 a.m.

February 26, 2021*
Executive/Legislative Committee Meeting
7:30 a.m. - 9:00 a.m.

March 5, 2021*
Board of Directors Meeting
7:30 a.m. - 9:00 a.m.

These meetings will likely be conducted remotely and instructions will be sent prior to each meeting.

Teachers and students at Rockford Middle School - Center for Environmental Studies love to be outside and they are out learning all year long. When one of the suggestions to keep students and staff safer from COVID-19 was to hold classes outside, RMS-CES fully embraced it! The mission at RMS-CES is to provide authentic, hands-on, environmental experiences for students, and this involves learning outdoors with the support of our school partners. Although the fall of 2020 was different than usual in many ways, outdoor learning was still a focus at the middle school.

Before the year started, teachers and staff were trained by the naturalists from Baker Outdoor Learning Center on outdoor learning techniques. The middle school has had a partnership with Baker for many years, and it was exciting to learn from the experts about how to run an outdoor classroom. Teachers identified outdoor learning spaces, from fields and the school forest to gardens and the Crow River, and gathered outdoor learning materials such as clipboards, sit-upons, buckets, easel whiteboards, and other items to make teaching outside possible.

RMS-CES is also fortunate to have a great relationship with the City of Rockford, who gives us access to The Lion's Park for learning opportunities all year. The on-site shelters and meeting areas are the perfect setting for students to attend class.



Language Arts studies in the school forest.

AMSD's Mission

To advocate for state education policy that enables metropolitan school districts to improve student learning.



Association of
Metropolitan School Districts

From the Chair

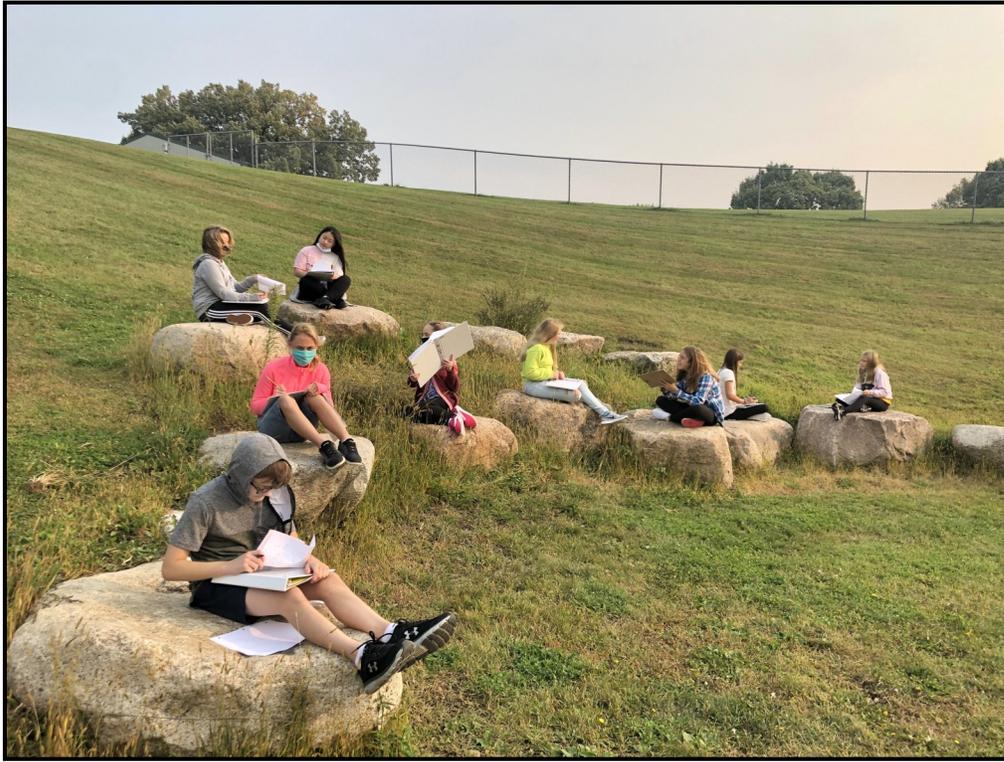
It was energizing to have over 220 legislators, superintendents, school board members, school district staff and other public education advocates in attendance at AMSD's annual legislative session preview on January 8. A big thank you to the nearly 50 AMSD legislators for making time in their schedule to attend and show their support for public education. A special thanks to Governor Walz, Lt. Governor Flanagan, MDE Commissioner Ricker, Speaker Hortman, Majority Leader Gazelka, Minority Leader Kent and Rep. Kresha for sharing their thoughts on the upcoming session. We know the 2021 session will present challenges, but we have persevered through a global pandemic to serve our students and I know we will continue to do so. Please stay engaged throughout the session. We need your voice and advocacy for our students and our schools!

Curtis Johnson, school board member, Roseville Area Schools, is chair of AMSD.

Continued on page 2

Students Learn From Nature and In Nature

Continued from page 1



This group is out during their Art class to extend their fine arts skills.

Another great resource at the middle school is across Ash Street from the school. This is the site of our raised bed gardens and the soon-to-be home for our greenhouse! RMS-CES is fortunate to have our very own school forest on-site. This outdoor classroom has been groomed each year to become the perfect spot for all classes to get outside, spread out, and both learn from nature and learn in nature.

On any given day this fall, classrooms could be seen outside, enjoying the beautiful fall weather. Mr. Reeck's math class learned with the new number lines on the basketball courts while Mrs. Gregory's class cleaned the rain gardens with the help of staff members from Wright County Soil and Water Conservation. Ms. Udalla's class read a play outside and were able to yell the scary lines, and Mr. Madson's class created sound maps. Mrs. Werth's class compiled data in the school forest, and Ms. Hendrickson's class used the same space for a poetry walk. Mr. Ferdig and Ms. Bauer's band classes practiced outside under the pergola (even as snow started to fall), and Mrs. Lingo's class played flag football.

Students were still able to experience outdoor visits from Baker and the Raptor Center this fall, and teachers and staff modified our typical fall field trips into shorter outdoor lessons. 7th graders saw raptors up close and had a lesson on mapping and GPS, and 6th and 8th graders will participate in archery and voyageur activities. Students in Mrs. Oliverius's 5th grade class identified animal skulls and pelts with naturalist Chad Hollinbeck during their Baker visit. Mrs. O, who has prior experience teaching as a naturalist, is currently planning an outdoor winter day for her 5th grade class. Like many staff members at RMS-CES, she is passionate about the outdoors and enjoys teaching and learning with students outside of the classroom.

RMS-CES teachers work incredibly hard to provide engaging lessons in the outdoor classrooms near our building. Students and staff both report feeling connected to nature and excited about being outside during the school day. Despite all the challenges that 2020 has brought to education, being outside with students was a continued highlight of the start of the school year.



Fifth graders identifying animal skulls and pelts

This month's member spotlight was submitted by Beth Russell, STEM Coordinator, and Bobbi Anderson-Hume, Ph.D, Principal, Rockford Middle School—Center for Environmental Studies.

2021 AMSD Legislative Session Preview Brings Legislators and Education Leaders Together

January 5 saw an unprecedented start to a legislative session as the Minnesota Legislature convened the 2021 session with many members being sworn in virtually due to the ongoing COVID-19 pandemic. Likewise, for the first time the AMSD Legislative Session Preview, held on January 8th, was conducted in a virtual format. Despite the preview being held remotely, more than 220 attendees, including legislators, legislative staff, superintendents, school board members and district staff, came together to discuss AMSD’s legislative priorities and the outlook for the 2021 session.



In addition, Gov. Tim Walz, Lt. Gov. Peggy Flanagan, and Commissioner of Education Mary Cathryn Ricker, spoke about the critical importance of E-12 education in the wake of the COVID-19 pandemic and the impact that distance learning has had on students throughout the state. While the 2020-21 school year returned with some school districts meeting in person or a hybrid learning model, most districts have had to transition to distance learning at least part of the time under the state’s Safe Learning Plan. The leaders’ remarks followed a presentation by three AMSD superintendents who shared an overview of AMSD’s legislative platform.

AMSD Superintendents Christine Tucci Osorio of North St. Paul-Maplewood-Oakdale, Kim Hiel of Fridley, and Mike Redmond of Shakopee, presented not just the challenges that the pandemic has brought to metro-area school districts, but also the longstanding challenges that face small, large, metro and rural school districts alike.

Legislative Session Preview Highlights 2021 Platform Priorities

Continued from page 3

Supt. Tucci Osorio focused on the importance of stabilizing education funding and highlighted the [report from the School Finance Working Group](#), which she co-chaired, that identified several priorities to stabilize the funding system and improve educational outcomes.

Supt. Hiel spoke specifically to closing opportunity gaps — for students as well as new teachers in Minnesota. Supt. Hiel particularly cited the importance of recruiting and retaining teachers of color including the importance of maintaining the multiple pathways to licensure provided under the tiered licensing system.

Supt. Redmond spoke to the importance of indexing the funding formula to inflation, reducing mandates, encouraging innovation in education, and increasing and expanding the allowable uses of Long-term Facilities Maintenance revenue to ensure safe schools.

The five key themes in the 2021 platform include:

- Stabilizing school funding
- Closing opportunity gaps
- Ensuring safe schools
- Enhancing taxpayer equity
- Reducing mandates and encouraging innovation

Following the presentations and the remarks, the preview ended with a legislative panel that featured Senate Majority Leader Sen. Paul Gazelka (R-Nisswa), Senate Minority Leader Susan Kent (DFL-Woodbury), Speaker of the House Rep. Melissa Hortman (DFL-Brooklyn Park), and Rep. Ron Kresha (R-Little Falls), the ranking minority member on the House Education Finance Committee.

The panel took questions from AMSD Executive Director Scott Croonquist and shared their respective caucus' priorities and goals for the session.

[Link: View a PDF of the 2021 AMSD Legislative Platform](#)

[Link: View a PDF of the Superintendent Presentations at the Legislative Preview](#)



Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

School Board Planning Calendar 2020-2021

2020 Meetings (August - December)	2021 Meetings (January - June)
<p style="text-align: center;">August 27 September 10 September 24</p>	<p style="text-align: center;">October 8 October 22 November 12 December 10</p>
	<p style="text-align: center;">January 14 <i>(possible conflicts with MASA)</i> January 28 February 11 February 25 March 11</p>
	<p style="text-align: center;">March 25 April 8 May 13 May 27 June 10 June 24</p>

1 st Meeting of the Month	2 nd Meeting of the Month
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START TIME 6:30 PM

AUGUST 27, 2020

Kudos & Recognition

- What Board Members Need to Know About “2020-2021 Back to School Start-Up: We’re in this together”

Special Presentation

- 287 Anti-Racist Leadership Program Pilot Proposal

Annual Presentation - none

- Coherence-Uber Goal (First Read)
- Racial Equity-Kendi Follow Up Or My Grandmother’s Hand’s
- Financial Report June - (Action)
- **Update on Back to School Planning**

Spotlight

Consent Agenda OR What the Board Needs to Know OR Verbal Update

SEPTEMBER 10, 2020

Kudos & Recognition

- Kudos (back to school - first days of school video)

Consent Agenda OR What the Board Needs to Know OR Verbal Update

Special Presentation:

- Moving Racial Consciousness to Action tool

Annual Presentation

- **Spotlight - none**

SEPTEMBER 24, 2020

Kudos & Recognition

- **Spotlight: West Education Center (tentative)**

Consent Agenda OR What the Board Needs to Know OR Verbal Update

- Routine monthly finance report - July/August (consent agenda)

Special Presentation

Annual Presentation

- Facilities Report (ABEC Construction & Summary of Summer Projects)
- **What the Board Needs to Know** Emergency and Crisis Plans for 2020-21 Jake Horejsh **(Action)**
- **What the Board Needs to Know** MSBA Resolution on TTM funding **(Action)**

HR Closed Session: 284 Negotiations -update (pending)

OCTOBER 8, 2020

Kudos & Recognition/Spotlight

Consent Agenda OR What the Board Needs to Know OR Verbal Update

Special Presentation

Annual Presentation

- Teaching and Learning Update
 - Literacy, coaching, connected learning, new resources, PD

Work Session:

- **Presentation on Tenure, Non-Renewals, etc.**
Michelle Axell, Anne Becker and Dr. Elisabeth Lodge Rogers

HR Closed Session: 284 Negotiations -tentative agreement (pending)
Michelle Axell, Director of Human Resources will present the *Tentative Agreement* for Board approval. The School Board may hold a closed meeting to consider strategy for labor negotiations. Minn. Stat. §13D.03.

OCTOBER 22, 2020

Kudos & Recognition/Spotlight

- Spotlight: Care and Treatment

Consent Agenda OR What the Board Needs to Know OR Verbal Update

- Enrollment Update - highlights *what we know*
- Misc. Policies First Read: Harassment and Violence, Wellness, Tobacco-Free Schools (*carryover from last year*)
- Insurance Premium Rate recommendation

Special Presentation

Annual Presentation

- Financial Report September - Quarterly Update (Action)

NOVEMBER 12, 2020
(Only one Board meeting this month!)

Kudos & Recognition/Spotlight

- Spotlight: Northern Star Online (*carryover from last year*)

Consent Agenda OR What the Board Needs to Know OR Verbal Update

- Fund balance transfers (consent agenda item)

Special Presentation: Board Work Session

- KPI update & School Improvement Plans update - 2019-20 plans (30 min) (*carryover from last year*)

Annual Presentation

- Grant updates - Ben and Jon [SRCL update] (*carryover from last year*)
- Misc. Policies First Read: Tobacco-Free, Harassment and Violence, Wellness (*carryover from last year*)
- National Trends - COVID 19 and Future Economic Impacts (Mae Hawkins)
- Update on Key Performance Indicators

DECEMBER 10, 2020
(Only one Board meeting this month!)

Kudos & Recognition/Spotlight

- Spotlight: South Education Center (*carryover from last year*)

Consent Agenda OR What the Board Needs to Know OR Verbal Update

- Financial Report October (consent agenda)
- Legislative Platform

Special Presentation

- STOP Violence Federal Grant Update (Ben M.) (*carryover from last year*)
- Classification & Compensation Study Recommendations (Michelle & Anne)

Annual Presentation

- Officer Election Process - (Chair Report)
- World's Best Workforce Report & ESSA Update (Jon Ben)
- Unaudited Financial Report for FY20 (action item)
- 2020-2021 Yearly ADM Summary

<p style="text-align: center;">JANUARY 14, 2021</p> <p style="text-align: center;"><i>*Organizational Meeting</i></p> <p>Election of Board Officers Oath of Office Annual Resolutions</p> <ul style="list-style-type: none"> • Electronic signatures resolution - was this included in the annual resolutions? <i>(Please move to the annual organizational meeting)</i> • FY20 Audit - Auditor Presentation - (Annual Report) (recurring) (action item) <i>(Please move to top of Agenda behind election of officers)</i> • Financial Report November (consent agenda) • Report on UBER goal including strategic implementation plans and budget 	<p style="text-align: center;">JANUARY 28, 2021 Regular Meeting</p> <p>Kudos & Recognition/Spotlight</p> <ul style="list-style-type: none"> • Spotlight: Hennepin Technical Programs <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> • Superintendent Mid-Year Evaluation Procedure (recurring) <p>Special Presentation - Instructional Report: Present the overarching plan for professional growth. With subcomponents including walkthrough data, the work of coaches, and updates to our evaluation process.</p> <p>Annual Presentation</p> <ul style="list-style-type: none"> • Financial Report December - Quarterly update (action item) • Equity Policy Second Read
<p>FEBRUARY 11, 2021</p> <p>Kudos & Recognition/Spotlight</p> <ul style="list-style-type: none"> • Teacher of the Year Nominees <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> • Update on Culture and Climate Uber Goal -Staff WELLBEING <p>Special Presentation</p> <ul style="list-style-type: none"> • Coaching update <p>Under HR Report:</p> <ul style="list-style-type: none"> • What the Board Needs to Know: HR Planning and upcoming hiring season: Michelle Axell, Director of Human Resources and Amanda Achterkirch, Talent Acquisition Professional will share recruitment & retention strategies along with a proposal for the continuation of signing bonuses for high-quality candidates in hard-to-fill positions. <p>Annual Presentation</p> <ul style="list-style-type: none"> • ESSA submissions for schools identified for Comprehensive Support and Improvement (will recur annually) 	<p>FEBRUARY 25, 2021</p> <p>Kudos & Recognition/Spotlight</p> <ul style="list-style-type: none"> • Spotlight: Ann Bremer Education Center • School Board Recognition Week • Teacher of the Year semi-finalists (when we know) <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> • Financial Report January -consent agenda • 2020-2021 School Calendar Approval (recurring) • HR Report: Resolution Reducing Programs and Positions (recurring) Michelle Axell will present a Resolution asking the Board to direct administration to make recommendations for any necessary reductions in programs and positions. <p>Special Presentation</p> <p>Annual Presentation</p> <ul style="list-style-type: none"> • FY22 Budget Assumption/Program Withdrawal Report - Annual Report (Action item) • FY21 Budget Revision - annual report (action item) <p>Chair Report</p> <ul style="list-style-type: none"> • Trauma Sensitive Organization Ben M

<p>MARCH 11, 2021</p> <p>Equity (60 min) Equity Work Session</p> <p>Kudos & Recognition/Spotlight</p> <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> Confidentiality Commitments <p>Special Presentation</p> <ul style="list-style-type: none"> Update on SFA implementation <p>Annual Presentation</p> <ul style="list-style-type: none"> Approval of revised Administrative Organizational Plan (recurring) Teacher of the Year semi finalists? if available <p>HR Closed Session (2209)</p> <ul style="list-style-type: none"> Initial Review - Parameters for Negotiations 	<p>MARCH 25, 2021</p> <p>Kudos & Recognition/Spotlight</p> <ul style="list-style-type: none"> Spotlight: North Education Center <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> Financial Report February - consent agenda Verbal update: Expansion of Furthering Your Education program (The Transforming Teaching & Learning (TTL) Scholarship) What the Board Needs to Know about Operational Results (recurring) (video) Approval of Contracts: FY22 - Food Services Prime Vendor Contract (consent agenda) Approval of the RFQ Transportation Contracts <p>Special Presentation - Annual Presentation - none</p> <p><u>Chair Report</u></p>
<p style="text-align: center;">APRIL 8, 2021</p> <p>Kudos & Recognition/Spotlight</p> <ul style="list-style-type: none"> Spotlight: Work Experience Gateway to College award? <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> HR Report: Discontinuing Educational Programs and Positions/Staff Reduction ULA Resolution (only if necessary) Organizational Chart Approval <p>Special Presentation - none</p> <p>Annual Presentation -</p> <ul style="list-style-type: none"> Facilities - Long Term Facilities Maintenance Plan Approval - (Action item) <p><u>Chair Report</u></p>	
<p>MAY 13, 2021</p> <p style="text-align: center;">RETIREMENT EVENT 5:00 PM - 6:30 PM</p> <p>Kudos & Recognition/Spotlight</p> <ul style="list-style-type: none"> Itinerant <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> Superintendent Evaluation Closed Session (carry over) <p>Special Presentation - none</p> <p>Annual Presentation - none</p> <ul style="list-style-type: none"> Financial Report March - Quarterly update (Action) <p><u>Chair Report</u></p>	<p>MAY 27, 2021</p> <p>Kudos & Recognition/Spotlight</p> <p>Spotlight: Itinerant (move to future date)</p> <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> Superintendent's Evaluation Update (10 min) Approval of Computer Refresh (carry over) Financial Report April- consent agenda <p>Special Presentation - none</p> <p>Annual Presentation -</p> <ul style="list-style-type: none"> Probationary Licensed, and Non-Licensed Non-Renewal Resolutions (recurring) Learning Conversations, Superintendent Luncheon Recap

JUNE 10, 2021

Kudos & Recognition/Spotlight

- 2021 Graduation video

Consent Agenda OR What the Board Needs to Know OR Verbal Update

Jaynie Leung FY 22 Lease Agreement

-

Special Presentation - none

Annual Presentation

- Food Services Report - (Annual Report)
- Annual Food Service Program Resolution **Action Item**
- Liability and WC Renewal Rates
- Consent Agenda: Recommendation to Renew Teachers on Call (TOC) Agreement

Chair Report

Data Privacy & Records policy bucket - 1st read

JUNE 24, 2021

Kudos & Recognition/Spotlight

Spotlight: Therapeutic Teaching Model

Consent Agenda OR What the Board Needs to Know OR Verbal Update

- Financial Report May **(consent agenda)**
- Special Education Monitoring Report (Ask Melissa)
- PrairieCare Partnership Report (Kate and Chad Jayasekera)

Special Presentation - none

Annual Presentation

- **KPI update / Strategic Plan update HOLD for Aug/Sept meeting**
- 2021-22 Original Budget Approval - Annual Report **Action Item**
- Approval of 2021-22 Rates. **Action Item**
- Staff Reduction ULA Resolution **(Resolution)**
Michelle Axell, Director of Human Resources, will present a Resolution placing tenured licensed staff on unrequested leave of absence.
- SEIU Local 284 – **Closed Session (Information)**
Michelle Axell, Director of Human Resources will present the *Tentative Agreement* for Board approval. The School Board may hold a closed meeting to consider strategy for labor negotiations. Minn. Stat. §13D.03.

Chair Report

Data Privacy & Records policy bucket - 2nd read

INTERMEDIATE DISTRICT 287
January 14, 2021
SCHOOL BOARD CALENDAR

TENTATIVE DATES

January 2021

14	Thursday	General Board Meeting	6:30PM	TBD
28	Thursday	General Board Meeting	6:30PM	TBD

February 2021

02	Tuesday	Get on the Bus	8:30AM	TBD
11	Thursday	General Board Meeting	6:30PM	TBD
23	Tuesday	Local 2209/Board Breakfast	7:00AM	TBD
25	Thursday	General Board Meeting	6:30PM	TBD

March 2021

11	Thursday	General Board Meeting	6:30PM	TBD
25	Thursday	General Board Meeting	6:30PM	TBD

April 2021

06	Tuesday	Get on the Bus	8:30AM	TBD
08	Thursday	General Board Meeting	6:30PM	TBD
27	Tuesday	Local 2209/Board Breakfast	7:00AM	TBD

May 2021

13	Thursday	General Board Meeting	6:30PM	TBD
27	Thursday	General Board Meeting	6:30PM	TBD

June 2021

10	Thursday	General Board Meeting	6:30PM	TBD
24	Thursday	General Board Meeting	6:30PM	TBD

- ◆ General Board Meeting – Date Change
- ◆ New Event
- ◆ Event Date Change

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

Local 2209 / Board Breakfast Schedule

2020-2021

Local 2209/Board Breakfast 7:00 AM

Tuesday, February 23rd
District Service Center
(3rd Floor – Room 316)

Tuesday, April 27th
District Service Center
(3rd Floor – Room 316)

Robbinsdale School Board acknowledges Tyrrell's service

Board member's last school board meeting was Dec. 21

Lydia Christianson
Jan 6, 2021

Robbinsdale School Boardmember Sherry Tyrrell was recognized for her years of service at the Dec. 21 meeting, which was her last on the school board. Greta Evans-Becker will take the seat on the board.

Tyrrell has served on the board since 2008. She was the board chair from 2013-2015. She served on the board for Intermediate District 287 for several years. In 2018, she received the Minnesota School Boards Association President's Award. She led in the hiring of Superintendent Aldo Sicoli, who led the district from 2009-2015.

Thoughts from the board

Tyrrell has been an advocate for fine arts education and a champion for all students in the community, said Chair David Boone.

He thanked her for her service and dedication to the students and staff members of the district.



Sherry Tyrrell
Sun file photo

“We are grateful for your leadership and service and we look forward to seeing your continued passion in our community,” he said.

Since coming to the district, Interim Superintendent Stephanie Burrage said she has noticed Tyrrell’s tireless energy and positive outlook. Tyrrell won’t be going away. She says she’ll be watching the board to make sure they’re doing what they should to care for the students and families of the district, Burrage said.

Vice Chair Helen Bassett said she knows Tyrrell will be one of their staunch supporters. When Tyrrell served as chair, Bassett served as vice chair for three years. They worked on many issues together over the years, she said.

“Thank you for all you have done,” she said.

Tyrrell says goodbye

Tyrrell remarked that her 13 years on the board have flown by. The board will be just as strong and the work will continue, she said, adding that it’s good to bring in fresh eyes.

The board’s focus is what’s best for the children in the district. It’s not easy and not everyone has the luxury of a board that works well together, she said. It is something each member has worked toward and is uniquely Robbinsdale, she said.

Being on the board gives members a unique opportunity to look at the district in different ways. Members get to see the work the teachers are doing across the district. The professionalism, creativity and strength that exists in the teaching staff are amazing, she said.

The last election was full of misinformation, she said, adding that not enough people took the time to try and figure out what is true. She challenged the community to listen and explore the work the board is doing. She thinks that work is valuable and on the right path.

Tyrrell also had a challenge for the board, to continue on its path in doing the work as well as it has been. She will be on the outside cheering them on, she said.

“It has been a privilege to work with so many really dedicated board members,” she said.

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Lydia Christianson